19 September 2023

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

Interim Results
Group continues to grow despite challenging macro environment with record demand for consumer training bootcamps

Northcoders (AIM:CODE), an independent provider of training programmes for software coding, announces its results for the six months ended 30 June 2023 ('H1 2023' or the 'Period').

Financial Highlights

- Revenue grew to £3.5 million (H1 2022: £2.4million), an increase of 46%
- Record demand for consumer bootcamp training, delivering revenues in H1 2023 of £2.8 million (H1 2022: £1.7 million) driven by geographical expansion and entry into new disciplines
- Gross profit increased 32% to £2.2 million (H1 2022: £1.7 million) with a gross margin of 63% generated by continued investment into internal efficiencies and software
- Underlying adjusted EBITDA of £0.04 million (H1 2022: £0.42 million) in line with management expectations following investments into Business Solutions and Tech Returners
- The Group's core business, Consumer Training Bootcamps, achieved adjusted EBITDA of £0.5 million showing ongoing growth in profitability
- Loss after tax of £0.2 million (Profit after tax H1 2022: £0.2 million), delivering adjusted EPS of (2.07) pence (H1 2022: 4.59 pence)
- Strong balance sheet with cash of £2.04 million (H1 2022: £1.04 million) and net assets at the Period end of £5.5 million (H1 2022: £2.4 million)

Operating Highlights

- Positive growth in demand with record Consumer Training Bootcamp course applications, more than doubling to 7,107 in the Period (H1 2022: 3,494)
- Q3 2023 has again seen record applications, now standing at over 10,000
- Continued to secure Government funding for consumer Skills Bootcamps, achieving a successful Department for Education Skills Bootcamps bid giving a further £4.5 million revenue visibility for H2-2023 and FY-2024
- Strategy for geographical expansion continues to progress with over 45% of the Company's Training Bootcamp learners now based outside of Manchester and Leeds, a significant change from the Group's position at IPO two years ago
- In February 2023 the Group acquired Tech Returners Limited, which has now been fully integrated into the Business Solutions division, with the pipeline now including several large corporate businesses
  - As part of Tech Returners brand offering, ReFrame, the North's largest conference dedicated to Women in Technology has been launched in London and through marketing and PR is creating significant corporate brand awareness in the London region
- Business Solutions division signed its first public sector contract with a significant central Government department which is due to commence in Q4 2023
- Investment and roll out of nCore platform on track for use across the Group in 2024, improving efficiency and supporting gross margin growth
- New technology training courses continue to expand

- The Data Engineering discipline is performing strongly with further investment having been made into course delivery. The Group is now benefitting from significant cohorts of learners each quarter
- Launched a third discipline within the Consumer Training Bootcamp division, Cloud Engineering. The first cohort launched in March 2023

Current trading and outlook

Despite the strategic momentum achieved in H1 2023 which ended in line with management's expectations, the current financial year is presenting several market challenges for the Group's Business Solutions division. FY23 was and still is expected to be a second half weighted year but the outturn is uncertain due to the prevailing headwinds encountered by the technology market. Budget constraints, workforce reductions and recruitment freezes have led to many corporate clients delaying and deferring budget commitment to Northcoders' Academy, Your Return to Tech and Consultancy programmes.

In particular, one client is undergoing a substantial business reorganisation leading to a division closure. As a result, their immediate demands for our services have diminished below the £0.75 million we had been expecting with the quantum now being uncertain. We are actively collaborating with them during this transitional phase and remain optimistic about the possibility of future work and contract fulfilment, as the client has expressed a keen interest in continuing our partnership.

As a result of this contract, and the more cautious technology training market conditions, the Group now expects revenue and profits for the year as a whole to be significantly below current expectations. With its strong balance sheet, the Board remains confident in Northcoders' ability to continue to deliver significant growth as it delivers its strategy and continues to build its reputation as a leading technology training provider in the UK. The Company continues to work with blue chip corporates and now public bodies, as both hiring partners and customers, to improve the UK's technology gap with digital transformation remaining a priority.

