

20 September 2022

Northcoders Group PLC

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

Interim Results

Group continues to deliver IPO strategy and geographic expansion, with record demand and continued support from UK government

Northcoders (AIM:CODE), an independent provider of training programmes for software coding, is pleased to announce its results for the six months ended 30 June 2022 ('H1 2022' or the 'Period').

Financial Highlights

- Revenue more than doubled to £2.37 million in H1 2022 (H1 2021: £1.09 million), an increase of 117%
 - Particularly strong demand for bootcamp training, delivering revenues in H1 2022 of £1.72 million (H1 2021: £0.93 million) as Northcoders continues to build its reputation as a leading technology training provider
 - Growing contribution from Business Services of £0.20 million (H1 2021: £0.16 million), leveraging significant market opportunity as businesses struggle to manage UK tech skills gap
- Gross profit increased 110% to £1.66 million (H1 2021: £0.79 million) with a gross margin of 70%
- Significant 62% increase in underlying adjusted EBITDA of £0.42 million (H1 2021: £0.26 million)
- Benefitted from efficiencies of hybrid teaching model with ongoing remote learning, combined with teaching in person at hubs, generating profits after tax of £0.19 million (H1 2021: £0.02 million), delivering adjusted EPS of 4.59 pence (H1 2021: 0.47 pence)

Operating Highlights

- Continued growth in demand with 3,494 applications in H1 2022 compared to 3,662 applications in FY 2021
- Further expansion of Business Services division supported by successful launch of new Developer Incubator, the Group's "Teams-as-a-Service" model for businesses to hire teams of junior developers, managed by Northcoders' internal consultancy team
- Well-known corporates such as On the Beach, Evri, HESA and Sky Bet have also started their training programmes in the Period
- Capacity increased as employee headcount rose to 84 (H1 2021: 41)
- Data Engineering product trials progressed with curriculum finalised and first cohort due to start in October 2022
- Birmingham hub successfully launched with strong demand and Midlands based staff headcount increasing as planned

Current trading and outlook

- Individual applications continue to grow, with an additional 1,798 applications since the Period end
- Continued demand for Business Services, with repeat programmes from NHS Digital
- Further Government support announced with £4.00 million contract secured

- Strong performance giving the Board confidence to invest additional funds in the second half of the year to support further growth in FY 2023
- On track to deliver FY 2022 targets with Q3 2022 trading continuing at record levels and, as of 16 September 2022, contracted bookings for 2022 standing at £5.50 million, supported by persistently growing demand for technology engineers
- At this early stage contracted booking for 2023 already stands at £2.50 million
- Approved Government supplier for corporate services after being accepted onto 'Crown Commercial', the UK Government's procurement system

Chris Hill, Chief Executive Officer of Northcoders, said: "More than doubling revenues in the first half of the year is testament to the growing reputation of Northcoders as one of the UK's leading technology training providers, with a business model that is able to evolve to meet the demands of individuals and corporates alike.

"The continuing Government support for technology training serves to highlight the significant digital skills gap in the UK. The lack of qualified engineers is limiting the progress of businesses nationwide which in turn is holding back a domestic economic recovery. This is combined by a lack of diversity in the technology sector that requires immediate attention as it ultimately further limits the supply of quality engineers and impedes the levelling up agenda. A shortage of talent is simultaneously pushing sector salaries to all time highs and increasing the attractiveness of the career path and demand for Northcoders services.

"As the Group moves into the second half of the year Northcoders is continuing to deliver on its growth strategy as a result of this unabated demand and there is significant confidence in the Group's ability to provide all stakeholders with sustainable and profitable long term growth."

Analyst meeting and Investor Meet Company presentation

A virtual meeting for sell-side analysts will be held at 10.00 a.m. today, 20 September 2022. Please contact Buchanan via northcoders@buchanan.uk.com if you wish to join the meeting. A copy of the Interim Results presentation will be available on the Group's website later today: www.northcodersgroup.com.

Northcoders will be also be presenting via the Investor Meet Company platform today, 20 September 2022 at 4.30 p.m. (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. Questions can be submitted pre-event via the Investor Meet Company dashboard up until 9.00 a.m. the day before the meeting or at any time during the live presentation. To sign up to the Northcoders Group presentation via Investor Meet Company 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.

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Notes to Editors

Northcoders is a market leading provider of coding and software development training for businesses and individuals. Founded in 2015, its 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' coding school 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 supply innovative EdTech solutions for the upskilling and reskilling of employees, and is also 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 businesses and public agencies. 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 .

