For immediate release **26 April 2022**

Northcoders Group PLC
('Northcoders', the 'Group' or the 'Company')

Final Results

Northcoders (AIM: CODE), an independent provider of training programmes for software coding, is pleased to announce its maiden Final Results for the year ended 31 December 2021 ('FY21' or 'the period').

Financial Highlights

- Revenue increased 124% to £3.0m (FY20: £1.3m) driven by successful delivery of IPO growth strategy
  - Consumer revenue, which includes core bootcamps and apprenticeship revenues, of £2.8m (FY20: £1.2m)
  - Corporate Solutions revenue was £0.3m (2020: £0.1m)
- Gross margin growth to 72% (FY20: 67%), moving towards 79% target in 2019 driven by cost benefits of new hybrid model
- Gross profit increased significantly to £2.2m (FY20: £0.9m)
- Adjusted EBITDA increased to £0.4m from a loss in 2020 (FY20: loss of £0.3m)
- £3.5m raised at IPO (before expenses) to accelerate further growth
- Net assets as at 31 December 2021 were £2.2m (FY20: £0.5m) of which cash was £1.6m (FY20: £0.5m).

Operational Highlights

- Continued to expand geographic footprint with new lease signed for core hub in Leeds alongside existing Manchester campus
  - New training hub opened in Newcastle and activity started in Birmingham
- Implemented new highly scalable hybrid course-delivery model blending online and in person teaching to extend reach of Northcoders' training
  - Driving record number of 3,662 students applying with 424 enrolling and 213 graduating so far
- Demand at record levels
  - Continued to increase hiring partners to over 315, including new businesses such as NHS Digital, PrettyLittleThing, Informa, AND Digital Limited, Wren Kitchens Limited and Sky Betting & Gaming.
  - Engaged with a new funding partner, StepEx Limited, allowing applications from a more diverse range of backgrounds
  - Awarded £1.65m government-funded scholarship in July 2021 and continue to engage regarding future public funding arrangements

- Launched Apprenticeships course in January 2021 following government's Education Skills Funding Agency accreditation
  - 96 apprentices enrolled in the Period
  - Contracts already begun across UK including companies such as PrettyLittleThing and logistics company, Hermes

- Corporate Solutions division signed multiple new agreements including with Ove Arup, Digital Applications International Limited (the independent IT solution delivery company), and NHS Digital
- Grew staff count to 63 members (FY20: 37) to meet increased demand

Current Trading and Outlook

- In January 2022, successfully extended Department for Education contract with additional £1.65m funding for courses to deliver between February and September 2022
- In Q1 FY22, graduated 1,000th person through bootcamp
- Announced May 2022 opening of Birmingham training hub
- Received a special request from Jason Stockwood, the Chairman of Grimsby Town Football Club, to establish a facility at the club's stadium; this is planned for Q3 2022
- Company trading in line with expectations
- At the end of Q1 2022 revenue visibility stood at £3.6m, around 55% of the target revenue for the year.

Chris Hill, CEO, commenting on the results said:

"We are delighted to report such a strong set of maiden financial results, demonstrating that Northcoders is successfully delivering its IPO growth strategy. Consumer and corporate demand for our services continues to increase, and we are now extending our reach across the UK as planned through our hybrid product offering.

"As the need for software and technology skills continues to increase, and digital transformation takes priority for organisations in almost every sector, Northcoders' market leading reputation is driving demand for our training. This, coupled with our extended Government contract, gives us confidence in our ability to fulfil our significant growth ambitions."

Analyst meeting

A virtual meeting for sell-side analysts will be held at 10.00 a.m. today, 26 April 2022. Please contact Buchanan via northcoders@buchanan.uk.com if you wish to join the meeting. A copy of the Full Year Results presentation will be available on the Group's website later today: www.northcodersgroup.com .

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

- Ends -

For further enquiries:

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Notes to Editors

Northcoders is a market leading provider of B2B and B2C coding and software development training. Founded in 2015, its business model operates a hybrid structure with flagship sites in Manchester and Leeds supported by a best in class digital offering to businesses and individuals across the UK.

Powered by IP rich technology, Northcoders' coding school offers boot camp courses to consumers from a range of backgrounds, delivered through virtual and physical learning. The Group also works with blue chip corporates across multiple sectors to supply innovative EdTech solutions for the upskilling and reskilling of employees, and is a registered provider of government-backed apprenticeships in the field.

With a keen focus of inclusivity, diversity and quality at its core, Northcoders aims to address the digital skills gap in the UK to meet the increasing demand for digital specialists from corporates and government. It operates in a significant and growing market with structural growth trends further accelerated by Covid-19.

Northcoders was admitted to trading on AIM in July 2021 with the ticker CODE.L. For additional information please visit www.northcodersgroup.com .

Chairman's Introduction

The successful IPO in July 2021 has placed the business in a strong position with the financial support to achieve its immediate commercial targets, and in the twelve months under review significant progress has already been made.

I joined the Group as Chair in January 2022, after the period we are reporting on, so will reflect first on what excited me about Northcoders. What I could see was a company with enormous potential for the future and one with a great market opportunity in front of it. Northcoders offers an excellent product, has high quality people, and by facilitating growth in digital capability is simultaneously significantly enhancing both corporate efficiency and the prospects for our graduates throughout the UK. We do not have enough digital capability across the UK, or the global market. The vision of Northcoders to be able to train and expand the current and future talent pool, increasing and improving digital skills and capacity across a broader spectrum of people, is compelling.

