

BEEKS FINANCIAL CLOUD GROUP

SOFTWARE AND COMPUTER SERVICES

19 October 2026

BKS.L

184p

Market Cap: £124.1m

SHARE PRICE (p)



12m high/low

269p/150p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£0.6m (at 30/06/26)
Enterprise value	£123.5m
Index/market	AIM
Next news	AGM, December 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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FY26 delivered – well set for FY27

Beeks has delivered a strong FY26, in line with the mid-July trading update, our expectations and consensus. H2 26 was a record period - recurring revenue is growing at around 15% per annum, gross profit rebounded to 40% for the full year, and the investment made in capacity is considerable. The group has also announced \$4m of Exchange Cloud extensions in this morning's trading update. The stock trades at an EV/EBITDA of around 7x, suggesting significant upside potential as the business delivers on its promise.

- FY26 results.** The FY26 results reported were in line with the mid-July trading update. Revenue and EBITDA both slightly exceeded our expectations, and cash was as detailed. H2 delivered a very strong result, with revenue up 73% on H1, and Gross Profit leaping from 30% to 47% on the back of some material deals recognised in the period.
- Performance detail.** Exchange Cloud has now signed eight leading global exchanges, Proximity Cloud continues to deliver at scale, and the new Market Edge AI offering has made a staggeringly strong start. Recurring revenue is building well, although we would note that a large number of deals (Proximity Cloud wins and Exchange Cloud go-lives) were delivered late in the year. This both reminds investors that risks remain, and explains some of the cash flow/working capital dynamics.
- Impact on estimates.** We make no changes to our estimates for FY27E, as the group is delivering on plan, and customer sign-ups are continuing at pace. We introduce forecasts for FY28E for the first time, with revenue growth of just below 10% and an Adjusted EBITDA margin increasing modestly to 40% - we hope both estimates will prove cautious and will look to revisit them as further wins are announced, and as existing customers deliver revenue growth.
- Valuation.** The stock trades on and EV/EBITDA of just around 7x current forecast-year earnings, and at around 3x sales. Even the traditional P/E multiple does not look stretched in the high teens. Investors have been cautious as cash generation has yet to become strong and consistent, and as the group has introduced its new revenue-share model for Exchange Cloud adoption. We believe that both of these factors are being addressed over time, and that investors could begin to afford the group a better set of valuation metrics as both the company and its markets mature and evolve. We await further contract news with interest.

FYE JUN (£M)	2024	2025	2026	2027E	2028E
Revenue	28.5	35.9	40.0	44.5	48.7
Adj EBITDA	10.7	13.6	16.1	17.6	19.5
Fully Adj PBT	3.9	5.5	6.3	7.4	9.3
Fully Adj EPS (p)	6.4	7.6	7.6	10.0	12.7
EV/Sales (x)	4.3	3.4	3.1	2.8	2.5
EV/EBITDA (x)	11.5	9.1	7.7	7.0	6.3
PER (x)	28.9	24.2	24.1	18.3	14.5

Source: Company Information and Progressive Equity Research estimates.

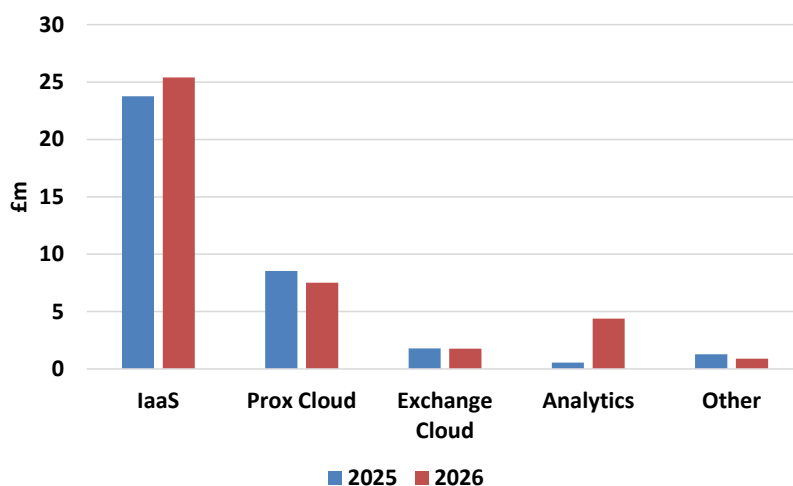
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FY26 results

The group delivered a strong FY26, with steady growth in the mainstream IaaS product for corporate customers, augmented by Proximity Cloud and Exchange Cloud revenues, but in particular benefiting from an exceptional growth in sales of Analytics – primarily the new Market Edge AI trading technology.

