

Beeks Financial Cloud Group plc
("Beeks" or the "Company")

Acquisition of Velocimetrics

COVID-19 Update

Glasgow, 15 April, 2020 -- [Beeks Financial Cloud Group Plc \(AIM: BKS\)](#), a cloud computing and connectivity provider for financial markets, is pleased to announce it has acquired the entire issued share capital of Velocimetrics Limited ("Velocimetrics"), a UK-based network monitoring and trade analytics software company (the "Acquisition"), for a base consideration of £1.3 million in cash and equity, plus contingent earn-out.

Acquisition Summary

- Velocimetrics provides real time network monitoring and trade analytics software to a global client list of financial services businesses, including Tier 1 banks, exchanges, brokers, hedge funds and payments providers
- Velocimetrics operates with a mix of license and recurring revenue through subscription and maintenance, reporting £1.16m of revenue, loss before tax of £(0.47m) and EBITDA loss of £(0.18m) for the year ended 30 June 2019
- The Acquisition expands the Beeks' product offering into network automation and trading analytics, increasing the Group's competitive differentiation from generic cloud hosting and infrastructure providers and provides additional cross-sale opportunities across the expanded customer base
- The Company has concurrently entered into a new debt facility with The Royal Bank of Scotland plc totalling £1.5 million to fund the Acquisition and provide additional growth capital for the enlarged Group

Covid-19 Summary

- Minimal impact on current trading from measures implemented due to COVID-19, with continued operational cash generation, increased Annualised Contracted Monthly Recurring Revenue ("ACMRR") and recurring revenues of c.95%
- Continued growth in new business, however new customer implementations may be delayed

Gordon McArthur, CEO of Beeks Financial Cloud commented:

"While the Group is focused on organic growth, we continue to assess strategic acquisitions that will complement our business model and expand our offering. The acquisition of Velocimetrics accelerates our product roadmap, providing us with the ability to offer our clients network monitoring and trade analytics, increasing our competitive differentiation while minimising anticipated product development spend for this functionality. We believe the Velocimetrics offering will have wide applicability across our institutional customer base and look forward to welcoming the Velocimetrics team into the Group and delivering on the opportunity ahead.

"We have experienced minimal impact on trading from the measures implemented due to the COVID-19 pandemic, however we continue to monitor the situation closely, with the health and wellbeing of our staff in the UK and globally our priority. The Group benefits from approximately 95% recurring revenues, a strong balance sheet, resilient business model and growing new business pipeline, therefore while we are unlikely to be entirely unimpacted, we believe we are in a strong position to withstand the current challenges."

For further information please contact:

Beeks Financial Cloud Group plc

Gordon McArthur, CEO

Fraser McDonald, CFO

Canaccord Genuity

Adam James / Angelos Vlatakis

Alma PR

Caroline Forde / Josh Royston / Helena Bogle

via Alma PR

+44 (0)20 7523 8000

+44(0)20 3405 0212

ABOUT BEEKS FINANCIAL CLOUD

Beeks Financial Cloud is a leading cloud computing and connectivity 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 fifteen datacentres, Beeks supports its global customers at scale in the leading financial centres.

For more information, visit: www.beeksfinancialcloud.com.

COVID-19 and Trading Update

The Board and Management team are focused on ensuring the wellbeing and health of our staff, both in the UK and at our datacentre locations globally, while continuing to deliver high levels of support to our customers. We are complying with all relevant government recommendations and all our staff are working remotely.

The Company has seen minimal detrimental impact on trading during the third quarter (1 Jan 2020 – 31 March 2020), with the majority of customer implementations continuing as scheduled and continued growth of the sales pipeline. Approximately 95% of Group revenues are recurring. The Company's ACMRR is tracking in line with management expectations and the new business pipeline continues to grow. The Company's gross cash position at 31 March 2020 was £0.94m (31 December 2019: £1.29m).

The increased volatility across global financial markets is providing a positive trading environment for a large proportion of our customers and while we are experiencing longer lead times on the supply of infrastructure, we are yet to see a significant detrimental impact on our suppliers or supply chain, although this is being frequently reviewed. Our Infrastructure as a Service model provides the Group with a certain level of resilience, as we are able to provision a high level of new cloud infrastructure for our customers within our existing datacentre locations remotely via the Beeks Portal.

