



Northcoders Group plc

2023 Interim Results

19 September 2023

northcodersgroup.com



The Northcoders Team

Presentation Team



Chris Hill
Founder & Chief Executive Officer



Charlotte Prior
Chief Financial Officer

Other Board Members



Amul Batra
Chief Partnerships Officer



Nick Parker
Non-Executive Director

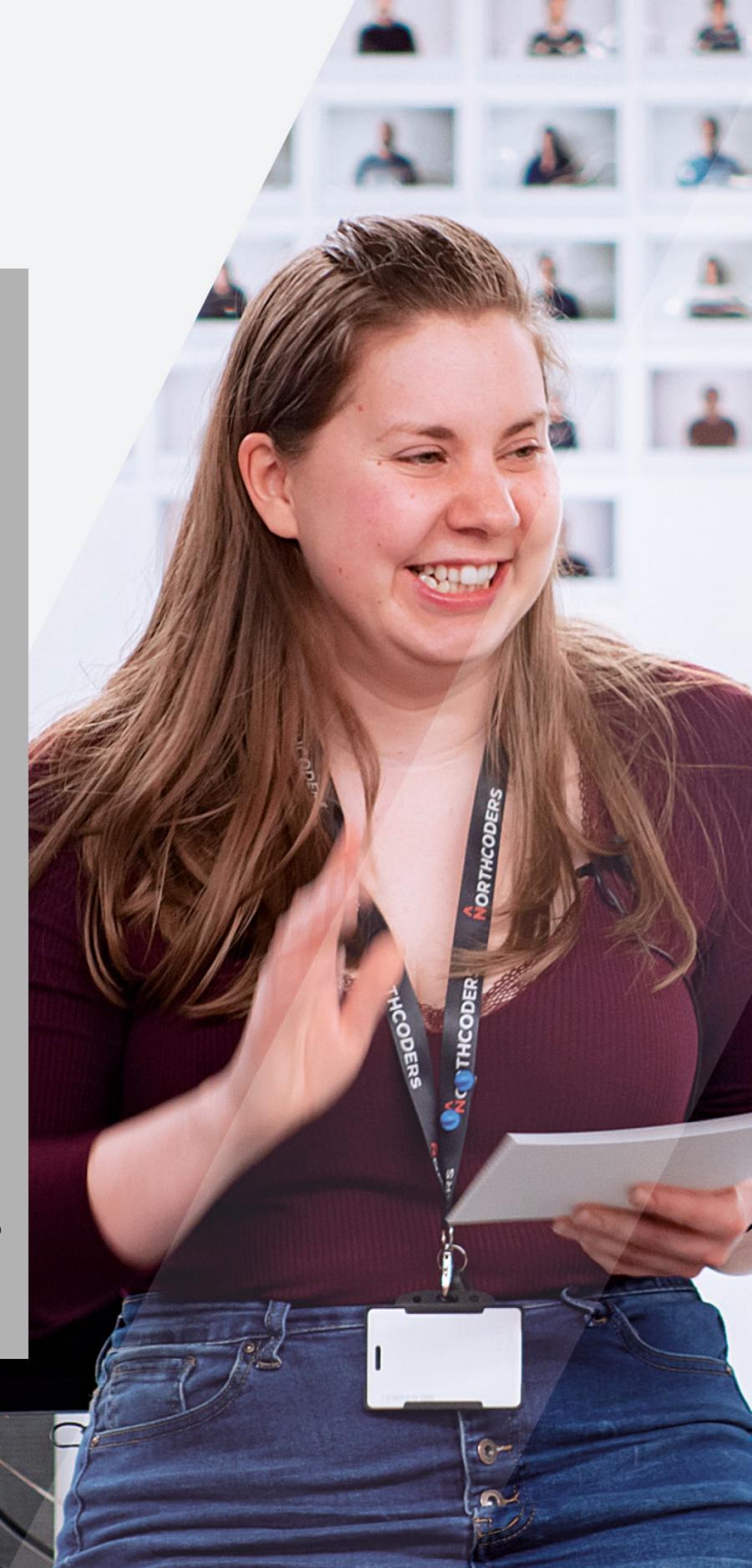


Angela Williams
Non-Executive Chair

Interim 2023 Highlights

Financial

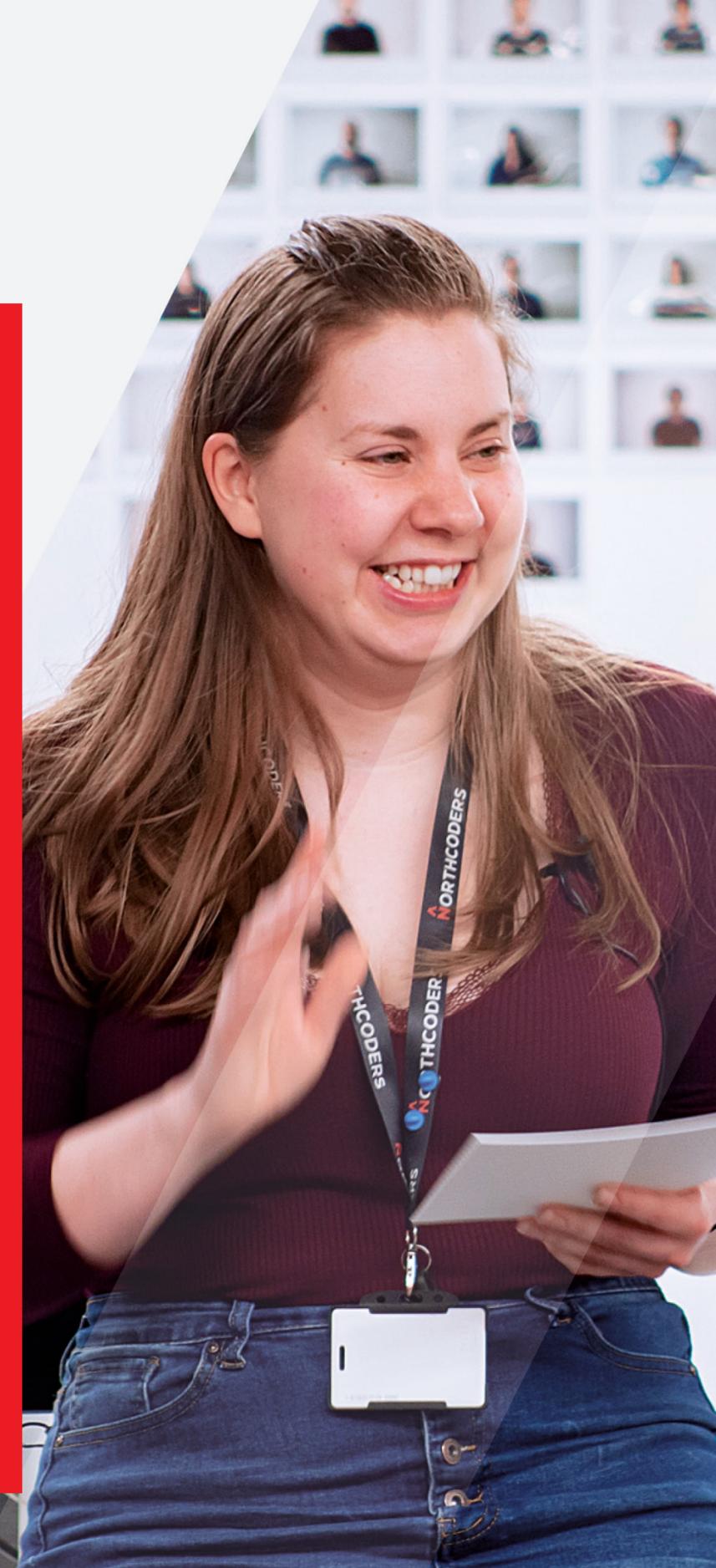
- Revenue grew to £3.5 million (H1 2022: £2.3 million), an increase of 46%
- Record demand for consumer bootcamp training, delivering revenues in H1 2023 of £2.8 million (H1 2022: £1.7 million)
- Underlying adjusted EBITDA of £0.04 million (H1 2022: £0.42 million) in line with management expectations following investments into Business Solutions and Tech Returners
- The Group's core business, Consumer Training Bootcamps, achieved adjusted EBITDA of £0.5 million showing ongoing growth in profitability
- Loss after tax of £0.2 million (Profit after Tax H1 2022: £0.2 million), delivering adjusted EPS of (2.07) pence (H1 2022: 4.59 pence)
- Strong balance sheet with cash of £2.04 million (H1 2022: £1.04 million) and Net assets at the Period end of £5.5 million (H1 2022: £2.4 million)



