25 April 2023

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 Final Results for the year ended 31 December 2022 ('FY22' or the 'Period').

Financial Highlights

- Group revenue up 86%[1] to £5.6 million (FY21: £3.0 million)
  - Consumer revenue increased by 77%[1] to £4.9 million (FY21: £2.8 million)
  - Corporate revenue increased by 189%[1] to £0.7 million (FY21: £0.3 million)
- Gross profit up 82%[1] to £3.9 million (FY21: £2.2 million) with a gross profit margin of 70%
- Adjusted EBITDA slightly ahead of market expectations up 152%[1] to £0.9 million (FY21: £0.4 million)
- Profit before tax £0.3 million (FY21: loss £0.5 million)
- Net assets increased to £4.6 million (FY21: 2.1 million)
- Cash balance as at 31 December 2022 of £2.8 million (31 December 2021: £1.6 million)
- Oversubscribed placing in November 2022, raising £2.1 million

[1] *Based on underlying, not rounded, figures.*

Operational Highlights

- Significant growth in demand with 8,470 applications in FY22 compared to 3,662 in FY21
- Business Solutions division continues to grow with contract to hire model, Developer Incubator the most successful product
- Developer Incubator contracts are around 12 months long, providing excellent revenue visibility
- Major corporate partners including Rolls Royce, Disney, BBC, KPMG and Sage
- Headcount increased to 101 to satisfy demand (FY21: 63)
- Significant geographic presence with physical hubs in Manchester, Leeds, Newcastle and Birmingham. Online delivery has ensured Northcoders has a presence in many more cities across the UK

Current Trading and Outlook

- Trading to date in-line with management expectations
- Favourable market dynamics with significant Government support (£1.5 billion allocated) for skills bootcamps where Northcoders is a key player
- Tech Returners acquired in February 2023, creating significant opportunity for women in technology
- Business Solutions product offering started well with repeat business orders
- Building on significant geographic expansion, a London presence for the corporate market is the priority for FY23
- Significant momentum in Q1-23 and a record-breaking March, with 3,714 applications already received
- Excellent revenue visibility of £6.1 million (end of Q1-23), with approximately 64% of revenue target achieved for full year

Commenting on the Final Results, Chris Hill, CEO of Northcoders, said: *"I am pleased to report our first full year results as a quoted company. We have had a successful year, significantly growing revenue and profitability, whilst keeping our core values at the heart of everything we do. A strategic priority was to create a presence in many regions across the UK, which has been achieved successfully during the period. We have also been able to focus on the expansion of our Business Solutions division, which has been an immense* *success with a number of major corporates onboarding and making repeat orders. Digital transformation is a growing priority for corporates, trying to find new and innovative ways of filling their teams and goals at a time of economic restraint, and Northcoders is incredibly well placed to satisfy this demand.*

"In November 2022 we completed a placing, raising £2.1 million, which has enabled us to set out on our growth path of teaching more technical disciplines. We have experienced record demand and have navigated macro-economic challenges successfully and we are in a strong position for growth in FY23. The demand for Northcoders' services has never been higher, with a record-breaking month in March 2023. With favourable market dynamics such as the UK government committing billions of pounds for the provision of skills bootcamps, Northcoders is well positioned to grow. The current year has started strongly, and at the end of the first quarter revenue visibility stood at £6.1 million, approximately 64% of target revenue for the year, and subsequently, the Board has every confidence for the Group's prospects for the remainder of the year."

Analyst meeting & Investor Meet Company Presentation

There will be a presentation today for sell-side analysts at the office of Buchanan Communications, for any enquiries please contact Buchanan on northcoders@buchanan.uk.com. A copy of the Final Results presentation will be available on the Group's website later today: investors.northcodersgroup.com

Northcoders will also be presenting via the Investor Meet Company platform today, 25 April 2023 at 6pm (BST). The meeting will be hosted by Chris Hill (CEO) and Charlotte Prior (CFO), and there will be an opportunity for Q&A at the end of the session. To sign up to the Northcoders presentation please click the following link: https://www.investormeetcompany.com/northcoders-group-plc/register-investor

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 -

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Notes to Editors

Northcoders is a market leading provider of technology training for businesses and individuals with courses in, Software Engineering, Data Engineering and Platform Engineering. Founded in 2015, the Group's business model operates a hybrid structure with a flagship site in Manchester and other sites in Leeds, Birmingham and Newcastle supported by a proven digital offering to support its students across the UK.

Powered by IP rich technology, Northcoders offers boot camp courses to individuals from a range of backgrounds, delivered through virtual and physical learning. The Group also works with blue chip corporates across multiple sectors to help them to achieve their digital requirements, with teams as a service and to supply innovative solutions for the upskilling and reskilling of employees. 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 at all levels, from businesses and public agencies.