Chris Hill, Chief Executive Officer of Northcoders, said: "Our performance to date reaffirms our commitment to addressing the UK's digital skills gap as a leading technology training provider. H1 2023 saw the Group's revenue increase to £3.5 million, a 46% increase compared to the same period last year, driven by high demand for consumer bootcamp training, generating £2.8 million in revenue, up 65% on H1 2022 performance.

"Northcoders' strategic acquisition of Tech Returners in February has already yielded positive results, engaging several major corporate clients. The launch of ReFrame, the North's largest Women in Technology conference in London, has significantly boosted the Group's corporate brand awareness. Demand for technology training beyond the original Coding courses continues to increase, including for the Group's Data Engineering services, as well as Cloud Engineering tuition having launched successfully. The Business Solutions division signed its inaugural contract with a central government department project set for Q4 2023.

"As outlined at the Trading Update in July, the market continues to be challenging, with budget constraints, workforce reductions, and recruitment freezes affecting the Business Solutions division, which means our growth in the short term is expected to be slower than previously expected. Nonetheless, Northcoders remains a key enabler of growth and innovation and we are resolute in our pursuit of evolving to meet technology's ever-changing demands, confidently providing sustainable long-term growth for all our stakeholders."

Analyst meeting and Investor Meet Company presentation

A virtual meeting for sell-side analysts will be held at 9.30 a.m. today, 19 September 2023. Please contact Buchanan via northcoders@buchanan.uk.com if you wish to join the meeting.

Northcoders will be also be presenting via the Investor Meet Company platform today, 19 September 2023 at 6 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 technology training for businesses and individuals with courses in, Software Engineering, Data Engineering and Cloud 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.

Introduction

The Board are pleased to present the Group's results for the six months ended 30 June 2023 ('H1 2023'). First and foremost, it is pleasing to report a significant increase in demand for the Training Bootcamp courses during H1 2023. The number of applications more than doubled to an impressive 7,107, compared to 3,494 in H1 2022. This growth underscores Northcoders' reputation for delivering high-quality tech education.

The Group continues to benefit from financial support of the Government's technology Skills Bootcamps initiative. This is exemplified by its success in securing a new funding bid with the Department for Education worth £4.5 million over the next two years as well as additional bids currently underway. It is another demonstration of Northcoder's reputation as a top tier training provider dedicated to upskilling the workforce and provides a substantial revenue stream for the future.

The Business Solutions division achieved a significant milestone by signing its first public body contract as a training provider in a significant central Government department project, scheduled to commence in 2023. This reflects the Group's expertise and credibility in delivering impactful solutions to Government bodies.

Despite this, the Board wants to address the challenges facing its Business Solutions division in the context of the positive momentum during H1 2023. The current financial year has brought forth market challenges that require a more cautious outlook for the second half of the financial year. The technology market has encountered headwinds, including unanticipated budget constraints, workforce reductions, and recruitment freezes. These factors have prompted many corporate clients to delay and defer their budget commitments to the Group's Academy, Your Return to Tech, and Consultancy programmes. The Group acknowledges these challenges and remains committed to addressing them proactively, charting a course forward that ensures Northcoders' continued growth and success.

Financial Review

Northcoders delivered a strong performance in the Period, with underlying profitability in line with management expectations.

Revenue for the Period was £3.5 million (H1 2022: £2.4 million), up 46% on the equivalent period last year. Consumer Revenue, which includes core bootcamps and apprenticeship revenues, generated revenue of £2.8 million, up 62% on the comparable period in 2022. The division delivered EBITDA of £0.5 million showing further efficiencies in the training model. Northcoders Business Services division generated revenue of £0.3 million and the Group is confident in the decision to invest into sales, marketing and the expansion of Business Services and the acquisition of Tech Returners will see benefits in future years. Tech Returners generated revenue of £0.4 million in the period since its acquisition.

Gross profit for the Period was £2.2 million (H1 2022: £1.7 million) at a gross margin of 63%. EBITDA, adjusted for share based payments, was £0.04 million (H1 2022: £0.42 million) and loss after tax was £0.25 million (H1 2022: profit of £0.19 million). Basic earnings per share was a loss of (3.16 pence per share (H1 2022: profit of 2.79 pence). Basic adjusted earnings per share was a loss of 2.07 pence per share (H1 2022: profit of 4.59 pence). Net assets at the Period end were £5.5 million (H1 2021: £2.44 million) of which cash was £2.0 million (H1 2021: £1.0 million).