Introduction

The Board of Northcoders is pleased to present its interim results for the six months ended 30 June 2022. The Group has made significant progress since its IPO in July 2021 and has successfully taken advantage of increased demand for its products and services. In line with the Group's IPO strategy, it has not only rapidly scaled the geographic reach of the business but also successfully implemented two new products, the Developer Incubator and The Data Engineering Bootcamp, with the latter's first cohort expected to begin imminently.

Trading in H1 2022 has been encouraging, which alongside continued tight control over costs, has ensured the Group is on track to meet market expectations for the full year ended 31 December 2022, despite the additional investment into new planned products in the second half of the year to support further growth into 2023.

Financial Review

Northcoders delivered a strong performance in the Period, with underlying profitability higher than initial management expectations.

Revenue for the Period was £2.37 million (H1 2021: £1.09 million), up 117% on the equivalent period last year. Training generated revenue of £2.17 million whilst Business Services generated revenue of £0.20 million. Further explanation of revenue classification can be found below.

Gross profit for the Period was £1.66 million (H1 2021: £0.79 million) at a gross margin of 70%.

EDITDA, adjusted for share based payments, was £0.42 million (H1 2020: £0.26 million) and profit after tax was £0.19 million (H1 2021: £0.02 million).

Basic earnings per share was at 2.79 pence per share (H1 2021: 0.37 pence). Basic adjusted earnings per share was 4.59 pence per share (H1 2021: 0.47 pence).

Net assets at the Period end were £2.44 million (H1 2021: net liabilities of £0.51 million) of which cash was £1.04 million (H1 2021: £0.36 million).

Operational Review

The Group started 2022 with its highest ever demand and this has continued to grow throughout the Period. Continuing with the hybrid model developed in 2021, Northcoders is able to offer training remotely to anyone in the UK, with hubs now located in Manchester, Leeds, Newcastle and Birmingham.

The time and investment in the Group's systems, marketing strategy and delivery processes following the 2021 IPO has led to a 117% increase in revenues and increased operating profit in the Period. During H1 2022, the number of Northcoders students in training at any one particular time increased by 85% on 2021 across all programme types, and the Group expects this to increase further as it develops internal platforms and increases tutor headcount. This is testament to the Group's evolved delivery platform and is a credit to the expanding Northcoders team.

During the Period, Northcoders secured multiple new contracts in its Business Services division, with Rolls Royce and EMaC Ltd, among others. Well-known companies such as On the Beach, Evri, HESA and Sky Bet have also started the coding training programmes during the Period.

The Group has also continued to see an increase in demand from individuals wanting to enrol on coding training courses. Application numbers for the first six months to 30 June 2022 stood at 3,494, which compares favourably with the 3,662 applications in the 12 months to December 2021. The Group grew its graduate hiring network by a further 10% by engaging with 32 new companies for the first time in the

Period. Northcoders now has a network of almost 350 hiring partner companies to sustain its graduate hiring from B2C coding bootcamps.

After successfully delivering the Group's industry leading outcomes on the Wave 2 iteration of the Department for Education Skills Bootcamp Initiative, the Board is pleased to have been awarded a further £4.0 million contract in Wave 3 post Period end. This will enable the Group to continue to offer scholarship places to individuals and accessibility to its life changing courses. These scholarships are now not only in Software Engineering for coding but also Data Engineering.

Data Engineering is the newest teaching discipline, with the success and the lessons learnt from the industry leading Software Development coding bootcamp giving the Company confidence to provide an industry leading, sought after, bootcamp in Data Engineering. The team is in place and the curriculum is being finalised with a planned launch date of October 2022.

Revenues

Going forward, and to best reflect the Group's growth trajectory, revenue will be categorised into two core divisions, Training and Business Services (formally Corporate Solutions).

Training

Training revenues comprise of Software Engineering (coding) and Data Engineering. These courses are targeted at individuals and the vast majority are delivered by shorter bootcamps, but they are also delivered via longer term apprenticeships. Training can be funded privately with a range of consumer finance mechanisms available, through Government supported scholarships or through Government apprenticeship programmes.

Demand for the Group's core bootcamp courses continues to grow strongly. The Northcoders apprenticeships have also increased albeit not as quickly as anticipated at the time of the IPO as the strong preference is currently for the shorter, more intensive bootcamp training programme and, particularly boosted by the additional Department for Education ('DfE') contract, the Company is looking at focusing on this area of Training for growth in the near term.

