

BEEKS FINANCIAL CLOUD GROUP

SOFTWARE AND COMPUTER SERVICES

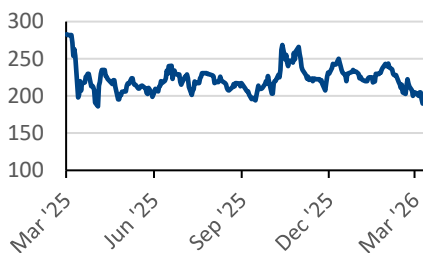
16 March 2026

BKS.L

190p

Market Cap: £128.2m

SHARE PRICE (p)



12m high/low

272p/186p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash £3.3m (at 31/12/25)

Enterprise value £124.9m

Index/market AIM

Next news Finals, October 2026

Shares in issue (m) 67.5

Chairman William Meldrum

CEO Gordon McArthur

CFO Fraser McDonald

COMPANY DESCRIPTION

Beeks provides low-latency Infrastructure-as-a-Service (IaaS) for automated trading of financial products.

www.beeksgroup.com

BEEKS FINANCIAL CLOUD GROUP IS A RESEARCH CLIENT OF PROGRESSIVE

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H1 results in-line, FY guidance reiterated

Interim results are in line with guidance, and Beeks reiterates FY guidance. H1 FY26 features continued growth, with Annualised Committed Monthly Recurring Revenue rising by 15% Y/Y to £32.80m. The growth cadence is increasing: +5% Y/Y for FY25, +15% Y/Y now. H1 FY26 also reflects the effect of the new Exchange Cloud revenue-share model and timing of the Proximity Cloud wins, which shunts rev/rec into H2 FY26 and reduces H1 revenue to £14.65m (vs £15.79m last year). That leads to lower Underlying EBITDA, -28% Y/Y to £4.12m. Gross cash was £7m vs £7.4m as at 30 June 2025. CEO Gordon McArthur states that Beeks enters H2 'with strong momentum and a customer base comprising some of the world's largest financial institutions, each with significant expansion opportunity.' Beeks remains a long-term secular growth investment play, 'best of breed' financial model, with a strengthening moat and executing on a global TAM, not reflected in the pedestrian 8.3x FY26E EV/EBITDA.

- H1 FY26 by the numbers.** ACMRR +15% Y/Y to £32.80m, H1 revenue £14.65m (vs £15.79m last year). Underlying EBITDA -28% Y/Y to £4.12m. Cash flow from operations, pre working capital, £4.37m (vs £5.76m last year), with gross cash £7m (30 June 2025: £7.4m).
- Operational highlights.** The Total Contract Value of new contracts was £11.9m (vs £9.7m last year), with two revenue-share Exchange Cloud contracts (TMX Group and nuam). An early proof-of-concept customer ('one of the world's largest banks') for the new 'Market Edge Intelligence' AI-powered analytics platform is now in contractual discussions.
- Outlook reiterated.** H2 FY26 revenue is underpinned by revenue recognition from prior contract wins and 'go live' of two recently secured Exchange Cloud contracts. There are 'multiple significant contracts' in discussion across the portfolio. While contract timing and deployments can be unpredictable, the growth in recurring revenue and the pipeline underscores the confidence of 'FY performance in line with expectations'.
- Forecast changes.** We adjust working capital to reflect the new selling model, but otherwise make no changes to our FY26 estimates.
- Investment case precis.** Beeks is gaining from industry tailwinds (cloud adoption, compliance, data sovereignty, cybersecurity, sustainability, analytics, payment modernisation, AI in risk management), which have enabled it to carve out a moat as global leader in cloud infrastructure.

FYE JUN (£M)	2023	2024	2025	2026E	2027E
Revenue	22.4	28.5	35.9	39.5	44.5
Adj EBITDA	8.4	10.7	13.6	15.6	17.6
Fully Adj PBT	2.3	3.9	5.5	6.4	7.4
Fully Adj EPS (p)	4.0	6.4	7.6	8.2	10.0
EV/Sales (x)	5.6	4.4	3.5	3.2	2.8
EV/EBITDA (x)	14.8	11.6	9.2	8.0	7.1
PER (x)	48.0	29.9	25.0	23.2	18.9

Source: Company Information and Progressive Equity Research estimates.

This publication should not be seen as an inducement under MiFID II regulations.

