

Beeks Financial Cloud Group plc

("Beeks" or the "Company")

Interim Results

27 February 2023 - [Beeks Financial Cloud Group Plc \(AIM: BKS\)](#), a cloud computing and connectivity provider for financial markets, is pleased to announce its unaudited results for the six months ended 31 December 2022.

Financial Highlights

- Revenues increased by 35% to £10.40m (H1 2022: £7.72m)
- Annualised Committed Monthly Recurring Revenue (ACMRR) up 35% to £21.30m (H1 2022: £15.80m)
- Gross profit up by 47% to £4.35m (H1 2022: £2.97m)
- Underlying EBITDA* increased by 48% to £3.59m (H1 2022: £2.43m)
- Underlying profit before tax** up 44% to £0.65m (H1 2022: £0.45m)
- Underlying basic EPS*** 1.35 pence (H1 2022: 0.90 pence)
- Cash flow from operations (before movement in working capital) up 46% to £3.68m (H1 2022: £2.52m)
- Net cash of £3.35m (H1 2022: net debt £3.73m)

** Underlying EBITDA is defined as profit for the period before amortisation, depreciation, finance costs, taxation, acquisition costs, share based payments, exchange rate gains/losses on statement of financial position translation and exceptional non-recurring costs*

*** Underlying profit before tax is defined as profit before tax excluding amortisation on acquired intangibles, acquisition costs, share based payments, exchange rate gains/losses on statement of financial position translation and exceptional non-recurring costs*

****Underlying basic EPS is defined as underlying profit after underlying tax divided by the weighted average number of ordinary shares.*

***** Net cash/net debt is defined as cash less total bank loans and asset financing liabilities*

Operational Highlights and Outlook

- Undergoing final contractual negotiations with two further material Exchange Cloud clients, following 12 and 18 month sales cycles and proof of concepts
- A record pipeline of further Exchange Cloud opportunities, currently in talks with a number of major Exchanges across the globe to provide market data distribution or end-user cloud compute using Beeks Proximity or Exchange Cloud solutions
- Significant investment into the development of our offering, in order to capitalise on our successes and exploit the considerable market opportunity
- Building pipeline across our Proximity and Private Cloud offerings, with continued 'land and expand' success in the period with Tier 1 customers
- Increased headcount to 106 by the end of the period, to support both the product roadmap and pipeline execution
- The size of the sales pipeline and expanded product offering provides the Board with confidence in both achieving results for the year in line with market expectations and in the longer term growth prospects for Beeks

Statutory Equivalents

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

- Loss before tax of £0.76m (H1 2022: loss of £0.27m)
- Basic earnings per share of a loss of 0.73p (H1 2022: loss of 0.42p)

The largest reconciling item is the consistent add back of the non-cash share based payment charge.

Gordon McArthur, CEO of Beeks Financial Cloud commented:

"With our proven track record and well-established reputation as a provider of technology to the financial markets, we retain strong confidence in continued success for Beeks. Our principal focus for the second half will be to convert our substantial pipeline of opportunities across the newly launched Exchange Cloud offering.

"While the macro environment presents challenges to all businesses, we believe the shift of the financial services sector to cloud computing will continue at pace. Our pipeline of business with both existing and potential new customers provides us with a considerable runway of visible revenue and our balance sheet strength has enabled us to continue to make substantial investment into product, people and stock capacity to capitalise on this pipeline and considerable market opportunity."

For further information please contact:

Beeks Financial Cloud Group plc

Gordon McArthur, CEO

via Alma PR

Fraser McDonald, CFO

Canaccord Genuity

+44(0)20 7523 8000

Adam James / Patrick Dolaghan

Alma PR

+44(0)20 3405 0212

Caroline Forde / Hilary Buchanan / Joe Pederzoli

The Directors of the Company are responsible for the contents of this announcement.

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 27 datacentres, Beeks supports its global customers at scale in the leading financial centres.

For more information, visit: www.beeksfinancialcloud.com

Chief Executive Officer'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 continued strong trading, delivering significant growth in revenue, EBITDA and ACMRR and making good progress with the substantial opportunities in our new business pipeline.

Since our IPO in FY 2018, we have been focused on extending our offering to meet the needs of the world's largest financial services organisations, investing in our product set and team. These investments have resulted in the launch of Proximity Cloud in August 2021, a pre-built low-latency private cloud delivered to site for financial services organisations, and Exchange Cloud in June 2022, an evolution of our Proximity Cloud offering, explicitly designed for global financial exchanges.

