

Beeks Financial Cloud Group plc

("Beeks" or the "Company")

Final Results for the year ended 30 June 2021

27 September 2021 - Beeks Financial Cloud Group plc (AIM: BKS), a cloud computing and connectivity provider for financial markets, is pleased to announce its final results for the year ended 30 June 2021.

Financial highlights

- Revenues increased 24% to £11.62m (2020: £9.36m)
- Institutional revenue represents 91% of total revenue (FY20: 85%)
- Annualised Committed Monthly Recurring Revenue (ACMRR) up 23% to £13.8m (2020: £11.2m)
- Gross profit up 16% to £5.33m (2020: £4.57m)
- Underlying* EBITDA increased 24% to £4.14m (2020: £3.33m), including additional IFRS 16 adjustment in year of £0.13m (an increase of 20% excluding IFRS 16)
- Underlying profit before tax** increased 13% to £1.61m (2020: £1.43m)
- Underlying diluted EPS** 2.99p (2020: 2.45p)
- Net cash as at 30 June 2021 of £1.89m (30 June 2020: Net debt £0.75m)

** Underlying EBITDA is defined as earnings before amortisation, depreciation, finance costs, taxation, acquisition costs, share based payments and exceptional non-recurring costs*

*** Underlying profit before tax and underlying EPS excludes amortisation on acquired intangibles, acquisition costs, share based payments and exceptional non-recurring costs*

Operational Highlights

- Continued strong growth in tier 1 customer base
- Ongoing focus on innovative product development with the launch of two new products:
 - o Proximity Cloud, launched post year end, alongside a launch partner and with an initial \$1m of committed ACMRR which we consider to be a transformative solution for capital markets and financial services
 - o Analytics as a Service, which we consider to be an industry-first, cloud-neutral monitoring solution for the financial markets
- Continued investment in our team, with headcount increasing to 80 (30 June 2020: 65) primarily in revenue generating areas such as sales and marketing and product development to support our growth objectives
- Further expansion of our data centre geographies with operations now in Canada and Australia
- Successful integration of Velocimetrics into the business and rebranded as Beeks Analytics to reflect the broadening of Beeks' offering
- Developed and expanded operational partnerships with a number of counterparties including SGX, IPC and MEMX, increasing our ability to generate substantial revenue through these collaborations
- Joined the STAC Benchmark Council™ which comprises over 350 financial institutions and more than 50 vendor organisations to develop and promote the use of standard technology benchmarks

Outlook

- Positive market environment, notwithstanding the ongoing impact of Covid-19, and considerably increased sales pipeline
- Confident in securing additional Tier 1 customers in the year ahead
- ACMRR further increased to £14.8m at 31 August 2021 following a positive start to the new financial year

Statutory Equivalents

The above highlights are based on underlying results. Reconciliations between underlying and statutory results are contained within these financial information. The statutory equivalents of the above results are as follows:

- Profit before tax was £1.25m (2020: £0.68m)
- Basic EPS was 3.07p (2020: 1.13p)

Gordon McArthur, CEO of Beeks Financial Cloud commented:

"The prospects for Beeks have never been more promising. The successes with our tier 1 clients means we are now recognised as an established technology provider to financial markets, with a track record and compelling reference clients, providing us with a strong foundation to drive our business forward. Having completed the first stages of our product investment, our focus for the year ahead will be on sales execution and delivery for our customers. Whilst we continue to assess the ongoing impact of Covid-19 on our business and operations, and the pipeline of opportunities will take time to convert, this pipeline is at a record level which combined with the expansion opportunities within our current customer base gives us confidence in another strong year of growth ahead."

Beeks Financial Cloud Group plc

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ABOUT BEEKS FINANCIAL CLOUD

Beeks Financial Cloud is a leading cloud computing, connectivity and analytics provider for financial services. Our cloud-based Infrastructure-as-a-Service (IaaS) model allows financial organisations the flexibility and agility to deploy and connect to a variety of exchanges, trading venues and cloud service providers at a fraction of the cost of building their own networks and infrastructure. Based in the UK with an international network of 18 datacentres, Beeks supports its global customers at scale in the leading financial centres.

For more information, visit: www.beeksfinancialcloud.com

Chairman's statement

Beeks has delivered another strong performance in the year, in which the expansion of its tier 1 customer base has driven 24% growth in revenues. With financial institutions increasingly looking to the flexibility of the cloud to host their IT infrastructure, the Group increased investment in the year in its people, product and network, to capture more of this growing market, resulting in the successful launch of two new offerings, increasing its attractiveness and opportunity.

Revenues grew by 24% and underlying EBITDA also by 24%. The Group exited the year with £13.8m of Annualised Committed Monthly Recurring Revenue (ACMRR), an increase of 23%, providing the business with strong foundations for continued strong growth going forward.

While Covid-19 continued to present some challenges through the year, in terms of reduced access to datacentres, some increase in churn amongst smaller customers and elongation of sales cycles, the resilience of the recurring revenue model and strong progress within existing Tier 1 customers ensured the business delivered an overall positive trading result and the Group required the use of none of the various government furlough support schemes.

Following consultation with our shareholders during our equity raise in April, the Board has decided to change our dividend policy which has been in place since our IPO in November 2017. For the last few years we have been paying a modest dividend whilst continuing to re-invest in our business. Notwithstanding our solid balance sheet, the expected growth and investment into the business over the next few years, driven by Proximity Cloud has led us to take the decision that cash would be better re-invested in the business to compound growth for the benefit of shareholders in the medium term. Therefore subject to shareholder approval at the forthcoming Annual General Meeting, future dividend distributions are expected to be put on hold.

We were delighted to welcome of Kevin Covington to the Board as an independent Non-Executive Director in January 2021. Kevin has had more than 30 years' experience working internationally in the financial services industry for both vendors and banks, with a particular focus on M&A and advisory. He brings with him a wealth of industry knowledge and experience, having held a number of senior roles in the fintech space and has already made a valuable contribution to the Group.

I would like to thank all Beeks employees for their continued hard work, especially during these continuing challenging times. The Group has expanded considerably over the past 18 months, through the integration of the Velocimetrics team and new hires across the organisation, and yet there is a clear sense of shared purpose and passion which has been key to the success of the Beeks journey to date and will no doubt continue to propel it forward in the year ahead.

We have entered the new financial year in a strong position, with an expanding offering, customer base and market reach, and the Board is confident in continued success in this coming year and beyond.

Mark Cubitt

Chairman

24 September 2021

Strategic overview**Market Overview**

According to a 2020 report from Markets and Markets, the global cloud computing market size is expected to grow from USD 371.4 billion in 2020 to USD 832.1 billion by 2025.

The global cloud infrastructure services market to grow from USD 73.0 billion in 2019 to USD 166.6 billion by 2024, at a Compound Annual Growth Rate (CAGR) of 18.0% during the forecast period. The major growth drivers for the market include low costs, flexibility, scalability, and security. The cloud infrastructure service offerings provide accelerated Time-to-Market (TTM) and speedy application development and running processes.

Increased user and resource mobility, ongoing migration of applications over the cloud, and the emergence of more sophisticated

threats are leading organizations toward the adoption of hybrid cloud. Industries, such as BFSI, which prioritize compliance, security, and customer experience, opt for the hybrid deployment model¹.

Software as a Service model is expected to witness the highest adoption in the coming five years, as enterprises are deploying this service model to cut down on the CAPEX cost and focus on their core competencies instead of worrying about the IT infrastructure.

The complex nature of building and managing a latency sensitive infrastructure means financial enterprises are moving away from on premise data centres to third party facilities. We believe the decreased latency, increased flexibility and cost-benefits of Cloud computing that we facilitate will see a gradual long-term shift to this model. As Cloud adoption in financial services evolves, companies are finding that the benefits are not just about cost efficiencies but also to do with resilience, agility and innovation which brings additional opportunities for by-products such as analytics and scalable global connectivity.

Our addressable market is extensive with up to 20,000 financial institutions, a large percentage of which maintain their own IT infrastructure and are yet to move to the Cloud computing model.

In their 2020 report, Accenture reported on the new cloud imperative in capital markets and noted that while Capital Markets firms were once at the forefront of technology innovation, they now face being left behind by innovations from other industries.

The realisation is that incremental adoption of public cloud solutions could enable firms to keep pace, while also providing cost, revenue and agility benefits. To realize these benefits, firms should scale up from discrete, targeted cloud use cases and create a foundational enterprise-wide cloud layer.

Accenture concluded that cloud's scale, resiliency and continuous innovation mean it will likely form a critical part of every future business and technology roadmap².

Our innovations, enhanced product range, breadth of asset classes and growing number of Tier 1 customers, positions us well to benefit from the growth in the market for automated trading and the continued adoption of Cloud computing by financial services organisations.

¹ Markets and Markets

² Accenture

Business Model

Powered by Beeks

For over ten years Beeks has honed their infrastructure provision and software development approach in direct response to their customers' needs and requirements.