Interim 2023 Highlights

Operational

- Growth in demand with course applications, more than doubling to 7,107 in the Period (H1 2022: 3,494). Q3 2023 has again seen record applications, now standing at over 10,000
- Achieved further successful Department for Education Skills Bootcamps bid giving a further £4.5 million revenue visibility for H2-2023 and FY-2024
- Geographical Expansion: Over 45% of the Company's Training Bootcamp learners now based outside of Manchester and Leeds
- Tech Returners fully integrated into the Business with pipeline now including several large corporate businesses
- ReFrame conference dedicated to Women in Technology has been launched in London creating significant corporate brand awareness
- Business Solutions division signed its first public sector contract with a significant central Government department which is due to commence in Q4 2023
- Infrastructure: Investment and roll out of nCore platform on track
- Data Engineering discipline is performing strongly, and Cloud Engineering launched March 2023 with 60+ students signed up



Financial analysis

Core Business

Interim 23 results

	£
<u>Revenue</u>	<u>3.5</u>
<u>Cost of Sales</u>	<u>1.3</u>
<u>Gross Profit</u>	<u>2.2</u>
<u>Expenditure</u>	<u>2.1</u>
<u>EBITDA</u>	<u>0.1</u>



Consumer Bootcamps

	£
<u>Revenue</u>	<u>2.8</u>
<u>Cost of Sales</u>	<u>0.9</u>
<u>Gross Profit</u>	<u>1.9</u>
<u>Expenditure</u>	<u>1.4</u>
<u>EBITDA</u>	<u>0.5</u>

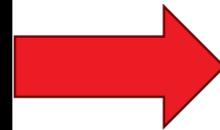
- 65% revenue growth (H1 2022: £1.7m)
- Adjusted EBITDA of £0.5m
- Further infrastructure improvements to be made in 2024 with NCore leading to efficiencies
- 7,107 applications in H1 2023 with 452 students enrolled
- Entry standard higher than ever
- Average starting salary now £28,572

Financial analysis

Investments

Interim 23 results

	£
Revenue	3.5
Cost of Sales	1.3
Gross Profit	2.2
Expenditure	2.1
EBITDA	0.1



Business Services

	£
Revenue	0.3
Cost of Sales	0.1
Gross Profit	0.2
Investment	0.5
EBITDA	-0.3

Tech Returners

	£
Revenue	0.4
Cost of Sales	0.2
Gross Profit	0.2
Investment	0.3
EBITDA	-0.1

- £400k Investment into Business Services sales and marketing
- Investment into Tech Returners commercial offering
- Corporate engagement is encouraging
- Market headwinds leading to uncertainty around contract initiation
- Market is showing signs of development as pipelines are building
- Establishing a corporate presence in London to enable future growth

