

BEEKS FINANCIAL CLOUD GROUP

SOFTWARE AND COMPUTER SERVICES

6 October 2025

BKS.L

220p

Market Cap: £148.1m

SHARE PRICE (p)



12m high/low

323p/186p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£7.0m (at 30/06/25)
Enterprise value	£141.1m
Index/market	AIM
Next news	Trading Update, February
Shares in issue (m)	67.3
Chairman	William Meldrum
CEO	Gordon McArthur
CFO	Fraser McDonald

COMPANY DESCRIPTION

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

www.beeksgroup.com

BEEKS FINANCIAL CLOUD GROUP IS A RESEARCH CLIENT OF PROGRESSIVE

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FY results: we need a bigger hockey stick

In FY25, Proximity Cloud revenue grew to £7.8m from £1.6m prior year: Beeks has tapped into a geyser. FY25 ended in line with guidance (14 July trading update, see [our note](#)). This banner year featured 26% revenue growth, and improved 'best in class' profitability. Beeks guides that it is 'in line' to achieve FY26 expectations, so the coming 12 months are set to be another growth year. Confidence is 'bedrocked' by the soaring growth at Proximity Cloud, strengthening industry tailwinds and a record Total Contract Value, tipping over £19m. In FY25, Beeks inked eight 'significant' Proximity and Exchange deals with a bevy of major names. No change to our view: Beeks is gaining from industry tailwinds (cloud adoption, compliance, data sovereignty, cybersecurity, sustainability, analytics, payment modernisation, AI in risk management), which have enabled it to carve out a moat as market leader in cloud infrastructure for financial markets and payments. This is a long-term secular growth investment play, with a 'best of breed' financial model.

- **Financial summary.** FY25 revenue +26% Y/Y to £35.9m, Annualised Committed Monthly Recurring Revenue +5% Y/Y to £29.5m, PBT £2.79m (£1.46m last year). Underlying EBITDA +27% Y/Y to £13.6m. Adj. diluted EPS 7.6p (6.36p last year). Net cash at 30 June £7.0m (£6.6m last year).
- **Upbeat outlook commentary.** Beeks comments that the market backdrop is 'increasingly favourable', with a 'considerably increased level of new opportunities' entering the pipeline. The pipeline is at 'record strength'. Post-period end, Beeks secured several significant Private Cloud contracts, and management is confident in achieving results for FY26 in line with expectations.
- **Impact on forecasts.** We leave FY26 forecasts unchanged, and introduce FY27 forecasts. CEO Gordon McArthur says that Beeks moves into FY26 in a 'strong position, bolstered by a widened offering and a record pipeline of opportunities', telegraphing that forecast risk could well be on the upside.
- **Investment case precis.** Beeks is established, profitable and growing, with a global opportunity, robust moat, improving unit economics and an experienced management team. Beeks IaaS is optimised for low-latency private cloud compute, connectivity and real-time analytics. Continued growth is predicated on customers migrating on-prem to cloud for cloud's cost, agility and security comparative advantages.

FYE JUN (£M)	2023	2024	2025	2026E	2027E
Revenue	22.4	28.5	35.9	39.5	44.5
Adj EBITDA	8.4	10.7	13.6	15.6	17.6
Fully Adj PBT	2.3	3.9	5.5	6.4	7.4
Fully Adj EPS (p)	4.0	6.4	7.6	8.2	10.0
EV/Sales (x)	6.3	5.0	3.9	3.6	3.2
EV/EBITDA (x)	16.8	13.2	10.4	9.1	8.0
PER (x)	55.6	34.6	28.9	26.9	21.9

Source: Company Information and Progressive Equity Research estimates.