Please refer to important disclosures at the end of the document.

The detail on the financials

Beeks H1 results summary (£m)

H1 summary	H1/26	H1/25	Change
Revenue	14.65	15.79	-7%
ACMRR	32.8	28.5	15%
Gross Profit	4.5	6.03	-25%
Gross profit margin	30%	38%	-21%
Eunderlying EBITDA	4.12	5.74	-28%
Underlying EBITDA margin	28%	36%	-22%
Underlying PBT	-0.69	1.89	-137%
Underlying PBT margin	-5%	12%	-142%
Statutory PBT	-1.87	0.46	-507%
Underlying EPS basic (p)	(0.75)	2.61	-129%

Source: Company data, Progressive Equity Research

Impact on H1 FY26 revenue from timing and new contract types

Revenue at £14.65m, down from £15.79m last year, reflects a lower level of upfront Proximity Cloud revenue and the timing of contract wins. During the latter part of the period, the group secured contract wins with total contract value of c.£7m (including £6m relating to Proximity Cloud).

Revenue recognition changes due to a lag effect...

There is a lag between contract signing, infrastructure deployment and revenue recognition. During H1 FY26 this lag was more pronounced than usual, leading to lower level of revenue recognition. However, the majority of these deployments have now been completed, and Beeks will recognise the associated revenue streams in H2 FY26.

...and a 'shunting to the right' effect

Last year, Beeks recognised £3.3m upfront revenue from three new customer wins. One of these was a multi-site Proximity Cloud deployment. For H1 FY26, there was one customer deployment, with £0.5m of upfront revenue. In addition, the majority of the £6m Proximity Cloud contract wins were towards the end of the period, which pushes the associated infrastructure deployments and the related upfront revenue into H2 FY26.

Revenue is all about driving recurring revenue

To 31 December (£'000)	H1/21	H1/22	H1/23	H1/24	H1/25	CAGR (%)
Over time revenue	5,865	9,687	11,286	12,314	14,013	24%
Group revenue	7,724	10,398	12,957	15,794	14,653	17%
Recurring revenue	76%	93%	87%	78%	96%	

Source: Company data, Progressive Equity Research

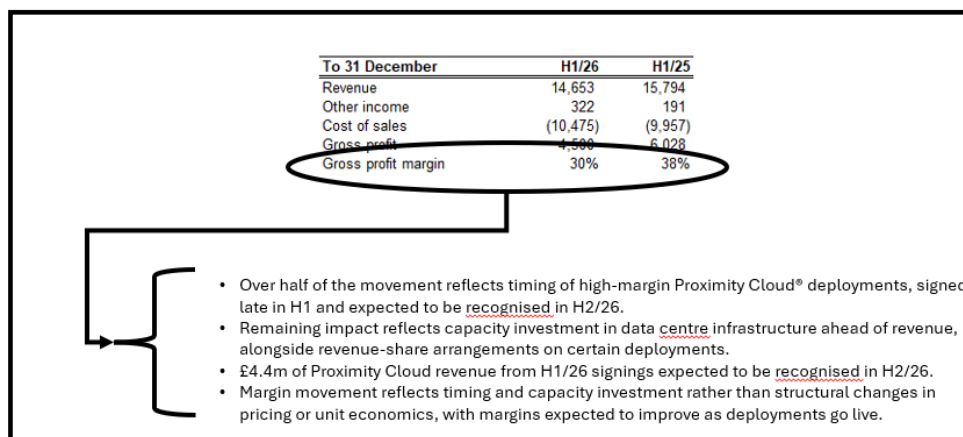
H2 'go lives'

The disaster recovery site for Grupo Bolsa Mexicana de Valores (BMV) is scheduled to 'go live' in H2 FY26, providing further visibility of revenue recognition in the second half.

In addition...

- **Gross profit.** H1 FY26 gross profit was down 25% Y/Y to £4.50m, with gross margin reducing from 38% to 30%. Over half of this margin reduction is due to the timing of upfront Proximity Cloud deals, with the remainder further timing effects (i.e. the lag between contract signing and service delivery) as deployment requires infrastructure investment ahead of customer launch, and consequently costs are recognised in advance of the associated revenue streams.