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

Chair's Statement

Introduction

Our first full year as a quoted company on AIM has been hugely successful. We have been able to grow revenue and build profitability in line with expectations, whilst keeping our core values at the heart of everything we do. We have experienced record demand and have navigated the challenges of the economic climate successfully to put us in a positive position for growth in FY23. As set out at IPO, we have created a presence in many regions across the UK and have been able to focus our efforts on the expansion of our Business Solutions division. An oversubscribed placing in November 2022, raising £2.1 million, has enabled us to set out on our growth path of teaching more technical disciplines. In FY22 we developed courses in Software Engineering and Data Engineering and Q1-23 has seen the introduction of Cloud Engineering (Dev Ops). Our mission remains strong and we are improving our product offering to remain the solution for individuals and businesses regardless of the economic situation. Our team is well equipped and our processes are refined and working effectively, we are ready for 2023 to be our most successful year to date.

In February 2023, post the Period end, we acquired Tech Returners Limited, attracted amongst other things by the opportunity it affords to bring more women back into technology, thereby helping us ensure we embrace the full diversity and opportunity in the technology sector. Tech Returners, which was founded in 2017, provides skilled tech professionals returning to the industry accessible opportunities to refresh their skills. Together we are stronger when it comes to our mission of 'closing the digital skills gap for industry, whilst creating life changing outcomes for individuals' and we are excited to see what we can achieve in 2023.

Financial review

FY22 has seen growth in revenue, profitability and investment into key areas to ensure that we are ready for further growth in 2023 and beyond. Our 2022 revenue grew to £5.6 million from £3.0 million in FY21. This marks our highest ever revenue year and indicates our potential for future growth. We reported a 70% gross profit margin, in line with FY21, showing that we have been able to navigate the cost increases as a result of inflation and the cost of living crisis. Our adjusted EBITDA has increased to £0.9 million from £0.4 million in FY21. The Directors have used adjusted EBITDA as an Alternative Performance Measure ('APM') in the preparation of these financial statements.

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, in FY22 this comprised of share-based payment expenses.

We now want to build on these results and ensure Northcoders is able to fulfil its potential as we move to the next phase of our growth.

We have a strong foundation for growth in place. We are led by a group of inspirational entrepreneurs with a clear strategy and plan, great products and services which all underpinned by the culture, values and behaviours of an ever-growing team of highly talented and committed experts. We are making a genuine difference to individual learners and also to our corporate customers who can grow their own talent supported, and in partnership with, Northcoders. This is where we add significant value to our business customers.

Strategy

Growth remains our ambition, and FY22 has shown that we can achieve growth and develop new and exciting products to ensure that we remain in line with our mission. The growth that we strive for is: growth in the amount of lives that we change through our education, and sustainable growth in the amount and range of companies and businesses that we provide solutions to. We now have the infrastructure in place to deliver this on a much larger scale across the UK and beyond to ensure that we reach the people and businesses that need our services the most. I once again need to acknowledge and thank our employees for all of their efforts this year, they have continued to innovate and create great experiences, learning and partnerships that our customers appreciate whilst navigating ever-changing economic and market conditions.

Outlook

Trading in FY23 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 look forward to continuing working with the Board and the Northcoders team to progress the excellent momentum of the past twelve months, as we continue to implement our growth strategy.

It is a privilege to lead Northcoders as Chair. I am extremely proud of the whole Northcoders' team who have grown the organisation to where it is today and continue to ensure that we are set up for the next exciting phase of our development. The objective is to make a difference to the lives of learners across the UK and deliver growth for our shareholders, learners, the businesses we work with and the Northcoders team.

Together, we believe there are exciting times and opportunities ahead!

Angela Williams
Non-Executive Chair
24 April 2023

Chief Executive Officer's Review

Introduction

The financial year ended 31 December 2022 ('FY22' or the 'Period') was a year of growth for Northcoders, growth of existing revenue streams and the addition of new ones. Demand for our core products is higher than ever, our team is bigger than ever and we are now teaching more disciplines with courses in Data Engineering and Cloud Engineering. We are proud to have completed an oversubscribed fundraise in November 2022 and we are excited about the acquisition of Tech Returners Limited which occurred in February 2023.

Financial review

The Group delivered a strong performance in FY22 and has maintained profit margins despite the economic downturn and cost of living crisis in the UK. Underlying performance was in line with expectations. Revenue, which comprises consumer revenue and corporate revenue, increased by 86% to £5.6 million (FY21: £3.0 million).

Consumer revenue, which includes core bootcamps and apprenticeship revenues, was £4.9 million (FY21: £2.8 million) and corporate revenue was £0.7 million (FY21: £0.3 million). There has been a shift away from Apprenticeships and Student Finance due to the availability of Department for Education scholarships, which is beneficial for cashflow going forwards.