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The fine print on FY25 results

P&L highlights

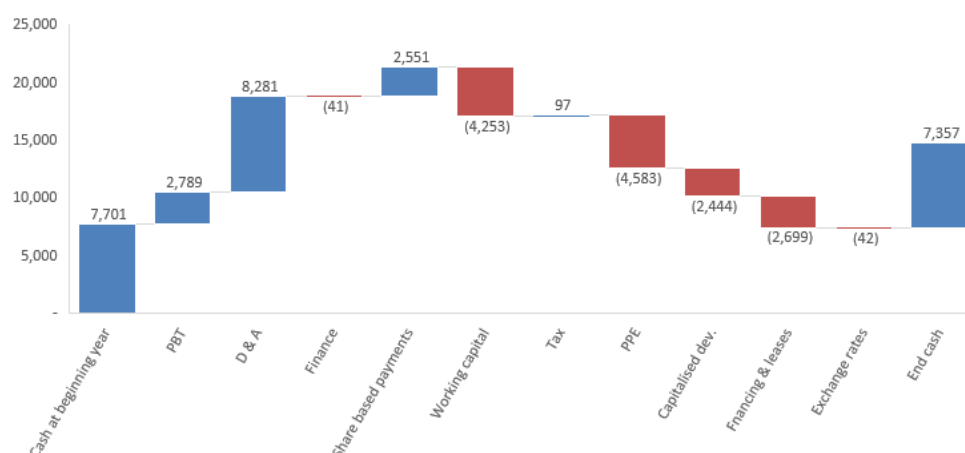
- Revenue +26% to £35.9m. The star turn following its significant growth was Proximity Cloud, where revenue soared to £7.8m from £1.6m last year.
- Annualised Committed Monthly Recurring Revenue (ACMRR) was up 5% to £29.5m (FY24: £28.0m). It was £31.5m by the end of September 2025.
- PBT £2.79m (FY24: £1.46m) and Underlying EBITDA +27% Y/Y to £13.6m (FY24: £10.7m).
- Working capital movements featured a £8.9m increase in receivables. This was due to the timing and scale of larger customer contracts resulting in an increase in contract assets, and was partially offset by a £5.5m increase in payables. This was a result of a significant investment profile due to the purchase of hardware to support Proximity Cloud and Exchange Cloud contracts near the year-end.
- Beeks closed the year with gross cash of £7.4m (FY24: £7.7m). Overall, the group remains well-capitalised, with no bank debt and low asset finance debt of £0.4m. Net cash at the end of the year is £7.0m, up from £6.6m.

Beeks – FY25 P&L summary – it's all about growth

Ended 30 June (£m)	FY24	FY25	Growth Y/Y (%)
Revenue	28.49	35.92	26.1%
Gross profit	11.34	14.7	29.6%
Gross margin (%)	39.8%	40.9%	
Underlying EBITDA	10.73	13.62	26.9%
Underlying EBITDA margin (%)	37.7%	37.9%	
Underlying profit before tax	3.90	5.49	40.8%
Underlying PBT margin (%)	13.7%	15.3%	
Statutory Profit /(Loss) before tax (£m)	1.46	2.79	91.1%
Underlying basic EPS (p)	7.01	8.47	20.8%

Source: Company data, Progressive Equity Research

Beeks – How cash flowed through FY25



Source: Company data, Progressive Equity Research

Operational highlights

- Major Exchange Cloud contracts include the Australian Securities Exchange (ASX), Grupo Bolsa Mexicana de Valores (BMV), Kraken, and post period-end, a division of the TMX Group, the owner of the Toronto Stock Exchange (TSX).
- Continued expansion with existing customers, including a further Exchange Cloud contract extension with the Johannesburg Stock Exchange (JSE) to meet strong customer demand.
- Several significant Proximity Cloud contracts signed, which are multi-year wins, and renewals across brokerage and fintech firms, including a leading global FX broker. Revenue-share model for Exchange Cloud contracts. Beeks informs us that it does not have any significant renewals in the year ahead. FY25 saw the introduction of the revenue-share model, which Beeks concludes is already shortening sales cycles as it enhances Beeks' recurring revenue profile over time and drives higher long-term profitability.