Why Beeks' gross profit margin fell in H1 FY26



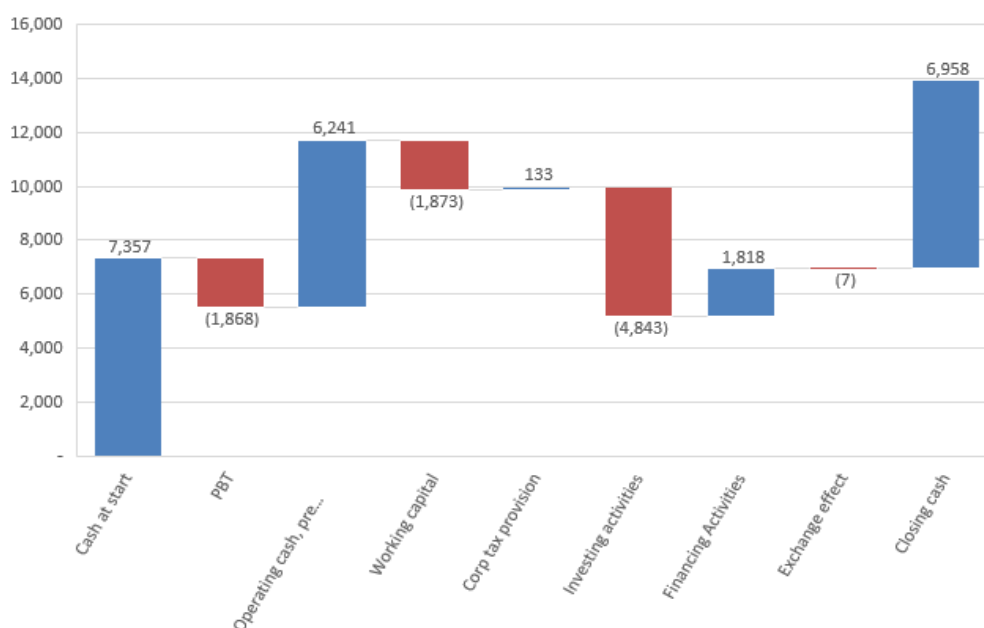
Source: Company data, Progressive Equity Research

- **Administrative expenses.** These increased 19% Y/Y to £4.90m (H1 FY25: £4.11m). The increase primarily reflects staff costs increasing by £0.45m. Total headcount increased to 116 employees (31 December 2025), vs 103 last year. Approximately half of the increase was within sales and pre-sales functions, strengthening the group's ability to support enterprise sales cycles, expand the pipeline and convert recent contract momentum. Guidance is that future hiring will 'remain selective as the Group continues to scale efficiently while maintaining operational flexibility and protecting margins.'
- **Product investment.** Capitalised development costs during the period were £1.11m, (vs £1.39m last year), with the majority of this investment delivered through the group's in-house engineering teams.
- **Cash flow.** Operating cash, before working capital movements, was £4.37m (vs £5.76m last year). After working capital movements, net cash generated from operating activities was £2.60m (vs £3.10m last year). The reduction reflected the timing of infrastructure investments and the accounting treatment of multi-year infrastructure contracts, where revenue is recognised upfront and subsequently unwinds through accrued income as cash is collected. Trade receivables increased by £0.7m and trade payables decreased by £3.7m. Accrued income decreased by £1.5m.
- **Capital expenditure** on infrastructure and hardware totalled £3.2m, supporting deployments including ASX, Kraken and TMX. Inventory increased to £3.4m (FY25: £2.6m) as hardware was secured in advance of planned infrastructure deployments, reflecting prudent supply chain management amid ongoing constraints in high-

performance compute and networking equipment driven by global demand for AI infrastructure.

- **New loan.** To support continued infrastructure investment, the group entered into a £1.5m loan facility secured against its freehold property and utilised £2.0m of asset financing to fund customer-deployed infrastructure equipment.
- **Net cash.** The group ended the period with cash of £7.0m (FY25: £7.4m) and a net cash position of £3.3m.