We will however still have these mechanisms available to allow accessibility and to provide a more diverse revenue mix. Gross profit for the year was £3.9 million (FY21: £2.2 million) with a reported gross profit margin ('GPM') of 70% (FY21: 72%). The cost benefits of the hybrid model and investments into internal software assets have allowed us to increase tech sector wages and pay the whole team a £1,000 cost of living crisis bonus in October 2022, whilst maintaining margins.

EBITDA, adjusted for share-based payments, was £0.9 million (FY21: £0.4 million), being a 152% increase on the prior year and slightly ahead of market expectations.

We are pleased to announce the profit for the year before tax was £0.3 million (FY21: Loss £0.5 million). There was a small tax credit giving a profit for the year of £0.4 million (FY21: Loss £0.4 million). Basic earnings per share was 5.12 pence per share (FY21: Loss 6.13 pence). Net assets as at 31 December 2022 were £4.6 million (FY21: £2.1 million) of which cash was £2.8 million (FY21: £1.6 million).

The cash balance at the year end of £2.8 million will enable the Company to continue with its plans of introducing new disciplines and moving into new geographical markets. It will also enable the internal development team to continue to develop software to create efficiencies within the teaching model and in turn increase profit margins.

Operational review

During 2022 Northcoders has changed the lives of 653 people through our bootcamp style training model. We have continued to prove that you can study and have a successful outcome regardless of where you are in the world through our hybrid/online teaching model. With a record number of students applying (8,470), the demand for our courses is not slowing down, and now with 60 tutors we are in a great position to service this demand.

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. We have nurtured relationships with corporates to ensure that there are jobs available for our students on completion of the course and to help bridge the widening digital skills shortage in the UK.

Northcoders Group ended 2022 with a permanent headcount of 101 members of staff compared to the 63 we started the year with. Staff numbers are expected to grow by a further 50 employees in FY23 with the headcount at 31 March 2023 standing at 122. During 2022 our internal development team has been busy building software to differentiate us from competitors and create efficiencies within our internal teams. We have set aside a budget for this work to continue in FY23.

This team also monitors the industry and makes 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.

FY22 also saw the introduction of our new Business Solutions division. This division monetises the relationships we have with corporates, providing them with solutions to their tech team needs. Developer Incubator (our contract to hire model) has been our most successful product with large, repeated contracts signed with Rolls Royce.

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. During FY22 Northcoders was awarded £5.8 million in Department for Education funding. This new scheme of funding has a commitment by the government to be around for the next six years with £1.5 billion allocated to Skills Bootcamps. Northcoders' quality was acknowledged as being one of the companies to have received the largest funding amounts and to have been accepted onto the government's forward looking Dynamic Purchasing Scheme.

We have continued to increase the number of our hiring partners, which now stands at over 400. Additions during the period included BBC, SAGE and Disney. During the period, the Group has also engaged with a new funding partner, Student Finance, 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 FY23, especially with the benefit of increased monthly marketing spend and geographic presence. In Q1-23, we have received 3,714 applications, our highest quarter to date. Our graduate average starting salary has increased to £26,756. In addition, we are proud to report diversity statistics of 23% women into tech and 39% non-university educated students.

Apprenticeships

Our Apprenticeship division is servicing students and corporates with recent graduates receiving distinctions. The division has also been through a full OFSTED inspection and we are proud to report a grade of GOOD. We will continue to offer apprenticeships to students when the bootcamp style method of training does not suit.

Business Solutions

We have introduced two new corporate-focused products to our Business Solutions division; 'Accelerate' is hiring our juniors with the year-round support of our mentors/senior developers and 'Incubate' is our 'contract to permanent' consultancy model.

FY22 has seen investment and growth for our Business Solutions division, revenue has increased to £0.7 million (FY21: £0.3 million), with the Developer Incubator model receiving high demand. Customers included

Rolls Royce and EMaC, with Rolls Royce repeating their contract two times over. Developer Incubator contracts are around twelve months long and therefore also provide us with good, steady, revenue visibility.

Northcoders have also carried out a repeat contract with NHS digital on their graduate academy, along with completing KPMG's graduate academy in 2022. We now feel like the development of this division is complete and that we have a range of products to fulfil the needs of corporates. As explained last year, we are marketing the product for the first time and are pleased that the service is being well received in the industry. We will continue to monitor and make any necessary tweaks as we roll these products out on a larger scale in 2023 through significant investment in marketing and hiring experienced business development professionals.

Geographic expansion and hub roll out

As of 2022 Northcoders has a physical hub in Manchester, Leeds, Newcastle and Birmingham, with main offices in Manchester and Leeds. In 2021, coming out of the pandemic we had a strategy for the roll out of physical hubs in many cities across the UK.

We are pleased that through online delivery we have been able to create a presence in many more cities across the UK than planned, without the need for physical hubs and the expenditure that comes with them. We currently have funding and students that span the whole of the UK and we have taught international students too. The next geographical focus will be on the London corporate market.

