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Beeks Financial Cloud Group plc (the "Company"), and the Directors, whose names, business addresses and functions appear on page 4 of this document, accept responsibility, individually and collectively, in accordance with the AIM Rules for Companies ("AIM Rules"), for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent that information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as set out in this document.

This document, which comprises an admission document drawn up in accordance with the AIM Rules, has been issued in connection with the proposed admission of the issued and to be issued Ordinary Shares to trading on AIM, a market operated by the London Stock Exchange plc ("AIM"). This document does not contain an offer or constitute any part of an offer to the public within the meaning of sections 85 and 102B of FSMA or otherwise. This document is not an approved prospectus for the purposes of section 85 of FSMA and a copy of it has not been, and will not be, delivered to the Financial Conduct Authority (the "FCA") in accordance with the Prospectus Rules or delivered to or approved by any other authority which could be a competent authority for the purposes of the Prospectus Directive.

A copy of this document will be available, free of charge, during normal business hours on any weekday (except Saturdays, Sundays and public holidays), at the registered office of the Company for a period of one month from the date of Admission. Neither the delivery of this document nor any subscription made pursuant to this document will, under any circumstances, create any implication that there has been any change in the affairs of the Company since the date of this document or that the information in this document is correct at any time subsequent to its date. Application will be made to the London Stock Exchange for the issued and to be issued Ordinary Shares to be admitted to trading on AIM ("Admission"). It is expected that Admission will take place and that dealings in Ordinary Shares will commence on 27 November 2017.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority (the "Official List"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. In particular, it should be remembered that the price of securities and the income (if any) from them can go down as well as up. The AIM Rules are less demanding than those of the Official List.

All subsequent written and oral forward-looking statements attributable to the Company, its directors or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this document.

Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. It is emphasised that no application is being made for the Ordinary Shares to be admitted to the Official List or to any other recognised investment exchange. Further, neither the London Stock Exchange nor the FCA has examined or approved the contents of this document.

Beeks Financial Cloud Group plc

(Incorporated and operating under the laws of Scotland with company registration number SC521839)

**Placing of 9,000,000 New Ordinary Shares of £0.00125 each and
5,000,000 Sale Shares of £0.00125 at 50.0p per Ordinary Share**

Admission to trading on AIM of 49,000,000 Ordinary Shares



Nominated Adviser and Broker

Share Capital immediately following the Placing and Admission

Ordinary Shares of £0.00125 each, issued and fully paid

Amount	Number
£24,500,000	49,000,000

The Placing is conditional, *inter alia*, on Admission taking place on or before 27 November 2017 (or such later date as the Company and Cenkos Securities plc ("**Cenkos**") may agree). The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary

Shares including the right to receive all dividends or other distributions declared, paid or made after Admission.

Cenkos is authorised and regulated in the United Kingdom by the FCA and is advising the Company and no one else in connection with the Placing and Admission (whether or not a recipient of this document), and is acting exclusively for the Company as nominated adviser and broker for the purpose of the AIM Rules. Cenkos will not be responsible to any person other than the Company for providing the protections afforded to its customers, nor for providing advice in relation to the Placing and Admission or the contents of this document. In particular, the information contained in this document has been prepared solely for the purposes of the Placing and Admission and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them. Without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by Cenkos as to the contents of this document. No liability whatsoever is accepted by Cenkos for the accuracy of any information or opinions contained in this document, for which the Directors are solely responsible, or for the omission of any information from this document for which it is not responsible.

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FORWARD-LOOKING STATEMENTS

This document includes “forward-looking statements” which include all statements other than statements of historical facts, including, without limitation, those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of Beeks Financial Cloud Group plc to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which Beeks Financial Cloud Group plc will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules for Companies.

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Directors, Secretary and Advisers

Directors	Mark Cubitt Gordon McArthur Simon Mark Goulding Christopher Brian Livesey Andrew William Crawford Meldrum	Non-Executive Chairman Chief Executive Officer Chief Financial Officer Non-Executive Director Non-Executive Director
	all of:	
Registered Office	Phoenix House Phoenix Business Park Paisley PA1 2BH	
Nominated Adviser and Broker	Cenkos Securities plc 66 Hanover Street Edinburgh EH2 1EL and 6.7.8 Tokenhouse Yard London EC2R 7AS	
Solicitors to the Company as to UK law	Pinsent Masons LLP 141 Bothwell Street Glasgow G2 7EQ	
Reporting Accountants	Grant Thornton UK LLP Level 8 110 Queen Street Glasgow G1 3BX	
Solicitors to the Nomad and Broker	Burness Paull LLP 50 Lothian Road Edinburgh EH3 9WJ	
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE	
Financial PR	Alma PR Limited Aldwych House 71-91 Aldwych London WC2B 4HN	
Company Contact Details	Tel: +44 (0)1505 800 771 Email: info@beeksfinancialcloud.com	
Company Website	www.beeksfinancialcloud.com	

Placing Statistics

Placing Price	50.0 pence
Number of Existing Ordinary Shares in issue prior to the Placing	40,000,000
Number of New Ordinary Shares being issued pursuant to the Placing	9,000,000
Number of Existing Ordinary Shares being sold pursuant to the Placing	5,000,000
Number of Ordinary Shares on Admission	49,000,000
Percentage of the Enlarged Issued Share Capital being placed (including the Sale Shares)	28.6 per cent.
Estimated gross proceeds of the Placing receivable by the Company	£4.50 million
Estimated net proceeds of the Placing receivable by the Company	£3.76 million
Market capitalisation immediately following completion of the Placing at the Placing Price	£24.50 million
AIM 'ticker'	BKS
SEDOL	BZ0X8W1
ISIN Number	GB00BZ0X8W18

For the purpose of this document, the exchange rates applicable to Beeks Financial Cloud Group plc are, unless otherwise disclosed, as follows:

\$1: £0.76

Expected Timetable of Principal Events

Publication and despatch of this document	21 November 2017
Admission effective and dealings in the issued share capital commences on AIM	8.00 a.m. on 27 November 2017
CREST accounts (where relevant) expected to be credited	27 November 2017
Share certificates (where relevant) expected to be despatched no later than	11 December 2017

References to time are to London time unless otherwise stated. Each of the dates in the above timetable is subject to change at the absolute discretion of the Company and Cenkos and without further notice.

Part I

Information Relating to the Company

1. Introduction

Beeks is a niche cloud computing and connectivity provider for automated (also known as algorithmic) trading in Forex and Futures financial products. Beeks has generated a profit¹ in each financial year since trading commenced. The Beeks platform has been specifically designed for latency sensitive automated trading environments and provides 'on demand' low latency computing resources to its clients through its direct connectivity to the leading Financial Exchanges across the world.

The Company currently offers server infrastructure and connectivity to its clients which enables same day trading of Forex and Futures on Financial Exchanges and Trading Venues. Beeks' clients include approximately 165 financial institutions and over 6,000 direct/indirect VPS clients worldwide. Over 30 Forex brokers, including some of the largest ranked globally by volume "white label" the Beeks platform for use by their own clients.

The Directors believe that Beeks' core strengths lie in its provision of:

- *Reduced time to market* – as it provides its services via the cloud, Beeks can provide a short activation cycle to its clients which enables same day trading and allows them to test new strategies and deployments without significant cost implications;
- *Low latency* – low latency trading for retail and institutional clients;
- *Connectivity solutions* – global and secure connectivity solutions through cross connects and wide area network to many Trading Venues across the world;
- *Bespoke trading infrastructure* – flexibility, bespoke build, scale and personalisation of its clients' trading infrastructure;
- *Access to trading data* – established relationships and agreements with a number of global Trading Venues, allow Beeks to provide its clients with easy access to low latency trading data from some of the leading global Financial Exchanges;
- *Liquidity is spread globally* – strategically picked locations to give closest possible coverage and connectivity to the major Forex and Futures exchanges and Trading Venues;
- *Security* – sophisticated DDoS solutions to protect clients from malicious attacks with no impact on trading network; and
- *24/5 environment* – 24 hour "live chat" support from 10pm GMT Sunday to 10pm GMT Friday to allow traders uninterrupted access to key global markets.

The Beeks platform uses cloud computing, which enables clients to access and manage the trading services they need via the internet. Clients use an "on demand" or "pay for what you use" model which provides low latency trading capability on a large scale and is quicker and cheaper than building their own bespoke physical server platform and obtaining network connectivity themselves, which could take several weeks by which time the client's trading advantage could be obsolete.

Beeks has achieved strong revenue growth since 2014 and it has generated a profit¹ in each financial year since trading commenced. Beeks has a highly scalable business model and a high level of recurring revenue. It has a very experienced Board of Directors, who believe that Beeks is positioned to benefit from the growth in the market for automated trading, the continued adoption of cloud computing and the opportunity for accelerated growth through corporate acquisitions in a fragmented market place.

2. Group structure, history and development

Beeks Financial Cloud Limited was incorporated on 3 June 2010 by CEO Gordon McArthur, trading as BeeksFX VPS. In 2011 it began operations from a single site at the Equinix NY4 data centre in Secaucus, New Jersey (which serves many of the world's largest financial, media and enterprise companies with exchange facilities and interconnection services) providing low latency services to the retail automated trading market. Beeks uses cross

1. Based on operating profit and in 2017 is pre-exceptional IPO costs.

connects (a cable running within a data centre) to enable its clients to connect directly to a Financial Exchange giving a level of access that was previously typically only available to larger trading institutions. Within six months it had added a presence in London, serving the London based Forex markets.

By 2014, Beeks had grown to become a large provider of Forex VPS with many Forex brokers white labelling the Company's services. In 2014 Beeks US acquired the business and assets of Gallant VPS Inc. and it started to provide services to the institutional market with a combined offering of on-site services, virtual and physical server hardware and co-location. In 2015, Beeks added a site in Japan and Beeks US made its second acquisition in the US of the business and assets of VDIWare LLC. This acquisition also expanded Beeks' international reach to Frankfurt and allowed Beeks to expand its offering into the Futures market primarily via its direct G-Link access to CME.

In 2016, Beeks established a data centre presence in Hong Kong. In addition, investments made in a new head office, global network operations centre and dedicated low latency wide area network all allow for the targeting of larger institutional clients going forward.

Beeks was re-registered as a public limited company and changed its name to Beeks Financial Cloud Group plc on 8 November 2017. It is the principal holding company of the Group which currently comprises three further legal entities established across three countries, all of which are Subsidiaries of Beeks.

The Group is headquartered in Glasgow and operates from nine operating datacentre locations in London, New Jersey, Chicago, Frankfurt, Tokyo and Hong Kong. Each is connected via a dedicated fibre network and Beeks has connections to various Financial Exchanges including CME and CBOE and a number of Trading Venues. The Company employs 28 people across the UK, US, Austria, and Japan and engages seven contractors in Indonesia, one in the USA and one in Japan.

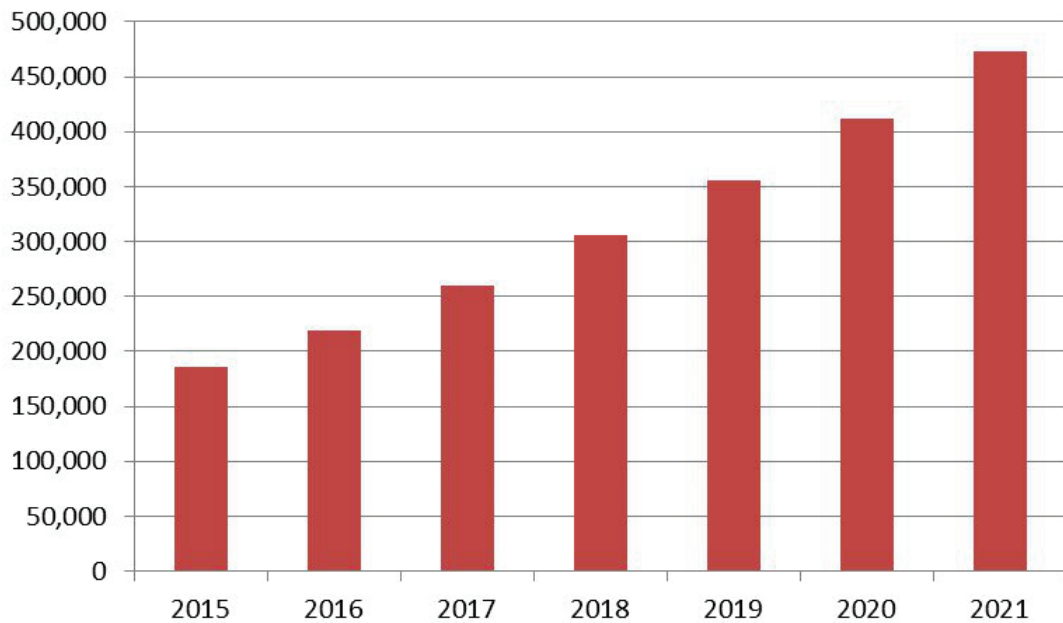
3. Industry and market overview

The benefits of cloud computing, including quick deployment, flexibility, internet-based computing solutions which are provided on an on-demand and cost effective basis and being available to anyone with internet access, have driven a huge increase in demand for web based supply of services in recent years. Public cloud spending is expected to accelerate rapidly, growing from \$75 billion in 2015 to \$522 billion by 2026 at a compound growth rate of 19 per cent.

Infrastructure as a Service

Beeks provides computing infrastructure, including hardware, storage, data centre space and network and connectivity options, as a service; collectively known as "Infrastructure as a Service". According to the 2015 North Bridge Future of Cloud Computing Survey, it has been estimated that 67 per cent. of global companies are now using IaaS for part of their business (an increase from 19 per cent. in 2014) and it is estimated that the global IaaS market will increase from approximately \$32 billion in 2015 to approximately \$60 billion by 2020.

Gartner Cloud Forecast 2017Q2 Public Cloud Services End-User Spending (USD Million)



Automated trading

In algorithmic or automated trading, computers directly interface with trading platforms, placing orders without immediate human intervention. The computers observe market data and other information or factors, and, based on a built-in algorithm, send back trading instructions, often within milliseconds.

A variety of algorithms are used: for example, some look for arbitrage opportunities; some seek optimal execution of large orders at the minimum cost; and some seek to implement longer-term trading strategies in search of profits. Some “machine learning” algorithms now make decisions based on key words trending on Twitter, for example, or information obtained by automatically reading and interpreting economic data releases, generating trading orders before economists have begun to read the first line.

Forex Market

Automated trading is used for a variety of asset classes, including the Forex market. Forex trading is used to speculate on the relative strength of one currency against another. It is a decentralised, largely electronic market with no central exchange or one physical location and is a 24 hour market on the global working week, moving around the world as the business day begins from Tokyo to London to New York. This allows a trader to close or manage their trades at any time of the day. Foreign trade, which is undertaken by companies buying and selling products in foreign countries or converting profits from foreign sales into domestic currency, accounts for only about 5 per cent. of the global daily turnover, with 95 per cent. coming from speculation for profit.

Trading in foreign exchange markets averaged \$5.1 trillion per day in April 2016. The US dollar is the dominant currency, being on one side of 88 per cent. of all trades. In the same month, the renminbi doubled its share, to 4 per cent., to become the world’s eighth most actively traded currency and the most actively traded emerging market currency, overtaking the Mexican peso. The rise in the share of renminbi was primarily due to the increase in trading against the US dollar.

The scale of the Forex market means that liquidity, being the amount of buying and selling volume that can happen at any point in time, without affecting the price, is extremely high. This allows competition in the market and reduces slippage (i.e. when a trader is unable to close or manage positions, even when the market is open) and price gaps.

Forex is an OTC market with a broad range of participants, from large financial institutions to smaller banks, hedge funds and retail traders. With more counterparties connected to each other, search costs have decreased and the velocity of trading has increased. The traditional market structure based on dealer-customer relationships has given way to a trading network topology where both banks and non-banks act as liquidity providers.

Forex trading is dominated by retail forex brokers, central banks, commercial businesses and banks. There is no central location of the Forex market. Instead, each market maker records his or her own transactions and keeps it as proprietary information. The primary market makers who make bid and ask spreads in the currency market are the largest banks in the world. They deal with each other constantly either on behalf of themselves or their customers. This is why the market on which banks conduct transactions is called the interbank market. The main participants are as follows:

- Central banks – may try and control their money supply, interest rates and inflation by using their reserves of national and foreign currency to stabilise the market of their currency;
- Commercial businesses – companies may need to purchase one currency to pay an invoice in a different currency, for example, or hedge against future exchange rate movements;
- Retail Forex brokers – offering speculative trading to the individual retail trader; and
- Individual retail traders – who establish their own trading platforms.

Beeks' principal target markets are institutional participants. It has clients on both the buy side, (including Forex Capital Markets, LLC, OANDA, Gain Capital Group, LLC, ThinkMarkets, IC Markets, IG and Tickmill, some of whom "white label" the Beeks product) and sell side (liquidity providers who set currency prices such as Playtech plc and Divisa Capital) of the financial services market and it works in partnership with Financial Exchanges such as CBOE and CME and technology providers such as Vela Trading Technologies.

Futures Market

Since 2015, Beeks has also provided IaaS to traders in the Futures market. Futures markets participants trade in contracts that represent claims to a certain currency type and a specific price per unit. Typical futures contracts are bought and sold based upon a standard size and settlement date on public commodities markets. Beeks has connections to several major Futures market locations, and is an approved service provider to CME Group, which runs four exchanges including CME, the world's largest Futures market place.

The number of participants, locations and velocity of the market make the provision of trading infrastructure for the Forex and Futures markets especially well suited to the cloud computing model. Having established a significant footprint in the provision of services to participants of these markets, the Company will continue to consider opportunities to acquire businesses which may develop the Company's cross asset class offering or add value added or complementary services, further details of which are set out at paragraph 10 of this Part I.

4. Overview of the Group's business

Connecting and managing low latency environments is complex and time consuming to establish, as well as expensive to maintain. Mid-tier institutions are unlikely to be able to build the infrastructure and make the connections required themselves and many choose Beeks to manage their automated trading routes for them. By choosing Beeks as a service provider, financial institutions can reduce IT overheads in their business and trade in a variety of markets and test and deploy new strategies without significant cost or down-time.

Beeks can cater for the requirements of these traders from the same cloud based platform, allowing them to trade on a "pay for what you use" model. The Company currently provides its services to over 6,000 direct/indirect VPS clients and approximately 165 financial institutions.

The Company currently offers the following areas of service:

1. Connectivity

Cross Connects

Cross connects are fibre optic cables within a data centre between the Beeks servers, or servers located in Beeks' rack space, and the servers of the Financial Exchanges or brokers. Using cross connects significantly reduces the latency of a trading system. If a trader does not use cross connects to link its servers to those of Financial Exchanges, the connection from its server (on which its algorithm is installed and which may or may not be in the same data centre as the Financial Exchange) would have to travel out through the networking equipment of the server (this is where first part of latency comes from) through the internet via various ISPs, leased lines and networking equipment (again more latency); then onto the destination data centre to again go through more switches/routers finally to get to the broker's or Financial Exchange's servers. All of this activity is measured in milliseconds (modern processors can execute billions of instructions per second).

Beeks' cross connects remove as much of this journey as possible. The trade is generated on Beeks' servers and travels only through a dedicated fibre line within the data centre to either an institutional venue connection, future exchange connection or retail broker. It does not leave the data centre, there is no reliance on multiple ISPs, and it goes directly to the counterparty's server, thus substantially reducing latency.

WAN Connection

Where trading data is required to leave a data centre, for example if a fund is based and wants to trade with partners in London using pricing data published by the CME in Chicago, it is inefficient to use the public internet and to improve trading performance Beeks has established WAN connections between all of its data centre locations. Using the WAN location reduces packet loss (when data travelling across a computer network fails to reach its destination, normally caused by network congestion), increases packet security, speed and improves trading performance.

Using a combination of cross connects and Beeks' WAN connections, Beeks' clients can undertake secure, low latency Forex and Futures trading globally on a well established platform.

Beeks' connectivity has taken years to establish. The Directors consider that this is one of the Company's core USPs and believe that establishing a similar offering would take a substantial amount of time.

2. Server Infrastructure

Beeks offers its clients the ability to select the server infrastructure they require via the cloud, and allows them to pay on an "on demand" basis. There are a number of ways that Beeks may offer this to its clients:

Bare metal server

Beeks provides clients with data centre space, WAN connection, cross connects and a physical server, with the client responsible for the software and operating system to meet its needs. This allows clients such as proprietary traders and hedge funds, which may be fiercely protective of their trading algorithms, to take advantage of Beeks' infrastructure, whilst enabling them to maintain an additional level of security around their proprietary systems.

Dedicated server

Beeks deploys dedicated server chassis to its clients. This allows the client to have full control over the server, including choice of operating system and software. Beeks will also manage the server, including security, memory, storage and IT support.

Virtual Private Server

Beeks also provides virtual private servers for its clients. This involves multiple clients sharing the same physical hardware, with each server configured virtually and a choice of operating system installed. Functionally a virtual private server is similar to a dedicated server, but on a smaller scale than that of the dedicated server.

Beeks' servers are built to be resilient (having no single point of hardware failure), allowing automated traders some comfort that their MT4 platform ("MetaTrader 4", the electronic currency trading platform widely used by small or mid-tier traders) will be online and facilitating trades as it should whilst the global Financial Exchanges are open.

5. What problems does Beeks solve?

- Reduced time to market

Beeks' short activation cycle enables same day trading for new clients, rather than the weeks or even months it may take them to set up their own servers or for a non-cloud based business to do this for new clients. This allows hedge funds, proprietary traders or financial institutions who have identified a potential trading market to participate in this almost immediately (subject to Beeks having the necessary infrastructure in place). This rapid access is critical, as trading algorithms can have a limited shelf life.

Trading Venues are keen to ensure that potential clients begin trading as soon as possible and a number of them advertise to those looking to trade on their platform that they contact Beeks. The Directors believe that this is because the experience of the Trading Venues has been that using Beeks' services can be one of the fastest ways of getting new clients trading.

In addition, financial institutions and brokers may see demand from existing clients to trade on new or emerging Trading Venues. Beeks' international expansion into nine locations has been driven by the demand from market participants, rather than by way of establishing itself in a data centre and looking to attract clients. Further information on Beeks' business model is set out in paragraph 8 of this Part I below.

- Low Latency

Low latency reduces the trading time differential between a request to buy or sell and execution of the trade. The higher the latency, the higher the probability of there being slippage (being the difference between the expected price of an order and the actual price at which the order is executed in any given trade) which could result in a movement in the price at which the trade can be executed. An internet connection from a client in mainland China to an Exchange in New York may take 300MS to transmit an order. A mainland Chinese client being hosted in a Beeks server in New York would transmit an order to the same New York Exchange via Beeks cross connects in approximately 0.5MS. Beeks uses NTP Time Services, a networking protocol for clock synchronisation between computer systems over packet-switched, variable-latency data networks to ensure that its clients are able to trade effectively.