Beeks cashflow through H1 FY26 (£m)



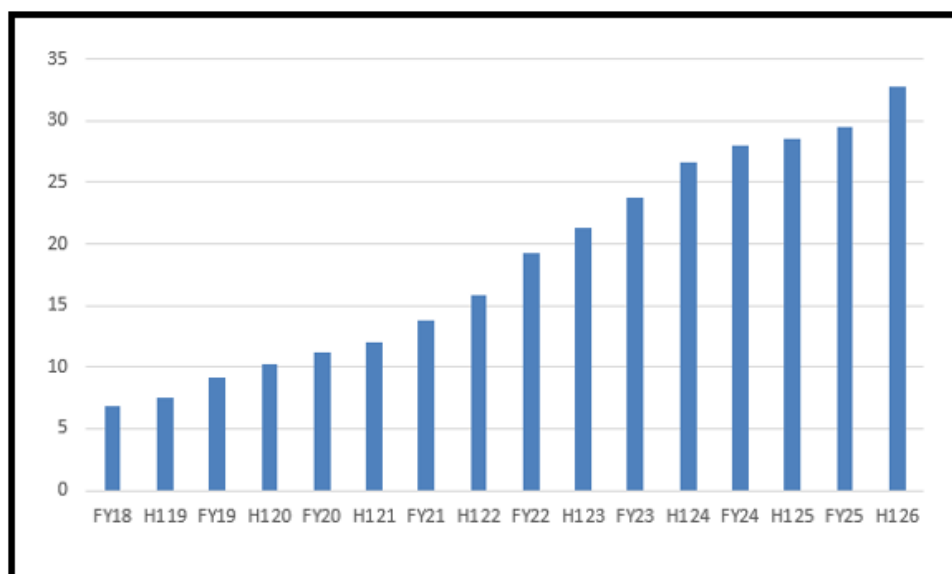
Source: Company data, Progressive Equity Research

Operational progress is very strong

The Total Contract Value secured in H1 FY26 increased to £11.9m, from £9.7m in FY25, which was itself a record year. ACMRR is +15% Y/Y to £32.80m (H1 FY25: £28.50m) and seven exchanges globally have signed for Exchange Cloud, four under the revenue-share model.

The revenue-share model has lower upfront deployment revenue but still incurs set-up costs. Positively, it leads to greater medium-term revenue, and CEO Gordon McArthur comments that at this early stage *this model has delivered ahead of our ambitions*". It is also shortening sales cycles. The live sites are transitioning into monthly profitability ahead of the anticipated timeline.

The long march of Beeks Annualised Committed Monthly Recurring Revenue (£m)



Source: Company data, Progressive Equity Research

Technology insertion and the launch of Market Edge Intelligence

‘Market Edge Intelligence’ delivers real-time AI analytics and predictive intelligence directly within colocation facilities, producing insights including predictive alerts, infrastructure anomaly detection, capacity forecasting and instant trading signal execution. Designed for Tier 1 and 2 organisations, the product has flexible deployment options and can be used within Beeks Analytics, as a standalone platform or alongside existing systems. This is a high value and high (software) margin product, and success could be transformative to group profitability.

Already the proof-of-concept customer (*‘one of the world’s largest banks’*) is now in contractual discussions. We learn that the potential for this *‘high margin software offering is considerable’*.

A sales surge into the year-end

There was £7m of total contract value signed in December 2025, including £5.90m within Proximity Cloud, of which approximately 50% is expected to be recognised in H2 FY26. From this, Beeks guides that there will be a strong profit progression in H2 FY26 as those recently secured contracts progress through deployment, and with that revenue recognition commences.

Customer numbers going up, up, up

Exchange Cloud

- **TMX Datalinx**, part of the Canada-based TMX Group that owns and operates exchanges across equities, fixed income, derivatives and energy markets, including the Toronto Stock Exchange.

- **nuam**, the regional holding company that integrates the stock exchanges of Santiago, Colombia, and Lima. Increasing the Group’s profile in the South American market.

Both sites are due to go live in H2 FY26, with revenue recognition commencing shortly thereafter.

The FY25 new customer cohort

- **Kraken**, the first cryptocurrency exchange, secured in March 2025, is now operating profitably, and has opened the door to discussions with other crypto platforms.
- **ASX**, secured in May 2025, successfully went live in H1, as planned, and is anticipated to be profitable by FY26 year-end
- **Grupo Bolsa Mexicana (BMV)**, the second-largest exchange in Latin America, secured in February 2025, saw the initial phase of the deployment successfully go live in FY25, with the remaining phase expected to go live in H2 FY26.