Outlook

The demand for Northcoders' services has never been higher, with another record-breaking month of applications in March 2023. The UK government are putting billions of pounds aside for the provision of skills bootcamps and Northcoders are at the forefront of the funding rounds. Digital transformation remains a priority for business, and corporates are now, more than ever, trying to find new and innovative ways of filling their teams and goals at a time of economic restraint.

Our aim is to fulfil as much as possible of this increase in demand, and help corporates to achieve their goals, whilst creating life-changing opportunities for individuals from all walks of life.

The Group started FY23 with contracted bookings for the year to December 2023 of approximately £5.4 million, around 57% of the target revenue for the year. At the end of Q1-23 revenue visibility stood at £6.1 million, approximately 64% of the target revenue for the year. Trading in the year to date has commenced in line with management's expectations and the Board has confidence for the Group's prospects for the remainder of the year.

Chris Hill
Chief Executive Officer
24 April 2023

Group statement of comprehensive Income

For the year ended 31 December 2022

	Notes	FY22 £	FY21 £
Revenue	4	**5,598,863**	3,010,357
Cost of sales		**(1,656,938)**	(848,392)
Gross profit		**3,941,925**	2,161,965
Other operating income		**12,000**	144,749
Expenditure		**(3,046,292)**	(1,947,239)
Adjusted EBITDA	6	**907,633**	359,475
Depreciation		**(171,521)**	(118,892)
Amortisation		**(85,167)**	(134,755)
Share-based payments		**(203,607)**	(114,341)
Total administrative expenses		**(3,506,587)**	(2,315,227)
Exceptional items	5	**—**	(421,289)
Operating profit/(loss)	7	**447,338**	(429,802)
Investment revenues		**11,765**	8,574
Finance costs		**(112,674)**	(102,360)
Profit/(loss) before taxation		**346,429**	(523,588)
Taxation credit		**13,109**	165,464
Profit/(loss) for the year		**359,538**	(358,124)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Tax relating to items not reclassified		**8,814**	(5,089)
Total items that will not be reclassified to profit or loss		**8,814**	(5,089)
Total other comprehensive profit/(loss) for the year		**8,814**	(5,089)
Total comprehensive profit/(loss) for the year		**368,352**	(363,213)

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

	Notes	FY22 £	FY21 £
Earnings per share			
Basic (pence per share)		**5.12**	(6.13)
Diluted (pence per share)		**5.02**	(6.13)
Adjusted (pence per share)		**8.02**	3.04

Group statement of financial position

As at 31 December 2022

	FY22 £	FY21 £
Non-current assets		
Intangible assets	**871,845**	495,071
Property, plant and equipment	**416,727**	525,067
Deferred tax asset	**330,837**	256,350
	1,619,409	1,276,488
Current assets		
Contract assets	**1,947,922**	801,119
Trade and other receivables	**909,010**	615,026
Current tax recoverable	**82,309**	143,042
Cash and cash equivalents	**2,777,273**	1,564,645
	5,716,514	3,123,832
Current liabilities		
Trade and other payables	**665,575**	467,282
Borrowings	**391,367**	219,386
Lease liabilities	**196,243**	181,043
Contract liabilities	**5,239**	21,813
	1,258,424	889,524
Net current assets	**4,458,090**	2,234,308
Non-current liabilities		
Borrowings	**740,223**	512,602
Lease liabilities	**464,833**	711,524
Deferred tax liabilities	**230,713**	134,474
	1,435,769	1,358,600
Net assets	**4,641,730**	2,152,196
Equity		
Called up share capital	**76,889**	69,444
Share premium account	**4,801,444**	2,891,314
Merger reserve	**500**	500
Share option reserve	**228,480**	134,715
Other reserve	**(50,000)**	(50,000)
Retained earnings	**(415,583)**	(893,777)
Total equity	**4,641,730**	2,152,196

Company statement of financial position
As at 31 December 2022

	FY22	FY21
	£	£
Non-current assets		
Investments	**317,949**	114,341
Current assets		
Trade and other receivables	**4,406,187**	2,657,865
Current liabilities	**-**	(38,566)
Net current assets	**4,406,187**	2,619,299
Total assets less current liabilities	**4,724,136**	2,733,640
Equity		
Called up share capital	**76,889**	69,444
Share premium account	**4,801,444**	2,891,314
Other reserves	**(50,000)**	(50,000)
Share option reserve	**228,480**	134,715
Retained earnings	**(332,677)**	(311,833)
Total equity	**4,724,136**	2,733,640

As permitted by section 408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's loss for the period was £130,686 (FY21: £323,817).