- Connectivity Solutions

As set out in paragraph 4 above, Beeks has a well established connectivity footprint. This has taken many years to deploy and Beeks continues to develop and expand its offering. Beeks has recently installed its connectivity and server infrastructure in Hong Kong and has agreements with major Chinese ISPs, opening up network connections to the Chinese internet (known as "Chinese Peering"). With the renminbi becoming an increasingly globalised currency, the Directors of Beeks view these connections as an exciting proposition to the market, with significant growth potential, and, as set out in paragraph 11 of this Part I, intend to use some of the net proceeds to make the investment needed to launch services in mainland China.

- Bespoke trading infrastructure

Beeks' cloud computing platform allows clients flexibility, bespoke build, scale and personalisation of their trading infrastructure thus ensuring that the level of resource available is as closely matched to current demand as possible. The end user typically pays only for the resource they use and so avoids the inefficiencies and expense of any unused capacity.

- Access to trading data

In order to undertake effective trading activities, market participants need access to trading data at a low latency. In order to do this, the largest financial institutions, such as large investment banks, may acquire space in data centres around the world and invest large amounts of capital and time in server and IT hardware and IT staff. This is,

however, largely cost prohibitive for smaller participants. Beeks has established relationships and agreements with a number of global Trading Venues, which allow it to provide its clients with easy access to low latency trading data from the leading global Trading Venues.

Beeks, for example, is an approved partner of the CME which means it is able to receive direct access to the “G-link” which carries all CME pricing data. Beeks is authorised to sell this data on to its own clients, who may not have the infrastructure to directly connect with or afford to receive the feed from CME directly.

- **Liquidity is spread globally**

There is no one centralised platform or location for Forex and Futures trading and there are hundreds of Financial Exchanges, on which Forex and Future products are traded, and data centres which host the trading infrastructure. The locations in which Beeks has infrastructure have been strategically selected to give closest possible coverage and connectivity to the major Forex and Futures exchanges and Trading Venues. As set out in paragraph 10 below, the Directors plan to increase the number of locations in which the Group operates.

Beeks has an international connectivity footprint across the following Trading Venues and trading technology providers:

Equinix NY4

Axi Corp
Barclays
BNP Paribas
CBOE
Currenex
Deutsche Bank
Fastmatch
FXalliance
FXCM Pro ECN
Gain GTX
InteractiveBroker
LMAX
Market Factory
OANDA
PrimeXM
Selerity
SoftFX
Spotex
Thomson Reuters

Equinix LD5

BSO Networks
CBOE
Credit Suisse
Fastmatch
IPC
LMAX
LME
Market Factory
Playtech
PrimeXM
Quanthouse
Saxo Direct
Soc-Gen
TATA
Think Global
Vela Trading Technologies
Xenfin

CME DC3

CME – DC3

Equinix TY3

Invast
LMAX

Equinix CH2

Playtech

WAN CONNECTION

EQUINIX CH1 – NY4
EQUINIX LD5 – FR2
EQUINIX LD5 – HK1
EQUINIX LD5 – TY3
EQUINIX NY4 – HK1
EQUINIX NY4 – LD5
EQUINIX NY4 – TY3
EQUINIX TY3 – HK1

- **Security**

Using Beeks’ WAN connectivity, rather than the public internet, minimises the amount of publicly facing devices data packets transit through, thus improving the security of proprietary trading information. Using WANs and cross connects stops third parties from “packet sniffing”, which is when internet hackers monitor or mirror data on the public internet. Beeks also provides anti Distributed Denial of Service (DDoS) cover, without latency impact, which is further outlined in paragraph 6 of this Part I below.

- **24/5 support**

Other than connectivity and latency, financial services clients use Beeks’ IaaS for its 24 hour “live chat” support in global market hours, being 10pm GMT on Sunday to 10pm GMT on a Friday.

Beeks’ specialist function is set up only to support trading applications in the cloud. Beeks has three levels of support ranging from level 1, such as reboots and password resets, to level 2 which deals with more complex level queries such as connectivity issues and level 3 which provides fine technical support, such as solutions to market data interruptions.

The Directors of Beeks believe that generic cloud companies support functions do not cater for the intricacies of financial markets and / or what is needed to assist clients operating within this space.

6. Security

DDoS attacks are malicious attacks on IT systems, aimed at causing financial institutions disruption and potentially to extort cash from the institutions targeted. Worldwide there were, on average, approximately 124,000 DDoS attacks per week during the 18 months from January 2015 to June 2016. Any individual or institution may come under attack and a 1 Gbps DDoS attack is large enough to take most organisations completely offline. The average attack size in the first half of 2016 was 985 Mbps, which was an increase of 30 per cent. over 2015, and the average attack size was projected to be 1.15 Gbps by the end of 2016.

In order to try to protect its clients from DDoS attacks disrupting their trading, Beeks provides sophisticated DDoS cover. All its servers are provided with a free level of protection up to 200 Mbps of attack coverage. If clients choose this basic level of DDoS protection and an attack is larger than 200 Mbps, the traffic to the specific IP address which suffers the attack is “blackholed”, which means that no data, be it legitimate trading data or otherwise, can reach the IP address. The financial institution would therefore lose the ability to trade. For an additional per server per month fee, clients can choose to increase the DDoS protection on their systems to up to either 20 Gbps or 300 Gbps of attack coverage.

7. Regulation

Beeks is an IT service provider and is not subject to financial regulation itself. Beeks does not undertake trading activities or use financial data or hold financial data on behalf of its clients. Many of its clients are, however, subject to financial regulation and therefore changes to such regulation may impact Beeks’ business in future. Proposed changes to CFD regulation in the UK by the FCA, for example, could reduce the available leverage allowed on pricing from 400:1 to 50:1. This is designed to protect retail investors because it reduces the risk of over leveraging each trade. Small traders may be advantaged as they are less likely to break stop losses in one transaction. Conversely, financial institutions, providing the liquidity, may find it reduces the number of trades being inputted into their systems and therefore they may become less profitable. Beeks provides its services to small and mid size market participants on both the buy and sell side of the market and therefore both may take advantage of, or be adversely affected by, changes to regulation dependent on the effect on client behaviour. Beeks monitors likely regulatory changes on a daily basis and the Directors do not believe that there are presently any planned changes which would materially affect its business.

Since January 2017, Beeks has charged for additional services, such as site to site WAN connectivity, local secure connectivity, anti-DDoS cover and timing tools, which it had previously provided to its customers for free. The Directors will continue to target incremental growth in revenue from its existing clients as well as new institutional clients.

8. Client profiles and the business model

Beeks’ clients are “buy side” and “sell side” financial institutions, and smaller scale traders. Corporate clients account for approximately 82 per cent. of Beeks’ revenue, and private clients, all of whom are required to pay in advance for Beeks’ services, account for the remaining 18 per cent.

Buy side financial institutions provide trading services for their own clients. Over 30 Forex brokers, including some of the largest ranked globally by volume “white label” the Beeks platform for use by their own clients, which they buy via the Beeks website initially and may add on bespoke arrangements as their number of clients grow.

In addition, once a Forex or Futures broker is providing trading services and generating revenue from its clients, it is unlikely to change the base provider of those services as any down time is likely to cost them both money and clients. As a result, Beeks enjoys a low client churn rate along with incremental growth in revenue.

Sell side participants, which may include Trading Venues and liquidity providers who may host the matching engines, aggregate price feeds or make the market, are more likely to request a very detailed shopping list of the laaS they require from Beeks. Increasingly, Beeks is

securing larger contracts with such institutions which cannot afford the time delay or risk of down time that installing their own infrastructure may result in and want to take advantage of Beeks' established connections, know-how and security capabilities.

Beeks has approximately 6,000 direct/indirect VPS clients and 165 financial institutions as clients. The number of institutional clients has recently grown rapidly from 90 in July 2016 to 164 in September 2017. There is no reliance on a small number of large clients and as Beeks continues to gain more institutional clients, the spread is likely to become wider.

The Directors of Beeks have agreed that Board approval will be required in order to take on any one financial institution as a client which accounts for more than 10 per cent. of its revenue. In doing so, the Board is aiming to mitigate the impact of any one financial institution ceasing to trade.

Beeks' business model does not require a large sales team. Clients typically approach Beeks via referrals from Financial Exchanges or white labelled brokers, who want to get potential new clients trading quickly on their platforms and, through experience, have identified Beeks as an effective channel to achieve this. Beeks has a self service website portal which allows clients to select and purchase services in real time without needing to engage with a sales team.

Beeks' gradual international expansion during the period from 2011 to date is a reflection of its response to client demand and Beeks intends to continue to add connections or locations in the future where there is client demand for such additional connectivity. Once Beeks is established in a particular trading location (of which it has nine internationally) sales cycles can be quick; with Beeks able to set up both retail and larger institutional clients within 24 hours (subject to Beeks having the necessary infrastructure in place).

Beeks is a profitable¹, growing business with high levels of recurring revenue and positive monthly cash generation. 95 per cent. of its clients pay monthly, with the remaining 5 per cent. paying annually in advance. Beeks has virtually no one-off revenue. Retail clients pay in advance for the service, whilst institutional clients are billed monthly on 14 day payment terms.

Beeks invested significantly in its operational assets in 2016 and 2017, using cash generated by business activities and lease finance. By expanding its head office and monitoring capabilities, undertaking capacity investment in data centres (Beeks currently has unused capacity of 8.5 racks across its locations), increasing bandwidth and connectivity, improving network resilience, and through investment in WAN infrastructure and DDoS security, the Directors estimate that it has the potential to adequately support up to approximately £3 million of additional annualised revenue from its current cost base (based on capacity from 6.5 of the 8.5 racks currently unused).

9. Competition

Beeks' competition may come from other cloud computing providers or from non-cloud trading infrastructure providers.

Generic cloud providers such as AWS, Microsoft Azure and Google Cloud can provide VPS and non-deterministic network solutions, but, so far as the Directors are aware, they do not at present provide the specific solutions, such as low latency cross connects, which are essential to automated trading. For most of AWS' VPS customers, for example, low latency is unlikely to be essential but for Forex and Futures traders, as set out in paragraph 5 of this Part I above, low latency is critical to a successful trading outcome. Beeks has recently acquired a number of financial institutions as clients who have tried obtaining the trading infrastructure as a service from a generic provider, but who have not been able to fulfil all their requirements.

Accordingly, the provision of trading infrastructure via the cloud is instead likely to come from niche businesses, such as Beeks, which have the knowledge of the requirements of Financial Exchanges, Trading Venues and financial institutions around the world and who have the necessary connection infrastructure in the right locations. At the moment, however, the Directors of Beeks believe the Company is unique as a pure cloud solution; the Directors are not aware of any other providers who have the standing core capacity to deliver, via the

1. Pre-exceptional IPO costs in 2017.

internet, a trading solution. Beeks' self service website portal ("Beeks Marketplace") allows financial institutions, exchanges or individual traders to enter their infrastructure requirements, and, without having to place an order over the phone or via a salesperson, to gain access to trading infrastructure often within 24 hours. Beeks' rack space, cross connects and security solutions are all available on a same day basis to a client (subject to Beeks having the necessary infrastructure in place), whereas other providers may need to install the physical servers or connections required for each client, potentially taking weeks, or in the case of a connection to an exchange, many months.

10. Strategy and Future Prospects

Beeks is an established, profitable¹ and growing business with strong relationships and a reliable client base. It has invested in its core infrastructure so that it can scale its business up significantly on its current operational asset base. In recent years it has made two successful acquisitions. The first of these, in 2014, was a competitor, Gallant VPS Inc. which Beeks successfully reduced the operating costs of and integrated into the Beeks platform. In 2015 Beeks acquired the business and assets of VDIWare LLC for its Futures capability, allowing Beeks to move into a new market and adding credibility with institutional clients.

The Directors believe that organic growth can be achieved through enhancing and upgrading Beeks' self-service web portal, which sets the Group apart from other so-called cloud providers of Trading Software, and by adding further services which could be provided from Beeks' existing platform or via acquisition and would enable the Company to generate additional revenues from existing clients and attract new customers. Additional services may include data feeds from additional Trading Venues, data normalisation (where data from Trading Venues is collated and packaged), cloud data recovery and additional connectivity offerings.

The Directors further believe that there is the potential for such growth to be accelerated by way of an initial public offering on AIM. This will allow the Company to:

(i) Establish operations in new locations around the world

The Directors believe there is substantial client demand for the Beeks cloud offering in a number of new geographical markets. For example, Beeks cannot currently offer connectivity or hosting for any of the Singapore based Financial Exchanges. Singapore is a key trading hub and a number of financial institutions have indicated their requirement for low latency trading in this location. The Directors believe that the Company could install operations and commence trading in Singapore quickly following Admission.

In addition, the Directors of Beeks are aware of demand in Istanbul (for the Istanbul Stock Exchange and Forex Brokers), Sao Paulo (BOVESPA) and Moscow (Moscow Exchange). The Company also plans to target China. Beeks does not currently have any presence in mainland China but, following Admission, intends to open an office in China and engage local sales and support staff with the intention of commencing services for the Chinese market by offering connectivity to the Chinese Financial Exchanges via local cloud deployment.

(ii) Capitalise on further acquisition opportunities

The Directors believe that the fragmented nature of Beeks' sector will create acquisition opportunities in two categories.

- **Bolt-on Acquisitions**

Beeks currently provides services to Forex and Futures markets from an established core platform. The Directors believe that there is sufficient capacity on this platform to enable the Company to make bolt-on acquisitions of complementary businesses with material synergy benefits to Beeks.

It is expected that the methodology behind the Company's successful acquisitions of the business and assets of Gallant VPS Inc. and VDIWare LLC can be used as a framework for future M&A activity, with the objective being to achieve selective consolidation in Beeks' market and deliver improved financial performance from the combined entities.

1. Pre-exceptional IPO costs in 2017.

- **Strategic Acquisitions**

There are many thousands of financial institutions globally who the Directors believe could be targeted to organically grow the existing Beeks business. In addition, the Directors have identified a number of acquisition opportunities which they believe would materially broaden the Beeks offering to existing and new clients.

The strategic acquisition targets being considered at present may result in the development of cross asset class offerings, value added services (such as data normalisation capability), a move into a new asset class play or the acquisition of a complementary business.

The Directors believe that many of the larger institutions in Beeks' market would prefer their IaaS provider to be capable of delivering a full suite of Equity Trading, Futures and Forex trading services. Beeks would therefore consider the acquisition of an equities trading business to complement its existing offering to clients and enable the Company to more effectively target the next level of financial institutions.

The Directors would only consider acquisition opportunities which are growing, profitable, of strategic value to the Group and have synergies with the existing Beeks platform to enhance the potential for cost cutting during the integration phase.

The Company's ability to take advantage of the strategic opportunities it has identified is constrained by its available capital. The Directors believe that Admission to AIM will enable the Company to capitalise on the attractive growth opportunities which are expected to be available within Beeks' market.

(ii) Increase connectivity

Beeks' connectivity capabilities are a compelling selling point. Connectivity is increasingly sought after; as the number of Financial Exchanges grows and the location of traders continues to expand, dedicated connections between Financial Exchanges and Trading Venues are essential to achieving the lowest latency. Subsea and land connections are owned and operated by large multinationals, with connectivity "space" rented out to smaller users. As would be expected, there is an economy of scale that would allow Beeks to reduce cost per user if Beeks was able to invest in larger connectivity units from the wholesaler.

(iii) Provide more flexibility in costs and decision making

As stated above, Beeks has invested in its business so that it has a sound footprint in important trading locations internationally and has capacity to scale up its business and continue to provide quick time to market for its clients. An increased working capital buffer would allow Beeks to react quicker to demand, for example, WAN capability, full market data offering, low latency network provision, cloud disaster recovery or an automated connectivity offering, on a more cost efficient basis.

(iv) Plc status can increase credibility and enable engagement with larger clients and targets

As Beeks' business is all conducted in the financial markets the Directors believe it is logical that, if required, it raises additional capital from the financial markets to support its strategic objectives as suitable opportunities arise and to accelerate its growth. Beeks has large global clients and is partnering with, and receives recommendations from, significant Financial Exchanges and stakeholders. The Directors believe, however, that Beeks would benefit from the prestige and transparency that a public listing entails.

11. Use of Proceeds

The Placing of the New Ordinary Shares and Sale Shares will raise £4.5 million (before expenses) for the Company. The Directors believe that a solid platform for growth has been established, and that the funds available to Beeks Financial Cloud Group plc from the Placing will enable it to:

- accelerate growth and take advantage of new opportunities within the existing Beeks business as they arise. The Directors intend to increase WAN capacity, add more cross connects between brokers and trading venues and to enhance the existing self service web portal and provide additional value added services to generate additional revenue from existing clients and attract new customers;
- enter new geographical markets by adding additional data centre sites around the world;

- strengthen the Company's working capital position to provide the Directors with the financial flexibility to optimise the funding of the Company's operations. As an example, following the Placing, the Company would expect to be able to reduce its reliance on asset finance, which is currently a significant cost to the business;
- continue to progress existing and new bolt-on and strategic acquisition opportunities; and
- provide a realisation event for the Selling Shareholders.

12. Summary Financial Information, Current Trading and Prospects

The following financial information for Beeks has been extracted from the Historical Financial Information set out Part IV of this document:

	Year ended 30 June 2015 £'000	Year ended 30 June 2016 £'000	Year ended 30 June 2017 £'000
Revenue	1,341	2,679	3,970
Gross profit	681	1,147	1,569
Operating profit/(loss)	462	226	(673)
Finance costs	(43)	(72)	(88)
Profit/(loss) before tax	419	154	(761)
EBITDA*	661	530	(193)
EBITDA* (pre-exceptional IPO costs in 2016 and 2017)	661	631	543

*EBITDA is operating profit/(loss) after adding back depreciation and amortisation

For the financial year to 30 June 2017, the Group experienced 48.2 per cent. revenue growth over the prior year. Revenue growth has primarily been driven by institutional client wins and additional upselling to existing clients.

In the financial year to 30 June 2017, the Group invested £1.1 million in additional operating infrastructure and capacity and, accordingly, the Group's gross margin reduced to 39.5 per cent. (FY 2016 42.8 per cent.) and EBITDA (before exceptional items) for the year to 30 June 2017 decreased by 13.9 per cent. in comparison to the prior year.

13. Dividend Policy

The declaration of any payment by the Company of any future dividends in respect of the Ordinary Shares, and the amount of such, will depend on the results of its operations, financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. The Company hopes to become a dividend paying company in the short to medium term, but will consider this as and when the growth and profitability of the Company allows.

14. Directors, Senior Management and Employees

A. The Board

On Admission, the Board of the Company shall comprise two executive Directors and three non-executive Directors whose biographical details are as follows:

Mark Cubitt (Non-Executive Chairman) (Age 54)

Mark has extensive multinational experience gained over the last 33 years, including 21 years in the PLC environment and eight years as chief financial officer at Wolfson Microelectronics plc until its sale to Cirrus Logic in August 2014. Mark is currently a non-executive director of private company RHA Technologies Ltd based in Glasgow, which designs and sells portable consumer audio equipment, and is also a retained advisor to PureLifi based in Edinburgh, a spin out from Edinburgh University focused on developing Wi-Fi through LED lighting.

Previously Mark was non-executive chairman of Superglass Holdings plc and was part of the team that turned round the business before its sale in 2016. He also served as VP of finance at Jacobs Engineering and was finance director of Babbie Group until the sale of the company to Jacobs Engineering in 2004, when he then took up a wider finance role with Jacobs. During his time at Jacobs he also sat on the board of highways maintenance firm BEAR

Scotland, and was its chairman in 2006. Mark has also worked at Denholm Oilfield Services Limited, Dawson International PLC, Christian Salvesen PLC and its then subsidiary Aggreko Plc.

Mark is a Chartered Accountant and has a degree in Accountancy and Computer Science from Heriot-Watt University and was the winner of the Scottish Finance Director of the Year in 2005 and is a past chairman of the Scottish Finance Directors Discussion Group.

Gordon McArthur (Chief Executive Officer) (Age 41)

Gordon McArthur founded Beeks in 2010 having become increasingly frustrated by the lack of low latency trading infrastructure available. He has since grown the business from a three man start up to its current, profitable form¹. Gordon's career in software and IT solutions businesses spans 19 years during which time he has held commercial and managerial roles at IBM and Versko, an IT specialist for IBM software platforms. During his time at IBM Gordon worked in both financial services and the industrial sector and initially on SME businesses but latterly covering IBM's largest globally integrated accounts in the Oil and Gas sector.

Gordon has a BA (Hons) in Risk Management and a Masters in Business Information Management from Glasgow Caledonian University.

Simon Mark Goulding (Chief Financial Officer) (Age 52)

Simon Goulding has over 25 years' experience in finance, management and consultancy. Having commenced his career at KPMG, Simon has held finance and senior management roles at Arthur Anderson, Deloitte Consulting, Blandy & Blandy LLP and Campbell Dallas LLP. Simon first worked with Beeks in 2012 whilst running his own consulting business, and joined on a permanent basis in December 2015.

Simon is a Chartered Accountant and has a BComm (Acc) from the University of Birmingham.

Christopher Brian Livesey (Non-Executive Director) (Age 48)

Chris Livesey is SVP and General Manager of Mainframe Products at Micro Focus, a global software company delivering and supporting enterprise software solutions that help clients innovate faster with lower risk. Chris has 25 years' experience in the software industry, having held several senior sales and marketing leadership positions in global companies such as IBM, Rational Software and Softlab Limited. Chris has a BSc (Hons) in Statistics and a Postgraduate Diploma in Computing Science from the University of Glasgow.

Andrew William Crawford Meldrum (Non-Executive Director) (Age 49)

Will Meldrum is SVP and Chief of Staff at IHS Markit, a world leader in critical information and data analytics. Prior to joining Markit in 2005, Will worked at Deutsche Bank for four years managing the bank's interests across a portfolio of investments with a key focus on industry consortia, electronic trading systems and data. Will holds an MA from Edinburgh University and an MBA from London Business School.

B. Senior Management and Employees

Tony Doleman (Technical Director)

Tony Doleman joined Beeks Financial Cloud in 2011. He has been involved with IT infrastructure, networking and application support for over a decade and prior to Beeks he was a network manager at Versko Limited for 12 years. There, he worked on projects in both the public and private sector, many in partnership with IBM, including projects for Scottish Police, Citylink, Boots and Subsea 7.

Tony has a BA (Hons) in Information Science and Politics from the University of Strathclyde and Pg. Dip in IT from the University of Glasgow.

Paul Donohoe (Chief Operating Officer)

Paul Donohoe has almost two decades experience delivering IT projects in the UK financial sector. He spent many years project managing as an Associate Director at UBS and contracting at Fidelity Investments. He has experience of operating low latency networks,

1. Pre-exceptional IPO costs in 2017.

exchange connectivity and data centre technologies during periods with service providers such as Colt Capital Markets and Fixnetix. He has also worked on a variety of public sector IT projects.