Encouragingly, the rapid growth in demand seen towards the end of 2021 has not slowed down and applications from consumers have been boosted as more individuals look to retrain in this space. The number of applications by the end of August 2022 had reached 145% of that experienced in the full year 2021. With the competitive demand for technology skills growing the Group has experienced its average graduate salary increase to £27,000 which is contributing to the overall attractiveness of a career in the sector.

The Group has also continued to increase the number of its hiring partners, which now stands at over 370. Some of the most recent additions include Cinch Cars Limited, Visualsoft and Experian.

Supported by the benefit of increased marketing spend following the fundraise at IPO, the Board expects the growth in demand to continue as Northcoders further expands its geographical reach and list of hiring partners.

By continuing to closely monitor the progress of alumni, the Group can see that the vast majority are not only rapidly gaining suitable employment following qualification, but also progressing fast within the industry. It is these individuals, with their Northcoders background, who act as ambassadors for the training that the Group provides and once noticed by their employer companies, they too become convinced of the value of a Northcoders training programme and seek out further such staff for training to meet their own corporate needs. This in turn has formed a network of demand for the Group's Business Services division, creating added value to Northcoders.

In H1 2022, Northcoders has worked hard to increase the accessibility of training to attract students from all demographics. The Group is pleased that it now has a wide range of funding mechanisms for the students including DfE Scholarships, Apprenticeships, Income Sharing Agreements, External loan facilities and discounts for upfront payments. This is something that the Group is passionate about maintaining and improving.

Post Period end, Northcoders' quality and delivery was acknowledged when the Group was successfully awarded a further £4.00 million government funded scholarship programme for its training courses.

Business Services

Northcoders' Business Services division works with businesses to distinguish which service best fits their needs. This could result in a Northcoders academy, (NHS Digital academy has trained a large group of employees year on year), a developer incubator (the Group's teams-as-a-service product) or in certain instances a custom application is built internally as an outsourced service for corporates. The division continues to attract new business with revenue for the year growing steadily.

The Group's new product, 'Developer Incubator' has experienced encouraging levels of demand since its launch in February 2022, with contracts secured with Rolls Royce and EMaC Limited proving successful.

Developer Incubator is a corporate offering which supplies a group of junior engineers along with more senior engineers on a consultancy basis, these juniors are then incubated within the Northcoders education system and trained on the Company's own software processes. At the end of the consultancy period (usually 18 months) the juniors are then hired by the corporate client. This type of programme can be delivered in both Software and Data Engineering training and has the potential to be tailored to multiple technical disciplines. After the success of the work undertaken for Rolls Royce and EMaC, the Group is now in a strong position to market this product to a wider audience in order to drive further growth in the Business Services division.

The Group has also secured further academy work with NHS Digital which has commenced this month, as well as confirming acceptance onto 'Crown Commercial' which is the UK Government's portal for business service procurement.

The Directors believe that the Group's Business Services offering has the potential to generate significant growth in revenue and accelerate the scaling of the broader business, albeit that the profits will be at lower margin than those generated from the Training division.

Geographic expansion and Hub roll out

Northcoders' geographical reach expanded considerably in the Period, as the hybrid model is enabling students from all regions to study with the Group despite no physical hub. This has been supported by the most recent round of Department for Education funding which is to be delivered nationwide and is enabling marketing of the Northcoders brand to an increased number of locations throughout the UK. For example, there has been a rapid increase in the number of students from London and South of England in the last three months.

Outlook

The growing level of attention to IT training by UK Government bodies, corporates and individuals is encouraging the Group to continue to expand its operations to meet increasing demand. The job outcomes and industry recognition give confidence that Northcoders operations have never been more relevant and critical.

Northcoders is confident in its prudent, careful approach for developing new products and is seeing the benefits of this as products are successfully introduced, with tailored and appropriate training programmes appealing to a broad audience. The Group will continue to be innovative and react to what the market needs, looking at other disciplines once the Data Engineering division has been launched. As a young company, the Group will also continue to evaluate the roadmap of the business to ensure it is evolving its model to generate maximum long term, sustainable growth.

To optimise retention of the Group's highly skilled team as we move through the cost-of-living crisis, the Group has already increased salaries. There will also be a one off bonus to help with cost of living increases in the second half of this year. Regardless of this, the recent progress gives Northcoders confidence in its ability to meet full year 2022 expectations.

Moving into the final quarter of 2022 and look to 2023 the Group is excited about the new products and the direction that the business is moving in. Contracted revenue for 2022 currently stands at £5.50 million and revenue already contracted for 2023 stands at £2.50 million. Northcoders will continue to improve and expand organically, and where appropriate through selective acquisition, whilst always striving to maintain the quality and core values that it is known for.