Financial review

Despite the impact of Covid-19 and the distraction of the IPO, we had a year of significant growth and met our market expectations. Our 2021 revenue grew to £3.0m from £1.3m in 2020. This also represents growth from our previous (pre Covid-19) highest revenue year of £2.0m in 2019. We also reported 72% gross profit margin, which is moving towards our target of 79% (2019). Our adjusted EBITDA has increased to £0.4m from a loss of £0.3m in 2020.

Now we want to build on those results. Northcoders has grown to date based on the ideas and committed, hard work of a group of inspirational entrepreneurs. I see my role, alongside the rest of the Board, as overseeing how we now capture and maximise the essence of the culture, values and behaviour that has made Northcoders successful to date whilst managing the necessary change that will enable us to continue to be successful and able to grow in the future. We will also need to continue to develop our strategic plan as the organisation evolves and grows over time. With cultural clarity and strategic direction, we will be able to continue to attract great people with the right talents and motivation, to provide a great product and service, that will be able to make a genuine difference for all the graduates and corporate customers that we serve and train all over the UK.

Strategy

Growth is our ambition, of course. Growth financially, growth in customer numbers, growth for the people who work for Northcoders, and growth for the people we train. It will mean expanding the number of locations and broadening our product set and the markets we serve. We would like to do that while maintaining the entrepreneurial sense of a small organisation and creating significant shareholder return. How we achieve this balance is going to be our key challenge and we are up for the challenge.

Employees

It would be remiss of me not to acknowledge and thank our employees for all their efforts in this year of significant change and evolution in our company. That this has been achieved against the continuing backdrop of Covid-19 is to their great credit.

I would like to acknowledge the contribution of my predecessor Sandra Lindsay and thank her on behalf of the Company for all she did in supporting the business up to and through its IPO.

Outlook

Trading in the current year to date has started well and we expect further significant growth in the year ahead with the balance weighted to the second half of the year. I am very much looking forward to working with the Board and the Northcoders team to continue the excellent momentum of the past twelve months, as we continue to implement the growth strategy set out at IPO.

There are, we believe, exciting times ahead!

Angela Williams

Non-Executive Chair

CEO's Statement

Introduction

The financial year ended 31 December 2021 ('FY21' or the 'Period') was a momentous year for Northcoders with its successful IPO in July 2021 raising new capital for the Company and providing it with the resources to implement its growth strategy of expanding its geographical presence and product offering.

IPO/flotation

In July 2021, the Company was admitted to trading on the AIM of the London Stock Exchange and completed a fundraising, via a placing and subscription of 1,944,444 new ordinary shares at 180p per share, which raised £2.9m, net of expenses.

The admission to AIM has enabled us to increase our marketing activities, focus on geographical expansion, grow our team, and develop our internal tech roadmap further. We have also started to look at our product-extension roadmap in more detail.

We also intended to use proceeds of the IPO as a cash flow buffer to be able to offer more favourable payment terms to students through external student finance providers. However, the receipt of £1.65m of funding from the Department for Education (DfE) in 2021, with a further £1.65m to follow in 2022, has meant we can repurpose these funds.

Financial review

The Group delivered a strong performance in 2021 despite the continued impact of Covid-19 generally and the resources required for the IPO more specially. Underlying performance was in line with expectations and cash flow benefited from the additional course funding available from the Group's contract under the DfE's 'Lifetime Skills Guarantees' and 'Plan for Jobs' initiatives, secured in July 2021. Non-underlying costs were also lower than expectations at the time of the IPO.

2021 revenue, which comprises consumer revenue and corporate revenue, increased 124% to £3.0m (2020: £1.3m) and was also higher than our previous highest revenue year of £2.0m in 2019.

Consumer revenue, which includes core bootcamps and apprenticeship revenues, was £2.7m (2020: £1.2m) and corporate revenue was £0.3m (2020: £0.1m).

Gross profit for the year was £2.2m (2020: £0.9m) with a reported gross profit margin ('GPM') of 72% (2020: 67%). The cost benefits of the new hybrid model are driving a move back towards the GPM achieved in 2019 of 79%.

EBITDA, adjusted for share-based payments and exceptional items, was £0.4m (2020: loss £0.3m).

The loss for the year before tax was £0.5m (2020: £1.2m), after recognising £0.4m of exceptional costs. There was a tax credit of £0.2m (FY20: £0.3m) giving a loss for the year of £0.4m (2020: £0.9m).

Basic earnings per share was a loss of 6.13p per share (2020: 18.84p). Basic adjusted earnings per share was 3.04p per share (2020: a loss of 7.03p).

Net assets as at 31 December 2021 were £2.2m (2020: £0.5m) of which cash was £1.6m (2020: £0.5m). The increase in cash and net assets has been caused by company growth and the July 2021 IPO. This net position now puts the company in a good place going forwards as we continue to realise our future growth strategy and expansion.

Operational review

At the turn of 2021, Northcoders was operating online-only due to the coronavirus restrictions in place. Both physical hubs were closed, with Manchester reopening on 4 May and Leeds on 21 June.