Group statement of changes in equity
For the year ended 31 December 2022

	Share capital £	Share premium account £	Share option reserve £	Other reserve £	Merger reserve £	Retained (deficit)/ earnings £	Total £
Balance at 1 January 2021	—	—	—	—	187,591	(729,639)	(542,048)
Year ended 31 December 2021:							
Loss for the year	—	—	—	—	—	(358,124)	(358,124)
Other comprehensive income:							
Tax relating to other comprehensive income	—	—	—	—	—	(5,089)	(5,089)
Loss and total comprehensive loss 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
Year ended 31 December 2022:							
Profit for the year	**—**	**—**	**—**	**—**	**—**	**359,538**	**359,538**
Other comprehensive income:							
Tax adjustments on share-based payments	**—**	**—**	**—**	**—**	**—**	**8,814**	**8,814**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**368,352**	**368,352**
Issue of share capital	**7,445**	**2,076,387**	**—**	**—**	**—**	**—**	**2,083,832**
Costs of issue set against premium	**—**	**(166,257)**	**—**	**—**	**—**	**—**	**(166,257)**
Share options expense	**—**	**—**	**203,607**	**—**	**—**	**—**	**203,607**
Cancellation of share options	**—**	**—**	**(21,547)**	**—**	**—**	**21,547**	**—**
Share options exercised	**—**	**—**	**(88,295)**	**—**	**—**	**88,295**	**—**
Balance at 31 December 2022	**76,889**	**4,801,444**	**228,480**	**(50,000)**	**500**	**415,583**	**4,641,730**

Company statement of changes in equity

For the year ended 31 December 2022

	Share capital £	Share premium account £	Other reserve £	Share option reserve £	Retained (deficit)/ earnings £	Total £
Balance at 6 May 2021	—	—	—	—	—	—
Loss and total comprehensive income	—	—	—	—	(323,817)	(323,817)
Issue of share capital	19,444	3,480,555	—	—	—	2,960,758
Costs of float set against premium	—	(589,241)	—	—	—	—
Share options and warrants expense	—	—	—	146,699	—	146,699
Share-for-share exchange	50,000	—	(50,000)	—	—	—
Cancellation of share options	—	—	—	(11,984)	115,984	—
Balance at 31 December 2021	69,444	2,891,314	(50,000)	134,715	(311,833)	2,733,640
Year ended 31 December 2022						
Loss and total comprehensive income for the period	**—**	**—**	**—**	**—**	**(130,686)**	**(130,686)**
Issue of share capital	**7,445**	**2,076,387**	**—**	**—**	**—**	**2,083,832**
Costs of issue set against premium	**—**	**(166,257)**	**—**	**—**	**—**	**(166,257)**
Share options and warrants expense	**—**	**—**	**—**	**203,607**	**—**	**203,607**
Cancellation of share options	**—**	**—**	**—**	**(21,547)**	**21,547**	**—**
Share options exercised	**—**	**—**	**—**	**(88,295)**	**88,295**	**—**
Balance at 31 December 2022	**76,889**	**4,801,444**	**(50,000)**	**228,480**	**(332,677)**	**4,724,136**

Group statement of cash flows
For the year ended 31 December 2022

	FY22 £	FY21 £
Cash flows from operating activities		
Profit for the year after tax	**359,538**	(358,124)
Adjustment for non-cash items:		
Taxation credited	**(13,109)**	(165,464)
Finance costs	**112,674**	102,360
Investment revenues	**(11,765)**	(8,574)
Equity settled share-based payment and warrants expense	**203,607**	146,699
Amortisation of intangible assets	**85,167**	134,755
Depreciation of property, plant and equipment	**171,521**	118,892
	907,633	(29,456)
Increase in contract assets and trade and other receivables	**(1,435,445)**	(1,117,345)
Increase/(decrease) in trade and other payables	**178,377**	(152,740)
Cash absorbed by operations	**(349,435)**	(1,299,541)
Tax refunded	**104,408**	211,701
Net cash outflow from operating activities	**(245,027)**	(1,087,840)
Investing activities		
Capitalised development costs	**(461,941)**	(268,537)
Purchase of property, plant and equipment	**(63,181)**	(42,706)
Investment revenues received	**9,766**	8,574
Net cash used in investing activities	**(515,356)**	(302,669)
Financing activities		
Proceeds from issue of shares	**1,917,575**	2,910,758
Proceeds from borrowings	**962,500**	—
Repayment of bank loans and borrowings	**(573,087)**	(162,961)
Payment of lease liabilities	**(231,491)**	(215,954)
Interest paid	**(102,486)**	(102,360)
Net cash generated from financing activities	**1,973,011**	2,429,483
Net increase in cash and cash equivalents	**1,212,628**	1,038,974
Cash and cash equivalents at beginning of year	**1,564,645**	525,671
Cash and cash equivalents at end of year	**2,777,273**	1,564,645

Note to the statement of cash flows
For the year ended 31 December 2022

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 2022	**Financing cash flows**	**New leases/loans**	**Other movements[1]**	**At 31 December 2022**
	£	**£**	**£**	**£**	**£**
Bank loans and borrowings	**731,988**	**(573,087)**	**962,500**	**10,187**	**1,131,588**
Lease liabilities	**892,567**	**(231,491)**	**—**	**—**	**661,076**
Total	**1,624,555**	**(804,578)**	**962,500**	**10,187**	**1,792,664**

	At 1 January 2021	Financing cash flows	New leases	Other movements[2]	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
Total	1,616,612	(378,915)	389,687	(2,829)	1,624,555

1. Other movements in the year ended 31 December 2022 includes:
- Unwinding of arrangement fees of £10,187 on other loans.

