

17 September 2024

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

Interim Results

Northcoders returns to profitability amid record demand, including momentum for new Corporate Solutions division, with tech investments driving efficiencies

Northcoders (AIM:CODE), a UK market leading technology training business, is pleased to announce its results for the six months ended 30 June 2024 ('H1 2024' or the 'Period').

Chris Hill, Chief Executive Officer of Northcoders, said: *"We are delighted to report that Northcoders has continued to build on its reputation as one of the UK's leading technology training providers as we return to profitability. This highlights not only the momentum of our Training Bootcamps, reaching record registrations for yet another year, but also that the investments made in FY 2023 have successfully led to efficiencies throughout the business. The strength of Northcoders brand across the UK continues to grow, and as the breadth of our technology training continues to expand, such as our new Java and C# courses, we are confident in our ability to sustain this expansion. These courses are the languages usually adopted by large enterprises and are currently underserved or not serviced at all in our sector.*

"I am really pleased to see the rebrand and relaunch of the Corporate Solutions division has started to bear fruit as we win our first pilot contracts, and the pipeline of Counter™ contracts is building well. I am deeply grateful for the hard work and dedication of all the Northcoders team to enable this significant progress to be made.

"As we move into the second half of the year, particularly as our revenue base begins to diversify, we are confident that we have built a solid platform to support further growth in the years ahead as we create life changing opportunities for individuals, help to close the UK's digital skills gap and deliver for our shareholders."

Financial Highlights

- Revenue grew to £4.4 million (H1 2023: £3.5 million), an increase of 26%, slightly ahead of management expectations
- Gross margin increased to 67% (H1 2023: 62%) following release of the NCore technology platform
- Tenfold increase in underlying adjusted EBITDA of £0.4 million (H1 2023: £0.04 million) as the Group leverages the efficiencies of investments made in FY 2023
- Return to profitability with adjusted EPS increasing to 2.58p (H1 2023: 2.07 loss)
- Strong balance sheet with cash of £1.3 million (H1 2023: £2.0 million) following technology platform investments, delivering enhanced margins

Operating Highlights

- Growth in demand with record Training Bootcamp registrations, reaching 4,703 in the Period (H1 2023: 3,590)
- Q3 2024 has again seen record applications, with 3,313 registrations
- Record visibility and profit per seat following successful Department for Education Skills Bootcamps bid for £10 million covering 18-month period to June 2025
- Geographic expansion continues with over 62% of learners now based outside of Manchester and Leeds, and 34% based in London
- Corporate Solutions division rebranded as Counter™ in May 2024 appointing Tom Walton as strategic advisor and starting three pilot contracts in the Period
- Successfully selected a new Manchester office, negotiated at a significantly lower rent to the current premises, with a move in date during Q1 2025. Based in the centre of the city's business district it will provide access to multiple new potential customers and hiring partners
- New technology training courses continue to expand with Java and C# courses successfully added to learning suite

Current trading and outlook

- The second half of FY 2024 started well and the Group is pleased to report trading has been slightly ahead of management expectations. As brand awareness and national expansion increases, Northcoders will look to provide remote learners outside of Manchester with more in-person networking opportunities and strengthening the Group's regional hiring partner base
- Focus remains upon investing into new technology disciplines, expanding our Corporate Solutions division, Counter™, increasing brand awareness and leveraging the efficiencies of NCore, whilst delivering increased profitability
- Looking ahead, the Board is confident in Northcoders' ability to deliver FY 2024 revenue and profits in line with market expectations.

Analyst meeting and Investor Meet Company presentation

There will be an in-person briefing for sell-side analysts at 9.30am (BST) today. Please contact Buchanan via northcoders@buchanan.uk.com if you wish to join the meeting.

Northcoders will be also be presenting via the Investor Meet Company platform today at 6.00 p.m (BST). The meeting will be hosted by Chris Hill (CEO) and Charlotte Prior (CFO), and there will be an opportunity for Q&A at the end of the session. Questions can be submitted pre-event via the Investor Meet Company dashboard up until 9.00 a.m the day before the meeting or at any time during the live presentation. To sign up to the Northcoders Group presentation via Investor Meet Company please click the following link:

<https://www.investor-meet-company.com/northcoders-group-plc/register-investor>.