In 2021, we were able to fully implement a new hybrid course-delivery model blending online and in-person teaching, which we had developed during the course of 2020 in response to the pandemic. With a record number of students applying (3,662), enrolling (424) and graduating (213) through our courses, we enjoyed the benefits of this highly scalable new model. In this new operating model, we stream all lectures to our various Northcoders hubs, but also to students studying from home and remotely. We then have tutors on-hand via our custom, internally built, help-desk system answering requests either in person on campus, or remotely.

Operationally, we have been able to scale the business well, with all sectors sharing service areas and the student-to-tutor ratio increasing only gradually, ensuring we maintain quality. The new operating model has enabled us to teach our bootcamp and apprenticeship courses with little or no disruption from coronavirus lockdowns or other restrictions. But it has also proven our model to be resilient and scalable whilst maintaining our quality standards and reputation.

Northcoders Group ended 2021 with a permanent headcount of 63 members of staff compared to the 37 we started the year with. Staff numbers are expected to grow by a further 30 employees in FY22 with the headcount at 31 March 2022 standing at 79.

During 2021, we were also able to set up a team focused on creating internal software. This team works with an aim of creating efficiencies across the business, improving the quality of service for our learners and end users, while providing a new rich source of data to inform and improve our sales and marketing activity. This has resulted in a new version of the Learn to Code platform that was successfully launched in Q1 2022, a fully functional jobs board and the current help-desk system that is used by all bootcamp learners. The team will also monitor the industry and make any necessary changes to the curriculum.

The entire technical team at Northcoders spends time on rotation in this internal development team. This enables every member of the technical team to stay up to date with modern software techniques and processes, enabling Northcoders tutors to deliver the most cutting-edge and relevant methodologies/content to our learners and clients.

Consumer bootcamps

Consumer bootcamp courses are designed for individuals seeking a career as a software developer and are delivered over a 13-week period.

Consumer demand for the Group’s core bootcamp courses grew strongly during the Period. In July 2021, Northcoders’ quality was acknowledged when the Group was successfully awarded a £1.65m government-funded scholarship programme for its training courses.

We received over five times the number of applications for the scholarship places we had available, demonstrating the strength of demand for quality training.

We have continued to increase the number of our hiring partners, which now stands at over 315. Additions during the Period included NHS Digital, PrettyLittleThing, Informa, AND Digital Limited, Wren Kitchens Limited and Sky Betting & Gaming.

During the Period, the Group has also engaged with a new funding partner, StepEx Limited, allowing more students from a diverse range of backgrounds to benefit from the life-changing education that the Group provides.

Consumer demand for the Group’s core bootcamp courses is expected to continue to grow in FY22, especially with the benefit of increased monthly marketing spend and geographic presence. In Q1 2022, we graduated our one thousandth person through the coding bootcamp since our first course in 2016. We anticipate we will graduate at least half that number again in 2022. Our learner retention rate is 95%. We continue to achieve an Oxbridge-beating placement rate of 94%, with average starting salaries in software for our coding bootcamp graduates now at £26,488.

In January 2022 we reported that the Department for Education had advised that funding has been increased further, due to the successful delivery of student courses through the first funding round. The increase entails a further £1.65m in funding for training courses which we expect to deliver between February and September 2022. To date, we have awarded £0.7m of this funding.

Apprenticeships

Northcoders launched its apprenticeships courses in January 2021. Subsequently, the Group has delivered contracts across the UK with learners from companies based as far south as Plymouth and as far north as Darlington and Penrith. An increasing number of large employers, such as online fashion retailer PrettyLittleThing, and logistics company Hermes, are seeing the benefit of engaging with Northcoders to deliver apprenticeship courses on their behalf. In the Period, the Group has also launched its new apprenticeship 'hire to train' programme which is proving to be very popular with both corporates and individuals alike.

Corporate solutions

Our corporate solutions division services corporates when their needs do not fall within hiring a bootcamp graduate or putting a staff member on an apprenticeship. We work with each individual corporate company to work out a solution to their digital needs. This could be in the form of a tailored internal training programme through a premium consultancy project, or it could be that Northcoders take on their software engineering project in house.

We continued to develop our corporate solutions revenue in 2021 with revenues of £0.3m (2020: £0.1m). Even more pleasingly, we signed contracts for both software training and software engineering services, totalling £0.5m, in the Period, of which £0.2m carries forward into FY22. Northcoders signed agreements in the year with Ove Arup, Digital Applications Limited (the independent IT solution delivery company), and NHS Digital, as well as working on mobile app development for two start-up companies. We have also secured further software development work for Manchester City Council's Adult Education department.

It is becoming apparent that bespoke, localised training for the corporate sector is a growing opportunity to drive the growth of Northcoders nationwide. In response, we expect to invest £0.3m in 2022 into internal intangible assets with an exciting tech roadmap in place. Continuing with our product development, and responding to market demand, we will be introducing a premium consultancy product. This offers packaged solutions and mentorship services to clients who need to grow and upskill their software teams rapidly. Alongside that, using a similar revenue model, we will also be providing bespoke onboarding and training academies for clients who need to train either new or existing workforces in specific skills.