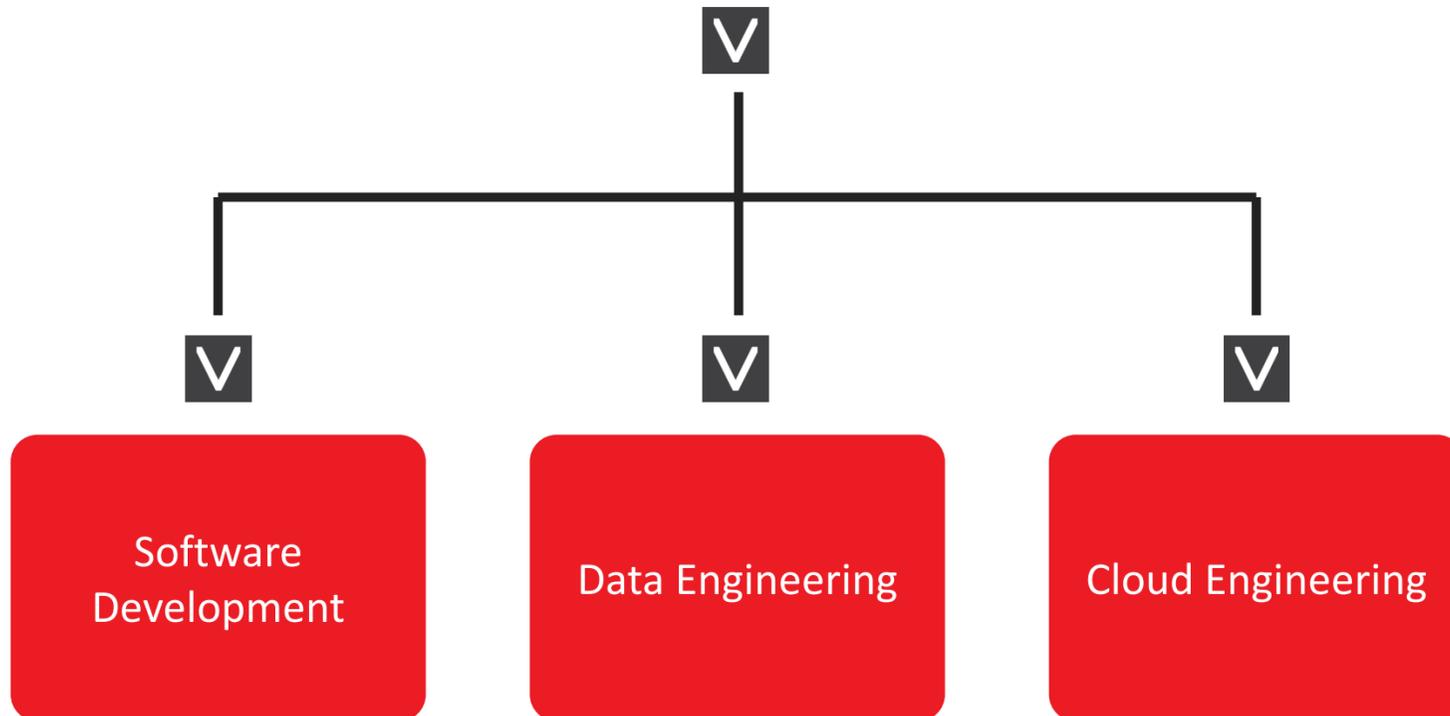


Business Overview & Growth Opportunities

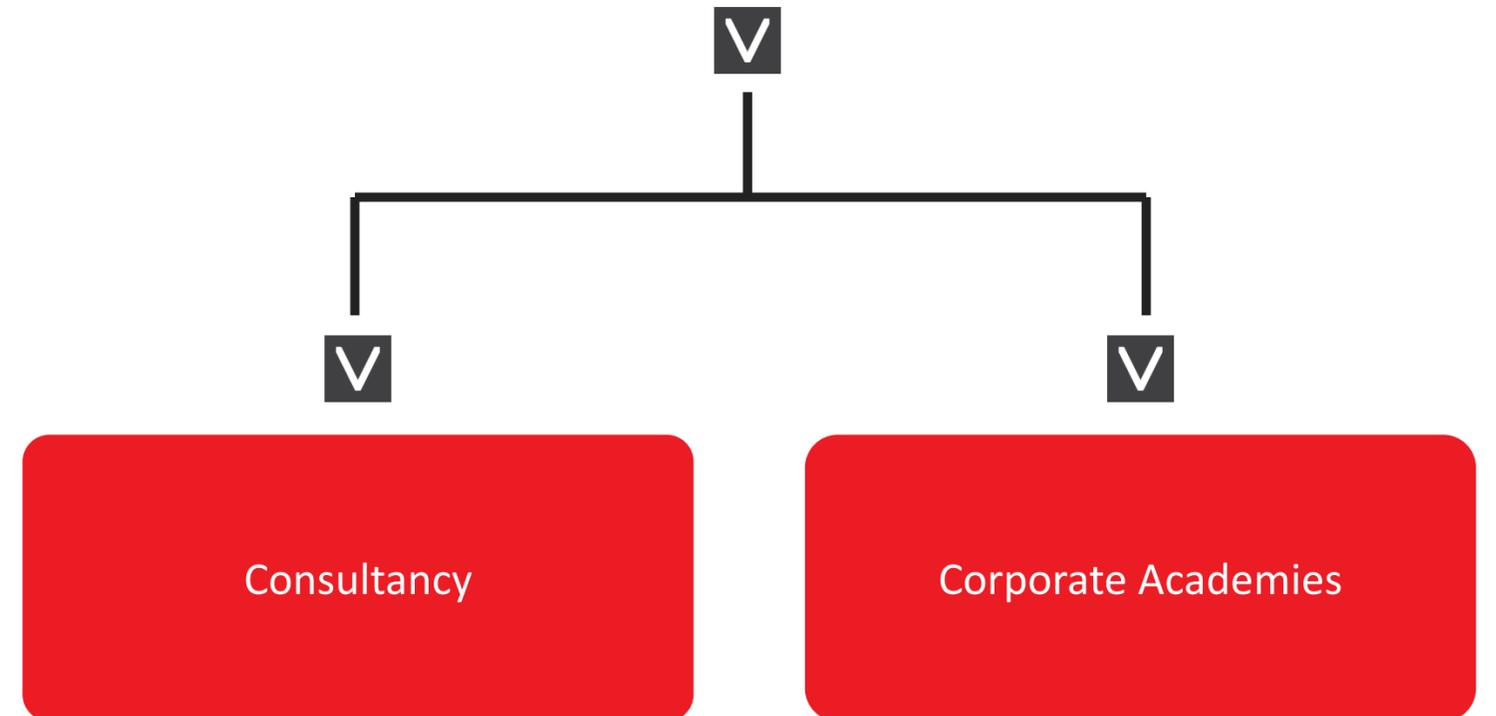


Business Overview

Training Bootcamps



Business Solutions



Northcoders Training Bootcamps

Software
Development

Data
Engineering

Cloud
Engineering

Apply



Onboard



Train



Career

Training Bootcamps – Growth strategy

- New teaching disciplines/ unit courses
- Post graduate CPD subscription model
- Part time/ off the shelf learning framework
- Geographical expansion outside of England (Scotland, Wales, Other European countries)



Northcoders Business Solutions

Technology Consultancy

450+ hiring partner network



Large Corporate Clients



Northcoders Business Solutions

Academy Products

Graduate
Recruitment
Programmes



Bespoke
Training
Services



DEMATIC

Business Solutions – Growth Strategy

- Hire, Train Deploy sector a significant opportunity
- Focus on Emerging Technology & Diversity
- Financial Services and Public Procurement sector
- 2023 focus on “go-to-market” strategy
- Recently named as SME supplier on multi-billion DALAS Framework
- Establishing marketing, business development & sales teams with London presence evolving
- Significant interest and large corporate pipeline
- Sales are currently unpredictable, but tail-winds expected



Competitive Landscape

**Fragmented
market**

**Hire, Train and Deploy
Recruitment Consultants**

**Other
Coding
Bootcamps**

**“Brick & Mortar”
Universities**

**Large
Apprenticeship
Providers & Colleges**

**Small Specialist
Digital Training providers**

Market Conditions

“Despite the challenges, businesses are set to continue to invest heavily in tech in 2023. Even with tightening budgets, technology remains essential for stimulating productivity and growth”

UK Tech

“Three prime ministers. Two ministers for digital and culture. One lengthy economic downturn. Last year was certainly not short of action or talking points for the UK tech industry.”

