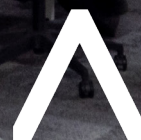


Admission Document  
**Northcoders  
Group plc**



**WH Ireland**  
Nominated Adviser



**Northcoders**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000, as amended if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

The Company and the Directors (whose names appear on page 6 of this document) accept individual and collective responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Application has been made for all of the Existing Ordinary Shares and the New Ordinary Shares to be admitted to trading on AIM. It is expected that trading in the Ordinary Shares will commence on AIM on 27 July 2021. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange. The New Ordinary Shares to be issued pursuant to the Placing and Subscription will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission.**

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.**

This document constitutes an admission document drawn up in accordance with the AIM Rules for Companies and has been issued in connection with the application for admission to trading on AIM of the Enlarged Issued Share Capital of the Company. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA or otherwise and is not required to be issued as, nor is it, a prospectus for the purpose of the Prospectus Regulation Rules. Accordingly, this document has not been prepared in accordance with the Prospectus Regulation Rules and has not been approved by, or filed with, the FCA pursuant to section 85 of FSMA or any other authority which would be a competent authority for the purpose of the Prospectus Regulation. This document has been approved by WH Ireland for the purposes of section 21 of FSMA and the terms of such approval limit the use of the document as so approved for the purposes of the Subscription only. Save as aforementioned this document does not constitute a financial promotion and has not been approved for issue as such in the United Kingdom for the purposes for Section 21 of FSMA.

**Prospective investors should read the whole text of this document and should be aware that an investment in the Company includes a significant degree of risk. Your attention is particularly drawn to the Risk Factors set out in Part II of this document. All statements regarding the Company's business, financial position and prospects should be viewed in light of these Risk Factors.**

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# Northcoders Group plc

*(a company Incorporated in England and Wales under the Companies Act 2006 with registered number 13378742)*

## **Placing and Subscription of 1,944,444 Ordinary Shares at 180 pence per share Admission to trading on AIM**

***Nominated Adviser and Broker***  
**WH Ireland Limited**

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### **Ordinary Share capital on Admission**

*Issued and fully paid*

*Number    Aggregate Nominal Value*

<b>Ordinary Shares of 1p</b>	<b>6,944,445</b>	<b>£69,444.45</b>
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WH Ireland Limited ("WH Ireland"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker and joint placing agent to the Company. Its responsibilities as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to subscribe for or acquire shares in the Company in reliance on any part of this document. Apart from the responsibilities and liabilities, if any, which may be imposed on WH Ireland by FSMA, no representation or warranty, expressed or implied, is made by WH Ireland as to any of the contents of this document. WH Ireland will not be offering advice and, apart from the responsibilities and liabilities, if any, which may be imposed on WH Ireland by the FSMA, will not otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter. Any such persons should seek their own independent legal, investment and tax advice as they see fit.

Peterhouse Capital Limited (“Peterhouse”), which is authorised and regulated in the United Kingdom by the FCA, is acting as joint placing agent to the Company in connection with the proposed Placing, Subscription and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Peterhouse or for advising any other person in respect of the proposed Placing, the Subscription and Admission or any transaction, matter or arrangement referred to in this document.

The distribution of this document outside the UK may be restricted by law and therefore any persons outside the UK into whose possession this document comes (including, without limitation, any nominee, custodian or trustee) should inform themselves about and observe any such restrictions as to the Ordinary Shares and the distribution of this document. Any failure to comply with such restrictions may constitute a violation of the securities laws of any jurisdiction outside of the UK. This document does not constitute or form part of an offer to sell, allot or issue or the solicitation of an offer to buy or subscribe for shares in any jurisdiction in which such offer is unlawful. In particular, this document is not for distribution, directly or indirectly, in or into Australia, Canada, Japan, New Zealand, the Republic of South Africa or the United States or to any national, resident or citizen of Australia, Canada, Japan, New Zealand, the Republic of South Africa or the United States except in compliance with applicable securities laws.

The Ordinary Shares have not been and will not be registered under the securities legislation of any state, province or territory of Australia, Canada, Japan, New Zealand, or the Republic of South Africa. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly, in or into Australia, Canada, Japan, New Zealand, the Republic of South Africa or to any national, citizen or resident of Australia, Canada, Japan, New Zealand, or the Republic of South Africa.

**The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (“US Securities Act”) or under the securities legislation of any State, District or other jurisdiction of the United States. The Ordinary Shares may not be offered or sold in the United States or to, or for the account or benefit of, US Persons (within the meaning of Regulation made under the US Securities Act), except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws of the United States. Neither the United States Securities and Exchange Commission, nor any State or District securities commission or other regulatory authority of the United States has approved or disapproved of the Ordinary Shares nor in any way passed upon or endorsed the merits of the offering of the New Ordinary Shares or the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.**

The Placing and Subscription is conditional, *inter alia*, on Admission taking place by 8.00 a.m. on 27 July 2021 (or such later date as the Company, WH Ireland and Peterhouse may agree, being not later than 5.00 p.m. on 10 August 2021). The New Ordinary Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared paid or made in respect of the Ordinary Shares after Admission. It is emphasised that no application is being made for the Ordinary Shares to be admitted to the Official List or to any other recognised investment exchange.

Copies of this document will be available for collection, free of charge, from WH Ireland Limited, 24 Martin Lane, London EC4R 0DR for one month from the date of this document and, subject to certain restrictions relating to persons resident in certain overseas jurisdictions, at the Company’s website [www.northcoders.com](http://www.northcoders.com).

No person has been authorised to give any information or to make any representation about the Company and about the matters the subject of this document other than those contained in this document. If any such information or representation is given or made then it must not be relied upon as having been so authorised. The delivery of this document shall not imply that no change has occurred in the Company’s affairs since the date of issue of this document or that the information in this document is correct as at any time after the date of this document, save as shall be required to be updated by law or regulation.

## **IMPORTANT INFORMATION**

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. No person has been authorised by the Company to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

Prospective investors in the Company must not treat the contents of this document or any subsequent communications from the Company, WH Ireland or Peterhouse or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Neither the Company nor the Directors accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Company and/or its subsidiaries. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers, independent financial advisers duly authorised under FSMA and accountants, as to legal, tax, financial, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in the UK and are subject to change. This document should be read in its entirety. All holders of Ordinary Shares are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

## **NOTICE TO PROSPECTIVE INVESTORS IN THE EEA**

In relation to each member state of the European Economic Area, no shares have been offered or will be offered to the public in that relevant state, save in circumstances where it is lawful to do so without an approved prospectus (within the meaning of Article 20 of the Prospectus Regulation) being made available to the public before the offer is made. In member states of the European Economic Area, this document is being solely issued to and directed at persons who are “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation and each such person to which this document is being distributed to or directed at shall be deemed to have represented, acknowledged and agreed that it is such a “qualified investor”.

## **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

In the United Kingdom, this document is being distributed only to and is only directed at (a) the Subscribers (for the purposes of the Subscription) and (b) any such other persons who are qualified investors falling within the meaning of article (2)(e) of the Prospectus Regulation and section 86 of FSMA and are either: (i) investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); or (ii) high net-worth companies, unincorporated associations and other bodies within the meaning of Article 49(2)(a) to (d) of the Order; or (iii) are certified sophisticated investors falling within the meaning of Article 50 of the Order; or (iv) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”) and each such person to which this document is being distributed to or directed at shall be deemed to have represented, acknowledged and agreed that it is such a “Relevant Person”. Any investment or investment activity to which this document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Persons who are not Relevant Persons should not rely on or act upon this document.

This document has been approved by WH Ireland for the purposes of section 21 of FSMA and the terms of such approval limit the use of this document as so approved for the purposes of the Subscription only.

## **FORWARD-LOOKING STATEMENTS**

All statements other than statements of historical fact, contained in this document constitute “forward-looking statements”. In some cases forward-looking statements can be identified by terms such as “may”, “intend”, “might”, “will”, “should”, “could”, “would”, “believe”, “forecast”, “anticipate”, “expect”, “estimate”, “predict”, “project”, “potential”, or the negative of these terms, and similar expressions or comparable terminology. They appear in a number of places throughout this document and include, but are not limited to, statements regarding the intentions beliefs or current expectations concerning, among other things, the Company’s results of operations, financial position, liquidity, prospects, growth, strategies and expectations. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Such forward-looking statements are based on assumptions and estimates and involve risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In addition, even if the development of the markets and industry in which the Group operates are consistent with the forward-looking statements contained in this document, those developments may not be indicative of developments in subsequent periods.

The factors which may cause the actual results to differ from those expressed or implied in forward-looking statements include, but are not limited to, those described in Part II of this document entitled “Risk Factors” which should be read in conjunction with the other cautionary statements that are included in this document. The impact of any one factor on a particular forward-looking statement may not be determined with certainty as such factors are dependent upon other factors, and the Company’s course of action would depend upon the Board’s assessment of the future considering all information available to it at the relevant time.

Except as required by the AIM Rules for Companies, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. New factors may emerge from time to time that could cause the Company’s business not to develop as it expects, and it is not possible for the Company to predict all such factors. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. Prospective investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in paragraph 11 of Part IV of this document.

## **PRESENTATION OF FINANCIAL INFORMATION**

The financial information contained in this document, including that financial information presented in a number of tables in this document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

## **MARKET, ECONOMIC AND INDUSTRY DATA**

The data, statistics and information and other statements in this document regarding the markets and industry in which the Company operates, or its market position therein, is based upon the Company’s records or are taken or derived from statistical data and information derived from the sources described in this document. In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Company is aware and is able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

## **NO INCORPORATION OF WEBSITE**

The contents of the Company's website (or any other website) or any hyperlinks accessible from such websites do not form part of this document.

## **NOTICE TO DISTRIBUTORS**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares the subject of the Placing are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, WH Ireland and Peterhouse will only procure investors for the Placing Shares who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

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## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Sandra ("Sandy") Lindsay MBE ( <i>Non-Executive Chairperson</i> ) Christopher ("Chris") David Hill ( <i>Chief Executive Officer</i> ) Charlotte Prior ( <i>Chief Financial Officer</i> ) Amul Batra ( <i>Chief Operating Officer</i> ) Anthony Nicholas ("Nick") Parker ( <i>Non-Executive Director</i> )
<b>Company secretary</b>	Charlotte Prior
<b>Registered office</b>	Manchester Technology Centre Oxford Road Manchester England M1 7ED
<b>Website</b>	<a href="http://www.northcoders.com">www.northcoders.com</a>
<b>Nominated adviser and broker and joint placing agent</b>	WH Ireland Limited 24 Martin Lane London EC4R 0DR
<b>Joint placing agent</b>	Peterhouse Capital Limited 3rd Floor New Liverpool House 15 Eldon Street London EC2M 7LD
<b>Reporting accountants and auditors</b>	HaysMacintyre LLP 10 Queen Street Place London EC4R 1AG
<b>Solicitors to the Company</b>	Knights PLC 14 Commercial Street Sheffield S1 2AT
<b>Solicitors to the nominated adviser and broker</b>	Burges Salmon LLP One Glass Wharf Bristol BS2 0ZX
<b>Financial PR</b>	Buchanan Communications Limited 107 Cheapside London EC2V 6DN
<b>Registrars</b>	Neville Registrars Limited Neville House Steelpark Road Halesowen West Midlands B62 8HD

## PLACING, SUBSCRIPTION AND ADMISSION STATISTICS

Placing Price	180 pence
Number of Existing Ordinary Shares in issue at the date of this document	5,000,001
Number of New Ordinary Shares being issued pursuant to the Placing and Subscription	1,944,444
Estimated gross proceeds of the Placing	£3.5 million
Estimated net proceeds of the Placing and the Subscription receivable by the Company	£2.6 million
Percentage of the Enlarged Issued Share Capital represented by the New Ordinary Shares	28 per cent.
Number of Ordinary Shares in issue immediately following Admission	6,944,445
Market capitalisation of the Company at the Placing Price	£12.5 million
ISIN	GB00BL97B942
SEDOL	BL97B942
LEI number	9845020C4906942B7C18
AIM symbol	CODE



## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2021</i>
Publication of this document	22 July
Expected date of Admission and commencement of dealings in the Enlarged Issued Share Capital on AIM	27 July
CREST accounts to be credited with Placing Shares (where applicable)	27 July
Despatch of definitive share certificates in respect of Placing Shares (where applicable)	Within 14 days of Admission

*Save for the date of publication of this document, each of the date and times above is subject to change. Any such change, including any consequential change in the information above, will be notified to Shareholders by an announcement on a Regulatory Information Service.*

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>“Act”</b>	the Companies Act 2006 (as amended)
<b>“Admission”</b>	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing and Subscription, to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange
<b>“AIM Rules for Companies”</b>	the AIM rules for companies published by the London Stock Exchange from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
<b>“Articles”</b>	the articles of association of the Company, with effect from Admission
<b>“Board” or “Directors”</b>	the directors of the Company, whose names are set out on page 6 of this document, or any duly authorised committee thereof
<b>“Company”</b>	Northcoders Group plc, a company incorporated under the laws of England and Wales
<b>“City Code”</b>	the City Code on Takeovers and Mergers published by the Panel from time to time
<b>“Company Plan”</b>	the Northcoders Group plc EMI Share Option Plan, further details of which are set out in paragraph 8 of Part IV of this document
<b>“Concert Party”</b>	for the purposes of the City Code, Chris Hill, Stephen Hill, Janet Hill, Jude Nottingham, Amul Batra and Anil Batra
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
<b>“DTRs”</b>	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA from time to time
<b>“EIS”</b>	the Enterprise Incentive Scheme, as defined in Part 5 of the Income Tax Act 2007
<b>“EIS Relief”</b>	UK tax relief under EIS pursuant to the provisions of Part 5 of the Income Tax Act 2007
<b>“EIS/VCT Relief”</b>	EIS Relief or VCT Relief, as applicable
<b>“EIS/VCT Shares”</b>	New Ordinary Shares to be issued by the Company to EIS/VCT investors pursuant to the Placing and Subscription
<b>“EMI Options”</b>	options granted as enterprise management incentive options pursuant to the provisions of Schedule 5 to the Income Tax (Earnings and Pensions) Act 2003

<b>“Enlarged Share Capital”</b>	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales
<b>“EU”</b>	the European Union
<b>“Executive Directors”</b>	each of Chris Hill, Charlotte Prior and Amul Batra
<b>“Existing Ordinary Shares”</b>	the 5,000,001 Ordinary Shares in issue immediately prior to Admission
<b>“FCA”</b>	the UK Financial Conduct Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Group”</b>	the Company and its subsidiary undertakings and each a “Group Company”
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“Joint Placing Agents”</b>	together, WH Ireland and Peterhouse and each a “Joint Placing Agent”
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“MAR”</b>	as applicable:  (a) the market abuse regulation (EU) No 596/2014 (“EU MAR”); or  (b) EU MAR as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.
<b>“NCR”</b>	Northcoders Limited, a company incorporated under the laws of England and Wales
<b>“NCR Directors”</b>	the directors of Northcoders Limited immediately prior to Admission, being Chris Hill, Amul Batra and Sandy Lindsay
<b>“NCR Group”</b>	Northcoders Limited and Northcoders TechEd Limited
<b>“NCR Plan”</b>	the Northcoders Limited EMI/NQ Share Option Plan
<b>“New Ordinary Shares”</b>	the 1,944,444 new Ordinary Shares to be issued pursuant to the Placing and Subscription
<b>“Non-Executive Directors”</b>	each of Sandy Lindsay and Nick Parker
<b>“Northcoders”</b>	the business of the Group
<b>“Official List”</b>	the Official List of the FCA
<b>“Ordinary Shares”</b>	ordinary shares of one pence each in the capital of the Company
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Peterhouse”</b>	Peterhouse Capital Limited, joint placing agent to the Placing
<b>“Placing”</b>	the conditional placing of the Placing Shares by the Joint Placing Agents for and on behalf of the Company to the terms of the Placing Agreement

<b>“Placing Agreement”</b>	the conditional agreement dated 22 July 2021 and made between (1) the Company (2) WH Ireland (3) Peterhouse and (4) the Directors relating to the Placing, further details of which are set out in paragraph 10.1(a) of Part IV of this document
<b>“Placing Price”</b>	180 pence per Placing Share
<b>“Placing Shares”</b>	the 1,819,444 New Ordinary Shares being issued pursuant to the Placing
<b>“Prospectus Regulation Rules”</b>	the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA from time to time
<b>“QCA Code”</b>	the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance from time to time
<b>“Remuneration Committee”</b>	the remuneration committee of the Board, as constituted from time to time
<b>“Shareholder”</b>	a holder of Ordinary Shares
<b>“Share Capital Reorganisation”</b>	the reorganisation of the share capital of the Company and Northcoders Limited, more particularly described in paragraph 1.4 of Part IV of this document
<b>“Subscription”</b>	the conditional subscription of the Subscription Shares by certain investors
<b>“Subscription Shares”</b>	the 125,000 New Ordinary Shares to be issued pursuant to the Subscription
<b>“TechEd”</b>	Northcoders TechEd Limited, a company incorporated under the laws of England and Wales
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“uncertificated” or “in uncertificated form”</b>	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“VAT”</b>	UK value added tax
<b>“VCT”</b>	a company which is, or which is seeking to become, approved as a Venture Capital Trust “ <b>VCT</b> ”, the Venture Capital Trust Scheme, as defined in Part 6 of the Income Tax Act 2007
<b>“VCT Relief”</b>	UK tax relief under VCT pursuant to the provisions of Part 6 of the Income Tax Act 2007
<b>“Warrants”</b>	the warrant instruments dated 22 July 2021 and constituted by the Company in favour of WH Ireland and Peterhouse respectively relating to the grant by the Company to them of a right to subscribe for Ordinary Shares, further details of which are set out in paragraph 10.1(b) of Part IV of this document
<b>“WH Ireland”</b>	WH Ireland Limited, the Company’s nominated adviser and broker and joint placing agent

All references to times in this document are to London time unless otherwise stated. References to the singular shall include references to the plural, where applicable, and vice versa.

## PART I

### INFORMATION ON THE GROUP

#### 1. Introduction

Northcoders, headquartered in Manchester, is an independent provider of training programmes for software coding. It offers a range of training and software development solutions to individual and corporate customers. The Company's offering includes 'bootcamp' training courses, government funded apprenticeships, bespoke training courses and software development solutions. The Company operates a hybrid delivery model by providing its services in person, at one of Northcoders' regional office 'hubs' currently located in Manchester and Leeds, and digitally via its online platform.

Chris Hill (CEO and a Founder) has led the business since its incorporation in 2015. Since Northcoders taught its first cohort of students in April 2016, the business has achieved substantial growth. The management team has competently navigated the turbulent environment created by the Covid-19 pandemic, which necessitated the closure of its physical hubs and the acceleration of its online delivery. Northcoders has established a strong reputation in the geographic areas in which it operates, with high levels of customer satisfaction.

Prior to the impact of Covid-19, the Company had grown substantially, with revenue more than doubling from £0.6 million in 2017 to over £2 million in 2019. This growth in revenue was driven by an approximately 80 per cent. increase in student numbers over that period. Trading in 2020 was inevitably affected by the Covid-19 pandemic but revenues in the current year to 31 December 2021 are recovering strongly. The Directors believe that the Covid-19 pandemic has accelerated the digital transformation of businesses and has highlighted the need for digital coding skills.

Key attributes of the Northcoders' business are as follows:

- **Balanced business model**

Northcoders derives its business from both private individuals and corporate clients and its courses are delivered through a combination of classroom and online teaching. The courses are typically paid for in advance by private individuals. Alternatively, they are paid for over the duration of the course via government funded apprenticeships or on agreed terms with student finance providers or with corporate customers. The Group became a direct apprenticeship provider in December 2020, and enrolled students on its first direct apprenticeships in January 2021. This has opened up a significant opportunity to grow revenues in an area which is already receiving and is expected to continue to receive substantial government support.

- **Market leading services and strong brand**

Northcoders provides flexible and extensive services, offering core training programmes alongside bespoke training solutions delivered in-person and online to meet the needs of customers. Courses cover a comprehensive range of coding languages including Node.js, SQL and DOM. Courses are typically oversubscribed and to ensure that the quality is maintained there are stringent entry requirements.

Northcoders enjoys high levels of customer satisfaction and has a 4.9/5 star Feefo rating.

The Northcoders' brand is supported by over 250 companies who have hired a Northcoder graduate. These companies are classified as hiring partners by Northcoders. Many of these hiring partners have repeatedly hired Northcoders' graduates.

As a result, approximately 95 per cent. of students have to date found employment within 44 days of completing a Northcoders' training course.

- **Proven, flexible and scalable platform**

The Company has an established presence in Manchester and Leeds which is complemented by a proven online offering and which together provide flexibility for students. In addition to the increased delivery of content online, Northcoder's own proprietary IP in its platform has enabled the Group to streamline and automate elements of its course delivery which allows the model to be easily scaled-up.

- **Strong growth drivers**

The UK Commission for Employment and Skills estimates that 1.2 million new technically skilled people are needed by 2022 to satisfy future skills needs in the UK.

The Directors believe Covid-19 has accelerated the digital transformation, increasing the demand for technically skilled people which is recognised by the government through its funding initiatives.

- **Clear growth strategy**

The Directors' strategy is to scale-up the Group's hybrid delivery model through a roll out of further regional hubs. Initial target areas for new hubs include Birmingham, Liverpool, Newcastle and Sheffield with the ultimate goal of creating a substantial network of Northcoder hubs across the UK.

In addition to geographical expansion, the Directors believe that there is the opportunity to further develop the corporate solutions division which provides software development solutions to meet the specific requirements of corporate customers.

- **Fully accredited Apprenticeship provider**

The Group is a fully accredited apprenticeship provider having acquired the relevant accreditation in December 2020.

The immediate strategy is to roll out this model geographically with an additional hub in Birmingham and the opening of two other hubs in 2022. The Directors believe that the Company's admission to AIM will allow the Company to access the capital it needs to facilitate this growth strategy.

The Placing will raise approximately £2.6 million, net of expenses. On Admission, the Company will have a market capitalisation of approximately £12.5 million and approximately 29.6 per cent. of the issued share capital will be in public hands.

## **2. History and background**

Northcoders was co-founded by Chris Hill in December 2015. From the second quarter of 2016, when Northcoders taught its first cohort of students in Manchester, it enjoyed a sustained period of growth until early 2020 when the impact of Covid-19 pandemic was first felt.

In 2017, Northcoders moved to larger premises in Manchester and during the final quarter of 2017 graduated its 100th student. In 2018, NCR won Business of the Year in the National Chambers Business Awards and reported its first trading profit in September 2018. In early 2019, the Company opened a hub in Leeds and by the end of that year Northcoders had graduated its 500th student. Anticipating further growth, Northcoders moved to its current 10,000 square foot flagship facility in Manchester which is located in the centre of Manchester's Innovation Centre adjacent to Manchester's universities. In 2020, as a result of the Covid-19 pandemic, both hubs in Manchester and Leeds were obliged to temporarily close and the Group moved its teaching online. In December 2020, NCR acquired control of Taylor Made Training (NW) Limited (now called Northcoders TechEd Limited) and in doing so acquired a license to provide apprenticeship services. Northcoders has trained over 800 students to date.

Prior to Covid-19, Northcoders' teaching was provided exclusively in person. The pandemic necessitated the move to remote online delivery of its courses which was successfully implemented during 2020. The Group now operates a hybrid model, combining both online and in person learning. Essentially the core curriculum is delivered online with one-to-one tutor time, mentoring and student community support available at the hubs. The Directors believe this hybrid model has the dual benefit of allowing students to study flexibly while making the business more scalable and less capital intensive.

Amul Batra, having become a shareholder in NCR in 2016, joined its board of directors in 2018. Fellow executive director Charlotte Prior joined NCR in August 2018.

The Company was incorporated on 6 May 2021 in connection with the intended admission to trading on AIM, and on 24 June 2021 it acquired the entire issued share capital of NCR, the Group's core trading business, by way of a share for share exchange.

### **3. The business**

Northcoders is a provider of training programmes for software coding, offering a range of training and software development solutions for individual and corporate customers. The Company's offering includes 'bootcamp' training courses, government funded apprenticeships, bespoke training courses and software development solutions for corporate customers. The Company operates a hybrid delivery model by providing its services through a combination of in person training, at one of Northcoders' regional hubs, and digitally via training through its online platform.

#### ***Coding bootcamps***

Coding bootcamps are designed for individuals seeking a career as a software developer and can be based from either the Manchester and Leeds hubs or online. The bootcamp is a 12 to 14 week course delivered across four teaching blocks, comprising:

- *Fundamentals* – introducing students to the course and providing an understanding of the fundamentals and best practices of programming.
- *Back End* – students are taught how to use Node.js to run code for the back-end and programming. This part of the course also introduces APIs and databases, and covers Express and SQL.
- *Front End* – students are taught about DOM and how to make accessible websites with semantic HTML and responsive CSS, and introduces UX and React.
- *Project Phase* – the final phase in the course enables students to put their learning into practice as part of a green-field team project.

Following completion of the course, graduates are provided with one to one sessions with dedicated career advisors.

Northcoders continually evaluates the content of its bootcamp curriculum to ensure graduates are leaving the course with sought-after coding skills and are best-positioned for software-related job vacancies.

Northcoders' mission is to prepare students for a career in technology. To date, over 800 students have enrolled on Northcoder bootcamps with around 95 per cent. of graduates going on to be employed within 44 days of course completion. In doing so, the Company has achieved a 4.9/5-star Feefo rating and built its reputation in the market.