Beeks' mission is to deliver ultra-low latency compute power, ensure maximum security and optimise performance in the exceedingly fast-moving capital markets sector. Our global backbone of global data centres provide cloud deployment for capital markets and financial services customers, helping them to formulate a cloud strategy and replicate that in different regions.

The Group continues to operate successfully in a demanding, time-sensitive industry and is uniquely positioned to take advantage of the rapid acceleration of Cloud deployment in financial services and the growing need for analytics around those infrastructure environments. These latency sensitive environments need to be built, connected and analysed and Beeks is one of the few companies in the world that can provide this.

Our latest product evolution, Proximity Cloud is a pre-configured IAAS trading environment platform dedicated to the demands of capital trading markets and financial institutions and is our most comprehensive offering to date.

Proximity Cloud is a low latency private cloud product pre-built into a physical cabinet and delivered to site in a stand-alone rack. It comprises the whole range of functionality to be expected from Beeks Cloud, including resource management automation, full stack and trading analytics, packet capture, latency monitoring, high precision time services and support for MultiCast and UniCast datasets, and yet has the benefit of running on the client's own infrastructure and under the care of their own IT team - a pre-requisite for many of the world's largest financial organisations. With the ability to now offer fully hosted, or private cloud solutions, Beeks has the ability to cater to the requirements of all financial institutions, no matter their size.

The expansion into trading analytics and launch of Analytics as a Service expanded our product offering to include the required analytics around those infrastructure environments.

Beeks provides:

- Dedicated bare metal and virtual servers that host Capital Markets and financial services organisations in key financial data centres around the world
- Ultra-low latency connectivity between customers and key financial venues and exchanges
- Co-location for customers to position their own computing power in our space, benefitting from our proximity to financial hubs
- In-house security software in order to protect client infrastructure from cyber attacks
- The management of hybrid Cloud deployments for customers wishing to combine the Beeks IaaS with the public Cloud
- Our model focuses on efficiency and flexibility, offering our customers the ability to scale up and scale down as needed. Due to market fluctuations and the inherent risk involved in algorithmic trading, this makes our services highly desirable
- Beeks has a unique self-service customer portal that facilitates the same-day deployment of a host of services allowing customers to manage their own servers
- Beeks analytics: Comprehensive monitoring and performance analysis allows the user to independently track and analyse real-time performance of every single price, quote or trade traversing business critical processes

Strategy

Our purpose is to provide a global rapid deployment service using secure and scalable environments, both public and private, which are easy to consume for small, medium and large financial enterprises.

Our vision is to empower our clients to work with speed and agility, without the need for long-term contracts or commitments.

Our main strategic priority is to continue to grow our institutional customer base both for public, private and secure Cloud deployment as well as complementary analytics solutions, while maintaining our core low latency offering.

In order to satisfy existing demand and attract new customers, we will continue to develop innovative new products like Proximity Cloud. We also plan to expand into new asset classes and geographies, encouraged by the significant opportunities we have identified.

Strategic Report - Chief Executive's Review

Chief Executive's Review

Our vision is simple: Build. Connect. Analyse. Providing end to end outsourcing of financial services compute environments.

I am pleased to report on another year of consistent performance, in which we grew revenues, underlying EBITDA and Annualised Committed Monthly Revenues (ACMRR). Group revenue is increase derived from some of the world's largest institutions, transforming our long-term growth prospects. Beeks is now recognised as an established technology provider to financial markets, with a track record and compelling reference clients, providing us with a strong foundation to drive our business forward. Importantly, we have delivered on our investment objectives in the year, culminating in the launch post year end of our Proximity Cloud offering, alongside a launch partner and an initial \$1m contract.

The attractions of our expanding offering, our growing list of reference able clients and the expansion of our sales team, means we have seen continued strong growth in our tier 1 customer base, with nine now at various stages of deployment. These types of engagements take time to reach full levels of deployment and revenue contribution, providing considerable future expansion opportunity for the Group and a pathway to accelerated growth.

The significant investments made during this and the prior year across our platforms, teams, offering and operations, means we now have the right platform to take advantage of the rapid acceleration of Cloud deployment taking place across the financial services industry. We are continuing to see an increase in the number of financial services organisations taking advantage of the benefits of cloud infrastructure, providing a significant long-term opportunity for Beeks.

Financial performance

Revenue (excluding grant income) in the period grew by 24% to £11.62m (2020: £9.36m), resulting in an increase in underlying EBITDA of 24% to £4.14m (2020: £3.33m). The Group's business model drives high levels of recurring revenue, with over 93% of revenue recurring and customer retention remained within target.

Group ACMRR grew 23% to £13.8m at 30 June 2021, increasing from £11.2m at 30 June 2020. This figure further increased to £14.8m at 31 August 2021 following a positive start to the new financial year.

In line with our expectations, operating profit margin decreased in the Year, reflecting the significant investment in both the analytics and Proximity Cloud offerings, and the hiring of a Head of Sales in New York alongside additional sales, marketing and customer delivery teams. With phase 1 of Proximity Cloud now launched, and a growing proportion of our tier 1 customers now delivering revenue, operating margin is expected to increase in the years ahead.

Product Expansion

We have been commenting that FY21 would be the 'year of product', in which we would invest in our offering to enhance its value of to the Tier 1 segment of the financial services market, increasing our competitive positioning and addressable market. This has been successfully achieved and we now have a considerable enhanced offering, providing us with the ability to target a larger segment of the market, resulting in a growing average contract value and increased sales pipeline.

During the year, we launched Beeks Analytics as a Service. This is the first cloud-neutral network monitoring and trade analytics tool for the financial markets, providing further competitive differentiation and additional cross sale opportunities. A new customer secured in the year for the offering was the new [Members Exchange \(MEMX\)](#), the fastest growing U.S. equities exchange, following their review of packet capture, latency and analytics solutions for Capital Markets. We are now starting to see an increased number of new and cross-sell opportunities in our pipeline and expect this to be a contributor to revenue growth in the year ahead.

The second launch, just after the end of the year in August 2021, was of our Private cloud offering: Proximity Cloud. Throughout the year, we have invested considerable time and resources into its development, alongside our Network Automation activities, partly funded through the support of existing and new shareholders during the fund raise in April 2021.

Beeks Proximity Cloud is our most comprehensive offering to date, a private cloud offering specifically developed for capital market participants and financial institutions.

Crucially, the system has the ability to be deployed in a client site, running on the client's own infrastructure and under the care of their own IT team - a pre-requisite for many of the world's largest financial organisations. This new solution allows customer data to remain within their own environment, resulting in enhanced security and reduced data sovereignty issues.

Proximity Cloud eliminates some of the risks and a lot of the costs that come with in-house infrastructure solutions making it a lot easier to get value to the customer.

With a \$1m multiyear partner signed just four weeks after launch, the offering has the potential to be transformative for the Group's prospects over the medium term.

The private portal offered to Beeks customers has been updated to enable customers to more easily consume Beeks services, with point and click capability it improves the user interface for a better end-user experience as well as increasing cross-sell opportunities.

Partnership initiatives

In November 2020 we launched a service collaboration with Singapore Exchange (SGX), Asia's international, multi-asset exchange, operating securities, fixed income and derivatives markets. This new Co-location as a Service (CaaS) collaboration provides an on-demand virtual or bare metal dedicated infrastructure from the Beeks setup within SGX Co-Location Tier-1 rack space, and can be activated within 24 hours, reducing new trading participant time to market. This collaboration also allows Beeks to provide direct connectivity from Equinix SG1 into SGX for the first time, connecting customers between both locations within the Beeks infrastructure via private dark fibre.

Our partnership with IPC, a leading global provider of secure, compliant communications and highly secure cloud solutions for the global financial markets, continues to strengthen with the launch of an enhanced managed infrastructure offering. By expanding our strategic partnership, IPC continues to leverage a successful, proven model, with Beeks now becoming the foundational managed hosting infrastructure service provider for IPC's Connexus Infrastructure Services, powered by Beeks. This enhanced joint offering brings into the market an array of easy to deploy Beeks solutions.

Operational Expansion

This was another year of investment across the Group, in which we looked to expand our offering and our team in order to strengthen our position in the rapidly growing cloud computing market.

Headcount increased to 80 as at 30 June 2021, up from 65 as at 30 June 2020 primarily in revenue generating areas such as sales and marketing and product development to support our growth objectives, which included a new Head of Sales in New York who will be responsible for targeting Tier 1 customers.

Considerable progress has been made with the seven datacentres that were launched during the prior period: Singapore SG1, London LD8 and LD4.2, Paris PA1, Sydney, and NY2 and NY5 in New York. All locations are revenue generating. With operations now in all of the key trading centres around the world, we see less datacentre expansion moving forward.