Beeks – Segmental revenue Illustrates the galloping growth in Proximity Cloud (£'000)

Year to 30 June (£'000)	Public/Private Cloud	Proximity/Exchange Cloud	FY24 Total	Public/Private Cloud	Proximity/Exchange Cloud	FY25 Total
Over time						
IaaS	22,723		22,723	23,765		23,765
Maintenance	388		388	363		363
Proximity Cloud		378	378		709	709
Exchange Cloud		53	53		157	157
Professional Services	463		463	199		199
Total over time	23,574	431	24,005	24,327	866	25,193
Point in time						
Proximity Cloud		1,626	1,626		7,818	7,818
Exchange Cloud		1,417	1,417		1,628	1,628
Hardware/Software resale	826		826	871		871
Software licences	456		456	193		193
Set-up fees	100		100	104		104
Software other	57		57	111		111
Total Point in time	1,439	3,043	4,482	1,279	9,446	10,725
Group revenue	25,013	3,474	28,487	25,606	10,312	35,918

Source: Company data, Progressive Equity Research

Post period-end – momentum continues and strengthens

- The launch of ‘*Market Edge Intelligence*’, billed as the world's first AI/Machine Learning solution for passive monitoring of capital markets data directly at the network edge. The debut shows Beeks using AI to transform market infrastructure, with the added impact on the financial model as a high-profit software revenue stream.

A new software AI analytics product developed throughout FY24 and FY25, Market Edge Intelligence is billed as ‘bringing real-time AI analytics and predictive intelligence capabilities directly to colocation facilities’. By generating actionable insights (think: predictive alerts), looking at detecting infrastructure anomalies, capacity forecasting and real-time trading signal execution, the ROI will be based on cost savings and operational efficiencies. Of value to Beeks’ immediate Tier 1 and Tier 2 customers (buy-side firms, brokers, market makers, exchanges and venues), the product can be integrated in a variety of ways: part of Beeks Analytics, as a standalone solution to operate on a firm's own data, or as a hybrid integration with existing tools and APIs. So Market Edge Intelligence creates upsell opportunities, increases pricing power and adds to the substantial recurring revenue base.

- Ongoing investment into the security of Beeks’ infrastructure, with both Proximity Cloud and Exchange Cloud holding SOC2 compliance standard.
- Expanding Beeks market opportunity by securing a minority stake in Liquid-Markets-Solutions. This gives Beeks exclusive access to its cutting-edge ÜberNIC technology, enhancing the appeal of the Private and Exchange Cloud offerings to leading financial institutions.

We tear down the Outlook Statement

- **Momentum continues:** The market backdrop is ‘*increasingly favourable*’, characterised by a ‘*considerably increased level of new opportunities*’ entering the sales pipeline
- **Records being broken:** Pipeline is at ‘*record strength*’ with multiple opportunities in the sales funnel, including several of the world’s leading financial institutions.
- **Guides in line for FY26:** Post period-end, Beeks secured several significant Private Cloud contracts across multiple financial institutions globally, providing good revenue visibility for FY26. This enables the Board to be confident in ‘*achieving results for FY26 in line with its expectations*’.

CEO Gordon McArthur commented...

Strengthened business model: “FY25 has been another landmark year for Beeks. Yet again we have achieved double-digit growth in revenue and profitability, strengthened our recurring revenue profile and secured significant contracts with some of the world’s largest financial institutions.”

Skate to where the puck is headed: “The sales environment has now fundamentally changed in our favour. Following two years of market education, in which we have strengthened our sales team, increased our marketing activities, and delivered demonstrable results for leading exchanges around the world, we believe we are now a well-established and highly regarded player in the financial markets infrastructure, and we

are continuing to capture a market that increasingly recognises our solutions as a ‘must-have’ addition.”

Stronger prospects for FY26: “We move into FY26 in a strong position, bolstered by a widened offering and a record pipeline of opportunities, providing confidence in sustained growth during FY26 and beyond”