We believe Exchange Cloud represents a transformative opportunity for Beeks, as the end-user compute market within exchange data centres is considerable. There is no comparable offering on the market and we have secured notable early endorsements of the product.

Our confidence in the Exchange Cloud offering is underpinned by our record pipeline of opportunities and while dealing with organisations of this size naturally takes time, we are confident in our ability to continue capitalising on the significant opportunity. We are currently in final contractual negotiations with two material Exchange Cloud clients following 12 and 18 month sales cycles and proofs of concept.

Financial Performance

Revenue in the period grew by 35% to £10.40m (H1 2022: £7.72m), resulting in an increase in underlying EBITDA of 48% to £3.59m (H1 2022: £2.43m). Beeks continues to have a strong recurring revenue profile, and customer retention remained within target. Our ACMRR grew 35% to £21.3m at 31 December 2022 (H1 2022: £15.8m).

Investment during the period was primarily into the evolution of Exchange Cloud and our strong balance sheet provides us with the resources to continue exploiting the market opportunity of our Exchange, Proximity and Private Cloud offerings.

Operating margins have remained stable during the period, in line with the Board's expectations.

Operational Expansion

This was another period of investment across the business, in which we expanded our offering and team

in order to strengthen our position in the rapidly growing cloud computing market. Headcount in the first half increased to 106, up from 89 as at 30 June 2022. Our main priority during the period was to further build out our software development team in to support the roll out and evolution of Exchange Cloud. We now have approximately one third of our total headcount within our internal software development function which largely completes our investment into this team.

Although we are not immune to well-documented macroeconomic issues such as inflationary pressure and supply chain disruption, we continue to manage the situation well. Appropriate price increases have been introduced in response to elevated energy prices, and whilst supply chain issues do persist, lead times are now easing and we are optimistic of a slowly improving picture. Having additional balance sheet strength has enabled us to front load capacity in order to reduce the impact of lead time delays and fulfil customer orders. We remain confident in our ability to offset the impact of macroeconomic challenges.

We increased our data centre presence in the first half, with a focus on existing locations. We were pleased to open another data centre in Toronto, as well as significantly expanding in London. We now have data centres in 15 locations and will continue with our approach of expanding into areas where we already have customer demand.

Product Roadmap

We remain focused on building out the functionality of Exchange and Proximity Cloud. Areas of development in the period included extending the feature set to provide richer functionality, adding additional network features and developing additional business analysis functions that will assist customers in understanding their networks and support their end client billing. We have also improved the automation of provisioning of new compute items for our customers through a change to the virtualisation platform. Ultimately these new virtualisation features will reduce our cost base and support faster time to market.

We have a fully funded product roadmap that extends out for the next couple of years and see significant opportunity through investing resources in our two major product lines: our Private/Public and our Proximity/Exchange Cloud offerings.

Future Growth and Outlook

With our proven track record and well-established reputation as a provider of technology to the financial markets, we retain strong confidence in continued success for the Group. Our principal focus for the second half will be to convert our substantial pipeline of opportunities across the newly launched Exchange Cloud offering with two material contracts at the final negotiation stage.

While the macro environment presents challenges to all businesses, we believe the shift of the financial services sector to cloud computing will continue at pace and our pipeline of business with both existing and potential new customers provides us with a considerable runway of visible revenue, reinforcing the Board's confidence in achieving results for the year in line with current market expectations.

Gordon McArthur
CEO

27 February 2023

Chief Financial Officer's Review

Financial Review

We are pleased to report on another strong set of financial results for the first half of the year where we have continued to invest but also significantly grown the top line during another period of sales growth.

Group revenues grew by 35% to £10.40m (H1 2022: £7.72m) primarily driven by the expansion of our Tier 1 customer base as we execute on our land and expand strategy. During the period we have grown our existing Tier 1 contract values and signed additional Tier 1 customers which now represent 50% (H1 2022: 30%) of our total revenue.

Our core Private Cloud offering has continued to grow and has largely driven the sales increase, whilst our sales pipeline for Proximity and Exchange remains strong, as referenced earlier in this report.