Geographic expansion and hub roll out

The year commenced with the Company having two hubs in Manchester and Leeds (albeit they were closed due to Covid). During the year:

- a new lease has been signed in Leeds for a premises that can accommodate the Company's recent growth as a result of the increasing brand awareness;
- a training hub in Newcastle was opened;
- activity commenced in Birmingham with a number of students being signed up in the region. Marketing in the region commenced, although the opening of a physical hub was deferred due to uncertainty around the UK Government's winter Covid plans. We are now set to open Birmingham in May 2022; and
- the Company received a special request from Jason Stockwood, the Chairman of Grimsby Town Football Club, to establish a facility at the club's stadium; this is planned for Q3 2022.

In due course there will be a Northcoders presence in many more cities throughout the country, not just in the north of England. Areas that are on the initial target list include Liverpool and Sheffield, where we already have graduates and current remote learners. With the availability of the online offering the Company is taking advantage of its ability to move into new locations remotely in the first instance and thereafter follow up with a local, physical presence.

Outlook

Northcoders is a market leader in software engineering training and its market opportunity is vast. The UK Commission for Employment and Skills estimated that 1.2m new technically skilled people are needed by 2022 to satisfy future skills needs in the UK. Digital transformation is a huge priority for organisations across the UK and the need for coding skills spans across almost every sector. Our aim is to fulfil as much as possible of this increase in demand whilst creating life-changing opportunities for individuals.

To meet this demand, we will continue to identify new geographic regions where it is believed that a Northcoders presence and hybrid product offering, both in-person and online, would be successful. We will also continue to review our products and endeavour to provide solutions tailored to corporate needs and the needs of the industry.

The Group started FY22 with contracted bookings for the year to December 2022 of approximately £3m, approximately 46% of the target revenue for the year. At the end of Q1 2022 revenue visibility stood at £3.6m, around 55% of the target revenue for the year. Trading in the year to date has commenced in line with management’s expectations and this, together with the extension of the DfE contract, gives the Board confidence for the Company’s prospects for the remainder of the year.

Chris Hill

Chief Executive Officer

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021

	Notes	2021 £	2020 £
Revenue	2	3,010,357	1,341,493
Cost of sales		(848,392)	(449,319)
Gross profit		**2,161,965**	**892,174**
Other operating income		144,749	153,635
Expenditure		(1,947,239)	(1,300,865)
Adjusted EBITDA	**4**	**359,475**	**(255,056)**
Depreciation		(118,892)	(244,854)
Amortisation		(134,755)	(44,347)
Share-based payments		(114,341)	—
Total administrative expenses		(2,315,227)	(1,590,066)
Exceptional items	3	(421,289)	(590,788)
Operating loss		**(429,802)**	**(1,135,045)**
Investment revenues		8,574	2,200
Finance costs		(102,360)	(112,705)
Loss before taxation		**(523,588)**	**(1,245,550)**
Taxation credit	6	165,464	303,443
Loss for the year		(358,124)	(942,107)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Tax relating to items not reclassified		**(5,089)**	**—**
Total items that will not be reclassified to profit or loss		**(5,089)**	**—**
Total other comprehensive loss for the year		**(5,089)**	**—**
Total comprehensive loss for the year		**(363,213)**	**(942,107)**
Earnings per share	**7**		
Basic (pence per share)		**(6.13)**	**(18.84)**
Diluted (pence per share)		**(6.13)**	**(18.84)**
Adjusted (pence per share)		**3.04**	**(7.03)**

Total comprehensive loss for the year is all attributable to the owners of the Parent Company. All losses after taxation arise from continuing operations.

Consolidated Statement of Financial Position
For the year ended 31 December 2021

	Notes	2021 £	2020 £
Non-current assets			
Intangible assets		495,071	361,289
Property, plant and equipment		525,067	211,566
Deferred tax asset		256,350	159,521
		1,276,488	**732,376**
Current assets			
Trade and other receivables	10	1,416,145	298,800
Current tax recoverable		143,042	241,799
Cash and cash equivalents		1,564,645	525,671
		3,123,832	**1,066,270**
Current liabilities			
Trade and other payables		467,282	518,472
Borrowings		219,386	191,901
Lease liabilities		181,043	167,916
Deferred revenue		21,813	120,388
		889,524	**998,677**
Net current assets		**2,234,308**	**67,593**
Non-current liabilities			
Borrowings		512,602	694,195
Lease liabilities		711,524	562,746
Deferred tax liabilities		134,474	85,076
		1,358,600	**1,342,017**
Net assets/(liabilities)		**2,152,196**	**(542,048)**
Equity			
Called up share capital		69,444	—
Share premium account		2,891,314	—
Merger reserve		500	187,591
Share option reserve		134,715	—
Other reserve		(50,000)	—
Retained earnings		(893,777)	(729,639)
Total equity		**2,152,196**	**(542,048)**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital £	Share premium account £	Share option reserve £	Other reserve £	Merger reserve £	Retained (deficit)/ earnings £	Total £
Balance at 1 January 2020		—	—	—	—	187,591	212,468	400,059
Year ended 31 December 2020:								
Loss and total comprehensive loss for the year		—	—	—	—	—	(942,107)	(942,107)
Balance at 31 December 2020		—	—	—	—	187,591	(729,639)	(542,048)
Year ended 31 December 2021:								
Loss for the year		**—**	**—**	**—**	**—**	**—**	**(358,124)**	**(358,124)**
Other comprehensive loss:								
Tax adjustments on share based payments		**—**	**—**	**—**	**—**	**—**	**(5,089)**	**(5,089)**
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**—**	**(363,213)**	**(363,213)**
Issue of share capital		**19,444**	**3,480,555**	**—**	**—**	**—**	**—**	**3,499,999**
Costs of float set against premium		**—**	**(589,241)**	**—**	**—**	**—**	**—**	**(589,241)**
Merger reserve transfer		**—**	**—**	**—**	**—**	**(187,091)**	**187,091**	**—**
Share options and warrants expense		**—**	**—**	**146,699**	**—**	**—**	**—**	**146,699**
Share-for-share exchange		**50,000**	**—**	**—**	**(50,000)**	**—**	**—**	**—**
Cancellation of share options		**—**	**—**	**(11,984)**	**—**	**—**	**11,984**	**—**
Balance at 31 December 2021		**69,444**	**2,891,314**	**134,715**	**(50,000)**	**500**	**(893,777)**	**2,152,196**