Students on the coding bootcamp are either consumer or corporate customers. Students pay for the bootcamp up front or through student finance options such as that provided by EdAid.

#### ***Apprenticeships***

The Group is a fully accredited apprenticeship provider having acquired the relevant accreditation in December 2020 through its acquisition of TechEd.

The apprenticeships courses offered by Northcoders typically start every five to seven weeks and run for a duration of 13 months, providing the Group with good visibility of revenue. The apprenticeship programmes are either fully or partially government funded, therefore providing an incentive to companies to train, upskill and reskill their employees with Northcoders.

Northcoders' apprenticeship courses provide a combination of instructor-led workshops, e-learning, mentoring and practical projects to supply the learner with the skills needed to progress in their future career through on the job training. The two main programmes are:

- Upskill – which provides further development for already proficient coders;
- Re-skill – which addresses the needs of employees whose main roles are not in coding but who need to understand the basics or are transitioning into a software development role.

The Directors expect strong growth in this service line as a result of the government's promotion of the skills agenda.

The modern national apprenticeship scheme was launched in 1995. The current apprenticeship levy scheme requires all companies with annual staff costs of over £3 million to pay an amount equivalent to 0.5 per cent. of

their wage bill above this level to a levy fund, to which the government adds a 10 per cent. top-up. New apprentices may be paid from this account to the tune of £18,000 per course, with the requirements (a) that the course will last at least 12 months and (b) that the funds will be spent within 24 months of their being deposited. Non-levy companies may receive a government contribution of 95 per cent. for apprenticeship costs.

In addition, as a consequence of the Covid pandemic, there is a greater necessity for companies to have an online offering, or be tech-enabled. Consequently, businesses will increasingly need their human capital to be code-literate.

### ***Bespoke training courses and software development solutions for corporate customers***

Northcoders is able to be flexible to meet the demands of customers. For instance, Northcoders can provide bespoke training solutions to companies, allowing corporates to outsource the reskilling or upskilling of their employees in certain areas to meet their desired specifications.

Northcoders has also been engaged by companies to design and deliver innovative technology solutions. Northcoders works with the company to define the brief and solution they require and then, using the highly skilled human capital at Northcoders, they design and deliver the solution.

Northcoders also offers a hybrid of these two services by training client employees in conjunction with developing and building a solution the client has requested. At the end of the process, the client is provided with employees who are trained and are familiar and competent with the new solution they are using given that they helped to develop it.

### ***Group's technology and IP***

Northcoders has a team of over 20 technical experts who are deployed across both its training delivery services and the development of internal systems services. This ensures that the Company's training products are kept up-to-date with the industry's chosen programming languages and frameworks of choice.

The Northcoders team has developed software applications for both its operations and for corporate clients. Projects undertaken to date include:

- a scalable cloud-based learn to code platform for beginners;
- an internal job advertisement board for its graduates;
- a helpdesk system for training course attendees; and
- a cloud-based automated "code-runner" to assist the coaching team in marking coding assignments.

The Northcoders technology team has recently embarked on the development of a bespoke Apprenticeship focused learning management system (LMS). The team will develop the LMS keeping the learner's experience and integration with industry business communication tools, such as Slack, at its forefront.

The Group is committed to investing in its digital platforms to increase its profit margins on the training services delivered by enhancing automation and reducing laborious administrative tasks.

### ***Market***

A major obstacle for technology enabled business is sourcing software developers and it is widely acknowledged that there is a growing shortage of individuals with coding skills in the UK and globally.

Even prior to the Covid-19 pandemic, reports highlighted the IT skills deficit problem faced by the UK. In 2019 an Open University survey found that 88 per cent. of UK organisations reported a shortage of digital skills and in 2019 Deloitte reported that only 25 per cent. of employers thought that their workforce had the appropriate digital skills required.

The Covid-19 pandemic has highlighted and accelerated the necessity for businesses to be tech-enabled. Growing demand for bespoke software, designed exclusively for in-house specifications, has led to coding and software development skills becoming crucial for businesses of all sizes as they move to a more cloud-based and connected device world. It is estimated by the UK Commission for Employment and Skills that



1.2 million new technically skilled people are needed by 2022 to satisfy future skills needs in the UK. In January 2021 City AM reported that two thirds of UK businesses were planning to invest in tech training.

The UK government is recognising the skills gap not only through its support of apprenticeship schemes but also more recently through the Queen's Speech on 11 May 2021 which proposed a lifetime skills guarantee and other initiatives which the Directors believe may provide support to prospective Northcoders students.

The Directors believe the competitive market for their services is fragmented with a number of small players both online and in person but none with a national footprint. In addition, while some further education colleges run coding courses, the Directors do not believe that these provide the flexibility, intensity and commercial focus of Northcoders' courses.

### **Strategy**

Northcoders has developed a flexible and scalable business model through its combination of online and in person learning. The Directors believe that Northcoders' success to date is due to the successful outcomes it delivers for its students, corporate customers and hiring partners. This is evidenced by the success students have in securing employment and the hiring partner network it has established. The Directors believe that maintaining this quality of outcomes is key as the Group seeks to implement its growth strategy.

The Directors believe that the networks it has created around its hubs in Manchester and Leeds can be replicated in other cities across the UK. The intention is to open a new hub in Birmingham in 2021 and at least two other hubs in 2022 with target cities including Liverpool, Newcastle and Sheffield. Ultimately the Group intends to create a substantial network of Northcoders hubs across the UK.

The Directors believe that a physical presence in cities is critical to developing the networks to introduce students to prospective employers that ultimately employ them and to provide students with a rounded and quality teaching.

Given the efficiency of its online delivery, the benefits derived from its centralised services and the development of its internal systems, the introduction of new hubs, once established, will, the Directors believe, enhance the scale and profitability of the Group.

In addition, due to the fragmented nature of the market, the Directors consider that there may be opportunities to accelerate the organic roll-out and enhance the Group's offering through selective acquisitions.

The Directors also believe that there is the opportunity to develop the Group's existing corporate solutions offering into a more substantial enterprise, offering bespoke software engineering solutions to companies and other organisations.

The Directors believe that the Company's admission to AIM will allow the Company to access the capital it needs to facilitate this growth strategy.

### **Summary of key strengths**

Key attributes of the Northcoders' business are as follows:

- a balanced business model;
- market leading services and a strong brand;
- a proven, flexible and scalable platform;
- strong growth drivers;
- a clear growth strategy; and
- a fully accredited apprenticeship provider.

#### **4. Directors and employees**

On Admission, the Board will comprise three executive Directors and two non-executive Directors. Brief biographies of the Directors and the senior managers of the Company are set out below. Paragraphs 5 and 6 of Part IV of this document contain further details of current and past directorships and certain other important information regarding the Directors.

##### ***Directors***

###### *Sandy Lindsay, aged 55 – Non-Executive Chair*

Awarded an MBE in 2015 for services to business and young people, Sandy is the founder and chair of Tangerine, one of the UK's leading communications agencies, working with some of the world's leading brands, including Ideal Standard, Vimto, Garmin and Pizza Hut. In 2012 Sandy established a multi award-winning apprentices' academy, The Juice Academy, to help plug the digital skills gap in the North West and has so far created almost 300 digital marketing jobs for young people in the region. Sandy chairs skills groups for the Institute of Directors and the North West Business Leadership Team, is on the Business Leadership Council for Teach First and Vice Chair for Forever Manchester.

###### *Chris Hill, aged 36 – Chief Executive Officer*

Chris founded Northcoders in 2016 after experiencing first-hand the challenges businesses face in hiring competent, work-ready software engineers in his previous role at Sky. Prior to Northcoders, Chris was a software developer working for companies of various sizes and across a number of business sectors. Chris' commercial experience in software development helps to shape the Northcoders curriculum and to understand the high level requirements of Northcoders' innovative programmes.

###### *Amul Batra, aged 45 – Chief Operating Officer*

Prior to joining Northcoders as Director in 2018, Amul spent 20 years in the music industry, latterly as managing director of Fwinki Music, a music management and consultancy company. He left music to set up a technology start-up and elected to sign up to Northcoders first-ever cohort as part of that process. During his time as a student, Amul was attracted by the wider Northcoders business proposition and became an early investor in NCR. He is responsible for critical account business development and has played a vital role in securing many of Northcoders contracts with businesses.

###### *Charlotte Prior, aged 27 – Chief Financial Officer*

Charlotte joined Northcoders in August 2018. She has over eight years' experience in finance roles ranging from the construction industry to a registered charity. Charlotte is responsible for managing the financial aspects of the Company, alongside HR and company secretarial matters. She also ensures that management and the Board have all of the information that they need to plan and make informed managerial and strategic decisions.

###### *Nick Parker, aged 60 – Non-Executive Director*

Nick, a qualified chartered accountant, is an experienced public company director with strong financial acumen obtained over 30 years working with public and private companies. Previous roles have included being chief executive officer of Sheffield Wednesday Football Club plc and Chief Financial Officer of Dyson Group plc and Wandisco plc, the latter of which he took to IPO in 2011. Nick has been working with Northcoders for the last year and was appointed a Non-Executive Director of the Company on 21 July 2021.

## **Senior management**

The Directors are supported by the following key senior managers:

### *Amy Sharp, aged 42 – Chief Commercial Officer*

Amy has over 17 years of leadership experience in the corporate teams of both SMEs and large corporates. Amy spent an academic year delivering the sales and marketing module on the chartered management degree course at Manchester Metropolitan University. Her commercial experience at director level combined with her educational background fits Northcoders' proposition. Amy leads the development and execution of all commercial strategies and manages the sales, partnerships and marketing teams.

### *Ruth Ng – Aged 27 – Associate Director*

After a sales career in the technology recruitment industry, Ruth joined Northcoders in early 2017. Ruth has been central to Northcoders' marketing execution and student onboarding strategy. Ruth recently took over the running of the apprenticeship division.

Ruth is recognised on the Northern Power Women Future List for her commitment and contribution to closing the so-called "Digital Skills Gap" by accelerating gender parity and diversity in the tech industry and holds a CMI Level 5 Diploma in Business and Management.

### *Sam Caine – Aged 33 – Associate Director*

Sam joined as a tutor/lecturer in May 2017. As Northcoders has grown, Sam has been responsible for the delivery team and has overseen all large projects to date, including the planning, inception and delivery of Northcoders' bespoke training mode and pathways, and the launch of the Leeds hub. He has also been responsible for designing and implementing many of Northcoders' internal software systems.

### *Jonny Rathbone – Aged 34 – Associate Director*

Before Northcoders, Jonny worked as a teacher with several years' experience across Manchester supporting young people with additional needs. He joined Northcoders to pursue a long-standing interest in coding and has continued to work with schools and colleges to support their technology provision.

Whilst at Northcoders, Jonny has supported the expansion of the curriculum to include higher level training and helped consolidate Northcoders' commitment to high quality teaching.

## **Employees**

On Admission, Northcoders will employ around 50 full and part time staff including the Executive Directors.

On 31 December 2020, the Group had a total of 35 employees, covering central management, delivery and technical and sales and marketing functions as detailed in paragraph 5.10 of Part IV of this document.

## **5. Corporate governance**

Companies that trade on AIM are required to state which recognised corporate governance code they will follow from Admission, how they comply with such code and to explain reasons for any non-compliance. The Directors recognise the value and importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the recommendations set out in the QCA Code.

### **The Board**

The Board will be responsible for the overall management of the Group, including the formulation and approval of the Group's long-term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of Group strategy, policies and plans. While the Board may delegate specific responsibilities, there will be a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters will include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board will meet regularly to review performance.

The QCA Code recommends that at least two members of the Board comprise non-executive directors determined by the Board to be independent. The Board currently comprises five Directors, of whom three are executive and two are non-executive. The Board considers both of the non-executives, being Sandy Lindsay and Nick Parker to be independent and, as such, the Company complies with the requirements of the QCA Code in this regard.

In accordance with the QCA Code, the Board has appointed Nick Parker to be the Senior Independent Director. The Senior Independent Director should be available to Shareholders if they have concerns over an issue that the normal channels of communication (through the Chair, the Chief Executive Officer or the Chief Financial Officer) have failed to resolve or for which such channels of communication are inappropriate.

With effect from Admission, the Board has established an audit and risk committee (the "Audit and Risk Committee") and a remuneration committee (the "Remuneration Committee"). Given the size of the Board, it does not intend to establish a separate nominations committee and recommendations for appointments to the Board will be considered by the Board as a whole after due evaluation.

### ***The Audit and Risk Committee***

The Audit and Risk Committee will be chaired by Nick Parker. Its other member will be Sandy Lindsay. The Audit and Risk Committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The Audit Committee will also review and report on the Group's risk management systems and compliance whistleblowing and fraud systems as well as reviewing the internal audit function, changes to accounting policies and non-audit services undertaken by external auditors.

The Audit Committee will meet at least three times a year and will have unrestricted access to the Company's auditors.

### ***The Remuneration Committee***

The Remuneration Committee will be chaired by Sandy Lindsay. Its other member will be Nick Parker. The Remuneration Committee will make recommendations to the Board on matters relating to the remuneration and terms of employment of the Executive Directors. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-Executive Directors of the Company will be set by the Board.

### ***Share dealings***

The Company has adopted a share dealing code, with effect from Admission, for Directors and applicable employees (as defined in the AIM Rules for Companies) of the Group for the purpose of ensuring compliance by such persons with the provisions of Rule 21 of the AIM Rules for Companies and MAR relating to dealings in the Company's securities. The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

The Company will take proper steps to ensure compliance by the Directors and applicable employees (as defined by the AIM Rules for Companies) with the terms of the share dealing code and the relevant provisions of MAR.

## **6. Share options and incentives**

The Directors believe that the success of the Group will depend to a significant degree on the future performance of its management team. The Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the success of the Group.

Accordingly, the Company has established the Company Plan, further details of which are set out in paragraph 8 of Part IV of this document. Details of options which the Company intends to grant to Directors with effect from Admission are set out in paragraph 6.2 of Part IV of this document.

It is currently intended that the Company Plan will continue to be used to provide share incentives to key employees.

Following Admission, the Company will have regard to the Investment Association Principles of Remuneration, published in November 2018, in respect of future grants of options under the Company Plan and any future share option schemes.

## 7. Summary financial information

Part III of this document contains audited historical financial information on NCR for each of the years ended 31 December 2018, 2019 and 2020. The following summary of financial information on NCR has been derived from the financial information contained in Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

	<i>Summary profit &amp; loss account: NCR</i>		
	<i>Year ended</i>		
	<i>31 December 2020</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Revenue	1,341,493	2,047,159	1,114,231
Cost of sales	(449,318)	(428,094)	(113,679)
Gross profit	<u>892,175</u>	<u>1,619,065</u>	<u>1,000,552</u>
Adjusted EBITDA*	<u>(255,069)</u>	<u>585,059</u>	<u>126,217</u>
Operating (loss)/profit	<u>(1,135,044)</u>	<u>452,384</u>	<u>15,734</u>
(Loss)/profit before tax	(1,245,549)	431,503	3,083
Taxation	<u>307,214</u>	<u>(4,156)</u>	<u>32,907</u>
(Loss)/profit after tax	<u>(938,335)</u>	<u>427,347</u>	<u>35,990</u>

\* EBITDA refers to earnings before interest, foreign exchange gains, tax, depreciation and amortisation, impairment and exceptional costs.

The Company was incorporated on 6 May 2021 and does not trade and accordingly no historic financial information has been prepared for it.

The assets and liabilities of TechEd are consolidated into the financial information on NCR set out in Part III of this document. The historic trading and assets and liabilities of TechEd are deemed immaterial to the Group as a whole and therefore no historic financial statements have been prepared for it.

## 8. Financial reporting

The Group's financial year will run from 1 January to 31 December each year. It is anticipated that the preliminary statement of results for each year will be announced in April and that an interim statement of the results for the half-year will be announced in September each year. It is intended to hold the Company's Annual General Meeting during May of each year.

## 9. Current trading and prospects

The Directors are very pleased with the progress and trading to date of the Company in the current financial year ending 31 December 2021 (FY21) despite the continued impact of Covid-19 which resulted in the physical hubs being closed for much of the year. Pleasingly with Covid-19 restrictions easing, the Manchester hub reopened on 4 May 2021 and the Leeds hub reopened on 21 June 2021.

With online delivery to the fore, trading in FY21 to date has been ahead of management expectations with unaudited management account revenue to the end of May 2021 being approximately £0.8 million.

By the end of April 2021, the number of applications for Bootcamp courses was already more than those received in the whole of 2020. Having run cohorts of 25 students in January and 27 students in March, the

May cohort was increased to 40 students and the cohorts commencing in June and August are expected to be at a similar level.

The Group commenced the running of apprenticeship courses in January 2021. As at 15 June 2021, 54 students had been enrolled on courses from 20 different companies. Discussions with other corporates to enrol their employees are progressing well.

In respect of the Group's corporate solutions offering, it has contracted revenue for delivery in FY21 of c. £0.2m and is in discussion with a number of parties regarding potential opportunities.

Plans for the opening of a new hub in Birmingham are progressing well with the intention that the hub will be opened in September 2021 so students joining that month's cohort can be supported from it.

The Company has recently been awarded a contract pursuant to the government's Lifetime Skills Guarantees and Plan for Jobs initiative to supply bootcamp coding programmes to students in a number of regions, including Yorkshire and Humberside, the North East, the East Midlands and West Midlands. The contract has a value of £1.65 million pursuant to which the Company is required to complete courses for 288 students by the end of March 2022. These 288 students will be able to have their courses fully funded by the government.

Following the securing of this contract, the Directors estimate that as at the date of this document that the Company has revenue visibility (being already confirmed bookings or fully funded places) of approximately £2.4 million in respect of the year ending 31 December 2021 and £1.1 million in respect of the year ending 31 December 2022, and that it may enable an acceleration of the Group's current hub rollout plan.

## **10. Dividend policy**

The Directors recognise the importance of dividend income to Shareholders and, having regard to the working capital requirements of the Group, the Directors intend to pursue a dividend policy that will take account of the Company's profitability, underlying growth and availability of cash and distributable reserves, while maintaining an appropriate level of dividend cover of at least three times the Group's earnings. It is expected that dividend payments will commence in 2023 and will be paid twice yearly, following the interim results and after approval at the Annual General Meeting, in the approximate ratio 33:67 respectively.

The Directors may amend the dividend policy of the Company from time to time, and the above statement regarding the dividend policy should not be construed as any form of profit or dividend forecast.

## **11. Reasons for Admission and use of proceeds**

The Directors believe the Group has reached a size and stage of development where it will benefit from Admission. In particular, the Directors consider that Admission will be beneficial to the Group and help facilitate further growth in the business by:

- enhancing the profile and credibility of the Group in its markets;
- being better positioned to attract, retain and recruit key staff (who may be further incentivised through the Company Plan or another share option scheme);
- providing access to equity markets to finance further organic growth and potential acquisitive growth in the business; and
- providing a currency in the Company's shares which may facilitate the financing of future acquisitions.

The net proceeds of the Placing receivable by the Company of approximately £2.6 million will be applied principally in relation to:

- investment in geographic hub roll-out;
- increased marketing spend;
- investment in working capital;
- capital expenditure; and
- listing costs.

## 12. Details of the Placing and Subscription

The Company, the Directors, WH Ireland and Peterhouse have entered into the Placing Agreement relating to the Placing pursuant to which, subject to certain conditions, WH Ireland and Peterhouse have conditionally agreed to use its reasonable endeavours to procure subscribers for the Placing Shares to be issued by the Company under the Placing. The Placing has not been underwritten.

The Subscription comprises the subscription of 125,000 New Ordinary Shares at the Placing Price. The Subscription will raise approximately £225,000 before expenses. The Subscription is conditional on Admission.

The New Ordinary Shares represent approximately 28 per cent. of the Enlarged Share Capital. The Placing and Subscription will raise approximately £3.5 million (before expenses) for the Company. The net proceeds of approximately £2.6 million, together with the Group's existing resources, will be used as set out in paragraph 11 above.

On Admission, at the Placing Price, the Company will have a market capitalisation of approximately £12.5 million.

The New Ordinary Shares will be issued credited as fully paid and will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared paid or made after Admission.

The Placing is conditional, *inter alia*, on:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission becoming effective not later than 8:00 a.m. on 27 July 2021 (or such later time and/or date as WH Ireland, Peterhouse and the Company may agree in writing (being no later than 5.00 p.m. on 10 August 2021)).

The Placing Agreement contains certain warranties given by the Company and the Directors in favour of WH Ireland and Peterhouse as to, amongst other things, certain matters relating to the Company and its business. The Placing Agreement also contains indemnities given by the Company in favour of WH Ireland and Peterhouse in relation to certain liabilities which WH Ireland or Peterhouse may incur in respect of the New Ordinary Shares to be subscribed under the Placing.

Further details of the Placing Agreement are set out in paragraph 10.1(a) of Part IV of this document.

## 13. Lock-in and orderly market arrangements

Immediately following Admission, the Directors will be interested in an aggregate of 2,649,446 Ordinary Shares representing approximately 38.2 per cent. of the Enlarged Share Capital. Chris Hill and Amul Batra have entered into lock-in agreements pursuant to which they have undertaken not to dispose of any interest they hold in Ordinary Shares for 12 months following Admission (save in certain limited circumstances) and thereafter, for a further period of 12 months, only to effect disposals of their Ordinary Shares through WH Ireland (or the brokers for the time being of the Company) to assist in the maintenance of an orderly market in the Ordinary Shares.

In addition, David Llewellyn will be interested in 1,239,444 Ordinary Shares, representing approximately 17.8 per cent. of the Enlarged Share Capital, has entered into an orderly market agreement pursuant to which he has undertaken to only effect disposals of his Ordinary Shares for a period of 12 months following Admission through WH Ireland (or the brokers for the time being of the Company) to assist in the maintenance of an orderly market in the Ordinary Shares.

A summary of the principal terms of such agreements are set out in paragraph 10.1(c) of Part IV of this document.

#### **14. Admission to trading on AIM**

Application has been made to the London Stock Exchange for all of the Ordinary Shares, issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on 27 July 2021.

No application is being made for the Ordinary Shares to be admitted to listing on the Official List or to be dealt in on any other exchange.

#### **15. Settlement**

The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the requirements of CREST. The Articles permit the holding and transfer of Ordinary Shares to be evidenced in uncertificated form in accordance with the requirement of CREST. Accordingly, following Admission, settlement of transactions in Ordinary Shares may take place within the CREST system if the relevant Shareholder so wishes.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

The Ordinary Shares will have the ISIN number GB00BL97B942.

#### **16. Taxation**

Your attention is drawn to the further information regarding taxation set out in paragraph 9 of Part IV of this document. These details are, however, intended only as a general guide to the current tax position for UK resident shareholders under UK taxation law and you should seek independent advice if you are in any doubt as to your tax position and/or if you are subject to tax in a jurisdiction other than in the UK.

#### **17. The Takeover Code**

The Company is incorporated in the UK and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the City Code applies to the Company. The City Code operates principally to ensure that shareholders of a company are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The City Code also provides an orderly framework within which takeovers are conducted.

Under Rule 9 of the City Code ("Rule 9"), if a person acquires an interest in shares (as defined in the City Code), whether by a series of transactions over a period of time or not, which (taken together with any shares in which persons acting in concert with him or her are interested) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him or her, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increases the percentage of shares carrying voting rights in which he or she is interested.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him or her, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under the City Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. "Control" means an interest or interests in



shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the such interest or interests give de facto control.

In addition, shareholders in a private company (such as NCR) who, following the re-registration of a company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the City Code applies, are presumed to be acting in concert. In this case, the Company and the Panel have agreed that, for the purposes of the City Code, the Concert Party comprises the following persons; Christopher Hill, Stephen Hill, Janet Hill, Jude Nottingham, Amul Batra and Anil Batra.

On Admission, the Concert Party will hold 3,697,779 Ordinary Shares, in aggregate, representing approximately 53.25 per cent. of the Enlarged Share Capital.

**On Admission, the members of the Concert Party will between them hold more than 50 per cent. of the Company's voting share capital and (for so long as they continue to be treated as acting in concert) may accordingly increase their aggregate interests in shares without incurring an obligation under Rule 9 to make a general offer, although individual members of the Concert Party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.**

Further details concerning the shareholdings of the Concert Party are set out in paragraph 6.6 of Part IV of this document.

## **18. Further information**

Your attention is drawn to the further information set out in Parts III and IV of this document, and to the "Risk Factors" set out in Part II. You are advised to read the whole of this document before making any decision to invest in the Company.

## **PART II**

### **RISK FACTORS**

AN INVESTMENT IN ORDINARY SHARES IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THE ATTENTION OF PROSPECTIVE INVESTORS IS DRAWN TO THE FACT THAT THE COMPANY IS SUBJECT TO A VARIETY OF RISKS WHICH, IF ANY WERE TO MATERIALISE, COULD HAVE A SIGNIFICANT ADVERSE EFFECT ON THE COMPANY'S BUSINESS AND/OR FINANCIAL CONDITION, RESULTS OR FUTURE OPERATIONS. IN SUCH CASE, THE MARKET PRICE OF THE ORDINARY SHARES COULD DECLINE AND INVESTORS MIGHT LOSE SOME OR ALL OF THEIR INVESTMENT.

In addition to the information set out in the rest of this document, the following risk factors in this Part II should be considered carefully in evaluating whether to make an investment in the Company. The following factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Company and they are not set out in any order of priority. Additionally, there may be risks not mentioned in this document of which the Board are not aware or believes to be immaterial but which may, in the future, adversely affect the Group's business, results in operations, financial condition and prospects and the market price of the Ordinary Shares. If any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities in the UK or another appropriate financial adviser in the jurisdiction in which such investor is located who specialises in advising on the acquisition of shares and other securities.