UK Tech

“Facing an uncertain global economy and slowing revenue growth, technology companies have picked up the pace of layoffs in 2023, with total staff cuts now greater than all tech company job losses last year”

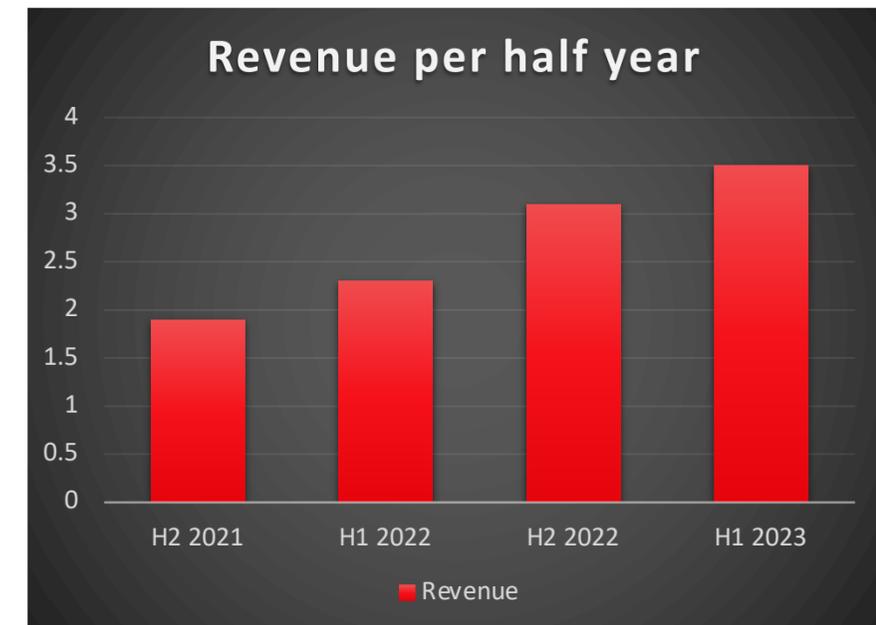
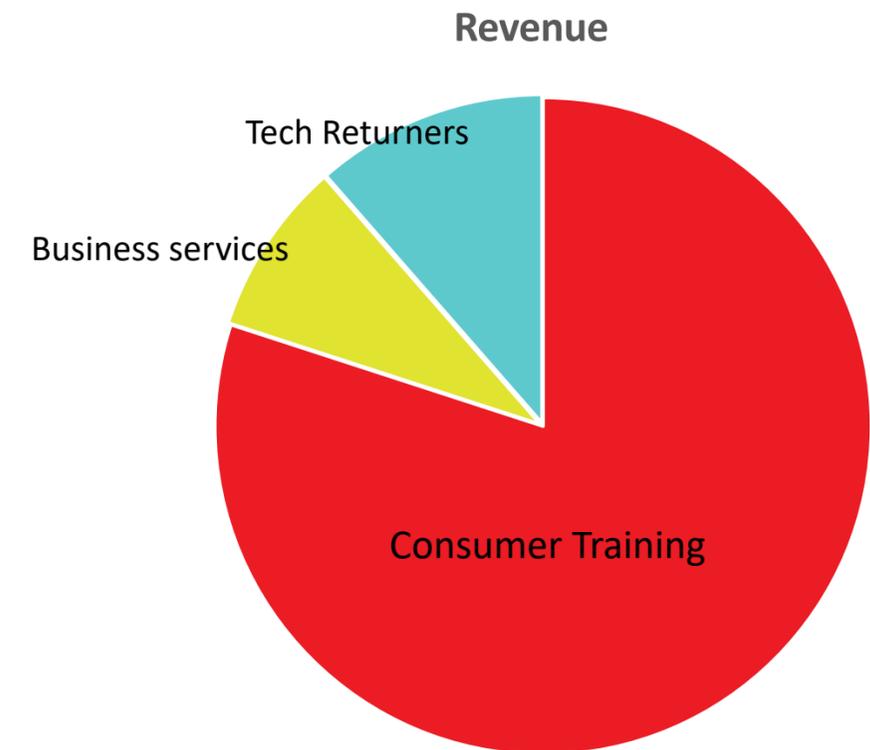
Computer World, Aug 23

“Every company is now a technology company, whether that’s a retailer looking to sharpen its online offering, a bank boosting security in its back office or a football team pursuing better performance data,” he said. “If the UK is going to compete, it needs to help people to get the training they need to join the continuing technology revolution.”