Chris Hill
Chief Executive Officer
20 September 2022

Group Statement of Comprehensive Income
For the period ended 30 June 2022

	Notes	6 months ended 30 June 2022 UNAUDITED £	6 months ended 30 June 2021 UNAUDITED £	Year ended 31 December 2021 AUDITED £
Revenue		2,367,596	1,085,646	3,010,357
Cost of sales		(710,651)	(297,228)	(848,392)
Gross profit		1,656,945	788,418	2,161,965
Other operating income		7,500	142,748	144,749
Expenditure		(1,246,895)	(673,286)	(1,947,239)
Adjusted EBITDA		417,550	257,880	359,475
Depreciation		(88,642)	(75,120)	(118,892)
Amortisation		(38,366)	(99,468)	(134,755)
Share based payment expense		(125,373)	(5,042)	(114,341)
Total administrative expenditure		(1,499,276)	(852,916)	(2,315,227)
Exceptional items		-	-	(421,289)
Operating profit/(loss)		165,169	78,250	(429,802)
Finance income		5,253	2,161	8,574
Finance costs		(52,246)	(61,772)	(102,360)
Profit/(loss) before tax		118,176	18,639	(523,588)
Taxation		75,284	(267)	165,464
Net profit/(loss) after tax		193,460	18,372	(358,124)
Other comprehensive income:				
Tax relating to items not reclassified		(28,471)	-	(5,089)
Total comprehensive income/(loss) for the year attributable to equity shareholders of the parent		164,989	18,372	(363,213)
Basic earnings per share (pence)	3	2.79	0.37	(6.13)
Adjusted earnings per share (pence)	3	4.59	0.47	3.04
Diluted earnings per share (pence)	3	2.72	0.37	(6.13)

Group Statement of Financial Position
As at 30 June 2022

	Notes	30 June 2022 UNAUDITED £	30 June 2021 UNAUDITED £	31 December 2021 AUDITED £
Non-current assets				
Intangible assets	4	636,625	388,978	495,071
Property, plant and equipment		468,646	146,805	525,067
Deferred tax assets		338,848	100,250	256,350
		1,444,119	636,033	1,276,488
Current assets				
Trade and other receivables		1,913,146	1,091,481	1,416,145
Current tax receivable		143,042	235,931	143,042
Deferred tax assets		-	30,517	-
Cash and cash equivalents		1,038,882	356,087	1,564,645
		3,095,070	1,714,016	3,123,832
Current liabilities				
Trade and other payables		502,435	1,128,615	467,282
Borrowings		223,195	216,747	219,386
Lease liability		190,032	122,073	181,043
Deferred revenue		21,405	201,911	21,813
		937,067	1,669,346	889,524
Net current assets		2,158,003	44,670	2,234,308
Non-current liabilities				
Borrowings		399,621	616,274	512,602
Lease liability		589,784	475,269	711,524
Deferred tax provision		170,159	104,021	134,474
		1,159,564	1,195,564	1,358,600
Net assets/(liabilities)		2,442,558	(514,861)	2,152,196
EQUITY				
Share capital		69,444	50,000	69,444
Share premium		2,891,314	-	2,891,314
Merger reserve		500	500	500
Share option reserve		257,906	-	134,715
Other reserve		(50,000)	(50,000)	(50,000)
Retained earnings		(726,606)	(515,361)	(893,777)
Total equity		2,442,558	(514,861)	2,152,196