#### **Risks relating to the Group's business**

##### **1. *Revenue and profitability***

The Company cannot guarantee that the Group will be able to achieve or sustain revenue growth and achieve or sustain profitability in the future. If the Group is unable to achieve or sustain profitability, the business could be severely harmed which would have a material adverse effect on the Group's business, prospects, financial condition and results of operations. The Group's operating results may fluctuate as a result of a number of factors, many of which are beyond its control. If the Group's operating results fall below the expectations of financial analysts or investors in the future, the trading price of the Ordinary Shares may decline significantly. Furthermore, if the Group does not realise sufficient revenue levels to sustain profitability, it may require additional working capital and financing in the medium term, which may not be available on attractive terms, or at all.

##### **2. *The Group's expansion strategy***

The Group's core strategy is to open further regional hubs in the UK under the Northcoders brand. Whilst the Directors believe that there are sufficient sites for the roll out of further hubs, the Directors cannot guarantee that the Group will be able to locate or secure a sufficient number of appropriate sites to meet its growth and financial targets. Further, the Group's success depends on its ability to successfully operate and manage these new hubs and to penetrate the new markets in which the new hubs are located. This will require the hiring, training and retention of new personnel and ensuring that the new hub openings are effectively marketed to new customers in new locations. Therefore the new hubs may take time to reach profitable operating levels or to match historical financial returns either of which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

##### **3. *Privacy or data protection failures***

The Group collects, maintains, transmits and stores data about its customers and employees, including personally identifiable information. However, the Group's security measures may not detect or prevent all attempts to breach such security measures and protocols. A breach of such security measures and protocols could result in third parties gaining unauthorised access to customer and/or employee data stored by the Group, which could expose the Group to litigation, regulatory action and other potential

liabilities. Further, if any such breach of security were to occur, then the reputation of the Group could be damaged and therefore the Group's business could suffer and the Group could be required to expend significant capital and other resources to alleviate problems caused by such breach, any of which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

In addition, the General Data Protection Regulation ("GDPR") came into force and has been applied directly to legislation in the UK from 25 May 2018. The GDPR introduced a number of new more stringent obligations on data controllers and rights for data subjects as well as new increased fines and penalties for breaches of data privacy laws. The Group could face significant costs and administration in order to comply with its data privacy obligations and ensuring they are up-to-date as well as monetary sanctions or reputational damage if its data protection measures are found to be non-compliant which may have an adverse effect on the Group's operations, prospects, financial condition and results.

4. ***Health and safety regulation***

The Group is subject to regulation in areas such as health and safety and fire safety. Whilst the Group believes it has appropriate policies and procedures in place to address such regulatory requirements, these may need to adapt which may require additional expenditure. Furthermore, in order to ensure the Group's sites remain fully compliant with legislative requirements there will always be the need to maintain premises, not only generally but if an ad hoc issue arises, which again will require capital expenditure. Failure by the Group to comply with the relevant legislative requirements may result in fines, penalties, closure of sites and/or litigation which could adversely affect the Group's reputation and business, results of operations, financial condition, or prospects.

5. ***Infringement or misappropriation of the Group's intellectual property***

The Group's brand name, trademarks, domain names and other intellectual property rights help the Group to be and remain a recognisable name in its sector and are therefore important for its ongoing success.

If Northcoder's brand is damaged, this could have a detrimental effect on the Group's business. Although the Group takes appropriate steps to protect these intellectual property rights, third parties may infringe such rights through their unauthorised use which could be costly to defend and impact upon the Group's strategy and, in turn, its financial performance.

The Group has historically engaged certain third party consultants or contractors to assist with the co-development and production of course content and materials. Where intellectual property rights in that content or material has not been expressly assigned to the Group or waived by the consultant or contractor, there is a risk that the consultant may assert an ownership right in such intellectual property or a right to royalties or other payment derived from the use of such content or materials. The Directors are not aware that any such ownership rights have been asserted to date but if such ownership or royalty rights were established, this could have an adverse effect on the Group's financial condition and prospects.

6. ***Computer and IT Systems***

The Group is heavily reliant on information technology systems to store, process and transmit information and to deliver its software coding training programmes and software development solutions for individual and corporate customers.

The Group's information technology systems could be damaged, disrupted or disabled due to problems with upgrading or replacing software, power outages, hardware issues, viruses, cyber-attacks, human failure or other unanticipated events. Such damage, disruption or disablement would have a significant adverse effect on the Group's operations, prevent it from delivering its services or products to customers and result in potential breaches of regulatory requirements.

In addition, security breaches may result in the unauthorised disclosure of confidential customer and/or employee information which could adversely affect customer or employee relationships and damage

the Group's brand and reputation. Security breaches and loss of data may also expose the Group to liabilities for regulatory breaches in respect of data protection and other regulations.

7. **Insurance**

Some of the Group's activities may expose it to potential professional indemnity risks, as well as litigation and reputational risks, which are inherent in the provision of certain of its products and services. Any claim brought against the Group, with or without merit, could result in the increase of the Group's insurance premiums or the inability to secure coverage in the future. There can be no assurance that the necessary insurance cover will be available to the Group at a commercially acceptable cost or that, in the event of any claim, the level or extent of insurance carried by the Group now or in the future will be adequate, or that a professional indemnity or other claim would not materially and/or adversely affect the business of the Group.

8. **Coronavirus**

A high degree of uncertainty exists around the impact of the COVID-19 pandemic on the economy and the Group. Given a significant number of Government schemes designed to support the economy through the pandemic are still in place, the full economic impact of COVID-19 is unknown. It has been suggested that the economic fall-out from COVID-19 could trigger a deep, long lasting recession which could significantly impact the Group. Finally, there may also be changes as a consequence of COVID-19 that impact the Group and its trading in the future, but which are currently unknown to the Directors and cannot be reasonably predicted. All these factors have the potential to significantly affect the viability of the Group's business model and its ability to be able to trade.

9. **Dependence on key executives and personnel**

The Group's development and prospects are dependent upon training and retaining qualified professional and technical operating staff. In particular, the Group's success depends to a significant degree upon the vision, technical and specialist skills, experience, performance, and continued service of its Directors, senior management and other key personnel. Whilst the Group has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed and the loss of the services of any of the Directors, senior management or key personnel may have a material adverse effect on the Group and its commercial and financial performance.

10. **Ability to recruit and retain skilled personnel**

The ability to continue to attract and retain employees with the appropriate technical expertise and skills cannot be guaranteed. Identifying and hiring any additional personnel and replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation and there can be no assurance that the Group will have sufficient financial resources to retain or secure new employees with such expertise and skills. In addition, to expand the Group's customer base and increase sales, the Group will need to hire additional sales and marketing personnel. If the Group is unable to hire, train and retain such personnel in a timely manner, the development and introduction of the Group's services could be delayed and its ability to sell its services and otherwise to grow its business will be impaired and such delay and inability may have a detrimental effect upon the performance of the Group.

11. **Leasehold properties**

The Group leases its premises in Manchester and may therefore incur additional liabilities, including in relation to dilapidations, at the conclusion of the lease in excess of provisions the Group has established. The Group has also occupied a number of former premises under leases and, whilst the Directors believe that the Group has made adequate provisions in its accounts for any such liabilities, it may incur further liability in excess of those provisions. Any liabilities arising under the existing or former leases may have a detrimental impact upon the Company's financial performance and condition.

12. **Government policy may change**

The educational services market is one which is subject to considerable political control and changes in policy in the UK, whether by the current government or a subsequent one, which could adversely

affect the Group's financial performance and prospects. In particular the apprenticeship system in the UK has been subject to and may in the future be subject to major reforms. These reforms could affect the duration, training requirements, content, technical requirements and funding of apprenticeships. Changes to the apprenticeship system may have an impact on the number of apprenticeships and the level of funding available to the Group and could require additional resource, costs and investment by the Group which may have a material adverse effect on the Group's business, prospects and financial position.

13. **Competition**

The Group has a number of competitors in this market, providing on-line or in person training and some further education colleges which run coding courses. The competitive nature of the market means that the Group must continually innovate its products and services, maintain high standards of customer service, ensure that it remains ahead of technological trends and successfully market its offering. Existing competitors of the Group and new market entrants may offer more attractive product or service delivery ranges and better standards of customer service and may be more effective in their marketing activities. If the Group fails to respond successfully to such competition then it may fail to continue to expand its business (or indeed may suffer a loss of business) which may have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

14. **Acquisitions**

The Group may make future acquisitions in circumstances where the Directors believe that those acquisitions would support the Group's business strategy. However, there is no guarantee that the Group will successfully be able to identify, attract and complete suitable acquisitions or that the acquired business will perform in line with expectations. In addition, the Group may incur significant costs in conducting due diligence into potential acquisition opportunities that may not result in the investment being made.

15. **Litigation**

Legal proceedings, with or without merit, may arise from time to time in the course of the Group's business. The Directors cannot preclude litigation being brought against the Group and any litigation brought against the Group could have a material adverse effect on the financial condition, results or operations of the Company. The Group's business may be materially adversely affected if the Group and/or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

16. **Internal controls**

Future growth and prospects for the Group will depend on the Directors' ability to manage the business of the Group and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

17. **Economic conditions**

The Group derives all of its profits from the United Kingdom and is therefore sensitive to fluctuations in the UK economy. The Group's performance depends to a certain extent on a number of factors outside of the control of the Group which impact on consumer sentiment and the cost of supply in the UK, including political and economic conditions. Changes in economic conditions in the United Kingdom and elsewhere, including, for example, inflation, interest rates, supply and demand of capital, the ongoing impact of Covid-19 and Government imposed lockdowns (at both a national and local level) that prohibit the UK population from gathering together and other factors could have an adverse effect on the financial performance and prospects of the Group.

18. **Social media**

There has been an increase in the use of social media platforms in the education sector, such as Facebook, Twitter, Instagram, Linked-in and Github. As a result, information concerning the Group can be posted at any time without the Group's consent such as an unfavourable review or inaccurate statements. Negative publicity from reviews or customer ratings may adversely impact the Group's reputation and trading.

19. **Legislation and tax status**

The document has been prepared on the basis of the current legislation, regulation, rules and practices and the Director's interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any change in legislation and in particular in tax status or tax residence of the Group or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company.

20. **Stamp duty in connected with the share exchange agreement**

On 24 June 2021, as described in paragraph 1.4 of Part IV of this document, the Company and the then shareholders of NCR entered into a share exchange agreement pursuant to which, amongst other things, the then shareholders of NCR sold their entire shareholding of shares in the capital of NCR in consideration for the issue and allotment to them of shares in the Company. An application has been made to HMRC for relief from stamp duty on the stock transfer forms relating to the transfer for the entire issued share capital of NCR.

Pursuant to the terms of the share exchange agreement, the then shareholders of NCR transferred the beneficial ownership of their shares in NCR to the Company and appointed it as their attorney to exercise all their voting rights in relation to NCR. The Company is the beneficial owner only of the shares in NCR until its application for stamp duty relief in connection with the share exchange has been approved by HMRC and its name is entered in the register of members of NCR. Pending adjudication by HMRC of the application for relief, the transfer of shares in NCR cannot be registered in the register of members.

In the event that stamp duty relief is not available for any reason on the transfer of shares in NCR to the Company pursuant to the share exchange agreement, the Company will pay the relevant amount of the stamp duty so as to enable legal title to the entire issued share capital of NCR to be registered in the name of the Company. It is estimated that the cost of the stamp duty that would be payable in the event that stamp duty relief is not available would be in the region of £60,000.

21. **ESFA Funding Agreements**

The Group has contractual arrangements in place with the Education and Skills Funding Agency ("ESFA") to provide apprenticeship training as a "main provider" contracted by the ESFA. Funding is not guaranteed by the ESFA under these arrangements and is subject to the ESFA's Funding Rules which determine the level of funding payable to the Group for apprenticeships and the terms upon which that funding is made. The Group is subject to audit by the ESFA in respect of its financial reporting requirements under the ESFA Funding Rules and generally in respect of its compliance under the agreement.

Failure to comply with the ESFA's Funding Rules (including the failure to maintain records and data reports to evidence such compliance) may result in the clawback by the ESFA of previous payments made to the Group, the withholding or suspension of future funding or the termination of the ESFA Funding arrangements.

The ESFA also generally has broad rights to change or discontinue any part of the Apprenticeship Service it provides, cease future funding and terminate the funding arrangements with the Group on notice or for specified reasons such as breach, inaccurate data, concerns over standards of training and a change of control. The Share Capital Reorganisation gives rise to a change of control which has been notified to the ESFA. Whilst no consent or approval to the change of control has been or is expected to be provided by the ESFA, the ESFA has not indicated to Northcoders that it proposes to take any action or make any material changes to its funding arrangements. Any reduction, change

or discontinuance in the funding arrangements provided to the Group by the ESFA could have a material adverse effect on its financial performance, prospects and financial condition.

The Group is also subject to inspections or monitoring inspections by Ofsted or other organisations regulated by Ofqual or recognised as an access validating agency by the Quality Assurance Agency for Higher Education. Adverse findings by Ofsted following an inspection or monitoring visit or remedial or enforcement action by an Ofqual regulated organisation or other access validating agency may result in the reduction or withdrawal of funding made available to the Group by the ESFA. This could have a materially adverse effect on the Group's financial performance, prospects and financial condition.

## 22. **Financial promotion risk related to finance arrangements for consumer sales**

The Group has a number of arrangements in place with third parties to fund students who attend its software coding training courses. Whilst no commissions or other fees are paid to the Group in respect of these arrangements and the Group does not provide any advice or other information in respect of the funders, the Group does signpost students to these funders through links on its website. The Group is not authorised under FSMA to carry out regulated activities nor has it been appointed as an authorised representative or introducer representative of these funders.

The Directors have not, to date, been of the view that the activities carried out by the Group or its relationship with these funders is subject to regulation by the FCA or otherwise. However, the FCA has broad regulatory powers dealing with all aspects of financial services (including the promotion of financial services) and to regulate business practices. The regulatory environment relating to financial services frequently changes and is evolving and the Group may be materially adversely affected as a result of new or revised legislation or regulations or the interpretation or enforcement of existing laws and regulations and may be subject to increased costs, fines and potential reputational damage if the manner in which the Group signposts students to these funders is subsequently considered by the FCA to be a regulated activity.

## **General risks relating to an investment in the Ordinary Shares**

### 1. **General**

An investment in the Ordinary Shares is only suitable for financially sophisticated investors, or other investors who have been professionally advised with regard to the investment, or other investors who are capable of evaluating the risks (including the risk of capital loss) and merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets and should only constitute part of a diversified investment portfolio. Accordingly, prospective investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in the Ordinary Shares and/or who have sufficient experience to enable them to evaluate the risks and merits of such investment themselves. Prospective investors should be aware that the value of an investment in Ordinary Shares may go down and well as up and investors may not recover the original value of their investment.

### 2. **No prior market for the Ordinary Shares**

Before Admission, there has been no prior market for the Ordinary Shares. Although application has been made for the Ordinary Shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission.

### 3. **Share price volatility and liquidity**

Following Admission, the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including the Company's results, divergence in financial results from analysts' expectations, stock market fluctuations and general economic conditions or changes in political sentiment. This may substantially affect the market price of the Ordinary Shares irrespective of the progress the Company may make in terms of developing and launching its services or its actual financial, trading or operational performance. These factors could include the performance of the Group, purchases or sales of the Ordinary Shares (or the perception that the same may occur, as, for

example in the period leading up to the expiration of the restrictions contained in certain lock-in and orderly marketing arrangements), legislative changes and market, economic, political or regulatory conditions or price distortions resulting from limited liquidity.

The share price for publicly traded companies, particularly those at an early stage of development, such as the Company, can be highly volatile. Admission to AIM should not be taken as implying that a liquid market for the Ordinary Shares will either exist, develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order even for a relatively small number of such Ordinary Shares.

4. ***Substantial sales of Ordinary Shares could cause the price of Ordinary Shares to decline***

There can be no assurance that certain Directors or other Shareholders will not elect to sell their Ordinary Shares following the expiry of the lock-in and orderly marketing arrangements, details of which are set out in paragraph 10.1(c) of Part IV of this document, or otherwise. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

5. ***There is no guarantee that the Company's Ordinary Shares will continue to be traded on AIM***

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

6. ***Investment in AIM traded securities***

The Ordinary Shares will be traded on AIM rather than admitted to the Official List. AIM is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than those admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List.

In addition, the market in shares traded on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List, and may not reflect the underlying value of the Company. Prospective investors may, therefore, not be able to sell at a price which permits them to recover their original investment and could lose their entire investment.

7. ***Issuance of additional Ordinary Shares***

The Company may need to raise additional funds in the future, pursuant to a public offer or otherwise, to finance amongst other things, working capital, expansion of the business, new developments relating to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity linked securities of the Company other than on a *pro-rata* basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emptions senior to the Ordinary Shares. In addition, an additional issue of Ordinary Shares, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares.



8. **Dividends**

The Company's ability to pay dividends to shareholders out of distributable profits is dependent on the Company's ability to receive funds for such purposes, directly or indirectly, from subsidiaries in a manner which creates distributable reserves for the Company. Furthermore, the Company's ability to pay dividends to shareholders is a function of trading performance and other factors that the Directors deem significant from time to time, such as capital requirements and general economic conditions. The Company's dividend policy is described in paragraph 10 of Part I of this document.

9. **Substantial Shareholders**

The Concert Party is, on Admission, expected to hold (directly or indirectly), in aggregate, approximately 53.25 per cent. of the Enlarged Issued Share Capital. Whilst Chris Hill has entered into the Relationship Agreement referred to in paragraph 10.1(e) of Part IV, this concentration of ownership may adversely affect the Company's ability to act independently. Furthermore, investors may believe that there are disadvantages in investing in a company in which one group of shareholders has an interest at this level and this could affect the liquidity of the Ordinary Shares.

10. **VCT and EIS qualifying status**

The Company has applied for and received written provisional advanced assurance from HMRC that for VCT purposes it is currently a qualifying holding and for EIS purposes it is a qualifying company and its shares currently comply with the requirements of the relevant legislation in each case. However, should the Company cease to meet any of the relevant conditions, it may no longer be a qualifying holding for VCT purposes or a qualifying company for EIS purposes. The advance assurance relates only to the qualifying status of the Company and the Ordinary Shares and does not guarantee that any particular investor will qualify for relief in respect of the investment in Ordinary Shares.

The continuing availability of EIS relief and the status of the relevant Ordinary Shares as a qualifying holding for VCT purposes will be conditional, *inter alia*, on the Company continuing to satisfy the requirements for a qualifying company throughout the period of three years from the date of the investor making their investment (under EIS) and, for VCT purposes, throughout the period the Ordinary Shares are held as a "qualifying holding". Neither the Company nor the Directors (nor their advisors) are giving any warranties, undertakings or any other assurance that any EIS relief or that VCT qualifying status will be available in respect of the Placing, or that such relief or status will not be withdrawn.

The Company cannot undertake to conduct its activities in a way designed to preserve any EIS relief or VCT qualifying status. Should the Company cease to meet any of the relevant conditions, it may no longer be a qualifying holding for VCT purposes or a qualifying company for EIS purposes. In addition, should the law regarding EIS relief or VCTs change then any relief or qualifying status previously obtained may be lost.

11. **Forward-looking statements**

This document contains forward-looking statements that involve risks and uncertainties. All statements, other than those of historical fact, contained in this document are forward-looking statements. The Group's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors. Investors are urged to read this entire document carefully before making an investment decision.

The forward-looking statements in this document are based on the Directors' beliefs and assumptions and information only as of the date of this document, and the forward-looking events discussed in this document might not occur. Therefore, prospective investors should not place any reliance on any forward-looking statements.

Except as required by law or regulation, the Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future earnings or otherwise.

## PART III

### HISTORICAL FINANCIAL INFORMATION ON THE NCR GROUP

#### Section A: Accountant's report on the historical financial information of the NCR Group

The Directors  
Northcoders Group plc  
Manchester Technology Centre  
Oxford Road  
Manchester  
M1 7ED

WH Ireland Limited  
24 Martin Lane  
London  
EC4R 0DR

22 July 2021

Dear Sir or Madam

#### **Northcoders Limited (“NCR”), and its subsidiary undertaking (together, the “NCR Group”)**

We report on the financial information set out in Part III of the Admission Document, for the years ended 31 December 2018, 31 December 2019 and 31 December 2020.

#### **Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the Admission Document dated 22 July 2021, a true and fair view of the state of affairs of the NCR Group as at 31 December 2018, 31 December 2019 and 31 December 2020 and of its results, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards.

#### **Responsibilities**

The NCR Directors are responsible for preparing the financial information in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person other than the addressees of this letter for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the NCR Group and the Company in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those

responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Conclusions relating to going concern**

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the NCR Group to continue as a going concern for a period of at least twelve months from the date of the Admission Document. Accordingly the use by the NCR Directors of the going concern basis of accounting in the preparation of the financial information is appropriate.

### **Declaration**

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

### **Haysmacintyre LLP**

*Chartered Accountants*

Haysmacintyre LLP is a limited liability partnership registered in England and Wales (with registered number OC423459)

## Section B: Historical financial information of the NCR Group

### Consolidated Statement of Comprehensive Income

	Notes	31 December 2020 £	31 December 2019 £	31 December 2018 £
<b>Revenue</b>	4	1,341,493	2,047,159	1,114,231
Cost of sales		<u>(449,318)</u>	<u>(428,094)</u>	<u>(113,679)</u>
<b>Gross profit</b>		<u>892,175</u>	<u>1,619,065</u>	<u>1,000,552</u>
Other operating income	5	153,635	31,156	–
Expenditure		<u>(1,300,879)</u>	<u>(1,065,162)</u>	<u>(874,335)</u>
<b>Adjusted EBITDA*</b>		<u>(255,069)</u>	<u>585,059</u>	<u>126,217</u>
Exceptional costs	7	(590,788)	–	(21,502)
Depreciation	8	(244,840)	(111,360)	(88,981)
Amortisation	8	(44,347)	(21,315)	–
Total administrative expenditure		<u>(2,180,854)</u>	<u>(1,197,837)</u>	<u>(984,818)</u>
<b>Operating (loss)/profit</b>		<u>(1,135,044)</u>	<u>452,384</u>	<u>15,734</u>
Finance income	10	2,200	410	230
Finance costs	10	<u>(112,705)</u>	<u>(21,291)</u>	<u>(12,881)</u>
<b>(Loss)/profit before tax</b>		<u>(1,245,549)</u>	<u>431,503</u>	<u>3,083</u>
Taxation	11	<u>307,214</u>	<u>(4,156)</u>	<u>32,907</u>
<b>Net (loss)/profit after tax</b>		<u>(938,335)</u>	<u>427,347</u>	<u>35,990</u>
<b>Total comprehensive (loss)/income for the year attributable to equity shareholders of the parent</b>		<u>(938,335)</u>	<u>427,347</u>	<u>35,990</u>

\* Adjusted EBITDA refers to earnings before interest, foreign exchange gains, tax, depreciation and amortisation, impairment and exceptional costs.

All profits and total comprehensive income has arisen from continuing operations.