Points to ponder

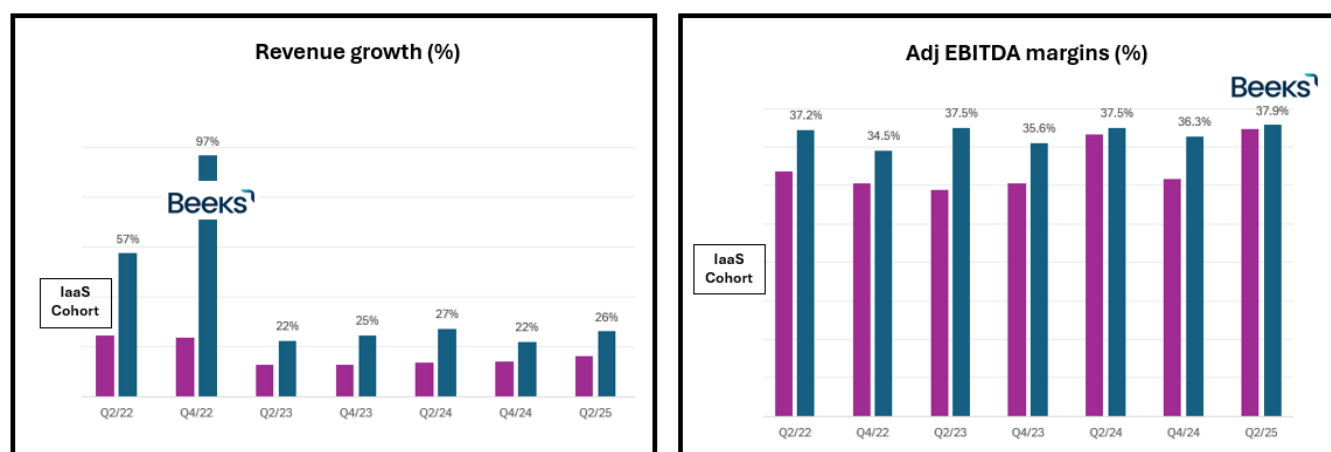
Revenue growth and adj. EBITDA margins are best in class. Beeks enjoys best-in-class revenue growth and adj. EBITDA margins as we look across the wider IaaS company cohort (including Alibaba, AWS, Azure, Digital Realty, Equinix, Google Cloud, Iomart, Oracle Cloud, Rackspace, Redcentric).

The macro environment is also a tailwind. As of October 2025, the value of share trading globally rose by 5.67% month-over-month, with the number of trades up 6.88%, according to the World Federation of Exchanges. Those global markets that reported record-breaking volumes in September 2025 include:

- US equities (on-exchange): up 38% year-over-year.
- Off-exchange trades: up 183.6%, indicating a surge in alternative trading venues.
- European equities: increased 16.5% YoY.
- Australian equities: rose 17.3% YoY.

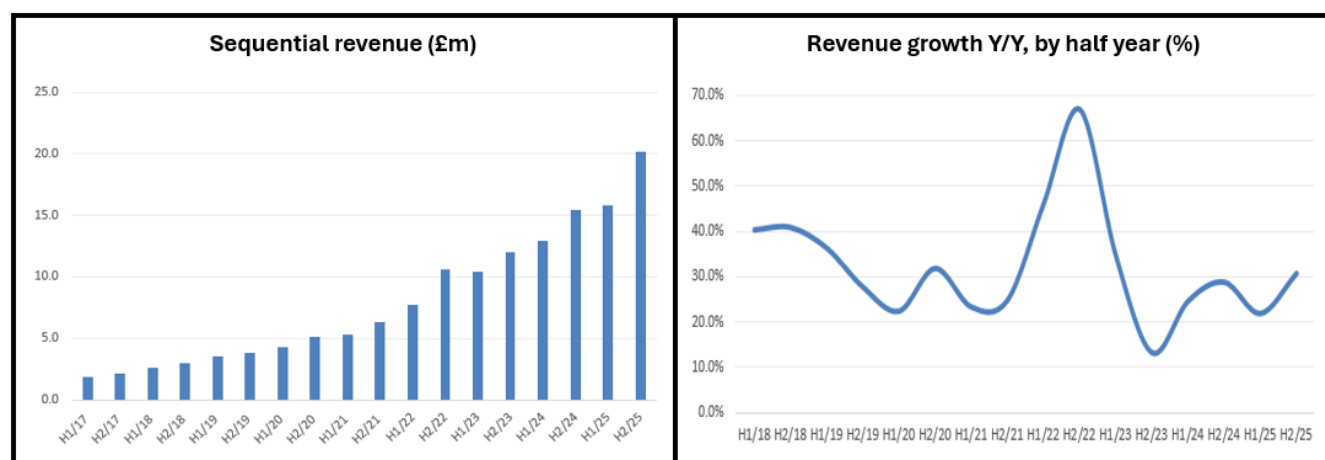
To try capture the magnitude of Beeks revenue growth, note that the global datacentre market (valued at US\$242.72bn in 2024 and projected to reach US\$584.86bn by 2032 – source: [Fortune Business Insights](#)) is itself ‘only’ growing at a CAGR of 11.7%.