Mike Chaffney, The Times, Sep 2022

Financial Review

Income statement	6 months ended 30 June 2023	6 months ended 30 June 2022	Year ended 31 December 2022
	£	£	£
Revenue	3,450,579	2,367,589	5,598,863
Gross profit	2,180,934	1,656,945	3,941,925
Gross margin	63%	70%	70%
Adjusted EBITDA*	39,373	417,550	907,633
Margin	1%	18%	12%
Operating (loss)/profit	(222,268)	165,169	447,338
Profit/(loss) before tax	(306,908)	118,176	346,429
Net profit/(loss) after tax	(250,933)	193,460	359,538
Basic earnings per share (pence)	(3.16)	2.79	5.12
Adjusted earnings per share (pence)	(2.07)	4.59	8.05



* Adjusted EBITDA refers to earnings before interest, foreign exchange gains, tax, depreciation and amortisation, impairment and share based payment expense

Statement of cash flows	6 months ended 30 June 2023	6 months ended 30 June 2022	Year ended 31 December 2022
	£	£	£
Cash flows from operating activities:	39,373	417,550	907,633
Changes in working capital:			
(Increase)/decrease in trade & other receivables	244,532	(496,001)	(1,435,445)
Increase/ (decrease) in trade & other payables	(183,937)	46,574	178,377
Cash (used in) / from operations	99,968	(31,877)	(349,435)
Tax refunded	82,483	-	104,408
Net cash inflow/(outflow) from operating activities	182,451	(31,877)	(245,027)
Net cash (used in) investing activities	(538,828)	(207,888)	(515,356)
Proceeds from issue of shares	-	-	1,917,575
Proceeds from new bank loans and borrowings		-	962,500
Repayments of bank loans and borrowings	(166,665)	(112,427)	(573,087)
Payment of lease obligations	(141,363)	(124,579)	(231,491)
Interest Paid	(68,019)	(48,992)	(102,486)
Net cash from financing activities	(376,047)	(285,998)	1,973,011
Net cash increase in cash	(732,424)	(525,763)	1,212,628
Cash and cash equivalents at beginning of the Period	2,777,273	1,564,645	1,564,645
Cash and cash equivalents at end of the Period	2,044,849	1,038,882	2,777,273

Statement of financial position	30 June 2023	30 June 2022	31 December 2022
	£	£	£
Non current assets	3,542,301	1,444,119	1,619,409
Current assets	4,885,858	3,095,070	5,716,514
Total assets	8,428,159	4,539,189	7,335,923
Current Liabilities	(1,636,433)	(937,067)	(1,258,424)
Net current assets/(liabilities)	3,249,425	2,158,003	4,458,090
Non current Liabilities	(1,292,366)	(1,159,564)	(1,435,769)
Total liabilities	(2,928,799)	(2,096,631)	(2,694,193)
Net assets/(liabilities)	5,499,360	2,442,558	2,152,196

Outlook

Summary & Outlook

- Application momentum continuing with record application numbers now standing at over 10,000 for 2023
- Strong start to Data Engineering course, with Cloud Engineering also launched
- Further UK Government support for skills bootcamps with £1.5bn allocated and new bids won
- Acquisition of Tech Returners Limited completed in Feb 2023 creating significant opportunity for women in tech and new offering of diversity pipelines although revenue in 2023 forecasted to be lower than anticipated
- Budget constraints, workforce reductions and recruitment freezes, has led to many corporate clients delaying and deferring budget commitments
- Despite the strategic momentum achieved in H1-2023 which ended in line with management's expectations, the current financial year is presenting several market challenges for the Group's Business Solutions division.
- UK Tech economy showing some signs of improvement providing potential pipeline for 2024
- Business solutions division recently named as SME supplier on multi-billion DALAS Framework
- As a result of the more cautious technology training market conditions, the Group now expects revenue and profits for the year as a whole to be significantly below current expectations
- Strong balance sheet enables confidence in our ability to continue to deliver significant growth and strategy



Thank You...

Any Questions?



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