## Consolidated Statement of Financial Position

	Notes	31 December 2020 £	31 December 2019 £	31 December 2018 £
<b>Non-current assets</b>				
Intangible assets	13	361,289	138,522	85,262
Property, plant and equipment	14	112,323	246,406	82,695
Right of use assets	15	99,243	131,162	194,120
Deferred tax asset – non-current	22	113,345	–	–
<b>Total non-current assets</b>		<u>686,200</u>	<u>516,090</u>	<u>362,077</u>
<b>Current assets</b>				
Trade and other receivables	17	298,805	336,547	204,247
Current tax receivable		245,938	96,922	39,940
Deferred tax asset – current	22	45,805	3,987	37,983
Cash and cash equivalents		525,671	421,201	247,073
<b>Total current assets</b>		<u>1,116,219</u>	<u>858,656</u>	<u>529,243</u>
<b>Total assets</b>		<u>1,802,419</u>	<u>1,374,747</u>	<u>891,320</u>
<b>Current liabilities</b>				
Borrowings – current	18	(191,755)	(46,267)	(78,800)
Trade and other payables	20	(639,006)	(731,748)	(428,962)
Lease liability – current	19	(167,916)	(66,643)	(74,331)
Deferred tax provision	22	(29,586)	(39,687)	(19,336)
<b>Total current liabilities</b>		<u>(1,028,263)</u>	<u>(884,345)</u>	<u>(601,429)</u>
<b>Net current assets/(liabilities)</b>		<u>87,956</u>	<u>(25,689)</u>	<u>(72,186)</u>
<b>Total assets less current liabilities</b>		<u>774,156</u>	<u>490,402</u>	<u>289,891</u>
<b>Non-current liabilities</b>				
Borrowings – non-current	18	(694,195)	–	(46,267)
Lease liability – non-current	19	(562,746)	(72,680)	(139,323)
Deferred tax provision	22	(55,490)	(17,662)	(10,871)
<b>Total non-current liabilities</b>		<u>(1,312,431)</u>	<u>(90,342)</u>	<u>(196,461)</u>
<b>Total liabilities</b>		<u>(2,340,694)</u>	<u>(974,687)</u>	<u>(797,890)</u>
<b>Net assets/(liabilities)</b>		<u>(538,275)</u>	<u>400,060</u>	<u>93,430</u>
<b>Equity attributable to equity holders of the NCR Group</b>				
Share capital	24	783	783	500
Share premium		186,808	186,808	186,808
Retained profits		(725,866)	212,469	(93,878)
<b>Total equity</b>		<u>(538,275)</u>	<u>400,060</u>	<u>93,430</u>

## Consolidated Statement of Changes in Equity

	Note	Share capital £	Share premium £	Retained (losses)/ profits £	Total £
<b>Balance at 31 December 2017</b>		500	186,808	3,008	190,316
Prior year adjustment	29	–	–	(118,199)	(118,199)
Impact of IFRS adoption	29	–	–	(14,677)	(14,677)
<b>Revised balance at 31 December 2017</b>		<u>500</u>	<u>186,808</u>	<u>(129,868)</u>	<u>57,440</u>
<i>Comprehensive loss for the year ended 31 December 2018:</i>					
Loss for the year		–	–	35,990	35,990
<i>Transactions with owners of the Company:</i>					
Dividends paid	12	–	–	–	–
<b>Balance at 31 December 2018</b>		<u>500</u>	<u>186,808</u>	<u>(93,878)</u>	<u>93,430</u>
<i>Comprehensive income for the year ended 31 December 2019:</i>					
Profit for the year		–	–	427,347	427,347
<i>Transactions with owners of the Company:</i>					
Dividends paid	12	–	–	(121,000)	(121,000)
Issue of share capital	24	283	–	–	283
<b>Balance at 31 December 2019</b>		<u>783</u>	<u>186,808</u>	<u>212,469</u>	<u>400,060</u>
<i>Comprehensive income for the year ended 31 December 2020:</i>					
Profit for the year		–	–	(938,335)	(938,335)
<b>Balance at 31 December 2020</b>		<u><u>783</u></u>	<u><u>186,808</u></u>	<u><u>(725,866)</u></u>	<u><u>(538,275)</u></u>

## Consolidated Statement of Cash Flows

	<i>Year ended</i> 31 December <i>Notes</i> 2020 £	<i>Year ended</i> 31 December 2019 £	<i>Year ended</i> 31 December 2018 £
<b>Cash flows from operating activities:</b>			
(Loss)/profit for the year	(938,335)	427,347	35,990
<i>Adjustments for:</i>			
Tax (credit)/charge	(307,214)	4,156	(32,907)
Finance costs	112,592	21,291	12,881
Finance income	(2,087)	(410)	(230)
Government grant income via present value adjustment	(15,615)	–	–
Amortisation of intangible assets	44,347	21,315	–
Depreciation of tangible assets	244,840	111,360	88,981
Impairment of tangible assets	590,788	–	–
(Profit)/loss on disposal of assets	(11,708)	–	–
	<u>(282,392)</u>	<u>585,059</u>	<u>104,715</u>
<i>Changes in working capital:</i>			
Decrease/(increase) in trade and other receivables	39,678	(127,492)	(52,818)
(Decrease)/increase in trade and other payables	(157,310)	297,978	167,697
	<u>(400,022)</u>	<u>755,545</u>	<u>219,594</u>
Cash(used in)/from operations	(400,022)	755,545	219,594
Interest paid	(88,723)	(21,291)	(12,881)
Income taxes received/(paid)	24,443	–	4,962
	<u>(464,302)</u>	<u>734,254</u>	<u>211,675</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(464,302)</u>	<u>734,254</u>	<u>211,675</u>
<b>Cash flows from investing activities</b>			
Interest received	150	410	230
Capitalised development costs	(165,216)	(74,575)	(85,262)
Purchase of property, plant and equipment	(15,878)	(212,113)	(57,444)
Proceeds on disposal of property, plant & equipment	2,409	–	–
Business combinations, net of cash received	16 (17,973)	–	–
	<u>(196,508)</u>	<u>(286,278)</u>	<u>(142,476)</u>
<b>Net cash (used in) investing activities</b>	<u>(196,508)</u>	<u>(286,278)</u>	<u>(142,476)</u>
<b>Cash flow from financing activities</b>			
Proceeds from issue of new shares	–	283	–
Dividends paid	–	(121,000)	–
Proceeds from new bank loans and borrowings	925,000	–	100,000
Repayments of bank loans and borrowings	(105,296)	(78,800)	(65,466)
Payment of lease obligations	(54,424)	(74,331)	(48,471)
	<u>765,280</u>	<u>(273,848)</u>	<u>(13,937)</u>
<b>Net cash (used in)/from financing activities</b>	<u>765,280</u>	<u>(273,848)</u>	<u>(13,937)</u>
Net cash increase in cash	104,470	174,128	55,263
Cash and cash equivalents at beginning of the period	421,201	247,073	191,810
	<u>525,671</u>	<u>421,201</u>	<u>247,073</u>
<b>Cash and cash equivalents at end of the period</b>	<u>525,671</u>	<u>421,201</u>	<u>247,073</u>

## Combined Reconciliation of Net Debt

	01 January		Non-cash movements			31 December
	2018	Cashflows	New leases	Accrued interest	Other	2018
	£					£
Bank loans	90,533	34,534	–	–	–	125,067
Lease liabilities	262,125	(48,471)	–	–	–	213,654
<b>Total debt</b>	<b>352,658</b>	<b>(13,937)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>338,721</b>
	01 January		Non-cash movements			31 December
	2019	Cashflows	New leases	Accrued interest	Other	2019
	£					£
Bank loans	125,067	(78,800)	–	–	–	46,267
Lease liabilities	213,654	(74,331)	–	–	–	139,323
<b>Total debt</b>	<b>338,721</b>	<b>(153,131)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>185,590</b>
	01 January		Non-cash movements			31 December
	2020	Cashflows	New leases	Accrued interest	Other	2020
	£					£
Bank loans	46,267	819,704	–	(745)	20,724	885,950
Lease liabilities	139,323	(54,424)	782,809	–	(137,046)	730,662
<b>Total debt</b>	<b>185,590</b>	<b>765,280</b>	<b>782,809</b>	<b>(745)</b>	<b>(116,322)</b>	<b>1,616,612</b>

The amount of £20,724 within bank loans other column relates to the bounce bank loan consolidated on business combination (note 16). The amount of £137,046 within lease liabilities other column relates to the disposal of leases.



## Notes to the Financial Statements

### 1. Company information

Northcoders Limited (“NCR”) is a limited company domiciled and incorporated in England & Wales. The registered office is Manchester Technology Centre, Oxford Road, Manchester, M1 7ED. The combined historical financial statements of the NCR Group for the years ended 31 December 2018, 2019 and 2020 comprise NCR and its subsidiary Northcoders TechEd Limited (together referred to as “NCR Group”).

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

### 2. Accounting policies

The accounting policies applied in the preparation of these combined historical financial statements are set out below. These policies have been consistently applied to the years presented to the NCR Group, unless otherwise stated.

#### 2.1 Basis of preparation

These historical financial statements present the financial track record of the NCR Group, for the three financial years ended 31 December 2020 and is prepared for the purposes of admission to the Alternative Investment Market (“AIM”), a market operated by the London Stock Exchange. This special purpose financial information has been prepared in accordance with the requirements of the Prospectus Directive regulation, the Listing Rules, in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006.

The historical financial statements have been prepared under the historical cost convention, modified to include certain financial instruments.

The combined historical financial statements are presented in pounds sterling and all values are rounded to the nearest pound except when otherwise indicated.

These historical financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The NCR Group’s statutory historical financial statements for the years ended 31 December 2018, 31 December 2019 and 31 December 2020 were prepared in accordance with FRS 102. The historical financial statements for these periods have been delivered to the Registrar of Companies with the exception of the year ended 31 December 2020, which is yet to be delivered.

The preparation of the historical financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires NCR Group management to exercise judgment in applying the NCR Group’s accounting policies. The areas where significant judgments and estimates have been made in preparing the historical financial statements and their effect are disclosed in note 3.

The financial information has been prepared and approved by the Directors in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”). IFRS comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) as adopted in the EU that are in effect as at 31 December 2020 (“Adopted IFRS”). The policies set out below have been applied consistently throughout all the periods presented to items considered material to the consolidated financial information.

In preparing the historical financial statements, the NCR Group’s opening statement of financial position was prepared as at 1 January 2018, the Group’s date of transition to IFRS. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 29.

## 2.2 **Going concern**

In preparing this historical financial statements, the NCR Directors have considered the principal risks and uncertainties facing the business, along with the NCR Group's objectives, policies and processes for managing its exposure to financial risk. In making this assessment the NCR 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 historical financial statements.

At the time of approving the historical financial statements, the NCR Directors have a reasonable expectation that NCR Group has adequate resources to continue in operational existence for the foreseeable future. In addition, the NCR Directors have considered the ongoing impact of the Coronavirus and its potential impact on trading activities in the UK. The NCR Directors do not believe that the short-term impact of this is likely to have a fundamental detrimental effect on the ongoing business. Thus the NCR Directors continue to adopt the going concern basis of accounting in preparing the historical financial statements.

## 2.3 **Basis of consolidation**

The NCR Group historical financial statements consolidates those of NCR and the subsidiaries that NCR has control of. Control is established when NCR 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 NCR Group.

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

The NCR 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.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of consideration transferred, over the NCR Group's share of the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the NCR Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Entities other than subsidiary undertakings or joint ventures, in which the NCR Group has a participating interest and over whose operating and financial policies the NCR Group exercises a significant

influence, are treated as associates. In the historical financial statements, associates are accounted for using the equity method.

## 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. This is determined as follows:

- For coding 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 consumer development, 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.
- For apprenticeship income, the NCR Group receives lump-sum drawdowns at regular intervals, which typically match to delivery dates for the courses. In addition the NCR Group receives a contingent success fee, payable at the end. The NCR 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 coding bootcamps.

### *Determining the transaction price*

The NCR 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.

## 2.5 **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 in the year ended 31 December 2020, 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 period, the NCR 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.

## 2.6 **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 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, are capitalised. The expenditure capitalised is solely the cost of direct labour. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

All development assets are amortised over their estimated useful life of 4 years.

## 2.7 **Other intangible assets**

The NCR Group's other intangible assets are stated at cost less accumulated amortisation and impairment losses. Where assets are acquired through business combinations, the NCR 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	4 years
Development costs	4 years

## 2.8 **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of accumulated depreciation and any accumulated impairment losses.

Assets are depreciated so as to write off the cost of assets less their residual values over their useful economic lives as follows:

Leasehold improvements	over the term of the lease
Fixtures and fittings	25 per cent. straight line
Computer equipment	33 per cent. straight line

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 credited to profit or loss.

## 2.9 **Leases**

The NCR Group has applied IFRS 16 'Leases' in accounting for its leases. All qualifying leases are recognised as a right of use asset and a corresponding lease liability is recognised at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivables;
- variable lease payments that are based on an index or a rate, initially measured using the index rate or rate at the commencement date;
- amounts expected to be payable under residual value guarantees; and
- the exercise prices of a purchase option if the company is reasonably certain to exercise that option.

The lease payments are discounted using the interest implicit in the lease. If the rate cannot be determined, the lessee's incremental borrowing rate is used, being 5.5 per cent.. The interest element of finance cost is charged to the Consolidated Statement of Comprehensive Income over the lease

period. The property, plant and equipment acquired under leases is depreciated over the shorter of the useful life of the asset and the lease term.

In applying IFRS 16 for the first time as part of the wider first-time adoption of IFRS's, the NCR Group utilised a number of practical expedients as permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review.
- Excluding initial direct costs for the measurement of the right of use assets as the date of initial application.
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

#### 2.10 **Impairment of non-financial assets (excluding accrued revenues and deferred tax assets)**

Impairment tests on intangible assets are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs, for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the NCR Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

#### 2.11 **Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and 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.

#### 2.12 **Financial instruments**

##### *Financial assets*

The NCR Group classifies its financial assets depending on the purpose for which the asset was acquired.

##### *Amortised cost*

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets 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 are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income.

On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The NCR Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

#### *Financial liabilities*

The NCR Group classifies its financial liabilities depending on the purpose for which the liability was acquired.

#### *Amortised cost*

Bank and other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. 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.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

### **2.13 Equity instruments**

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

### **2.14 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 NCR 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 taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither

accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred income tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

#### 2.15 **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 non-current assets.

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

Termination benefits are recognised immediately as an expense when the NCR Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 2.16 **Retirement benefits**

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

#### 2.17 **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.

#### 2.18 **Related party disclosures**

Details of transactions between NCR and any related parties which require disclosure under International Accounting Standard ("IAS") 24 'Related Party Disclosures' are given in note 25. Transactions between NCR and its subsidiaries, which are related parties, have been eliminated on consolidation for the NCR Group and are not disclosed.

#### 2.19 **Standards, amendments and interpretations in issue but not yet effective**

At the authorisation of these historical financial statements, the NCR Group has not applied the following new and revised standards that have been issued but are not effective yet:

	<i>Effective date – period beginning on or after</i>
IAS 1 'Presentation of Financial Statements': Classification of liabilities as current or non-current	1 January 2022
IFRS 17 'Insurance Contracts' and subsequent withdrawal of IFRS 4 'Insurance Contracts'	1 January 2023 *
Amendments to IFRS 10 and IAS 28 Sale of contribution of assets between an investor and its Associate or Joint Venture	1 January 2023 *

\* These standards, amendments and interpretations have not yet been endorsed by the EU and the dates shown are the expected dates.

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

### 3. Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The NCR Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities in the next financial year are as follows:

(i) **Going concern**

Information on the going concern assessment of the NCR Group is set out in detail in the section 'Going concern' in note 2.

(ii) **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 NCR 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 historical financial statements would increase/decrease and carrying amounts of tangible assets would change accordingly.

The NCR 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 NCR Directors are satisfied that all recorded assets will be fully recovered from expected future cash flows.

(iii) **Deferred taxation**

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

(iv) **Capitalisation of development costs**

As outlined in note 2.6 the NCR 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.

### 4. Operating segments and analysis of revenue

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

The NCR Group has operating segments as follows:

- Training. Individuals go through a selection process and a 14-week coding bootcamp programme to the point where they are in-demand, career ready Junior Software Engineers. In addition, existing employees of businesses undertake a 13-month 'On the Job' programme for junior software engineers to equip them with the skills and the behaviours to become mid-level Software Engineers. The training segment also includes apprenticeship revenues, which reflects similar training over a period of up to 18 months where 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. On completion of a course, Northcoders may seek to place an individual with an employer and such placement fees are included in this segment. Such fees are invoiced directly to the employer. This segment further includes practical developments created on behalf of other companies who engage Northcoders and its corporate trainees in order to create bespoke solutions.
- 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 NCR Group's market, each component of revenue naturally falls within one of these segments. The operating segments are monitored by the NCR 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:

	<i>31 December 2020</i>			
	<i>Training</i>	<i>Corporate</i>	<i>Central</i>	<i>Total</i>
	£	£	£	£
Revenue	<u>1,194,069</u>	<u>147,424</u>	<u>–</u>	<u>1,341,493</u>

	<i>31 December 2019</i>			
	<i>Consumer</i>	<i>Corporate</i>	<i>Central</i>	<i>Total</i>
	£	£	£	£
Revenue	<u>1,543,316</u>	<u>503,843</u>	<u>–</u>	<u>2,047,159</u>

	<i>31 December 2018</i>			
	<i>Consumer</i>	<i>Corporate</i>	<i>Central</i>	<i>Total</i>
	£	£	£	£
Revenue	<u>720,745</u>	<u>393,486</u>	<u>–</u>	<u>1,114,231</u>

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

	<i>2020</i>	<i>2019</i>	<i>2018</i>
	£	£	£
Training excluding apprenticeship income	1,072,659	1,543,316	720,745
Apprenticeship training income	<u>121,410</u>	<u>–</u>	<u>–</u>
	<u><u>1,194,069</u></u>	<u><u>1,543,316</u></u>	<u><u>720,745</u></u>

As the NCR Group has not previously been subject to the requirements of IFRS 8, it has not tracked its costs in a manner consistent with the requirements of IFRS 8. However, it is able to present the majority of its direct costs split on a reasonable basis for the operating segments identified, with any non-allocated income and costs presented within the central segment. The results are allocated to the following operating segments:

	31 December 2020			
	Consumer £	Corporate £	Central £	Total £
Revenue	1,194,069	147,424	–	1,341,493
Cost of sales	(379,769)	(69,549)	–	(449,318)
Gross Profit	814,300	77,875	–	892,175
Operating costs	(37,695)	(6,652)	(1,545,719)	(1,590,066)
Other income	–	–	153,635	153,635
Other charges	–	–	(590,788)	(590,788)
Operating profit	776,605	71,223	(1,982,872)	(1,135,044)
Net finance costs	–	–	(110,505)	(110,505)
Profit/(loss) before taxation	<u>776,605</u>	<u>71,223</u>	<u>(2,093,377)</u>	<u>(1,245,549)</u>
	31 December 2019			
	Consumer £	Corporate £	Central £	Total £
Revenue	1,543,316	503,843	–	2,047,159
Cost of sales	(368,455)	(59,639)	–	(428,094)
Gross profit	1,174,861	444,204	–	1,619,065
Operating costs	(18,118)	(3,197)	(1,176,522)	(1,197,837)
Other income	–	–	31,156	31,156
Other charges	–	–	–	–
Operating profit	1,156,743	441,007	(1,145,366)	452,384
Net finance costs	–	–	(20,881)	(20,881)
Profit/ (loss) before taxation	<u>1,156,743</u>	<u>441,007</u>	<u>(1,166,247)</u>	<u>431,503</u>
	31 December 2018			
	Consumer £	Corporate £	Central £	Total £
Revenue	720,745	393,486	–	1,114,231
Cost of sales	(81,921)	(31,758)	–	(113,679)
Gross Profit	638,824	361,728	–	1,000,552
Operating costs	–	–	(963,316)	(963,316)
Other income	–	–	–	–
Other charges	–	–	(21,502)	(21,502)
Operating profit	638,824	361,728	(984,818)	15,734
Net finance costs	–	–	(12,651)	(12,651)
Profit/ (loss) before taxation	<u>638,824</u>	<u>361,728</u>	<u>(997,469)</u>	<u>3,083</u>

**Revenue analysed by geographical market**

	2020 £	2019 £	2018 £
United Kingdom	<u>1,341,493</u>	<u>2,047,159</u>	<u>1,114,231</u>

The NCR Group has no customers that account for more than 10 per cent. of revenues.

## 5. Other operating income

	2020 £	2019 £	2018 £
Government grants	153,635	–	–
Leeds Enterprise Partnership claim	–	31,156	–
	<u>153,635</u>	<u>31,156</u>	<u>–</u>

Government grants comprise the COVID-19 job retention scheme grant and business rates relief grant totalling £138,020 which are credited to the income statement in the period in which the expenditure for which they are intended to contribute towards has been incurred. It also includes the time-value benefit derived on a Coronavirus Business Interruption Loan (CBILS) totalling £15,615, which is recognised on receipt of the loan.

The Leeds Enterprise Partnership claim was received from West Yorkshire Combined Authority as an incentive for opening the Leeds office in 2019. 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.

## 6. Staff costs and numbers

	2020 £	2019 £	2018 £
<b>Employee costs (including directors):</b>			
Wages and salaries	1,083,783	878,287	545,122
Social security costs	79,026	80,002	33,722
Contributions to defined benefit pension scheme	26,071	30,215	9,046
Total employment costs	<u>1,188,880</u>	<u>988,504</u>	<u>587,890</u>

The average number of employees during the year was made up as follows:

	2020	2019	2018
Directors	4	3	3
Administration and operations	9	10	7
Client service delivery	24	18	6
Total average number of employees	<u>37</u>	<u>31</u>	<u>16</u>

### The geographic analysis of these employees is:

	2020	2019	2018
UK	<u>37</u>	<u>31</u>	<u>16</u>
Total average number of employees	<u>37</u>	<u>31</u>	<u>16</u>

In addition to the above, further employee costs have been incurred as part of the development costs in each period, as disclosed in note 13. The total employment costs which have been capitalised as development are:

	2020 £	2019 £	2018 £
<b>Employee costs (including directors):</b>			
Wages and salaries	141,211	63,740	72,874
Social security costs	17,651	7,967	9,109
Contributions to defined benefit pension scheme	6,354	2,868	3,279
Total employment costs	<u>165,216</u>	<u>74,575</u>	<u>85,262</u>

## Directors' emoluments

	2020 £	2019 £	2018 £
Remuneration for qualifying services	166,537	111,373	100,455
Contributions to defined benefit pension scheme	6,063	3,212	2,375
Total employment costs	<u>172,600</u>	<u>114,585</u>	<u>102,830</u>

In addition to the above, further employee costs have been incurred as part of the development costs in each period, as disclosed in note 13. The employment costs relating to directors which have been capitalised as development are:

	2020 £	2019 £	2018 £
Remuneration for qualifying services	–	–	10,101
Contributions to defined benefit pension scheme	–	–	455
Total employment costs	<u>–</u>	<u>–</u>	<u>10,556</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019: 3, 2018: 2).

There are no active share option schemes in place for employees and directors during the three years ended 31 December 2020.

## 7. Other operating charges – Exceptional costs

	2020 £	2019 £	2018 £
Other operating charges – exceptional costs	<u>590,788</u>	<u>–</u>	<u>21,502</u>

In January 2020 the NCR Group took occupation of a new office with significant space for student training, which was occupied on a 5 year lease resulting in the recognition of a right of use asset, as shown in note 15. As a result of the Covid-19 pandemic, the NCR Group has had to materially change its primary focus of operations to online delivery with the availability of physical support, and subsequently moving towards a hybrid model using a blended learning approach of online and in-person, meaning that the majority of this site is now functionally redundant. As a result of this the NCR Directors have recognised an impairment of the right of use asset for the 67.65 per cent. which can no longer be used, calculated by reference to floorspace; this impairment totals £529,570. An impairment for amounts included in leasehold improvements has also been recognised on the same basis, resulting in an impairment charge of £61,218.

In 2018 a former director and shareholder left the NCR Group owing a balance of £21,502. The NCR Group has been unable to recover this debt and so has provided against the balance owed. This amount has subsequently been formally waived and written off.

## 8. Operating (loss)/profit

Operating (loss)/profit for the year has been arrived at after charging/(crediting):

	2020	2019	2018
	£	£	£
Depreciation of property, plant and equipment	79,168	48,402	26,023
Depreciation of right of use assets	165,672	62,958	62,958
Amortisation of intangible assets	44,347	21,315	–
Governments grant income	(153,635)	(31,156)	–
Impairment of property, plant and equipment (note 14)	61,218	–	–
Impairment of right of use assets (note 15)	529,570	–	–
Profit on disposal of property, plant and equipment including right of use assets	(11,708)	–	–
Provision against former directors' loan account (note 7)	–	–	21,502

## 9. Fees for audit and other services

For all periods presented the NCR Group has not had a statutory auditor, and accordingly no auditor's remuneration is presented.

These historical financial statements have been subject to non-statutory audit procedures.

## 10. Finance income & finance costs

Finance income is analysed as follows:

	2020	2019	2018
	£	£	£
Bank interest received	150	410	230
Interest on taxation	7	–	–
Interest on overdrawn directors' loan accounts	2,043	–	–
Total finance income	<u>2,200</u>	<u>410</u>	<u>230</u>

Finance costs are analysed as follows:

	2020	2019	2018
	£	£	£
Interest on bank borrowings and overdrafts	61,467	12,064	286
Interest payable on leases (IFRS 16)	42,238	9,227	12,595
Other interest	9,000	–	–
Total finance costs	<u>112,705</u>	<u>21,291</u>	<u>12,881</u>

All interest costs are on financial liabilities measured at amortised cost.

## 11. Taxation on profit on ordinary activities

The tax charge is analysed as follows:

	2020 £	2019 £	2018 £
<b>UK current tax:</b>			
Current tax on (loss)/profit for the year	(158,768)	(56,983)	(39,943)
Adjustments in respect of prior years	(14,717)	–	–
Total current tax	(173,485)	(56,983)	(39,943)
<b>UK deferred tax:</b>			
Origination and reversal of temporary differences	(137,498)	65,116	7,036
Impact of change in tax rates	3,769	(3,977)	–
Total deferred tax	(133,729)	61,139	7,036
Total tax charge/(credit) in the Income Statement	(307,214)	4,156	(32,907)

### Reconciliation of effective tax charge

The current tax charge for the period is lower (2019: lower 2018: lower) than the prevalent rate of corporation tax in the UK for the period of 19.00 per cent. (2019 – 19.00 per cent. 2018 – 19.00 per cent.).

	2020 £'000	2019 £'000	2018 £'000
(Loss)/profit before taxation	(1,245,549)	431,503	3,083
Expected tax (credit)/charge based on a corporation tax rate of 19% (2019: 19%, 2018: 19%)	(236,654)	81,986	586
<i>Effects of:</i>			
Adjustments in respect of prior years	(14,717)	–	–
Change in tax rates	4,073	(3,673)	(2,848)
Other expenses not deductible for tax purposes	1,018	6,558	7,601
Capital items expensed	605	–	–
R&D expenditure credits	(65,275)	(81,391)	(34,321)
Other tax differences	3,736	676	(3,925)
Total tax (credit)/charge in the Income Statement	(307,214)	4,156	(32,907)

### Factors affecting future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25 per cent. with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19 per cent. with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the balance sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

## 12. Dividends

No dividends were paid, nor are proposed for 2020 (2019: £121,000, 2018: £nil).

A dividend originally presented for the year ended 31 December 2018 has been cancelled, as disclosed in note 29, as subsequent prior year adjustments have identified that this was not lawfully declared.