Operational Review

Northcoders' IPO strategy of geographical expansion beyond Manchester and Leeds has yielded significant results. Over 45% of Training Bootcamp learners now reside outside of these cities, marking a substantial shift from the Group's position at IPO just two years ago. This expansion signifies Northcoders' growing national presence.

In February 2023, the Group took a strategic step by acquiring Tech Returners. Tech Returners' brands and services have seamlessly integrated into the Business Solutions divisions and building a pipeline of potential new client contracts. This move strengthens the Group's presence in the technology training sector.

Northcoder's commitment to diversity and inclusion is further exemplified by the launch of 'ReFrame', the North's largest Women in Technology conference, as part of Tech Returners' offerings. Through effective marketing and public relations efforts, ReFrame is creating substantial corporate brand awareness in the London region.

Northcoders' Data Engineering division has showcased robust performance, thanks to increased investment in the course delivery team. The division can now efficiently train significant cohorts of learners each quarter, addressing the rising demand for data engineering skills.

In line with the Group's expansion efforts, Northcoders launched its third business unit, focusing on training bootcamp courses and Corporate Solutions services in the Cloud Engineering discipline. The inaugural cohort was successfully launched in March 2023, marking a promising start in this dynamic field.

Northcoders remains steadfast in its commitment to a thoughtful, strategic approach in product development. This approach yields positive results as the tailored training programs resonate with a diverse audience. The Group's innovative spirit drives us to adapt to the ever-evolving market landscape, and after the successful launch of the Data Engineering discipline, Northcoders is exploring further opportunities in its Consumer Training division and other disciplines.

As a youthful organisation, the Group constantly reassess its business roadmap to ensure that long-term, sustainable growth is fostered. As the final quarter of 2023 is approached, the Board is confident about the new product offerings and the trajectory of the business whilst being mindful of the wider macroeconomic environment.

Current trading and prospects

Despite the strategic momentum achieved in H1-2023 which ended in line with management's expectations, the current financial year is presenting several market challenges for the Group's Business Solutions division. FY23 was and still is expected to be a second half weighted year but the outturn is uncertain due to the prevailing headwinds encountered by the technology market. Budget constraints, workforce reductions and recruitment freezes, has led to many corporate clients delaying and deferring budget commitment to Northcoders' Academy, Your Return to Tech and Consultancy programmes.

In particular, a client is undergoing a substantial business reorganisation including a division closure. As a result, their immediate demands for our services have diminished below the £750k we had been expecting with the quantum now being uncertain. We are actively collaborating with them during this transitional phase and remain optimistic about the possibility of future work and contract fulfilment, as the client has expressed a keen interest in continuing our partnership.

As a result of this contract, and the more cautious technology training market conditions, the Group now expects revenue and profits for the year as a whole to be significantly below current expectations. With its strong balance sheet, the Board remains confident in Northcoders' ability to continue to deliver significant growth and continues to build its reputation as a leading technology training provider in the UK. The Company continues to work with blue chip corporates and now public bodies, as both hiring partners and customers, to improve the UK's technology gap with digital transformation remaining a priority.