Gross profit in the period increased by 47% to £4.35m (H1 2022: £2.97m) with gross margin up at 41% (H1 2022: 37%). Gross margins in the period have been helped by the recurring element of Proximity Cloud sales during the second half of the previous year as we start to see a return on our investment made. As with prior year trends, as we deliver material signed contracts over the second half of the year, we expect gross margins to increase in percentage terms as part of the cost of up-front infrastructure investment has already been made.

Underlying EBITDA increased by 48% to £3.59m (H1 2022: £2.43m) with underlying EBITDA margins at 35% (H1 2022: 31%). Underlying operating profit increased by 39% to £0.85m (H1 2022: £0.61m). Underlying operating profit is defined as operating profit excluding grant income, amortisation on acquired intangibles, share based payments and exceptional non-recurring costs.

Underlying EBITDA, underlying operating profit, 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.

Key performance indicator review

	H1 2023	H1 2022	Growth
Revenue	£10.40m	£7.72m	35%
ACMRR	£21.3m	£15.8m	35%
Gross profit	£4.35m	£2.97m	46%
Gross margin	41.8%	38.5%	
Underlying EBITDA	£3.59m	£2.43m	48%
Underlying EBITDA margin	34.5%	31.4%	
Underlying profit before tax	£0.65m	£0.45m	44%
Underlying basic EPS	1.35p	0.90p	50%

*All references to margins are as a percentage of revenue.

(Loss)/Profit before Tax

	Period ended 31 Dec 2022 £000	Period ended 31 Dec 2021 £000
(Loss) before tax for the period	(762)	(266)
Deduct:		
Grant Income	(130)	(229)
Add back:		
Non-recurring costs	81	132
Amortisation of acquired intangibles	301	399
Share based payments	1,155	414
Underlying profit for the period	645	450

Beeks reported a loss before tax of £0.76m (H1 2022: loss of £0.27m) with underlying profit before tax increasing to £0.65m (H1 2022: £0.45m).

Cost of sales (excluding amortisation on acquired assets) increased by 29% to £5.94m (H1 2022: £4.62m), largely driven by both an increase of depreciation of £0.67m on our larger infrastructure asset base and an increase of the direct cost of sales as we have added capacity across our global data centre estate during the period.

There has been an increase in administrative expenses when compared to the prior year (excluding share based payments and non-recurring costs) of 35% to £3.67m (H1 2022: £2.52m) largely driven by an increase in staff costs of 53% (excluding share based payments and net of capitalisation) to £2.17m in the period (H1 2022: £1.42m). During the period we have grown our headcount to 106, up from 89 as at 30 June 2022 and from 87 as at 31 December 2021, primarily in the software development area as we continue to evolve and exploit the Proximity and Exchange Cloud opportunity.

We have continued to invest in product, most significantly in product enhancements to Exchange Cloud. As such, capitalised development costs in the period were £1.43m (H1 2022: £1.28m). Most of this cost is internally generated as we use our in-house teams to develop the bespoke technology we require.

Taxation

The effective tax rate ('ETR') for the period is -37%, (H1 2022: 9%). The lower ETR has benefitted from HMRC's "Super-deduction" announced in the UK's 2021 budget where companies can claim 130% capital allowances on qualifying plant and machinery investments. As with previous years, we also benefit from the impact of R&D tax credits.

Earnings per Share and Dividends

Underlying earnings per share has increased to 1.35 pence (H1 2022: 0.90 pence). Underlying diluted earnings per share has increased to 1.25 pence (H1 2022: 0.85 pence). The calculation of both underlying basic and diluted earnings per share is included in note 6.

Balance Sheet and Cash Flows

The Group generated an increase of cash from operations (before movement in working capital) in the period of 46%, up to £3.68m (H1 2022: £2.52m). Expenditure on investing activities was again significant as we invested £4.17m (H1 2022: £6.28m) in property, plant and equipment (including stock capacity) across our infrastructure estate. This investment will support Tier 1 expansion and deployments and includes up front stock capacity as we de-risk longer lead times in recognition of global kit shortages. We have seen a slight increase in capitalised development costs of £1.43m (H1 2022: £1.28m) as our larger in-house development teams add further feature functionality in Proximity Cloud, Exchange Cloud and Beeks Analytics which is a key strategic component of Exchange Cloud.