Beeks – Revenue growth and adj. EBITDA margins are ‘best in class’



Source: Company data, Progressive Equity Research

Beeks – Sequential revenue – it's all about growth



Source: Company data, Progressive Equity Research

Headcount costs are the largest component of Beek's administrative expenses. This year, headcount costs were +8% Y/Y to £7.8m. While the employee numbers were flat Y/Y (102 vs. 105 last year), Beeks made targeted headcount increases in high-value areas such as sales. This are an important step to ensure improved ability to execute, and market a scaling up the 'bench' in line with the increasing pipeline. Beeks guides that any future headcount increases will '*remain measured and strategic*'.

Capitalised development costs where down Y/Y to £2.1m, from £2.8m FY24. Beeks has continued to invest in Proximity Cloud and Exchange Cloud, but the development methodology has changed to an 'agile' approach of smaller, iterative releases, rather than committing to large-scale, capital-intensive development cycles. Similarity to others who have adopted this approach, the gain is being able to respond more rapidly to customer needs and market opportunities. Note: There was a new Head of Software Development hired in the period.

Note: The new Edge Intelligence absorbed £0.4m as expensed.

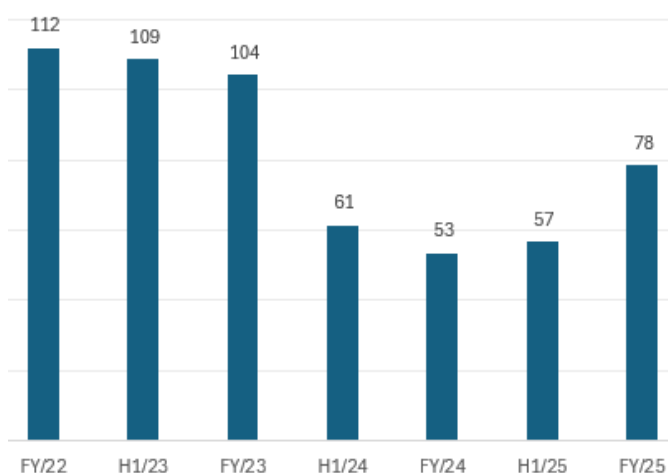
Gross profit increased 30% to £14.70m, vs £11.34m last year, with the gross profit margin rising to 40.9% (FY24: 39.8%). Gross profit is calculated by deducting from revenue variable cost of sales such as datacentre costs, software licencing, connectivity charges and depreciation and amortisation on the server estate and internally developed software. This is a strong result given the continued investment across the asset estate.

Current Assets:

(i) Inventory. Beeks has a stock supply of £2.6m in IT infrastructure. This is capable of delivering part of the immediate FY26 sales pipeline. Of the £2.6m stock, £1.0m relates to assets held for specific Proximity/Exchange Cloud deals where assets had been delivered but were not in use at 30 June 2025.

(ii) Receivables. While inventory increased, and with it the current asset base, the increase in Receivables (to £7.7m, from £4.2m last year) still marked a reduction in DSOs. Within Current Assets the main growth was in Contract Assets, which grew to £3.6m from £1.5m last year.