Chris Hill
Chief Executive Officer
19 September 2023

Group Statement of Comprehensive Income
For the period ended 30 June 2023

	Notes	6 months ended 30 June 2023 UNAUDITED £	6 months ended 30 June 2022 UNAUDITED £	Year ended 31 December 2022 AUDITED £
Revenue		3,450,579	2,367,596	5,598,863
Cost of sales		(1,269,645)	(710,651)	(1,656,938)
Gross profit		**2,180,934**	**1,656,945**	**3,941,925**
Other operating income		-	7,500	12,000
Expenditure		(2,141,561)	(1,246,895)	(3,046,292)
Adjusted EBITDA		**39,373**	**417,550**	**907,633**
Depreciation		(83,115)	(88,642)	(171,521)
Amortisation		(91,674)	(38,366)	(85,167)
Share based payment expense		(86,852)	(125,373)	(203,607)
Total administrative expenditure		(2,403,202)	(1,499,276)	(3,506,587)
Operating (loss)/profit		**(222,268)**	**165,169**	**447,388**
Investment revenues		5,159	5,253	11,765
Finance costs		(89,799)	(52,246)	(112,674)
(Loss)/profit before tax		**(306,908)**	**118,176**	**346,429**
Taxation		55,975	75,284	13,109
Net (loss)/profit after tax		**(250,933)**	**193,460**	**359,538**
Other comprehensive income:				
Tax relating to items not reclassified		21,713	(28,471)	8,814
Total comprehensive (loss)/income for the year attributable to equity shareholders of the parent		**(229,220)**	**164,989**	**368,352**
Basic (loss) / earnings per share (pence)	**3**	(3.16)	2.79	5.12
Adjusted (loss) / earnings per share (pence)	**3**	(2.07)	4.59	8.02
Diluted (loss) /earnings per share (pence)	**3**	(3.16)	2.72	5.02

Group Statement of Financial Position
As at 30 June 2022

	Notes	30 June 2023 UNAUDITED £	30 June 2022 UNAUDITED £	31 December 2022 AUDITED £
Non-current assets				
Intangible assets	**4**	1,444,440	636,625	871,845
Goodwill	**5**	1,270,725	-	-
Property, plant and equipment		447,244	468,646	416,727
Deferred tax assets		379,892	338,848	330,837
		3,542,301	**1,444,119**	**1,619,409**
Current assets				
Contract assets		2,005,302	1,231,525	1,947,922
Trade and other receivables		725,875	681,621	909,010
Current tax receivable		109,832	143,042	82,309
Cash and cash equivalents		2,044,849	1,038,882	2,777,273
		4,885,858	**3,095,070**	**5,716,514**
Current liabilities				
Trade and other payables		978,145	502,435	665,575
Borrowings		369,767	223,195	391,367
Current tax liabilities		4,900	-	-
Lease liabilities		230,315	190,032	196,243
Contract liabilities		53,306	21,405	5,239
		1,636,433	**937,067**	**1,258,424**
Net current assets		**3,249,425**	**2,158,003**	**4,458,090**
Non-current liabilities				
Borrowings		601,775	399,621	740,223
Lease liabilities		336,654	589,784	464,833
Deferred tax provision		353,937	170,159	230,713
		1,292,366	**1,159,564**	**1,435,769**
Net assets		**5,499,360**	**2,442,558**	**4,641,730**
EQUITY				
Share capital		80,115	69,444	76,889
Share premium		4,801,444	2,891,314	4,801,444
Merger reserve		500	500	500
Share option reserve		315,332	257,906	228,480
Other reserve		946,772	(50,000)	(50,000)
Retained earnings		(644,803)	(726,606)	(415,583)
Total equity		**5,499,360**	**2,442,558**	**4,641,730**

Group Statement of Changes in Equity
For the period ended 30 June 2023

	Share capital	Share premium	Share option reserve	Merger reserve	Other reserve	Retained earnings	Total equity attributable to owners of the parent
	£	£	£	£	£	£	£
At 01 January 2022 (audited)	**69,444**	**2,891,314**	**134,715**	**500**	**(50,000)**	**(893,777)**	**2,152,196**
Profit for the period	-	-	-	-	-	193,460	193,460
Other comprehensive loss:							
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**
Profit for the period	-	-	-	-	-	166,078	166,079
Other comprehensive loss:							
Tax adjustments on share based payments	-	-	-	-	-	37,285	37,285
Total comprehensive income for the year	-	-	-	-	-	203,363	203,363
Share option and warrants expense	-	-	78,234	-	-	-	78,234
Cancellation of share options	-	-	(19,365)	-	-	19,365	-
Share options exercised	-	-	(88,295)	-	-	88,295	-
Issue of share capital	7,445	2,076,387	-	-	-	-	2,083,832
Costs of share issues set against premium	-	(166,257)	-	-	-	-	(166,257)
At 31 December 2022 (audited)	**76,889**	**4,801,444**	**228,480**	**500**	**(50,000)**	**(415,583)**	**4,641,730**
Loss for the period	-	-	-	-	-	(250,933)	(250,933)
Other comprehensive loss:							
Tax adjustments on share based payments	-	-	-	-	-	21,713	21,713
Total comprehensive income for the year	-	-	-	-	-	(229,220)	(229,220)
Share option expense	-	-	86,852	-	-	-	86,852
Issue of share capital	3,226	-	-	-	996,772	-	999,998
At 30 June 2023 (unaudited)	**80,115**	**4,801,444**	**315,332**	**500**	**946,772**	**(644,803)**	**5,499,360**