During the period we prudently took an asset finance facility of £1.36m as well as re-financing our loan facilities with Barclays to better preserve cash. Period end debt has been reduced to £3.34m (H1 2022:

£4.83m). Cash and cash equivalents totalled £6.70m at 31 December 2022 (H1 2022: £1.10m) with trade and other receivables of £5.60m (H1 2022: £2.80m) as well as inventories of £2.35m (H1 2022: £nil). Gross debt remains at a comfortable level of 0.5x underlying annualised EBITDA (H1 2022: 1.0x). Gross debt is defined as borrowings excluding IFRS16 lease liabilities divided by the annualised underlying EBITDA.

At the end of the period, the Group had net cash of £3.35m (H1 2022 net debt: £3.73m).

At 31 December 2022 net assets were £31.54m compared to net assets of £14.00m at 31 December 2021 and net assets of £30.76m at 30 June 2022.

Fraser McDonald
CFO

27 February 2023

Beeks Financial Cloud Group PLC
Consolidated statement of comprehensive income
For the period ended 31 December 2022

	Note	6 months to December 2022 (unaudited)	December 2021 (unaudited)	Year to June 2022 (audited)
		£'000	£'000	£'000
Revenue	3	10,398	7,724	18,289
Other Income	3	191	258	512
Cost of sales		(6,241)	(5,016)	(10,862)
Gross profit		4,348	2,966	7,939
Administrative expenses		(4,910)	(3,070)	(7,554)
Operating (loss)/profit	4	(562)	(104)	385
Analysed as:				
Earnings before depreciation, amortisation, acquisition costs, share based payments and non-recurring costs		3,723	2,657	6,811
Share based payments	4	(1,155)	(414)	(1,661)
Other non-recurring costs		(81)	(132)	(24)
Depreciation	4	(2,149)	(1,483)	(3,213)
Amortisation - acquired intangible assets		(301)	(399)	(802)
Amortisation - other intangible assets		(599)	(333)	(726)
Operating loss		(562)	(104)	(385)
Finance income		-	2	21
Finance costs		(200)	(164)	(340)
(Loss)/profit before taxation for the period		(762)	(266)	66
Taxation	5	284	33	760
(Loss)/profit after taxation for the period		(478)	(233)	826
Other comprehensive income				
Amounts that may be reclassified to profit and loss				
Currency translation differences		104	14	5
Total comprehensive (loss)/income for the period		(374)	(219)	831
		Pence	Pence	Pence
Basic (loss)/earnings per share	6	(0.73)	(0.42)	1.43
Diluted (loss)/earnings per share	6	(0.73)	(0.41)	1.42

Consolidated statement of financial position
For the period ended 31 December 2022

		December 2022 (unaudited)	December 2021 (unaudited)	June 2022 (audited)
Assets	Note	£'000	£'000	£'000
Non-current assets				
Intangible assets	7	7,347	6,313	6,698
Property, plant and equipment	8	17,835	15,184	16,270
Deferred tax	5	4,413	946	4,201
Total non-current assets		29,595	22,443	27,169
Current assets				
Trade and other receivables		6,203	2,851	5,600
Inventories		2,351	-	1,818
Cash and cash equivalents		6,696	1,109	10,160
Total current assets		15,250	3,960	17,578
Total assets		44,846	26,403	44,747
Liabilities				
Non-current liabilities				
Borrowings	10	247	1,360	1,320
Lease liabilities	10	2,428	2,671	2,303
Deferred tax	5	2,968	617	2,968
Total non-current liabilities		5,643	4,648	6,591
Current liabilities				
Trade and other payables		4,040	3,272	5,139
Lease liabilities	10	1,778	1,049	1,280
Borrowings	10	1,844	3,474	978
Total current liabilities		7,662	7,795	7,397
Total liabilities		13,305	12,443	13,988
Net assets		31,540	13,960	30,759
Equity				
Issued capital		82	70	82
Share premium		23,775	9,452	23,775
Reserves		3,898	1,461	2,657
Retained earnings		3,785	2,977	4,245
Total equity		31,540	13,960	30,759

Beeks Financial Cloud Group PLC
Consolidated statement of changes in equity
For the period ended 31 December 2022

	Issued capital £'000	Foreign currency retranslation reserve £'000	Merger reserve £'000	Other reserve £'000	Share based payment reserve £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2021	70	(12)	705	(315)	883	9,452	2,982	13,765
Loss after tax for the period	-	-	-	-	-	-	(233)	(233)
Total comprehensive income for the period	-	-	-	-	-	-	(233)	(233)
Currency translation difference	-	14	-	-	-	-	-	14