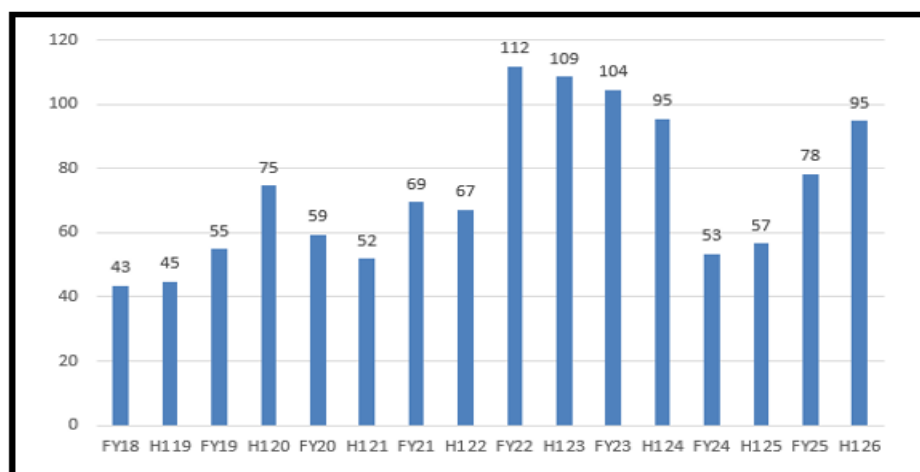
Multiple Private Cloud deals were secured in the period, and Proximity Cloud wins include multi-year contracts with a major South African bank, and a significant extension with a large FX broker, alongside its continued usage of the Johannesburg Stock Exchange's (JSE) Colo 2.0 service, which is delivered through Exchange Cloud.

Impact on forecasts

With H1FY26 estimates in line with our expectations, we elect to leave estimates unchanged at this juncture. We revisit our net cash expectations in light of the rising DSOs, which are changing the working capital cycle. This is due to the new revenue-share model, which results in a cash reduction as the new model in part ‘front loads’ the costs. Over time, the effect will be neutralised.

Discussions with management lead us to conclude that the pricing environment remains robust, for both customer and input pricing. More generally, although not prompting any changes, we have some concerns about rising component prices that are affecting the wider technology industry. We will continue to monitor this on an ongoing basis.