Group Statement of Cashflows
For the period ended 30 June 2023

	Notes	6 months ended 30 June 2023 UNAUDITED £	6 months ended 30 June 2022 UNAUDITED £	Year ended 31 December 2022 AUDITED £
Cash flows from operating activities:				
Profit/(loss) for the year		(250,933)	193,460	359,538
Adjustments for:				
Tax (credit)/charge		(55,975)	(75,284)	(13,109)
Finance costs		89,799	52,246	112,674
Investment revenues		(5,159)	(5,253)	(11,765)
Share based payment expense		86,852	125,373	203,607
Amortisation of intangible assets		91,674	38,366	85,167
Depreciation of tangible assets		83,115	88,642	171,521
		39,373	**417,550**	**907,633**
Changes in working capital:				
Decrease/(increase) in contract assets and trade & other receivables		244,532	(496,001)	(1,435,445)
Increase/(decrease) in trade & other payables		(183,937)	46,574	178,377
Cash (used in)/from operations		99,968	(31,877)	(349,435)
Income taxes received		82,483	-	104,408
Net cash (outflow)/inflow from operating activities		**182,451**	**(31,877)**	**(245,027)**
Cash flows from investing activities				
Capitalised development costs		(305,890)	(179,920)	(461,941)
Purchase of property, plant & equipment		(64,320)	(32,221)	(63,181)
Acquisition of subsidiary		(173,758)	-	-
Interest received		5,140	4,253	9,766
Net cash (used in) investing activities		**(538,828)**	**(207,888)**	**(515,356)**
Cash flow from financing activities				
Proceeds from issue of new shares		-	-	1,917,575
Proceeds from new bank loans and borrowings		-	-	962,500
Repayments of bank loans and borrowings		(166,665)	(112,427)	(573,087)
Payment of lease obligations		(141,363)	(124,579)	(231,491)
Interest paid		(68,019)	(48,992)	(102,486)
Net cash (used in)/from financing activities		**(376,047)**	**(285,998)**	**1,973,011**
Net (decrease)/increase in cash and cash equivalents		**(732,424)**	**(525,763)**	**1,212,628**
Cash and cash equivalents at beginning of the period		**2,777,273**	**1,564,645**	**1,564,645**
Cash and cash equivalents at end of the period		**2,044,849**	**1,038,882**	**2,777,273**

Notes to the Financial Statements
For the period ended 30 June 2023

1. General information

Northcoders Group Plc is a public company limited by shares incorporated in England and Wales. 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 digital training 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 2023 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. Statutory accounts for the year ended 31 December 2022, on which the auditors gave an audit report which was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006, have been filed with the Registrar of Companies.

These financial statements have been prepared in accordance with international accounting standards ("IFRS") as adopted by the United Kingdom ("UK") insofar as these apply to interim financial statements.

The interim consolidated financial statements have been prepared using consistent accounting policies as those adopted in the financial statements for the year ended 31 December 2022.

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

The financial statements have been prepared on the historical cost basis, modified to include the revaluation of certain financial instruments at fair value.

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.

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

As at 30 June 2023 the Group had net assets of £5,499,360, including cash and cash equivalents of £2,044,849.

In preparing the interim 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 "stress" case scenarios. Overall, the Directors do not believe that the outcomes of such testing gives rise to 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 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 the 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 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 of the 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 have 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.

2.5 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 has 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.