Group Statement of Changes in Equity
For the period ended 30 June 2022

	Share capital	Share premium	Share option reserve	Merger reserve	Other reserve	Retained earnings	Total equity attributable to owners of the parent
	£	£	£	£	£	£	£
At 1 January 2021 (audited)	-	-	-	187,591	-	(729,639)	(542,048)
Profit for the period	-	-	-	-	-	18,372	18,372
Capital reduction	-	-	-	(187,091)	-	187,091	-
Share for share exchange	50,000	-	-	-	(50,000)	-	-
Share option expense	-	-	5,042	-	-	-	5,042
Cancellation of share options	-	-	(5,042)	-	-	5,042	-
Other changes	-	-	-	-	-	3,773	3,773
At 30 June 2021 (unaudited)	50,000	-	-	500	(50,000)	(515,361)	(514,861)
Loss for the period	-	-	-	-	-	(376,496)	(376,496)
<i>Other comprehensive loss:</i>							
Tax adjustments on share based payments	-	-	-	-	-	(5,089)	(5,089)
Total comprehensive income for the year	-	-	-	-	-	(381,585)	(381,585)
Share option and warrants expense	-	-	141,657	-	-	-	141,657
Cancellation of share options	-	-	(6,942)	-	-	6,942	-
Issue of share capital	19,444	3,480,555	-	-	-	-	3,499,999
Costs of float set against premium	-	(589,241)	-	-	-	-	(589,241)
Other changes	-	-	-	-	-	(3,773)	(3,773)
At 31 December 2021 (audited)	69,444	2,891,314	134,715	500	(50,000)	(893,777)	2,152,196
Profit for the period	-	-	-	-	-	193,460	193,460
<i>Other comprehensive loss:</i>							
Tax adjustments on share based payments	-	-	-	-	-	(28,471)	(28,471)
Total comprehensive income for the year	-	-	-	-	-	164,989	164,989
Share option expense	-	-	125,373	-	-	-	125,373
Cancellation of share options	-	-	(2,182)	-	-	2,182	-
At 30 June 2022 (unaudited)	69,444	2,891,314	257,906	500	(50,000)	(726,606)	2,442,558

Group Statement of Cashflows
For the period ended 30 June 2022

Notes	6 months ended 30 June 2022 UNAUDITED £	6 months ended 30 June 2021 UNAUDITED £	Year ended 31 December 2021 AUDITED £
Cash flows from operating activities:			
Profit/(loss) for the year	193,460	18,372	(358,124)
<i>Adjustments for:</i>			
Tax (credit)/charge	(75,284)	267	(165,464)
Finance costs	52,246	61,772	102,360
Finance income	(5,253)	(2,161)	(8,574)
Share based payment expense	125,373	5,042	146,699
Amortisation of intangible assets	38,366	99,468	134,755
Depreciation of tangible assets	88,642	75,120	118,892
	417,550	257,880	(29,456)
<i>Changes in working capital:</i>			
Increase in trade & other receivables	(496,001)	(792,216)	(1,117,345)
Increase/(decrease) in trade & other payables	46,574	748,564	(152,740)
Cash (used in)/from operations	(31,877)	214,228	(1,299,541)
Income taxes received	-	57,068	211,701
Net cash (outflow)/inflow from operating activities	(31,877)	271,296	1,087,840
Cash flows from investing activities			
Capitalised development costs	(179,920)	(127,157)	(268,537)
Purchase of property, plant & equipment	(32,221)	(10,359)	(42,706)
Payment of deferred consideration	-	(57,000)	-
Interest received	4,253	1,701	8,574
Net cash (used in) investing activities	(207,888)	(192,815)	(302,669)
Cash flow from financing activities			
Proceeds from issue of new shares	-	-	2,910,758
Repayments of bank loans and borrowings	(112,427)	(65,650)	(162,961)
Payment of lease obligations	(124,579)	(133,320)	(215,954)
Interest paid	(48,992)	(49,095)	(102,360)
Net cash (used in)/from financing activities	(285,998)	(248,065)	2,429,483
Net (decrease)/increase in cash and cash equivalents	(525,763)	(169,584)	1,038,974
Cash and cash equivalents at beginning of the period	1,564,645	525,671	525,671
Cash and cash equivalents at end of the period	1,038,882	356,087	1,564,645

Notes to the Financial Statements

For the period ended 30 June 2022

1. General information

Northcoders Group Plc is a public company limited by shares incorporated in the United Kingdom. The registered address of the Company is Manchester Technology Centre, Oxford Road, Manchester, M1 7ED. The consolidated financial statements (or "financial statements") incorporate the financial statements of the Company and entities (its subsidiaries) controlled by the Company (collectively comprising the "Group").

The principal activity of the Group is the provision of software development courses.

2. Accounting policies

2.1. Basis of preparation

The financial information set out in these interim consolidated financial statements for the six months ended 30 June 2022 is unaudited. The financial information presented are not statutory accounts prepared in accordance with the Companies Act 2006, and are prepared only to comply with AIM requirements for interim reporting. The most recent financial statements which have been audited are for the year ended 31 December 2021. The first annual financial statements of the Group to 31 December 2021 will be prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006.

The interim consolidated financial statements have been prepared using consistent accounting policies as those adopted in the prior year ended 31 December 2021.

2.2. Basis of consolidation

The Group financial statements consolidates those of the parent company and the subsidiaries of which the parent has control. Control is established when the parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary, which for the acquisition described in note 16 is determined through an option to purchase the remaining shares in the subsidiary.