DSOs are trending upwards in the model, hence to working capital review



Source: Company data, Progressive Equity Research

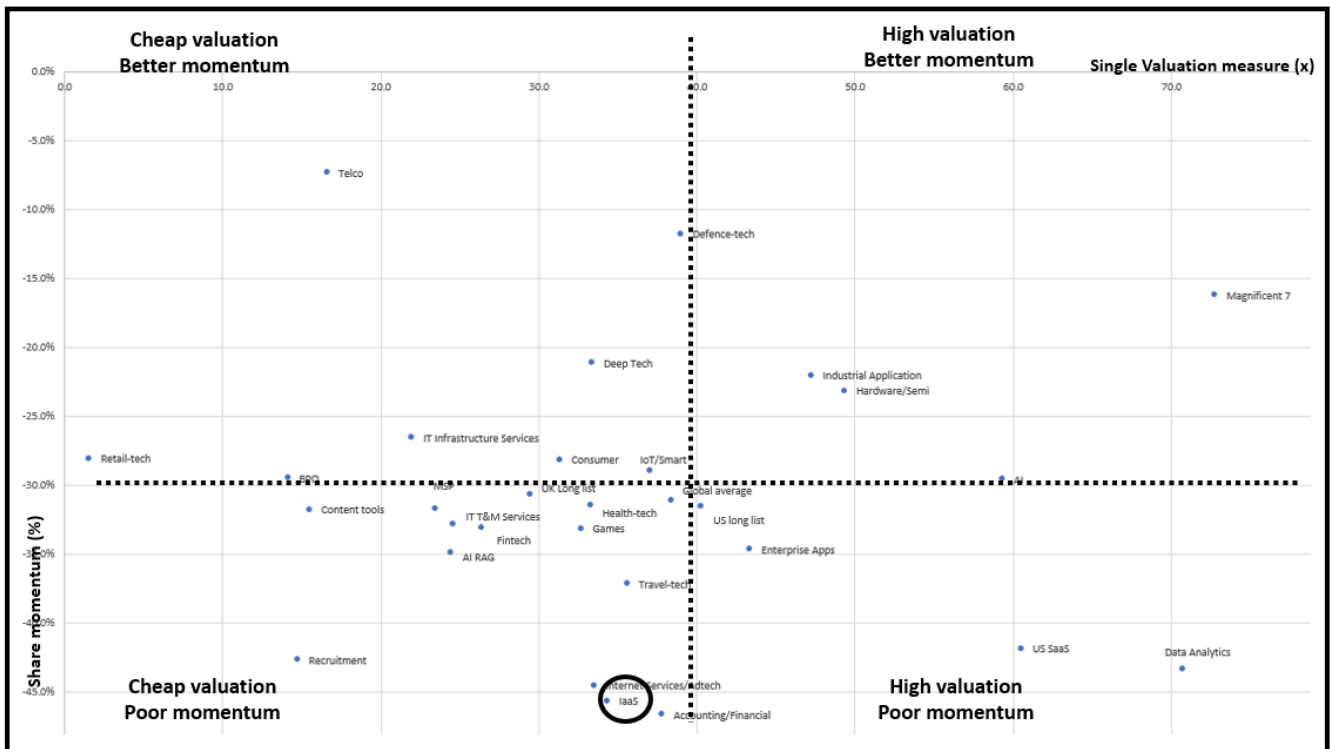
Valuation

IaaS company shares, Beeks included, have fallen out of favour in the general ‘SaaSagedon’ market rout that has been ongoing since Q4 2025. Since then, investors have grown concerned about competitive moats across the technology sector. For the IaaS shares in particular, the concern is more about the outlook for capex (see our IaaS cohort dashboard), which is founded on two issues:

- AI infrastructure build-up
- Paying for the AI infrastructure build-out

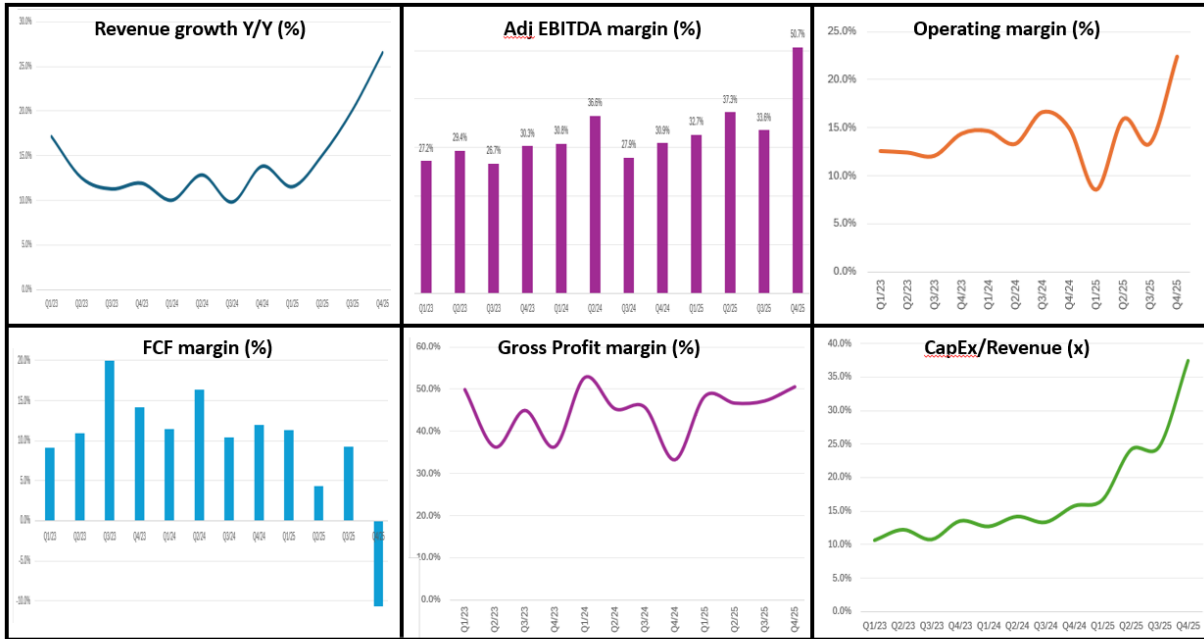
In this debate, Beeks is the proverbial baby that has been ‘thrown out with the bathwater’. As noted from the comments regarding the ‘Market Edge Intelligence’, Beeks looks like a net winner from AI deployments. In addition, it does not speculatively build out datacentre capacity. Hence it is immune to the wider concerns. However, despite the compelling valuation support, the shares will likely await news of H2 contract closures, and the associated impact on revenue recognition, before the stark valuation gap is addressed. And then the share price has the potential to ‘turn on a penny’, in our view.