Share based payments	-	-	-	-	414	-	-	414
Dividends paid	-	-	-	-	(228)	-	228	-
Balance at 31 December 2021	70	2	705	(315)	1,069	9,452	2,977	13,960
Profit after tax for the period	-	-	-	-	-	-	826	-
Total comprehensive income for the period	-	-	-	-	-	-	826	826
Currency translation difference	-	5	-	-	-	-	-	5
Share based payments	-	-	-	-	1,661	-	-	1,661
Exercise of share options	-	-	-	-	(270)	-	270	-
Issue of share capital	12	-	-	-	-	14,323	-	14,335
Deferred tax	-	-	-	-	-	-	167	167
Balance at 30 June 2022 (audited)	82	(7)	705	(315)	2,274	23,775	4,245	30,759
Balance at 1 July 2022	82	(7)	705	(315)	2,274	23,775	4,245	30,759
Loss after tax for the period	-	-	-	-	-	-	(478)	(478)
Total comprehensive income for the period	-	-	-	-	-	-	(478)	(478)
Currency translation difference	-	104	-	-	-	-	-	104
Share based payments	-	-	-	-	1,155	-	-	1,155
Exercise of share options	-	-	-	-	(17)	-	17	-
Balance at 31 December 2022 (unaudited)	82	97	705	(315)	3,412	23,775	3,784	31,540

Beeks Financial Cloud Group PLC
Consolidated cash flow statement
For the period ended 31 December 2022

	6 months to December 2022 (unaudited) £'000	December 2021 (unaudited) £'000	Year to June 2022 (audited) £'000
Cash flows from operating activities			
(Loss)/profit before taxation for the period	(762)	(266)	66
Adjustments for:			
Depreciation and amortisation	3,049	2,215	4,741
Share based payment charge	1,155	-	1,661
Gain on disposal of property, plant and equipment	-	414	(24)
Foreign Exchange	42	(2)	(66)
Bank Charges	53	49	95

Loan Interest	147	113	245
Finance income	-	(2)	(21)
Operating cash flows before movements in working capital	3,684	2,521	6,697
Increase in trade and other receivables	(733)	(398)	(3,014)
Increase in Inventory	(485)	-	(988)
(Decrease) / increase in trade and other payables	(1,456)	(923)	1,765
Cash generated from operating activities before tax	1,010	1,200	4,460
Corporation tax received	125	48	44
Net cash generated from operating activities	1,135	1,248	4,504
Cash flows from investing activities			
Purchase of property, plant and equipment	(3,382)	(5,038)	(9,562)
Capitalisation of development costs	(1,433)	(1,277)	(2,590)
Proceeds from disposal of property, plant and equipment	-	-	60
Net cash used in investing activities	(4,815)	(6,315)	(12,092)
Cash flows from financing activities			
Drawdown of bank loans	-	3,670	-
Bank Charges	(52)	(49)	(95)
Repayment of existing bank loans	(207)	(321)	(2,900)
Repayment of asset financing	(113)		
Lease liabilities	(542)	(327)	(936)
Interest on lease liabilities	(80)	(58)	(131)
Loan interest	(147)	(113)	(242)
Interest received	-	2	21
Issue of loans	1,358	-	3,670
Proceeds from the issue of new share capital	-	-	14,989
Net cash generated from financing activities	216	2,804	14,376
Net (decrease)/increase in cash and cash equivalents	(3,464)	(2,263)	6,788
Cash and cash equivalents at the beginning of the financial period	10,160	3,372	3,372
Cash and cash equivalents at the end of the financial period	6,696	1,109	10,160

Beeks Financial Cloud Group PLC
Notes to the financial statements
For the period ended 31 December 2022

Note 1. General information

The financial information covers the consolidated entity, Beeks Financial Cloud Group PLC and the entities it controlled at the end of, or during, the interim period to 31 December 2022.

The company is a public limited company which is quoted on the Alternative Investment Market and is incorporated and domiciled in United Kingdom. Its registered office and principal place of business is:

Registered office

Riverside Building
2 Kings Inch Way
Unit A
Riverside
Braehead
PA4 8YU

Note 2. Basis of preparation

The financial information for the period ended 31 December 2022 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 and is unaudited. The figures for the year ended 30 June 2022 have been extracted from the Group financial statements for that year. Those have been filed with the Registrar of Companies. The auditor's report on those financial statements was unmodified and did not contain statements under Section 493 of the Companies Act 2006.