Consolidated Statement of Cashflows

For the year ended 31 December 2021

	£	£	£	£
Cash flows from operating activities				
Loss for the year after tax		**(358,124)**		(942,107)
Adjustment for non-cash items:				
Taxation charged		**(165,464)**		(303,442)
Finance costs		**102,360**		112,592
Finance income		**(8,574)**		(2,085)
Gain on disposal of property, plant and equipment		**—**		(11,708)
Amortisation of intangible assets		**134,755**		44,347
Depreciation of property, plant and equipment		**118,892**		244,840
Impairment of tangible assets		**—**		590,788
Equity-settled share-based payment and warrants expense		**146,699**		—
Government grant income via present value adjustment		**—**		(15,615)
		(29,456)		(282,390)
(Increase)/decrease in trade and other receivables		**(1,117,345)**		39,678
Decrease in trade and other payables		**(152,740)**		(157,310)
Cash absorbed by operations		**(1,299,541)**		(400,022)
Tax refunded		**211,701**		24,443
Net cash outflow from operating activities		**(1,087,840)**		(375,579)
Investing activities				
Purchase of intangible assets	**(268,537)**		(165,216)	
Purchase of property, plant and equipment	**(42,706)**		(15,878)	
Proceeds on disposal of property, plant and equipment	**—**		2,409	
Business combination, net of cash received	**—**		(17,973)	
Investment revenues received	**8,574**		150	
Net cash used in investing activities		**(302,669)**		(196,508)
Financing activities			—	
Proceeds from issue of shares	**2,910,758**			
Proceeds of new bank loans	**—**		925,000	
Repayment of bank loans and borrowings	**(162,961)**		(105,296)	
Payment of lease liabilities	**(215,954)**		(54,424)	
Interest paid	**(102,360)**		(88,723)	
Net cash generated from financing activities		**2,429,483**		676,557
Net increase in cash and cash equivalents		**1,038,974**		104,470
Cash and cash equivalents at beginning of year		**525,671**		421,201
Cash and cash equivalents at end of year		**1,564,645**		525,671

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	At 1 January 2021	**Financing cash flows**	**New leases**	**Other movements[1]**	**At 31 December 2021**
	£	**£**	**£**	**£**	**£**
Bank loans and borrowings	**885,950**	**(162,961)**	**–**	**8,999**	**731,988**
Lease liabilities	**730,662**	**(215,954)**	**389,687**	**(11,828)**	**892,567**
	1,616,612	**(378,915)**	**389,687**	**(2,829)**	**1,624,555**

	At 1 January 2020	Financing cash flows	New leases	Other movements[2]	At 31 December 2020
	£	£	£	£	£
Bank loans and borrowings	46,267	819,704	—	19,979	885,950
Lease liabilities	139,323	(54,424)	782,809	(137,046)	730,662
	185,590	765,280	782,809	(117,067)	1,616,612

1. Other movements in the year ended 31 December 2021 includes:
- unwinding of present value adjustment of £8,999 to bank loans; and
- accrual for rent due but unpaid on lease liabilities.

2. Other movements in the year ended 31 December 2020 includes:
- the amount of £20,724 within bank loans and borrowings relating to the bounce bank loan consolidated on business combination; and
- disposal of leases of £137,046.

Notes to the Final Results information
For the year ended 31 December 2021

1. Accounting policies

Company information

Northcoders Group PLC is a public company limited by shares incorporated in England and Wales. The registered office is Manchester Technology Centre, Oxford Road, Manchester, Lancashire, M1 7ED. The Company's principal activities and nature of its operations are disclosed in the Directors' report.

The Group consists of Northcoders Group PLC and all of its subsidiaries.

Accounting convention

The Group financial statements have been prepared in accordance with UK Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The Group's transition to UK Adopted International Accounting Standards was completed during the preparation of the Historical Financial Statements contained in the Admission Document upon the Group's admission to AIM.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The individual Parent Company meets the definition of a qualifying entity under FRS 101 Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

(a) the requirements of IFRS 7 'Financial Instruments: Disclosure';
(b) the requirements within IAS 1 relating to the presentation of certain comparative information;
(c) the requirements of IAS 7 'Statement of Cash Flows' to present a statement of cash flows;
(d) paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but it not yet effective); and
(e) the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions and balances between two or more members of a Group.