Paul has an MSc in Logistics from Glasgow Caledonian University and a BEng in Electronics and Electrical Engineering from the University of Glasgow.

Peter Johnson (Vice President, Americas)

Peter Johnson joined Beeks in 2015 as part of Beeks' acquisition of VDIware LLC, which he founded in 2005. Peter was responsible for the networking design, implementation, and operations of the company. Before he founded VDIWare LLC, Peter was involved in the financial services industry, where he designed and supported networks and trading systems. Peter studied High Energy Physics at the University of Arizona and developed his knowledge of technology working on one of the experiments for the Tevatron Particle Collider at Fermilab.

C. Employee Share Schemes

There are currently two Share Schemes in existence, one for employees of the Company and one for contractors and persons providing services to the Company. There are options granted under the Share Schemes over a total of 1,864,800 Ordinary Shares with an option exercise price of £0.00125 per Ordinary Share and these options will vest in full on Admission.

Further details of the terms of the Share Schemes are set out in paragraph 12 of Part V of this document.

15. Lock-In Arrangements

The Company has entered into a lock-in agreement with each of Gordon McArthur and Simon Goulding and Cenkos pursuant to which each of Gordon McArthur and Simon Goulding has agreed not to dispose of any of his interests in Ordinary Shares prior to the first anniversary of Admission and thereafter for the following 12 months only to dispose of them through the Company's brokers at the relevant time.

The Company has also entered into an orderly marketing agreement with Tony Doleman and Cenkos pursuant to which Tony Doleman has agreed only to dispose of his interests in Ordinary Shares prior to the first anniversary of Admission through the Company's brokers at the relevant time.

Details of the Lock-in Arrangements are set out in paragraph 9.2 of Part V of this document.

16. Relationship Agreement

On 9 November 2017 the Company, Gordon McArthur and Cenkos entered into a relationship agreement conditional upon Admission pursuant to which Gordon McArthur has agreed to manage his relationship with the Company to ensure that the Company will at all times be capable of carrying on its business independently of Gordon McArthur and his connected persons and all transactions and arrangements between the Company and Gordon McArthur and his connected persons will be at arm's length and on normal commercial terms.

Details of the Relationship Agreement are set out in paragraph 9.4 of Part V of this document.

17. Corporate Governance

The Company intends following Admission, so far as is practicable and appropriate for a company of its size and nature, to comply with the provisions of the UK Corporate Governance Code, as modified by the recommendations of the Quoted Companies Alliance. The Company has appointed three independent, non-executive Directors (including the Chairman) to bring an independent view to the Board, and to provide a balance to the executive directors.

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. The Directors intend to hold meetings of the Board ten times a year following Admission with additional meetings as and when required. Conditional on Admission, Beeks has established audit, remuneration and nomination committees with formally delegated duties and responsibilities.

A. Audit Committee

The Audit Committee will have the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of Beeks is properly measured and reported on. It will receive and review reports from the executive management team and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet not less than twice in each financial year and will have unrestricted access to the Company's external auditors.

At Admission, the Audit Committee shall consist of the following persons:

Name	Position
Mark Cubitt	Chairman
Will Meldrum	Member

B. Remuneration Committee

The Remuneration Committee will review the performance of the executive directors and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee will meet as and when necessary. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Code and, where appropriate, the UK Corporate Governance Code.

At Admission, the Remuneration Committee shall consist of the following persons:

Name	Position
Mark Cubitt	Chairman
Will Meldrum	Member
Christopher Livesey	Member

C. Nomination Committee

The Nomination Committee will consider the selection and re-appointment of Directors. It will identify and nominate candidates to fill Board vacancies and review regularly the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.

At Admission, the Nomination Committee shall consist of the following persons:

Name	Position
Will Meldrum	Chairman
Mark Cubitt	Member
Christopher Livesey	Member

D. Share Dealing Code

The Board intends to comply, and to procure compliance, with the Market Abuse Regulation (No. 596/2014) and Rule 21 of the AIM Rules for Companies relating to dealings in the Company's securities by the Directors and other applicable employees. To this end, the Company has adopted a code for directors' and certain employees' dealings appropriate for a company whose shares are admitted to trading on AIM and will take all reasonable steps to ensure compliance by the Directors and any relevant employees.

E. The Bribery Act

The Bribery Act 2010, which prescribes criminal offences for businesses engaged or allowing others to engage in bribery or corrupt practices came into force 1 July 2011 and applies to the Group and to the Directors by virtue of it being incorporated in the UK.

The Directors intend to have regard to the impact of such legislation and intend to establish appropriate procedures in order to comply with the same. To this end, the Group's employees will be trained on the impact of the legislation and procedures will be put in place to allow for reporting and communication by the employees to the Board of any matters which may or may not be relevant in ensuring that the daily operations are maintained in light of such legislation.

18. The Placing and Admission

Under the Placing, the Company is issuing 9,000,000 New Ordinary Shares representing 18.4 per cent. of the Enlarged Issued Ordinary Share capital of the Company following the Placing. At the Placing Price, the Placing of New Ordinary Shares will raise approximately £4.5 million (before expenses) for the Company.

VCT Shares will be offered to VCTs and the remaining Placing Shares, being the General Placing Shares, will be offered to those investors who are not VCTs.

The Sale Shares which are being placed on behalf of the Selling Shareholders will represent approximately 10.2 per cent. of the Enlarged Issued Share Capital.

Cenkos has agreed, pursuant to the Placing Agreement and conditional *inter alia* on Admission, to use its reasonable endeavours to place the New Ordinary Shares with institutional and other investors.

The Placing, which is not being underwritten, is conditional, *inter alia*, upon:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission becoming effective not later than 27 November 2017, or such later date as Cenkos and the Company may agree, being not later than 11 December 2017.

The New Ordinary Shares rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made after the date of issue.

None of the New Ordinary Shares have been marketed to or will be made available in whole or in part to the public in conjunction with the application for Admission.

The market capitalisation of the Company immediately following the Placing, at the Placing Price, will be approximately £24.5 million. Application has been made to the London Stock Exchange for the Ordinary Shares, issued and to be issued, to be admitted to trading on AIM. Admission is expected to become effective and dealings in the issued Ordinary Shares are expected to commence on 27 November 2017.

Further details of the Placing Agreement are set out in paragraph 9.1 of Part V of this document.

19. Settlement and CREST

Application has been made for all of the Ordinary Shares to be eligible for admission to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place in CREST if the relevant Shareholder so wishes. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a share certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of Ordinary Shares under the CREST system. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. Persons acquiring shares as a part of the Placing may elect to receive Ordinary Shares in uncertificated form if, but only if, that person is a "system-member" (as defined in the CREST Regulations) in relation to CREST.

It is expected that, subject to the satisfaction of the conditions of the Placing, the New Ordinary Shares will be registered in the names of the Placees subscribing for them and issued either: in certificated form, where the Placee so elects, with the relevant share

certificate expected to be dispatched by post, at the placees risk, by/or in CREST, where the Placee so elects and only if the Placee is a “system member” (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Ordinary Shares subscribed for expected to take place on 27 November 2017. Notwithstanding the election by Placees as to the form of delivery of the New Ordinary Shares, no temporary documents of title will be issued. All documents or remittances sent by or to a Placee, or as they may direct, will be sent through the post at their risk. Pending the dispatch of definitive share certificates (as applicable), instruments of transfer will be certified against the Company’s register of members.

20. VCT Status

The Board has received advanced assurance from HMRC that the Company may be regarded as a “qualifying holding” under Chapter 4, Part 6 of the Income Tax Act 2007 for the purposes of investment by VCTs. The continuing status of the Ordinary Shares as a qualifying holding for VCT purposes will be conditional, *inter alia*, on the Ordinary Shares being held as a “qualifying holding” for VCT purposes throughout the period of ownership.

Neither the Company nor the Directors give or have given any warranty, representation or undertaking that any VCT investment in the Company will remain a qualifying holding.

21. Taxation

Information regarding taxation is set out below in Part III of this document.

If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

22. Further Information

Your attention is drawn to Part II of this document which contains risk factors relating to Beeks Financial Cloud Group plc and its operations and to Part V which contains additional information on Beeks Financial Cloud Group plc.

Part II

Risk Factors

Investing in the Company is speculative and involves a high degree of risk. You should carefully consider the entire contents of this document, including, but not limited to, the risk factors described below, before you decide to invest in the Company. As at the date of this document, the Directors consider the following risks to be the material risks of which they are aware and the most significant risks for shareholders and potential investors. Such risks have not been set out in any order of priority. In addition, you should note that the risks described below are not the only risks faced by Beeks. In particular, there may be additional risks that the Directors currently consider not to be material or of which they are not presently aware.

1. General Risks

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result. A prospective investor should consider with care whether an investment in the Company is suitable for him in light of his personal circumstances and the financial resources available to him.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objectives of the Company will be achieved. Investors may not get back the full or any amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Company's prospects.

2. Risks Relating to Beeks and its Business

(a) Regulation

The provision of IT services is not a regulated business and Beeks is not, therefore, regulated. It does, however, provide services to financial institutions and exchanges worldwide which are regulated in their own jurisdictions and whose business may be affected by such regulation. There is a risk that parties with whom the Group trades or has other business relationships (including partners, clients, suppliers, subcontractors and other parties) may breach regulations or lose their regulated status. This may adversely affect the Group's clients' business, and, as a result, may also have an adverse effect on Group's business, revenue, financial condition, profitability, prospects and results of operations. Financial regulation is constantly under scrutiny and changing and there is no way of predicting future changes to such regulation which may alter the market of the Group's clients.

(b) Key systems failure, disruption and interruption

Beeks' position as a IT infrastructure service provider via the cloud exposes the Group to significant risk in the event that its technology or the Group's systems experience any form of damage, interruption or failure. Any malfunctioning of the Group's technology and systems, or those of key third parties, even for a short period of time, could result in a lack of confidence in the Group's products, with a consequential material adverse effect on the Group's business, revenue, financial condition, profitability, prospects and results of operations.

Although it offers a significant protection to its clients, and runs detailed monitoring programmes of its IT and employs advanced DDoS cover to protect the Group and its clients from attacks, Beeks' systems will always be vulnerable to damage or interruption from events including but not limited to:

- natural disasters;

- power loss;
- telecommunication failures;
- software failures or viruses;
- computer hacking activities such as DDoS attacks; and
- acts of war or terrorism.

The Group's systems are also vulnerable to break-ins, sabotage and intentional acts of vandalism by internal employees and contractors as well as third parties. Any interruption in the availability of Beeks' website, core cloud-based software solution, support site or telephone systems could create a business interruption and a large volume of client complaints. The Group's products and the software on which they are based are complex and may contain undetected defects and problems may be discovered from time to time in existing, new or enhanced products or services. Undetected defects could damage the Group's reputation, ultimately leading to an increase in the Group's costs or reduction in its revenue.

(c) *Actions of third parties, including partners and contractors*

The Company is reliant to an extent on third parties, including data centres, internet service providers and trading venues. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships or failure to engage contractors could be detrimental to the future business, operating results and/or profitability of the Company. In certain circumstances, the Company may be liable for the acts or omissions of its partners. If a third party pursues claims against the Company as a result of the acts or omissions of the Company's partners, Beeks' ability to recover from such parties may be limited.

(d) *Terms of client contracts and unsigned contracts*

The Group has entered into signed contracts with the majority of its key clients. Whilst there are termination provisions within such contracts which are designed to protect the Group in the short term, some of these contracts permit clients to terminate their contracts on less than 90 days' notice. Whilst the Directors consider that the Group enjoys a low client churn rate and the Directors are not aware of any of the Group's clients terminating any of their contracts with the Group to move to another provider, the loss of one or more of its key clients within a short term period could have an adverse effect on the Group's revenue and the future growth of the Group's business.

The Group does not have signed copies of its contracts with certain clients. Whilst the Directors consider that the terms of its contracts with its clients are clear given that the Group has provided the services to its clients over a period of time and the Group invoices and receives payment from its clients on a monthly basis, in the event that such clients used another provider of server infrastructure and low latency connectivity, then the Group would suffer a loss of revenue and would not benefit from the termination provisions outlined above. Similarly, in the event that such clients seek to renegotiate the terms on which the Group provides services to them, the Group would not benefit from the certainty of terms which a written contract would provide and the renegotiation of less favourable terms could result in a loss of revenue for the Group. However, the Directors of Beeks have agreed that Board approval will be required in order to take on any one financial institution which accounts for more than ten per cent. of its revenue.

(e) *Reliance on key individuals*

The Group's business, development and prospects are dependent on a small number of key management personnel. The loss of the services of one or more of such key management personnel may have an adverse effect on the Group. The Directors believe that the experience, technical know-how and commercial relationships of the Group's key management personnel help provide the Group with strategic focus and a competitive advantage. The Group's ability to develop its business and achieve future growth and profitability will depend in large part on the efforts of these individuals and the Group's ability when required to attract new key management personnel of a similar calibre. The

Directors believe that the loss of the services of any key management personnel, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Group. The Directors believe the Group operates a progressive and competitive remuneration policy which includes share incentives and that the future development and implementation of this policy will play an important part in retaining and attracting key management personnel. The Group does not currently have a keyman insurance policy in place as the Board does not consider keyman insurance to be necessary at present, however, it will keep this decision under review.

(f) *Achievement of strategic aims*

The value of an investment in the Group is dependent on the Group achieving its strategic aims. The Group's strategy is outlined in Part I of this document. While the Directors are optimistic about the prospects for the Group, there is no certainty that it will be capable of achieving its strategy or the anticipated revenues or growth or that it will ultimately become profitable on a sustainable basis. The Group's future operating results will be highly dependent upon how well it manages its planned expansion strategy and the timeframe within which that strategy is executed.

(g) *Technological change*

The markets for the Group's products are characterised by rapidly changing technology, and increasingly sophisticated client requirements. Changing client requirements and the introduction of products or services or enhancements embodying new technology may render the Group's existing products obsolete, unmarketable or competitively impaired and may exert downward pressures on the pricing of existing products. It is critical to the success of the Group to be able to anticipate changes in technology or in industry standards and to successfully develop and introduce new, enhanced and competitive products on a timely basis and keep pace with technological change. This may place excessive strain on the Group's capital resources which may adversely impact on the revenues and profitability of the Group or the Group's ability to achieve such developments. The Group cannot give assurances that it will on a timely basis successfully develop new products or services or enhance and improve its existing products or services, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhancing existing products by others, or changing client requirements, will not render the Group's products or services obsolete. The Group's inability to develop products or services that are competitive in technology and price and that meet client needs could have a material adverse effect on the Group's business, revenue, financial condition, profitability, prospects and results of operations.

(h) *The Group's relies on, inter alia the internet and broadband internet access and the development and maintenance of internet and telecommunications infrastructure by third parties*

The delivery of the Group's products and services will depend on third party telecommunications and internet service providers to continue to expand high-speed internet access, to maintain reliable and efficient networks with the necessary speeds, quality of service, capacity and security. In relation to internet access, changes in access fees (for example, introducing bandwidth caps or other metered usage schemes) to users may adversely affect the ability or willingness of users and their guests to access the Group's services. Changes in access fees to distributors, such as the Group or its service providers, or a departure from "net neutrality" (the principle that all forms of internet traffic is subject to equal treatment in transmission speed and quality) could result in increased costs to the business. In relation to telecommunications services, changes to access fees to the Group could result in increased costs to the business and this may ultimately deter clients from using the Group's services. In addition, deterioration in the infrastructure may adversely affect the ability or willingness of clients to use the Group's services. In addition, increasing traffic, user numbers or bandwidth requirements may result in a decline in internet or telecommunications performance and/or internet or telecommunications reliability may decline. Internet or telecommunications outages, intermittent disruptions or delays could adversely affect the Group's ability to

provide services to its clients. All of these factors are out of the Group's control and the manifestation of any of them could have a material adverse effect on the Group's prospects, business, financial condition or results of operations.

(i) *Ownership of IP addresses*

The Group uses some IP addresses, which are owned by the regional internet registry for Europe, RIPE NCC ("RIPE"), a not-for-profit organisation which oversees the allocation and registration of internet number resources, to operate its trading platform for use by its clients. The IP addresses were acquired by Beeks US pursuant to the acquisition of the business and assets of VDIWare LLC by way of transfer from a separate company owned by the owners of VDIWare LLC, Virtual Desktop Infrastructures Sweden AG ("VDIWare Sweden") which has subsequently been dissolved pursuant to bankruptcy proceedings in Sweden. RIPE has advised the Company that it intends to release the IP addresses currently used by the Group as the Company is not a member of RIPE and its records show that the relevant member of RIPE, and the person with the contractual right to the IP addresses, is VDIWare Sweden. The affected IP addresses constitute approximately 7.5% of the IP addresses currently used by the Group's clients.

The Company has engaged Swedish counsel to discuss a number of options to resolve the matter in conjunction with the bankruptcy trustee of VDI Sweden. The bankruptcy trustee has advised that he is willing to re-open the bankruptcy proceedings of VDIWare Sweden in order to perfect the transfer of the IP addresses to the Company. The Company is currently in correspondence with RIPE and is hopeful that RIPE will approve this proposal in principle which would then allow the Company to liaise with the bankruptcy trustee to re-open the proceedings and execute the transfer. In the meantime, the Group is already implementing a strategy to mitigate the effect of the release of the IP addresses should this occur by ensuring that new clients are not deployed onto the affected IP addresses.

If RIPE were to insist that the IP addresses are released sooner than the time period agreed with the Group, being December 2017, there could be an adverse effect operationally on the Group in that (i) the Group would need to carry out an exercise of exchanging the IP addresses used by its clients which would be time consuming and require considerable resource from the Group's employees and (ii) certain of the Group's clients may need to obtain their own approvals before the IP addresses can be exchanged which could have an impact on the service provided by the Group to those clients.

(j) *Competition*

The Group's competitors include generic data providers which, in many cases, are significantly larger enterprises with greater financial and marketing resources. There may also be new entrants to the market, for example a trading platform provider could change its strategy and become a competitor to, rather than partner of, the Group. There can be no guarantee that the Group's current competitors or new entrants to the market will not bring superior technologies, products or services to the market or equivalent products at a lower price which may have an adverse effect on the Group's business. Such companies may also have greater financial and marketing resources than the Group. Even if the Group is able to compete successfully, it may be forced to make changes in one or more of its products or services in order to respond to changes in clients' needs which may impact negatively on the Group's financial performance.

(k) *Damage to the Group's reputation or brand*

The Directors believe that the reputation and the quality of Beeks' brand will over time play an increasingly important role in the success of the Group. Further, the Directors believe that the Group's brand has and will continue to be built on the high quality of its service offering and client service. Therefore any incident that negatively affects client loyalty towards the Beeks brand could materially adversely affect the Group's business, revenue, financial condition, profitability, prospects and results of operations. The Beeks brand may be negatively affected by any negative publicity, regardless of accuracy. This

includes any negative commentary on social media platforms, including weblogs, social media websites and other forms of internet based communications that provide individuals with access to a broad audience of consumers and other interested parties.

(l) *The Group's counterparties may become insolvent or their circumstances may change*

There is a risk that parties with whom the Group trades or has other business relationships (including partners, clients, suppliers, subcontractors and other parties) may become insolvent or their circumstances may change. This may be as a result of general economic conditions or factors specific to that company. In the event that a party with whom the Group trades becomes insolvent or if their circumstances change, this could have an adverse impact on the revenues and profitability of the Group.

(m) *Constitutional change*

On 23 June 2016, the United Kingdom held a referendum on the United Kingdom's continued membership of the European Union. This resulted in a vote for the United Kingdom to exit the European Union. There are significant uncertainties in relation to the terms and time frame within which such an exit would be effected, and there are significant uncertainties as to what the impact will be on the fiscal, monetary and regulatory landscape in the UK, including *inter alia*, the UK's financial regulation and the conduct of cross-border business and export and import tariffs. There is also uncertainty in relation to how, when and to what extent these developments will impact on the economy in the United Kingdom and the future growth of its various industries and on levels of investor activity and confidence, on market performance and on exchange rates. There is also a risk that the vote by the United Kingdom to leave could result in other member states re-considering their respective membership of the European Union. Although it is not possible to predict fully the effects of the exit of the United Kingdom from the European Union, any of these risks, taken singularly or in the aggregate, could have a material adverse effect on the Group's business, revenue, financial condition, profitability, prospects and results of operations.

The Scottish National Party's policy to continue to seek independence from the UK creates a risk of Scotland adopting the Euro or other currency and having different legislation, policies, regulators and trading arrangements and agreements. Prolonged uncertainty in relation to the position of Scotland within the UK could have a material adverse effect on the Group's business, operations and financial condition.

(n) *Insurance*

There can be no certainty that the Group's insurance cover is adequate to protect against every eventuality. The occurrence of an event for which the Group did not have adequate insurance cover could have a materially adverse effect on the Group's business, revenue, financial condition, profitability, prospects and results of operations.

(o) *Dependence on clients*

The Group's clients may cease to use the Beeks' IaaS solution and there are no financial penalties imposed on existing clients who terminate their contracts. However, clients who cease to use the Group's products, and wish to maintain a trading capability, would need to relocate their trading infrastructure from the Group's servers and either familiarise themselves with the functionality of a replacement provider or become self-sufficient. In addition, the Directors of Beeks have agreed that Board approval will be required in order to take on any one financial institution which is more than ten per cent. of its revenue. In doing so, the Board is aiming to mitigate the impact of any one financial institution ceasing to trade. In the event that a material number of clients ceased to use the Beeks IaaS solution then it may materially and adversely affect the Group's business, revenue, financial condition, profitability, prospects and results of operations.

(p) *Financial controls and internal reporting procedures*

The Group has systems and controls in place to allow it to produce accurate and timely financial statements and to monitor and manage risks. If any of these systems or controls were to fail the Group may be unable to produce financial statements accurately

or on a timely basis or expose the Group to risk. Any concerns investors may have over the potential lack of available and current financial information and the controls the Group has in place could adversely affect the Company's share price.

(g) *Taxation*

The Company has a permanent tax establishment in a number of overseas jurisdictions in which it operates, each of which have different tax registration requirements and tax filing requirements. If the Group expands its operations following Admission into additional overseas jurisdictions, it will need to ensure that it is compliant with the tax registration requirements and tax filing requirements in those overseas jurisdictions.

The Group's German, Hong Kong, Japanese and US operations provide cloud computing services to Beeks Financial Cloud Limited. The US operation has been compensated for its services on a cost-plus basis. Beeks Financial Cloud Limited has not to date compensated its non-US operations for the services they provide. The Group has taken independent professional advice on the reasonableness of the cost-plus approach taken by the Group for the US operations and the necessity for a similar approach to its other overseas operations. The advice received by the Group confirmed that the cost-plus basis currently used by the Group is reasonable, although it could be revised upwards slightly. This policy has been implemented by the Group across its overseas operations as required and relevant filings for returns for prior periods have been made where necessary.