The interim financial information has been prepared using the same accounting policies and estimation techniques as will be adopted in the Group financial statements for the year ending 30 June 2023. The group financial statements for the year ended 30 June 2022 were prepared under international accounting standards in conformity with the requirements of Companies Act 2006. These interim financial statements have been prepared on a consistent basis and format with the Group financial statements for the year ended 30 June 2022, and have not been audited or reviewed by the auditors.

The provisions of IAS 34 'Interim Financial Reporting' have not been applied in full.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Statement.

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 period, the Group had net cash of £3.35m (H1 2022 net debt: £3.73m) a level which the Board is comfortable with given the strong cash generation of the Group. 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 eighteen months, and associated risks along with the availability of bank, leasing facilities as well as potential further equity raises. 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. 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.

Note 3. Operating Segments

Identification of reportable operating segments

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

During the period ended 31 December 2022, the Group was organised into two main business segments for revenue purposes. The group does not place reliance on any specific customer and has no individual customer that generates 34% or more of its total group revenue. During the year ended 30 June 2022, the Group was reorganised from three operating segments, being institutional, retail and analytics into two main segments as a result of the strategic direction of the Group. The two new segments are public/private cloud and Proximity Cloud/Exchange Cloud. Retail and analytics segments are no longer reviewed in isolation by the chief operating decision makers and instead considered under the wider public/private cloud segment.

Performance is assessed by a focus on the change in revenue across public/private cloud and new sales relating to Proximity Cloud/Exchange Cloud. 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:

Period ended 31/12/22 (£'000) (Unaudited)	Period ended 31/12/21 (£'000) (Unaudited)	Year ended 30/06/22 (£'000) (Audited)

	Public/ Private Cloud	Proximity /Exchange Cloud	Total	Public/ Private Cloud	Proximity /Exchange Cloud	Total	Public/ Private Cloud	Proximity/Exchange Cloud	Total
Over time									
Infrastructure/software as a service	9,078	-	9,078	5,541	-	5,541	13,057	-	13,057
Maintenance	270	-	270	221	-	221	518	-	518
Proximity Cloud	-	201	201	-	17	17	-	57	57
Professional services	138	-	138	86	-	86	234	-	234
Over time total	9,486	201	9,687	5,848	17	5,865	13,809	57	13,866
Point in time									
Proximity Cloud	-	-	-	-	403	403	-	2,222	2,222
Hardware/Software resale	474	-	474	1,038	-	1,038	1,601	-	1,601
Software licences	186	-	186	307	-	307	520	-	520
Set up fees	51	-	51	111	-	111	80	-	80
Point in time total	711	-	711	1,456	403	1,859	2,201	2,222	4,423
Total revenue	10,197	201	10,398	7,304	420	7,724	16,010	2,279	18,289

	6 months to December 2022 (unaudited)	6 months to December 2021 (unaudited)	Year to June 2022 (audited)
	£'000	£'000	£'000
Revenues by geographic location are as follows:			
United Kingdom	2,385	1,674	5,849
Europe	1,454	1,236	2,508
US	3,711	1,464	5,556
Rest of World	2,848	3,350	4,376
Total	10,398	7,724	18,289

During the period, £130k (H1 22: £229k) was recognised in other income for grant income received from Scottish Enterprise and £61k (H1 22: £nil) was recognised as rental income.

Note 4. Operating (loss)/profit

	6 months to December 2022 (unaudited)	6 months to December 2021 (unaudited)	Year to June 2022 (audited)
	£'000	£'000	£'000
Operating (loss)/profit is stated after charging:			
Depreciation	1,487	1,000	2,189
Staff costs		2,695	5,637
	3,586		
Depreciation of right-of-use asset	662	483	1,024
Amortisation of intangibles	900	732	1,528
Currency translation (loss)/gain	104	(15)	(98)
Other cost of sales *	3,192	2,615	6,452
Share based payments	1,155	414	1,661
Non-recurring costs	81	132	24

* 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.