The duration and extent of the economic consequences of the pandemic are currently unknown and this may cause a delay to new customer implementation, and therefore the recognition of associated revenue.

The Group's high levels of recurring revenue, positive operating cash generation and increased lending facilities announced today with The Royal Bank of Scotland mean the Board believes that the Company is well placed to withstand the current challenges. The Board continues to closely monitor the situation and will take necessary steps to protect the business should the impact of the pandemic be sufficiently prolonged.

Additional information on the Acquisition

Founded in 2009, Velocimetrics provides real-time business transaction tracking and alerts. Its real-time analytics are used by Tier 1 and other organisations to support intra-day operational and trading



decision making. The existing solutions are highly configurable and have a wide range of applicability from market data and low-latency trading to payment processing.

Acquisition rationale

Velocimetrics operates in a specialist field with few direct competitors. The Acquisition enables Beeks to offer value-add services in network monitoring and trade analytics software to its customer base, increasing the functionality within the Beeks Portal and providing another point of differentiation from generic cloud hosting and infrastructure providers. The organic development of these capabilities had been on management's mid-term product roadmap but would have taken appreciable time and expense. Velocimetrics reported a loss before tax of £(0.47m) in the year to 30 June 2019. The Directors believe certain cost-reductions and operational synergies can be achieved.

The Velocimetrics team will benefit from access to the Beeks infrastructure, global network and extensive customer base. Immediately following Acquisition, Beeks will commence integration of the Velocimetric employees and also commence development work on a SaaS version of the Velocimetrics products, expanding the total addressable market for these offerings and making them more attractive to the existing Beeks' customer base.

The Company has concurrently entered into a new debt facility with The Royal Bank of Scotland plc totalling £1.5 million to fund the Acquisition and provide additional growth capital for the enlarged Group.

Acquisition consideration

The Acquisition is unconditional and is effective as of last night, 14 April 2020, with the consideration comprising (i) an initial cash consideration of £0.75 million which has been paid; (ii) an equity payment of £0.30 million to be satisfied by the issue of 363,458 ordinary shares of 0.125 pence par value each (the "Initial Consideration Shares") which are expected to be admitted to trading on AIM on or around 16 April 2020; and (iii) a further £0.25 million of cash consideration held as retention and payable within four months of completion, subject to no warranty claims having been made.

Earn out consideration may be payable by Beeks depending on the Group achieving certain challenging gross revenue targets during the financial years ending 30 June 2020 and 31 June 2021. The maximum amount of earn out consideration payable in respect of the financial year ending 30 June 2020 is £500,000 payable in cash and the issue and allotment of such number of Ordinary Shares as equals £350,000. The maximum amount of earn out consideration payable in respect of the financial year ending 30 June 2021 is £1,600,000 payable in cash and the issue and allotment of such number of Ordinary Shares as equals £800,000. The maximum aggregate consideration payable (including the base consideration) is £4.55 million, capped at 2x the revenue earned by Velocimetrics during the financial year ending 30 June 2021.

The Initial Consideration Shares and any earn out consideration shares which are issued to the majority sellers under the Acquisition will be subject to a customary 12 month lock-in restriction following their admission to trading on AIM. The lock-in restriction will be subject to customary exceptions, including but not limited to: in acceptance of a general offer made in accordance with the City Code on Takeovers and Mergers, pursuant to any scheme of reconstruction under section 110 of the Insolvency Act 1986, pursuant to any compromise or arrangement under Part 26 of the Companies Act 2006 and with the prior written consent of the Company.

The share purchase agreement entered into by the Company and the sellers in respect of the Acquisition contains customary warranties, indemnities and a tax deed given by the majority shareholders of Velocimetrics.



Application has been made to the London Stock Exchange for the 363,458 Initial Consideration Shares to be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective and that dealings in the Initial Consideration Shares will commence on or around 16 April 2020.

The Initial Consideration Shares being issued pursuant to the Acquisition will, on Admission, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will otherwise rank pari passu in all respects with the issued Ordinary Shares. Following Admission, the Company will have a total of 51,228,258 ordinary shares of 0.125 pence each ("Ordinary Shares") in issue. The Company does not hold any Ordinary Shares in treasury. Accordingly, the total issued share capital with voting rights following Admission of the Initial Consideration Shares will be 51,228,258.