We continue to invest in the Velocimetrix team, operations and product, as our ability to offer network analytics is a key attraction of our offering to Tier 1 customers. The revenue contribution from Velocimetrix was lower than anticipated, while product updates took place and investment was made in the senior management team. This coupled whilst operating within a COVID-19 environment resulted in a delay in signing new deals and overall a lower revenue generation than was expected at the time of acquisition. For prudence, the goodwill of Velocimetrix has therefore been impaired by £1m in the current year.

We have however considerably enhanced our offering and this is expected to contribute to revenue growth moving forward as evidenced post year end in August by securing a \$1.1 million multiyear analytics deal with a Tier 1 Bank for their Asia deployment. In addition, we see our analytics product as a key differentiating factor within the proximity cloud solution.

Our retail offering, which includes the Commercial Network Services (CNS) business, acquired in May 2019 experienced higher levels of churn during the year, due to the impact of COVID-19 on smaller organisations and individuals. As a result of this we are now accelerating the useful life of the customer list over five years rather than eight years. As this is now a considerably smaller part of our overall business the impact on Group revenue was minimal.

Following the year end in September 2021, we confirmed our purchase of new premises for our headquarters as planned, funded out of existing Company cash balances and a new debt facility of £1.5m taken post year end. Our head office will move from the Lumina Building to Riverside/Braehead in early 2022 after two years at our current address. This move follows our impressive growth over the past few years. These larger premises will provide the necessary space to fulfil our growth potential while also being able to accommodate our employees and customers in our new office as we continue to grow.

As a result of the impact of Covid-19, we are introducing and supporting a flexible 'hybrid working' model to Beeks, in line with all government guidelines and see this continuing in the year ahead.

We are committed to a short-term plan for a COVID-safe return including employee communication and reassurance about COVID-19 safe measures to ensure we are providing a safe working environment for everyone. Some of these measures include:

- Appropriate risk assessments
- Access to protective baseline measures such as effective hand hygiene facilities
- Face coverings to wear where you feel is appropriate
- Robust regular deep cleaning of the office and facilities

We will continue to build and maintain meaningful communications between employees and re-establishing corporate culture through a hybrid model.

Customer Expansion

Our customer base is growing and comprises of institutions, both Tier 1 and mid-tier as well as retail. We have a compelling offering for each of these customers, but it is institutional and in particular Tier 1 institutions which offer the greatest growth opportunity.

Institutional revenue represents 91% of total revenue, and we expect to see this figure increase as we grow our Tier 1 customer engagements and continue to add to our institutional client base.

We continue to see considerable expansion of the types of customer we support, with Beeks now catering for banks, brokers, hedge funds, crypto traders, exchanges, insurance organisations, financial markets technology providers and payments providers.

We have now nine Tier 1 customers at various stages of deployment, secured both directly and via our partner IPC, these contributed to 18% of overall revenue throughout the year. Our infrastructure, connectivity and analytics are being used to support customers in a range of financial services activities. Typically these services are trialled in one datacentre before being rolled out to additional Beeks locations. Of note in the year has been the expansion of two of our earliest Tier 1 customers.

We completed the successful full deployment of the first stage of an annualised \$1m global private Cloud solution for a global financial markets technology provider which has subsequently been extended to further geographies. Committed contract revenue at the year end was \$3m of annualised revenue and further reached \$3.7m by the end of August 21 with further expansion anticipated thereafter. Another of our Tier 1 customers, an open banking provider, has now expanded its initial £1.1m three-year contract, to 180% of the original commitment, again with further expansion opportunities ahead.

Future Growth and Outlook

The prospects for Beeks have never been more promising. The successes with our tier 1 clients means we are now recognised as an established technology provider to financial markets, with a track record and compelling reference clients, providing us with a strong

foundation to drive our business forward. Having completed the first stages of our product investment, our focus for the year ahead will be on sales execution and delivery for our customers. Whilst we continue to assess the ongoing impact of Covid-19 on our business and operations, and the pipeline of opportunities will take time to convert, this pipeline is at a record level which combined with the expansion opportunities within our current customer base gives us confidence in another strong year of growth ahead.

Gordon McArthur

CEO

24 September 2021

Strategic Report - Financial Review

KEY PERFORMANCE INDICATOR REVIEW

	2021	2020	Growth
Revenue	£11.62m	£9.36m	24%
ACMRR	£13.8m	£11.2m	23%
Underlying Gross margin	49.6%	50.8%	(1%)
Underlying EBITDA*	£4.14m	£3.33m	24%
Underlying EBITDA margin*	35.7%	35.6%	0%
Underlying profit before tax**	£1.61m	£1.43m	12%
Underlying EPS (note 24) **	3.14p	2.52p	25%
Dividend per share	0.20p	0.35p	(43%)

^ Underlying gross margin is statutory gross margin excluding other income and acquired amortisation costs

* Underlying EBITDA is defined as earnings before amortisation, depreciation, finance costs, acquisition costs, share based payments, taxation and exceptional costs.

** Underlying profit before tax and underlying EPS excludes amortisation on acquired intangibles, acquisition costs, share based payments and exceptional non-recurring costs.

Revenue

FY21 was a good year in terms of revenue growth. Group revenues grew by 24% to £11.62m (2020: £9.36m), through the combination of continued organic growth and the full year impact of last year's acquisition of Velocimetrix (now referred to as Beeks Analytics). The analytics business contributed £1.3m revenue to the overall Group. Refer to the Financial Review for a further breakdown of the Group's revenues 93% of revenues were recurring with Tier 1 customers now representing 18% of delivered revenue (2020: 11%).

Gross Profit

Underlying gross profit earned increased 21% to £5.76m (2020: £4.75m), with gross margin largely similar to last year. Following the seven new Datacentres last year, we added Toronto this year and now have presence in all of the strategic financial hubs across the world. The Group has continued to invest in capacity to support our increased revenues and customer growth. In relation to sales growth, fixed asset investment and therefore depreciation has increased at a higher rate, partly due to the timing of sales order to revenue recognition and the longer sales cycle we have seen in the Tier 1 space. The Group has continued to invest in developing innovative technology solutions such as the customer portal and the network automation project, and has incurred internal net capitalised development costs to date of £2.74m (2020: £1.34m).

Other Operating Expenses

Operational costs, which are defined as operating expenses less exceptional costs, share based payments and non-recurring costs, have increased by £0.8m as we support both a growing and more mature customer base and to gear up for future growth plans. Overall, they increased by 27% to £3.9m (2020: £3.0m). Our headcount over the year has grown to 80 (2020: 65). We had an average headcount of 73 throughout the year (2020: 41) therefore gross staff costs have increased by £1.9m, from £2.5m to £4.4m. A high proportion of recruitment has been across our software development function to support our Proximity Cloud development therefore net staff costs (after capitalisation) has increased by 11%. We have recruited in some other key areas including sales and HR. Most of our recruitment has been to support future product and sales growth with a relatively small increase in support staff given our automation and self-service strategy.

Earnings before interest, tax, depreciation, amortisation and exceptional non-recurring costs ("Underlying EBITDA") increased by 24% to £4.14m (2020: £3.33m). The growth in Underlying EBITDA has been driven by continued organic revenue growth.

Underlying EBITDA, underlying profit before tax and underlying earnings per share are alternative performance measures, considered by the Board to be a better reflection of true business performance than statutory measures only.

	Year ended 30 June 2021	Year ended 30 June 2020
	£'000	£'000
PROFIT BEFORE TAX		

Profit before tax for the year	1,255	678
Add back:		
Acquisition costs/post acquisition integration costs	140	205
Share Based payments	546	312
Other Non-recurring costs	165	61
Amortisation of acquired intangibles	806	237
Impairment of goodwill	994	-
Deduct:		
Write back of contingent consideration	(1,989)	-
Grant income	(309)	(59)
Underlying profit for the period	1,608	1,434

Underlying Profit before tax increased to £1.61m (2020: £1.43m).

Taxation

The effective tax rate ('ETR') for the period was -27.81%, (2020: 15.2%).

The ETR has substantially reduced in the current year. The overall effective tax rate has benefitted from the non-taxable element of contingent consideration, deferred tax on share options not previously recognised and prior year adjustments for R&D claim.

Earnings per Share and Dividends

Underlying earnings per share increased 25% to 3.14p (2020: 2.52p). Underlying diluted earnings per share increased to 2.99p (2020: 2.45p).

Basic earnings per share increased to 3.07p (2020: 1.13p). The significant increase in basic EPS has benefited from the gain on the revaluation of the contingent consideration in statutory profit after tax and the tax credit in the year. Diluted earnings per share has also increased to 3.07p driven by the increased underlying profitability and tax credits (2020: 1.13p).

Following consultation with our shareholders during our equity raise in April, the Board has decided to change our dividend policy which has been in place since our IPO in November 2017. For the last few years we have been paying a modest dividend whilst continuing to re-invest in our business. Notwithstanding our solid balance sheet, the expected growth and investment into the business over the next few years, driven by Proximity Cloud has led us to take the decision that cash would be better re-invested in the business to compound growth for the benefit of shareholders in the medium term. Therefore subject to shareholder approval at the forthcoming Annual General Meeting, future dividend distributions are expected to be put on hold.