Beeks – DSOs are on a long-term downward path



Source: Company data, Progressive Equity Research

Positioning Beeks in the wider IaaS world

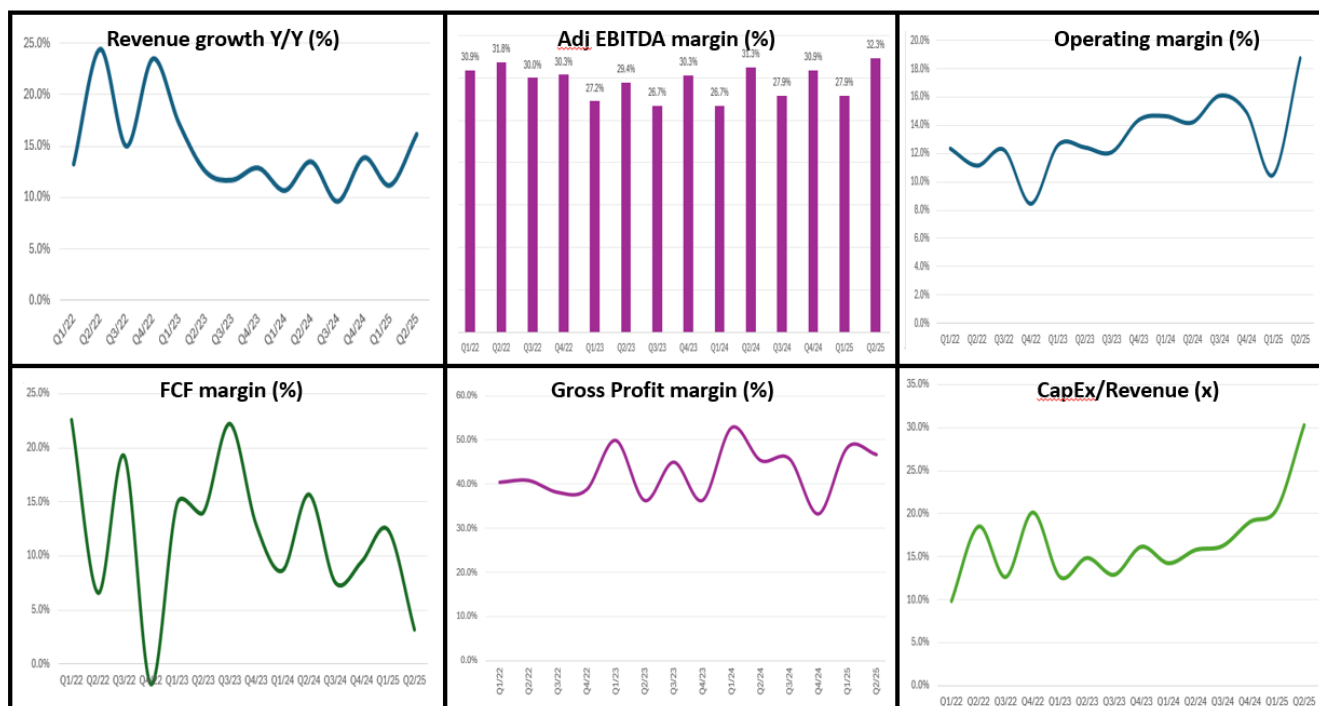
We review Beeks relative to the IaaS competitor group. Beeks has better revenue growth, adj. EBITDA and FCF margins. For us, the secret sauce is Beeks' end-market focus, which:

- gives Beeks a strong moat,
- insulates Beeks from the more generalist 'rent-a-rack' hosting market while removing the IaaS hyperscalers from the competitive market, and
- allows Beeks a degree of pricing power.

We are in the midst of a large 'cloud' shift that favours the IaaS cohort. While the hyperscalers seem the obvious 'winners,' the IaaS segment includes an array of companies that will gain from vertical market focus, but also in the wider cloud migration, as well as the more 'classic' RAS (reliable, available, Secure) corporate requirements. In addition, most modern applications were designed to run on cloud, rather than on-prem systems.

While the newsflow tells us that capex is on the increase, there is less attention to improving adj. EBITDA margins and recovering FCF margins, which feature in the KPI dashboard.