Where a subsidiary undertaking is acquired/disposed of during the year, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal, being the date on which control is obtained or lost.

All inter-company balances and transactions between group companies have been eliminated on consolidation.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group.

The Group applies the acquisition method of accounting for business combinations enacted after the date of creation of the Group, as detailed further below. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiary's financial information prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

2.3. 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 flows for the foreseeable future, being a period of at least 12 months from the expected date of approval of the interim financial statements.

Forecasts are adjusted for reasonable sensitivities 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 interim 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 interim financial statements.

2.4. 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. Where the Coronavirus COVID-19 job retention scheme grant and business rates relief grants have been claimed, these are credited to the income statement in the period in which the expenditure for which they are intended to contribute towards has been incurred.

Coronavirus Job Retention Scheme (CJRS)

During the prior period, the Group benefited from the UK Government's CJRS scheme for furloughed employees, as part of the support available for businesses impacted by the Covid-19 pandemic. In accordance with IAS 20, eligible salary and other payroll expenses have been continued to be recognised in the income statement in the period in which they were incurred. Eligible matching CJRS grant amounts have been reflected in Other Income in the same period.

2.5 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.

- For business services, 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.
- For apprenticeship income, 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; otherwise, income is recognised as for consumer bootcamps.

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 in order that it 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 stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

2.6 Development assets

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred. Development costs incurred are capitalised after the point at which the commercial and technical feasibility of the product have been proven, and the decision to complete the development has been taken and resources made available. The expenditure capitalised is solely the cost of direct labour. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

The directors have undertaken an assessment of the estimated useful life of development assets and subsequently the estimation has changed from 4 years to 10 years.

1. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings	6 months ended 30 June 2022 UNAUDITED £	6 months ended 30 June 2021 UNAUDITED £	Year ended 31 December 2021 AUDITED £
Earnings for the purpose of basic earnings per share being net profit attributable to owners of the parent	193,460	18,372	(358,124)
Earnings for the purposes of diluted earnings per share	193,460	18,372	(358,124)
Number of shares	6 months ended 30 June 2022 UNAUDITED £	6 months ended 30 June 2021 UNAUDITED £	Year ended 31 December 2021 AUDITED £
Weighted average number of ordinary shares for the purposes of basic earnings per share	6,944,445	5,000,001	5,841,706
Effects of dilutive potential ordinary shares	155,365	-	175,780
Weighted average number of ordinary shares for the purposes of diluted earnings per share	7,099,810	5,000,001	6,017,486

Earnings per share

Earnings	6 months ended 30 June 2022 UNAUDITED	6 months ended 30 June 2021 UNAUDITED	Year ended 31 December 2021 AUDITED
Pence per weighted average shares	2.79p	0.37p	(6.13)p
Pence per weighted average diluted shares	2.72p	0.37p	(6.13)p

The Directors use adjusted earnings before exceptional costs and share based payment expenses; the year ended 31 December 2021 includes the costs of admission to AIM within exceptional costs. 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:

Adjusted Earnings per Share	6 months ended 30 June 2022 UNAUDITED £	6 months ended 30 June 2021 UNAUDITED £	Year ended 31 December 2021 AUDITED £
Profit/(loss) after taxation	193,460	18,372	(358,124)
Adjusted for:			
Share-based payment expense	125,373	5,042	114,341
Exceptional costs	-	-	421,289
Adjusted Earnings	318,833	23,414	177,506
Pence per weighted average shares	4.59p	0.47p	3.04p
Pence per weighted average diluted shares	4.49p	0.47p	2.95p

2. Intangible fixed assets

	Development costs £	Licence £	Total £
Cost			
At 1 January 2022	593,589	101,899	695,488
Additions	179,920	-	179,920
Disposals	-	-	-
At 30 June 2022	773,509	101,899	875,408
Amortisation and impairment			
At 1 January 2022	174,942	25,475	200,417
Amortisation charged for the year	25,629	12,737	38,366
At 30 June 2022	200,571	38,212	238,783
Carrying amount			
At 30 June 2022	572,938	63,687	636,625
At 31 December 2021	418,647	76,424	495,071

3. Events after the reporting period

On 22 August 2022 the Group granted 85,000 share options with an exercise price of £3.05, vesting over a period between 1 year to 3 years. Due to the proximity of the grant date to the finalisation of these interim financial statements, the Directors have not yet obtained an estimated fair value, under IFRS 2 'Share Based Payments', for the options.