However, if a tax authority in any of the jurisdictions in which Beeks operates were to determine that filing returns on a cost-plus basis was not an appropriate method, or that the cost-plus basis percentage applied by the Group, or applied by the Group in the future, was not adequate, the nature and amount of tax paid in the relevant jurisdiction may be challenged by the relevant tax authority and the amount of tax payable by the Group to overseas tax authorities could increase.

The Group has received notification from the US Internal Revenue Service that the Group has previously filed tax returns late in relation to foreign shareholder information (Form 5472) in the US and has incurred approximately US\$40,000 in late filing penalties to the US Internal Revenue Service. Consequently the US Internal Revenue Service placed a lien on Beeks US' assets in the amount of US\$20,000. The Group has since paid US\$20,000 of the late filing penalties to the US Internal Revenue Service. It has received advice that following the payment of this US\$20,000 it can expect the lien to be removed but it awaits confirmation from the US Internal Revenue Service that this has been so done. The Group currently owes approximately US\$20,000, which it is currently in discussions regarding. If the penalties remain, the outstanding balance of US\$20,000 will be settled from the Placing proceeds. In addition, any company which operates in the US could be subject to an audit by the US Internal Revenue Service at any time and any such audit may require the Group to pay further tax in the US.

The Group has not received any notifications from HMRC that it has failed to deliver any relevant tax returns but if HMRC were to determine that any relevant tax returns had not been filed on time, HMRC may impose a penalty.

There can be no certainty that the current taxation regime in the UK or overseas jurisdictions within which the Group currently operates or may operate in the future will remain in force or that the current levels of corporation taxation will remain unchanged. There can be no assurance that there will be no amendment to the existing taxation laws applicable to the Group, which may have a material adverse effect on the Group's financial position.

Any change in the Group's tax status or in taxation legislation in the UK or the other countries in which it operates could affect the Group's ability to provide returns to Shareholders. Statements in this document concerning the taxation of investments in shares are based on current law and practice, which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon several assumptions, any one of which may change and which would, if so changed,

affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Group.

Lastly, due to the Group's parent company being a UK based entity with operations and assets in the United States, any changes in United States federal tax law or tax rulings unfavorable to the Group structure related to non-US owned parent companies could have a material impact on the Group's effective tax rate, cash flows and results of operations.

(r) *The costs of compliance with AIM corporate governance and accounting requirements are significant*

In becoming a public company, the Company will be subject to enhanced requirements in relation to disclosure controls and procedures and internal control over financial reporting. The Company may incur significant costs associated with its public company reporting requirements, including costs associated with applicable AIM corporate governance requirements. The Company expects to incur significant legal and financial compliance costs as a result of these rules and regulations and if the Group does not comply with all applicable legal and regulatory requirements, this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

(s) *VCT status*

Clearance has been received from HMRC that the Company's business is a qualifying business for VCT relief. Although qualifying investors should obtain tax relief on their investments under VCT relief, neither the Company nor the Board can provide any warranty or guarantee in this regard. Investors must take their own advice and rely on it.

Neither the Company nor the Directors give any warranties or undertakings that VCT relief, if granted, will not be withdrawn. Investors must take their own advice and rely on it. If the Company carries on activities beyond those disclosed to HMRC, then Shareholders may cease to qualify for the tax benefits. The actual availability of qualifying status for VCT purposes will be contingent upon certain conditions being met by both the Company and the relevant investors. Should the law regarding VCT change then any reliefs or qualifying status previously obtained may be lost. If the Company ceases to carry on the business outlined in this document, changes the manner in which the business is undertaken or acquires or commences a business which is not insubstantial to the Company's activities at any time this could prejudice the status of the Placing Shares under the VCT provisions. Circumstances may arise where the Board believes that the interests of the Company are not best served by acting in a way that preserves the VCT qualifying status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any Shareholder.

In respect of subscription for Placing Shares made by a VCT, if the Company does not employ the funds invested by the VCT for qualifying purposes within 24 months, the funds invested by the VCT would be apportioned *pro rata* and its qualifying holding would be equal to the VCT's funds that had been employed for qualifying trade purposes within the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holding.

The above information is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company. Any person who is in any doubt as to their taxation position should consult their professional taxation advisers.

3. Risks Relating to the Ordinary Shares

(a) *Suitability*

Investment in the Ordinary Shares may not be suitable for all readers of this document. Readers are accordingly advised to consult a person authorised under FSMA who specialises in investments of this nature before making any investment decisions.

(b) *Investment in AIM-traded securities*

Investment in shares traded on AIM involves a higher degree of risk, and such shares may be less liquid, than shares in companies which are listed on the Official List. The AIM Rules are less demanding than those rules that govern companies admitted to the Official List. It is emphasised that no application is being made for the admission of the Company's securities to the Official List. An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

(c) *Share price volatility and liquidity*

The share price of quoted companies can be highly volatile and shareholdings can be illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to Beeks and its operations and others which may affect quoted companies generally. These factors could include the performance of Beeks, large purchases or sales of the Ordinary Shares, currency fluctuations, legislative changes and general economic, political, regulatory or social conditions.

(d) *Access to further capital*

Beeks may require additional funds to respond to business challenges, enhancing existing products and services and further developing its sales and marketing channels and capabilities. Accordingly, Beeks may need to engage in equity or debt financings to secure additional funds. If the Company raises additional funds through further issues of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities could have rights, preferences and privileges superior to those of current shareholders. Any debt financing secured by Beeks in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for Beeks to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, the Group may not be able to obtain additional financing on terms favourable to it, if at all. If Beeks is unable to obtain adequate financing or financing on terms satisfactory to it, when required, its ability to continue to support its business growth and to respond to business challenges could be significantly limited or could affect its financial viability.

(e) *Dilution*

If available, future financings to provide required capital may dilute shareholders' proportionate ownership in the Company. The Company may raise capital in the future through public or private equity financings or by raising debt securities convertible into Ordinary Shares, or rights to acquire these securities. Any such issues may exclude the pre-emption rights pertaining to the then outstanding shares. If the Company raises significant amounts of capital by these or other means, it could cause dilution for the Company's existing shareholders. Moreover, the further issue of Ordinary Shares could have a negative impact on the trading price and increase the volatility of the market price of the Ordinary Shares. The Company may also issue further Ordinary Shares, or create further options over Ordinary Shares, as part of its employee remuneration policy, which could in aggregate create a substantial dilution in the value of the Ordinary Shares and the proportion of the Company's share capital in which investors are interested.

(f) *Future sale of Ordinary Shares*

The Company is unable to predict when and if substantial numbers of Ordinary Shares will be sold in the open market following Admission. In particular there can be no assurance that Gordon McArthur and Tony Doleman will not elect to sell their Ordinary Shares following the expiry of their respective Lock-In Arrangements, details of which are set out in paragraph 9.2 of Part V of this document or otherwise. Any such sales, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Ordinary Shares. Beeks may require additional capital in the future which may not be available to it.

(g) *Dividends*

There can be no assurance as to the level of any future dividends. Subject to compliance with the Act and the Articles, the declaration, payment and amount of any future dividends are subject to the discretion of the Directors, and will depend on, *inter alia*, the Company's earnings, financial position, cash requirements, availability of profits and the Company's ability to access, and repatriate within the Group, cash flow and profits generated outside of the UK. A dividend may never be paid and, at present, there is no intention to pay a dividend in the short to medium term.

In forming their dividend policy the Directors have taken into account *inter alia* the trading outlook for the foreseeable future, recent operating results, budgets for the following financial year, financial gearing, banking covenants and current capital requirements of the Group. Any material change or combination of changes to these factors may require a revision of this policy.

(h) *No guarantee that the Ordinary Shares will continue to be traded on AIM*

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares which would have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

(i) *Forward-looking statements*

All statements other than statements of historical facts contained in this document, including (without limitation) statements regarding the Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements, assessments, estimates or projections (collectively, "forward-looking statements"). Generally, the forward-looking statements in this document use words like "anticipate", "believe", "target", "aim", "could", "would", "should", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and similar terms, or may be identified by context or perspective. Any such forward-looking statements are subject to numerous assumptions, and involve numerous known and unknown risks and uncertainties and other factors, many of which are beyond the Group's ability to control, that may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expected or anticipated or expressed or implied by such forward-looking statements. These forward-looking statements speak only as at the date of this document and the forward looking events discussed in this document might not occur. Therefore, prospective investors should not place any reliance on any forward-looking statements. The Group expressly disclaims any obligation or undertaking to release or disseminate any updates or revisions to any forward-looking statement contained herein, save as required to comply with any legal or regulatory obligations, to reflect any change in the Group's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statement is based. Although all forward looking statements in this document regarding the Group or the Placing are based on current beliefs, assumptions and expectations, the forward-looking statements have been made in good faith by the Company, and are believed to be reasonable under the circumstances and at the time made. The Company makes no representation

or warranty, and gives no promise or assurance, regarding any forward looking statement. The inclusion of any item in a risk factor shall not be deemed an admission of liability.

The risks noted above do not necessarily comprise all of the risks potentially faced by the Group and are not intended to be presented in any assumed order of priority.

Although the Directors will seek to minimise the impact of the Risk Factors, investment in Beeks should only be made by investors able to sustain a total loss of their investment. Potential investors are strongly recommended to consult an investment adviser authorised under the Financial Services and Markets Act 2000 as amended who specialises in investments of this nature before making any decision to invest.

Part III

Taxation

The following paragraphs are intended as a general guide only to the United Kingdom tax position of Shareholders who are the beneficial owners of Ordinary Shares in the Company who are United Kingdom tax resident and, in the case of individuals, domiciled in the United Kingdom for tax purposes and who hold their shares as investments (otherwise than under an individual savings account (ISA)) only and not as securities to be realised in the course of a trade.

Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Ordinary Shares in connection with their employment or as an office holder may be taxed differently and are not considered. Furthermore, the following paragraphs do not apply to:

- potential investors who intend to acquire Ordinary Shares as part of a tax avoidance arrangement; or
- persons with special tax treatment such as pension funds or charities.

Any prospective purchaser of Ordinary Shares in the Company who is in any doubt about their tax position or who is subject to taxation or domiciled in a jurisdiction other than the United Kingdom should consult their own professional adviser immediately. Unless otherwise stated the information in these paragraphs is based on current United Kingdom tax law and published HMRC practice as at the date of this document. Shareholders should note that tax law and interpretation can change (potentially with retrospective effect) and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Income Tax – taxation of dividends

The taxation of dividends paid by the Company and received by a Shareholder resident for tax purposes in the United Kingdom is summarised below.

United Kingdom resident individuals

Since 6 April 2016 a new system of taxation for dividends applies to United Kingdom resident individual shareholders. Dividends received are no longer grossed up to include a 10 per cent. notional tax credit. Instead individuals will pay tax on the amount received. Dividend income is subject to income tax as the top slice of the individual's income. Each individual has an annual Dividend Allowance of £5,000 which means that they will not have to pay tax on the first £5,000 of all dividend income they receive. Dividends in excess of the Dividend Allowance are taxed at the individual's marginal rate of tax, with dividends falling within the basic rate band taxable at 7.5 per cent. (the "dividend ordinary rate"), those within the higher rate band taxable at 32.5 per cent. (the "dividend upper rate") and those within the additional rate band taxable at 38.1 per cent. (the "dividend additional rate"). Legislation will be introduced in Finance No. 2 Bill 2017 to reduce the dividend allowance to £2,000 from 6 April 2018.

United Kingdom discretionary trustees

The annual Dividend Allowance available to individuals will not be available to United Kingdom resident trustees of a discretionary trust. Since 6 April 2016 United Kingdom resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 38.1 per cent., which mirrors the dividend additional rate.

United Kingdom resident companies

Shareholders that are bodies corporate resident in the United Kingdom for tax purposes, may (subject to anti-avoidance rules) be able to rely on Part 9A of the Corporation Tax Act 2009 to exempt dividends paid by the Company from being chargeable to United Kingdom corporation tax. Such shareholders should seek independent advice with respect to their tax position. United Kingdom pension funds and charities are generally exempt from tax on dividends that they receive.

Non-United Kingdom residents

Generally, non-United Kingdom residents will not be subject to any United Kingdom taxation in respect of United Kingdom dividend income. Non-United Kingdom resident shareholders may be subject to tax on United Kingdom dividend income under any law to which that person is subject

outside the United Kingdom. Non-United Kingdom resident shareholders should consult their own tax advisers with regard to their liability to taxation in respect of the cash dividend.

Withholding tax

Under current United Kingdom tax legislation, no tax is withheld from dividends or redemption proceeds paid by the Company to Shareholders.

United Kingdom Taxation of capital gains

The following paragraphs summarise the tax position in respect to a disposal of Ordinary Shares on or after 6 April 2016 by a Shareholder resident for tax purposes in the United Kingdom.

To the extent that a Shareholder acquires Ordinary Shares allotted to him, the amount paid for the Ordinary Shares will generally constitute the base cost of the Shareholder's holding.

A disposal of Ordinary Shares by a Shareholder who is resident in the United Kingdom for United Kingdom tax purposes or who is not so resident but carries on business in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

For individual Shareholders who are United Kingdom tax resident or only temporarily non-United Kingdom tax resident, capital gains tax at the rate of 10 per cent. for basic rate taxpayers (previously 18 per cent.) or 20 per cent. for higher or additional rate taxpayers (previously 28 per cent.) may be payable on any gain (after any available exemptions, reliefs or losses). For Shareholders that are bodies corporate any gain may be within the charge to corporation tax. Individuals may benefit from certain reliefs and allowances (including a personal annual exemption allowance) depending on their circumstances. Shareholders that are bodies corporate resident in the United Kingdom for taxation purposes will benefit from indexation allowance which, in general terms, increases the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index, but will not create or increase an allowable loss.

Individual Shareholders who subscribe for and continuously hold their Ordinary Shares for no less than three years from their issue date may, on a subsequent disposal of those Ordinary Shares, qualify for "Investors' relief". Investors' relief is a new relief contained within the Finance Act 2016 which provides for a reduced rate of capital gains tax of 10 per cent. on gains realised on the disposal of certain ordinary shares, up to a lifetime limit of £10 million of gains, subject to various conditions being met by both the investor and investee company. Investor relief does not apply to employees or officers of the Company, or to individuals connected to them for tax purposes.

The relevant qualifying conditions of Investors' Relief are considered likely to be met by the Company and/or the Enlarged Group. However, neither the Company, its Directors or advisors can guarantee that those conditions will be or will continue to be met throughout the required shareholding period.

For trustee Shareholders of a discretionary trust who are United Kingdom tax resident, capital gains tax at the rate of tax of 20 per cent. (previously 28 per cent.) may be payable on any gain (after any available exemptions, reliefs or losses).

Non-United Kingdom resident Shareholders will not normally be liable to United Kingdom taxation on gains unless the Shareholder is trading in the United Kingdom through a branch, agency or permanent establishment and the Ordinary Shares are used or held for the purposes of the branch, agency or permanent establishment.

Stamp duty and stamp duty reserve tax (SDRT)

No UK stamp duty or SDRT will be payable on the issue or allotment of Ordinary Shares pursuant to the Subscription, nor on subsequent transfers or agreements to transfer Ordinary Shares by virtue of the exemption from 28 April 2014 from stamp duty and SDRT on shares traded on AIM.

The statements in this paragraph applies to any holders of Ordinary Shares irrespective of their residence, and are a summary of the current position and are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate than that referred to above or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock

borrowing arrangements. Agreements to transfer shares to charities should not give rise to a liability to stamp duty or SDRT.

Inheritance Tax

Shares in AIM listed trading companies or a holding company of a trading group may after a 2 year holding period qualify for Business Property Relief for United Kingdom inheritance tax purposes, subject to the detailed conditions for the relief.

Investors should note that Business Property Relief would cease to be available in the event that Company's Shares were to become listed on another stock exchange, for example the Main Market of the London Stock Exchange or the Channel Islands Securities Exchange.

Part IV

Financial Information on the Company

Section A: Accountant's report on the historical financial information on
Beeks Financial Cloud Group plc
for the three years ended 30 June 2017

The Directors
Beeks Financial Cloud Group plc
Suite 1, Phoenix House
Phoenix Business Park
Linwood Road
Paisley
PA1 2BH

21 November 2017

Dear Sirs

Beeks Financial Cloud Group plc (the Company) and its Subsidiary Undertakings (together, the Group) – Accountant's Report on Historical Financial Information

We report on the Group historical financial information set out in Section B of Part IV of this document, for the years ended 30 June 2015, 30 June 2016 and 30 June 2017 (the **Historical Financial Information**). The Historical Financial Information has been prepared for inclusion in the Company's admission document dated 21 November 2017 on the basis of the accounting policies set out in note 2 to the Historical Financial Information.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Beeks Financial Cloud Group plc are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union. It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 30 June 2015, 2016 and 2017 and of its profits, cash flows and changes in equity for the each of the three years ended 30 June 2017 in accordance with International Financial Reporting Standards adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

Section B: Historical consolidated financial information on Beeks Financial Cloud Group plc for the three years ended 30 June 2017

Consolidated Statement of Comprehensive Income for the three years ended 30 June 2015, 2016, 2017

	Note	2015 £'000	2016 £'000	2017 £'000
Revenue	16	1,341	2,679	3,970
Cost of sales		(660)	(1,532)	(2,401)
GROSS PROFIT		681	1,147	1,569
Administrative expenses		(219)	(921)	(2,242)
OPERATING PROFIT / (LOSS)	4	462	226	(673)
Presented as:				
EBITDA		661	530	(193)
Depreciation	10	(154)	(238)	(400)
Amortisation of intangibles	9	(45)	(66)	(80)
OPERATING PROFIT / (LOSS)		462	226	(673)
Finance costs	5	(43)	(72)	(88)
PROFIT / (LOSS) BEFORE TAX		419	154	(761)
Taxation	8	(111)	(10)	—
PROFIT / (LOSS) AFTER TAX		308	144	(761)
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified to Statement of Comprehensive Income				
Exchange gains on retranslation of foreign operations		11	61	12
TOTAL COMPREHENSIVE INCOME		319	205	(749)
Earnings per share attributable to owners of the parent during the year				
Basic	6	159.5	100.4	(346.4)
Diluted	6	159.5	96.7	(322.3)

Consolidated Statement of Financial Position as at 30 June 2014, 2015, 2016, 2017

	Note	2014 £'000	2015 £'000	2016 £'000	2017 £'000
NON CURRENT ASSETS					
Intangible assets	9	197	169	248	174
Goodwill	9	—	—	391	400
Property, plant and equipment	10	283	443	648	1,302
Deferred tax assets	17	—	8	12	27
		480	620	1,299	1,903
CURRENT ASSETS					
Trade and other receivables	11	105	161	336	392
Cash and cash equivalents	14	7	73	31	23
		112	234	367	415
TOTAL ASSETS		592	854	1,666	2,318
CURRENT LIABILITIES					
Trade and other payables	12	(377)	(461)	(1,173)	(2,229)
NON CURRENT LIABILITIES					
Trade and other payables	12	(61)	(29)	(45)	(398)
Deferred tax liabilities	17	(50)	(86)	(74)	(66)
TOTAL LIABILITIES		(488)	(576)	(1,292)	(2,693)
TOTAL NET ASSETS/ LIABILITIES		104	278	374	(375)
EQUITY					
Share capital	15	—	—	2	2
Foreign currency retranslation reserve		(1)	10	71	83
Merger relief reserve		—	—	372	372
Other reserve		—	—	(315)	(315)
Retained earnings		105	268	244	(517)
TOTAL EQUITY		104	278	374	(375)

Consolidated Statement of Changes in Equity for the four years ended 30 June 2014, 2015, 2016, 2017

	Share capital £'000	Foreign currency retrans- lation reserve £'000	Merger relief reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
1 July 2014	—	(1)	—	—	105	104
Comprehensive Income						
Profit for the year	—	—	—	—	308	308
Other Comprehensive Income						
Exchange loss on retranslation of foreign operations	—	11	—	—	—	11
Transactions with owners						
Dividends paid	—	—	—	—	(145)	(145)
30 June 2015	—	10	—	—	268	278
Comprehensive Income						
Profit for the year	—	—	—	—	144	144
Other Comprehensive Income						
Exchange gain on retranslation of foreign operations	—	61	—	—	—	61
Transactions with owners						
Issue of warrants	—	—	—	59	—	59
Issue of share capital	2	—	372	(374)	—	—
Dividends paid	—	—	—	—	(168)	(168)
30 June 2016	2	71	372	(315)	244	374
Comprehensive Income						
Loss for the year	—	—	—	—	(761)	(761)
Other Comprehensive Income						
Exchange gain on retranslation of foreign operations	—	12	—	—	—	12
30 June 2017	2	83	372	(315)	(517)	(375)

Consolidated Statement of cash flows for the three years ended 30 June 2015, 2016, 2017.

	Note	2015 £'000	2016 £'000	2017 £'000
Cash flows from operating activities				
Profit (Loss) for the year before tax		419	154	(761)
adjustments for:				
Depreciation of property, plant and equipment	10	154	238	400
Amortisation of intangible assets	9	45	66	80
Finance costs	5	43	72	88
Operating cash flows before movements in working capital		661	530	(193)
Increase in receivables		(57)	(177)	(56)
Increase in payables		76	589	928
Cash generated from operations		680	942	679
Corporation tax paid		(20)	(31)	(60)
Net cash generated from operating activities		660	911	619
Investing activities				
Purchase of property, plant and equipment		(175)	(444)	(818)
Purchase of intangible assets		(114)	—	—
Acquisition of trade assets		—	(358)	(32)
Net cash used in investing activities		(289)	(802)	(850)
Financing activities				
Proceeds from borrowings		—	119	136
Repayment of borrowings		(17)	(42)	(131)
Sale and leaseback of property, plant and equipment		—	215	584
Finance lease repayments		(100)	(203)	(278)
Interest paid		(43)	(72)	(88)
Dividends paid		(145)	(168)	—
Net cash used in / (generated from) financing activities		(305)	(151)	223
Net increase / (decrease) in cash and cash equivalents		66	(42)	(8)
Cash and cash equivalents at beginning of year		7	73	31
Cash and cash equivalents at end of year		73	31	23

Notes to the financial information

1. Corporate Information

Beeks Financial Cloud Limited is a limited Company, which is incorporated and domiciled in Scotland. The address of its registered office is Phoenix House, Pegasus Avenue, Phoenix Business Park, Paisley, PA1 2BH. The parent entity of the Group is Beeks Financial Cloud Group plc which was incorporated on 4 December 2015. The principal activity of the Group is the provision of information technology services. The Historical Financial Information presents the financial position, results, and cash flow for Beeks Financial Cloud Group plc and its subsidiaries as a combined entity. The incorporation of the parent entity did not impact the trading results of the Company therefore the financial position and results are shown as if the combined entity (including the parent) had existed for the duration of the historical review period.