Note 5. Taxation

	6 months to December 2022 (unaudited)	6 months to December 2021 (unaudited)	Year to June 2022 (audited)
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	£'000	£'000	£'000
Current Tax			
R&D tax receipt	(125)	-	-
Corporation tax on (losses)/profits for the period	-	-	-
Adjustment relating to prior periods	-	(9)	-
Foreign tax on overseas companies	53	26	
			33
Total current tax (credit)/charge	(72)	17	33
Deferred tax			
Prior year deferred tax adjustments	-	-	(358)
Origination and reversal of temporary differences	(212)	(50)	(435)
Total deferred tax credit	(212)	(50)	(793)
Total tax credit	(284)	(33)	(760)

The effective tax rate for the six months to 31 December 2022, based on the taxation (credit)/charge for the period as a percentage of the profit before tax is (37%) (H1 2022: (9%)). The ETR is lower than expected due to the impact of the super deduction.

Note 6. Earnings per share

As at 31 December 2022, the company had 65,428,710 shares (H1 2022: 56,315,854).

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the total of the weighted average number of ordinary shares in issue during the year and adjusting for the dilutive potential ordinary shares relating to share options.

	6 months to December 2022 (unaudited) £'000	6 months to December 2021 (unaudited) £'000	Year to June 2022 (audited) £'000
(Loss)/Profit after taxation attributable to the owners of Beeks Financial Cloud Group PLC	(478)	(233)	826
Basic (loss)/earnings per share	Pence (0.73)	Pence (0.42)	Pence 1.43
Diluted (loss)/earnings per share	(0.73)	(0.41)	1.42
Weighted average number of ordinary shares used in calculated basic earnings per share	65,407,957	56,118,764	57,885,241
Adjustments for calculation of diluted earnings per share: Options over ordinary shares	20,873	191,336	96,454
Weighted average number of ordinary shares used in calculated diluted earnings per share	65,428,829	56,310,100	57,981,696

	6 months to December 2022 (unaudited) £'000	6 months to December 2021 (unaudited) £'000	Year to June 2022 (audited) £'000
Underlying earnings per share			
Underlying profit after taxation attributable to the owners of Beeks Financial Cloud Group PLC	881	507	2,599
Underlying earnings per share - basic	Pence 1.35	Pence 0.90	Pence 4.48
Underlying earnings per share - diluted	1.25	0.85	4.19

Weighted average number of ordinary shares used in calculated basic earnings per share	65,407,957	56,118,764	57,885,241
Adjustments for calculation of diluted earnings per share	5,177,149	191,336	96,454

share:

Options over ordinary shares

Weighted average number of ordinary shares used in calculated diluted earnings per share	70,585,106	56,310,100	57,981,696
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Included in the weighted average number of shares for the calculation of underlying diluted EPS are share options that have vested and that are not yet exercised and share options that have still to meet vesting criteria. It is management's intention that the vested shares will be exercised and that the Group will meet the challenging growth targets for the unvested shares to vest. As such, both these types of share options have been included in the underlying diluted EPS calculation.

Note 7. Intangible Assets

	Acquired Customer lists	Development Costs	Trade name	Goodwill	Total
	£000	£000	£000	£000	£000
Cost					
As at 1 July 2021	2,383	3,990	137	2,336	8,846
Additions	-	1,277	-	-	1,277
Grant funding received	-	(255)	-	-	(255)
Foreign exchange movements	(6)	-	-	-	(6)
As at 31 Dec 2021	2,377	5,012	137	2,336	9,862
Additions	-	1,314	-	-	1,314
Grant funding received	-	(177)	-	-	(177)
Foreign exchange movements	153	-	-	-	153
As at 30 June 2022	2,530	6,148	137	2,336	11,151
Additions	-	1,433	-	-	1,433
Grant funding received	-	130	-	-	130
Foreign exchange movements	(9)	-	-	-	(9)
As at 31 Dec 2022	2,521	7,711	137	2,336	12,705
Accumulated Amortisation					
Balance at 1 July 2021	(773)	(1,064)	(34)	(968)	(2,839)
Charge for the period	(135)	(583)	(14)	-	(732)
Foreign exchange movements	22	-	-	-	22
As at 31 Dec 2021	(886)	(1,647)	(48)	(968)	(3,549)
Charge for the period	(152)	(631)	(13)	-	(796)
Foreign exchange movements	(108)	-	-	-	(108)
As at 30 June 2022	(1,146)	(2,278)	(61)	(968)	(4,453)
Charge for the period	(148)	(738)	(14)	-	(900)
Foreign exchange movements	(5)	-	-	-	(5)
As at 31 Dec 2022	(1,299)	(3,016)	(75)	(968)	(5,358)
N.B.V. 31 Dec 2022	1,222	4,695	62	1,368	7,347
N.B.V. 30 June 2022	1,384	3,870	76	1,368	6,698
N.B.V. 31 Dec 2021	1,491	3,365	89	1,368	6,313