Contingent Consideration

Following the acquisition of VMX (now Beeks Analytics) last year, the Group provided for the likelihood of an earn out target being met during this financial year. This earn out was based on achieving a very challenging performance target for this year only, which has not been met.

The revenue contribution from Velocimetrics was lower than anticipated, while product updates took place and investment was made in the senior management team. This coupled whilst operating within a COVID-19 environment resulted in a delay in signing new deals and overall a lower revenue generation than was expected at the time of acquisition.

The earn out deal was structured in a way that missing the revenue targets was binary and that not achieving the targets would mean a pay out to the previous owners of nil. The quantum and timing of the new deals, of which one was signed post year end, was key in achieving the minimum revenue earn out target. The contingent consideration of £2m therefore is fully released to the income statement this year.

Having performed a full impairment assessment including modelling projected cash flows, weighted sales pipeline, with appropriate discount rates and a range of sensitivities and analysis of CGUs, it was concluded that prudently the goodwill was impaired by £1m.

We fully expect the Beeks Analytics business to be an integral part of our business going forward and the pipeline across the customer base and product suite remains strong, as evidenced post year end in August by securing a \$1.1 million multiyear analytics deal with a Tier 1 Bank for their Asia deployment.

We continue to invest in the Analytics team, operations and product, as our ability to offer network analytics is a key attraction of our offering to Tier 1 customers. We also believe the analytics product to be an integral part of the new proximity cloud offering.

Statement of Financial Position and Cash flows

The statement of financial position shows an increase in total assets to £22.9m (2020: £16.8m). Our Equity Raise in April 2021 saw us strengthen our balance sheet by raising net proceeds of £4.8m to fund the next stage of our growth and to finance our Proximity Cloud offering. We referred to 2021 as our "Year of Product" and have made significant investment in our self-service portal and network automation projects of £2.0m (2020: £0.8m), offset by depreciation and amortisation and further helped by the Scottish Enterprise Grant award of which £0.6m was recognised against the software intangible for the year. Investment in property, plant and equipment was again significant with over £4.7m (2020: £2.8m) of additions throughout our expanding global network made during the year.

During the year we moved banks from Royal Bank of Scotland to Barclays, repaying historic terms loans of £1.8m and replacing them with a new loan at more favourable terms. We also now have access to a new revolving credit facility of £2.2m which matures in December 2022. Our net cash at the end of the year is £1.89m (30 June 2020: net debt £0.75m) and gross borrowings at £1.49m are 0.36x Underlying EBITDA of £4.15m which we believe is a very comfortable level of debt to carry given the recurring revenue

business model and strong cash generation.

At 30 June 2021 net assets were £13.8m compared to net assets of £6.7m at 30 June 2020.

Fraser McDonald

Chief Financial Officer

24 September 2021

**Beeks Financial Cloud Group PLC
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2021**

	Note	2021 £000	2020 £000
Revenue	3	11,615	9,360
Other Income	3	309	59
Cost of sales		(6,591)	(4,845)
Gross profit		5,333	4,574
Administrative expenses		(5,783)	(3,619)
Operating (loss)/profit	4	(450)	955
Analysed as			
Earnings before depreciation, amortisation, acquisition costs, share based payments and non-recurring costs:		4,452	3,394
Depreciation	10	2,020	1,474
Amortisation - acquired intangible assets	9	806	237
Amortisation - other intangible assets	9	231	150
Impairment of intangible assets	9	994	-
Non-recurring acquisition integration costs	4	140	205
Share based payments	20	546	312
Other non-recurring costs	4	165	61
Operating (loss)/profit		(450)	955
Gain on revaluation of contingent consideration	15	1,989	-
Finance income		5	2
Finance costs	5	(289)	(279)
Profit before taxation		1,255	678
Taxation	8	349	(103)
Profit after taxation for the year attributable to the owners of Beeks Financial Cloud Group PLC		1,604	575
Other comprehensive income			
<i>Amounts which may be reclassified to profit and loss</i>			
Currency translation differences		(157)	43
Total comprehensive income for the year attributable to the owners of Beeks Financial Cloud Group PLC		1,447	618
Basic earnings per share	24	Pence 3.07	Pence 1.13
Diluted earnings per share	24	3.07	1.13

The above income statement should be read in conjunction with the accompanying notes.

**Beeks Financial Cloud Group PLC
Consolidated Statement of Financial Position
As at 30 June 2021**

2021

2020

	Note	£000	£000
Non-current assets			
Intangible assets	9	6,008	6,741
Property, plant and equipment	10	10,390	6,755
Deferred tax	11	896	380
		17,294	13,876
Current assets			
Trade and other receivables	12	2,210	1,525
Cash and cash equivalents	13	3,372	1,433
		5,582	2,958
Total assets		22,876	16,834
Liabilities			
Non-current liabilities			
Borrowings	16	896	1,461
Lease liabilities	16	2,210	1,991
Contingent consideration due on acquisitions	15	-	1,957
Deferred tax	11	617	531
Total non-current liabilities		3,723	5,940
Current liabilities			
Trade and other payables	17	4,143	2,449
Contingent consideration	15	-	488
Lease liabilities	16	656	544
Borrowings	16	589	697
Total current liabilities		5,388	4,178
Total liabilities		9,111	10,118
Net assets		13,765	6,716
Equity			
Issued capital	19	70	64
Share premium	21	9,452	4,309
Reserves	19	1,261	909
Retained earnings		2,982	1,434
Total equity		13,765	6,716

The financial statements were approved by the Board of Directors on 24 September 2021 and were signed on its behalf by:

Gordon McArthur, Chief Executive Officer,
Beeks Financial Cloud Group Plc,
Company number: SC521839

The above statement of financial position should be read in conjunction with the accompanying notes.

Beeks Financial Cloud Group PLC
Consolidated Statement of Changes in Equity
As at 30 June 2021

	Issued capital £000	Foreign currency reserve £000	Merger reserve £000	Other reserve £000	Share based payments £000	Share premium Reserve £000	Retained earnings £000	Total equity £000
As at 1 July 2019	64	102	372	(315)	63	4,309	1,037	5,632
Profit after income tax expense for the year	-	-	-	-	-	-	575	575
Currency translation difference	-	43	-	-	-	-	-	43
Total comprehensive income	-	43	-	-	-	-	575	618
Deferred tax	-	-	-	-	-	-	-	-
Issue of share capital	-	-	333	-	-	-	-	333
Share based payments	-	-	-	-	311	-	-	311

Dividends paid						(178)	(178)
Total transaction with owners	-	-	333	-	311	-	(178) 466
Balance at 30 June 2020 and 1 July 2021	64	145	705	(315)	374	4,309	1,434 6,716
Profit after income tax expense for the year	-	-	-	-	-	-	1,604 1,604
Currency translation difference	-	(157)	-	-	-	-	- (157)
Total comprehensive income	-	(157)	-	-	-	-	1,604 1,447
Deferred tax	-	-	-	-	-	-	86 86
Issue of share capital	6	-	-	-	-	5,143	- 5,149
Share based payments	-	-	-	-	547	-	- 547
Exercise of share options	-	-	-	-	(38)	-	38 -
Dividends paid	-	-	-	-	-	-	(180) (180)
Total transaction with owners	6	-	-	-	509	5,143	(56) 5,602
Balance at 30 June 2021	70	(12)	705	(315)	883	9,452	2,982 13,765

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Beeks Financial Cloud Group PLC Consolidated Cash Flow Statement For the year ended 30 June 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Profit before taxation for the year		1,255	678
Adjustments for:			
Depreciation and amortisation		3,059	1,861
Share options		546	312
Gain on revaluation of contingent consideration		(1,989)	-
Impairment		994	-
Foreign exchange		(6)	17
Interest received		(5)	(2)
Finance fees and interest		190	192
Operating cash flows		4,044	3,058
(Increase) in receivables		(874)	(419)
Increase/ (decrease) in payables		2,336	678
Operational cash flows after movement in working capital		5,506	3,317
Corporation tax paid		(33)	(23)
Net cash inflow from operating activities		5,473	3,294
Cash flows from investing activities			
Capitalised development costs	9	(2,005)	(720)
Payments for property, plant and equipment	10	(4,746)	(2,819)
Payments for prior period acquisition		(555)	(750)
Proceeds from grant income		669	115
Net cash (outflow)/ inflow from investing activities		(6,637)	(4,174)
Cash flows from financing activities			
Repayment of existing loan borrowings		(3,736)	(324)
Dividends paid		(180)	(178)
Lease liabilities		(485)	(731)
Interest on lease liabilities		(99)	(87)
Deferred consideration		(460)	-

Finance fees and interest	5	3,190	1,485
Interest received		5	2
Proceeds from the issue of share capital		5,198	-
Net cash outflow from financing activities		3,103	(25)
Net increase/(decrease) in cash and cash equivalents		1,939	(905)
Cash and cash equivalents at beginning of year		1,433	2,338
Cash and cash equivalents at end of year	13	3,372	1,433

The above cash flow statement should be read in conjunction with the accompanying notes.