2. 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.

Notes to the Group financial statements
For the year ended 31 December 2022

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.

1.1 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 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 Companies Act 2006, the Company had not presented its own Statement of Comprehensive Income. The Company's loss for the period was £130,686 (FY21: £323,817).

1.2 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.

1.3 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).

All financial statements are made up to 31 December 2022. 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.

1.4 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 of 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 numbers and 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.

1.5 Revenue

Revenue from providing services is recognised in the accounting period in which the services are rendered. Services are typically provided over short periods of time, spanning typically a few months at most. However, for fixed-price contracts that span accounting periods, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. Where the Group has contracts where the period between the transfer of the promised services to the customer and payment exceeds one year, the Group adjusts transaction price for the time value of money.

Revenue is determined as follows:

- For consumer bootcamps, income is received in advance of the service being provided and is recognised on a pro-rata basis across the course delivery, based on delivery dates for those courses. Any income received in advance is recognised as deferred revenue. Apprenticeship income is a funding mechanism for the consumer revenue stream. The Group receives lump-sum drawdowns at regular intervals, which typically are billed in arrears resulting in accrued income. In addition, the Group receives a contingent success fee, payable at the end. The Group makes an assessment of the probability of success and accrues this on a percentage of completion basis as the course progresses.

- For corporate solutions, amounts are invoiced in arrears for development work performed along with any associated costs, based on the number of hours spent on each contract at agreed contractual rates for those delivering the course. Where appropriate, any amounts to be invoiced are recognised as accrued revenue, and any amounts invoiced in advance are recognised as deferred revenue, in line with performance obligations per contracts with customers.

Determining the transaction price
The Group's revenue on over-time sales is generally based on fixed price contracts but these are subject to more variability as a result of the nature of the contract. Any variable consideration is constrained in estimating contract revenue as is highly probable that there will not be a future reversal in the amount of revenue recognised when the final amounts of any variations has been determined.

Allocating amounts to performance obligations
Where the contracts include multiple performance obligations, which are determined to be separate performance obligations, the transaction price will be allocated to each performance obligation based on the standalone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

1.6 Intangible assets other than goodwill
The Group's other intangible assets are stated at cost less accumulated amortisation and impairment losses. Where assets are acquired through business combinations, the Group uses an appropriate fair value technique in order to determine cost. Intangible assets are tested annually for impairment or otherwise when circumstances change.

Amortisation begins when an asset is acquired or becomes available for use and is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives as follows:

Licence	four years straight line
Development costs	ten years straight line

The Directors have undertaken an assessment of the estimated useful life of development costs and subsequently the estimation has changed from four years to ten years.

1.7 Property, plant and equipment
Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the term of the lease
Fixtures and fittings	25% straight line
Computers	33% straight line
Right of use assets	Over the term of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.8 Non-current investments
Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Parent Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the Group has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of tangible and intangible assets
At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial assets
Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss
When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost
Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income
Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Impairment of financial assets
Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The Group recognises lifetime expected credit losses (ECL) for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for facts that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast Director of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.12 Financial liabilities

The Group recognises financial debt when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Equity instruments issued by the Parent Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the Company.

Share capital represents the nominal value of shares that have been issued.

Share premium represents the excess of the subscription price over the par value of shares issued.

Share option reserve relates to amounts recognised for the fair value of share options and warrants granted in accordance with IFRS 2.

Other reserve represents the nominal value of the share for share exchange.

Merger reserve represents the carrying value of the investment in the subsidiary undertaking at the point of the share for share exchange.

Retained earnings include all current and prior period retained earnings.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.18 Leases

At inception, the Group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Group is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Group's estimate of the amount expected to be payable under a residual value guarantee; or the Group's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of twelve months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.19 Grants

Grants for revenue expenditure are credited in the income statement as other operating income in the period in which the expenditure for which they are intended to contribute towards has been incurred.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised standards and interpretations have been adopted by the Group and have an effect on the current period or a prior period or may have an effect on future periods:

- amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract;
- amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use;
- amendments to IFRS 3 'Reference to the Conceptual Framework';
- amendment to IFRS 1 'First-time Adoption of International Financial Reporting Standards - Subsidiary as a First-time Adopter';
- amendment to IFRS 9 'Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities'.

