

For immediate release

25 July 2023

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

Government contract win
H1-2023 Trading Update

Northcoders (AIM:CODE), the independent provider of training programmes for software coding, is pleased to announce that the Group has been successful in securing further funding from the Department for Education Skills Bootcamps Wave 4 bid. In addition, the Group provides a trading update for the six months to 30 June 2023 ('H1-2023' or the 'Period').

Contract win

The Group is pleased to announce that it has successfully secured further funding from the Department for Education Skills Bootcamps Wave 4 bid. This new round of funding provides Northcoders with a further £4.5 million to train individuals on the Northcoders market-leading bootcamp and provides the Company with strong revenue visibility for H2-2023 and FY-2024. In addition, it also provides the Group with a 12.5% increase in funding per student which is expected to increase the gross profit margins of the Group's training products and assist in covering recent inflation-linked cost increases.

Trading update

H1-2023 Highlights:

- Increase in H1-2023 revenue of over 50% in comparison with H1-2022
- Good FY-2023 revenue visibility with further confirmation of Skills Bootcamp funding and multiple corporate contracts in place
- Strong balance sheet position with £2.9 million of cash and net cash of £2.0 million as at 24 July 2023
- Significant investment into sales, marketing and partnership functions to ensure success against current economic backdrop
- Tech Returners, which was acquired in February 2023, has now been fully integrated into the Business Services division and is performing well.

The Group is trading comfortably in line with management expectations. Revenue for the period increased by 52% to £3.5 million (H1-2022: £2.3 million). As at 30 June 2023, revenue visibility for FY-2023 was £6.75 million, being 70% of the market expectations for the full year. As forecasted before the start of the current financial year, it remains the Board's expectation that FY-2023 revenues will be second half weighted. Substantial business development progress has been made by Northcoders towards the visibility of H2-2023's revenue forecast.

In H1-2023 Northcoders' Business Solutions division secured a number of significant new contracts with large corporate clients including Deutsche Bank and BAE Systems. The Group also has confirmation of a repeat programme from KPMG to begin during Q4-2023 and a healthy business development pipeline which the Board is confident will further boost full-year revenue visibility during the coming months. In addition, to strengthening corporate business, the Business Solutions division has also secured its first public sector consultancy contract with a major government department.

The Training Bootcamps division grew its graduate hiring network by a further 9% by engaging with 76 new organisations for the first time this year. Northcoders now has a network of over 450 partner companies to

organisations for the first time this year, Northcoders now has a network of over 100 partner companies to sustain its graduate hiring from training bootcamps. The Group has also seen increased demand from individuals wanting to enrol on its core coding bootcamps and Returner Programmes. Application numbers in the six months to June 2023 stood at 3,494, which compares favourably with the 3,662 applications in the 12 months to December 2022.

Despite the positive momentum made by the Group in H1-2023, the current financial year does present a number of market challenges that demand the Board's full attention. The Group acknowledges the prevailing headwinds encountered by the technology market, including budget constraints, workforce reductions and recruitment freezes that is affecting many of the Group's partner companies, which potentially might affect the vacancies available to Northcoders Training Bootcamp graduates. The Board remains resolute in its approach and continues to inject significant investment into the Group's corporate sales and partnerships teams across all Northcoders' divisions. This proactive measure signifies the Group's total commitment to ensuring exceptional outcomes for the individuals engaged in its Training Bootcamps and positions the Group favourably for continued growth within its consultancy division, Business Services.

Outside of business development activity, the Group is making significant progress with its investment into its Technology platform, Ncore, which remains on track for roll-out across all its Training Bootcamps in early 2024. Ncore is expected to grow our capacity, increase gross profit margins in the Group's Training Bootcamps division and bring multiple new ways of taking its Training Bootcamp products to market, such as the part-time/distance learning delivery of its courses.

The development of new training courses is going according to plan. Northcoders' Cloud Engineering training course has been developed and launched and the Group is pleased to see an increase in enrolment and employer interest. Northcoders looks forward to providing more updates about training course development and other strategic initiatives in the second half of the year.

Northcoders' cash flow continues to benefit from the Department for Education-funded scholarships being made available to those who previously utilised the Group's finance provider, which had absorbed working capital. The Group feels comfortable with current and forecasted cash positions and has the cash available to continue with planned investments. Focus will be applied to cashflow forecasting to ensure that the Group remains this way during uncertain economic times. The Group has a strong cash position with £2.9 million of cash and £2.0 million of net cash as at 24 July 2023.

Chris Hill, CEO of Northcoders, said: "In spite of challenging market conditions, the Board is confident of achieving further growth for the full year. During the period Northcoders won a number of contracts with large corporates as well as securing further funding from the Department for Education, providing the Group with good forward visibility of revenues. The Company is financially strong and we are well placed to further invest in the business for growth."

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

- Ends -

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Notes to Editors

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

Powered by IP rich technology, Northcoders offers boot camp courses to individuals from a range of backgrounds, delivered through virtual and physical learning. The Group also works with blue chip corporates across multiple sectors to help them to achieve their digital requirements, with teams as a service and to supply innovative solutions for the upskilling and reskilling of employees. With a keen focus of inclusivity, diversity and quality at its core, Northcoders aims to address the digital skills gap in the UK to meet the increasing demand for digital specialists at all levels, from businesses and public agencies.

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

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