Beeks Financial Cloud Group PLC **Notes to the Consolidated Financial Information** **For the year ended 30 June 2021**

1. Summary of significant accounting policies

BASIS OF PREPARATION

The financial information set out in the announcement does not constitute the Group's statutory accounts for the years ended 30 June 2021 and 30 June 2020 within the meaning of section 434 of the Companies Act 2006. The financial information for the year ended 30 June 2020 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The financial information for the year ended 30 June 2021 is derived from the statutory accounts for that year which were approved by the directors on 24 September 2021. The statutory accounts for the year ended 30 June 2021 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors reported on those accounts; their report was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The financial information have been prepared on the historical cost basis except for the valuation of certain financial instruments that are measured at fair values at each reporting period, as explained in the accounting policies below.

The measurement bases and principle accounting policies of the group are set out below and are consistently applied to all years presented unless otherwise stated.

Adoption of new and revised Standards - amendments to IFRS that are mandatorily effective for the current year

The Group applied the amendments to IAS 1 and IAS 8 Definition of Material for the first time as this is effective for annual periods beginning on or after 1 January 2020. The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it

GOING CONCERN

The Directors have assessed the current financial position of Beeks Financial Cloud Group PLC, taking account of its business activities, together with the factors likely to affect its future development, performance and position as set out in the Strategic Report.

The key factors considered by the Directors were:

- historic and current trading and profitability of the Group,
- the rate of growth in sales both historically and forecast,
- the competitive environment in which the group operates,
- the current level of cash reserves,
- current level of debt obligations
- Ability to comply with existing covenants
- Potential further impact of Covid-19
- the finance facilities available to the Group, including the availability of any short term funding required.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, including the potential impact of Covid-19. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Report.

In the past eighteen months since the response to the Covid-19 pandemic was initiated in the UK, there has been limited impact on Beeks' trading from Covid-19. We take great comfort from the resilience of our business model and are fortunate that we are not significantly exposed to the industries that are suffering the worst effects. The level of customer churn across our business has remained low and cash collection has been in line with our typical profile. We do however remain vigilant to the economic impact the ongoing situation may create, particularly on the SME segment

of the market. Note 1 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The directors are of the opinion that the Group can operate within their current debt facilities and

comply with its banking covenants. At the end of the financial year, the Group had net cash of £1.9m (2020: Net debt £0.75m) a level which the Board is comfortable with given the strong cash generation of the Group and low level of debt to EBITDA ratio. The Group has a diverse portfolio of customers with relatively low customer concentration which are split across different geographic areas. As a consequence, the directors believe that the Group is well placed to manage its business risks.

The directors have considered the Group budgets and the cash flow forecasts for the next two financial years, and associated risks, including the potential impact of Covid-19, and the availability of bank and leasing facilities. We have run appropriate scenario and stress tests applying reasonable downside sensitivities and are confident we have the resources to meet our liabilities as they fall due including mitigating actions to take should some loan facilities not be made available at the end of current terms, which is December 2022 and coincides with the end of management's assessment period. Within these scenarios, we have taken into consideration the acquisition of the property referenced in the subsequent events section. After making enquiries, the directors have a reasonable expectation that the Group will be able to meet its financial obligations and has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Accordingly, the Directors have adopted the going concern basis in preparing the Report for the year ending 30 June 2021.

REVENUE RECOGNITION

Revenue arises from the provision of Cloud-based localisation. To determine whether to recognise revenue, the group follows a 5-step process as follows:

1. Identifying the contract with a customer
2. Identifying the performance conditions
3. Determining the transaction price
4. Allocating the transaction price to the performance conditions
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at transaction price, stated net of VAT and other sales related taxes, if applicable.

Infrastructure services

The group's core business provides managed Cloud computing infrastructure and connectivity. The Group considers the performance obligation to be the provision of access and use of servers to our clients. As the client receives and consumes the benefit of this use and access over time, the related revenue is recognised evenly over the life of the contract.

Monitoring software and maintenance services

Following the acquisition of Velocimetrix, the group also provides software products that analyse and monitor IT infrastructure. Revenue from the provision of software licences is split between the delivery of the software licence and the ongoing services associated with the support and maintenance. The supply of the software licence is recognised on a point in time basis when control of the goods has transferred, being the delivery of the item to the customer, whilst the ongoing support and maintenance service is recognised evenly over the period of the service being rendered on an over time basis. The group applies judgement to determine the percentage of split between the licence and maintenance portions, which includes an assessment of the pricing model and comparison to industry standards

Revenue from the provision of perpetual licences in exchange for a minimum guaranteed royalty fee, is recognised at a point in time basis when the delivery of the item is complete.

Set up fees

Set up fees charged on contracts are reviewed to consider the material rights of the set-up fee. When a set-up fee is arranged, Beeks will consider the material rights of the set-up fee, if in substance it constitutes a payment in advance, the set-up fee will be deemed to be a material right. The accounting treatment for both material rights and non-material rights set-up fees is as follows:

- Any set up fees that are material rights are spread over the group's average contract term
- Set up fees that are not material rights are recognised over the enforceable right period, i.e. 1 to 3 months depending on the termination period

Revenue in respect of installation or training, is recognised when delivery and installation of the equipment is completed on a point in time basis.

Hardware and software sales

Revenue from the supply of hardware or software is recognised when control of the goods has transferred, being when delivery to the customer of the item is completed, on a point in time basis.

The Group has concluded it acts as a principal in each sales transaction vs an agent. This has been determined by giving consideration to whether the Group holds inventory risk, has control over the pricing over a particular service, takes the credit risk, and whether responsibility ultimately sits within the Group to service the promise of the agreements.

Professional services and training services

Revenue from Consultancy services are recognised as these services are rendered and the performance obligation satisfied. Any unearned portion of revenue (i.e. amounts invoiced in advance of the service being provided) is included in payables as deferred revenue.

Revenue recognised over time and at a point in time is disclosed at note 3 of the notes to the financial statements.

GOVERNMENT GRANT INCOME

Grants from Government agencies are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is deducted from carrying amount of the intangible asset over the expected useful life of the related asset. Note 3 Revenue provides further information on Government grants.

EXCEPTIONAL COSTS

The Group defines exceptional items as costs incurred by the Group which relate to material non-recurring costs. These are disclosed separately where it is considered it provides additional useful information to the users of the financial statements.

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 financial statements. 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.

3. 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 directors.

During the year ended 30 June 2021, the Group was organised into three main business segments for revenue purposes, institutional, private and analytics customers. The group added analytics as a segment during the year, as the Group benefited from a full year's revenue generation following the acquisition of Velocimetrix Ltd in April 2020. 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.

Revenues by operating segment, further disaggregated are as follows:

	Year ended 30/06/21 (£'000)				Year ended 30/06/20 (£'000)			
	Institutional	Retail	Analytics	Total	Institutional	Retail	Analytics	Total
Point over time								
Infrastructure as a service	8,701	1,080	-	9,781	7,127	1,365	-	8,492
Maintenance Professional	-	-	685	685	-	-	158	158

Services	146	-	42	187	39	-	-	39
Point over time total	8,847	1,080	727	10,653	7,166	1,365	158	8,688
Point in time								
Hardware/Software resale	299	-	38	337	486	-	-	486
Software licences	-	-	556	556	-	-	134	134
Set up fees	69	-	-	69	52	-	-	52
Point in time total	368	-	594	962	538	-	134	672
Total revenue	9,215	1,080	1,321	11,615	7,704	1,365	291	9,360

Revenues by geographic location are as follows:

United Kingdom	3,214	2,720
Europe	2,282	1,180
United States	2,003	1,906
Rest of World	4,116	3,554
Total	11,615	9,360

Non-Current Assets by geographic location are as follows:

United Kingdom - Property, plant and equipment	3,980	2,028
Europe - Property, plant and equipment	727	478
Rest of World - Intangible assets	4,640	4,458
Rest of World - Goodwill	1,368	2,283
Rest of World - Property, plant and equipment	3,878	3,003
US - Property, plant and equipment	1,805	1,246
Total Non-Current Assets	16,398	13,496

Intangible assets have been classified as "Rest of World" due to the fact they represent products that are available to customers throughout the World as well as the US intangible assets referred to in note 9.

The Group has taken advantage of the practical expedient permitted by IFRS 15 and has therefore not disclosed the amount of the transaction price allocated to unsatisfied performance obligations or when it expects to recognise that revenue, as the majority of contracts have an expected duration of less than one year. Longer term contracts continue to be paid on a monthly basis.

During the year, £309k was recognised in other income for grant income received from Scottish Enterprise.