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the UK):

	Effective date – period beginning on or after
IFRS 17 'Insurance Contracts' and subsequent withdrawal of IFRS 4 'Insurance Contracts' and amendments to IFRS 17	1 January 2023[1]
Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes)	1 January 2023[1]
Amendments to IFRS 10 and IAS 28 Sale of contribution of assets between an investor and its Associate or Joint Venture	1 January 2023[1]
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023[1]
Definition of an Accounting Estimate (Amendments to IAS 8)	1 January 2023[1]
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024[1]
Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants	1 January 2024[1]
Amendments to IAS 1 Presentation of Financial Statements - Deferral of Effective Date Amendment (published 15 July 2020)	1 January 2024[1]
Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (published 23 January 2020)	1 January 2024[1]

(1) These standards, amendments and interpretations have not yet been endorsed by the UK and the dates shown are the expected dates.

The adoption of all above standards is not expected to have any impact on the Group's financial statements.

3 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Capitalisation of development costs

The Group recognises as intangible fixed assets development costs that are considered to meet the relevant capitalisation criteria. The measurement of such costs and assessment of their eligibility in line with the appropriate capitalisation criteria requires judgement and estimation around the time spent by eligible staff on development, expectations around the ability to generate future economic benefit in excess of cost and the point at which technical feasibility is established.

Useful lives and impairment of non-current assets (including right of use assets)

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the Group's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten/increase then depreciation charges in the financial statements would increase/decrease and carrying amounts of tangible assets would change accordingly.

The Group is required to consider, on an annual basis, whether indications of impairment relating to such assets exist and if so, perform an impairment test. The recoverable amount is determined based on the higher of value-in-use calculations or fair value less costs to sell. The use of value-in-use method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The Directors are satisfied that all recorded assets will be fully recovered from expected future cash flows.

Change of accounting estimate

At the year end the Directors have undertaken an assessment of the estimated useful life of development costs and subsequently the estimation of useful economic life has changed from four years to ten years. This change in accounting estimate is an adjustment of the carrying amount of an asset or liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. As it results from new information or new developments it is only recognised as a prospective adjustment.

Deferred tax

The Group makes provision for anticipated tax consequences based on the likelihood of whether additional taxes may arise. The Group recognises deferred tax assets to the extent to which it expects to be able to utilise the balances against future taxable profits.

Key sources of estimation uncertainty

Incremental borrowing rates applied to calculate lease liabilities

The Group has used the incremental borrowing rate to calculate the value of the lease liabilities relating to its property lease liabilities recognised under IFRS 16. The discount rate used reflects the estimated risks associated with borrowing against similar assets by the Group, incorporating assumptions for similar terms, security and funds at that time.

Share-based payments

The determination of the fair values of EMI options and warrants has been made by reference to the Black-Scholes model. The input with the greatest amount of estimation being the volatility of the Company's share price which has been derived via benchmarking against similar companies in the industry.

Expected credit losses

The amount recognised as a provision is the best estimate of the expected credit loss that the Group is projected to incur on receivables. Each year end the Directors assess the risks and uncertainties surrounding receivable balances and use expected loss rates based on the historical credit losses experienced by the Group.

4 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 fees going forward. 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; and

- 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:

	FY22	FY21
Revenue analysed by class of business	**£**	£
Consumer bootcamps and apprenticeships	**4,866,454**	2,757,020
Corporate solutions	**732,409**	253,337
	5,598,863	3,010,357

The Group further sub-analyses the consumer bootcamps and apprenticeships segment to distinguish between the funding mechanism for the consumer revenue stream. 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:

	FY22	FY21
	£	£
Training excluding apprenticeship income	**4,177,900**	1,724,117
Apprenticeship training income	**688,554**	1,032,903
	4,866,454	2,757,020

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

	Consumer	**Corporate**	**Central**	**Total**
Year ended 31 December 2022:	**£**	**£**	**£**	**£**
Revenue	**4,866,454**	**732,409**	**—**	**5,598,863**
Cost of sales	**(1,452,254)**	**(204,684)**	**—**	**(1,656,938)**
Gross profit	**3,414,200**	**527,725**	**—**	**3,941,925**
Operating costs	**(72,392)**	**(12,775)**	**(3,421,420)**	**(3,506,587)**
Other operating income	**—**	**—**	**12,000**	**12,000**
Exceptional costs	**—**	**—**	**—**	**—**
Operating profit	**3,341,808**	**514,950**	**3,409,420**	**447,338**
Net finance costs	**—**	**—**	**(100,909)**	**(100,909)**
Profit/(loss) before taxation	**3,341,808**	**514,950**	**(3,510,329)**	**346,429**

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)

Revenue analysed by geographical market	**FY22 £**	FY21 £
United Kingdom	**5,598,863**	3,010,357

Other significant revenue	**FY22 £**	FY21 £
Grants received	**12,000**	144,749

Consumer revenue includes undiscounted EdAid sales of £5,208 (FY21: £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 £nil (FY21: £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 £nil (FY21: £127,617) 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;
- Leeds Enterprise Partnership claim of £nil (FY21: £17,132) 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; and
- Education and Skills Funding Agency grant of £12,000 (FY21: £nil) received for the hire of apprentices.