2. Principal Accounting Policies

Basis of preparation

This Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations endorsed by the European Union (EU).

The Historical Financial Information has been prepared under the historical cost convention. The Historical Financial Information does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. The Directors of Beeks Financial Cloud Group plc are solely responsible for the preparation of this Historical Financial Information. The preparation of the Historical Financial Information in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date shown in the Historical Financial Information and the reported amounts of revenues and expenses during the periods reported. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The Historical Financial Information is not a set of financial statements in accordance with section 434 of the Companies Act 2006. Further details regarding areas requiring significant assumptions and estimates are provided in the relevant note to the Historical Financial Information. There is no material difference between the fair value of financial assets and liabilities and their carrying amount. Amounts in the Historical Financial Information have been rounded to the nearest thousand pounds sterling.

Going concern

The Directors have assessed the current financial position of Beeks Financial Cloud Group plc, taking account of exceptional costs incurred as a result of the IPO process and acquisition costs that have been paid for out of operating cash flow. These results, along with the future cash flow requirements of the Company have been used to determine if Beeks Financial Cloud Group plc has the financial resources to continue as a going concern for the foreseeable future.

The key factors considered by the Directors were:

- the rate of growth in sales;
- the competitive environment in which the Group operates;
- the potential actions that could be taken in the event that revenues are lower than expected in order to protect cash flows and operating profit;
- the ability of the Group to realise sales opportunities;
- the finance facilities available to the Group, including the availability of any short-term funding required;
- the proceeds of the Placing.

The Group prepares regular forecasts and projections of revenues, profits and cash flows that are essential for identifying areas on which management can focus to improve performance and mitigate the possible adverse impact of a deteriorating economic outlook. They also provide projections of working capital requirements. The Directors have reviewed the trading and cash flow forecasts as part of their going concern assessment, including downside sensitivities, which take into account the uncertainties in the current operating environment.

Having considered all the factors impacting the Group's business and having prepared relevant financial projections and sensitivities, including financial projections which allow for reasonably

possible downsides to the Group's base case projections, and taking account of mitigating actions that can be taken in periods when headroom is tight, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have adopted the going concern basis in preparing the Historical Financial Information. The Historical Financial Information does not include any adjustments that would result in the going concern basis of preparation being inappropriate.

Basis of consolidation

In order to insert the Company as the ultimate holding Company of the Group, the Company entered into a share for share exchange with the then existing shareholders of Beeks Financial Cloud Limited. Management have treated this as a common control transaction and have accounted for this transaction under the predecessor value method. See note 3 for further detail on this judgement.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary or a business is the fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued to the Group. The consideration transferred includes the fair values of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. Acquisition related costs are expensed as incurred.

Intercompany transactions, unrealised gains and losses on intragroup transactions and balances between group companies are eliminated on consolidation.

First time adoption of IFRS

The Historical Financial Information has been prepared in accordance with IFRS as adopted by the European Union for the first time for each of the three years ended 30 June 2017. The impact of adoption of IFRSs for the first time has been assessed and has no material effect on the primary statements. The additional disclosures required under IFRS have been included within the notes to this Historical Financial Information.

For all periods up to and including the year ended 30 June 2017, Beeks Financial Cloud Limited and Beeks Financial Cloud Group plc prepared its unaudited accounts in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). In preparing this Historical Financial Information in respect of the years ended 30 June 2015, 2016 and 2017, Beeks Financial Cloud Limited and Beeks Financial Cloud Group plc adopted International Financial Reporting Standards (IFRS), as endorsed by the EU.

The accounting policies set out in note 1 have been applied in preparing this Historical Financial Information. The retrospective application of IFRS to the comparative information and the opening IFRS balance sheet was required, with certain limited exceptions, by IFRS 1 'First Time adoption of IFRS'.

Reconciliation of equity

As at 1 July 2014, the date of transition, no adjustments were made to equity as a result of the conversion to IFRS.

As at 30 June 2017, the end of the latest period in the Historical Financial Information, no adjustments were made to equity as a result of the conversion to IFRS.

In order to insert the Company as the ultimate holding Company of the Group, the Company entered into a share for share exchange with the then existing shareholders of Beeks Financial Cloud Limited. The share for share exchange led to the creation of a merger relief reserve to reflect the difference between the value of the share capital in Beeks Financial Cloud Group Limited and the value of the group being acquired, Beeks Financial Cloud Limited.

International Financial Reporting Standards and Interpretations issued but not yet effective

At the date of authorisation of this Historical Financial Information, the following new standards, amendments and interpretations to existing standards have been published that are mandatory for forthcoming financial periods, but which the Group has not adopted early.

These are not expected to have a material impact on the Group's consolidated Historical Financial Information:

- IFRS 9: 'Financial instruments' – effective for periods commencing on or after 1 January 2018
- IFRIC 23: 'Uncertainties over Income Tax Treatment' – effective for periods commencing on or after 1 January 2019
- IAS 12: 'Recognition of Deferred Tax Assets for Unrealised Losses' – effective for periods commencing on or after 1 January 2017
- Amendments to IAS 7: 'Disclosure Initiative' – effective for periods commencing on or after 1 January 2017
- Clarifications to IFRS 15 'Revenue from Contracts with Customers' – effective for periods commencing on or after 1 January 2018
- Amendments to IFRS 2: 'Classification and Measurement of Share-based Payment Transactions' – effective for periods commencing on or after 1 January 2018
- Amendments to IFRS 4: Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' – effective for periods commencing on or after 1 January 2018
- Annual Improvements to IFRS Standards 2014-2016 Cycle – effective for periods commencing on or after 1 January 2018
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' – effective for periods commencing on or after 1 January 2018
- Amendments to IAS 40: 'Transfers of Investment Property' – effective for periods commencing on or after 1 January 2018
- Amendments to IFRS 9: 'Prepayment Features with Negative Compensation' – effective for periods commencing on or after 1 January 2019
- Amendments to IAS 28: 'Long-term Interests in Associates and Joint Ventures' – effective for periods commencing on or after 1 January 2019

Amendments that are expected to have an impact on the Group's consolidated historical financial statements:

- IFRS 15 'Revenue from contracts with customers' – effective for periods commencing on or after 1 January 2018. The Company do not plan to adopt IFRS 15 early. The standard permits two possible transition methods for the adoption of the new guidance: (1) retrospectively to each prior reporting period presented in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), or (2) retrospectively with the cumulative effect of initially applying the standard recognised on the date of the initial application (cumulative catch-up approach). The Group plans to conduct a detailed review of revenue recognition policy in relation to the new standard. Any impacts, if material, will be disclosed, including statements on if and how the Group applies any of the practical expedients available in the standard. The current view by the Group is there may be significant impact to the disclosures but not on revenue recognition.
- IFRS 16 'Leases' – effective for periods commencing on or after 1 January 2019. The impact of this amendment is that operating leases will be shown on the statement of financial position which will increase both the assets and liabilities of the group. The net effect to both the statement of financial position and income statement are expected to be minimal.

Adoption of new and revised standards

There were no additional standards, amendments and interpretations that had a material impact on the Group's financial statements during the year. The following standards, amendments and interpretations were effective in the year but had no material impact on the Group's financial statements

- Disclosure Initiative – Amendments to IAS 1 – Presentation of Financial Statements

- Amendments to IAS 27 – Equity Method in Separate Financial Statements
- Amendments to IAS16 and IAS38 – Classification of Acceptable Methods of Depreciation and Amortisation
- Annual Improvements 2012-14

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board who make strategic decisions.

Information regarding segmental information is disclosed in note 16 to the Historical Financial Information.

Dividend distributions

Interim dividends in respect of equity shares are recognised in the financial statements in the period in which they are paid.

Final dividends in respect of equity shares are recognised in the financial statements in the periods that the dividends are formally approved.

Foreign currency translation

a) Functional and presentation currency

Items included in the Historical Financial Information are measured using the currency of the primary economic environment in which group entities operate (“the functional currency”). The Historical Financial Information is presented in sterling, which is Beeks Financial Cloud Group plc’s functional and presentation currency. There has been no change in the functional currency during the current or preceding periods.

b) Transactions and balances

Transactions in foreign currencies are translated into sterling using monthly average exchange rates. This is permissible in this case as there are no significant fluctuations between the currencies with which the entity operates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at each of the balance sheet date and any exchange differences arising are taken to profit or loss.

c) Foreign operations

In the Group’s financial information, all assets, liabilities and transactions of Group entities with a functional currency other than sterling are translated into sterling upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into sterling at the closing rate at each reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into sterling at the closing rate. Income and expenses have been translated into sterling at the average rate over the reporting period.

Exchange differences arising from significant foreign subsidiaries are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of sales related taxes.

The Group follows the principals of IAS 18 “Revenue” in determining appropriate revenue recognition policies. In principle revenue is recognised when it is probable that the economic benefits associated with the transaction will flow into the Group.

The Group accounts for revenue at the point, or over the period that, the service is provided. The Group has different types of customer payments; annual, monthly, payment in arrears and in advance therefore accounts for revenue by deferring or accruing as is appropriate for the type of

customer payment. Business to business revenue is either deferred or accrued depending on the timing of customer billing in relation to the end of the month. Business to customer revenue is deferred due to non-business customers being required to pay in advance for their service.

Cost of sales

Costs considered to be directly related to revenue are accounted for as cost of sales. All direct production costs and overheads, including indirect overheads that can reasonably be allocated, have been classified as cost of sales.

Taxation and deferred taxation

The income tax expense or income for the period is the tax payable on the current period's taxable income. This is based on the national income tax rate enacted or substantively enacted for each jurisdiction with any adjustment relating to tax payable in previous years and changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applicable when the asset or liability crystallises based on current tax rates and laws that have been enacted or substantively enacted by the reporting date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of temporary differences can be deducted. The carrying amount of deferred tax assets are reviewed at each reporting date.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

The benefits of lease incentives are taken to the income statement account on a straight line basis over the period of the lease. Contributions received from landlords as an incentive to enter into a lease are treated as deferred income within creditors and released over the period of the lease.

Leases of property, plant and equipment where the Group retains substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments, at the inception of the lease.

The resulting lease obligations, net of finance charges, are included in creditors – amounts falling due after less than or more than one year. The finance cost is charged to the income statement. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Sale and leaseback transactions

For a sale and leaseback transaction that results in a finance lease, any excess of proceeds over the carrying amount is deferred and amortised over the lease term.

For a transaction that results in an operating lease:

- if the transaction is clearly carried out at fair value – the profit or loss should be recognised immediately
- if the sale price is below fair value – profit or loss should be recognised immediately, except if a loss is compensated for by future rentals at below market price, the loss it should be amortised over the period of use
- if the sale price is above fair value – the excess over fair value should be deferred and amortised over the period of use
- if the fair value at the time of the transaction is less than the carrying amount – a loss equal to the difference should be recognised immediately

Cash and cash equivalents

Cash at bank, overnight and longer term deposits which are held for the purpose of meeting short term cash commitments are disclosed within cash and cash equivalents.

Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that Beeks Financial Cloud Group plc will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade and other receivables may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within 'administrative expenses'. When a trade or other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'cost of sales' in the profit or loss.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest rate method.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to Beeks Financial Cloud Group plc prior to the end of the financial period which are unpaid as well as any outstanding tax liabilities.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Property, plant and equipment (PPE)

PPE is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Beeks Financial Cloud Group plc and the cost of the item can be measured reliably. All

other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on plant and machinery and fixtures and fittings is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Leasehold Improvements (June 17 only)	over the lease period
Computer Equipment	3 to 4 years and over the length of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

Intangible assets and amortisation

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the assets and liabilities assumed at the date of acquisition. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Intangible assets carried forward from prior years are re-valued at the exchange rate in the current financial year. Impairment testing is carried out by assessing the recoverable amount of the cash generating unit to which the goodwill relates.

Customer relationships

Included within the value of intangible assets are customer relationships. These represent the purchase price of customer lists and contractual relationships purchased on the acquisition of the business and assets of Gallant VPS Inc. These relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over a period of five years.

Impairment

Goodwill and assets that are subject to amortisation are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Interest

Interest income and expense are recognised using the effective interest method and comprise amounts receivable and payable on bank deposits and bank borrowings respectively.

Post-retirement benefits

Defined contribution schemes

The defined contribution schemes provide benefits based on the value of contributions made. The amounts charged as expenditure for the defined contribution scheme represents the contributions payable by Beeks Financial Cloud Group plc for the accounting years in respect of the scheme which became effective in September 2016.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of Beeks Financial Cloud Group plc after deducting all of its liabilities. Equity instruments issued by Beeks Financial Cloud Group plc are recorded at the proceeds received net of direct issue costs.

The share capital account represents the amount subscribed for shares at nominal value.

The foreign currency retranslation reserve represents exchange gains and losses on retranslation of foreign operations. Included in this is revaluation of opening balances from prior years.

Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The other reserve arose on the share for share exchange and reflects the difference between the value of Beeks Financial Cloud Group Limited and the share capital of the Group being acquired through the share for share exchange. Also included in the other reserve is the fair value of the warrants issued on the acquisition of VDIWare LLC.

The merger relief reserve arose on the share for share exchange reflecting the difference between the value of the share capital in Beeks Financial Cloud Group Limited and the value of the Group being acquired, Beeks Financial Cloud Limited.

Retained earnings include all results as disclosed in the consolidated statement of comprehensive income.

The accounting policies set out above have, unless otherwise stated, been applied consistently by the Group to all periods presented.

3. Critical accounting judgements and estimates

Judgements

The preparation of the Historical Financial Information under IFRS requires the use of certain critical accounting assumptions, and requires management to exercise its judgment and to make estimates in the process of applying Beeks Financial Cloud Group plc accounting policies.

(i) Intangible Assets

The Group tests its intangible assets for impairment annually. At 30 June 2017 the goodwill and value wholly related to acquisitions that occurred during the prior year, and, as such the impairment review has been undertaken by comparing fair value less costs to sell to carrying value. Fair value is not considered to be materially different to the value paid by the Group for each of the business and as such there is not considered to any impairment of the intangibles.

(ii) Valuation of identifiable assets and liabilities on acquisitions

The consideration paid on acquisition is allocated to identifiable assets and liabilities at their estimated fair value with any excess recognised as goodwill. Fair value are estimates, as active markets do not always exist for assets and liabilities acquired through acquisition and therefore alternative valuation measured are used. The allocation of consideration to identifiable assets and liabilities is made on a provisional basis and is revised based upon improved knowledge in subsequent periods, but no later than one year following the date of acquisition.

The key judgement applied in relation to acquisitions occurring in the period ended 30 June 2016 is the valuation of the VDIWare LLC business acquired in September 2015. In order to value this business management have made certain assumptions around expected future cash flows and discount rate (Note 19).

(iii) Accounting for Share for Share Exchange

In order to insert the Company as the ultimate holding Company of the Group, the Company entered into a share for share exchange with the then existing shareholders of Beeks Financial Cloud Limited (the acquiree). Management have treated this as a common control transaction on the basis that the ultimate controlling party and the shareholders of the new parent entity remained exactly the same as those of Beeks Financial Cloud Limited. This transaction has been accounted for under the predecessor value method. On consolidation the assets and liabilities of the acquired business have been recorded at the existing carrying values with no adjustments to fair value being made. No goodwill was recognised on consolidation with the difference between the acquirer's cost of investment and acquiree's equity presented as a separate 'other' reserve within equity. Merger relief has been recorded for the difference between the nominal value of the acquirers shares and the value of the acquired group at acquisition.

The consolidated statement of comprehensive income reflects the results of the combining entities for the full year regardless of the actual date of the combination and comparatives are presented as if the combination occurred at the beginning of the comparative period.

(iv) Deferred Taxation

The Group has tax losses available to offset future taxable profits. In estimating the amount of deferred tax to be recognised as an asset the Group estimates the future profitability of the relevant business unit. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Within the deferred tax provisions are deferred tax assets that have been recognised in the US due to the difference between the amortisation period. The group has elected to amortise the US assets over a period of 15 years in line with US tax authorities. This gives rise to a deferred tax asset as the Group is using a five year useful life for financial reporting purposes. The deferred tax asset has been calculated at an average US tax rate of 30%. This is shown in Note 17.

4. Operating profit / (loss)

Operating profit / (loss) is stated after charging:

	2015	2016	2017
	£'000	£'000	£'000
Staff costs	139	511	977
Depreciation	154	238	400
Amortisation of intangibles	45	66	80
Currency translation cost on settlement	2	13	6
Operating leases	42	75	123
Cost of acquisitions	—	12	—
IPO exceptional items	—	101	736

IPO exceptional costs have been recognised in relation to the professional adviser costs incurred during the process of working towards an AIM admission.

5. Finance costs

	2015	2016	2017
	£'000	£'000	£'000
Bank charges	14	39	55
Leasing	7	18	25
Other finance costs	22	15	8
	43	72	88

6. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Beeks Financial Cloud Group plc by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share includes the share options issued as part of the VDIWare LLC acquisition (Note 19).

The Company operates a share scheme under which shares are granted to certain employees of the Company. The shares are not subject to any performance conditions (other than being triggered by a market exit) but are subject to forfeiture on cessation of employment.

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Profit / (Loss) attributable to equity holders of the Group (£'000)	319	205	(749)
Weighted average number of Ordinary Shares in issue used in basic earnings per share calculation	<u>2,000</u>	<u>2,041</u>	<u>2,162</u>
Basic profit / (loss) per share (£)	<u>159.5</u>	<u>100.4</u>	<u>(346.4)</u>
Weighted average number of Ordinary Shares in issue used in diluted earnings per share calculation	<u>2,000</u>	<u>2,121</u>	<u>2,324</u>
Diluted profit / (loss) per share (£)	<u>159.5</u>	<u>96.7</u>	<u>(322.3)</u>

Dividends per share are as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Dividends paid to equity holders of the Group (£'000)	<u>145</u>	<u>168</u>	<u>—</u>
Dividend per share (£)	<u>739.8</u>	<u>857.1</u>	<u>—</u>

Dividends were paid to A, B and C shareholders. All dividends were paid prior to the share split and the issue of new shares in April 2016.

7. Staff costs

	2015 £'000	2016 £'000	2017 £'000
Wages and salaries	120	442	899
Social security costs	2	40	79
	122	482	978

Excluding directors, the monthly average number of employees for the Group (at their full time equivalent) during the period was as follows:

	2015	2016	2017
Management and administration	2	4	12
Support and development staff	—	4	8
	2	8	20

Remuneration in respect of directors was as follows:

	2015 £'000	2016 £'000	2017 £'000
Emoluments	17	29	143
	17	29	143

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2015 £'000	2016 £'000	2017 £'000
Emoluments	10	21	59
	10	21	59

No key management personnel other than the directors have been identified. There were no defined contribution pension payments paid on behalf of the directors.

8. Taxation

	2015 £'000	2016 £'000	2017 £'000
Current tax (UK)	83	21	21
Deferred tax (UK)	28	(16)	(9)
Deferred tax (US)	—	—	(14)
Current tax (US)	—	5	2
	111	10	—

UK corporation tax is calculated at 19% (2016: 20%, 2015: 20%) on the assessable profit for the period. The charge for the period can be reconciled to the profit (loss) before tax as follows:

	2015 £'000	2016 £'000	2017 £'000
Profit / (Loss) before taxation	419	154	(761)
Income tax at UK corporation tax rate of 19% (2016: 20%, 2015: 20%)	84	31	(145)
Effects of:			
– Expenses not deductible for tax	6	28	141
– Tax losses not relieved	3	4	20
– Changes in tax rate / marginal relief	2	—	(5)
– Deferred tax overprovision	11	(36)	(14)
– Prior period Corporation tax adjustment	—	—	9
– Adjust deferred tax to average rate	(3)	(13)	(5)
– US state and local taxes	—	4	2
– Other	8	(8)	(3)
Total current tax charge in the income statement	111	10	—

9. Intangible assets

	Intangible Asset	Goodwill	Total
Cost			
As at 1 July 2014	207	—	207
Revaluation of opening balance	15	—	15
As at June 2015	222	—	222
Additions on acquisition	121	391	512
Revaluation of opening balance	15	—	15
As at June 2016	358	391	749
Revaluation of opening balance	8	9	17
As at June 2017	366	400	766
Amortisation			
As at 1 July 2014	(10)	—	(10)
Amortisation charge for the year	(45)	—	(45)
Revaluation of opening balance	2	—	2
As at June 2015	(53)	—	(53)
Amortisation charge for the year	(66)	—	(66)
Revaluation of opening balance	9	—	9
As at June 2016	(110)	—	(110)
Amortisation charge for the year	(80)	—	(80)
Revaluation of opening balance	(2)	—	(2)
As at June 2017	(192)	—	(192)
Carrying amount at 30 June 2015	169	—	169
Carrying amount at 30 June 2016	248	391	639
Carrying amount at 30 June 2017	174	400	574

During 2014 the Group acquired the customer list of Gallant VPS Inc for a cash consideration. This customer list was recognised at fair value on the acquisition date over a useful life of five years. Fair value is not considered to be materially different to the value paid by the Group.

Goodwill arising from the acquisition of the business and assets of VDIWare LLC has been capitalised and is assessed on an annual basis for impairment.

Impairment reviews are carried out on an annual basis to ensure that the carrying value of each individual asset is still appropriate. In performing these reviews, under the requirements of IAS 36 "Impairment of Assets" management prepared forecasts for future trading in which assumptions over sales growth, gross margins and costs were applied over a useful life period of five years. The forecasts were performed assuming a 4% growth in sales and 2% growth in costs for the period which was considered prudent and appropriate, using a discount rate of 10%. Sensitivities were applied by reducing the growth assumptions to 2% and 1% of sales and costs and increasing the discount rate to 12%. After running these sensitivities, management concluded that there is still sufficient headroom in the value of the asset.

Management consider these assumptions to be reasonable based on current performance of the Group. As at 30 June 2017, no change to the impairment provision against the carrying value of intangibles was required.

10. Property plant and equipment

	Computer Equipment
Cost	
As at 1 July 2014	443
Additions	334
Disposals	(20)
	<hr/>
As at 30 June 2015	757
Additions	677
Disposals	(234)
	<hr/>
As at 30 June 2016	1,200
Additions	1,638
Disposals	(584)
	<hr/>
As at 30 June 2017	2,254
	<hr/>
Depreciation	
As at 1 July 2014	(160)
Depreciation charge for the year	(165)
Eliminated on disposal	11
	<hr/>
As at 30 June 2015	(314)
Depreciation charge for the year	(238)
	<hr/>
As at 30 June 2016	(552)
Depreciation charge for the year	(400)
	<hr/>
As at 30 June 2017	(952)
	<hr/>
Carrying amount at 30 June 2015	443
	<hr/> <hr/>
Carrying amount at 30 June 2016	648
	<hr/> <hr/>
Carrying amount at 30 June 2017	1,302
	<hr/> <hr/>

Disposals relate to sale and leaseback transactions. These assets have been sold at terms which result in them being accounted for under finance leases within computer equipment.