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company’s loss for the period was £323,817.

Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the twelve months following the acquisition date.

Basis of consolidation

The consolidated Group financial statements consist of the financial statements of the Parent Company Northcoders Group PLC together with all entities controlled by the Parent Company (its subsidiaries) and the Group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the Group's financial statements from the date that control commences until the date that control ceases.

The Group applied the principles of merger accounting in consolidating the results, as Northcoders Group PLC was only incorporated on 6 May 2021 and control of Northcoders Limited was acquired by Northcoders Group PLC via a share-for-share exchange on 24 June 2021. Merger accounting requires that the results of the Group are presented as if the Group has always been in its present form, and does not require a re-evaluation of fair values as at the point of acquisition. Accordingly, as a result of this merger accounting, a merger reserve is recognised within equity which represents the difference between the net assets of the Group and the retained profits recognised by the Group as at 24 June 2021.

Going concern

In preparing the financial statements, the Directors have considered the principal risks and uncertainties facing the business, along with the Group's objectives, policies and processes for managing its exposure to financial risk. In making this assessment, the Directors have prepared cash flow forecasts for the foreseeable future, being a period of at least twelve months from the date of approval of the financial statements.

Forecasts are adjusted for reasonable sensitives that address the principal risks and uncertainties to which the Group is exposed, thus creating a number different scenarios for the Board to challenge, including a 'stress' case scenario of losing the apprenticeship licence and associated revenues. However, in this case scenario there would be increased tutor capacity and the Directors would expect bootcamp revenue to increase. Overall, the Directors do not believe this to cause a material uncertainty around going concern.

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2 Revenue

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker of the Group is considered to be the Board of Directors.

The Group has operating segments as follows:

- Consumer bootcamps and apprenticeships - Individuals go through a selection process and a 13-week coding bootcamp programme to the point where they are in-demand, career ready Junior Software Engineers. Existing employees of businesses can undertake a 13-month 'On the Job' apprenticeship programme for junior software engineers. This is delivered with an on-programme assessment to one or more apprentices utilising government-backed funding from the Education and Skills Funding Agency ("ESFA"). All training income is deferred or accrued as appropriate in order to recognise this on a percentage of completion basis, which is typically on a straight line period over the delivery of the course.
- Corporate solutions - On completion of a course, the Group may seek to place an individual with an employer and such placement fees are included in this segment. No such fees have been recognised in the current year, and in the prior year such fees were invoiced directly to the employer. The Group has decided to not charge these fee's going forwards. This segment further includes practical developments created on behalf of other companies who engage the Group and also bespoke training programmes delivered to large groups from selected organisations.
- Central - Where revenues or costs cannot be meaningfully allocated to either primary operating segment, these are allocated to the Central segment.

Due to the specific nature of the Group's market, each component of revenue naturally falls within one of these segments. The operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results. All assets, liabilities and revenues are located in, or derived in, the United Kingdom.

The revenues are allocated to the following operating segments:

	2021	**2020**
	£	**£**
Revenue analysed by class of business		
Consumer bootcamps and apprenticeships	2,757,020	1,194,069
Corporate solutions	253,337	147,424
	3,010,357	1,341,493

The Group further sub-analyses the consumer bootcamps and apprenticeships segment to distinguish between its original core revenue streams for consumer training, and the apprenticeship income. This split does not represent individual operating segments as defined in IFRS 8, however the Directors have presented the split in order to provide relevant information for the purposes of these financial statements. This is split as follows:

	2021	2020
	£	£
Training excluding apprenticeship income	1,724,117	1,072,659
Apprenticeship training income	1,032,903	121,410
	2,757,020	1,194,069

The results of the Group are allocated to the following operating segments consistent with the requirements of IFRS 8:

Year ended 31 December 2021:

	Consumer	Corporate	Central	Total
	£	£	£	£
Revenue	2,757,020	253,337	-	3,010,357
Cost of sales	(721,133)	(127,259)	-	(848,392)
Gross profit	2,035,887	126,078	-	2,161,965
Operating costs	(114,542)	(20,213)	(2,180,472)	(2,315,227)
Other operating income	-	-	144,749	144,749
Exceptional costs	-	-	(421,289)	(421,289)
Operating profit	1,921,345	105,865	2,457,012	429,802
Net finance costs	-	-	(93,786)	(93,786)
Profit/(loss) before taxation	1,921,345	105,865	(2,550,798)	(523,588)

Year ended 31 December 2020:

	Consumer	Corporate	Central	Total
	£	£	£	£
Revenue	1,194,069	147,424	-	1,341,493
Cost of sales	(379,769)	(69,550)	-	(449,319)
Gross profit	814,300	77,874	-	892,174
Operating costs	(37,695)	(6,652)	(1,545,719)	(1,590,066)
Other operating income	-	-	153,635	153,635
Exceptional costs	-	-	(590,788)	(590,788)
Operating profit	776,605	71,222	1,982,872	1,135,045
Net finance costs	-	-	(110,505)	(110,505)

Profit/(loss) before taxation	776,605	71,222	(2,093,377)	(1,245,550)

	2021	2020
	£	£
Revenue analysed by geographical market		
United Kingdom	3,010,357	1,341,493

	2021	2020
	£	£
Other significant revenue		
Grants received	144,749	153,635

Consumer bootcamps and apprenticeships revenue includes undiscounted EdAid sales of £156,733 of which some of these contain a financing element. EdAid sales are governed by a formal credit agreement facilitated by a third party. An adjustment of £10,064 has been recognised in finance income to reflect the discounted element based on expected repayment profiles inherent in the agreement at date of invoice.