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	4 years straight line
Development costs	10 years straight line

3. 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 2023 UNAUDITED £**	**6 months ended 30 June 2022 UNAUDITED £**	**Year ended 31 December 2022 AUDITED £**
Earnings for the purpose of basic earnings per share being net profit attributable to owners of the parent	(250,933)	193,460	359,538
Earnings for the purposes of diluted earnings per share	**(250,933)**	**193,460**	**359,538**

Number of shares	**6 months ended 30 June 2023 UNAUDITED £**	**6 months ended 30 June 2022 UNAUDITED £**	**Year ended 31 December 2022 AUDITED £**
Weighted average number of ordinary shares for the purposes of basic earnings per share	7,941,963	6,944,445	7,019,909
Effects of dilutive potential ordinary shares	88,976	155,365	147,010
Weighted average number of ordinary shares for the purposes of diluted earnings per share	8,030,939	7,099,810	7,166,919

Earnings per share

Earnings	**6 months ended 30 June 2023 UNAUDITED**	**6 months ended 30 June 2022 UNAUDITED**	**Year ended 31 December 2022 AUDITED**
Pence per weighted average shares	(3.16)p	2.79p	5.12p
Pence per weighted average diluted shares	(3.16)p	2.72p	5.02p

In the current period the Group has incurred losses and as such the diluted earnings per share and adjusted diluted earnings per share are not amended from the basis earnings per share and adjusted earnings per share. This is in line with IAS 33 ‘Earnings per share’.

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

Adjusted Earnings per Share	6 months ended 30 June 2023 UNAUDITED £	6 months ended 30 June 2022 UNAUDITED £	Year ended 31 December 2022 AUDITED £
Profit/(loss) after taxation	(250,933)	193,460	359,538
Adjusted for:			
Share-based payment expense	86,852	125,373	203,607
Adjusted Earnings	(164,081)	318,833	563,145
Pence per weighted average shares	(2.07)p	4.59p	8.02p
Pence per weighted average diluted shares	(2.07)p	4.59p	7.86p

4. Intangible fixed assets

	Development costs £	Licence £	Brand £	Customer relationships and contracts £	Technology £	Total £
Cost						
At 1 January 2023	1,055,530	101,899	-	-	-	1,157,429
Additions	305,890	-	140,160	53,513	164,706	664,269
At 30 June 2023	**1,361,420**	**101,899**	**140,160**	**53,513**	**164,706**	**1,821,698**
Amortisation and impairment						
At 1 January 2023	234,634	50,950	-	-	-	285,584
Amortisation charged for the period	51,762	12,737	9,733	3,716	13,726	91,674
At 30 June 2023	**286,396**	**63,687**	**9,733**	**3,716**	**13,726**	**377,258**
Carrying amount						
At 30 June 2023	**1,075,024**	**38,212**	**130,427**	**49,797**	**150,980**	**1,444,440**
At 31 December 2022	820,896	50,949	-	-	-	871,845

5. Business combinations

On 7 February 2023, Northcoders Group Plc acquired 100% of the ordinary share capital of Tech Returners Limited. In accordance with IFRS 3 Business Combinations, goodwill of £1,270,725 arising from the acquisition and £358,379 of separable intangibles assets have been recognised.

The following amounts of assets, liabilities and contingent liabilities have been provisionally recognised at the date of acquisition, based on book value:

	Book value
	£
Assets and liabilities acquired:	
Tangible assets	2,054
Trade and other receivables	205,858
Cash and cash equivalents	70,258
Trade and other payables	(316,746)
Provisional identifiable assets	**(38,576)**
Goodwill	1,270,725
Brand	140,160
Customer relationships and contracts	53,513
Technology	164,706
Deferred tax on above	(46,750)
Total purchase consideration	**1,543,778**

	£
Consideration:	
Cash	244,016
Share capital	1,000,000
Reduction of debt	82,181
Discounted deferred consideration	217,581
	1,543,778

The deferred consideration is payable on 7 February 2024 and is included within current liabilities. There is no contingent element pertaining to the deferred consideration.

The acquisition carries a significant value of goodwill, which is predominantly explained through the anticipated synergies and cross-sales from the acquisition of a complementary business to the core trade of Northcoders Group. Tech Returners Limited focuses on a similar sector but different target consumer than the Group, and as such is expected to add significant value to the comprehensive offering that the Group can provide to the market.

The June 2023 results for Tech Returners Limited have been consolidated with those of the pre-existing Group members in these financial statements from the date of acquisition. In the period to 30 June 2023 turnover of £371,074 and loss before tax of £88,967 has been recognised relating to Tech Returners Limited.