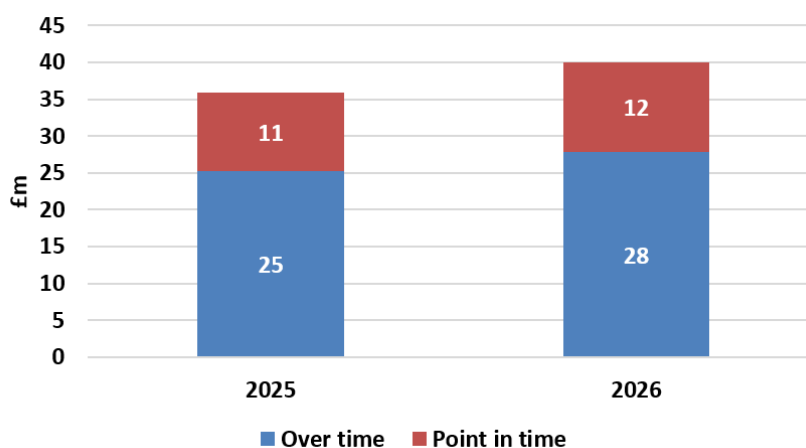
REVENUE BY PRODUCT



Source: Company information

The longstanding IaaS revenue continues to build, adding to ACMRR (Annualised Contracted Monthly Recurring Revenue). Proximity Cloud and Exchange Cloud, the newer products, have also been adding to ACMRR, as has the Analytics portfolio, but much of the revenue in these three segments was “point in time” in nature. This revenue is non-recurring, it is recognised at the time of sale or go-live, and it can carry high gross margins. The chart below highlights that, although the business is evolving well, there is still a high degree of reliance on “point in time” sales.

REVENUE BY TYPE



Source: Company information

Exchange Cloud – customers signed, revenues to follow

The Exchange Cloud model offers secure and rapid trading infrastructure to market participants, hosted and located at or very near to the relevant exchange data centres. The proposition is that Beeks will provide the technology, and the local exchange (effectively a reselling partner) will make the offering available to traders.

Attributes of growth

Beeks has, over the last couple of years, managed to since eight exchanges to its Exchange Cloud platform. These range from four customers across North, Central and South America, Kraken (a crypto exchange) and local operators in Thailand, South Africa and Australia.

The growth in Exchange Cloud has two important characteristics:

- Firstly, the group has migrated to a “revenue share” model, allowing Exchanges to sign up at low (or no) cost, and then to share revenues from third-party customers who then adopt the trading platform to transact. This has accelerated uptake of the offering, but has also reduced dramatically the near-term revenues.
- Secondly, although revenues have not yet reached material levels, there has been investment into the Exchange Cloud assets for each deployment – even in advance of customer adoption, Beeks has provided a significant amount of initial infrastructure to allow service provision (perhaps £0.5m-1.0m per exchange).

Taken together these aspects, we believe, demonstrate that Beeks has altered its strategy to accelerate adoption and remove barriers to uptake. It has seen a steady stream of exchange contract announcements. As the exchange partners see success in deploying the solutions to end customers, revenues will flow, and the return on assets will be seen. Importantly, very little of the “upside” has yet been delivered – this is almost all in periods to come.

Exchange Cloud, so far, has been a material cost in terms of product development, CAPEX and marketing/management time. The benefits are expected in the coming periods, and should be delivered as a steady rise in high-value (and low-capital-intensity) ACMRR revenue.