Note 8. Non-current assets - Property, plant and equipment

	Computer equipment £000	Office equipment £000	Leasehold Property and improvement £000	Freehold Property £000	Total £000
Cost					
As at 1 July 2021	12,311	71	3,908	-	16,290
Additions	2,672	26	1,255	-	3,953
As at 31 December 2021	14,983	97	5,163	-	20,243
Additions	2,383	137	742	3,034	6,296
Foreign exchange movement	7	-	-	-	7
Stock transfers	(830)	-	-	-	(830)
Disposals	-	(54)	(485)	-	(539)
As at 30 June 2022	16,543	180	5,420	3,034	25,177
Additions	3,654	32	-	-	3,686
Foreign exchange movement	-	-	(169)	-	(169)
Stock transfers	(48)	-	-	-	(48)
As at 31 December 2022	20,149	212	5,251	3,034	28,646
Depreciation					
As at 1 July 2021	(4,647)	(38)	(1,215)	-	(5,900)
Charge for the period	(966)	(20)	(483)	(14)	(1,483)
As at 31 December 2021	(5,613)	(58)	(1,698)	(14)	(7,383)
Charge for the period	(1,168)	(8)	(541)	(13)	(1,730)
Foreign exchange movement	3	-	-	-	3
Disposals	-	18	185	-	(203)
As at 30 June 2022	(6,778)	(48)	(2,054)	(27)	(8,907)
Charge for the period	(1,429)	(23)	(662)	(35)	(2,149)
Foreign exchange movement	29	-	218	-	247
As at 31 December 2022	(8,178)	(71)	(2,499)	(62)	(10,809)
N.B.V. 31 December 2022	11,970	141	2,752	2,972	17,835
N.B.V. 30 June 2022	9,765	132	3,366	3,007	16,270
N.B.V. 31 December 2021	9,370	39	3,465	2,310	15,184

Of the total additions in the period of £3.69m, £nil (H1 2021: £1.26m) relates to right-of-use assets, which have a carrying value of £2.75m (H1 2021: £2.70m)

Note 9. Analysis of change in net debt

	Cash and cash equivalents £000	Bank loans £000	Lease liabilities £000	Total net debt £000
At 30 June 2021	3,372	(1,485)	(2,866)	(979)
Cash and cash equivalents cash outflow	(2,263)	-	-	(2,263)
Proceeds from new loans	-	(3,670)	-	(3,670)
Repayment of old loans	-	321	-	321
Lease additions	-	-	-	(1,239)
Repayment of leases	-	-	(1,239)	385
	-	-	385	
At 31 December 2021	1,109	(4,834)	(3,720)	(7,445)
Cash and cash equivalents cash outflow	(5,938)	-	-	(5,938)
Proceeds from issue of share capital	14,989	-	-	14,989
Repayment of old loans	-	2,537	-	2,537
Lease additions	-	-	-	(545)
Repayment of leases	-	-	(545)	682
	-	-	682	
At 30 June 2022	10,160	(2,297)	(3,583)	4,280
Cash and cash equivalents cash outflow	(3,464)	-	-	(3,464)
Lease additions	-	-	-	(1,358)
Repayment of loans	-	-	(1,358)	207
Repayment of leases	-	207	-	735
	-	-	735	
At 31 December 2022	6,696	(2,090)	(4,206)	400

Note 10. Borrowings

	31-Dec-22 £000	31-Dec-21 £000	30-Jun-22 £000
Current:			
Right of Use Lease liabilities	1,778	1,049	1,280
Bank loans	1,844	3,474	978
Total current borrowings	3,622	4,523	2,258
Non-current:			
Right of Use Lease liabilities	2,428	2,671	2,303
Bank loans	247	1,360	1,320
Total non-current borrowings	2,675	4,031	3,623
Total borrowings	6,297	8,554	5,881

Included within right of use lease liabilities is the asset financing facility of £1.25m entered into during the period.

Note 11. Availability of announcement and Half Yearly Financial Report

Copies of this announcement are available on the Company's website, www.beeksfinancialcloud.com.

Copies of the Interim Report will be downloadable from the Company's website and available from the registered office of the Company shortly.

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