Grants received comprises the following:

- Government grant for COVID-19 job retention scheme grant and business rates relief grant totalling £127,617 (2020 - £138,020) which are credited to the income statement in the period in which the expenditure for which they are intended to contribute towards has been incurred.
- Time-value benefit derived on a Coronavirus Business Interruption Loan (CBILS) totalling £nil (2020 - £15,615), which is recognised on receipt of the loan.
- Leeds Enterprise Partnership claim of £17,132 (2020 - £nil) received from West Yorkshire Combined Authority as an incentive for opening the Leeds office. There were no future performance obligations attached to the grant and therefore amount is credited to the income statement in the period in which it was received. Since this is not considered to be part of the main revenue generating activities, this is presented separately from revenue as other income.

Revenue from customers who individually accounted for more than 10% of total Group revenue amounted to £1,042,967 from one customer (2020 - there were no customers who individually accounted for more than 10% of total Group revenue).

Assets and liabilities related to contract with customers:

The Group has recognised the following assets and liabilities related to contracts with customers:

Contract assets	**2021**	**2020**
	£	**£**
At 1 January	19,030	-
Transfers in the year from contract assets to trade receivables	(19,030)	-
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	801,119	19,030
At 31 December	801,119	19,030

Contract liabilities	**2021**	**2020**
	£	**£**
At 1 January	120,388	343,154
Amounts recognised as revenue during the year	(120,388)	(343,154)
Amounts received in advance of performance and not recognised as revenue during the year	21,813	120,388
At 31 December	21,813	120,388

Contract assets and contract liabilities are included within "trade and other receivables" and "trade

and other payables" respectively on the face of the statement of financial position. They arise from the Group's contracts because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

3. **Exceptional items**

	2021	**2020**
	£	**£**
Expenditure		
IPO costs	421,289	-
Impairment of right of use asset	-	529,570
Impairment of leasehold improvements	-	61,218

IPO costs comprise of expenditure relating to the Group's listing and include; PR and marketing, IPO related bonus accrual, IFRS conversion and preparation of Historical Financial Information, investor relation website, tax structuring, audit and consultancy expenditure. As these costs relate to the Group's admission to trading on AIM, which occurred on 27 July 2021, the costs have been recognised at this point in time and are classified as exceptional in these financial statements.

In January 2020 the Group took occupation of a new office with significant space for student training, which was occupied on a 5 year lease resulting in the recognition of a right of use asset. As a result of the Covid-19 pandemic, the Group had to materially change its primary focus of operations to online delivery with the availability of physical support, and subsequently moving towards a hybrid model using a blended learning approach of online and in-person, meaning that the majority of this site is now functionally redundant. As a result of this the Directors have recognised an impairment of the right of use asset for the 67.65% which can no longer be used, calculated by reference to floorspace; this impairment totals £nil (2020 - £529,570). An impairment for amounts included in leasehold improvements has also been recognised on the same basis, resulting in an impairment charge of £nil (2020 - £61,218).

4. Adjusted EBITDA

The Directors have used an Alternative Performance Measure (“APM”) in the preparation of these financial statements. The Consolidated Income Statement has presented Adjusted EBITDA, where EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortisation. The adjusted element removes non recurring items which are not relevant to the underlying performance and cash generation of the business. Non- recurring items for the period consist of IPO related costs and share based payments.

The Directors have presented this APM because they feel it most suitably represents the underlying performance and cash generation of the business, and allows comparability between the current and comparative period in light of the rapid changes in the business (most notably its admission to AIM and associated costs), and will allow an ongoing trend analysis of this performance based on current plans for the business.

5. Operating Loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Government grants	(144,749)	(153,635)
Fees payable to the company's auditor for the audit of the company's financial statements	52,250	-
Depreciation of property, plant and equipment	118,892	244,854
Profit on disposal of property, plant and equipment	-	(11,707)
Amortisation of intangible assets (included within administrative	134,755	44,347
Impairment of property, plant and equipment	-	61,218
Impairment of right of use asset	-	529,570
Share-based payments	114,341	-

6. Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	(108,800)	(154,628)
Adjustments in respect of prior periods	(4,143)	(14,717)
Total UK current tax	(112,943)	(169,345)
Deferred tax		
Origination and reversal of temporary differences	(21,390)	(137,866)
Changes in tax rates	(31,131)	3,768
	(52,521)	(134,098)
Total tax credit	(165,464)	(303,443)

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2021 £	2020 £
(Loss)/profit before taxation	(523,588)	(1,245,550)
Expected tax credit based on a corporation tax rate of 19% (2020:	(99,482)	(236,655)
Effect of expenses not deductible in determining taxable profit	37,513	1,018
Adjustment in respect of prior years	(4,060)	(14,717)
Effect of change in UK corporation tax rate	(37,243)	4,073
Research and development tax credit	(78,663)	(61,509)
Share based payment charge	(3,864)	-
Other	20,335	4,347
Taxation credit for the year	(165,464)	(303,443)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021	2020
	£	£
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	5,089	-

The UK corporation tax rate was 19% throughout the year.