### 13. Intangible assets

	<i>Development costs</i> £	<i>Licence</i> £	<i>Total</i> £
<b>Cost</b>			
At 01 January 2018	–	–	–
Additions	85,262	–	85,262
Disposals	–	–	–
<b>At 31 December 2018</b>	<u>85,262</u>	<u>–</u>	<u>85,262</u>
Additions	74,575	–	74,575
Disposals	–	–	–
<b>At 31 December 2019</b>	<u>159,837</u>	<u>–</u>	<u>159,837</u>
Additions	165,216	101,898	267,114
Disposals	–	–	–
<b>At 31 December 2020</b>	<u>325,053</u>	<u>101,898</u>	<u>426,951</u>
<b>Amortisation and impairment</b>			
At 01 January 2018	–	–	–
Amortisation charged for the year	–	–	–
<b>At 31 December 2018</b>	<u>–</u>	<u>–</u>	<u>–</u>
Amortisation charged for the year	(21,315)	–	(21,315)
<b>At 31 December 2019</b>	<u>(21,315)</u>	<u>–</u>	<u>(21,315)</u>
Amortisation charged for the year	(44,347)	–	(44,347)
<b>At 31 December 2020</b>	<u>(65,662)</u>	<u>–</u>	<u>(65,662)</u>
<b>Carrying amount</b>			
At 31 December 2018	85,262	–	85,262
At 31 December 2019	138,522	–	138,522
At 31 December 2020	259,391	101,898	361,289

#### **Licence**

The licence intangible asset arose when NCR acquired the share capital of TechEd on 14 December 2020. The consideration paid in excess of the acquired net assets is solely recognised as a licence intangible because the licence was the sole asset held by TechEd at acquisition. Accordingly the directors have determined that the value paid, which was determined on an arm's length basis represents the fair value of the licence (note 16). The license has an estimated useful life of 4 years from acquisition.

#### 14. Property, plant and equipment

	<i>Computer equipment</i> £	<i>Fixtures &amp; fittings</i> £	<i>Leasehold improvements</i> £	<i>Total</i> £
<b>Cost</b>				
At 01 January 2018	19,680	45,281	–	64,961
Additions	28,515	28,929	–	57,444
<b>At 31 December 2018</b>	48,195	74,210	–	122,405
Additions	30,403	70,818	110,892	212,113
<b>At 31 December 2019</b>	78,598	145,028	110,892	334,518
Additions	12,775	879	2,224	15,878
Disposals	(8,483)	(12,124)	–	(20,607)
<b>At 31 December 2020</b>	82,890	133,783	113,116	329,789
<b>Depreciation and impairment</b>				
At 01 January 2018	(6,616)	(7,071)	–	(13,687)
Depreciation charged for the year	(10,654)	(15,369)	–	(26,023)
<b>At 31 December 2018</b>	(17,270)	(22,440)	–	(39,710)
Depreciation charged for the year	(22,439)	(25,963)	–	(48,402)
<b>At 31 December 2019</b>	(39,709)	(48,403)	–	(88,112)
Depreciation charged for the year	(23,416)	(33,129)	(22,623)	(79,168)
Eliminated in respect of disposals	5,576	5,456	–	11,032
Impairment			(61,218)	(61,218)
<b>At 31 December 2020</b>	(57,549)	(76,076)	(83,841)	(217,466)
<b>Carrying amount</b>				
At 31 December 2018	30,925	51,770	–	82,695
At 31 December 2019	38,889	96,625	110,892	246,406
At 31 December 2020	25,341	57,707	29,275	112,323

#### 15. Right of use assets

IFRS 16 has been adopted and leased assets are presented as a separate line item in the Statement of Financial Position, as right of use assets.

Payments in respect of short term and/or low value leases (where leases have a value of less than £5,000, or less than 12 months or no minimum contract term) continue to be charged to the income statement on a straight-line basis over the term of the lease.

	<i>Right of use asset</i> £
<b>Cost</b>	
At 01 January 2018	279,248
Additions	–
Disposals	–
<b>At 31 December 2018</b>	279,248
Additions	–
Disposals	–
<b>At 31 December 2019</b>	279,248
Additions	782,809
Disposals	(279,248)
<b>At 31 December 2020</b>	782,809



	<i>Right of use asset</i>
	£
<b>Depreciation</b>	
At 01 January 2018	(22,170)
Depreciation charge for the year	(62,958)
Eliminated in respect of disposals	—
<b>At 31 December 2018</b>	<u>(85,128)</u>
Depreciation charged for the year	(62,958)
Eliminated in respect of disposals	—
<b>At 31 December 2019</b>	<u>(148,086)</u>
Depreciation charged for the year	(165,672)
Eliminated in respect of disposals	159,762
Impairment charge	(529,570)
<b>At 31 December 2020</b>	<u>(683,566)</u>
<b>Carrying amount</b>	
At 31 December 2018	194,120
At 31 December 2019	131,162
At 31 December 2020	99,243

The right of use assets are depreciated over the shorter of the asset's useful life and the lease term, on a straight line basis. The leases are discounted at the NCR Group's incremental borrowing rate being 5.5 per cent..

Following the change in business strategy after Covid-19, the new Manchester office is now substantially unutilised. As such, an impairment has been recognised against the lease for the portion not used for head office purposes.

## 16. Business combinations

### ***Acquisition of Northcoders TechEd Limited***

On 14 December 2020 the NCR Group acquired 24 per cent. of the ordinary share capital of Northcoders TechEd Limited ("TechEd"), then known as Taylor Made Training (NW) Ltd, as a trading acquisition. The immediate consideration paid totalled £18,000, being settled in full by a cash payment. This represented a price of £750 per share, for 24 shares in total. The acquisition was from an unconnected third party.

Simultaneously, the NCR Group entered into an option which gave it the unconditional right to purchase any number up to the remaining 76 ordinary shares in issue, being up to the remaining 76 per cent. of the ordinary share capital, for the same price of £750 per share. The option runs through to 31 July 2021 and can be exercised at any time in that period. As part of this option, the NCR Group also obtained a number of rights over TechEd, including the right to appoint directors, control over TechEd's banking facilities and direction of cash and other working capital, and ability to direct TechEd's business affairs.

In light of these indicators of control, the NCR Directors have determined that the NCR Group has obtained full control over TechEd on 14 December 2020 and has recognised the remaining £57,000 payable under the option agreement as a liability and as a cost of investment in TechEd. TechEd has been brought into the NCR Group's results as a subsidiary, with no non-controlling interest recognised in respect of the uncontrolled portion legally in existence as at 31 December 2020.

On 19 May 2021 the NCR Group exercised the option to purchase all 76 remaining shares, and took full legal ownership of TechEd from this date.

TechEd has a licence with the Education and Skills Funding Agency ("ESFA") which gives the NCR Group access to apprenticeship contracts, a key developing market for its growth plans.

As part of the acquisition the NCR Directors have assessed the business for existence of intangible assets, and concluded that this licence with the ESFA is the sole intangible asset held by TechEd as at the date

control was obtained. TechEd has no other material assets in existence at that date, and accordingly the directors have determined that the value paid, which was determined on an arm's length basis, represents the fair value of the ESFA licence. As such no goodwill has arisen on the purchase of the business, as the nature of this licence being the key element of TechEd's operations means that this represents the entire premium paid for the business.

The acquired values are stated below:

	<i>Carrying value £</i>	<i>Fair value adjustments £</i>	<i>Fair value recognised on acquisition £</i>
<b>Non-current assets</b>			
ESFA intangible asset	–	101,898	101,898
Deferred tax asset re tax losses	13,094	–	13,094
<b>Total non-current assets</b>	<u>13,094</u>	<u>101,898</u>	<u>114,992</u>
<b>Current assets</b>			
Cash at bank and in hand	117	–	117
<b>Total current assets</b>	<u>117</u>	<u>–</u>	<u>117</u>
<b>Current liabilities</b>			
Borrowings	2,100	–	2,100
Deferred tax provision	–	3,872	3,872
<b>Total current liabilities</b>	<u>2,100</u>	<u>3,872</u>	<u>5,972</u>
<b>Non-current liabilities</b>			
Borrowings	18,649	–	18,649
Deferred tax provision	–	15,488	15,488
<b>Total non-current liabilities</b>	<u>18,649</u>	<u>15,488</u>	<u>34,137</u>
<b>Total identifiable net (liabilities)/assets</b>	(7,538)	82,538	75,000
<b>Goodwill arising on acquisition</b>			<u>–</u>
<b>Purchase consideration transferred</b>			<u>75,000</u>

Analysis of the cash flows on acquisition is:

	£
Transaction costs of the acquisition	(90)
Cash and cash equivalents acquired on combination	117
Cash and cash equivalents paid for the combination	<u>(18,000)</u>
<b>Net cash flow on acquisition</b>	<u>(17,973)</u>

A further £57,000 of option consideration falls due for payment in 2021, along with associated transaction costs anticipated of £285. Both have been recognised as liabilities within trade & other payables.

Post acquisition revenue of £5,697 has been recognised in the year to 31 December 2020 in relation to this acquisition. There is no impact on profit of the acquisition.

## 17. Trade and other receivables

<i>Group</i>	2020	2019	2018
<i>Amounts falling due within one year:</i>	£	£	£
Trade receivables	208,698	257,812	165,748
Amounts recoverable on long term contracts	19,030	240	–
Directors' loan account receivables	45,526	33,483	28,572
Other receivables and prepayments	25,551	45,012	9,927
Total trade and other receivables	<u>298,805</u>	<u>336,547</u>	<u>204,247</u>

The NCR Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. Included within trade receivables are EdAid receivables of £171,293 (2019: £63,552, 2018: £nil), and other trade receivables of £37,405 (2019: £194,260, 2018: £165,748). EdAid receivables are defined below. An estimated £64,669 (2019: £49,149, 2018: £nil) of trade receivables are expected to be received after more than one year but have not been presented separately as non-current as these are estimated values only, as explained in note 23. The NCR Directors do not consider the difference between the discounted and undiscounted values of these balances to be material.

The NCR Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The average credit period given on sales (except for EdAid sales) is 30 days. The expected loss rates are based on the historical credit losses experienced by the NCR Group. The historical loss rates were adjusted in 2020 due to inherent risks from COVID-19, as detailed below.

### **Provisions against trade receivables**

The ageing of trade receivables (by reference to ultimate due date) and provision for impairment at the reporting date was:

	2020	2019	2018
Current	195,329	189,532	113,378
Past due 0-30 days	12,179	56,280	50,420
Past due 31-60 days	–	7,200	–
Past due more than 60 days	1,190	4,800	1,950
Total receivables before impairment	<u>208,698</u>	<u>257,812</u>	<u>165,748</u>

In determining the provision for impairment of trade receivables the NCR Group stratifies the receivables into three components: EdAid debtors, corporate debtors, and other; other represents personal and other receivables which are required to pay in advance otherwise the course does not proceed. The expected credit loss provision for impairment is considered and shown below.

<i>Expected corporate credit loss as % of gross receivables</i>	<i>Current</i>	<i>Ageing</i>			
		<i>0-30 days</i>	<i>31-60 days</i>	<i>61-90 days</i>	<i>Over 91 days</i>
At 31 December 2020	0.23%	0.46%	0.92%	1.83%	3.66%
At 31 December 2019	0.11%	0.23%	0.46%	0.92%	1.83%
At 31 December 2018	0.11%	0.23%	0.46%	0.92%	1.83%

EdAid receivables are governed by a formal credit agreement facilitated by a third party. Amounts receivable are subject to interest income which is charged at the official rate of RPI inflation. Whilst the credit risk is suffered by the NCR Group, the credit control elements are performed by the third party broker. The receivables are recognised on inception and amounts are recovered based on the employment income of each customer, following completion of the course, and as such there are no defined contractual credit

terms. As such, the NCR Directors do not consider ageing terms to provide an accurate indication of expected credit losses.

Based on the existence of EdAid contracts for around 2 years, the NCR Group has an expected credit loss provision of 2.34 per cent.. In addition there is a discounted financing agreement implicit in the receivables, which has been calculated using an estimated discount rate of 7 per cent., reduced by an estimated annual future RPI rate of 2.5 per cent.. No adjustments for any of these have been recognised on grounds of materiality.

Overall, the total provision for impairment for all trade receivables is disregarded on materiality grounds and therefore not recognised in the financial statements.

### **Other receivables**

Included within other receivables are £21,502 (2019: £21,502, 2018: £21,502) of amounts due from a former director and shareholder of the NCR Group. The NCR Directors do not believe that this is likely to be recoverable and as such the receivable has been provided for in full at each reporting period end. As such, no receivable is recognised in the historical financial statements.

Further information regarding directors' loan account receivables are provided in note 25. All balances have been fully recovered by the NCR Group since 31 December 2020 and prior to the approval of these Historical financial statements.

## **18. Borrowings**

The Group's borrowings are analysed as follows:

	2020		
	Current	Non-Current	Total
	£	£	£
<i>Borrowings at amortised cost</i>			
Bank loans	68,607	362,399	431,006
Other loans	123,148	331,796	454,944
Total borrowings	<u>191,755</u>	<u>694,195</u>	<u>885,950</u>
	2019		
	Current	Non-Current	Total
	£	£	£
<i>Borrowings at amortised cost</i>			
Other loans	46,267	–	46,267
Total borrowings	<u>46,267</u>	<u>–</u>	<u>46,267</u>
	2018		
	Current	Non-Current	Total
	£	£	£
<i>Borrowings at amortised cost</i>			
Other loans	78,800	46,267	125,067
Total borrowings	<u>78,800</u>	<u>46,267</u>	<u>125,067</u>

The NCR Group has the following borrowings at 31 December 2020:

- A Coronavirus Business Interruption Loan Scheme (“CBILS”) borrowing on which undiscounted amounts of £418,750 are due, and which has an interest rate of 3.9 per cent. payable from July 2021 when the government grant incentive period expires. The loan is carried at £410,258 in the historical financial statements. The loan is secured by way of a first priority floating charge over all assets of NCR.
- A Bounce Back Loan Scheme acquired with TechEd on which undiscounted amounts of £20,962 are due, and which has an interest rate of 2.5 per cent. payable from June 2021 when the government grant incentive period expires. The loan is carried at £20,748 in the historical financial statements. There is no secured element on the loan.

- A Creative England loan on which undiscounted amounts of £472,222 are due, and which has an interest rate of 11 per cent.. The loan is carried at £454,944 in the historical financial statements. The loan is secured by way of a fixed and floating charge over all assets of NCR, and is ranked behind the CBILS loan.

Of these loans, £1,849 (2019: £nil, 2018: £nil) falls due for repayment in more than 5 years.

For the years ended 31 December 2019 and 31 December 2018, NCR had borrowings on an earlier Creative England loan which had an interest rate of 7 per cent..

## 19. Leases

<i>Lease liability</i>	<i>2020</i>		<i>Total</i>
	<i>Current</i>	<i>Non-Current</i>	
	£	£	£
Lease liability under IFRS 16	167,916	562,746	730,662
	<hr/>		
<i>Lease liability</i>	<i>2019</i>		<i>Total</i>
	<i>Current</i>	<i>Non-Current</i>	
	£	£	£
Lease liability under IFRS 16	66,643	72,680	139,323
	<hr/>		
<i>Lease liability</i>	<i>2018</i>		<i>Total</i>
	<i>Current</i>	<i>Non-Current</i>	
	£	£	£
Lease liability under IFRS 16	74,331	139,323	213,654
	<hr/>		

Future gross minimum lease payments are as follows:

	<i>2020</i>	<i>2019</i>	<i>2018</i>
	£	£	£
Due within one year	202,056	72,312	83,558
Due in one to five years	606,169	74,589	146,901
Due in more than 5 years	–	–	–
	<hr/>		
Gross lease payments due	808,225	146,901	230,459
Less future finance charges	(77,563)	(7,578)	(16,805)
	<hr/>		
Net lease payments due	730,662	139,323	213,654
	<hr/> <hr/>		

The NCR Group's right of use asset additions and depreciation charge recognised on leases in the year is shown in note 16, and interest expense in note 10. The total cash outflows in the year are explained in the Statement of Cash Flows and associated note.

## 20. Trade and other payables

	<i>2020</i>	<i>2019</i>	<i>2018</i>
	£	£	£
Trade payables	128,874	216,311	14,272
Taxation & social security	142,899	102,616	93,576
Accruals	171,798	36,487	27,946
Contract liabilities	120,388	343,154	274,209
Option to acquire shares in subsidiary	57,000	–	–
Other creditors	18,047	33,180	17,159
	<hr/>		
	639,006	731,748	428,962
	<hr/> <hr/>		

The NCR Group recognises the following liabilities related to contracts with customers as defined in IFRS 15:

	2020	2019	2018
	£	£	£
At 1 January	343,154	274,209	142,409
Amounts recognised as revenue during the year	(343,154)	(274,209)	(142,409)
Amounts received in advance of performance and not recognised as revenue during the year	<u>120,388</u>	<u>343,154</u>	<u>274,209</u>
At 31 December	<u><u>120,388</u></u>	<u><u>343,154</u></u>	<u><u>274,209</u></u>

The NCR Directors consider that the carrying amount of trade payables approximates to their fair value.

The option to acquire shares in a subsidiary is recognised as deferred consideration on a business combination, as explained further in note 16.

## 21. Employee benefits

The NCR Group contributes to a defined contribution pension scheme in the UK to provide benefits for employees upon retirement. The total expense relating to the pension plan is shown in note 6. The liability was £11,045 at the end of the year (2019: £15,178, 2018: £17,159).

## 22. Deferred tax assets and liabilities

Deferred tax balances are carried at 19 per cent. (2019: 17 per cent., 2018: 17 per cent.) except where they were expected to reverse within one year when they were carried at 19 per cent. in all periods. The NCR Group has not recognised any adjustment to its deferred tax balance as at 31 December 2020 as a result of the increase in future corporation tax rates to 25 per cent., as explained in note 11.

The following is the analysis of deferred tax balances for financial reporting purposes:

<i>At 31 December 2020</i>	<i>Liability</i>	<i>Liability</i>	<i>Asset</i>	<i>Asset</i>
	<i>&lt;1 year</i>	<i>&gt;1 year</i>	<i>&lt;1 year</i>	<i>&gt;1 year</i>
	£	£	£	£
Accelerated capital allowances	12,380	–	–	–
Provisions	–	–	20,025	–
Capitalised development costs	13,334	40,001	–	–
Tax losses	–	–	23,047	113,345
Business combinations	3,872	15,489	–	–
Transition to IFRS	–	–	2,733	–
<b>Total</b>	<u><u>29,586</u></u>	<u><u>55,490</u></u>	<u><u>45,805</u></u>	<u><u>113,345</u></u>
<i>At 31 December 2019</i>	<i>Liability</i>	<i>Liability</i>	<i>Asset</i>	<i>Asset</i>
	<i>&lt;1 year</i>	<i>&gt;1 year</i>	<i>&lt;1 year</i>	<i>&gt;1 year</i>
	£	£	£	£
Accelerated capital allowances	33,800	–	–	–
Provisions	–	–	2,600	–
Capitalised development costs	5,887	17,662	–	–
Transition to IFRS	–	–	1,387	–
<b>Total</b>	<u><u>39,687</u></u>	<u><u>17,662</u></u>	<u><u>3,987</u></u>	<u><u>–</u></u>

At 31 December 2018

	Liability <1 year £	Liability >1 year £	Asset <1 year £	Asset >1 year £
Accelerated capital allowances	15,712	–	–	–
Capitalised development costs	3,624	10,871	–	–
Short term timing differences	–	–	34,662	–
Transition to IFRS	–	–	3,321	–
<b>Total</b>	<u>19,336</u>	<u>10,871</u>	<u>37,983</u>	<u>–</u>

The following are the deferred tax assets and liabilities recognised by the NCR Group and related movements during the current and prior years:

	Net liability/ (asset) at 1 January 2020 £	(Credit)/ charge to profit and loss £	Effect of change in tax rate £	Arising on business combinations £	Net liability/ (asset) at 31 December 2020 £
Accelerated capital allowances	33,800	(22,723)	1,303	–	12,380
Provisions	(2,600)	(17,121)	(304)	–	(20,025)
Capitalised development costs	23,549	27,016	2,770	–	53,335
Tax losses	–	(123,324)	–	(13,068)	(136,392)
Business combinations	–	–	–	19,361	19,361
Transition to IFRS	(1,387)	(1,346)	–	–	(2,733)
<b>Net movement</b>	<u>53,362</u>	<u>(137,498)</u>	<u>3,769</u>	<u>6,293</u>	<u>(74,074)</u>
	Net liability/ (asset) at 1 January 2019 £	(Credit)/ charge to profit and loss £	Effect of change in tax rate £	Arising on business combinations £	Net liability/ (asset) at 31 December 2019 £
Accelerated capital allowances	15,712	22,065	(3,977)	–	33,800
Provisions	–	(2,600)	–	–	(2,600)
Capitalised development costs	14,494	9,055	–	–	23,549
Short term timing differences	(34,662)	34,662	–	–	–
Transition to IFRS	(3,321)	1,934	–	–	(1,387)
<b>Net movement</b>	<u>(7,777)</u>	<u>65,116</u>	<u>(3,977)</u>	<u>–</u>	<u>53,362</u>
	Net liability/ (asset) at 1 January 2018 £	(Credit)/ charge to profit and loss £	Effect of change in tax rate £	Arising on business combinations £	Net liability/ (asset) at 31 December 2018 £
Accelerated capital allowances	10,255	5,457	–	–	15,712
Capitalised development costs	–	14,494	–	–	14,494
Short term timing differences	(24,210)	(10,452)	–	–	(34,662)
Transition to IFRS	(858)	(2,463)	–	–	(3,321)
<b>Net movement</b>	<u>(14,813)</u>	<u>7,036</u>	<u>–</u>	<u>–</u>	<u>(7,777)</u>

### 23. Financial instruments

The NCR Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The NCR Group's Chief Financial Officer, working alongside the rest of the Board maintain liquidity and credit risk and manages relations with the NCR Group's bankers.

### **Credit risk**

Credit risk is the risk of financial loss to the NCR Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the NCR Group's receivables from customers.

The carrying amounts of financial assets held at amortised cost represent the maximum credit exposure. As explained in note 17 personal receivables are required to pay for courses in advance unless they are EdAid receivables, which are subject to deferred credit terms with repayments contingent on the future employment income of those individuals. Except for this, the risk is limited to corporate debtors. The NCR Group monitors defaults of customers and incorporates this information into credit risk controls. The NCR Group is not exposed to any significant credit risk in relation to any single counterparty or group or counterparties having similar characteristics.

The NCR Group establishes an allowance for impairment in respect of receivables where recoverability is considered doubtful – see note 17 for further details.

### **Liquidity risk**

Liquidity risk is the risk that the NCR Group might be unable to meet its obligations as they fall due. The NCR Group manages its liquidity by forecasting cash inflows and outflows on a daily basis. The NCR Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the NCR Group's reputation. The contractual maturity of financial liabilities is outlined below.

### **Market risk**

The NCR Group is exposed to market risk through its use of financial instruments, and specifically to interest rate risk. No material interest rate fluctuations are expected on any short term financing with all liabilities subject to fixed interest rates as outlined in note 18.

### **Capital management**

The NCR Group's objectives when managing capital are to safeguard the NCR Group's ability to continue as a going concern in order to provide returns for shareholders and other stakeholders. The NCR Group manages the capital structure, being cash and cash equivalents, availability of longer term bank funding, and reinvestment of a proportion of profits generated, and makes changes in light of movements in economic conditions. In order to maintain or adjust the capital structure, the NCR Group may adjust its borrowings and investment decisions, as evidenced when bank borrowing arrangements were incepted during the Covid-19 trading difficulties during 2020.

The carrying amount of financial instruments is shown below:

	2020	2019	2018
	£	£	£
Carrying amount of financial assets			
Debt instruments measured at amortised cost	296,254	300,535	194,320
Cash and cash equivalents	525,671	421,201	247,073
	<u>821,925</u>	<u>721,736</u>	<u>441,393</u>
Carrying amount of financial liabilities			
Measured at amortised cost	2,112,719	816,361	674,107
	<u>2,112,719</u>	<u>816,361</u>	<u>674,107</u>



The undiscounted contractual maturity analysis for NCR Group financial instruments is shown below. The maturity analysis reflects the contractual undiscounted cashflows, including future interest charges, which may differ from the carrying value of the liabilities as at the reporting date.

<i>Financial assets</i>	<i>Demand and less than 3 months</i> £	<i>From 3 to 12 months</i> £	<i>From 12 months to 2 years</i> £	<i>From 2 to 5 years</i> £	<i>More than 5 years</i> £	<i>Total</i> £
Trade and other receivables	194,320	–	–	–	–	194,320
Cash and cash equivalents	247,073	–	–	–	–	247,073
<b>As at 31 December 2018</b>	<b>441,393</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>441,393</b>
Trade and other receivables	233,168	18,218	37,066	12,083	–	300,535
Cash and cash equivalents	421,201	–	–	–	–	421,201
<b>As at 31 December 2019</b>	<b>654,369</b>	<b>18,218</b>	<b>37,066</b>	<b>12,083</b>	<b>–</b>	<b>721,736</b>
Trade and other receivables	165,667	65,918	44,891	19,778	–	296,254
Cash and cash equivalents	525,671	–	–	–	–	525,671
<b>As at 31 December 2020</b>	<b>691,338</b>	<b>65,918</b>	<b>44,891</b>	<b>19,778</b>	<b>–</b>	<b>821,925</b>
<i>Financial liabilities</i>	<i>Demand and less than 3 months</i> £	<i>From 3 to 12 months</i> £	<i>From 12 months to 2 years</i> £	<i>From 2 to 5 years</i> £	<i>More than 5 years</i> £	<i>Total</i> £
Trade and other payables	294,355	41,031	–	–	–	335,386
Borrowings	19,700	59,100	46,267	–	–	125,067
Leases	29,324	54,234	72,312	74,589	–	230,459
<b>As at 31 December 2018</b>	<b>343,379</b>	<b>154,365</b>	<b>118,579</b>	<b>74,589</b>	<b>–</b>	<b>690,912</b>
Trade and other payables	606,413	22,719	–	–	–	629,132
Borrowings	19,700	26,567	–	–	–	46,267
Leases	18,078	54,234	72,312	2,277	–	146,901
<b>As at 31 December 2019</b>	<b>644,191</b>	<b>103,520</b>	<b>72,312</b>	<b>2,277</b>	<b>–</b>	<b>822,300</b>
Trade and other payables	305,948	190,159	–	–	–	496,107
Borrowings	44,792	164,757	225,297	432,837	45,610	911,933
Leases	50,515	151,542	202,056	404,113	–	808,226
<b>As at 31 December 2020</b>	<b>401,255</b>	<b>506,458</b>	<b>427,353</b>	<b>836,950</b>	<b>45,610</b>	<b>2,216,266</b>

The maturity analysis of trade and other receivables includes management's assessment of the most likely repayment amounts and dates for EdAid receivables, calculated on a line-by-line basis and by reference historical experience of similar settlement patterns. As actual settlement profiles are contingent on graduate employment and salary levels, the actual receipt of cash is likely to be different to these projections.