IaaS shares suffer from poor momentum, but have a strong valuation argument



Source: Company data, Yahoo Finance, Progressive Equity Research

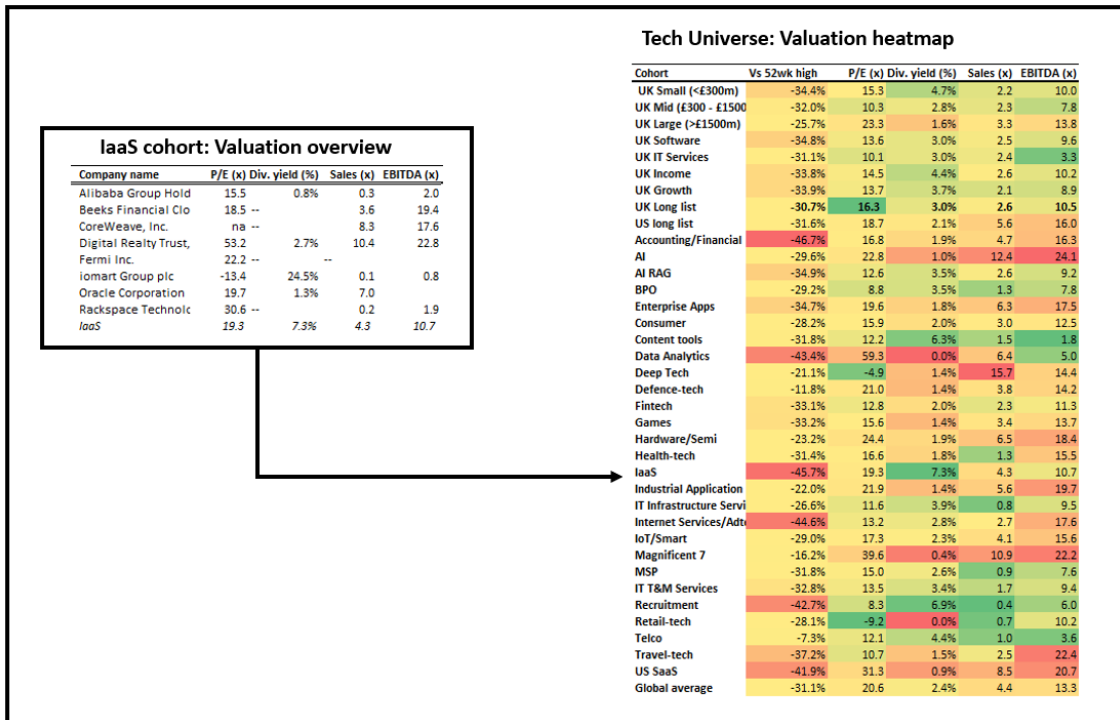
IaaS company cohort: KPI Dashboard (blame it on the capex)



Source: Alibaba, AWS, Azure, Beeks, Coreweave, Digital Realty, Equinix, Fermi, Google Cloud, IBM, Oracle, Q_beyond AG, Rackspace, Redcentric

Source: Company data, Progressive Equity research

Beeks in the wider valuation context



Source: Company data, Yahoo Finance, Progressive Equity Research

Financial Summary: Beeks Financial Cloud Group

Year end: June (£m unless shown)