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

For further enquiries:

Northcoders Group plc
Chris Hill, CEO
Charlotte Prior, CFO

Via Burson Buchanan
Tel: +44 (0) 20 7466 5000
investors.northcodersgroup.com

Zeus (Nominated Adviser & Joint Broker)
Mike Coe / Sarah Mather (Investment Banking)
Fraser Marshall / George Krokos (Sales)

Tel: +44 (0) 20 3829 5000

Peterhouse Capital Limited (Joint Broker)
Martin Lampshire
Lucy Williams
Duncan Vasey

Tel: +44 (0) 20 7496 0930
www.peterhousecap.com

Burson Buchanan (Financial Communications)
Henry Harrison-Topham
Steph Whitmore
Jesse McNab

Tel: +44 (0) 20 7466 5000
northcoders@buchanan.uk.com
www.bursonbuchanan.com

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 another site in Leeds, supported by a proven digital offering to support its students across the UK.

Powered by IP rich technology, Northcoders offers boot camp courses to individuals from a range of backgrounds, delivered through virtual and physical learning. The Group also works with blue chip corporates across multiple sectors to help them to achieve their digital requirements, with teams as a service and to supply innovative solutions for the upskilling and reskilling of

employees. With a keen focus of inclusivity, diversity and quality at its core, Northcoders aims to address the digital skills gap in the UK to meet the increasing demand for digital specialists at all levels, from businesses and public agencies.

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

Introduction

The Board is pleased to present the Group's results for the six months ended 30 June 2024 ('H1 2024'). First and foremost, it is pleasing to report a return to profitability driven by an increase in demand for the Training Bootcamp courses and efficiencies enabled by our core learning platform, NCore. The number of registrations increased to 4,703 and 566 students were able to move through application pathways to commence courses. This growth further underscores Northcoders' reputation for delivering high-quality technology education whilst the strengthening of internal learning platforms enables the Group to do this with less staff cost.

The Group continues to benefit from the financial support delivered by the Government's technology Skills Bootcamps initiative. This is exemplified by its success in securing a new funding bid with the Department for Education worth £10 million to deliver into 2025. It is another demonstration of Northcoders' reputation as a top tier training provider and outcomes on the programme remain excellent with 99% of the students completing the course, receiving an interview with a future employer. Communication is strong between Northcoders and the UK Government and we are currently awaiting news on the next stage of bidding following the recent change of government. The Labour Party has already pledged to establish 'Skills England' to strengthen Further Education, and we see this as a positive step. Whilst we are confident in the future provision of funding to bridge the significant digital skills gap, particularly with the advent of AI and Smart Technologies, it has been part of our strategy to diversify the Group's revenues since IPO, for example through our Corporate Solutions, and this strategy is proceeding well.

Operational review

Northcoders' strategy of geographical expansion beyond Manchester and Leeds has yielded significant results through increased marketing spend and brand awareness. Over 62% of Training Bootcamp learners now reside outside of these cities, with 34% studying in London and the surrounding areas. This expansion signifies Northcoders' growing national presence and capabilities of its remote learning platform.

Since IPO, and following investment made into the Group's learning platform, it has become clear that virtual learning is a far more scalable, profitable model, which generates equally high quality outcomes for students as demonstrated by feedback from employers and repeat hiring from corporates. As a result, the Group has closed two of its hubs in Birmingham and Newcastle and moved its HQ in Manchester to a smaller space. The new office in Manchester is located at the heart of the business district, and it is anticipated that Northcoders will not only benefit from the reduced rental terms, but also

Northcoders' course catalogue is being well-utilised across the suite of training programmes, with JavaScript (the original software development course) and Data Engineering, operating at full efficient capacity. Cloud Engineering, Java and the newest course C# are developing well with positive feedback from students and employers.

Northcoders remains confident in its commitment to a thoughtful, strategic approach to product development and in the Training Bootcamp division this has paid off. This high standard training programs continue to earn the strongest reputation amongst corporate hiring partners. The Group is utilising this reputation to replicate its success in the Corporate technology consultancy market with its Counter™ brand poised to become a recognised name in the field.