4. Operating Profit

Operating Profit is stated after charging:

	2021	2020
	£000	£000
Staff costs (note 6)	4,408	2,526
Depreciation (note 10)	1,396	891
Depreciation right-of-use assets (note 10)	626	583
Amortisation of acquired intangibles (note 9)	806	96
Amortisation of other intangibles (note 9)	231	291
Other cost of sales*	3,319	2,984
Impairment of intangible (note 9)	994	-
Foreign exchange losses	47	17
Non-recurring acquisition integration costs	140	205
Share based payments (note 20)	546	312
Other non-recurring costs - refinancing	37	-
Other non-recurring costs - head office relocation	25	-
Other non-recurring costs	103	61

*Included within other cost of sales are the direct

costs associated with the business including data centre connectivity, software licences, security and other direct support costs

Auditors remuneration

Audit

Auditors services

Fees payable for the audit of the consolidation and the parent company accounts including the audit of the acquisition

Fees payable for the audit of the subsidiaries

Non Audit

Fees payable for the interim review of the group

2021
£000

2020
£000

37

34

28

27

5

10

70

71

5. Finance costs

2021
£000

2020
£000

Bank charges

92

89

Loans and leasing

197

190

Total finance costs

289

279

6. Average number of employees and employee benefits expense

2021
£000

2020
£000

Including directors, the average number of employees (at their full time equivalent) during the year was as follows:

Management and administration

25

12

Support and development staff

48

29

Average numbers of employees

73

41

The employee benefits expense during the year was as follows:

Wages and salaries

3,870

2,214

Social security costs

453

265

Other pension costs

86

46

Total employee benefits expense

4,408

2,526

Share based payments (note 20)

546

312

Wages and salaries directly attributable to the development of R&D products are capitalised in intangible assets (note 9).

7. Directors emoluments

2021
£000

2020
£000

Aggregate remuneration in respect of qualifying services

221

258

Aggregate amounts of contributions to pension schemes in respect of qualifying services

4

5

Gain on exercise of options

43

-

Total Directors' emoluments

268

263

Highest paid director - aggregate remuneration (excluding share based payments)

104

96

There are two directors (2020: two) who are accruing retirement benefits in respect of qualifying services.

8. Taxation expense

	2021 £000	2020 £000
Current tax		
UK tax	(32)	(16)
Foreign tax on overseas companies	28	25
Total current tax	(4)	9
Origination and reversal of temporary differences	(345)	94
Total deferred tax	(345)	94
Tax on profit on ordinary activities	(349)	103

The differences between the total tax credit above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax, together with the impact of the effective tax rate, are as follows:

	2021 £000	% ETR movement	2020 £000	% ETR movement
Profit before tax	1,255		678	
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	238	19%	129	19%
Effects of:				
Expenses not deductible for tax purposes	(81)	(6.45%)	33	4.87%
R&D tax credits relief	(95)	(7.57%)	(72)	(10.62%)
Income not taxable	(377)	(30.04%)	(0.01)	(0.00%)
Share option deduction	9	0.72%	59	8.70%
Prior year over-provision	(32)	(2.55%)	-	-
Prior year deferred tax adjustments	(73)	(5.82%)	(49)	(7.23%)
Adjustment for tax rate differences	58	4.62%	-	-
Foreign tax suffered	4	0.32%	2	0.29%
Other	-	-	1	0.15%
Total tax charge	(349)	(27.81%)	103	15.19%
The effective tax rate ('ETR') for the year was -27.81%, (2020: (15.2%)).				

	UK unrelieved trading losses	Foreign unrelieved trading losses	Total unrelieved trading losses	Tax effect
	£000	£000	£000	£000
As at 1 July 2020	547	-	547	104
Recognised during the year	1,856	-	1,856	353
As at 30 June 2021	2,403	-	2,403	457

9. Intangible assets

	Acquired Customer lists £000	Development Costs £000	Trade name £000	Goodwill £000	Total £000
Cost					
Balance at 1 July 2019	1,383	821	-	519	2,723
Acquisition of trading assets	1,097	1,253	137	1,846	4,333
Additions	-	720	-	-	720
Grant funding received	-	(221)	-	-	(221)
Foreign exchange movements	53	-	-	-	53
Balance at 30 June 2020	2,533	2,573	137	2,365	7,608
Additions	-	1,977	-	28	2,005
Grant funding received	-	(560)	-	-	(560)

Foreign exchange movements	(150)	-	-	(57)	(207)
As at 30 June 2021	2,383	3,990	137	2,336	8,846
Accumulated Depreciation					
Balance at 1 July 2019	(402)	(101)	-	9	(494)
Charge for the year	(150)	(230)	(7)	-	(387)
Foreign exchange movements	-	-	-	14	14
Balance at 30 June 2020	(552)	(331)	(7)	23	(867)
Charge for the year	(277)	(733)	(27)	-	(1,037)
Impairment	-	-	-	(994)	(994)
Foreign exchange movements	56	-	-	3	59
As at 30 June 2021	(773)	(1,064)	(34)	(968)	(2,839)
N.B.V. 30 June 2020	1,981	2,242	130	2,388	6,741
N.B.V. 30 June 2021	1,611	2,926	103	1,368	6,008

Included within Customer lists are customer relationships in relation to the acquisition of CNS of £1.0m. During the year, the Group has elected to reduce the remaining useful life of the asset, which has been revised from 8 to 4 years. The impact on the current and remaining 4 years is an additional annual depreciation charge of £0.07m. Also included are customer relationships in relation to the VMX business of £1.1m with a useful life of 10 years.

Development costs have been recognised in accordance with IAS 38 in relation to the creation of the company's self-service portal, website and cyber-attack prevention software (DDoS). As at 30 June 2021 the remaining useful lives of these assets are 1 year and 7 months, 1 year and 6 months and 1 year and 5 months respectively. Development costs also include £1.3m of acquired VMX software which is being amortised over a useful life of five years. In addition, there are £1.3m of development costs relating to the network automation project and £0.6m development costs relating to analytics development, which has yet to be amortised. All costs incurred during the preliminary stages of development projects are charged to the income statement.

Impairment test for goodwill

For this review, goodwill was allocated to individual cash generating units (CGU) on the basis of the Group's operations as disclosed in the segmental analysis. As the Board reviews results on a segmental level, the Group monitors goodwill and annually assesses it on the same basis for impairment.

The carrying value of goodwill by each CGU is as follows:

	2021	2020
	£000	£000
Beeks Analytics	883	1,846
Retail	109	122
	376	420
Institutional		
Total goodwill	1,368	2,388

The recoverable amount of all CGUs has been determined by using value-in-use calculations, estimating future cash inflows and outflows from the use of the assets and applying an appropriate discount rates to those cash flows 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 prepare forecasts for future trading over a useful life period of up to five years.

These cash flow projections are based on financial budgets and market forecasts approved by management using a number of assumptions including;

- Ø Historic and current trading
- Ø Weighted sales pipeline
- Ø Potential changes to cost base (including staff to support the CGU)
- Ø External factors including competitive landscape and market growth potential

Forecasts that go beyond the approved budgets are based on long term growth rates on a macro-economic level.

Management performed a full impairment assessment on the goodwill of Beeks Analytics. This included including modelling projected cash flows based on the current weighted sales pipeline, a discount rate based on the calculated pre-tax weighted average cost of capital (15.5%) and cost base assumptions that included contingency and investment to deliver against the weighted sales pipeline. A mid-term growth rate (post sales pipeline) from year 2 was assumed at 3% and a terminal value of 2% was used following the 5 year cash flow projection. Sensitivities were then performed against a range of possible downside scenarios including further weighting against the sales pipeline and changing of the discount rate. It was noted that a 1% change on the discount rate would impact the future net

present value of the future cash flows by £0.2m.

Management concluded, based on the range of possible outcomes, and sensitivity of both the sales pipeline and discount rate, that an impairment charge of £1.0m should be processed against goodwill.

For institutional and retail goodwill, a pre-tax discount rate, that reflects current market assessments of the time value of money and the risks specific to these asset, of 12% and 14.5% was used. Based on an analysis of the impairment calculation's sensitivities to changes in key parameters (growth rate, discount rate and post-tax cash flow projections) there was no reasonably possible scenario where these recoverable amounts would fall below their carrying amounts therefore as at 30 June 2021, no change to the impairment provision against the carrying value of intangibles was required for institutional or retail goodwill. The revaluation of these from prior year represents exchange adjustment only.