IaaS Cohort – KPI dashboard



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

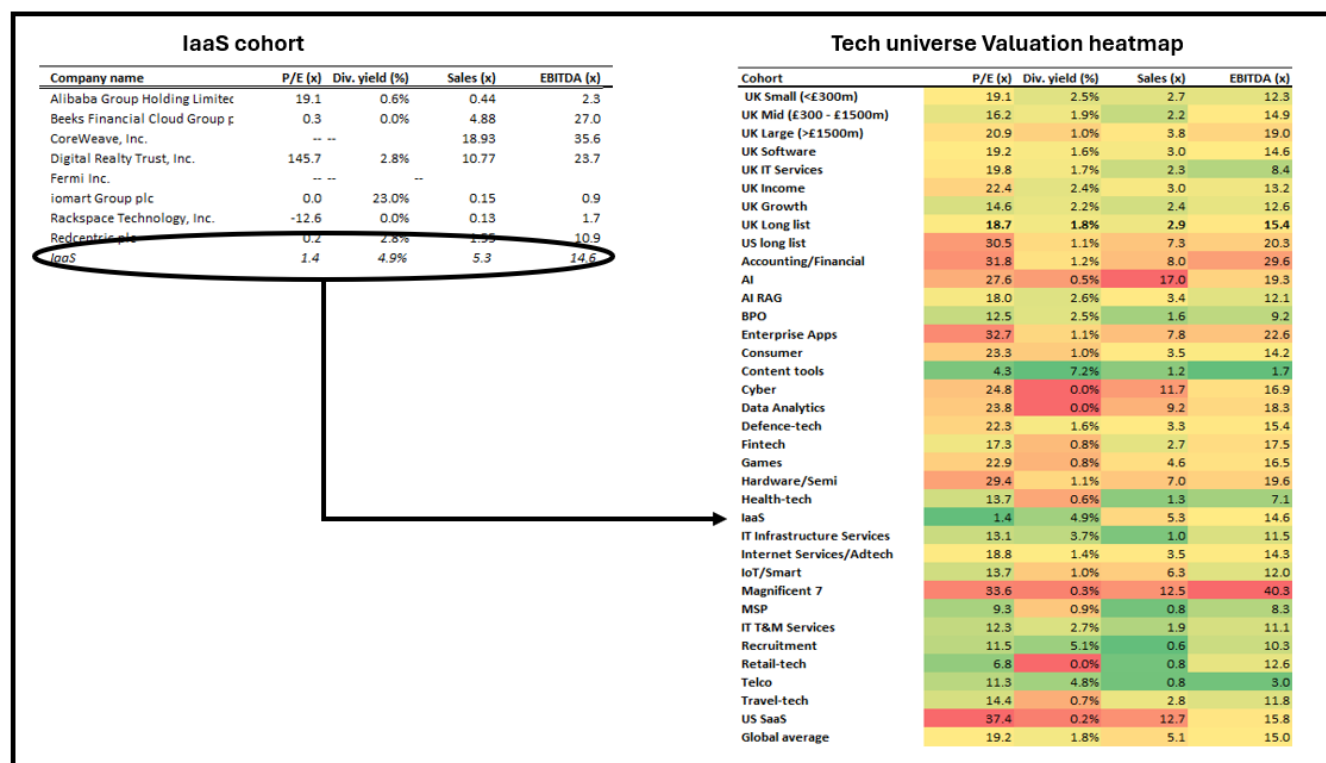
Source: Company data, Progressive Equity Research

Valuation: Beeks, the IaaS industry and the wider tech world

Given the current disruption in financial markets, we show Beeks and the IaaS group relative to the wider tech universe. The chart illustrates:

- valuations in the group,
- the IaaS cohort in the wider tech universe, and
- how the sector has fared in the current correction stemming from the US.