All assets and liabilities are held in Sterling.

## 24. Share capital and other equity

<i>Number of ordinary shares</i>	2020	2019	2018
Ordinary A shares of £0.10 each	2,830	2,830	3,080
Ordinary B shares of £0.10 each	2,170	2,170	1,170
Ordinary C shares of £0.10 each	–	–	500
Ordinary D shares of £0.10 each	–	–	250
Ordinary R1 shares of £0.10 each	1,797	1,797	–
Ordinary R2 shares of £0.10 each	1,033	1,033	–
	<u>7,830</u>	<u>7,830</u>	<u>5,000</u>
<i>Nominal value of ordinary shares</i>	£	£	£
Ordinary A shares of £0.10 each	283	283	308
Ordinary B shares of £0.10 each	217	217	117
Ordinary C shares of £0.10 each	–	–	50
Ordinary D shares of £0.10 each	–	–	25
Ordinary R1 shares of £0.10 each	180	180	–
Ordinary R2 shares of £0.10 each	103	103	–
	<u>783</u>	<u>783</u>	<u>500</u>

Each Ordinary A and Ordinary B share carries the right to attend, speak and vote at all general meetings of the Company. On a return of capital the Ordinary A and Ordinary B shareholders are entitled to a return of capital and split of balance of any assets *pro rata* to the number of shares held.

R shares do not carry any right to attend, speak or vote at general meetings of NCR or any right to a return of capital.

On 5 February 2021 NCR subdivided all of its share classes such that each 10p share was split into 1,000 equivalent shares with nominal value 0.01p. The total value of issued share capital and all other equity reserves did not change as a result of this transaction, however the company has 7,830,000 shares in issue immediately following this.

On 26 May 2021, NCR cancelled each of the R Shares for no consideration by way of a reduction of share capital supported by a solvency statement of the NCR Directors in accordance with section 641 and 644 of the Act.

## 25. Related party transactions

The only related party transactions are those with the NCR Group's directors. Advances of credits have been granted by the NCR Group to its directors as follows:

	31 December 2020					
	<i>Balance b/f</i>	<i>Advanced</i>	<i>Repaid</i>	<i>Interest charged*</i>	<i>Provision for write off</i>	<i>Balance c/f</i>
	£	£	£	£	£	£
A Batra	422	5,000	–	53	–	5,475
C Hill	33,061	5,000	–	1,990	–	40,051

\* Includes a catch-up in relation to the years ended 31 December 2019 & 31 December 2018.

	31 December 2019					
	<i>Balance b/f</i>	<i>Advanced</i>	<i>Repaid</i>	<i>Interest charged</i>	<i>Provision for write off</i>	<i>Balance c/f</i>
	£	£	£	£	£	£
A Batra	319	103	–	–	–	422
C Hill	28,253	4,808	–	–	–	33,061

	31 December 2018					
	<i>Balance b/f</i>	<i>Advanced</i>	<i>Repaid</i>	<i>Interest charged</i>	<i>Provision for write off</i>	<i>Balance c/f</i>
	£	£	£	£	£	£
A Batra	–	319	–	–	–	319
C Hill	15,658	14,775	(2,180)	–	–	28,253
J Brooke	23,459	33,280	(35,237)	–	(21,502)	–

In 2018, J Brooke, a former director and shareholder left the NCR Group owing a balance of £21,502. The NCR Group has been unable to recover this debt and so has provided against the balance owed and this amount has subsequently been formally waived and written off.

The statutory accounts for the year ended 31 December 2018 included dividends of £34,700 declared in favour of C Hill. Following a review of the revenue recognition policy in particular, Northcoders Limited did not have sufficient realised retained profits for this dividend to be legally declared and accordingly these financial statements recognise the cancellation of this dividend in order to comply with the requirements of the Companies Act 2006. The NCR Group declared a bonus in June 2021, the proceeds of which will be used to fully repay this balance owing; the bonus has been fully provided for in the year ended 31 December 2020.

Interest has being charged primarily at a rate of 2.25 per cent. (2019: 2.50 per cent.; 2018: 2.50 per cent.). The maximum receivable outstanding in each period was £38,113 (2019: £68,433; 2018: £28,933).

In addition to directors remuneration (note 6), consultancy fees were paid to S Lindsay of £13,579 (2019 – £12,007, 2018 – £15,959). S Lindsay became a director of NCR on 1 January 2018.

The NCR Group has recognised expenses for staff training of £nil (2019: £1,650, 2018: £nil) with The Juice Academy Limited, a company of which S Lindsay is also a director.

## 26. Commitments and contingent liabilities

As at all reporting periods NCR had no contingent liabilities or capital commitments.

## 27. Subsidiaries

Details of NCR's subsidiaries at 31 December 2020 are as follows:

<i>Name of undertaking</i>	<i>Registered office</i>	<i>Nature of business</i>	<i>Class of shareholding</i>	<i>% Held</i>
Northcoders TechEd Limited <i>(formerly Taylor Made Training (NW) Ltd)</i>	England and Wales	Provision of apprenticeship training courses	Ordinary shares	24%

All investments are directly held by NCR. NCR had no subsidiaries as at 31 December 2019 or 31 December 2018.

The registered office of TechEd at the year end was Cloud Accountant, The Tannery, Kirkstall Road, Leeds, LS3 1HS, when it was called Taylor Made Training (NW) Ltd . The company changed its name to Northcoders TechEd Limited on 19 May 2021, and on the same day its registered office was changed to Manchester Technology Centre, Oxford Road, Manchester, M1 7ED.

Although NCR owns only 24 per cent. of the shares of TechEd, it has an option to purchase the remaining share capital of TechEd for a fixed price, thus converting to a wholly-owned subsidiary. The option to purchase includes a number of other key indicators of control which demonstrate that NCR has control over the company, as defined in IFRS 10 'Consolidated Financial Statements'.

As the year end it was expected that the option to purchase TechEd would be exercised by NCR, and accordingly the cost of exercising the option has been recognised within the cost of investment as if it had been exercised as at the year end; the amounts payable to the vendors are recognised as a payable balance as shown in note 20. This option was exercised on 19 May 2021. As TechEd is recognised as a wholly-owned subsidiary, the NCR Group's equity does not recognise any balances due to non-controlling interests arising from the unowned 76 per cent. as at 31 December 2020.

The investments in subsidiaries are stated at cost less impairment in the historical financial statements.

## **28. Events after the reporting date**

On 5 February 2021 NCR subdivided all of its share classes such that each 10p share was split into 1,000 equivalent shares with nominal value 0.01p. The total value of issued share capital and all other equity reserves did not change as a result of this transaction, however NCR had 7,830,000 shares in issue immediately following this subdivision.

On 15 February 2021 NCR granted share options to a number of its key employees. This gave rights over 720,000 C Ordinary shares, which were to be newly issued in the event of an exercise of these options. The vesting period for 182,500 of these options was two years from grant, and for 537,500 options is three years from grant, or a qualifying exit event should this be earlier. The two year scheme has a fair value of £8,344 and the three year scheme has a fair value of £27,823, with these values being determined using a Black-Scholes valuation. Between 28 June 2021 and 8 July 2021 these options were surrendered in full.

On 19 May 2021 the NCR Group exercised its option to purchase the 76 remaining ordinary shares of TechEd (then named Taylor Made Training (NW) Ltd), and took full ownership of the company from this date. On the same date the company was renamed Northcoders TechEd Limited. Further details on this option are provided in note 16.

On 26 May 2021, NCR undertook a reduction of share capital by way of the solvency statement procedure under the Companies Act 2006. The reduction of share capital reduced the amount standing to the credit of the share capital of NCR by cancelling each of the R shares and the share premium account of NCR.

On 24 June 2021, the entire issued share capital of NCR was transferred to Northcoders Group Limited in exchange for the issue of shares to the then shareholders of NCR in the same proportions as held by those shareholders in NCR.

## **29. Transition adjustments and effects of prior year adjustments**

The NCR Group transition to IFRS has been applied retrospectively. The effect of transition adjustments shown below relate to: development costs capitalised under IAS 38, leases recognised as Right of Use assets under IFRS 16, removal of onerous lease provision previously recognised under FRS 102 and deferred tax adjustments.

**Changes to statement of financial position**  
**At 1 January 2018**

		As previously reported £	Prior year adjustments £	Effect of IFRS transition £	As restated £
<b>Non-current assets</b>					
Property, plant & equipment		51,273	–	–	51,273
Right of use assets	3	–	–	257,078	257,078
<b>Current assets</b>					
Trade & other receivables	3	161,918	–	(10,488)	151,430
Current tax receivable	2	–	4,959	–	4,959
Deferred tax asset	1, 3	–	24,210	857	25,067
Cash		191,809	–	–	191,809
<b>Current liabilities</b>					
Borrowings		(38,800)	–	–	(38,800)
Lease liabilities	3	–	–	(59,716)	(59,716)
Current tax payable	2	4,959	(4,959)	–	–
Trade & other payables	1	(118,855)	(142,409)	–	(261,264)
Deferred tax provision		(10,255)	–	–	(10,255)
<b>Non-current liabilities</b>					
Borrowings		(51,733)	–	–	(51,733)
Lease liability	3	–	–	(202,408)	(202,408)
<b>Net assets/liabilities</b>		<u>190,316</u>	<u>(118,199)</u>	<u>(14,677)</u>	<u>57,440</u>
<b>Equity</b>					
Share capital		500	–	–	500
Share premium		186,808	–	–	186,808
Retained profits	1, 2, 3	<u>3,008</u>	<u>(118,199)</u>	<u>(14,677)</u>	<u>(129,868)</u>
<b>Total equity</b>		<u><u>190,316</u></u>	<u><u>(118,199)</u></u>	<u><u>(14,677)</u></u>	<u><u>57,440</u></u>

The above prior year adjustment as at the date of transition to IFRS, 31 December 2017 relates to the following:

- 1** Increase to deferred revenue liability of £142,409, and associated deferred tax impact creating an asset of £24,210.
- 2** Reclassification of current tax receivable previously netted off against current liabilities, as a current asset.

In addition the impact of adoption of IFRS is:

- 3** Capitalisation of right of use assets and associated lease liabilities, and derecognition of prepayments previously associated with the leases, together with deferred tax impact from this.

**Changes to statement of financial position**  
**At 31 December 2018\***

		<i>As previously reported</i>	<i>Prior year adjustments</i>	<i>Effect of IFRS transition</i>	<i>As restated</i>
		£	£	£	£
<b>Non-current assets</b>					
Intangible assets	5	–	–	85,262	85,262
Property, plant and equipment		82,695	–	–	82,695
Right of use assets	6	–	–	194,120	194,120
<b>Current assets</b>					
Trade and other receivables	1	175,675	28,572	–	204,247
Current tax receivable		39,940	–	–	39,940
Deferred tax asset	2,6	–	34,662	3,321	37,983
Cash		247,073	–	–	247,073
<b>Current liabilities</b>					
Borrowings		(78,800)	–	–	(78,800)
Lease liabilities	6	–	–	(74,331)	(74,331)
Trade and other payables	4	(251,159)	(177,803)	–	(428,962)
Deferred tax provision	5	(15,712)	–	(3,624)	(19,336)
<b>Non-current liabilities</b>					
Borrowings		(46,267)	–	–	(46,267)
Lease liability	6	–	–	(139,323)	(139,323)
Deferred tax provision	5	–	–	(10,871)	(10,871)
<b>Net assets/(liabilities)</b>		<u>153,445</u>	<u>(114,569)</u>	<u>54,554</u>	<u>93,430</u>
<b>Equity</b>					
Share capital		500	–	–	500
Share premium		186,808	–	–	186,808
Retained profits	1-6	<u>(33,863)</u>	<u>(114,569)</u>	<u>54,554</u>	<u>(93,878)</u>
<b>Total equity</b>		<u><u>153,445</u></u>	<u><u>(114,569)</u></u>	<u><u>54,554</u></u>	<u><u>93,430</u></u>

## Changes to statement of comprehensive income

At 31 December 2018\*

		<i>As previously reported</i>	<i>Prior year adjustments</i>	<i>Effect of IFRS transition</i>	<i>As restated</i>
		£	£	£	£
Revenue	4	1,154,253	(40,022)	–	1,114,231
Cost of sales	5	(176,451)	–	62,772	(113,679)
Gross profit		977,802	(40,022)	62,772	1,000,552
Administrative expenses	4,5	(991,401)	(3,000)	31,085	(963,316)
Exceptional items	4	(20,002)	(1,500)	–	(21,502)
Operating (loss)/profit		(33,601)	(44,522)	93,857	15,734
Finance income		230	–	–	230
Finance costs	6	(286)	–	(12,595)	(12,881)
(Loss)/profit before tax		(33,657)	(44,522)	81,262	3,083
Tax (charge)/credit	2, 3, 4, 5	(20,083)	10,452	(12,032)	32,907
Profit/(loss) for the year		829	(34,070)	69,230	35,990

\* The “As previously reported” figures reflect the comparatives of the statutory financial statements for the year ended 31 December 2019, which included prior year adjustments to the originally filed 2018 financial statements. The “Prior year adjustments” column excludes the impact of those prior year adjustments previously placed on public record.

The above prior year adjustment for the financial year ended 31 December 2018 relates to the following:

- 1 Cancellation of dividends of £37,700 which were recognised in the 2018 financial statements, but which following other adjustments were not declared in compliance with the requirements of the Companies Act 2006 and accordingly have been cancelled. Amounts paid against these dividends have been recognised as a receivable.
- 2 Deferred tax asset provided for following adjustment to increase decrease revenue.
- 3 Correction and re-allocation of previously recognised tax charge following adjustments to profit.
- 4 Increase to deferred revenue liability of £274,209 (together with associated adjustments to deferred revenues from the year ended 31 December 2017), rent accrual of £14,773, correction to increase loan write off provision by £1,500 for Mr J Brooke, transfer of £3,000 expense incorrectly classified as a dividend, and reclassification of transactions between director’s loan account debtor and liability £319.

In addition the impact of adoption of IFRS is:

- 5 Capitalisation of development costs previously expensed under FRS 102, arising through mandatory change of accounting policy, and associated deferred tax liabilities.
- 6 Capitalisation of right of use assets and associated lease liabilities, together with deferred tax impact from this.

**Changes to statement of financial position**  
**At 31 December 2019**

		<i>As previously reported</i>	<i>Prior year adjustments</i>	<i>Effect of IFRS transition</i>	<i>As restated</i>
		£	£	£	£
<b>Non-current assets</b>					
Intangible assets	4	–	–	138,522	138,522
Property, plant and equipment		246,406	–	–	246,406
Right of use assets	5	–	–	131,162	131,162
<b>Current assets</b>					
Trade and other receivables	1	311,813	35,223	(10,489)	336,547
Current tax receivable	2	74,940	21,982	–	96,922
Deferred tax asset	5	–	–	3,987	3,987
Cash		421,201	–	–	421,201
<b>Current liabilities</b>					
Borrowings		(46,267)	–	–	(46,267)
Lease liability		–	–	–	–
Trade and other payables	3	(522,247)	(209,501)	–	(731,748)
Lease liabilities	5	–	–	(66,643)	(66,643)
Deferred tax provision	4	(31,200)	–	(8,487)	(39,687)
<b>Non-current liabilities</b>					
Lease liability	5	–	–	(72,680)	(72,680)
Deferred tax provision	4	–	–	(17,662)	(17,662)
<b>Net assets/(liabilities)</b>					
		<u>454,646</u>	<u>(152,296)</u>	<u>97,710</u>	<u>400,060</u>
<b>Equity</b>					
Share capital	1	500	283	–	783
Share premium		186,808	–	–	186,808
Retained profits	2,3	<u>267,338</u>	<u>(152,579)</u>	<u>97,710</u>	<u>212,469</u>
<b>Total equity</b>					
		<u><u>454,646</u></u>	<u><u>(152,296)</u></u>	<u><u>97,710</u></u>	<u><u>400,060</u></u>



**Changes to statement of comprehensive income**  
**At 31 December 2019**

		<i>As previously reported</i>	<i>Prior year adjustments</i>	<i>Effect of IFRS transition</i>	<i>As restated</i>
		£	£	£	£
Revenue	3	2,072,489	(25,330)	–	2,047,159
Cost of sales	4	(491,834)	–	63,740	(428,094)
Gross profit		1,580,655	(25,330)	63,740	1,619,065
Administrative expenses	4, 5	(1,197,468)	–	(369)	(1,197,837)
Other operating income		31,156	–	–	31,156
Operating profit		414,343	(25,330)	63,371	452,384
Finance income		410	–	–	410
Finance costs	5	(12,064)	–	(9,227)	(21,291)
Profit before tax		402,689	(25,330)	54,144	431,503
Tax (charge)/credit	2	19,512	(12,680)	(10,988)	(4,156)
Profit for the year		<u>422,201</u>	<u>(38,010)</u>	<u>43,156</u>	<u>427,347</u>

The above prior year adjustment for financial year ended 31 December 2019 relates to the following:

- 1** Correction to share capital relating to the issue of R1 and R2 shares passed by ordinary resolution dated 20 February 2019 of £283, and cumulative impact of 2018 adjustment 1.
- 2** Adjustment to tax receivable following deferred revenue adjustment.
- 3** Adjustments to deferred income at 31 December 2019, and associated impact of adjustment to deferred revenue at 31 December 2018, along with the deferred tax impact of this.

In addition, the impact of adoption of IFRS is:

- 4** Capitalisation of development costs previously expensed under FRS 102, arising through mandatory change of accounting policy, and associated deferred tax liabilities.
- 5** Capitalisation of right of use assets and associated lease liabilities, together with deferred tax impact from this.

**Changes to statement of financial position**  
**At 31 December 2020**

		<i>Prepared under UK GAAP</i>	<i>Effect of IFRS adoption**</i>	<i>Prepared under IFRS</i>
		£	£	£
<b>Non-current assets</b>				
Intangible assets	1	–	361,289	361,289
Property, plant and equipment		112,323	–	112,323
Right of use assets	2	–	99,243	99,243
Investments **	3	75,375	(75,375)	–
Deferred tax asset	2	66,188	47,157	113,345
<b>Current assets</b>				
Trade and other receivables	1	298,805	–	298,805
Current tax receivable		245,938	–	245,938
Deferred tax asset	2	69,511	(23,706)	45,805
Cash		525,671	–	525,671
<b>Current liabilities</b>				
Borrowings	3	(189,656)	(2,099)	(191,755)
Lease liability		–	–	–
Trade and other payables	2	(726,450)	87,444	(639,006)
Lease liabilities	2	–	(167,916)	(167,916)
Deferred tax provision	1,3	(12,380)	(17,206)	(29,586)
<b>Non-current liabilities</b>				
Borrowings	3	(675,546)	(18,649)	(694,195)
Lease liability	2	–	(562,746)	(562,746)
Provisions	2	(489,444)	489,444	–
Deferred tax provision	1,3	–	(55,490)	(55,490)
<b>Net (liabilities)/assets</b>		<u>(699,665)</u>	<u>161,390</u>	<u>(538,275)</u>
<b>Equity</b>				
Share capital		783	–	783
Share premium	1, 2, 3	186,808	–	186,808
Retained profits		<u>(887,256)</u>	<u>161,390</u>	<u>(725,866)</u>
<b>Total equity</b>		<u><u>(699,665)</u></u>	<u><u>161,390</u></u>	<u><u>(538,275)</u></u>

\*\* The NCR Group has not prepared consolidated financial statements under UK GAAP and as such the impact of IFRS adoption also includes the first-time consolidation of Taylor Made Training (NW) Limited.

**Changes to statement of comprehensive income**  
**At 31 December 2020**

		<i>Prepared under UK GAAP</i>	<i>Effect of IFRS adoption**</i>	<i>As restated</i>
		£	£	£
Revenue	3	1,335,796	5,697	1,341,493
Cost of sales	1	<u>(614,534)</u>	<u>(44,803)</u>	<u>(659,337)</u>
Gross profit		721,262	(39,106)	682,156
Administrative expenses	2, 3	(1,648,546)	268,499	(1,380,047)
Other operating income		153,635	–	153,635
Exceptional items	2	<u>(474,737)</u>	<u>(116,051)</u>	<u>(590,788)</u>
Operating loss		(1,248,386)	113,342	(1,135,044)
Finance income		2,200	–	2,200
Finance costs	2	<u>(83,837)</u>	<u>(28,868)</u>	<u>(112,705)</u>
Loss before tax		(1,330,023)	84,473	(1,245,549)
Tax credit/(charge)	1,2,3	<u>328,003</u>	<u>(20,789)</u>	<u>307,214</u>
Loss for the year		<u><u>(1,002,020)</u></u>	<u><u>63,684</u></u>	<u><u>(938,335)</u></u>

The above effect of IFRS adoption for financial year ended 31 December 2020 relates to the following:

- 1** Capitalisation of development costs previously expensed under FRS 102, arising through mandatory change of accounting policy, and associated deferred tax liabilities.
- 2** Capitalisation of right of use assets and associated lease liabilities, and derecognition of straight line adjustments on the lease, together with deferred tax impact from this.
- 3** First time consolidation of Taylor Made Training (North West) Limited (see \*\* above).

**PART IV**  
**ADDITIONAL INFORMATION**

**1. The Company**

- 1.1 The Company was incorporated and registered as a private limited company in England and Wales under the Act on 6 May 2021 with the name Northcoders Group Limited and with registered number 13378742. On 5 July 2021, the Company was re-registered as a public limited company and changed its name to Northcoders Group plc.
- 1.2 The Company is a public limited company and accordingly the liability of its members is limited. The Company and its activities and operations are principally regulated by the Act and the regulations made thereunder.
- 1.3 The head office and registered office of the Company is at Manchester Technology Centre, Oxford Road, Manchester, England M1 7ED. The telephone number of the Company is +44 (0) 333 050 4368 and its website is [www.northcoders.com](http://www.northcoders.com).
- 1.4 In connection with Admission, the Company and NCR undertook the Share Capital Reorganisation which comprised the following steps:
- (a) on 6 May 2021, the Company was incorporated with 1 A ordinary share of £0.01;
  - (b) on 26 May 2021, NCR undertook a reduction of share capital by way of the solvency statement procedure in accordance with sections 641 and 644 of the Act. The reduction of share capital reduced the amount standing to the credit of the share capital of NCR by cancelling:
    - (i) each of the R1 Shares of £0.0001 each and each of the R2 Shares of £0.0001 each in its share capital; and
    - (ii) its share premium account,
 and crediting such cancelled amount to its reserves to eliminate part of its retained losses as at 26 May 2021;
  - (c) on 24 June 2021, the Company issued 2,830,000 A ordinary shares of £0.01 each and 2,170,000 B ordinary shares of £0.01 each, in each case, in the capital of the Company in exchange for the acquisition by the Company of the entire issued share capital of NCR pursuant to the share exchange agreement entered into between the Company and the then shareholders of NCR (the “**Exchange Agreement**”), details of which are set out in paragraph 10.3(a) of this Part IV;
  - (d) between 28 June 2021 and 8 July 2021, the holders of all options that were outstanding under the NCR Plan surrendered their options;
  - (e) on 5 July 2021, the Company was re-registered as a public limited company under the Act and changed its name to Northcoders Group plc; and
  - (f) on 21 July 2021, the Company redesignated the A ordinary shares of £0.01 each and B ordinary shares of £0.01 each in the capital of the Company into ordinary shares of £0.01 each in the capital of the Company, and adopted the Articles (to reflect the Company’s status as a company whose shares are traded on AIM), with effect from Admission.