All depreciation charges are included within cost of sales.

Fixed assets, included in the above, which are held under finance leases are as follows:

	Computer Equipment
Cost	
As at 1 July 2014	188
Additions	139
	<hr/>
As at 30 June 2015	327
Additions	215
Disposals	(29)
	<hr/>
As at 30 June 2016	513
Additions	819
	<hr/>
As at 30 June 2017	1,332
	<hr/>
Depreciation	
As at 1 July 2014	(60)
Depreciation charge for the year	(85)
	<hr/>
As at 30 June 2015	(145)
Depreciation charge for the year	(111)
	<hr/>
As at 30 June 2016	(256)
Depreciation charge for the year	(250)
	<hr/>
As at 30 June 2017	(506)
	<hr/>
Carrying amount at 30 June 2015	182
	<hr/> <hr/>
Carrying amount at 30 June 2016	257
	<hr/> <hr/>
Carrying amount at 30 June 2017	826
	<hr/> <hr/>

The leases included above are standard finance leases with no special clauses. The leases are for the purchase of computer equipment and are for periods of between 2 to 3 years. The leases contain an option to purchase the assets at the end of the lease period.

11. Trade and other receivables

	2015 £'000	2016 £'000	2017 £'000
Trade receivables	6	83	106
Prepayments and accrued income	117	174	218
Other receivables	15	15	7
VAT	23	64	61
	161	336	392
Bad debt provision			
As at 1 July 2013	—	—	5
30 June 2014	—	—	5
Utilised in the year	—	—	5
30 June 2015	—	—	—
Additional provisions	—	—	6
30 June 2016	—	—	6
Utilised in the year	—	—	1
30 June 2017	—	—	5

The Group has two types of customer, institutional and retail clients. Retail clients pay for services in advance and so there is no credit risk associated with these clients.

A detailed review of the credit quality of each institutional client is completed before an engagement commences and the concentration of credit risk is limited as exposure is spread over a large number of clients. Some of the trade receivables balances are due in USD so there is some degree of currency translation risk on settlement (Note 4).

The credit risk relating to trade receivables is analysed as follows:

	2015 £'000	2016 £'000	2017 £'000
Trade receivables	6	83	106
Bad debt provision	—	(6)	(5)

The other classes of assets within trade and other receivables do not contain impaired assets. The net carrying value is judged to be a reasonable approximation of fair value.

The following is an ageing analysis of those trade receivables that were past due but not impaired.

These relate to a number of independent customers for whom there is no recent history of default.

	2015 £'000	2016 £'000	2017 £'000
Not past due	4	19	69
Up to 3 months	—	54	27
3 to 6 months	2	—	3
Older than 6 months	—	10	7
Total	6	83	106

The following is an ageing analysis of those trade receivables that were individually considered to be impaired:

	2015 £'000	2016 £'000	2017 £'000
Up to 3 months	—	6	—
3 to 6 months	—	—	2
Older than 6 months	—	—	3
Total	—	6	5

12. Trade and other payables

	2015 £'000	2016 £'000	2017 £'000
Trade payables	95	537	1,033
Other loans (note 13)	26	104	118
Finance leases (note 13)	131	143	640
Accruals and deferred income	81	173	721
Corporation tax	113	106	44
Other taxation and social security	4	18	43
Other payables	40	137	28
	490	1,218	2,627
Amounts falling due within one year	461	1,173	2,229
Amounts falling due after one year	29	45	398
	490	1,218	2,627

13. Borrowings and other financial liabilities

Other loans

	2015 £'000	2016 £'000	2017 £'000
Under one year	16	82	77
Between one to five years	10	22	41
More than five years	—	—	—
Total	26	104	118

Finance leases. The future minimum finance lease payments are as follows:

	2015 £'000	2016 £'000	2017 £'000
Under one year	111	126	282
Between one to five years	20	17	358
More than five years	—	—	—
Total gross payments	131	143	640

The present value of the future minimum finance lease payments as at 30 June 2017 is as follows:

	2017 £'000
Under one year	256
Between one to five years	287
More than five years	—
Total gross payments	543

The discount applied to the future payments was 10% per annum.

14. Financial instruments and risk management

Financial Assets at amortised cost

	2015 £'000	2016 £'000	2017 £'000
Cash and cash equivalents	73	31	23
Trade receivables	6	83	106
Other receivables	15	15	7
VAT	23	64	61
	117	193	197

The Group's financial assets consist of cash and cash equivalents, trade receivables and other receivables. The carrying value of these are all recorded at amortised cost.

The fair values of these financial instruments are approximate to their carrying values due to either their short term nature or being priced at variable interest rates. The fair value of these has been estimated as Level 3 in the fair value hierarchy. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The levels of the fair value hierarchy reflect the significance of the valuation inputs used in making fair value measurements and are defined as follows: -

- Level 1: – Quoted prices in active markets for the same instrument.
- Level 2: – Quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based either directly or indirectly on observable market data.
- Level 3: – Determined on inputs that are not based on observable market data, e.g. discounted cash flow valuation models or Black Scholes option pricing models.

Financial Liabilities at amortised cost

	2015 £'000	2016 £'000	2017 £'000
Trade payables	95	537	1,033
Other loans	26	104	118
Corporation tax	113	106	44
Other taxation and social security	4	18	43
Other payables	40	137	28
	278	902	1,266

The Group's financial liabilities consist of bank overdrafts and trade payables. The carrying value of these are all recorded at amortised cost.

The fair values of these financial instruments are approximate to their carrying values due to either their short term nature or being priced at variable interest rates. The fair value of these has been estimated as Level 3 in the fair value hierarchy.

The Group has no derivative financial instruments or available for sale investments.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents, short term deposits and bank and other borrowings.

The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments which mainly comprise trade receivables and trade payables which arise directly from its operations.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The Group finance department identifies, evaluates and manages financial risks. The Board provides guidance on overall risk management including foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

The impact of the risks required to be discussed under IFRS 7 are detailed below:

a) Market risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the functional currency of the operations. The Group has minimal exposure to foreign exchange risk as a result of natural hedges arising between sales and cost transactions. The Group had potential exchange rate exposure within USD trade payable balances of £303 at 30 June 2015, £116,715 at 30 June 2016 and £166,905 at 30 June 2017.

Cash flow and interest rate risk

The Group has limited exposure to interest rate risk in respect of cash balances and long-term borrowings held with banks and other highly rated counterparties. All loans and leases are at fixed rates of interest therefore the group does not have exposure to interest rate risk.

b) Credit risk

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2015 £'000	2016 £'000	2017 £'000
Cash and cash equivalents	73	31	23
Trade receivables	6	83	106
Other receivables	15	15	7
VAT	23	64	61
	117	193	197

Credit risk is managed on a Group basis. Credit risks arise from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group's credit risk is primarily attributable to its trade receivables. It is the policy of the Group to present the amounts in the balance sheet net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The Group reviews the reliability of its customers on a regular basis, such a review takes into account the nature of the Group's trading history with the customer.

The credit risk on liquid funds is limited because the majority of funds are held with two banks with high credit-ratings assigned by international credit-rating agencies. Management does not expect any losses from non-performance of these counterparties.

None of the Group's financial assets are secured by collateral or other credit enhancements.

c) Liquidity risk

The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet obligations of the Group as they fall due.

The Board receives regular debt management forecasts which estimate the cash inflows and outflows over the next twelve months, so that management can ensure that sufficient financing is in place as it is required. Surplus cash within the Group is put on deposit in accordance with limits and counterparties agreed by the Board, the objective being to maximise return on funds whilst ensuring that the short-term cash flow requirements of the Group are met.

As at 30 June 2017, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Within 1 month £'000	Current		Non-current	
		1-3 months £'000	3-12 months £'000	1-5 years £'000	After 5 years £'000
Trade payables	1,033	—	—	—	—
Other payables	28	—	—	—	—
Other loans	18	37	22	41	—
	1,079	37	22	41	—

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Capital for the reporting periods under review is summarised as follows:

	2015 £'000	2016 £'000	2017 £'000
Total Equity	278	374	(375)
Cash and cash equivalents	(73)	(31)	(23)
Capital	205	343	(398)
Total Equity	278	374	(375)
Other loans	26	104	118
Finance Leases	131	143	640
Overall Financing	435	621	383
Capital-to-overall financing ratio	0.47	0.55	(1.04)

15. Share capital

The share capital of Beeks Financial Cloud Limited for 2014 and 2015 is shown below:

Allotted, issued and fully paid:

Number	Class	Nominal Value £	2014	2015
173	Ordinary A Shares	1.00	£173	£173
4	Ordinary B Shares	1.00	£4	£4
19	Ordinary C Shares	1.00	£19	£19
4	Ordinary D Shares	1.00	£4	£4
200			£200	£200

On 4 April 2016, there was a share split within Beeks Financial Cloud Limited of 10 shares of £0.10 for each £1 share originally held, and there was a share issue of an additional 162 C shares at £1 per share.

On 20 June 2016 there was a share for share exchange between Beeks Financial Cloud Group plc and the then existing shareholders of Beeks Financial Cloud Limited who became the shareholders of Beeks Financial Cloud Group plc.

The share capital of Beeks Financial Cloud Group plc for 2016 and 2017 is shown below:

Allotted, issued and fully paid:

Number	Class	Nominal Value £	2017
2,162	Ordinary Shares	1.00	£2,162

16. Segment information

Operating segments are reporting in a manner consistent with the internal reporting provided to the chief operating decision makers.

The chief operating decision makers, who are responsible for allocating resources and assessing performance of operating segments, have been identified as the Executive Board.

During the three years ended 30 June 2017, the Group was organised into two main business segments for revenue purposes. The group does not place reliance on any specific customer and has no individual customer that generates 10% or more of its total group revenue. Performance is assessed by a focus on the change in revenue across both institutional and retail revenue. Cost is reviewed at a cost category level but not split by segment. Assets are used across all segments and are therefore not split between segments so management review profitability at a group level.

Revenue by segment is shown below:

	2015 £'000	2016 £'000	2017 £'000
Institutional Revenue	1,038	2,008	3,110
Retail Revenue	303	671	860
Total Revenue	1,341	2,679	3,970
Profit / (Loss) before tax	419	154	(761)

Revenues by geographic location are as follows:

	2015 £'000	2016 £'000	2017 £'000
United Kingdom	40	104	240
Europe	242	251	438
Rest of World	1,059	2,324	3,292
Total Revenue	1,341	2,679	3,970

Non Current Assets by geographic location are as follows:

	2015 £'000	2016 £'000	2017 £'000
United Kingdom:			
Property, plant and equipment	245	365	743
Europe:			
Property, plant and equipment	—	8	4
Rest of World:			
Intangible assets	169	248	174
Goodwill	—	391	400
Property, plant and equipment	198	275	555
Total Non Current Assets	612	1,287	1,876

17. Deferred tax

	2015 £'000	2016 £'000	2017 £'000
The split of fixed and intangible asset are summarised as follows:			
Deferred tax liabilities (Fixed Asset Temporary Differences)	86	74	66
Deferred tax asset (Intangible Asset Temporary Differences)	(8)	(12)	(27)
	78	62	39

Deferred tax is recognised at the standard UK corporation tax of 19% for Fixed assets in the UK (2016: 18% and 2015: 20%) Deferred tax in the US is recognised at an average rate of 30% for 2015- 2017. The Group has unrecognised tax losses in overseas subsidiaries of £11,000 in FY17, £33,000 for FY16 and £3,000 for FY15.

Reconciliation of movement in period	£'000
As at 30 June 2015	78
Deferred tax credit to the income statement	(16)
As at 30 June 2016	62
Deferred tax credit to the income statement	(23)
As at 30 June 2017	39

18. Capital and other commitments

- a) The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods. Operating lease payments represent rentals payable by the Group for office premises and computer equipment. The leases for computer equipment contain an option to purchase the assets at the end of the lease period.

	2015	2016	2017
	£'000	£'000	£'000
Amounts Due			
Under one year	—	8	115
Between one to five years	126	206	149
	126	214	264

- b) Capital commitments

There were no material Group capital commitments at 30 June 2017, 30 June 2016 or at 30 June 2015.

19. Acquisitions

On 2 September 2015 the Group acquired the assets and goodwill of VDIWare LLC for a cash consideration of £390,000 (\$590,000). This was a strategic acquisition by the Group to move into another asset class, the futures market. The goodwill arising on the acquisition is driven by expected synergies from combining operations, access to a new market and access to VDIWare LLC's supply chain.

The vendors of VDIWare LLC were given warrants to acquire 7.5% of the Group and these warrants were subsequently exercised. The value assigned to the share capital was calculated using the HMRC valuation provided during the year.

The consideration paid on acquisition was allocated to identifiable assets and liabilities at their estimated fair value with any excess recognised as goodwill. Fair value are estimates, as active markets do not always exist for assets and liabilities acquired through acquisition and therefore alternative valuation measures are used. During the acquisition there were immaterial fixed assets of the VDIWare business acquired which were subsequently fair valued to nil. The customer list of VDIWare LLC consisted of institutional customers only and therefore all goodwill relates to the institutional customer CGU. There was no contingent element to the consideration.

The following table summarises the consideration paid for VDIware LLC and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date, as well as the fair value at the acquisition date.

	Fair value £'000
Intangible assets	121
Net Assets	121
Purchased goodwill capitalised	391
Total consideration	512
Satisfied by:	
Cash to vendor	390
Share options	59
Exchange rate difference	63
Total consideration	512

Acquisition costs of £12,000 have been written off in the consolidated statement of comprehensive income during 2016.

The revenue earned from VDIWare LLC in FY17 was £660,000 with a PBT of £54,000.

20. Related party transactions

During 2015 dividends of £40,000 were awarded to Mrs C McArthur, the wife of director, Mr G McArthur. The director, Mr G McArthur withdrew £50,254 and dividends of £64,890 were awarded. The director, Mr A Doleman withdrew £38,556 and dividends of £39,500 were awarded.

At the year ended 30 June 2015 the Group owed the director Mr G McArthur £23,850 and the director Mr A Doleman £13,365.

During 2016 dividends of £38,000 were awarded to Mrs C McArthur, the wife of director, Mr G McArthur. The director, Mr G McArthur withdrew £65,976 and dividends of £110,720 were awarded. The director, Mr A Doleman withdrew £31,302 and dividends of £19,000 were awarded.

At the year ended 30 June 2016 the Group owed the director Mr G McArthur £68,595 and the director Mr A Doleman £1,063.

During 2017 the director, Mr G McArthur withdrew £67,714 and the director, Mr A Doleman withdrew £25,820.

At the year ended 30 June 2017 the Group owed the director Mr G McArthur £881 and owed the director Mr A Doleman £2,744.

21. Ultimate controlling party

The Group is ultimately controlled by Gordon McArthur.

22. Principal subsidiaries

The subsidiary undertakings are all 100% owned.

	Place of incorporation	Principal activity
Beeks Financial Cloud Co. Ltd.	Japan	Provision of IT services
BeeksFX VPS USA Inc	Delaware, USA	Provision of IT services
Beeks Financial Cloud Limited	Scotland	Provision of IT services

23. Subsequent events

There are no subsequent events to disclose.

Part V

Additional Information

1. Responsibility

The Company (whose registered office appears on page 4 of this document) and the Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Group

- 2.1 The Company was incorporated in Scotland under the Act on 4 December 2015 as a private company limited by shares with the name PBFC Limited and with registered number SC521839. On 6 February 2017 it changed its name to Beeks Financial Cloud Group Limited.
- 2.2 On 8 November 2017 the Company was re-registered as a public limited company under the Act and its name was changed to Beeks Financial Cloud Group plc.
- 2.3 The liability of the Shareholders is limited. The principal legislation under which the Company was formed and operates is the Act.
- 2.4 The registered office and head office of the Company is Phoenix House, Phoenix Business Park, Paisley, Renfrewshire PA1 2BH and its telephone number is 01505 800 771.
- 2.5 The Company's web site address is www.beeksfinancialcloud.com.
- 2.6 The ISIN for the Ordinary Shares is GB00BZ0X8W18.
- 2.7 The Company is the holding company of the following subsidiaries:

<u>Company Name</u>	<u>Place of Incorporation</u>	<u>Percentage of issued share capital or interest held (%)</u>	<u>Principal Activity</u>
Beeks Financial Cloud Limited	Scotland	100%	UK trading company
BeeksFX VPS USA Inc.	State of Delaware, USA	100%	US trading company
Beeks Financial Cloud Co. Ltd.	Japan	100%	Japanese trading company

3. Share capital of the Company

- 3.1 There have been the following changes to the share capital of the Company between the date of incorporation and the date of this document:
- 3.1.1 on incorporation one A ordinary share of £1.00 was subscribed for nil paid by Gordon McArthur;
- 3.1.2 on 20 June 2016, the Company redesignated the one A ordinary share of £1.00 as one ordinary share of £1.00;
- 3.1.3 on 20 June 2016, the Company issued 2,161 ordinary shares of £1.00 each to the shareholders of Beeks Financial Cloud Limited and credited the one ordinary share held by Gordon McArthur as being fully paid in consideration for the transfer of the entire issued share capital of Beeks Financial Cloud Limited to the Company pursuant to the Share Exchange Agreement summarised at paragraph 9.5 of this Part V;
- 3.1.4 by a resolution dated 8 November 2017, (a) the Company capitalised the sum of £11,959.50 standing to the credit of its distributable reserves in paying up, as a quarter paid up, 47,838 ordinary shares of £1 each; (b) each of the issued ordinary shares of £1.00 each were subdivided into 800 Ordinary Shares of £0.00125; and (c) the Company approved the re-registration of the Company as a public limited company.

- 3.2 The issued ordinary share capital of the Company as at the date of this document and as it is expected to be immediately following Admission is as follows:

	Prior to Placing and Admission		Immediately following Placing and Admission	
	Number of Ordinary Shares	Nominal Value (£)	Number of Ordinary Shares	Nominal Value (£)
<i>Fully paid Ordinary Shares in issue</i>	40,000,000	0.00125	49,000,000	0.00125

- 3.3 On 8 November 2017, the Shareholders passed resolutions on the following terms:

3.3.1 that the Directors be generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any securities into, shares in the Company (“Rights”) up to an aggregate nominal amount of £17,375.00 in respect of:

- (a) the allotment of equity securities having a nominal value of up to £11,250.00 in connection with the issue of new ordinary shares in connection with the Placing; and
- (b) the allotment of equity securities having a nominal value of up to £6,125.00 in connection with the exercise of options under any share option scheme of the Company,

provided that the authority shall, unless previously renewed, varied or revoked by the Company in general meeting expire at the conclusion of the next annual general meeting of the Company following the passing of the resolution save that the Company may make an offer or agreement before the expiry of the authority which would or might require shares to be allotted or Rights to be granted after expiry of the authority and the directors may allot shares and grant Rights in pursuance of that offer or agreement as if the authority had not expired;

3.3.2 that the Directors be generally and unconditionally authorised to allot Ordinary Shares up to a maximum nominal amount of £20,416.67 (representing 16,333,336 Ordinary Shares) which is approximately equal to one-third of the issued ordinary share capital of the Company as it is expected to be immediately following Admission;

3.3.3 that subject to the passing of the resolutions described at paragraphs 3.3.1 and 3.3.2 of this Part V, the Directors be given power pursuant to sections 570(1) of the Act to allot equity securities (as defined in section 560 of the Act) of the Company for cash pursuant to the authority granted described in paragraphs 3.3.1 and 3.3.2 above as if section 561 of the Act did not apply to any such allotment. This power expires at the conclusion of the next annual general meeting of the Company following the passing of the resolution but the Company may make an offer or agreement before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of that offer or agreement notwithstanding that the power conferred by the resolution has expired; and

is limited to:

- (a) the allotment of equity securities for cash up to a total nominal value of £11,250.00 pursuant to the Placing;
- (b) the allotment of equity securities having a nominal value of £6,125.00 in connection with the grant or exercise of options under any share option scheme of the Company;
- (c) the allotment of equity securities in connection with an issue in favour of holders of ordinary shares in the capital of the Company; and

- (d) the allotment of equity securities having a nominal value of up to £6,125.00 (being equal to 10 per cent. of the issued share capital of the Company immediately following Admission); and
- 3.3.5 that conditional on Admission the Company adopt new articles of association in substitution for and to the exclusion of all existing articles of association of the Company.
- 3.4 Save as disclosed in this Part V, since 4 December 2015, (being the date of incorporation of the Company):
 - 3.4.1 no share or loan capital in the Company or the Group is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
 - 3.4.2 no share or loan capital of the Company or of the Group has been issued, or is now proposed to be issued, fully or partly paid, either for cash or other consideration to any person;
 - 3.4.3 no person has any preferential subscription rights for any share capital of the Company;
 - 3.4.4 no commissions, discounts, brokerages or other special terms, have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company;
 - 3.4.5 the Company does not hold any of its own Ordinary Shares and none of the Company's subsidiaries hold any of the Ordinary Shares;
 - 3.4.6 the Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue; and
 - 3.4.7 there are no acquisition rights or obligations over the unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.
- 3.5 The Ordinary Shares have been created under the Act.
- 3.6 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Company to issue shares in uncertificated form.
- 3.7 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.8 Save for the Options, the Company does not have in issue any securities not representing share capital.
- 3.9 There are no issued but not fully paid Ordinary Shares other than those disclosed at paragraph 3.1.4 of this Part V which shares shall be paid up in full by the Selling Shareholders upon receipt by them of the proceeds of the Placing.
- 3.10 None of the Ordinary Shares have been marketed or are being made available to the public in whole or in part in conjunction with the application for Admission.
- 3.11 The Existing Ordinary Shares have not been admitted to dealing on any recognised investment exchange or other trading facility, nor has any application for such admission been made and it is not intended to make any arrangements for dealings in the Ordinary Shares on any such exchange other than the application to be made in connection with Admission.
- 3.12 The Company has the contractual capacity of a natural person and is empowered to borrow, guarantee and give security.

4. Articles

4.1 Objects

The Articles contain no restriction on the objects of the Company.

4.2 Capital structure

The share capital of the Company is represented by an unlimited number of Ordinary Shares having the rights described in the Articles. Under the Articles, the Directors are given

authority to effect the issue of further shares of the same class and to create new classes of shares, and have discretion to accept or reject an application for shares.

4.3 **Variation of class rights**

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of the shares in issue may from time to time be varied or abrogated, whether or not the Company is being wound up, with the sanction of a special resolution passed at a separate meeting of holders of the issued shares of the class held in accordance with the Articles (but not otherwise).

The special rights conferred on the holders of any shares or class of shares shall, unless otherwise provided by the Articles or the terms of issue of the shares concerned, be deemed to be varied by a reduction of capital paid up on those shares but shall be deemed not to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them. The rights conferred on the holders of shares shall be deemed not to be varied by the creation or issue of any further shares ranking in priority to them nor shall any consent or sanction of the holders of Ordinary Shares be required to any variation or abrogation effected by a resolution on which only the holders of Ordinary Shares are entitled to vote.