The Counter™ business is gaining momentum with great feedback on the teams we have currently on pilot contracts. The Group is providing blended teams of Northcoders trained individuals (junior and senior) to corporate partners. The teams are provided as consultants on day rates and contracts have spanned six months at this early stage. Going forwards Northcoders is looking to build on this with contracts of 9 to 12 months, with larger blended teams.

As previously announced, Counter™ was contracted to three pilot schemes in the Period; a UK high street building society, a UK investment administrator listed on the Main Market of the London Stock Exchange, as well as a global banking firm. These contracts are small but on successful completion could provide larger renewals and positive testimonials for the brand. The Group is now in the final stages of negotiating a larger, full contract and a contract renewal for one of the pilots. The Group is working with these customers to develop marketing materials on the back of their contracts to further grow the reputation of the brand and therefore the sales pipeline. The pipeline for contracts starting in FY 2025 is strong and more material revenue is

anticipated in the medium term.

Financial Review

Northcoders delivered a strong performance in the Period, generating adjusted EBITDA of £0.4 million in H1 2024 (H1 2023: £0.04 million), a tenfold increase on H1 2023 and a 464% increase on FY 2023 as the Group leverages the efficiencies of investments made into the core learning platform NCore in FY 2023.

Revenue for the Period was £4.4 million (H1 2023: £3.5 million), up 26% on the equivalent period last year. Training division again grew revenues driven by increased brand awareness and entry into new technology disciplines.

Gross profit for the Period was £2.5 million (H1 2023: £2.2 million) at a gross margin of 67%. EBITDA, adjusted for share based payments, was £0.4 million (H1 2023: £0.04 million) and profit after tax was £0.1 million (H1 2023: loss of £0.3 million). Profits for the year are anticipated to be H2 weighted following further investment in H1 2024.

Basic earnings per share was +1.35 pence per share (H1 2023: loss of 3.16 pence). Basic adjusted earnings per share was +2.58 pence per share (H1 2023: loss of 2.07 pence). Net assets at the Period end were £5.0 million (H1 2023: £5.5 million) of which cash was £1.3 million (H1 2023: £2.0 million).

Outlook

After a more challenging year in 2023, the Group is pleased with the efficiencies and profitability of the core business achieved in the first half of the year. The hiring landscape is progressing, and we are ensuring that we remain the best placed for Corporates to recruit junior technology specialists.

The recently piloted flexi course remains a strong potential growth driver for us as we test and learn from the first cohort which is now in progress, we will ensure that we retain our thoughtful strategic approach with this new learning style and are looking forwards to this growing in 2025.

Counter™ growth and investment remains a focus and we are pleased to be able to continue this whilst returning profits as a Group, as contracts progress and pipeline is converted into 2025, we hope to see profits from this area of the business come through.

With a strong balance sheet and cash position, the board remains confident in Northcoders' ability to deliver growth, whilst investing in key areas, and delivering value for its shareholders. Improving the UK's technology skills gap, whilst creating life changing opportunities for individuals remains Northcoders' priority.

Chris Hill

Chief Executive Officer

17 September 2024

Group Statement of Comprehensive Income

For the period ended 30 June 2024

	6 months ended 30 June 2024	6 months ended 30 June 2023	Year ended 31 December 2023
Notes	UNAUDITED	UNAUDITED	AUDITED
	£	£	£
Revenue	4,353,628	3,450,579	7,102,319
Cost of sales	(1,442,751)	(1,269,645)	(2,658,650)
Gross profit	2,910,877	2,180,934	4,443,669
Expenditure	(2,463,001)	(2,141,561)	(4,364,300)
Adjusted EBITDA	447,876	39,373	79,369
Depreciation	(69,700)	(83,115)	(172,582)
Amortisation & impairment	(125,405)	(91,674)	(234,225)
Share based payment expense	(98,055)	(86,852)	(186,542)