10. Non-current assets - Property, plant and equipment

	Computer equipment £000	Office equipment £000	Leasehold Property and improvement £000	Total £000
Cost				
Balance at 1 July 2019	4,839	23	-	4,862
Acquisition of subsidiaries	6	-	-	6
Additions	2,784	35	2,993	5,811
Disposals	(39)	-	-	(39)
Balance at 30 June 2020	7,590	58	2,993	10,641
Exchange adjustments	(12)	-	-	(12)
Additions	4,733	13	915	5,661
As at 30 June 2021	12,311	71	3,908	16,290
Depreciation				
Balance at 1 July 2019	(2,411)	(11)	-	(2,422)
Charge for the year	(873)	(12)	(589)	(1,474)
Disposals	10	-	-	10
Balance at 30 June 2020	(3,274)	(23)	(589)	(3,886)
Charge for the year	(1,381)	(15)	(626)	(2,022)
Exchange adjustments	8	-	-	8
As at 30 June 2021	(4,647)	(38)	(1,215)	(5,900)
N.B.V. 30 June 2020	4,316	35	2,404	6,755
N.B.V. 30 June 2021	7,664	33	2,693	10,390

Of the total additions in the year of £5.6m, £0.9m relates to right-of-use assets.

Short term leases have been accounted for in accordance with the recognition exemption in IFRS 16 and hence related payments are expensed as incurred. The Group has also made use of the option to apply the recognition exemption for low value assets, which means that related payments have been expensed as incurred.

All revenue generating depreciation charges are included within cost of sales. Non-revenue generating depreciation charges are included with admin costs.

11. Non-current assets - Deferred tax

Deferred tax is recognised at the standard UK corporation tax of 25% for fixed assets in the UK (2019: 19%). Deferred tax in the US is recognised at an average rate of 21% for 2020 (2019: 21%). The deferred tax asset relates to the difference between the amortisation period of the US acquisitions for tax and reporting purposes as well as the impact of the share options exercised during the year and tax losses carried forward in both UK and overseas companies. Deferred tax assets and liabilities on balance sheets prepared after the substantive enactment of the new tax rate are calculated using a tax rate of 25% to the extent that the temporary differences will reverse after 2023

	2021 £000	2020 £000
The split of fixed and intangible asset are summarised as follows:		
Deferred tax liabilities	(617)	(531)
Deferred tax asset	896	380
Total deferred tax	279	(151)
Movements		
Opening balance	(151)	88

Charged to profit or loss (note 8)	345	(94)
Charged to goodwill/equity	85	(145)
Closing balance	279	(151)

The movement in deferred income tax assets and liabilities during the year is as follows:

	Share Options £000	Tax losses carried forward £000	Accelerated tax depreciation £000	Total deferred tax asset £000	Total deferred tax liability £000
At July 2019	-	35	101	136	(48)
Charge to income	-	-	(46)	106	(200)
Charge to equity	-	152	-	-	-
		138		138	(283)
Deferred tax on acquired assets					
As at 30 June 2020	-	325	55	380	(531)
Charge to income	-	305	(12)	431	(86)
Charge to equity	138	-	-	-	-
	85			85	
As at 30 June 2021	223	630	43	896	(617)

12. Current assets - Trade and other receivables

	2021 £000	2020 £000
Trade receivable	1,032	791
Less: allowance for impairment of receivables	(19)	(20)
	1,013	771
Prepayments	723	721
Contract asset	191	-
Other taxation	241	-
Other receivables	42	33
	2,210	1,525

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

Trade receivables	1,032	791
Less: allowance for impairment of receivables	(19)	(20)
	1,013	771

Movements in the allowance for expected credit losses are as follows:

Opening balance	20	63
Additional allowance recognised	46	20
Receivables written off during the year as uncollectable	(47)	(65)
Unused amounts reversed	-	2
Closing balance	19	20

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. The group has applied the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowance for all trade receivables. The expected credit loss allowance under IFRS 9 as at 30 June 2021 is £8k (2021 - £13k).

Trade receivables consist of a large number of customers across various geographical areas. The aging below shows that almost all are less than three months old and historic performance indicates a high probability of payment for debts in this aging. Those over three months relate to customers without history of default for which there is a reasonable expectation of recovery.

Past due but not impaired

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of the customers based on recent collection practices.

The aging of trade receivables at the reporting date is as follows:

Not yet due	306	295
Past due 1 to 3 months	19	0
Past due 3 to 6 months	0	11
More than 6 months past due	<u>1,032</u>	<u>791</u>

13. Current assets - Cash and cash equivalents

Cash and bank balances	3,372	1,433
	<u>3,372</u>	<u>1,433</u>

The credit risk on cash and cash equivalents is considered to be negligible because over 99% of the balance is with counter parties that are UK and US banking institutions.

14. Current assets - Financial instruments and risk management

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 carrying amount of all financial assets presented in the statement of financial position are measured at amortised cost.

The carrying amount of all financial liabilities presented in the statement of financial position are measured at amortised costs with the exception of contingent consideration which is measured at Fair Value through profit or loss.

The Group's financial liabilities per the fair value hierarchy classifications under IFRS 13 'Financial Instruments: Disclosures' are described below:

As at 30 June 2021, contingent consideration due on acquisitions is £nil (2020: £2.445m) - refer to note 15.

There have been no changes to valuation techniques or any amounts recognised through 'Other Comprehensive Income'.

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:

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. A 10% movement in the USD rate would have an impact on the Group's profit and equity by approximately £172,000. A 10% movement in the Euro rate would have an impact on the Group's profit and equity by approximately £49,000. The Group had potential exchange rate exposure within USD trade payable balances of £1,210,143 as at 30 June 2021 (£77,617 at 30 June 2020).

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.

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:

	2021 £000	2020 £000
Cash and cash equivalents	3,372	1,433
Trade receivables	1,032	791
Contract asset	191	223
Other receivables	43	28
	4,638	2,475

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. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group provides standard credit terms (normally 30 days) to all of its customers which has resulted in trade receivables of £981,000 (2020: £751,000) which are stated net of applicable allowances and which represent the total amount exposed to credit risk.

The Group's credit risk is primarily attributable to its trade receivables. The Group 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, along with managements view of expected future events and market conditions.

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.

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 Group monitors it's current debt facilities and comply both with its gross borrowings to adjusted EBITDA and minimum adjusted cash banking covenants. Judgement is required in assessing what items are allowable for the adjusted components.

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 2021, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Within 1 month	Current 1-3 months	3-12 months	Non-current 1-5 years	After 5 years
	£	£	£	£	£
Trade and other payables	995	1,958	1,192	-	-

Borrowings	-	147	442	897	-
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The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

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.

	2021 £000	2020 £000
Total equity	13,765	6,716
Cash and cash equivalents	3,372	1,433
Capital	17,137	8,149
Total equity	13,765	6,716
Other loans	1,485	2,158
Lease liabilities	2,866	2,535
Overall financing	18,116	11,409
Capital-to-overall financing ratio	0.95	0.71

15. Contingent consideration due on acquisitions

	30 Jun 21 £'000	30 Jun 20 £'000
Contingent consideration due on the acquisition of VMX Ltd	-	2,445

At the prior year end, there was £0.49m of contingent consideration in relation to the first year earn out and £1.96m for the second year earn out for the acquisition of Velocimetrix Ltd.

During the current year, the group settled the deferred consideration and the contingent consideration in relation to the first year earn out in full at a total of £0.49m against the provision of £0.48m.

In the current period, the fair value of the final contingent consideration has been reassessed. Given the minimum earn out revenue target was not met in the period, the full contingent consideration of £1.96m was credited to the income statement.

16. Non-current liabilities - Borrowings and other financial liabilities

	2021 £000	2020 £000
Other loans	896	1,461
Lease liabilities	2,210	1,991
	3,106	3,452

Other loans

Under one year	589	697
Between one to five years	896	1,461
	1,485	2,158

The bank loan derives from a £1.8m term loan facility taken out from Barclays Bank in December 2020 and is repayable in 8 quarterly instalments of £0.15m which commenced in March 2021 along with a bullet balance repayable at

Maturity. This, along with the Group's revolving credit facility available of £2.2m, is used to fund the Group's working capital requirements when required. The revolving credit facility balance was nil as at 30 June 2021.

Barclays have been given security for the facility of the UK assets of the Group.

Costs of £21,500 have been amortised over the life of the loan and aged in line with the capital repayments.

Changes in liabilities arising from financing activities:

	Lease liabilities	Loans	Total
Balance at 1 July 2020	2,535	2,158	4,693
Lease liabilities additions IFRS 16	915		915
Impact of effective interest rate	(3)		(3)
Proceeds from new loans		3,050	3,050
Repayment of old loans		(1,806)	(1,806)
Loan repayments		(1,917)	(1,917)
Lease repayments	(581)		(581)
Balance at 30 June 2021	2,866	1,485	4,351

Included within loans is £14,000 of unamortised bank arrangement fees in respect of the new bank facilities following the re-financing with Barclays. These costs have been capitalised and amortised over the term of the facility.

