

20 June 2024

NCC Group plc
FY24 Unaudited Post-Close Trading Update and
Notice of Final Results

NCC Group plc (LSE: NCC, "NCC Group" or "the Group"), a leading independent global cyber security and resilience provider, presents the following unaudited post-close Trading Update for the 12 months ended 31 May 2024 in advance of publishing its unaudited 12-month results on 1 August 2024.

The Group's audited results for the 16 months ending 30 September 2024, NCC Group's new financial year end following its change in year end from 31 May to 30 September, will be presented on 10 December 2024.

Trading Update – key profit measure expected to be ahead of consensus

For the 12 months ended 31 May 2024, the Board expects:

- Group LFL Revenues to have declined by c.1% on a constant currency basis and are expected to be c.£324m (decline of c.3% at actual rates).
- Cyber Security revenues to have returned to growth in H2 2024, up c.6.0%, on a constant currency basis following a decline of 9.6% in H1 2024. This should result in a full year decline of c.2.0% on a constant currency basis (c.4.5% at actual rates). Managed Services growth has continued to accelerate, increasing by c.36% and Technical Assurance Services has declined by c.23% with the recovery in demand less consistent than expected.
- Escode revenue to have increased by c.5% on a constant currency basis (c.3% at actual rates) now delivering seven consecutive quarters of year-on-year growth.
- Adjusted Operating Profit¹ expected to be ahead of consensus² at c.£31m driven by delivering targeted efficiencies in both gross margin and operating costs. Group gross profit margin has improved by +c.2% YOY, supported by an improvement in H2 2024 in Cyber Security gross profit margins of c.800bps to c.38% as a result of strong utilisation and operational efficiencies.
- Net debt (excluding leases) to be better than consensus² at c.£39m, c.£11m improvement from FY 2023, after consistent strong cash conversion and disposal gross proceeds of c.€9m from the DetACT non-core disposal as described in December 2023.
- Leverage (excluding IFRS 16) as at 31 May 2024 to be c.1.0x Adjusted EBITDA (excluding IFRS 16) (H1 2024: 1.9x).
- To maintain a 12-month dividend of 3.15p payable in October 2024.

¹ Adjusted Operating Profit is defined as Operating Profit before Amortisation of acquisition intangibles, share based payments and Individually Significant Items. Noting that our Final results on the 1 August 2024 will disclose Adjusted Operating Profit on its new basis of Operating Profit before Individually Significant Items.

² Consensus as at 12 June 2024 and as outlined on <https://www.nccgroupplc.com/investor-relations/results-media/>. Adjusted Operating Profit consensus amounted to £29.7m and Net debt (excluding leases) amounted to £50.4m.

Business update

Cyber Security

The Group has delivered against its FY24 financial framework outlined in September 2023 including returning Cyber Security to overall growth in H2 2024 YoY. The Group's strategy remains the same, with a focus on stabilising Technical Assurance and growing other capabilities, notably Managed Services. More detail on Managed Services will be presented at our Capital Markets Event at 3pm BST today – [access the webcast registration link here](#).

From a global delivery perspective, the Group continues to invest in its Manila office with a delivery team of c.80 colleagues operational.

Further information on our strategic progress will be outlined on 1 August 2024.

Escode

As outlined at the Escode Capital Markets Event on 25 April 2024, our Escode investment case remains clear and as a leading global player in software escrow, the business is well positioned for growth. The growth levers include further valuing our customer proposition, expansion into additional verticals and geographies, increasing awareness and education, working with regulators to influence regulation globally, continuing to build out our product offering, and delivering on core platform changes.

Current trading and outlook

As we enter a period of four months trading (driven by a change in financial year end from 31 May to 30 September 2024), which is a historically quieter trading period, we expect overall revenue to be in the region of c.£100m, generating Group gross profit margin of c.38% and adjusted operating profit margin of c.3.5% (4 months ended 30 September 2023: c.£1m adjusted operating loss).

To provide an initial basis for comparison, total Revenue and Adjusted Operating Profit for the 12 months ended 30 September 2023 amounted to c.£324m and c.£20m respectively.

Notice of final results

The Group expects to report its unaudited results for the 12 months ended 31 May 2024, on 1 August 2024. The audited results for the 16 months ending 30 September 2024 will be presented on 10 December 2024, in line with the change of NCC Group's financial year end from 31 May to 30 September. For both events management will host a presentation and Q&A session, details of which will be circulated in advance.

Mike Maddison CEO said:

"We have delivered a second-half financial performance ahead of our Adjusted Operating Profit expectations and continued to transform the business on many fronts. We remain confident in our ability to create sustainable long-term revenue growth, our financial resilience and continue to improve shareholder value. It is exciting to see Managed Services continue to grow, which is central to our Cyber strategy, and Escode continue to experience consecutive revenue growth alongside its new brand launch early in the year."

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About NCC Group plc

NCC Group is a people-powered, tech-enabled global cyber security and software escrow business.

Driven by a collective purpose to create a more secure digital future, c. 2,200 colleagues across Europe, North America, and Asia Pacific harness their collective insight, intelligence, and innovation to deliver cyber resilience solutions for both public and private sector clients globally.

With decades of experience and a rich heritage, NCC Group is committed to developing sustainable solutions that continue to meet client's current and future cyber security challenges.

Cautionary note regarding forward-looking statement

This announcement includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, assumptions, uncertainties, and other factors, which may cause the actual results, performance, or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by the Listing Rules, Disclosure and Transparency Rules and applicable law, the Group undertakes no obligation to update, revise or change any forward-looking statements to reflect events or developments occurring on or after the date such statements are published.