**2. Share capital**

- 2.1 As at 6 May 2021, being the date upon which the Company was incorporated, the issued share capital of the Company, was as follows:

	<i>Number</i>	<i>Issued Amount</i>
A Ordinary Shares	1	£0.01
	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>

2.2 On 24 June 2021, following completion of the Exchange Agreement, the issued share capital of the Company, all of which was fully paid, was as follows:

	<i>Issued</i>	
	<i>Number</i>	<i>Amount</i>
A Ordinary Shares	2,830,001	£28,300.01
B Ordinary Shares	2,170,000	£21,700.00
	<u>          </u>	<u>          </u>

2.3 The issued share capital of the Company, of which all of the issued shares are fully paid up, as at the date of publication of this document is as follows:

	<i>Issued</i>	
	<i>Number</i>	<i>Amount</i>
Ordinary Shares	5,000,001	£50,000.01
	<u>          </u>	<u>          </u>

2.4 The issued share capital of the Company, of which all of the issued shares will be fully paid up on or before Admission, as it is expected to be immediately following Admission is as follows:

	<i>Issued</i>	
	<i>Number</i>	<i>Amount</i>
Ordinary Shares	6,944,445	£69,444.45
	<u>          </u>	<u>          </u>

2.5 It is currently anticipated that the following total number of options (all granted for nil consideration) will be granted by Company under the Company Plan with effect from Admission:

<i>Date of grant</i>	<i>Shares under option</i>	<i>Number of Ordinary Exercise price (£)</i>
On Admission	55,000	£0.01
On Admission	425,000	£1.80
<b>Total</b>	<u>480,000</u>	

2.6 Pursuant to the Act, with effect from 1 October 2009, the concept of authorised share capital was abolished and accordingly there is no limit on the maximum amount of shares that may be allotted by the Company.

2.7 Pursuant to an ordinary resolution of the Company dated 21 July 2021, subject to and with effect from Admission, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of the ordinary resolution, the Directors are generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers of the Company to allot shares and grant rights to subscribe for or to convert any security into shares (such shares and rights to subscribe for or to convert any security into shares being “**relevant securities**”) up to an aggregate nominal amount of £42,865.52, such authority to be limited to the allotment of:

- (a) 1,944,444 New Ordinary Shares pursuant to the Placing and the Subscription;
- (b) 27,293 New Ordinary Shares pursuant to and on the exercise of the subscription rights under the Warrants;
- (c) relevant securities other than pursuant to sub-paragraphs (a) and (b) above, having an aggregate nominal value equal to £23,148.15 (representing approximately one-third of the Enlarged Share Capital),

provided that unless previously revoked, varied or extended, such authority shall expire upon the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is 15 months from the date of passing of the resolution, except that the Directors can during such period make

offers or arrangements which could or might require the allotment of relevant securities after the expiry of such period.

- 2.8 Pursuant to a special resolution of the Company dated 21 July 2021, subject to and with effect from Admission, the Directors are empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by paragraph 2.7 above, and/or by way of a sale of treasury shares by virtue of section 573 of the Act, as if the provisions of section 561 of the Act did not apply to such allotment provided that this power is limited to:
- (a) the allotment of equity securities which fall within sub-paragraphs (a) and (b) of paragraph 2.7 above;
  - (b) the allotment of equity securities and/or sale of treasury shares in connection with an invitation to apply for, or offer of, equity securities in favour of the holders of ordinary shares in the capital of the Company (excluding any shares held by the Company as treasury shares (as defined in section 724(5) of the Act)) on a fixed record date in proportion (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal, regulatory or practical problems arising under the laws of or the requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever);
  - (c) the allotment (other than pursuant to the power referred to in sub-paragraphs (a) and (b) (inclusive) above) of equity securities up to an aggregate nominal value equal to £6,944.44 (representing approximately 10 per cent. of the Enlarged Share Capital); and
  - (d) the allotment (other than pursuant to the power referred to in sub-paragraphs (a) and (b) (inclusive) above and in addition to the authority granted in sub-paragraph (c) above) of equity securities up to an aggregate nominal value of £3,472.22 (representing approximately 5 per cent. of the Enlarged Share Capital), provided that such authority shall be used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this document,

provided that unless previously revoked, varied or extended, such power shall expire upon the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is 15 months from the date of passing of the resolution, except that the Directors can during such period make offers or arrangements which could or might require the allotment of equity securities after the expiry of such period.

- 2.9 The provisions of section 561 of the Act (to the extent not disapplied pursuant to section 570 of the Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560(1) of the Act) which are, or are to be, paid up in cash and apply to the authorised but unissued equity share capital of the Company. These provisions have been disapplied to the extent referred to in paragraph 2.8 above.

2.10 Save as set out in this paragraph 2:

- (a) no unissued share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (b) there are no shares in the capital of the Company or any of its subsidiaries currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;
- (c) there are no outstanding convertible securities issued by the Company or any of its subsidiaries; and
- (d) no share capital or loan capital of the Company or any of its subsidiaries (other than intra-group issues by wholly-owned subsidiaries) is in issue and no such issue is proposed.

- 2.11 None of the Ordinary Shares has been sold or made available to the public in conjunction with the application for Admission.
- 2.12 Save as disclosed in this document, no commission, discounts, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.
- 2.13 The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made to Euroclear for the Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those Shareholders who have requested the issue of Ordinary Shares in certificated form by 10 August 2021. The International Securities Identification Number (ISIN) for the Ordinary Shares is GB00BL97B942.
- 2.14 The Placing Price of 180 pence per New Ordinary Share represents a premium of 179 pence over the nominal value of one pence per New Ordinary Share and is payable in full on Admission under the terms of the Placing and Subscription.

### 3. Subsidiary undertakings

- 3.1 The Company is the holding company of the Group.
- 3.2 The Company currently has the following significant subsidiaries:

<i>Name</i>	<i>Registration number</i>	<i>Status</i>	<i>Place of incorporation</i>	<i>Percentage of voting share capital held</i>
Northcoders Limited	09912193	Trading	England and Wales	100%
Northcoders TechEd Limited	07998684	Trading	England and Wales	100% <sup>1</sup>

<sup>1</sup> Northcoders TechEd Limited is a wholly owned subsidiary of Northcoders Limited.

### 4. Summary of the Articles of Association of the Company

The Articles, which were adopted conditional on Admission by a special resolution of the Company passed on 21 July 2021, contain, *inter alia*, provisions to the following effect:

(a) **Objects**

Section 31 of the Act provides that the objects of a company are unrestricted unless any restrictions are set out in its articles. The Articles do not contain any restrictions on the objects of the Company.

(b) **Rights attaching to Ordinary Shares**

(i) *Voting rights*

Subject to the provisions of the Act and the Articles and to any rights or restrictions as to voting attached to any class of shares, at any general meeting on a show of hands, every member who (being an individual) is present in person has one vote. On a vote on a show of hands, a proxy appointed by one member has one vote and a proxy appointed by more than one member has one vote, if instructed to vote in the same way by all those members, and is entitled to one vote for and one vote against, if instructed to vote in different ways by those members. On a poll, every member present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for each share of which he is the holder. A member of the Company shall not be entitled, in respect of any share held by him, to vote (either personally or by proxy) at any general meeting of the Company unless all amounts payable by him in respect of that share in the Company have been paid or credited as having been paid.

(ii) *Dividends*

Subject to the provisions of the Act and of the Articles and to any special rights attaching to any shares, the Company may, by ordinary resolution, declare that out of profits available for distribution dividends be paid to members of the Company according to their respective rights and interests in the profits of the Company. However, no such dividend shall exceed the amount recommended by the Board. Interim dividends may be paid provided that they appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except as otherwise provided by the Articles or by the rights attached to shares, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up or credited as paid up (otherwise than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid.

Unless otherwise provided by the rights attached to any share, no dividends payable by the Company shall bear interest as against the Company.

The Company in general meeting may, on the recommendation of the Board, by ordinary resolution direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular, of fully paid shares or debentures of any other company.

The Board may, with the prior authority of an ordinary resolution of the Company and provided that the Company has sufficient undistributed profits or reserves to give effect to it, offer the holders of ordinary shares the right to elect to receive ordinary shares credited as fully paid in whole or in part instead of cash in respect of the whole or some part of any dividend specified in the resolution.

Any dividend unclaimed for a period of 12 years after having become due for payment shall be forfeited and shall cease to remain owing by the Company.

(ii) *Return of capital*

On a winding-up of the Company, the surplus assets remaining after payment of all creditors shall be divided among the members in proportion to the capital which, at the commencement of the winding up, is paid up on their respective shares or the liquidator may, with the sanction of a special resolution of the Company (and any other sanction required by law), divide amongst the members in specie the whole or any part of the assets of the Company in such manner as shall be determined by the liquidator.

(c) **Transfer of shares**

Save in the case of shares which have become participating securities for the purposes of the CREST Regulations, title to which may be transferred by means of a relevant system such as CREST without a written instrument, all transfers of shares must be effected by an instrument of transfer in writing in any usual form or in any other form approved by the Board. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The Board may, in its absolute discretion, refuse to register any transfer of certificated shares which is:

- (i) in respect of a share which is not fully paid up;
- (ii) in respect of a share on which the Company has a lien;
- (ii) in respect of more than one class of shares;
- (iv) in favour of more than four transferees or renounees;
- (v) not duly stamped (if so required); and
- (vi) not delivered for registration to the registered office of the Company (or such other place as the Board may from time to time determine) and accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.



The Board shall register a transfer of title to any uncertificated share, except the Board may refuse (subject to any relevant requirements of the London Stock Exchange) to register the transfer of an uncertificated share where permitted by the CREST Regulations.

If the Board refuses to register a transfer of a share it must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee together with its reasons for refusal.

(d) **Disclosure of interests in shares**

The provisions of rule 5 of the DTRs govern the circumstances in which a person may be required to disclose his interests in the share capital of the Company. *Inter alia*, this requires a person who is interested in three per cent. or more of the voting rights in respect of the Company's issued ordinary share capital to notify his interest to the Company (and above that level, any change in such interest equal to one per cent. or more). In addition, the City Code contains further provisions pursuant to which a person may be required to disclose his interests in the share capital of the Company.

Pursuant to the Articles, if a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the Act and has failed in relation to any shares (the "**default shares**") to give the Company the information thereby required within the prescribed period from the date of the notice or, in purported compliance with such notice, has made a statement which is false or inadequate in a material particular, then the Board may, at least 14 days after service of the notice, serve on the holder of such default shares a notice ("**disenfranchisement notice**") pursuant to which the following sanctions shall apply:

- (i) where the default shares in which any one person is interested represent less than 0.25 per cent. in nominal value of their class, the member shall not be entitled, in respect of the default shares, to be present or to vote (either in person or by proxy) at any general meeting of the Company; and
- (ii) where the default shares in which any one person is interested represent at least 0.25 per cent. in nominal value of their class, the member shall not be entitled, in respect of the default shares, to:
  - (a) be present or to vote (either in person or by proxy) at any general meeting;
  - (b) receive dividends (including shares issued in lieu of any dividend) or other distribution; and
  - (c) subject, in the case of uncertificated shares to the CREST Regulations, transfer, other than an exempt transfer, any shares.

(e) **Purchase of own shares**

Subject to the provisions of the Act and to any rights for the time being attached to any shares, the Company may with the sanction of a special resolution enter into any contract for the purchase of its own shares.

(f) **Variation of rights**

Subject to the provisions of the Act and of the Articles, if at any time the share capital of the Company is divided into shares of different classes, any of the rights attached to any share or class of share in the Company may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class duly convened and held as provided in the Articles (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or while the Company is or is about to be in liquidation.

The quorum for such separate general meeting of the holders of the shares of the class shall be not less than two persons present holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question.

(g) **General meetings**

Subject to the provisions of the Act, annual general meetings shall be held at such time and place as the Board may determine. The Board may convene any other general meeting whenever it thinks fit. A general meeting shall also be convened by the Board on the requisition of members in accordance with the Act.

A general meeting of the Company (other than an adjourned meeting) shall be called by notice of:

- (i) in the case of an annual general meeting, at least 21 clear days; and
- (ii) in any other case, at least 14 clear days.

The accidental omission to give notice of general meeting or, in cases where it is intended that it be sent out with the notice, an instrument of proxy, or to give notice of a resolution intended to be moved at a general meeting to, or the non-receipt of any of them by, any person(s) entitled to receive the same shall not invalidate the proceeding at that meeting and shall be disregarded for the purpose of determining whether the notice of the meeting, instrument of proxy or resolution were duly given.

No business shall be transacted at any general meeting unless the requisite quorum is present but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, two persons entitled to attend and vote on the business to be transacted, each being a member present in person or a proxy for a member, shall be a quorum.

With the consent of any general meeting at which a quorum is present the chair may, and shall if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place as he shall determine. The chair may, without consent of the meeting, interrupt or adjourn any general meeting if he is of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of the meeting or to give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting or to ensure that the business of the meeting is otherwise properly disposed of.

Notice of adjournment or of the business to be transacted at the adjourned meeting is not required unless the meeting is adjourned for 14 days or more, in which case at least seven clear days' notice is required. No business shall be dealt with at any adjourned meeting, the general nature of which was not stated in the notice of the original meeting.

(h) **Board authorisation of conflicts**

Subject to and in accordance with the Act and the provisions of the Articles, the Board may authorise any matter or situation in which a Director has, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. Any such authorisation shall be effective only if:

- (i) any requirement as to the quorum at any meeting of the Directors at which the matter is considered is met without counting either the conflicted Director or any other interested Director; and
- (ii) the matter or situation was agreed to and any relevant resolution was passed without counting the votes of the conflicted Director and without counting the votes of any other interested Director.

(i) **Directors' interests**

Provided permitted by any relevant legislation and provided that he has disclosed to the Board the nature and extent of his interest in accordance with the Articles, a Director, notwithstanding his office:

- (i) may be party to or otherwise interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested;
- (ii) may hold any other office or position of profit under the Company (except that of auditor of the Company or of any subsidiary of the Company) and may act by himself or through his firm in a professional capacity for the Company;
- (iii) may be a member of or a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by or promoting

the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and

- (iv) shall not, by reason of his office, be liable to account to the Company for any remuneration or other benefit which he derives from any such office, employment, contract, arrangement, transaction or proposal or from any interest in any such body corporate.

(j) ***Directors' ability to vote and count for quorum***

A Director shall not vote on or be counted in the quorum in relation to, any resolution of the Board or any committee of the Board concerning any transaction or arrangement with the Company in which he has an interest which may reasonably be regarded as likely to give rise to a conflict of interest, save that a Director shall be entitled to vote and be counted in the quorum in respect of any resolution at such meeting if the resolution relates to one of the following matters:

- (i) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (iii) where the Company or any of its subsidiary undertakings is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- (iv) relating to another company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company;
- (v) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (vi) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

A Director may not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment as the holder of any office or position of profit with the Company or any company in which the Company is interested (including fixing or varying the terms of such appointment or its termination).

Where proposals are under consideration concerning the appointments (including fixing or varying the terms of the appointment) of two or more Directors to offices or position of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case, each such Director (if not otherwise debarred from voting) is entitled to vote (and be counted in the quorum) in respect of each resolution except that resolution concerning his own appointment.

(k) ***Directors***

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding £500,000 per annum in aggregate or such other sum as the Company in general meeting shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Board may determine or, in default of such determination, equally (save where any Director has held office for less than the whole of the relevant period in respect of which the fees are paid).

Each Director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of his duties as Director. If by arrangement with the Board any Director performs any special duties or services outside his ordinary duties as a Director

and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of a lump sum or by way of salary, commission, participation in profits or otherwise) as the Board may from time to time determine.

(l) **Pensions and benefits**

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or who has at any time been a Director or any director of a subsidiary company of the Company or allied to or associated with the Company or such subsidiary or predecessor in business of the Company or any such subsidiary (and for any member of his family including a spouse or former spouse or civil partner or former civil partner or any person who is or was dependent on him). For this purpose the Board may, *inter alia*, establish, maintain, subscribe and contribute to any non-contributory or contributory pension or superannuation fund, scheme or arrangement and pay any insurance premiums.

(m) **Indemnification of Directors**

Subject to, and to the fullest extent permitted by, law, every Director and every director of any associated company, former Director, alternate Director, secretary or other officer of the Company (other than an auditor) may be fully indemnified out of the assets of the Company against all or any part of any costs, charges, losses, damages and liabilities incurred by him in relation to anything done, omitted or alleged to have been done by him in the actual or purported execution or discharge of his duties or exercise of his powers in relation to the Company or in connection with the Company's activities as trustee of any occupational pension scheme, subject to the exclusions set out in the Articles.

(n) **Borrowing powers**

Subject to the provisions of the Act and to the provisions set out in the Articles, the Board may exercise all the powers of the Company to borrow money to guarantee, to indemnify and to mortgage or charge its undertaking, property assets (present or future) and uncalled capital, or any part or parts thereof, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

The aggregate principal amount at any one time outstanding in respect of monies borrowed or secured by the Company and its subsidiaries (exclusive of intra-group borrowings and after deducting cash deposited) shall not at any time without the previous sanction of an ordinary resolution of the Company, exceed the greater of an amount equal to three times the aggregate of:

- (i) the amount paid up (or credited as or deemed to be paid up) on the issued share capital of the Company; and
- (ii) the amount outstanding to the credit of the capital and revenue reserves of the Company and its subsidiaries, whether or not distributable (including any share premium account, capital redemption reserve fund or revaluation reserve and credit or debit balance on any other reserve) after adding thereto or deducting therefrom any balance standing to the credit or debit of the income statement of the Company and its subsidiaries,

all as shown in the relevant balance sheet of the Company and its subsidiaries but after any adjustments, exclusions and deductions as set out in the Articles.

## 5. Directors and employees

- 5.1 The Directors and each of their respective functions are set out in Part I of this document.
- 5.2 The business address of the Directors is Manchester Technology Centre, Oxford Road, Manchester, England, M1 7ED.

5.3 Details of the length of service of each of the Directors to date in their current office are set out below:

<i>Name</i>	<i>Date of birth</i>	<i>Commencement date in office</i>
Amul Batra	5 May 1976	6 May 2021
Charlotte Prior	29 March 1994	6 May 2021
Christopher David Hill	14 June 1985	6 May 2021
Anthony Nicholas Parker	4 October 1960	21 July 2021
Sandra Lindsay	6 December 1965	6 May 2021

5.4 Details of any directorship that is or was in the last five years held by each of the Directors, and any partnership of which each of the Directors is or was in the last five years a member in addition to their directorships of the Company and its subsidiary undertakings are set out below:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Amul Batra	None	Fwinki Limited Westbrook Villas Management Company Limited
Charlotte Prior	None	None
Christopher David Hill	None	None
Sandra Lindsay	Vine Insights Limited The Rugby Football League Limited RFL (Governing Body) Limited North West Business Leadership Team Limited Juice Digital Ltd The Juice Academy Ltd Forever Manchester Tangerine Partnership Limited Sandy Lindsay Consulting Limited	N.W.B.L.T. Enterprises Limited
Anthony Nicholas Parker	Silversmith Consulting Ltd Sheffield Silversmith Company Limited One Health Group Ltd	Yu Group PLC Yu Energy Holdings Limited Yu Water Limited KAL Portfolio Trading Limited Yu Energy Retail Limited

5.5 Amul Batra was appointed as a director of Fwinki Limited on 29 September 2006. Fwinki Limited made application for voluntary strike-off from the register of companies on 2 October 2020 and was dissolved on 29 December 2020.

5.6 Sandra Lindsay was appointed as a director of N.W.B.L.T. Enterprises Limited on 30 November 2017 and resigned from office as a director on 17 March 2021. N.W.B.L.T. Enterprises Limited made application for voluntary strike-off from the register of companies on 22 March 2021.

5.7 Nick Parker was a director of Harris Miller & Co. (Cutlers) Limited within the 12 months preceding the administration of that company, which was wound up and dissolved on 24 November 1992.

5.8 Save as disclosed in paragraph 5.7 of this Part IV, as at the date of this document none of the Directors named in this document:

- (a) has any unspent convictions in relation to indictable offences;
- (b) has been declared bankrupt or has entered into an individual voluntary arrangement;
- (c) was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
- (d) was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
- (e) has had his or her assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
- (f) has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5.9 Details of the number of the Group's employees for each of the three financial years ended 31 December 2020 are as follows:

<i>Financial year ended</i>	<i>Average number of employees</i>
31 December 2018	22
31 December 2019	39
31 December 2020	35

5.10 As at 31 December 2020, the employees of the Group were employed as follows:

Central management	5
Delivery and Technical – consumer	15
Delivery and Technical – corporate solutions	5
Sales and marketing	10
<b>Total</b>	<b>35</b>

## 6. Directors' and other interests

6.1 The interests of the Directors, their immediate families and any persons connected with them (within the meaning of section 252 of the Act) (all of which, unless otherwise stated, are beneficial) in the issued share capital of the Company as at the date of this document and as they are expected to be prior to and immediately following Admission are/will be as follows:

<i>Director</i>	<i>As at the date of this document<sup>1</sup></i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
Amul Batra	1,033,000	20.66	1,033,000	14.88
Charlotte Prior	Nil	Nil	Nil	Nil
Christopher David Hill	1,797,001	35.94	1,553,668	22.37
Sandra Lindsay	Nil	Nil	Nil	Nil
Anthony Nicholas Parker	Nil	Nil	62,778	0.90

Between the date of this document and Admission, Chris Hill will sell 62,778 Ordinary Shares to Silversmith Consulting Limited, a company wholly owned by Nick Parker and his wife, 69,444 Ordinary Shares to David Llewellyn, 69,444 Ordinary Shares to Stephen Hill and 41,667 Ordinary Shares to Janet Hill, in each case at the Placing Price.

- 6.2 Details of the total number of options which the Company intends to grant on or shortly after Admission to the Directors are as follows:

<i>Name</i>	<i>Date of grant</i>	<i>Exercise price per Ordinary Share (£)</i>	<i>Number of Ordinary Shares under Option</i>	<i>Earliest Date of Exercise</i>	<i>EMI/ Unapproved Option</i>
Charlotte Prior	On Admission	<u>£1.80</u>	<u>75,000</u>	Third anniversary	EMI

- 6.3 Save as disclosed above, none of the Directors nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.

- 6.4 In addition to the interests of the Directors set out in paragraphs 6.1 to 6.3 above, as at the date of this document, insofar as is known to the Company, the following persons are, or will at Admission be, interested in three per cent. or more of the issued share capital of the Company:

<i>Name</i>	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
David Llewellyn	1,170,000	23.40	1,239,444	17.85
Amati Global Investors Limited	–	–	1,000,000	14.40
Vela Technologies plc	–	–	416,667	6.00
Anil Batra	500,000	10.00	500,000	7.20
Stephen Hill	<u>450,000</u>	<u>9.00</u>	<u>519,444</u>	<u>7.48</u>

- 6.5 Save as disclosed above, there are no persons, so far as the Company is aware, who are or will be immediately following Admission interested in three per cent. or more of the Company's issued share capital, nor, so far as the Company is aware, are there any persons who at the date of this document or immediately following Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

- 6.6 The interests of the Concert Party (all of which, unless otherwise stated, are beneficial) in the issued share capital of the Company, as at the date of this document and, insofar as is known to the Company, as they are expected to be immediately following Admission will be, as follows:

<i>Name</i>	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
Christopher David Hill	1,797,001	35.94	1,553,668	22.37
Amul Batra	1,033,000	20.66	1,033,000	14.88
Anil Batra	500,000	10.00	500,000	7.20
Stephen Hill	450,000	9.00	519,444	7.48
Janet Hill	–	–	41,667	0.60
Jude Nottingham	50,000	1.00	50,000	0.72
<b>Total</b>	<u>3,830,001</u>	<u>76.60</u>	<u>3,697,779</u>	<u>53.25</u>

Between the date of this document and Admission, Chris Hill will sell 62,778 Ordinary Shares to Silversmith Consulting Limited, a company wholly owned by Nick Parker and his wife, 69,444 Ordinary Shares to David Llewellyn, 69,444 Ordinary Shares to Stephen Hill and 41,667 Ordinary Shares to Janet Hill, in each case at the Placing Price.

- 6.7 Save as disclosed in this document, there are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.
- 6.8 The Company's share capital consists of one class of ordinary shares with equal voting rights (subject to the Articles). No major Shareholder of the Company has any different voting rights from the other Shareholders.
- 6.9 Save as disclosed in this document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.
- 6.10 There are no outstanding loans or guarantees provided by the Company or the Group to or for the benefit of any of the Directors.
- 6.11 Save as disclosed in note 25 of the historical financial information as set out in Part III of this document and this Part IV of this document, there have been no related party transactions of the kind set out in the Standards adopted according to the Regulation (EC) No 1606/2002 that the Company has entered into since 31 December 2020.
- 6.12 There are no actual or potential conflicts of interest between any Director's duties to the Company and any private interests and/or other duties he or she may have.
- 6.13 No Director nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) has a Related Financial Product (as defined in the AIM Rules for Companies) referenced to Ordinary Shares.
- 6.14 The legislation under which the Placing Shares are or will be issued is the Act and regulations made under the Act.
- 6.15 The Ordinary Shares are denominated in Sterling.