4.4 **Alteration of Share Capital**

The Company may, from time to time, by ordinary resolution:

- (a) increase its share capital;
- (b) consolidate and divide all or any of its share capital into shares of a larger nominal amount than its existing shares;
- (c) cancel or reduce the nominal value of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled or the amount of the reduction; and
- (d) subject to the Act, sub-divide its shares, or any of them, into shares of a smaller amount, and as between the holders of the shares resulting from the sub-division, any of them may have any preference or advantage or deferred rights or be subject to any restrictions as compared with the others.

4.5 **Purchase of own shares**

Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares) and any shares to be so purchased may (subject to any resolution of the Company in general meeting) be selected by the Board in any manner.

4.6 **Reduction of capital**

Subject to the provisions of the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve.

4.7 **Issue of Ordinary Shares**

Subject to the provisions of the Articles, unissued Ordinary Shares shall be at the disposal of the Board which may allot, grant options over (including, without limitation, by way of granting stock appreciation rights or other similar rights) or otherwise dispose of them to such persons on such terms and conditions and at such times as the Board determines but so that the amount payable on application on each share shall be fixed by the Board.

4.8 **Voting rights**

Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote, and on a poll every member shall have one vote for every Ordinary Share of which he is the holder.

4.9 Dividends

Subject to the Act and as set out in the Articles, the Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board. No dividend may be paid otherwise than in accordance with the Act. The Board may at any time declare and pay such interim dividends as appears to be justified by the position of the Company.

Except as otherwise provided by the rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Any dividend or other moneys payable in respect of a share may be paid:

- (a) in cash;
- (b) by cheque or warrant sent by post to the address in the Register of the person entitled to the moneys or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder or otherwise by operation of law, to the address in the Register of that one of those persons who is first named in the Register in respect of the joint holding or to such person and to such address as the person or persons entitled to the moneys may in writing direct. Every such cheque or warrant shall be made payable to the person or persons entitled to the moneys or to such other person as the person or persons so entitled may in writing direct and shall be sent at the risk of the person or persons so entitled. Any such cheque or warrant may be crossed "account payee" although the Company shall not be obliged to do so;
- (c) by bank transfer to such account (of a type approved by the Board) as the person or persons entitled to the moneys may in writing direct or as the Board may otherwise decide; or
- (d) by such other method of payment approved by the Board as the person or persons entitled to the moneys may in writing agree to.

4.10 Redemption

The Ordinary Shares do not carry a right to redemption by Shareholders.

4.11 Form and transfer of shares

The Board may issue shares as certificated or uncertificated shares, subject to any restrictions on transfers described below:

All Ordinary Shares are freely transferable and there are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares.

A share held in certificated form may be transferred by an instrument of transfer in any usual form or in any other form which the Board may approve, which shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. A share held in uncertificated form may be transferred by means of a relevant system. The transferor shall be deemed to remain the holder of the share until the transferee is entered on the Register as its holder.

The Board may, in the case of shares held in certificated form, in its absolute discretion refuse to register the transfer of a share which is not fully paid provided that, where any such shares are admitted to trading on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may also refuse to register a transfer of shares held in certificated form unless the instrument of transfer is:

- (a) duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty, lodged at the place where the Company's register of members is situated or at such other place as the Board may appoint and (save in the case of a transfer by a person to whom no certificate was issued in respect of the shares in question) accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do;
- (b) in respect of only one class of shares; and
- (c) in favour of not more than four transferees.

If the Board refuses to register a transfer of shares held in certificated form, it shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal together with its reasons for the refusal.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share or for making any entry in the Register affecting the title to any share.

The Company shall be entitled to retain any instrument of transfer which is registered, but (except in the case of fraud) any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

For all purposes of the Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the Board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest; but nothing contained in the Articles shall release the estate of a deceased member from any liability in respect of any share which had been held (whether solely or jointly) by him.

4.12 Directors

Unless otherwise determined by the Board, the number of Directors shall be not less than two.

The Directors may be paid all travelling, hotel and other expenses as they may incur in connection with their attendance at meetings of the Board or of committees of the Board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Director employee or former employee who has held but no longer holds any office or employment with the Company or with any body corporate which is or has been a subsidiary undertaking or a predecessor in business of the Company or of any subsidiary undertaking, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

4.13 Directors' interests

A Director who is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature and extent of his interest at a meeting of the Board.

A Director may not vote (or be counted in the quorum) in respect of any resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which

(together with any interest of any person connected with him) is a material interest (otherwise than by his interest in Ordinary Shares or debentures or other securities of or otherwise in or through the Company). This is subject to certain exceptions including (i) where the contract, arrangements, transaction or proposal concerns general employee privileges or insurance policies for the benefit of Directors or (ii) in circumstances where a Director acts in a personal capacity in the giving of a guarantee, security or indemnity for the benefit of the Company or any of its subsidiary undertakings.

Any Director may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

A Director may continue to be or become a director, or other officer, employee or otherwise interested in any body corporate in which the Company may be interested, which may be promoted by the Company or with which the Company has entered into any transaction, arrangement or agreement and no such Director shall be accountable to the Company for any remuneration or other benefits received thereby.

4.14 Disclosures of beneficial interests in shares

Subject to the provisions of the Act, and provided that he has disclosed to the Board the nature and extent of any interest of his in accordance with the Articles, a Director notwithstanding his office may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested.

4.15 Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage, or charge the assets, property and undertaking of the Company or any part thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

4.16 Annual General Meetings and General Meetings

An annual general meeting shall be held at such time and place as the Board may determine. The Board may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith convene a general meeting. If there are not sufficient Directors capable of acting to call a general meeting, any Director may call a general meeting. If there is no Director able to act, any two members may call a general meeting for the purpose of appointing Directors.

A general meeting and a meeting called for the passing of a special resolution shall be called by at least 21 days' clear notice in writing. A meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by not less than 14 days' clear notice. The notice shall specify the place, the day and the time of the meeting and the general nature of that business. A notice calling a meeting for the passing of a special resolution shall specify the intention to propose the resolution as a special resolution and the terms of the resolution. Every member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member.

The accidental omission to give notice of a meeting, or a resolution intended to be moved at a general meeting or to send an instrument of proxy or invitation to appoint a proxy as provided by the Articles, to any person entitled to receive notice, or the non-receipt of notice of a meeting or instrument of proxy or invitation to appoint a proxy by such a person, shall be disregarded for the purpose of determining whether notice of the meeting or of any resolution to be moved at the general meeting is duly given.

Every notice of meeting shall state with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member.

4.17 Annual Report and Financial Statements

Save as provided in the Articles, a copy of the annual accounts of the Company together with a copy of the auditors' report and the Directors' report and any other documents

required to accompany or to be annexed to them shall, not less than 21 clear days before the date of the general meeting at which copies of those documents are to be laid, be sent to every member and to every debenture holder of the Company and to every other person who is entitled to receive notices from the Company of general meetings.

Copies of the documents referred to in the Articles need not be sent:

- (a) to a person who is not entitled to receive notices of general meetings and of whose address the Company is unaware; or
- (b) to more than one of the joint holders of shares or debentures in respect of those shares or debentures,

provided that any member or debenture holder to whom a copy of such documents has not been sent shall be entitled to receive a copy free of charge on application at the registered office of the Company.

The Company may, in accordance with the Act and any regulations made under it, send a strategic report with supplementary information to any of the persons otherwise entitled to be sent copies of the annual accounts and accompanying documents instead of or in addition to those documents and, where it does so, the statement shall be delivered or sent to such person not less than 21 days before the general meeting at which copies of those documents are to be laid.

4.18 Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

4.19 Untraceable shareholders

The Company shall be entitled to sell at the best price reasonably obtainable any member's shares or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if:

- (a) for a period of twelve years, no cash dividend payable in respect of the shares has been claimed, no cheque or warrant sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled to the shares at his address on the Register or (if different) the last known address given by the member or the person so entitled to which cheques and warrants are to be sent has been paid, each attempt to make a payment in respect of the shares by means of bank transfer or other method for the payment of dividends or other moneys in respect of shares has failed and no communication has been received by the Company from the member or the person so entitled (in his capacity as member or person entitled);
- (b) in such period of twelve years at least three dividends (whether interim or final) have become payable on the shares;
- (c) the Company has at the expiration of the said period of twelve years by advertisement in both a national newspaper and in a newspaper circulating in the area in which the address referred to in the Articles is located given notice of its intention to sell such shares; and
- (d) during the period of three months following the publication of the said advertisements the Company has received no communication in respect of such share from such member or person entitled.

If at any time during or after the said period of twelve years further shares have been issued in right of those held at the commencement of that period or of any issued in right during that period and, since the date of issue, the requirements of the Articles have been satisfied in respect of such further shares, the Company may also sell the further shares.

To give effect to a sale in respect of untraceable shareholders the Board may authorise any person to execute an instrument of transfer or otherwise effect the transfer of the shares to be sold. If the shares concerned are in uncertificated form, in accordance with the CREST Regulations, the Company may issue a written notification to the Operator requiring conversion of the shares into certificated form. The purchaser shall not be bound to see to the application of the purchase moneys and the title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings relating to the sale. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled to the shares for an amount equal to the net proceeds, which shall be a debt of the Company, and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created and no interest shall be payable in respect of the debt, and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments for the benefit of the Company as the Board may from time to time determine.

The provisions of the Articles applying to the Ordinary Shares will apply to the New Ordinary Shares following their creation to the same extent.

5. Directors' and Other Interests

The following table lists each Director together with his title, age, date of appointment and date of expiration of current term of office:

Name	Title	Age	Date of appointment	Expiration of current term of office
Mark Cubitt	Non-Executive Chairman	54	1 February 2017 1 September 2011	31 January 2019
Gordon McArthur	Chief Executive Officer	41	1 December 2015	N/A
Simon Goulding	Chief Financial Officer	52	27 July 2016	N/A
Will Meldrum	Non-Executive Director	49	27 July 2016	26 July 2018
Christopher Livesey	Non-Executive Director	48	27 July 2016	26 July 2018

5.1 The interests of the Directors and, so far as is known to the Directors (having made appropriate enquiries) persons connected with them, which expression shall be construed in accordance with the AIM Rules (all of which are beneficial except as shown), in the existing issued share capital of the Company, excluding any Options in respect of such capital (details of which are set out at paragraph 5.2 of this Part V) as at 20 November 2017 (being the last practicable date prior to the publication of this document), as expected to be immediately following Admission, are as follows:-

Name	As at the date of this document		Immediately following Placing and Admission	
	Number of Ordinary Shares	Percentage of issued Ordinary Share capital (%)	Number of Ordinary Shares	Percentage of Enlarged Share Capital (%)
Mark Cubitt	—	—	—	—
Gordon McArthur*	32,746,400	81.87	30,296,400	61.83
Simon Goulding	—	—	—	—
Will Meldrum	—	—	—	—
Christopher Livesey	—	—	—	—

* Includes 740,000 Ordinary Shares held by Gordon McArthur's wife, Claire McArthur.

5.2 As at the date of this document and following Admission, the following Options have been granted to the Directors:

<u>Director</u>	<u>Date of Grant</u>	<u>Option Shares</u>	<u>Exercise Date</u>	<u>Lapse Date</u>	<u>Exercise Price (£)</u>
Simon Goulding	20 June 2016	628,800	date of Admission	19 June 2026	0.00125

Save as disclosed in this paragraph 5.2, none of the Directors nor any member of their families, nor any person connected with them within the meaning of section 252 of the Act, has any interest in the issued share capital of the Company or its subsidiaries.

Save as disclosed in this paragraph 5.2 as at the date of this document, no Director has any option over or warrant to subscribe for any shares in the Company.

Save for the Placing Agreement referred to in paragraph 9.1 of Part V of this document or the service agreements and letters of appointment referred to in paragraph 7 of Part V of this document or the lock-in agreements referred to in paragraph 9.2 of Part V of this document or the relationship agreement referred to in paragraph 9.4 of Part V of this document, there are no agreements, arrangements or understandings (including compensation agreements) between any of the Directors, recent Directors, Shareholders or recent Shareholders of the Company connected with or dependent upon Admission or the Placing.

5.3 Major Shareholders

In addition to those disclosed at paragraph 5.1 above, the Company is aware of the following persons who, at 20 November 2017 (being the latest practicable date before publication of this document) and following completion of Admission, have interests in voting rights over 3 per cent. or more of the issued share capital of the Company:

<u>Shareholder</u>	<u>At the date of this document</u>		<u>Immediately following Placing and Admission</u>	
	<u>Number of Ordinary Shares</u>	<u>Percentage of Existing Ordinary Shares</u>	<u>Number of Ordinary Shares</u>	<u>Percentage of Enlarged Share Capital</u>
Anthony Doleman	3,515,200	8.79	2,350,481	4.80

Save as disclosed above, the Directors are not aware of any person who is at the date of this document, or who will be immediately following Admission, directly or indirectly, interested in three per cent. or more of the issued share capital of the Company or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

The Company and the Directors are not aware of any arrangements, the operation of which may, at a subsequent date, result in a change of control of the Company.

No person has any voting rights in respect of the share capital of the Company which differ from any other shareholder.

No Director (nor any member of a Director's family) has a related financial product (as defined in the AIM Rules for Companies) referenced directly or indirectly to the Ordinary Shares.

Save as disclosed in this document, none of the Directors has or has had any interest in transactions effected by the Company since its incorporation that are or were unusual in their nature or conditions or that are or were significant to the business of the Company.

5.4 Selling Shareholders

An aggregate of 5,000,000 Sale Shares will be sold to Placees pursuant to the Placing as follows:

Name	Relationship with the Company	Business address	No. of Existing Ordinary Shares included in the Sale Shares
Gordon McArthur	Director	Phoenix House, Phoenix Business Park, Paisley PA1 2BH	2,450,000
Tony Doleman	Employee	Phoenix House, Phoenix Business Park, Paisley PA1 2BH	1,164,719
Ferdian Atmaja	Employee	Letnan Suwadji, 4B Parakan, Central Java, 56254, Indonesia	250,056
Peter Johnson	Employee	2505 Lincoln Ave, Long Grove, IL, 60047, USA	355,683
Michael Dudek	Owner of VDIWare LLC (whose assets were acquired by the Group in 2015)	644 W 16th St, Unit 1, Chicago, IL, 60616, USA	306,571
Albert Grychowski	Owner of VDIWare LLC (whose assets were acquired by the Group in 2015)	1640 Beels Cr, Batavia, IL, 60510, USA	306,571
Patrick Rams	Former employee	8906 Lincolnwood Dr., Evanston, IL, 60203, USA	166,400

The Sale Shares will be sold to Placees pursuant to the terms of the Placing Agreement referred to in paragraph 9.1 of Part V of this document.

6. Additional Information On Directors

6.1 The names of all the companies and partnerships of which each Director currently holds a directorship or is a partner in or has been a director or partner at any time in the five years preceding the date of this Document (with the exception of the Company) are as follows:

Name	Current directorships/ partnerships	Past directorships/ partnerships
Mark Cubitt	RHA Technologies Ltd	Industrial Air Power Limited KSW Engineering Limited SDL Denholm Limited Denholm Oilfield Services (Azerbaijan) Limited Denholm Oilfield Services Limited Superglass Holdings Plc Oligon Limited Wolfson Products Limited Sonaptic limited Cirrus Logic International (UK) Ltd and subsidiaries
Gordon McArthur	Beeks Financial Cloud Limited Beeks FX VPS USA, Inc.	—
Simon Goulding	Reid Goulding Limited The Intelligent Tissue Group Limited	—
Will Meldrum	TradingHub Group Limited	—
Christopher Livesey	—	—

6.2 Save as set out in this document:

- (a) No director has had any previous names.
- (b) No director has any unspent convictions relating to indictable offences (including fraudulent offences), has been bankrupt or has made or been the subject of any individual voluntary arrangement or has had a receiver appointed to any asset of such director.
- (c) Save as disclosed above, none of the Directors has been a director of any company at the time of or within twelve months preceding the date of its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors and none of the Directors has been a partner of any partnership at the time of or within twelve months preceding the date of any partnership voluntary arrangement, compulsory liquidation or administration of such partnership or owned, or has been a partner of a partnership which owned, any asset which while he owned that asset or while he was a partner or within twelve months after ceasing to be a partner in the partnership which owned that asset entered into receivership and none of the Directors has had any of his assets subject to any receivership.
- (d) None of the Directors have been publicly criticised or received any sanction by any statutory or regulatory authority (including recognised professional bodies) or been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

7. Directors' Service Agreements and Letters of Appointment

Summary details of the service agreements and letters of appointment entered into between the Company and the Directors are set out below:

Gordon McArthur

Mr McArthur has entered into a service agreement with the Company as its chief executive officer dated 9 November 2017. His period of employment commenced on 1 September 2011 and is continuing, subject to 6 months' notice by either party. The agreement provides for an annual salary of £85,600 (which is to be reviewed each year) and 30 days' paid holiday (excluding public holidays).

Simon Goulding

Mr Goulding has entered into a service agreement with the Company as its chief financial officer dated 9 November 2017. His period of employment commenced on 1 December 2015 and is continuing, subject to 3 months' notice by either party. The agreement provides for an annual salary of £80,250 (which is to be reviewed each year) and 30 days' paid holiday (excluding public holidays).

Mark Cubitt

The services of Mark Cubitt as non-executive chairman of the Company are provided under the terms of a letter of appointment dated 31 January 2017. The appointment is for a period of two years from 1 February 2017, subject to termination upon one months' notice by either party. The letter of appointment provides for a fee of £35,000 per annum following Admission.

Will Meldrum

The services of Will Meldrum as non-executive director of the Company are provided under the terms of a letter of appointment dated 27 July 2016. The appointment is for a period of two years from 27 July 2016, subject to termination upon one months' notice by either party. The letter of appointment provides for a fee of £35,000 per annum following Admission.

Christopher Livesey

The services of Christopher Livesey as non-executive director of the Company are provided under the terms of a letter of appointment dated 27 July 2016. The appointment is for a period of two years from 27 July 2016, subject to termination upon one months' notice by either party. The letter of appointment provides for a fee of £35,000 per annum following Admission.

Save as set out above there are no contracts between any of the Directors and the Company or any of its subsidiaries providing for benefits upon termination of employment of any Director.

8. Employees

8.1 The Group expects to have 28 employees (including executive directors but excluding non-executive directors) on Admission. The following table shows how many employees were working for each Group company as at 30 June 2017, and will be working for each Group company as at Admission:

Name of company	Jurisdiction	Number of employees at 30 June 2017	Number of employees at Admission
Beeks Financial Cloud Group plc	Scotland	24	28

8.2 An average of 22 persons (including part-time workers) were employed by the Group during the financial year ended 30 June 2017, an average of 10 persons (including part-time workers) were employed by the Group during the financial year ended 30 June 2016 and an average of 4 persons (including part-time workers) were employed by the Group during the financial year ended 30 June 2015.

- 8.3 The senior management team consists of Tony Doleman, (Technical Director), Paul Donohoe (Chief Operating Officer) and Peter Johnson (Vice President, Americas). Biographies of the members of the senior management team who are not Directors are set out in paragraph 14(B) of Part I of this document.

9. Material Contracts

The contracts (not being contracts entered into in the ordinary course of business) as set out in this paragraph 9 have been entered into by members of the Group (i) within the two years immediately preceding the date of this document which are or may be material to the Group or (ii) at any time and contain obligations or entitlements which are, or may be, material to the Group, as at the date of this document.

9.1 Placing agreement

A placing agreement dated 10 November 2017 was entered into among Cenkos, the Company, the Directors and the Selling Shareholders pursuant to which Cenkos, as the Company's nominated adviser, has been appointed to use its reasonable endeavours to procure the placing of the Placing Shares. Cenkos' obligations are conditional upon Admission taking place on or before 8.00 a.m. on 27 November 2017 or such later date as the Company and Cenkos may agree, but in no event being later than 11 December 2017. Subject to the terms and conditions of the Placing Agreement, the Company has agreed to pay Cenkos a fee of £175,000 plus VAT and a commission of 4 per cent. of the aggregate value of the Placing Price of the Placing Shares in respect of placees procured by Cenkos and a commission of 2 per cent of the aggregate value of the Placing Price of the Placing Shares in respect of placees procured by the Company. Under the terms of the placing agreement the Company and the Directors have given certain customary warranties and indemnities to Cenkos in connection with Admission and other matters relating to the Company and its affairs. Cenkos may terminate the placing agreement in certain specified circumstances prior to Admission, principally if any of the warranties has ceased to be true and accurate or shall have become misleading.

9.2 Lock-in agreements

The Company has entered into a lock-in agreement with each of Gordon McArthur and Simon Goulding and Cenkos pursuant to which each of Gordon McArthur and Simon Goulding has agreed not to dispose of any of his interests in Ordinary Shares prior to the first anniversary of Admission and thereafter for the following 12 months only to dispose of them through the Company's brokers at the relevant time.

The Company has also entered into an orderly marketing agreement with Tony Doleman and Cenkos pursuant to which Tony Doleman has agreed only to dispose of his interests in Ordinary Shares prior to the first anniversary of Admission through the Company's brokers at the relevant time.

9.3 Nominated adviser and broker agreement

The Company has entered into a nominated adviser and broker agreement dated 10 November 2017 with Cenkos pursuant to which the Company has appointed Cenkos to act as its nominated adviser and broker commencing on Admission. The agreement is for a term of 12 months from the date of the agreement. The agreement is terminable on 3 months' notice by either party following the first anniversary of the agreement. The Company has agreed to pay to Cenkos a fee of £60,000 per annum.

9.4 Relationship agreement

On 9 November 2017 the Company, Gordon McArthur and Cenkos entered into a relationship agreement conditional upon Admission pursuant to which Gordon McArthur has agreed, amongst other things, that:

- a) the Group is managed for the benefit of shareholders as a whole and independently of Gordon McArthur and his connected persons;

- b) all transactions, agreements and arrangements between any member of the Group and Gordon McArthur and his connected persons are on an arm's length basis and on normal commercial terms;
- c) at least two independent directors shall at all times be appointed to the Board;
- d) the remuneration committee, nomination committee and audit committee established by the Board from time to time and any other board committee shall, where practicable, be comprised of a majority of independent directors and shall be chaired by an independent director;
- e) any dispute between any of Gordon McArthur and his connected persons and the Company are dealt with by a committee comprising only independent directors; and
- f) neither Gordon McArthur nor his connected persons will acquire, offer to acquire or otherwise become interested in any shares in the Company where to do so would give rise to an obligation to make a general offer for the Company under rule 9 of the Takeover Code.

The agreement is effective for so long as Gordon McArthur and his connected person holds in aggregate shares in the capital of the Company representing 20 per cent. or more of the Company's entire issued ordinary share capital.