Total administrative expenditure		(2,756,161)	(2,403,202)	(4,957,649)
Non-recurring items		-	-	(562,603)
Operating profit/(loss)		154,716	(222,268)	(1,076,583)
Investment revenues		16,255	5,159	14,170
Finance costs		(52,834)	(89,799)	(163,260)
Profit/(loss) before tax		118,137	(306,908)	(1,225,673)
Taxation		(9,730)	55,975	218,745
Net profit/(loss) after tax		108,407	(250,933)	(1,006,928)
Other comprehensive income:				
Tax relating to items not reclassified		(5,019)	21,713	(3,725)
Total comprehensive income/loss for the year attributable to equity shareholders of the parent		103,388	(229,220)	(1,010,653)
Earnings per share				
Basic (pence per share)	3	1.35	(3.16)	(12.62)
Diluted (pence per share)	3	1.34	(3.16)	(12.62)
Adjusted (pence per share)	3	2.58	(2.07)	(3.23)

Group Statement of Financial Position

As at 30 June 2024

	Notes	30 June 2024 UNAUDITED £	30 June 2023 UNAUDITED £	31 December 2023 AUDITED £
Non-current assets				
Goodwill		1,310,086	1,270,725	1,310,086
Intangible assets	4	1,907,123	1,444,440	1,747,400
Property, plant and equipment		267,534	447,244	316,986
Deferred tax assets		123,415	379,892	158,837
		3,608,158	3,542,301	3,533,309
Current assets				
Contract assets		1,488,995	2,005,302	1,398,018
Trade and other receivables		673,932	725,875	671,724
Current tax receivable		64,617	109,832	43,945
Cash and cash equivalents		1,308,379	2,044,849	1,617,172
		3,535,923	4,885,858	3,730,859
Current liabilities				
Trade and other payables		1,174,443	978,145	1,101,275
Borrowings		259,749	369,767	293,355
Current tax liabilities		-	4,900	4,937
Lease liabilities		114,509	230,315	212,112
Contract liabilities		112,969	53,306	206,500
		1,661,670	1,636,433	1,818,179
Net current assets		1,874,253	3,249,425	1,912,680
Non-current liabilities				
Borrowings		341,932	601,775	474,300
Lease liabilities		121,417	336,654	154,070
Deferred tax provision		-	353,937	-
		463,349	1,292,366	628,370
Net assets		5,019,062	5,499,360	4,817,619
EQUITY				
Share capital		80,115	80,115	80,115
Share premium		4,801,444	4,801,444	4,801,444
Merger reserve		500	500	500
Share option reserve		499,769	315,332	401,714
Other reserve		946,774	946,772	946,774
Retained earnings		(1,300,540)	(644,802)	(1,412,029)

retained earnings	(1,209,340)	(944,003)	(1,412,720)
Total equity	5,019,062	5,499,360	4,817,619

Group Statement of Changes in Equity

For the period ended 30 June 2024

	Share capital	Share premium	Share option reserve	Merger reserve	Other reserve
	£	£	£	£	£
At 1 January 2023 (audited)	76,889	4,801,444	228,480	500	(50,000)
Loss for the period	-	-	-	-	-
<i>Other comprehensive income:</i>					
Tax adjustments on share based payments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Share option expense	-	-	86,852	-	-
Issue of share capital	3,226	-	-	-	996,772
At 30 June 2023 (unaudited)	80,115	4,801,444	315,332	500	946,772
Loss for the period	-	-	-	-	-
<i>Other comprehensive loss:</i>					
Tax adjustments on share based payments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Adjustment to share capital issue	-	-	-	-	2
Share option and warrants expense	-	-	-	-	-
Cancellation of share options	-	-	(13,308)	-	-
Share option expense	-	-	99,690	-	-
Issue of share capital	-	-	-	-	-
Costs of share issues set against premium	-	-	-	-	-
At 31 December 2023 (audited)	80,115	4,801,444	401,714	500	946,774
Profit for the period	-	-	-	-	-
<i>Other comprehensive income:</i>					
Tax adjustments on share based payments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Share option expense	-	-	98,055	-	-
Issue of share capital	-	-	-	-	-
At 30 June 2024 (unaudited)	80,115	4,801,444	499,769	500	946,774