	2023	2024	2025	2026E	2027E
PROFIT & LOSS					
Revenue	22.36	28.49	35.92	39.50	44.50
Adj EBITDA	8.42	10.73	13.62	15.57	17.57
Adj EBIT	3.27	3.80	4.16	6.84	7.27
Reported PBT	(0.65)	1.46	2.79	4.31	6.24
Fully Adj PBT	2.33	3.90	5.49	6.44	7.38
NOPAT	3.59	2.20	2.94	7.93	8.55
Reported EPS (p)	(0.13)	3.11	4.12	6.58	8.99
Fully Adj EPS (p)	3.96	6.36	7.60	8.18	10.04
Dividend per share (p)	0.00	0.00	0.00	0.00	0.00
CASH FLOW & BALANCE SHEET					
Operating cash flow	7.12	5.64	3.87	5.76	8.80
Free Cash flow	(0.14)	(0.92)	(2.83)	0.59	3.56
FCF per share (p)	(0.20)	(1.37)	(4.20)	0.87	5.27
Acquisitions	0.00	0.00	0.00	0.00	0.00
Capex	(7.15)	(6.79)	(7.03)	(7.20)	(7.40)
Shares issued	0.00	0.00	0.00	0.00	0.00
Net cash flow	(2.17)	(4.96)	(5.53)	(1.91)	0.93
Overdrafts / borrowings	(3.42)	(1.12)	(0.40)	(0.40)	(0.40)
Cash & equivalents	7.99	7.70	7.36	5.45	6.39
Net (Debt)/Cash	4.56	6.58	6.96	5.05	5.99
NAV AND RETURNS					
Net asset value	32.94	37.50	43.22	46.60	51.50
NAV/share (p)	48.83	55.57	64.05	69.07	76.32
Net Tangible Asset Value	17.95	16.74	19.79	16.70	13.57
NTAV/share (p)	26.61	24.81	29.33	24.76	20.11
Average equity	31.77	35.14	40.36	47.61	56.40
Post-tax ROE (%)	7.3%	11.1%	13.6%	13.5%	13.1%
METRICS					
Revenue growth	N/A	27.4%	26.1%	10.0%	12.7%
Adj EBITDA growth		27.4%	26.9%	14.3%	12.9%
Adj EBIT growth		16.3%	9.5%	64.2%	6.4%
Adj PBT growth		67.5%	40.5%	17.3%	14.7%
Adj EPS growth		60.6%	19.5%	7.7%	22.7%
Dividend growth	N/A	N/A	N/A	N/A	N/A
Adj EBIT margin	14.6%	13.3%	11.6%	17.3%	16.3%
VALUATION					
EV/Sales (x)	5.6	4.4	3.5	3.2	2.8
EV/EBITDA (x)	14.8	11.6	9.2	8.0	7.1
EV/NOPAT (x)	34.7	56.7	42.6	15.8	14.6
PER (x)	48.0	29.9	25.0	23.2	18.9
Dividend yield	N/A	N/A	N/A	N/A	N/A
FCF yield	(0.1%)	(0.7%)	(2.2%)	0.5%	2.8%

Source: Company information and Progressive Equity Research estimates

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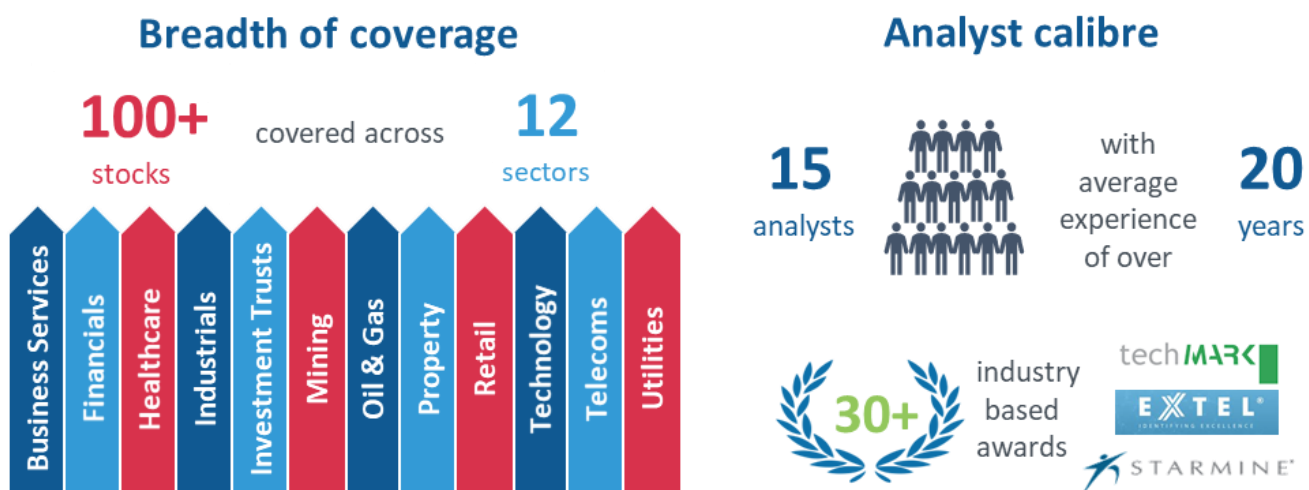
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