Proximity Cloud cross-sell

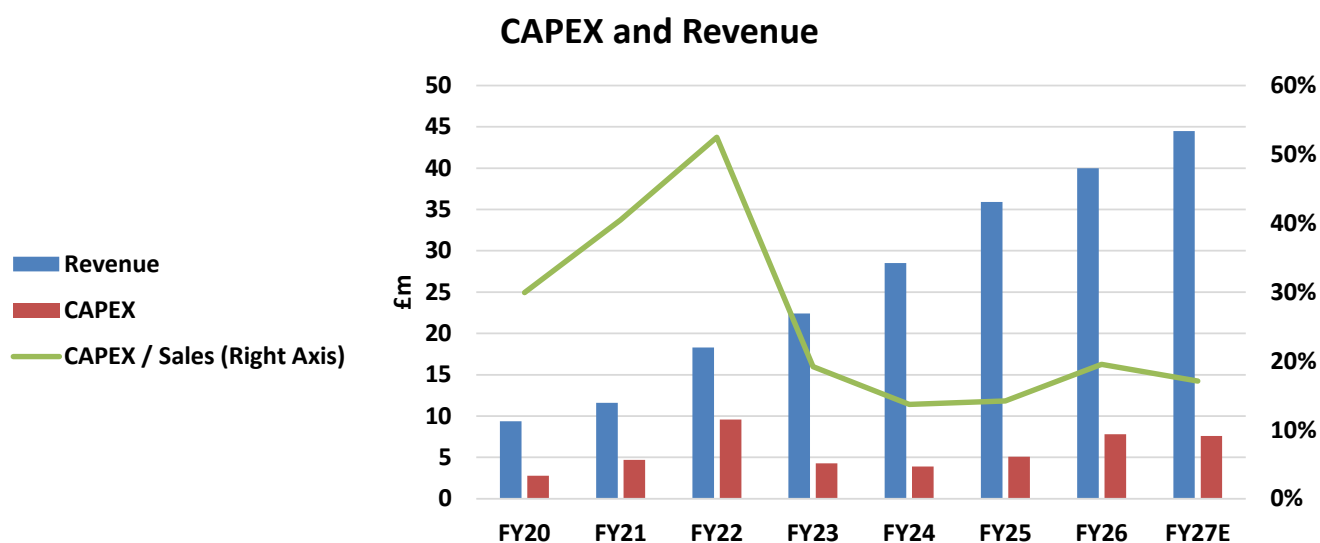
We note that, as well as providing revenues directly, Exchange Cloud relationships can lead to cross-selling opportunities. In particular, we point to the announcement that Beeks signed a “major South African bank” as a Proximity Cloud customer in December 2025, with a £1.9m five-year deal. This announcement came just over two years after the JSE Exchange Cloud win, suggesting that Exchange Cloud success should be measured not just by Exchange Cloud revenues, but also by the obvious and anticipated cross-sell and up-sell opportunities.

Cash and CAPEX

Investors have expressed concerns over the levels of cash generated by the business and its ability to deliver free cash flow (and ultimately dividends) in the future. The main consumption of cash is CAPEX – expenditure on IT hardware to provide infrastructure for service delivery to clients. Often this is purchased in advance of the contractual start date (to allow preparation for go-live) so cash outflows often precede not only cash receipts, but also the generation of P&L profits.

The chart below shows CAPEX vs Sales over recent years. It appears that the group is beginning to reach a “steady state” in terms of the cash CAPEX requirements for customer setup. Clearly, ongoing growth will require additional equipment, and the move to revenue-share models in particular for Exchange Cloud delivery will still lead to up-front investment in advance of both revenue and cash receipts. Nevertheless, we believe that this graph suggests that the group is moving towards a phase of growth where the CAPEX requirements are more stable and predictable, when measured against existing customer and revenue activity.

CAPEX DECLINING RELATIVE TO REVENUE



Source:

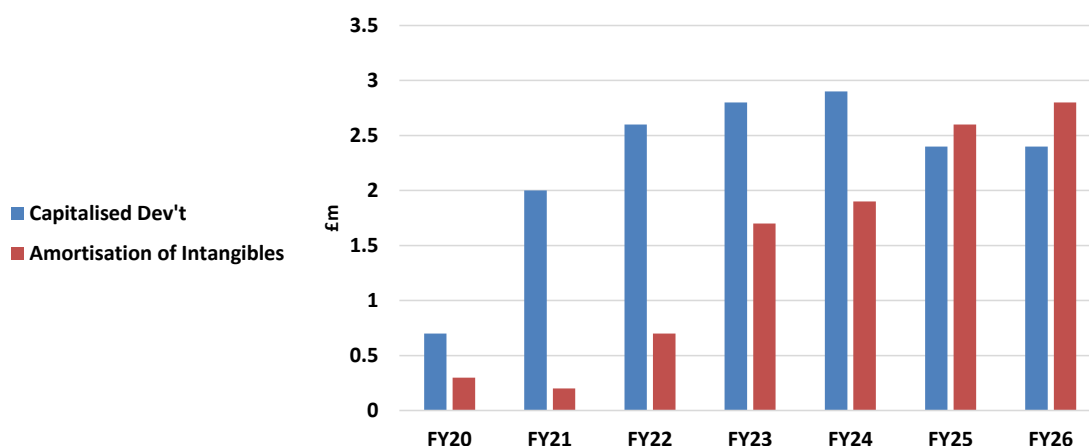
We also note that the group ended FY26 with over £3m in stock, which should help to reduce the cash impact of CAPEX expenditure in the coming year.

Over the years, the group has consistently capitalised (removed from its P&L) the costs of certain product development. This is in accordance with accounting standards and, as the products move into customer sales, the relevant costs are then amortised “back through” the P&L.

This is now taking place, so in FY26, Beeks moved £2.4m of costs into the Balance Sheet (capitalised development costs) but this was more than offset by a charge of £2.8m as the previously-capitalised costs are now being amortised. The policies have been correctly applied, and costs are now matching to their related revenues.

CAPITALISED DEVELOPMENT – NO LONGER BOOSTING THE BOTTOM LINE

Capitalised Development and Amortisation



Source: Company information

Contract Assets

Separately, the group recognises “contract assets” – effectively accrued income, as some revenue (Proximity Cloud and Analytics) will be recognised as sales in the P&L (at very high margin) at the time of delivery, but the invoicing will be phased over three to five years. This “contracted cash still to come” accounted for a reduction in cashflows in FY26 of some £6.8m and the overall Contract Asset amount is £17.7m in total. Again, as the business is expected to grow, this factor will represent a diminishing proportion of the total, and cash conversion should normalise.

The future – Market Edge and new offerings

Market Edge success

As well as good performances across the three longer-standing products (IaaS for Private/Public Cloud, Proximity Cloud and Exchange Cloud) the group was able to deliver an exceptional display from its new Market Edge AI platform. This allows customers to execute AI-driven analysis literally at the “edge” of their physical infrastructure – allowing trade decisions to be made as rapidly as possible, rather than data needing to be moved to a central analysis server or other platform. Customers benefit from more-rapid trading and gain an edge over other participants.

During FY26, these new products delivered almost £5m in revenue, with three contracts announced :

- Tier One global bank - \$4.8m over five years for one product area
- Existing customer - £0.5m over 34 months
- North American Exchange operator - \$3m over five years

The next wave – Beeks Global Network and AI Infrastructure

The group will continue to promote heavily its AI Market Edge and analytics products, but is also planning to launch two new offerings:

Beeks Global Network – this is a secure network and connectivity-based offering, only possible because Beeks now has presence (secure, robust and proprietary) in eight of the world’s leading exchange systems. By building an owned and managed connection between these locations, Beeks can offer customers the ability to transfer data across this network in a highly secured and high-speed way.

AI Infrastructure with OmniPhi – OmniPhi is a relatively new business, offering AI agentic trading systems to trading organisations around the world. Users will be able to build their own trading algorithms and processes, and OmniPhi creates trading agents able to execute trades in volume and in accordance with the customer’s chosen plans, within its “guardrails”. Beeks aims to partner with OmniPhi, offering trading infrastructure to sit “below” the agent’s activities, to provide information and to transmit order data. As with the other aspects of Beeks’ offering, confidentiality and security of both data and trading strategies are key.

Both Global Network and the AI Infrastructure offerings are planned for launch in early 2027, and both will generate monthly recurring revenue rather than one-off “point in time” sales. These products should, therefore, not just contribute to ongoing growth, but also diversify Beeks away from reliance on short-term deals – we look forward to product announcements and early customer wins in the New Year.