In the March 2021 Budget, a change to the future UK corporation tax rate was announced, indicating that the rate will increase to 25% from April 2023. This was substantively enacted on 24 May 2021. Deferred tax balances at the reporting date are therefore measured at 25% (2020 - 19%).

7. Earnings per share

	2021	2020
	£	£
Number of shares		
Weighted average number of ordinary shares for basic earnings per	5,841,706	5,000,001
Earnings (all attributable to equity shareholders of the company)		
Continuing operations		
Loss for the period from continued operations	(358,124)	(942,107)
Earnings per share for continuing operations		
Basic and diluted earnings per share (pence per share)	(6.13)	(18.84)

The number of shares in existence immediately prior to the Group's admission to AIM is used at all earlier periods. The Group did not exist in the comparative year, however the creation of the Group via a share-for-share exchange is a transaction without corresponding incoming resource, hence earlier periods are restated to reflect this.

In the current and comparative year the Group has incurred losses and as such has not presented any dilutive shares in accordance with IAS 33 'Earnings per share'. However, the Group does have a number of share options and warrants that would dilute the earnings per share should the Group become profitable.

Adjusted earnings per share

The Directors use adjusted earnings before exceptional costs and share based payment expenses. This creates an alternative performance measure which the Directors believe reflects a fair estimate of ongoing profitability and performance. The calculated Adjusted Earnings for the current period of accounts is as follows:

	2021 £	2020 £
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	5,841,706	5,000,001
Effect of dilutive potential ordinary shares:		
- Weighted average number outstanding share options	148,487	-
- Weighted average number outstanding warrants	27,293	-
Weighted average number of ordinary shares for diluted earnings per	6,017,486	5,000,001
Adjusted earnings		
Loss for the period	(358,124)	(942,107)
Adjusted for:	-	-
Exceptional costs	421,289	590,788
Share based payment expense	114,341	-
Adjusted earnings for basic and diluted earnings per share	177,506	(351,319)
Adjusted earnings per share		
Basic earnings per share (pence per share)	3.04	(7.03)
Diluted earnings per share (pence per share)	2.95	(7.03)

For adjusted earnings per share the effects of the share options and warrants has been shown in the diluted weighted average number of shares as the adjusted earnings show a profit.

8 Intangible assets

	Development costs £	Licence £	Total £
Cost			
At 1 January 2020	159,837	-	159,837

Additions - internally generated	165,215	-	165,215
Additions - business combinations	-	101,899	101,899
At 31 December 2020	325,052	101,899	426,951
Additions - internally generated	268,537	-	268,537
At 31 December 2021	593,589	101,899	695,488
Amortisation and impairment			
At 1 January 2020	21,315	-	21,315
Charge for the year	44,347	-	44,347
At 31 December 2020	65,662	-	65,662
Charge for the year	109,280	25,475	134,755
At 31 December 2021	174,942	25,475	200,417
Carrying amount			
At 31 December 2021	418,647	76,424	495,071
At 31 December 2020	259,390	101,899	361,289

Development costs compromise employee costs of £193,836 and software development consultancy costs of £74,701.

The licence intangible asset arose when Northcoders Limited acquired the share capital of Northcoders TechEd Limited on 14 December 2020. The consideration paid in excess of the acquired net assets is solely recognised as a licence intangible because the licence was the sole asset held by TechEd at acquisition. Accordingly the directors have determined that the value paid, which was determined on an arm's length basis represents the fair value of the licence. The licence has an estimated useful life of 4 years from acquisition.

The Group tests intangible assets for impairment annually. Assets are assessed for impairment by comparing the carrying values with the value-in-use calculation, which is determined by calculating the net present value ("NPV") of future cashflows arising from the intangible assets.

The NPV of future cash flows is based on budgets and forecasts for the next 3 years to 2024, using growth rates based on projections, which are based on market expectations for the Group. A discount rate of 17.3% has been used based on the Group's estimated cost of capital, and varied based on the risk profile of the underlying assets. The outcome of the impairment test is insensitive to a 5% reduction in growth, or a 2% increase in the discount rate.

9 Contracts with customers

	2021 Period end £	2020 Period end £	2020 Period start £
Contracts in progress			
Contract assets	801,119	19,030	-

10 Trade and other receivables

	2021 £	2020 £
Trade receivables	626,455	208,698
Provision for bad and doubtful debts	(56,765)	-
	569,690	208,698
Contract assets	801,119	19,030
Other receivables	3,215	68,521
Prepayments	42,121	2,551
	1,416,145	298,800

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. Included within trade receivables are undiscounted EdAid receivables of £146,714. EdAid receivables are governed by a formal credit agreement facilitated by a third party. Some of the amounts receivable are subject to interest income which is charged at the official rate of RPI inflation. There is a discounted financing agreement implicit in the revenue recognition under IFRS 15, which has been calculated using an estimated discount rate of 7%. The cumulative discount recognised and not yet unwound as at the year end is £2,999 (2020 - £nil).