Group statement of Cash flows for the period ending 30 June 2024	Notes	6 months ended 30 June 2024 UNAUDITED £	6 months ended 30 June 2023 UNAUDITED £	Year ended 31 December 2023 AUDITED £
Cash flows from operating activities:				
Profit/(loss) for the year		108,407	(250,933)	(1,006,928)
<i>Adjustments for:</i>				
Tax (credit)/charge		9,730	(55,975)	(218,745)
Finance costs		52,834	89,799	163,260
Investment revenues		(16,255)	(5,159)	(14,170)
Gain on disposal of PPE		-	-	(83)
Share based payment expense		98,055	86,852	186,542
Amortisation of intangible assets		125,405	91,674	208,751
Depreciation of tangible assets		69,700	83,115	172,582
Impairment of intangible assets		-	-	25,474

	447,876	39,373	(483,317)
<i>Changes in working capital:</i>			
(Increase)/decrease in contract assets and trade & other receivables	(93,185)	244,532	891,421
Increase/(decrease) in trade & other payables	59,508	(183,937)	129,871
Cash from operations	414,199	99,968	537,975
Income taxes received	-	82,483	113,461
Net cash inflow from operating activities	414,199	182,451	651,436
Cash flows from investing activities			
Capitalised development costs	(285,128)	(305,890)	(751,400)
Purchase of property, plant and equipment	(20,248)	(64,320)	(86,110)
Proceeds of disposal of property, plant and equipment	-	-	339
Payment of deferred consideration	(85,905)	-	-
Purchase of subsidiaries	-	(173,758)	(173,758)
Investment revenues received	16,255	5,140	14,170
Net cash (used in) investing activities	(375,026)	(538,828)	(996,759)
Cash flow from financing activities			
Repayments of bank loans and borrowings	(171,985)	(166,665)	(418,177)
Payment of lease obligations	(137,714)	(141,363)	(279,826)
Interest paid	(38,267)	(68,019)	(116,775)
Net cash (used in) financing activities	(347,966)	(376,047)	(814,778)
Net (decrease) in cash and cash equivalents	(308,793)	(732,424)	(1,160,101)
Cash and cash equivalents at beginning of the period	1,617,172	2,777,273	2,777,273
Cash and cash equivalents at end of the period	1,308,379	2,044,849	1,617,172

1. General information

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

The principal activity of the Group is the provision of digital training courses.

2. Accounting policies

2.1. Basis of preparation

The financial information set out in these interim consolidated financial statements for the six months ended 30 June 2024 is unaudited. The financial information presented are not statutory accounts prepared in accordance with the Companies Act 2006 and are prepared only to comply with AIM requirements for interim reporting. Statutory accounts for the year ended 31 December 2023, on which the auditors gave an audit report which was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006, have been filed with the Registrar of Companies.

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

The interim consolidated financial statements have been prepared using consistent accounting policies as those adopted in the financial statements for the year ended 31 December 2023.

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

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

certain financial instruments at fair value.

2.2. Basis of consolidation

The Group financial statements consolidate those of the parent company and the subsidiaries of which the parent has control. Control is established when the parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

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

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

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

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

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

2.3. Going concern

As at 30 June 2024 the Group had net assets of £5,019,062 including cash and cash equivalents of £1,308,379.

In preparing the interim financial statements, the directors have considered the principal risks and uncertainties facing the business, along with the Group's objectives, policies and processes for managing its exposure to financial risk. In making this assessment the directors have prepared cash flows for the foreseeable future, being a period of at least 12 months from the expected date of approval of the interim financial statements.

Forecasts are adjusted for reasonable sensitivities that address the principal risks and uncertainties to which the Group is exposed, thus creating a number of different scenarios for the board to challenge including 'stress' case scenarios. Overall, the directors do not believe that the outcomes of such testing gives rise to a material uncertainty around going concern.

At the time of approving the interim financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the interim financial statements.

2.4 Revenue

Revenue from providing services is recognised in the accounting period in which the services are rendered. Services are typically provided over short periods of time, spanning typically a few months at most. However, for fixed-price contracts that span accounting periods, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. Where the Group has contracts where the period between the transfer of the promised services to the customer and payment exceeds one year, the Group adjusts transaction price for the time value of money. Revenue is determined as follows:

- For consumer training 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. Apprenticeship income is a funding mechanism for the consumer revenue stream. The Group receives lump-sum drawdowns at regular intervals, which typically are billed in arrears resulting in accrued income. In addition, the Group receives a contingent success fee, payable at the end. The Group make

an assessment of the probability of success and accrues this on a percentage of completion basis as the course progresses.