Financial Summary: Beeks Financial Cloud Group

Year end: June (£m unless shown)

PROFIT & LOSS	2024	2025	2026	2027E	2028E
Revenue	28.49	35.92	40.00	44.50	48.71
Adj EBITDA	10.73	13.62	16.10	17.58	19.50
Adj EBIT	3.80	4.16	6.10	7.27	10.06
Reported PBT	1.46	2.79	3.90	6.24	9.90
Fully Adj PBT	3.90	5.49	6.31	7.38	9.35
NOPAT	2.20	2.94	4.76	8.55	8.05
Reported EPS (p)	3.11	4.12	4.90	8.99	13.22
Fully Adj EPS (p)	6.36	7.60	7.62	10.04	12.72
Dividend per share (p)	0.00	0.00	0.00	0.00	0.00
CASH FLOW & BALANCE SHEET	2025	2026	2026E	2027E	2027E
Operating cash flow	5.64	3.87	5.78	8.87	12.91
Free Cash flow	(0.92)	(2.83)	0.50	3.43	4.62
FCF per share (p)	(1.37)	(4.20)	0.75	5.08	6.84
Acquisitions	0.00	0.00	0.00	0.00	0.00
Capex	(6.79)	(7.03)	(7.30)	(7.60)	(9.30)
Shares issued	0.00	0.00	0.00	0.00	0.00
Net cash flow	(4.96)	(5.53)	(2.00)	0.80	1.86
Overdrafts / borrowings	(1.12)	(0.40)	(4.74)	(4.74)	(4.74)
Cash & equivalents	7.70	7.36	5.37	6.17	8.03
Net (Debt)/Cash	6.58	6.96	0.63	1.43	3.29
NAV AND RETURNS	2025	2026	2026E	2027E	2027E
Net asset value	37.50	43.22	46.60	51.50	54.78
NAV/share (p)	55.57	64.05	69.07	76.32	81.19
Net Tangible Asset Value	16.74	19.79	17.21	14.71	12.48
NTAV/share (p)	24.81	29.33	25.50	21.80	18.50
Average equity	35.14	40.36	47.61	56.40	66.61
Post-tax ROE (%)	11.1%	13.6%	13.3%	13.1%	14.0%
METRICS	2024	2025	2026	2027E	2028E
Revenue growth	N/A	26.1%	11.4%	11.3%	9.5%
Adj EBITDA growth	N/A	26.9%	18.2%	9.2%	10.9%
Adj EBIT growth	N/A	9.5%	46.6%	19.3%	38.3%
Adj PBT growth	N/A	40.5%	15.0%	17.0%	26.7%
Adj EPS growth	N/A	19.5%	0.2%	31.8%	26.7%
Dividend growth	N/A	N/A	N/A	N/A	N/A
Adj EBIT margin	13.3%	11.6%	15.3%	16.3%	20.7%
VALUATION	2024	2025	2026	2027E	2028E
EV/Sales (x)	4.3	3.4	3.1	2.8	2.5
EV/EBITDA (x)	11.5	9.1	7.7	7.0	6.3
EV/NOPAT (x)	56.1	42.1	26.0	14.4	15.4
PER (x)	28.9	24.2	24.1	18.3	14.5
Dividend yield	N/A	N/A	N/A	N/A	N/A
FCF yield	(0.7%)	(2.3%)	0.4%	2.8%	3.7%

Source: Company information and Progressive Equity Research estimates

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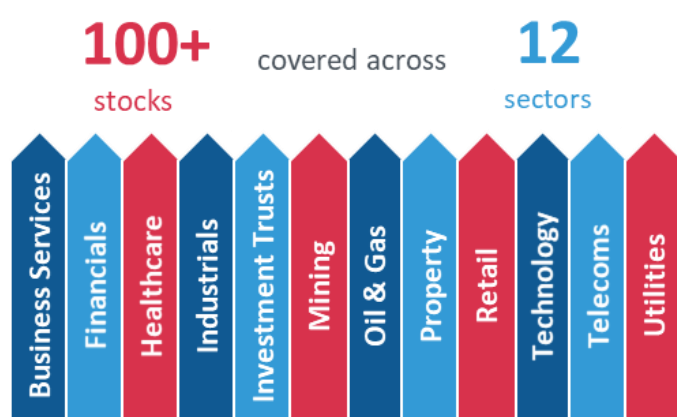
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