9.5 Share Exchange Agreement

On 20 June 2016 the Company and the shareholders of Beeks Financial Cloud Limited entered into the Share Exchange Agreement pursuant to which the Company acquired 100 per cent. of the issued share capital of Beeks Financial Cloud Limited in consideration for the receipt by the shareholders of Beeks Financial Cloud Limited of 2,161 Ordinary Shares in aggregate on the basis of 1 Ordinary Share for each ordinary share of £1.00 each in the capital of Beeks Financial Cloud Limited.

10. Consents

- 10.1 Grant Thornton UK LLP has given and not withdrawn its written consent to the inclusion of its report as set out in Part IV of this document and the reference to such report in the form and context in which it appears and has authorised the contents of its report for the purposes of Schedule Two of the AIM Rules.
- 10.2 Cenkos has given and not withdrawn its consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

11. Mandatory Bids, Squeeze-Out and Sell-Out Rules relating to the Ordinary Shares

11.1 Mandatory bid

The Takeover Code applies to the Company for so long as its central management and control remain in the UK. Under Rule 9 of the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Takeover Panel, to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

11.2 Squeeze-out

Under sections 979 to 982 of the Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making a takeover offer as defined in section 974 of the Act, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose

shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer unless the shareholders can show that the offer value is unfair.

11.3 **Sell-out**

Pursuant to sections 983 to 985 of the Act minority shareholders in the Company have a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can require the offeror to acquire his shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

11.4 **Concert Party**

Rule 9 of the Takeover Code further provides, among other things, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company, acquires any further shares carrying voting rights, they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares, though Rule 9 of the Takeover Code would remain applicable to individual members of a concert party who would not be able to increase their percentage interests in the voting rights of such company through or between Rule 9 thresholds without complying with the requirements of Rule 9 or first obtaining a waiver from the Takeover Panel.

Gordon McArthur and his connected persons (the “**Concert Party**”) are considered to be acting in concert for the purposes of the Takeover Code. On Admission, the Concert Party will, between its members, hold Ordinary Shares representing 61.8 per cent. of the Enlarged Issued Share Capital. As the Concert Party will, between its members, be interested in Ordinary Shares carrying more than 50 per cent. of the Company’s voting share capital, for so long as they remain in concert, any further increase in that interest in Ordinary Shares will not generally be subject to the provisions of Rule 9 of the Takeover Code.

12. **Share Schemes**

12.1 **General**

The Board believes that it is important that employees of the Group, contractors and other individuals who provide services to the Group are appropriately and properly incentivised. To this end, the Employee Plan and the Contractor Plan were adopted by the Board in June 2016.

For awards made before Admission, the Employee Plan operates as a tax-favoured, exit-only EMI share option plan, however the rules of the plan allow for the grant of both EMI Options for qualifying employees and unapproved options for those employees who do not qualify for EMI Options. The Employee Plan will also be used following Admission to grant long term incentive awards in the form of share options granted at an option price representing the nominal value of a share with performance targets linked to the Company’s share price to be met within a three year performance period.

Under the Employee Plan, EMI Options may only be granted to employees of the Group. As the Board also wanted to have the discretion to grant Options to contractors, it was necessary to set up a separate Contractor Plan.

12.2 **Existing Share Options**

As at the date of this document, save as set out or referred to below, the Company has not granted or undertaken to grant any other warrants, options or rights or to subscribe for share capital in the Company.

There are Options granted over a total of 1,864,800 Ordinary Shares, all with an option exercise price of £0.00125 per Ordinary Share. The following share options are in existence and will vest in full on Admission:

EMI Options granted pursuant to the Employee Plan

Name of Employee	Number of options over Ordinary Shares	Exercise Price (£)
Paul Donohoe	628,800	0.00125
Simon Goulding	628,800	0.00125
Will Pairpoint	128,800	0.00125
Shaun O'Dowd	55,200	0.00125
Lee Dowdells	36,800	0.00125
Total	1,478,400	

Unapproved Options granted pursuant to the Employee Plan

Name of Employee	Number of options over Ordinary Shares	Exercise Price (£)
Marcus Seywald	128,800	0.00125
Yusuke Kiyama	36,800	0.00125
Total	165,600	

Contractor Options granted pursuant to the Contractor Plan

Name of Employee	Number of options over Ordinary Shares	Exercise Price (£)
Weryanto Thenyaro	55,200	0.00125
Arvin Yoewono	55,200	0.00125
Dicky Handoko	55,200	0.00125
Goenawan Tanto	55,200	0.00125
Total	220,800	

12.3 Main Features of the Employee Plan

The main features of the Employee Plan are set out below.

12.3.1 Eligibility

Options may be granted to employees (including executive directors) of the Group. The Directors have an absolute discretion as to the selection of employees to whom options may be granted. However, options intended to qualify as EMI Options may only be granted to employees who meet the criteria for EMI Options. Under the rules of the Employee Plan, the Directors may grant unapproved options to employees who do not meet the criteria to acquire EMI Options.

12.3.2 Grant of options

Following Admission, options may generally only be granted within 42 days of Admission, within 42 days of the announcement of the results of the Company for any period, or within 28 days of the person to whom it is granted first becomes an employee. However, options may also be granted in circumstances deemed by the Directors to be exceptional, provided that such grant is not in breach of AIM Rules for Companies. No options may be granted after the tenth anniversary of the adoption of the Employee Plan.

12.3.3 Exercise Price

The exercise price shall be as specified by the Directors at the date of grant of each option. Where such option is a right to subscribe for Ordinary Shares, the exercise price in respect of that option shall not be less than the nominal value of an Ordinary Share.

It is intended that options granted to executive directors and management after Admission will have a nominal value exercise price.

12.3.4 Limits on Grant of options

The aggregate number of Ordinary Shares issued or remaining issuable under the Employee Plan on any day together with the number of Ordinary Shares issued or remaining issuable under any other employees' share scheme of the Company or share scheme set up for the benefit of contractors or any persons providing services to the Company which have been granted in the previous 10 years may not exceed 10 per cent. of the number of Ordinary Shares in issue on that day. The aggregate market value of Ordinary Shares which may be granted to an employee in any financial year shall not exceed an amount equal to two times the salary payable to that employee by members of the Group in that financial year, unless the Directors consider that exceptional circumstances exist. The plan limits the value of Ordinary Shares which can be subject to EMI Options at any time to no more than £3 million. In addition, no individual may hold EMI Options over Ordinary Shares worth more than £250,000.

12.3.5 Performance Targets

The Directors may determine and specify that exercise of an option is conditional upon the meeting of performance targets. Such performance targets are at the discretion of the Board and can differ from employee to employee, but the targets must be capable of being met within 10 years of the date of grant.

It is intended that options granted to executive directors and management after Admission will have performance targets linked to growth in the Company's share price to be met within a three year performance period.

12.3.6 Variation of Share Capital

In the event of any variation of the share capital of the Company, the Directors may make such adjustment as they consider appropriate to the aggregate number or description of option shares and/or the exercise price. In the case of an EMI Option, no adjustment can be made that will affect the aggregate value of the option shares. Directors may make an adjustment even if such adjustment is a disqualifying event for EMI purposes

12.3.7 Vesting of options

Options will become exercisable once they have vested. Options granted prior to Admission will vest in full on Admission. Options granted after Admission that are not subject to performance conditions will vest at the end of the vesting period as stated at the date of grant. Options granted after Admission that are subject to performance conditions will vest when the performance targets are satisfied or waived or when the Directors in their discretion have deemed the performance targets to be satisfied. Options may also become vested in certain circumstances where an employee's employment ceases before the end of the relevant vesting or performance period.

12.3.8 Rights and Restrictions

An option granted under the Employee Plan is not transferrable. Options are exercisable within a limited time period which varies depending on whether the options were granted before or after Admission, the circumstances in which they have become exercisable and any terms specified in the option contract. Options will lapse if they are not exercised within the applicable period. Options will lapse in any even on the tenth anniversary of the date of grant, if not exercised before that date.

12.3.9 Alteration of the Employee Plan

Prior to Admission, the Directors may at any time alter or add to any of the provisions of the Employee Plan in any respect. Following Admission, the Directors may at any time alter or add to any of the provisions of the Employee Plan in any respect provided that no alterations or additions shall be made to the advantage of existing or new option holders to certain provisions without the prior approval by ordinary resolution of the shareholders of the Company. This does not apply to any alterations or additions that are in the opinion of the Directors a minor amendment to benefit the administration of the Employee Plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment.

12.4 Main Features of the Contractor Plan

The main features of the Contractor Plan are set out below.

12.4.1 Eligibility

Contractor Options may be granted to contractors who are natural persons and who provide *bona fide* services to any member of the Group or associated company (otherwise than as an employee). The Directors have an absolute discretion as to the selection of persons to whom options may be granted.

12.4.2 Grant of Contractor Options

Following Admission, options may generally only be granted within 42 days of Admission, within 42 days of the announcement of the results of the Company for any period, or within 28 days of the person to whom it is granted first becomes a contractor. However, Contractor Options may also be granted in circumstances deemed by the Directors to be exceptional, provided that such grant is not in breach of AIM Rules for Companies. No Contractor Options may be granted after the tenth anniversary of the adoption of the Contractor Plan.

12.4.3 Exercise Price

The exercise price shall be as specified by the Directors at the date of grant of each Contractor Option. Where such Contractor Option is a right to subscribe for Ordinary Shares, the exercise price in respect of that option shall not be less than the nominal value of an Ordinary Share.

12.4.4 Limits on Grant of Contractor Options

The aggregate number of Ordinary Shares issued or remaining issuable under the Contractor Plan on any day together with the number of Ordinary Shares issued or remaining issuable under any other employees' share scheme of the Company or share scheme set up for the benefit of contractors or any persons providing services to the Company which have been granted in the previous 10 years may not exceed 10 per cent of the number of Ordinary Shares in issue on that day. The aggregate market value of Ordinary Shares which may be granted to a contractor in any financial year shall not exceed an amount equal to two times the fee payable to that contractor by members of the Group in that financial year, unless the Directors consider that exceptional circumstances exist.

12.4.5 Performance Targets

The Directors may determine and specify that exercise of a Contractor Option is conditional upon the meeting of performance targets. Such performance targets are at the discretion of the Board and can differ from contractor to contractor, but the targets must be capable of being met within 10 years of the date of grant.

12.4.6 Variation of Share Capital

In the event of any variation of the share capital of the Company, the Directors may make such adjustment as they consider appropriate to the aggregate number or description of option shares and/or the exercise price.

12.4.7 Vesting of Contractor Options

Options will become exercisable once they have vested. Contractor Options granted prior to Admission will vest in full on Admission. Contractor Options granted after Admission that are not subject to performance conditions will vest at the end of the vesting period as stated at the date of grant. Contractor Options granted after Admission that are subject to performance conditions will vest when the performance targets are satisfied or waived or when the Directors in their discretion have deemed the performance targets to be satisfied. Contractor Options may also become vested in certain circumstances where a contractor's service ceases before the end of the relevant vesting or performance period.

12.4.8 Rights and Restrictions

An option granted under the Contractor Plan is not transferrable. Contractor Options are exercisable within a limited time period which varies depending on whether the options were granted before or after Admission, the circumstances in which they have become exercisable and any terms specified in the option contract. Contractor Options will lapse if they are not exercised within the applicable period. Contractor Options will lapse in any event on the tenth anniversary of the date of grant, if not exercised before that date.

12.4.9 Alteration of the Contractor Plan

Prior to Admission, the Directors may at any time alter or add to any of the provisions of the Contractor Plan in any respect. Following Admission, the Directors may at any time alter or add to any of the provisions of the Contractor Plan in any respect provided that no alterations or additions shall be made to the advantage of existing or new option holders to certain provisions without the prior approval by ordinary resolution of the shareholders of the Company. This does not apply to any alterations or additions that are in the opinion of the Directors a minor amendment to benefit the administration of the Contractor Plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment.

13. Litigation

The Group is not, nor has at any time in the 12 months immediately preceding the date of this document, been engaged in any governmental, legal or arbitration proceedings and the Directors are not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months preceding the date of this document in each case which may have, or have had in the 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability.

14. Related Party Transactions

Save as set out in this document as far as the Directors are aware, there have been and are currently no agreements or other arrangements between the Company and individuals or entities that may be deemed to be related parties, for the period of five years prior to the date of this document.

15. Share Dealing Code

The Directors intend to comply with Rule 21 of the AIM Rules for Companies and article 19 of the Market Abuse Regulation (No. 596/2014) relating to Directors' and applicable employees' dealings in Ordinary Shares, and to that end, the Company has adopted an appropriate share dealing code.

The Company and the Directors, officers and employees will also be subject to legislation prohibiting market abuse and insider dealing under the Market Abuse Regulation (No. 596/2014) and the Criminal Justice Act 1993.

16. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group, taking into account the estimated net proceeds of the Placing, will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

17. General

- 17.1 The total costs and expenses of, or incidental to, the Placing and Admission are estimated to be approximately £1.0m (exclusive of value added tax). The expected net proceeds of the Placing, after deduction of such costs and expenses not already paid, are £3.76m.
- 17.2 Save as disclosed in this document, no person (other than the Company's professional advisers named in this document and trade suppliers) has at any time within the 12 months preceding the date of this document received, directly or indirectly, from the Company or any other member of the Group or entered into any contractual arrangements to receive, directly or indirectly, from the Company or any other member of the Group on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.
- 17.3 The Placing is not being underwritten.
- 17.4 The Placing Price of 50.0 pence represents a premium of 49.875 pence above the nominal value of £0.00125 per Ordinary Share. The Placing Price is payable in full on application.
- 17.5 Save for the acquisition of the business and assets of VDIWare LLC on 2 September 2015 as described in paragraph 2 of Part I of this document. The Group has made no principal investments in the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017. Save as disclosed in this document, the Group currently has no significant investments in progress and the Group has not made any firm commitments concerning future investments which are significant to the Group.
- 17.6 The Directors are not aware of any patents or other intellectual property rights, licences, industrial, commercial or financials contracts or new manufacturing processes on which may be of material importance to the Group's business or profitability.
- 17.7 Save in connection with the application for Admission, none of the Ordinary Shares has been admitted to dealings on any recognised investment exchange and no application for such admission has been made and it is not intended to make any other arrangements for dealings in the Ordinary Shares on any such exchange.
- 17.8 Save as disclosed in this document, there has been no significant change in the trading or financial position of the Group since 30 June 2017, the date to which the last consolidated financial information of the Group was prepared.
- 17.9 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's recent activities.
- 17.10 Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 17.11 There are no environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 17.12 There have been no significant recent trends in production, sales and inventory and costs and selling prices since 30 June 2017, being the date of the Group's latest consolidated financial information.
- 17.13 There has been no public takeover bid for the whole or any part of the share capital of the Company or any member of its Group prior to the date of this document.

18. Documents Available For Inspection

Copies of the following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the registered office of the Company for a period of one month from the date of this document:

- i. the Articles;
- ii. a copy of this document;
- iii. the consolidated financial information of the Group set out in Part IV of this document.

A copy of this document is also available on the Company's website, www.beeksfinancialcloud.com

Dated: 21 November 2017

Part VI

Definitions

“Act”	the Companies Act 2006, as amended
“Admission”	admission to AIM of the entire issued and to be issued share capital of the Company to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nomads
“AIM Rules for Companies”	the ‘AIM Rules for Companies’ issued by the London Stock Exchange, as amended from time to time, setting out the rules and responsibilities in relation to AIM companies
“AIM Rules for Nomads”	the ‘AIM Rules for Nominated Advisers’ issued by the London Stock Exchange, as amended from time to time, setting out the eligibility, ongoing obligations and certain disciplinary matters in relation to nominated advisers
“Articles”	the Company’s articles of association
“Audit Committee”	the audit committee of the Board
the “Beeks” or the “Company”	Beeks Financial Cloud Group plc, a company incorporated in Scotland with registered number SC521839, and such terms shall be deemed to include such of the Company’s subsidiaries as the context may require
“Beeks Japan”	Beeks Financial Cloud Co. Ltd, a company incorporated and registered in Japan with company subsidiaries number 0104-01-119395 and whose head office is at FARO IF, 2-15-5, Minamiaoyama, Minato-Ku, Tokyo, Japan
“Beeks US”	BeeksFX VPS USA Inc., a company incorporated under the laws of Delaware with file number 5498483 and whose registered agent’s address is at 874 Walker Road, Suite C, Dover, Kent, Delaware 19904, USA
“Board” or “Directors”	the directors of the Company, or a duly authorised committee thereof, whose names are set out on page 4 of this document
“Cenkos”	Cenkos Securities plc, a company registered in England and Wales with registered number 5210733
“Certificated” or “in certificated form”	a share or other security which is not in uncertificated form (that is not in CREST)
“Contractor Options”	rights to acquire (whether by subscription or market purchase) Ordinary Shares under the Contractor Plan, as described in paragraph 12.4 of Part V of the document
“Contractor Plan”	the Beeks Financial Cloud Contractor Share Option Plan
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended
“EMI Options”	rights to acquire (whether by subscription or market purchase) Ordinary Shares under the Employee Plan granted to qualifying employees, as described in paragraph 12.3 of Part V of the document
“Employee Plan”	the Beeks Financial Cloud EMI Share Option Plan

“Enlarged Issued Share Capital”	the entire issued Ordinary Share capital of the Company immediately following Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Ordinary Shares”	the 40,000,000 Ordinary Shares in issue immediately prior to the Placing
“FCA”	the UK Financial Conduct Authority
“Form of Proxy”	the form of proxy accompanying this document, for use by Shareholders in connection with the General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Placing”	means the conditional placing of the General Placing Shares by Cenkos pursuant to the Placing Agreement
“General Placing Shares”	the 3,612,000 Ordinary Shares to be allotted and issued which are not VCT Shares
“Group”	the Company including its Subsidiaries
“HMRC”	Her Majesty’s Revenue and Customs
“IFRS”	International Financial Reporting Standards, as adopted for use in the European Union
“ISIN”	the International Securities Identification Number
“Lock-In Arrangements”	the agreement by which Gordon McArthur and Tony Doleman have agreed, with Cenkos and the Company, certain undertakings with respect to their holdings of Existing Ordinary Shares on Admission, as more particularly described in paragraph 9.2 of Part V of this document
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the 9,000,000 new Ordinary Shares to be issued by the Company and placed with the Placees pursuant to the Placing
“Nomad”	the Nominated Adviser to the Company, as defined in the AIM Rules
“Nominations Committee”	the nominations committee of the Board
“Official List”	the Official List of the UKLA
“Operator”	has the meaning in the CREST Regulations
“Options”	the Contractor Options and the EMI Options
“Ordinary Shares”	Ordinary Shares of £0.00125 each in the capital of the Company
“Placees”	subscribers for the New Ordinary Shares, as procured by Cenkos on behalf of the Company pursuant to the Placing Agreement or purchasers of the Sale Shares
“Placing”	the conditional placing by Cenkos of the New Ordinary Shares and the Sale Shares on behalf of the Company at the Placing Price pursuant to and on the terms of the Placing Agreement by way of the VCT Placing and the General Placing
“Placing Agreement”	the conditional agreement dated 10 November 2017 between (i) Cenkos; (ii) the Company; (iii) the Directors; and (iv) the Selling Shareholders; relating to the Placing, further details of which are set out in paragraph 9.1 of Part V of this document
“Placing Price”	50.0 pence per Placing Share
“Placing Shares”	the New Ordinary Shares and the Sale Shares to be placed pursuant to the Placing
“Prospectus Directive”	the Prospectus Directive (2003/71/EC)

“Prospectus Rules”	the prospectus rules of the UK Listing Authority made in accordance with Section 73A of FSMA as amended from time to time brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004 and the Prospectus Regulations 2005 (SI 2005/1433)
“QCA”	the Quoted Companies Alliance
“QCA Code”	the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013, published by the QCA, as amended from time to time
“Register”	the register of members of the Company
“Registrar”	Computershare Investor Services PLC
“Relationship Agreement”	the relationship agreement dated 10 November 2017 between Gordon McArthur, Cenkos and the Company described in paragraph 9.4 of Part V of this document
“Regulatory Information Service” or “RIS”	any channel recognised as a channel for the dissemination of information as defined in the glossary of terms in the AIM Rules
“Remuneration Committee”	the remuneration committee of the Board
“Sale Shares”	the 5,000,000 Existing Ordinary Shares to be sold to Placees by the Selling Shareholders pursuant to the Placing
“Securities Act”	the US Securities Act of 1933, as amended
“SEDOL”	the Stock Exchange Daily Official List Identification Number
“Selling Shareholders”	being Gordon McArthur, Anthony Doleman, Ferdian Atmaja, Peter Johnson, Michael Dudek, Albert Grychowski and Patrick Rams
“Share Exchange Agreement”	the share for share exchange agreement entered into between the Company and the shareholders of Beeks Financial Cloud Limited dated 20 June 2016
“Share Schemes”	the Contractor Plan and the Employee Plan, further details of which are set out in paragraph 12 of Part V of this document
“Shareholders”	the holders of Ordinary Shares from time to time
“Subsidiaries”	any subsidiary as defined in the Act
“Takeover Code”	means The City Code on Takeovers and Mergers issued by the Takeover Panel and, from time to time, any successor or replacement body thereof
“Takeover Panel”	the Panel on Takeovers and Mergers
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or “UKLA”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“USA” of “US” or “United States”	United States of America, each State thereof (including the District of Columbia), its territories, possessions and all areas subject to its jurisdiction
“US\$” or “\$”	the United States dollar
“uncertificated” or “in uncertificated form”	securities recorded on a register of securities maintained by Euroclear UK & Ireland Limited in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“VCT”	a company which is, or which is seeking to become, approved as a venture capital trust under Section 842AA of the UK Income and Corporation Taxes Act 1988

“VCT Placing”

the conditional placing of the VCT Shares by Cenkos pursuant to the Placing Agreement

“VCT Shares

the 5,388,000 new Ordinary Shares to be allotted and issued to VCTs

Part VII

Glossary

“CBOE”	CBOE Holdings (Chicago Board of Option Exchange), being a global stock exchange operator
“CFD”	contract for difference
“CME”	Chicago Mercantile Exchange, being a commodity derivative exchange based in Chicago, US
“DDoS”	distributed denial of service
“Equity Trading”	the buying and selling of equity securities
“Financial Exchanges”	exchanges or marketplaces in which securities, commodities, derivatives and other financial instruments are traded
“Forex”	foreign exchange market
“Futures”	the futures market in which participants buy and sell commodity and futures contracts for delivery on a specified future date
“Gbps”	gigabits per second or billions of bits per second, being a measure of bandwidth
“IaaS”	Infrastructure as a Service
“ISP”	internet service provider
“Mbps”	Megabits per second
“MS”	millisecond
“OTC”	over-the-counter, being securities traded in some context other than on a formal exchange
“Trading Software”	computer programs that facilitate trading of financial products
“Trading Venues”	a non-exchange financial trading venue, typically using electronic systems
“USP”	unique selling point
“WAN”	wide area network
“VPS”	virtual private server