## **7. Directors' remuneration and service agreements**

- 7.1 Chris Hill is employed as Chief Executive Officer pursuant to the terms of a service agreement with the Company dated 21 July 2021. The agreement is terminable by either party on not less than six months' written notice. Mr Hill is paid a basic annual salary of £125,000. His basic salary is subject to annual review by the Remuneration Committee without any obligation to increase such salary. Any bonus payment to Mr Hill is purely discretionary and will be reviewed by the Remuneration Committee. In addition, he is entitled to membership of the private medical insurance scheme and receives a contribution of five per cent. of his basic salary to the Group pension scheme in line with auto-enrolment guidelines. Mr Hill is subject to certain non-competition and non-solicitation covenants for a period of 12 months' following the termination of his employment. The agreement is governed by English law.
- 7.2 Amul Batra is employed as Chief Operating Officer pursuant to the terms of a service agreement with the Company dated 21 July 2021. The agreement is terminable by either party on not less than six months' written notice. Mr Batra is paid a basic annual salary of £100,000. His basic salary is subject to annual review by the Remuneration Committee without any obligation to increase such salary. Any bonus payment to Mr Batra is purely discretionary and will be reviewed by the Remuneration Committee. In addition, he is entitled to membership of the private medical insurance scheme and receives a contribution of five per cent. of his basic salary to the Group pension scheme in line with auto-enrolment guidelines. Mr Batra is subject to certain non-competition and non-solicitation covenants for a period of 12 months' following the termination of his employment. The agreement is governed by English law.
- 7.3 Charlotte Prior is employed as Chief Financial Officer pursuant to the terms of a service agreement with the Company dated 21 July 2021. The agreement is terminable by either party on not less than six months' written notice. Ms Prior is paid a basic annual salary of £80,000. Her basic salary is subject to annual review by the Remuneration Committee without any obligation to increase such salary. Any bonus payment to Ms Prior is purely discretionary and will be reviewed by the Remuneration Committee. In addition, she is entitled to membership of the private medical insurance scheme and receives a contribution of five per cent. of her basic salary to the Group pension scheme in line with auto-enrolment guidelines. Ms Prior is subject to certain non-competition and non-solicitation covenants for a period of 12 months' following the termination of her employment. The agreement is governed by English law.
- 7.4 Pursuant to the terms of a letter of engagement with the Company dated 21 July 2021, Sandy Lindsay has agreed to serve as Non-Executive Chair for an annual fee of £45,000 (exclusive of VAT). This appointment is for an initial term of three years but is terminable by either party on three months' notice and will terminate automatically if Mrs Lindsay is removed from office by a resolution of the Shareholders or is not re-elected to office.
- 7.5 Pursuant to the terms of a letter of engagement with the Company dated 21 July 2021, Nick Parker has agreed to serve as Non-Executive Director for an annual fee of £35,000 (exclusive of VAT). This appointment is for an initial term of three years but is terminable by either party on three months' notice and will terminate automatically if Mr Parker is removed from office by a resolution of the Shareholders or is not re-elected to office.
- 7.6 Save as disclosed in this document there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company or the Group.
- 7.7 In the financial year ended 31 December 2020 (being the last completed financial year of the Company) the aggregate remuneration paid, including pension contributions and benefits in kind granted to the Directors, was £151,588.
- 7.8 On the basis of the arrangements in force at the date of this document it is estimated that the aggregate remuneration payable including pension contributions and benefits in kind granted to the Directors for the year ending 31 December 2021 (being the current financial year of the Company) will be £476,189.

## **8. Share options**

The NCR Plan was adopted by NCR on 4 February 2021. Options were granted under the NCR Plan on 15 February 2021 to a number of employees and executives of the Group over shares in the capital of NCR.

Between 28 June 2021 and 8 July 2021, each of the holders of options under the NCR Plan agreed to surrender their entitlements in the options granted under the NCR Plan.

The Company Plan was adopted by the Company on 21 July 2021. It is currently anticipated that Options (the “**Options**”) under the Company Plan will be granted with effect from Admission to a number of employees and executive directors of the Group (the “**Optionholders**”) over Ordinary Shares.

As at 21 July 2021 (being the latest practicable date prior to publication of this document), it is anticipated that Options will be granted over 480,000 Ordinary Shares with effect from Admission.

The following provisions apply to the Options:

(a) **Eligibility**

All employees of the Group are eligible to participate at the discretion of the Board provided that, for the Options to be eligible as EMI Options, they work for the Group for at least 25 hours a week, or, if less, 75 per cent. of their overall working time.

(b) **Grant of options**

Options may be granted by the Board during a period of 42 days following Admission or normally during any period of 42 days following the end of a Closed Period (as defined by MAR). In circumstances deemed exceptional by the Board, options may be granted outside the normal period. Options may not be granted more than 10 years after the date of adoption of the Company Plan. Options granted under the Company Plan are personal to a participant and, except on his death, may not be transferred, assigned or charged. When granting options the Board may specify objective performance targets to be satisfied before those options can be exercised.

(c) **Exercise price**

The price at which participants in the Company Plan may acquire Ordinary Shares shall not be less than the nominal value of an Ordinary Share.

(d) **Individual limits**

No option may be granted to a participant which would result in the aggregate unrestricted market value of Ordinary Shares (as measured at the date of grant) comprised in options (which remain unexercised, and have not lapsed or been cancelled or surrendered) granted to him or her under the Company Plan and any other company share option plan of the Company or any associated company exceeding £250,000. Unapproved options granted under the Company Plan do not count towards this limit.

(e) **Dilution limits**

The Company Plan is subject to the limits that the number of Ordinary Shares which may be issued or issuable pursuant to rights granted in any 10 year period under Employee Share Schemes (including the Company Plan) may not exceed 10 per cent. of the issued ordinary share capital of the Company following Admission.

(f) **Exercise, lapse and exchange of Options**

Options will generally become exercisable following the third anniversary of the date such Options are granted (“Grant Date”). Certain of the Options granted to Jonathan Rathbone, Ruth Ng and Sam Caine, relating to a total of 55,000 Ordinary Shares, will vest on the first anniversary of the Grant Date.

During the period of 12 months from the date of death of an Optionholder, the personal representatives of the Optionholder shall be permitted to exercise (i) where the death occurs prior to the date upon which an Option can be exercised (“Normal Vest Date”) of any Options, a proportion of such Options, based on the proportion of the period between the Grant Date and the Normal Vesting Date which has elapsed at the date of death (adjusted to reflect the extent to which any Performance Condition in respect of such Options has not been achieved) or (ii) where the death occurs on or following the Normal Vesting Date of any Options, all such Options.

Where an Optionholder ceases to be an employee of the Group prior to the Normal Vesting Date (other than as result of death), a proportion of the Options granted to that Optionholder, based on the proportion of the period between the Grant Date and the Normal Vesting Date which has elapsed at the date of cessation of employment, will lapse. The remaining Options held by the Optionholder shall be exercisable only if (i) the Board permits such Options to be exercised or (ii) the Optionholder ceasing to be an employee by reason of redundancy, disability, incapacity through ill health or injury or the sale of their employing company or business out of the Group. Such Options will be exercisable during the 90 day period beginning on (A) the Normal Vesting Date or (B) the date on which the Options would otherwise be exercisable as a result of any event under Rule 12 of the rules of the Company Plan relating to takeovers and liquidations.

Where an Optionholder ceases to be an employee of the Group (other than as result of death) on or after the Normal Vesting Date of any Options, the Options shall be exercisable, during the period of 90 days following the date of cessation of employment.

Options may not be exercised by a Optionholder where (i) they are subject to ongoing disciplinary proceedings or an investigation which may result in disciplinary proceedings, (ii) they have breached their contract of employment in a manner which may provide a fair reason for dismissal, (iii) they are in breach of a fiduciary duty, (iv) after ceasing to be an employee, the Optionholder has breached their employment contract, fiduciary duties or a post-termination restrictive covenants where such breach would have prevented exercise of the Option had the Board been aware of such breach at the date of their termination of employment or on the date of that the Board decides to permit the exercise of such Option or (v) if the Optionholder has given or received notice of termination of employment (while such notice remains effective).

In the event of a change of control of the Company, Options may be exercised within certain time limits. There are also provisions for the exchange of options in specified circumstances. Options immediately lapse on the tenth anniversary of the date of grant and in the event of the Optionholder's bankruptcy.

(g) ***Variation of share capital***

In the event of a variation of share capital, whether by way of capitalisation, rights issues, open offer, consolidation, sub-division or reduction of capital or otherwise, or in the event of a capital distribution, special dividend, distribution in specie, demerger or other event having a material impact on the value of the Ordinary Shares, the number of Ordinary Shares subject to a Option and the exercise price may be adjusted as the Board reasonably considers appropriate.

(h) ***Administration and amendment***

The Board may from time to time amend the rules of the Company Plan as it sees fit provided that (i) no amendment which would materially adversely affect an Optionholder with a subsisting Option may be made without the written consent of the Optionholder affected by the amendment and (ii) Ordinary Shares are traded on AIM, no material amendment to certain specific provisions may be made without the approval of the Company's Shareholders.

(i) ***Other Options terms***

*Options are not capable of transfer or assignment.*

All Ordinary Shares allotted under the Company Plan will rank *pari passu* with all other Ordinary Shares for the time being in issue, save as regards any rights arising by reference to a record date prior to the date of allotment. Application will be made for such Ordinary Shares to be admitted to trading on AIM.

(j) ***Income tax and national insurance***

The Optionholder indemnifies the Company for any income tax liability and primary class I (employee) national insurance liability (and any similar liabilities in other jurisdictions) which arises on the grant to him or her or exercise by him or her of a Option. In addition, the Optionholder will also be required to cover any employers' national insurance contributions which will arise for the Company on gains made on the exercise of Options.

(k) **Unapproved options**

The Company Plan contains provisions dealing with grants of “Non-Qualifying Options”, not intended to be EMI options. Any Ordinary Shares made available as Non-Qualifying Options are not treated as counting against the limits on individual and overall participation in respect of EMI Options under the Company Plan.

## 9. Taxation

The following information is based on UK tax law and HMRC practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

### 9.1 **Tax treatment of UK investors**

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- (a) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent. of shares in the Company; or
- (b) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- (c) who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

### 9.2 **Dividends**

Where the Company pays dividends no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals will have a £2,000 annum dividend tax allowance. Dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers. Investors should be aware that the income tax bands differ slightly between England, Wales and Scotland.

The annual dividend allowance available to individuals will not be available to UK resident trustees of a discretionary trust. UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 38.1%, which mirrors the dividend additional rate.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

### 9.3 **Disposals of Ordinary Shares**

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary shares by basic rate taxpayers is 10 per cent., and for upper rate and additional rate taxpayers is 20 per cent. The current annual exemption for capital gains tax is £12,300 for individuals and any capital losses a shareholder has may reduce the capital gain which is subject to capital gains tax.

Corporate shareholders within the charge to UK corporation tax may be liable to corporation tax on any chargeable gains realised on the disposal of Ordinary shares. An exemption known as the substantial shareholding exemption may exempt a gain from UK corporation tax but this depends on the specific circumstances of each taxpayer and advice should be sought from the Shareholder's professional adviser.

The current rate of corporation tax rate is 19 per cent. At Budget 2021 the UK government announced that the UK corporation tax rate would remain at 19 per cent for the tax years beginning 1 April 2021 and 1 April 2022 before increasing to 25 per cent beginning 1 April 2023 (subject to the 19 per cent rate continuing to apply for companies with profits of not more than £50,000, with marginal relief for profits of up to £250,000).

Non-United Kingdom resident Shareholders will not normally be liable to United Kingdom taxation on gains unless the Shareholder is trading in the United Kingdom through a branch, agency or permanent establishment and the Ordinary Shares are used or held for the purposes of the branch, agency or permanent establishment.

### 9.4 **EIS/VCT**

The Company has applied for, and received, provisional advance assurance from HMRC to the effect that, subject to receipt of a satisfactory compliance statement from the Company, the EIS/VCT Shares are capable of satisfying the requirements for EIS/VCT Relief. The obtaining of such provisional assurance and submission of a compliance statement by the Company does not guarantee EIS/VCT qualification for an investor, whose claim for relief will be conditional upon his or her own circumstances.

The Company also expects the EIS/VCT Shares to be capable of constituting a qualifying holding for EIS/VCT Relief purposes.

The status of the EIS/VCT Shares as a qualifying holding for VCT purposes will be conditional (amongst other things) on the qualifying conditions being satisfied throughout the period of ownership.

The status of the EIS/VCT Shares as qualifying for EIS Relief will be conditional (amongst other things) on the qualifying conditions being satisfied, both by the Company and (as regards those conditions to be met by an investor) the investor throughout a period of at least three years from the date of issue.

There can be no assurance that the Company will conduct its activities in a way that will secure or retain qualifying status for VCT and/or EIS purposes (and indeed circumstances may arise where the directors of the Company believe that the interests of the Group are not served by seeking to retain such status).

Further, the conditions for EIS Relief and VCT Relief are complex and relevant investors are recommended to seek their own professional advice before investing.

### 9.5 **Further information for Shareholders subject to UK income tax and capital gains tax**

#### *Transactions in securities*

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel "tax advantages" derived from certain prescribed "transactions in securities".

## 9.6 **Stamp duty and stamp duty reserve tax (“SDRT”)**

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- (a) the Ordinary Shares are admitted to trading on AIM, but are not listed on any market (with the term “listed” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- (b) AIM continues to be accepted as a “recognised growth market” as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

**THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.**

## 10. **Material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (i) within the period of two years immediately preceding the date of this document and which are, or may be, material or (ii) which contain any provision under which any member of the Group has an obligation or entitlement to the Group as at the date of this document:

### 10.1 **The Placing and Admission**

#### (a) *Placing Agreement*

A placing agreement dated 22 July 2021 and made between (1) the Company (2) the Directors (3) WH Ireland and (4) Peterhouse pursuant to which WH Ireland and Peterhouse have agreed, subject to certain conditions, to (i) act as agents for the Company and to use their reasonable endeavours to procure placees to subscribe for the Placing Shares at the Placing Price.

The Placing Agreement is conditional upon, *inter alia*, Admission occurring on or before 8.00 a.m. on 27 July 2021 (or such later date as the Company, WH Ireland and Peterhouse may agree, being not later than 5.00 p.m. on 10 August 2021). The Placing Agreement contains warranties from the Company and the Directors in favour of WH Ireland and Peterhouse in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business.

In addition, the Company has agreed to indemnify WH Ireland and Peterhouse in respect of certain liabilities it may incur in respect of the Placing and Subscription. WH Ireland and Peterhouse have the right to terminate the Placing Agreement in certain circumstances prior to

Admission, including, in particular, in the event of a material breach of the warranties or a force majeure event.

(b) *Warrants*

Pursuant to warrant instruments dated 22 July 2021 and constituted by the Company in favour of each of WH Ireland and Peterhouse, in consideration for their services in connection with the Placing, the Company has granted WH Ireland and Peterhouse each a warrant to subscribe at the Placing Price for an aggregate of up to 18,959 and 8,334 new Ordinary Shares respectively, being 1.5 per cent. of the New Ordinary Shares placed by each of them at the Placing Price (the “**Warrants**”). The Warrants may be exercised by WH Ireland and Peterhouse at any time from Admission until the third anniversary of Admission.

(c) *Lock-in and orderly market agreements*

A lock-in and orderly market agreement dated 22 July 2021 and made between (1) the Company (2) Chris Hill and Amul Batra and (3) WH Ireland pursuant to which each of Chris Hill and Amul Batra have undertaken to the Company and WH Ireland (subject to certain limited exceptions including transfers to family members or to trustees for their benefit and disposals by way of acceptance of a recommended takeover offer for the entire issued share capital of the Company, not to dispose of the Ordinary Shares held by each of them following Admission or any other securities in exchange for or convertible into, or substantially similar to, Ordinary shares (or any interest in them or in respect of them) at any time prior to the first anniversary of Admission (the “Lock-in Period”).

Furthermore, each of Chris Hill and Amul Batra have also undertaken to the Company and WH Ireland not to dispose of their Ordinary Shares for the period of 12 months following the expiry of the Lock-in Period otherwise than through WH Ireland for such time as they shall remain brokers to the Company.

In addition, pursuant to an orderly market agreement dated 22 July 2021 and made between (1) the Company (2) David Llewelyn and (3) WH Ireland, David Llewelyn has undertaken with the Company and WH Ireland not to dispose of Ordinary Shares for the period of 12 months following Admission other than through WH Ireland for such time as they still remain brokers to the Company.

(d) *Nomad Agreement*

A nominated adviser and broker agreement dated 22 July 2021 and made between (1) the Company (2) the Directors and (3) WH Ireland pursuant to which the Company has appointed WH Ireland to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for Companies. The Company has agreed to pay WH Ireland an annual advisory per annum for its services as nominated adviser and broker under this agreement. The agreement contains certain undertakings, warranties and indemnities given by the Company and the Directors to WH Ireland. The agreement is for a fixed term of 12 months and thereafter is terminable upon not less than three months’ prior written notice by either the Company or WH Ireland.

(e) *Relationship Agreement*

A relationship agreement dated 22 July 2021 and made between (1) the Company and (2) WH Ireland and (3) Chris Hill to regulate the relationship between the Company and Chris Hill after Admission. The Relationship Agreement, which provides for the autonomous operation of the Company by the Board independently of Chris Hill, will take effect on Admission and will be binding on Chris Hill until he ceases, directly or indirectly, to exercise control over at least 15 per cent. of the voting rights in respect of the entire issued share capital of the Company. Pursuant to the Relationship Agreement, Chris Hill also undertakes, amongst other things, that he will (and, in relation to his associates, will procure that each of his associates will): (i) conduct all transactions, agreements, relationships and arrangements with the Group on an arm’s length basis and on normal commercial terms; (ii) ensure that no contract of arrangement between him and any member of the Group is entered into or varied without the prior approval of a majority of independent non-executive Directors; and (iii) procure that certain matters are reserved for

approval by the Board and must, save where a conflict arises, include the approval of each of the independent non-executive Directors.

(f) *Engagement of Joint Placing Agent*

An engagement letter dated 20 July 2021 from Peterhouse to the Company pursuant to which the Company has appointed Peterhouse to act as joint placing agent to the Company in connection with the Placing. The agreement contains certain undertakings, warranties and indemnities given by the Company to Peterhouse. The engagement is terminable upon not less than one month's prior written notice by either the Company or Peterhouse.

## 10.2 **Financing**

(a) *Creative Growth Finance Limited Facility*

Creative Growth Finance Limited ("**CGF**") as lender has made available an interest-bearing secured term loan facility of £500,000 (the "**CGF Facility**") to NCR pursuant to a loan agreement dated 3 June 2020 (as amended on 26 June 2020) (the "**CGF Agreement**").

Pursuant to the terms of the CGF Agreement, the full amount of the CGF Facility was advanced in a single instalment immediately following completion of the CGF Agreement. The CGF Facility is to be repaid by means of 48 consecutive monthly instalments. NCR is entitled to prepay the loan in full. If such prepayment is made prior to the second anniversary of the date of the CGF Agreement, early repayment fees will apply.

Interest is payable on the outstanding balance of the loan monthly in arrears at the rate of 11 per cent. per annum compounding monthly until such time as the loan is repaid in full. An additional 2 per cent. default interest rate (i.e. an aggregate of 13 per cent.) will be incurred if NCR fails to make any payment due under the CGF Agreement. In addition, a credit management fee of £25,000 is payable under the CGF Agreement.

The CGF Agreement contains representations and warranties which are usual for an agreement of this nature. In addition, NCR is required under the CGF Agreement to safeguard 38 full-time employment positions and create 11 full-time employment positions in each case for a minimum of 12 months. The CGF Facility is repayable immediately on demand in the event of an event of default under the CGF Agreement.

For as long as any part of the CGF Facility remains outstanding, CGF are entitled to appoint a non-voting observer to the board of directors of NCR to attend all meetings of the board.

NCR has granted a debenture in favour of CGF which includes fixed and floating charges over all of its property or undertaking as security for its obligations under the CGF Agreement.

(b) *Santander Facility*

Santander UK plc ("**Santander**") as lender has made available a loan facility of £450,000 to NCR under the Coronavirus Business Interruption Loan Scheme (the "**CBIL Loan**") pursuant to a facility agreement dated 26 June 2020 (the "**CBIL Agreement**"). The purpose of the loan was to provide working capital to NCR.

Pursuant to the terms of the CBIL Agreement, the full amount of the CBIL Loan was advanced to NCR. The CBIL Loan is to be repaid by means of 72 consecutive instalments of £6,250 on each "Payment Date" (which are to be monthly or at the end of such other period agreed by Santander). Northcoders must repay any remaining balance of the CBIL Loan (together with any interest or other amounts owed under the CBIL Agreement) by the date which is 72 months from the date of drawdown of the CBIL Loan.

NCR is entitled to repay the CBIL Loan early provided that the early repayment amount is at least £25,000 (or the balance of the CBIL Loan if less).



Interest is payable on each Payment Date at the rate of 3.8 per cent. per annum above the Bank of England's base rate (or any fixed rate agreed by Santander and NCR). An additional two per cent. default interest rate may be incurred if NCR fails to make any payment due under the CBIL Agreement.

The CBIL Agreement contains confirmations on Santander's standard terms. The CBIL Loan is repayable immediately on demand in the event of an event of default under the CBIL Agreement.

NCR has granted a debenture in favour of Santander which includes fixed and floating charges over all of its property or undertaking as security for its obligations under the CBIL Agreement.

### 10.3 **General**

(a) *Exchange Agreement*

Pursuant to the Exchange Agreement, the Company acquired the entire issued share capital of NCR from the then shareholders of NCR, in consideration of the issue of shares to the current shareholders of the Company (as at the date of this document).

(b) *Shareholders' Agreement*

A shareholders' agreement dated 24 June 2021 and made between (1) the Company and (2) the current shareholders of the Company (as at the date of this document) (the "**Shareholders' Agreement**"). The Shareholders Agreement contains provisions typical of its nature including provisions relating to key decisions relating to the Company as between the shareholders.

(c) *Deed of Termination*

A deed of termination (the ("**Deed of Termination**") dated 22 July 2021 and made between (1) the Company and (2) the current shareholders of the Company (as at the date of this document). Pursuant to the Deed of Termination, the Shareholders' Agreement shall be terminated with effect from Admission.

## 11. **Working capital**

In the opinion of the Directors having made due and careful enquiry, taking into account the bank and other facilities available to the Group and the net proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

## 12. **Litigation**

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have or have had during the last 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Company and/or the Group nor, so far as the Company is aware, are any such proceedings pending or threatened.

## 13. **Significant change**

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Company since 31 December 2020, being the end of the period to which the latest audited consolidated accounts of the NCR relate.

## 14. **Consents**

14.1 WH Ireland Limited of 24 Martin Lane, London EC4R 0DR is authorised and regulated in the United Kingdom by the FCA. WH Ireland has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.

- 14.2 Peterhouse Capital Limited of 3rd Floor, New Liverpool House, 15 Eldon Street, London EC2M 7LD is authorised and regulated in the United Kingdom by the FCA. Peterhouse has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.
- 14.3 Haysmacintyre LLP, Chartered Accountants and registered auditors, of 10 Queen Street Place, London EC4R 1AG, have given and have not withdrawn their written consent to the issue of this document with the inclusion of their name and their report in Part III of this document and the references to such report and their name, in the form and context in which they appear.

## 15. General

- 15.1 The proceeds of the Placing and Subscription are expected to be approximately £2.6 million net of expenses of the Placing and Subscription which are estimated at £0.9 million, excluding VAT, and are payable by the Company.
- 15.2 Save for Nick Parker who received the sum of £137,404 for services provided to NCR prior to Admission, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
- (a) fees totalling £10,000 or more;
  - (b) securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or
  - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 15.3 Information in this document which has been sourced from third parties has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 15.4 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 15.5 Save as disclosed in this document, the Directors are unaware of any environmental issues that the Directors have determined may affect the Group's utilisation of its tangible fixed assets.
- 15.6 Save as disclosed in this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.
- 15.7 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Group.
- 15.8 Save as disclosed in this document, the Directors believe that the Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 15.9 The Company will be subject to the provisions of the City Code, including the rules regarding mandatory takeover offers set out in the City Code. Brief details of the Panel, the City Code and the protections they afford are described below. The City Code is issued and administered by the Panel. The City Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed public company resident in the United Kingdom. The Company is a public company resident in the United Kingdom and its shareholders are therefore entitled to the protections afforded by the City Code. Under Rule 9 of the City Code, when (i) a person acquires, whether by a series of transactions over a period of time or not, an interest in shares (as defined in the City Code) which, when taken together with shares already held by him or persons acting in

concert with him (as defined in the City Code), carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

An offer under Rule 9 of the City Code must be in cash (or with a cash alternative) and at not less than the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him. Rule 9 of the City Code further provides, among other things, that where any person who, together with persons acting in concert with him holds over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares. However, individual members of a concert party will not be able to increase their percentage interest in shares through or between a Rule 9 threshold without Panel consent. For the purposes of the City Code, persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), cooperate to obtain or consolidate control of a company.

- 15.10 Under the Act, if a takeover offer (as defined in section 974 of the Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Ordinary Shares to which the takeover offer relates (the "Takeover Offer Shares") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding Shareholders. The consideration offered to the Shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.
- 15.11 The Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relates to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror holds or has agreed to acquire not less than 90 per cent. of the Ordinary Shares (being voting shares that carry voting rights in the Company), any holder of Ordinary Shares to which the offer relates who has not accepted the offer is entitled by a written communication to the offeror to require it to acquire its Ordinary Shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, the giving notice. If a Shareholder exercises his other rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.
- 15.12 Since the date of incorporation of the Company, there has been no takeover offer (within the meaning of Part 28 of the Act) for any Ordinary Shares.
- 15.13 The current accounting reference period of the Company will end on 31 December 2021.
- 15.14 The financial information contained in Part III of this document does not constitute statutory accounts within the meaning of section 434 of the Act. A copy of the statutory accounts of NCR for each of the periods ended December 2018 and 31 December 2019 has been delivered to the Registrar of Companies in England and Wales. The statutory accounts for NCR for the period ended December 2020 have not been delivered to the Registrar of Companies in England and Wales. The statutory accounts for the periods ended 31 December 2018 and 31 December 2019 were not subject to a statutory audit. No auditors' report will be issued for the statutory accounts for the period ended December 2020. HaysMacintyre LLP, Chartered Accountants and registered auditors, of 10 Queen Street Place, London EC4R 1AG have now been appointed auditors of the Group.

**16. Availability of this document**

A copy of this document is available at the Company's website [www.northcoders.com](http://www.northcoders.com).

Dated 22 July 2021





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