Beeks and the IaaS cohort valuation relative to the wider tech universe (x)



Source: Company data, Yahoo Finance, Progressive Equity Research

Financial Summary: Beeks Financial Cloud Group

Year end: June (£m unless shown)

PROFIT & LOSS	2023	2024	2025	2026E	2027E
Revenue	22.36	28.49	35.92	39.50	44.50
Adj EBITDA	8.42	10.73	13.62	15.57	17.57
Adj EBIT	3.27	3.80	4.16	6.84	7.27
Reported PBT	(0.65)	1.46	2.79	4.31	6.24
Fully Adj PBT	2.33	3.90	5.49	6.44	7.38
NOPAT	3.59	2.20	2.94	7.93	8.55
Reported EPS (p)	(0.13)	3.11	4.12	6.63	9.06
Fully Adj EPS (p)	3.96	6.36	7.60	8.19	10.04
Dividend per share (p)	0.00	0.00	0.00	0.00	0.00
CASH FLOW & BALANCE SHEET	2023	2024	2025	2026E	2027E
Operating cash flow	7.12	5.64	3.87	5.76	8.80
Free Cash flow	(0.14)	(0.92)	(2.83)	1.99	3.56
FCF per share (p)	(0.20)	(1.37)	(4.21)	2.95	5.29
Acquisitions	0.00	0.00	0.00	0.00	0.00
Capex	(7.15)	(6.79)	(7.03)	(7.20)	(7.40)
Shares issued	0.00	0.00	0.00	0.00	0.00
Net cash flow	(2.17)	(4.96)	(5.53)	(0.51)	0.93
Overdrafts / borrowings	(3.42)	(1.12)	(0.40)	(0.40)	(0.40)
Cash & equivalents	7.99	7.70	7.36	6.85	7.79
Net (Debt)/Cash	4.56	6.58	6.96	6.45	7.39
NAV AND RETURNS	2023	2024	2025	2026E	2027E
Net asset value	32.94	37.50	43.22	48.00	52.90
NAV/share (p)	48.94	55.70	64.20	71.31	78.57
Net Tangible Asset Value	17.95	16.74	19.79	16.70	13.57
NTAV/share (p)	26.67	24.87	29.40	24.81	20.16
Average equity	31.77	35.14	40.36	47.61	56.40
Post-tax ROE (%)	7.3%	11.1%	13.6%	13.5%	13.1%
METRICS	2023	2024	2025	2026E	2027E
Revenue growth	N/A	27.4%	26.1%	10.0%	12.7%
Adj EBITDA growth		27.4%	26.9%	14.3%	12.9%
Adj EBIT growth		16.3%	9.5%	64.2%	6.4%
Adj PBT growth		67.5%	40.5%	17.3%	14.7%
Adj EPS growth		60.6%	19.5%	7.7%	22.7%
Dividend growth	N/A	N/A	N/A	N/A	N/A
Adj EBIT margin	14.6%	13.3%	11.6%	17.3%	16.3%
VALUATION	2023	2024	2025	2026E	2027E
EV/Sales (x)	6.3	5.0	3.9	3.6	3.2
EV/EBITDA (x)	16.8	13.2	10.4	9.1	8.0
EV/NOPAT (x)	39.3	64.1	48.1	17.8	16.5
PER (x)	55.6	34.6	28.9	26.9	21.9
Dividend yield	N/A	N/A	N/A	N/A	N/A
FCF yield	(0.1%)	(0.6%)	(1.9%)	1.3%	2.4%

Source: Company information and Progressive Equity Research estimates

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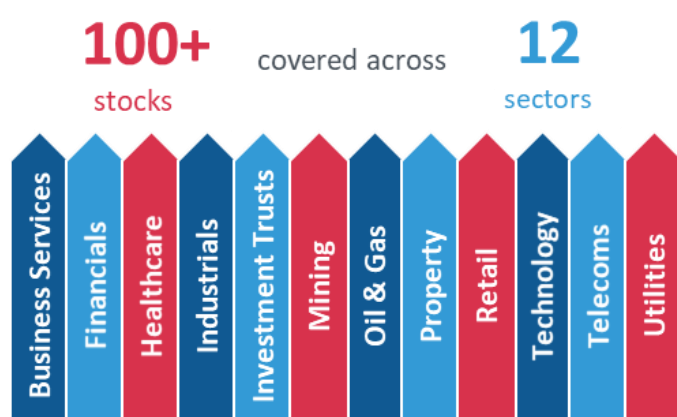
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