17. Current liabilities - Trade and other payables

	2021 £000	2020 £000
Trade payables	2,538	699
Other loans	589	697
Lease liability	656	544
Accruals	472	1,019
Contract liabilities	982	-
Other taxation and social security	128	96
Other payables	23	16
VAT	-	67
Deferred consideration	-	552
Contingent consideration (Note 15)	-	488
	5,388	4,178

18. Leases

The Group leases assets including the space in data centres in order to provide infrastructure services to its customers, and for the Head Office lease in relation to its Glasgow Headquarters. Information about leases for which the Group is a lessee is presented below:

Right-of-use assets

	Leasehold Property and improvement £000
Balance at 1 July 2020	2,357
Additions	915
Depreciation	(619)
Balance at 30 June 2021	2,653

The right-of-use assets in relation to leasehold property are disclosed as PPE (note 10).

Lease Liabilities

	2021	2020
	£'000	£'000
Maturity analysis:		
Within one year	(806)	(643)
Within two to five years	(2,269)	(2,195)
After more than five years	-	-
Add: unearned interest	209	303
Total lease liabilities	(2,866)	(2,535)
Analysed as:		
Non-current (Note 14)	(2,210)	(1,991)
Current (Note 14)	(656)	(544)
	(2,866)	(2,535)

The Group does not face a significant liquidity risk with regard to its lease liabilities. The interest expense on lease liabilities amounted to £99,026 for the year ended 30 June 2021. Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date.

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis. During the year ended 30 June 2021, in relation to leases under IFRS 16, the Group recognised the following amounts in the consolidated statement of comprehensive income:

	2021	2020
	£'000	£'000
Short-term and low value lease expense	25	25
Depreciation charge	619	582
Interest expense	99	87

Amounts recognised in the consolidated statement of cash flows:

	2021	2020
	£'000	£'000
Amounts payable under leases:		
Short-term and low value lease expense	25	25
Repayment of lease liabilities within cash flows from financing activities	558	214

19. Equity - issued capital

	2021 shares	2020 shares	2021 £000	2020 £000
Ordinary shares - fully paid	56,051,149	51,228,258	70	64

Movements in ordinary share capital

Details	Date	Shares	Issue price	£000
Balance	30 June 2018	50,043,100		62
EMI Share options exercised	31 August 2018	677,700	£.00125	1
EMI Share options exercised	24 October 2018	32,200	£.00125	-
EMI Share options exercised	20 June 2019	111,800	£.00125	1
New share issue	14 April 2020	363,458	£.00125	-
	30 June 2020	51,228,258		64
EMI Share options exercised	9 November 2020	44,118	£.00125	-
New share issue	15 December 2020	430,946	£.00125	1
New share issue	26 April 2021	4,347,827	£.00125	5
Balance	30 June 2021	56,051,149		70

Ordinary shares

During the year 4,778,773 ordinary shares were issued for a total consideration of £5.42m resulting in a premium over the nominal value of £5,973. Transaction costs of £0.27m were netted off against the premium (see note 18).

The Director, F McDonald, exercised 44,118 share options during the year. The share price at the exercise date was £0.98.

20. Share based payments

The movements in the share options during the year, were as follows:-

	2021	2020
Outstanding at the beginning of the year	1,889,662	308,824
Exercised during the year	(44,118)	-
Issued during the year	1,071,429	1,580,838
Outstanding at the end of the year	2,916,973	1,889,662
Exercisable at the end of the year	-	-

The Group granted a total of 1,071,429 share options to members of its management team on 9th October 2020.

These share options outstanding at the end of the year have the following expiry dates and exercise prices:

	Grant 1	Grant 3	Grant 4	Total
Shares	264,706	1,580,838	1,071,429	2,916,973
Date of grant	6 th September 2018	17 th October 2019	9 th October 2020	

Exercise price	£0.00125	£0.00125	£0.00125	
Vesting date	6 th September 2021	17 th October 2022	9 th October 2023	

These share options vest under challenging performance conditions based on underlying profitability growth during the three year period.

The Black Scholes model was used to calculate the fair value of these options, the resulting fair value is expensed over the vesting period. The following table lists the range of assumptions used in the model:

	Grant 1	Grant 2	Grant 3	Total
Shares	264,706	1,580,838	1,071,429	2,916,973
Share price (£)	1.02	0.84	0.945	
Volatility	5%	5%	5%	
Annual risk free rate	4%	4%	4%	
Exercise strike price (£)	0.00125	0.00125	0.00125	
Time to maturity (yrs)	1.1667	1.3333	2.3333	

The total expense recognised from share based payments transactions on the group's profit for the year was £546,363 (2020: £311,713).

These share options vest on the achievement of challenging growth targets. It is management's intention that the Company will meet these challenging growth targets therefore, based on management's expectations, the share options are included in the calculation of underlying diluted EPS in note 24.

21. Equity - Reserves

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.

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

During the prior year £333,000 was recognised within the merger reserve, which arose on the share for share exchange reflecting the difference between the nominal value of the share capital issued from Beeks Financial Group Plc and the value of the shares issued to the owners of Velocimetrics Ltd at the date of acquisition.

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Retained earnings represents retained profits.

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.

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

22. Capital and other commitments

Excluding the contingent liabilities associated with the contingent consideration (Note 1), there are no contingent assets or contingent liabilities as at 30 June 2021 (2020: nil).

23. Related party transactions

Parent entity

Beeks Financial Cloud Group PLC is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 25.

Transactions with related parties

The following transactions occurred with related parties:

	2021 £000	2020 £000
Withdrawals from the director, Gordon McArthur	4	11

The loan account owed by the director; Gordon McArthur was repaid in full before the year end.

Beeks Financial Cloud Limited provided services in the normal course of its business and at arm's length to Ofelia Algos Limited, a company owned by Gordon McArthur. During the financial year Beeks Financial Cloud Limited made sales of £123,480 (2020: £120,540) to Ofelia Algos Limited and the amounts due to Beeks Financial Cloud Limited at the year-end were £20,682 (2020: £35,090).

Key management personnel

Compensation paid to key management (which comprises the executive and non-executive PLC Board members) during the year was as follows:

	2021 £000	2020 £000
Wages and salaries including social security costs	221	258
Other pension costs	4	5
Other benefits in kind	2	-
Share based payments	141	115

24. Earnings per share

	2021 £000	2020 £000
Profit after income tax attributable to the owners of Beeks Financial Cloud Group PLC	1,604	575
	Pence	Pence
Basic earnings per share	3.07	1.13
Diluted earnings per share	3.07	1.13
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	52,276,498	50,942,258
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	15,351	48,132
Weighted average number of ordinary shares used in calculating diluted earnings per share	52,291,848	50,990,391

	2021 £000	2020 £000
Profit before tax for the year	1,255	575
Acquisition costs	140	205
Share Based payments	546	312
Amortisation on acquired intangibles	806	236
Exceptional non-recurring costs	165	61
Impairment of Intangibles assets / goodwill	994	-
Grant income	(309)	(59)
Gain on revaluation of contingent consideration	(1,989)	-
Tax effect	34	(45)
Underlying profit for the year	1,642	1,285
Weighted average number of shares in issue - basic	52,276,498	50,942,258
Weighted average number of shares in issue - diluted	54,915,279	52,409,256
Underlying earnings per share - basic	3.14	2.52
Underlying earnings per share - diluted	2.99	2.45

Included in the weighted average number of shares for the calculation of underlying diluted EPS are share options outstanding but not exercisable. It is management's intention that the Company will meet the challenging growth targets therefore, based on management expectations, the share options are included in the calculation of underlying diluted EPS.

25. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries held by the company in accordance with the accounting policy described in note 1.

The subsidiary undertakings are all 100% owned, with 100% voting rights.

Company name	Country of incorporation	Principal place of business/ Registered office	Activity
Beeks Financial Cloud Co Ltd	Japan	FARO 1F, 2-15-5, Minamiaoyama, Minato-Ku, Tokyo, Japan.	Non-trading
Beeks FX VPS USA Inc.	Delaware, USA	874 Walker Road, Suite C, Dover, Kent, Delaware, 19904, USA.	Non-trading
Beeks Financial Cloud Limited	Scotland	Lumina Building, 40 Ainslie Road, Ground Floor, Hillington Park, Glasgow, UK, G52 4RU	Cloud Computing Services
Velocimetrix Limited	England	Birchin Court, 230 Park Avenue 20 Birchin Lane, Suite 300 West, London, England, EC3V 9DU	Software Services
Velocimetrix Inc	New York, USA	230 Park Avenue, 10 th Floor, New York 10169, USA.	Software Services

In accordance with S479A of the Companies Act 2006, Velocimetrix Limited (06943398) have not prepared audited accounts. Beeks Financial Cloud Group plc guarantees all outstanding liabilities in this company at the year ended 30 June 2021, until they are satisfied in full.

26. Events after the reporting period

Beeks headquarters will move from the existing leased office to the nearby Riverside Business Park, King's Inch Road, Braehead, PA4 8YU in early 2022. In September 2021, the Group finalised the purchase of the property for £2.1m which was funded out of existing Company cash balances and a new debt facility of £1.5m taken post year end.

27. Ultimate controlling party

The Directors have assessed that there is no ultimate controlling party.

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