Revenue from customers who individually accounted for more than 10% of total Group revenue amounted to £4,845,368 (FY21: £1,042,967) from one customer (FY21: one customer).

Assets and liabilities related to contract with customers:

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

Contract assets	**FY22 £**	FY21 £
At 1 January	**801,119**	19,030
Transfers in the year from contract assets to trade receivables	**(801,119)**	(19,030)
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	**1,947,922**	801,119
At 31 December	**1,947,922**	801,119

Contract liabilities	**FY22** **£**	FY21 £
At 1 January	**21,813**	120,388
Amounts recognised as revenue during the year	**(21,813)**	(120,388)
Amounts received in advance of performance and not recognised as revenue during the year	**5,239**	21,813
At 31 December	**5,239**	21,813

Contract assets and contract liabilities are both shown 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.

5 Exceptional items

	FY22 **£**	FY21 £
Expenditure		
IPO costs	**—**	421,289

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.

6 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 prior period consist of IPO related costs. There are no exceptional costs for the current year.

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.

7 Operating loss

Operating profit/(loss) for the year is stated after charging/(crediting):	**FY22** **£**	FY21 £
Government grants	**(12,000)**	(144,749)
Fees payable to the Company's auditor for the audit of the Company's financial statements	**75,000**	52,250
Depreciation of property, plant and equipment	**171,521**	118,892
Amortisation of intangible assets (included within administrative expenses)	**85,167**	134,755
Share-based payments	**203,607**	114,341

8 Auditor's remuneration

	FY22	FY21
Fees payable to the Company's auditor and associates:	**£**	£
For audit services		
Audit of the Group and subsidiary undertakings	**75,000**	52,250

9 Employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	FY22	FY21
	Number	Number
Executive Directors	**3**	3
Non-Executive Directors	**2**	2
Administration and operations	**32**	15
Client service delivery	**50**	28
Total	**87**	48

	FY22	FY21
Their aggregate remuneration comprised:	**£**	£
Wages and salaries	**3,095,713**	1,837,508
Social security costs	**315,711**	179,818
Pension costs	**191,136**	52,692
	3,602,560	2,070,018

In addition to the above, further employee costs have been incurred as part of the development costs. The total employment costs which have been capitalised as development are:

	FY22	FY21
	£	£
Wages and salaries	**358,439**	178,978
Social security costs	**44,805**	10,925
Pension costs	**16,130**	3,933
	419,374	193,836

10 Directors' remuneration

	FY22	FY21
	£	£
Remuneration for qualifying services	**504,722**	477,808
Amounts receivable under long-term incentive schemes	**28,918**	10,669
Company pension contributions to defined contribution schemes	**7,706**	863
	541,346	489,340

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to four (FY21: three). No pension contributions have been recognised for Mr A N Parker.

Remuneration disclosed above includes the following amounts paid to the highest paid Director:

	FY22	FY21
	£	£
Remuneration for qualifying services	**161,939**	217,950
Company pension contributions to defined contribution schemes	**1,468**	—

During the year to 31 December 2022 the Directors received remuneration as follows:

Director	**Salary** £	**Share options** £	**Benefits in kind** £	**Pension** £	**Total** £
Mr A Batra	**127,250**	**—**	**1,370**	**1,468**	**130,088**
Mr C D Hill	**153,812**	**—**	**781**	**1,468**	**156,061**
Ms C Prior	**132,714**	**28,918**	**307**	**1,468**	**163,407**
Mrs S Lindsay (resigned 4 January 2022)	**357**	**—**	**—**	**—**	**357**
Mr A N Parker	**35,000**	**—**	**—**	**—**	**35,000**
Mrs A M Williams (appointed 5 January 2022)	**53,131**	**—**	**—**	**3,302**	**56,433**
	502,264	**28,918**	**2,458**	**7,706**	**541,346**

During the year to 31 December 2021 the Directors received remuneration as follows:

Director	Salary £	Share options £	Benefits in kind £	Pension £	Total £
Mr A Batra	128,568	—	1,115	—	129,683
Mr C D Hill	217,950	—	650	—	218,600
Ms C Prior	74,434	10,669	258	183	85,544
Mrs S Lindsay	30,250	—	—	313	30,563
Mr A N Parker	14,583	—	—	—	14,583
Ms A E Sharp	10,000	—	—	367	10,367
	475,785	10,669	2,023	863	489,340

The Directors of the Company control 32.76% (2021 - 36.87%) per cent of the voting shares of the Company and hold 75,000 (2021 - 75,000) EMI share options. No Directors exercised share options during the year.

- Ends -