- For Business Solutions, amounts are invoiced in arrears for development work performed along with any associated costs, based on the number of hours spent on each contract at agreed contractual rates for those delivering the course. Where appropriate, any amounts to be invoiced are recognised as accrued revenue, and any amounts invoiced in advance are recognised as deferred revenue, in line with performance obligations per contracts with customers.
- For consultancy contracts, amounts are recognised on a pro-rata basis throughout the length of the contract unless a performance obligation states otherwise.
- For conference events, income is recognised once the event has taken place. Any income received in advance is recognised as a contract liability until the performance obligation has been satisfied.

Determining the transaction price

The Group's revenue on over-time sales is generally based on fixed price contracts but these are subject to more variability as a result of the nature of the contract. Any variable consideration is constrained in estimating contract revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the final amounts of any variations has been determined.

Allocating amounts to performance obligations

Where the contracts include multiple performance obligations, which are determined to be separate performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

2.5 Development assets

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

Amortisation begins when an asset is acquired or becomes available for use and is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives as follows:

Licence	4 years straight line
Technology	5 years straight line
Development costs	10 years straight line
Brand	6 years straight line
Customer relationships	6 years straight line
Customer contracts	6 years straight line

3. Earnings per share

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

Earnings	6 months ended 30 June 2024 UNAUDITED	6 months ended 30 June 2023 UNAUDITED	Year ended 31 December 2023 AUDITED
	£	£	£
Earnings for the purpose of basic earnings per share being net profit attributable to owners of the parent	108,407	(250,933)	(1,006,928)
Earnings for the purposes of diluted earnings per share	108,407	(250,933)	(1,006,928)

Number of shares	6 months ended 30 June 2024 UNAUDITED	6 months ended 30 June 2023 UNAUDITED	Year ended 31 December 2023
-------------------------	--	--	--

	£	£	AUDITED £
Weighted average number of ordinary shares for the purposes of basic earnings per share	8,011,469	7,941,963	7,977,002
Effects of dilutive potential ordinary shares	58,484	88,976	34,692
Weighted average number of ordinary shares for the purposes of diluted earnings per share	8,069,953	8,030,939	8,011,694

Earnings per share

<i>Earnings</i>	6 months ended 30 June 2024 UNAUDITED	6 months ended 30 June 2023 UNAUDITED	Year ended 31 December 2023 AUDITED
Pence per weighted average shares	1.35p	(3.16)p	(12.62)p
Pence per weighted average diluted shares	1.34p	(3.16)p	(12.62)p

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

Adjusted Earnings per Share	6 months ended 30 June 2024 UNAUDITED	6 months ended 30 June 2023 UNAUDITED	Year ended 31 December 2023 AUDITED
	£	£	£
Profit/(loss) after taxation	108,407	(250,933)	(1,006,928)
Adjusted for:			
Share-based payment expense	98,055	86,852	186,542
Non-recurring costs	-	-	562,605
Adjusted Earnings	206,462	(164,081)	(257,781)
Pence per weighted average shares	2.58p	(2.07)p	(3.23)p
Pence per weighted average diluted shares	2.56p	(2.07)p	(3.23)p

4. Intangible fixed assets

	Technology £	Development costs £	Licence £	Brand £	Customer relationships and contracts £	Total £
Cost						
At 1 January 2024	164,706	1,806,931	101,899	140,160	53,513	2,267,209
Additions	-	285,128	-	-	-	285,128
Disposals	-	-	(101,899)	-	-	(101,899)
At 30 June 2024	164,706	2,092,059	-	140,160	53,513	2,450,438
Amortisation and impairment						
At 1 January 2024	30,196	358,125	101,899	21,413	8,176	519,809
Amortisation charged for the period	16,470	92,796	-	11,680	4,459	125,405
Eliminated on disposals	-	-	(101,899)	-	-	(101,899)
At 30 June 2024	46,666	450,921	-	33,093	12,635	543,315
Carrying amount						
At 30 June 2024	118,040	1,641,138	-	107,067	40,878	1,907,123
At 31 December 2023	134,510	1,448,806	-	118,747	45,337	1,747,400



This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rs@seg.com or visit www.rs.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IR QKABPBBKBDCD