Half Year Results

Six months to 30 November 2020

4 February 2021

Overview

Adam Palser
CEO

nccgroup

Executive Highlights[1]

nccgroup

Revenue

£135.6m

+2.2% H1 2020: £132.7m

Adjusted EBIT[2]

£17.0m

+1.8% H1 2020: £16.7m

Net cash[3]

£3m

+£23.8m H1 2020:£(20.8)m

Year–on–year growth

- Revenue up 2.2% despite the Covid-19 disruption
- Crucially, for the future, we are seeing acceleration of key service lines with growth of:
  - MDR growth at 24.5% to £23.4m; and
  - EaaS growth of orders up 83.3% to £1.1m
- Stabilised revenues in Software Resilience growth of 0.5%
- Major contract wins

Confident in the future

- Scalable global business resulting from transformational investment programme launched in May 2018
- Our vision remains to be the complete provider of cyber resilience solutions
- Blue chip client base
- Using this time of market disruption to invest selectively for future growth
- Medium term objectives remain: double digit growth in Assurance and sustainable growth in Software Resilience

1. *All financial performance numbers presented are based on post IFRS-16 unless specifically noted. References to the Group's results are to continuing operations. Following the adoption of IFRS 16 'Leases' with effect from 1 June 2019, the Group results are now presented under this accounting standard. Comparator information is also on the same basis. The impact of IFRS 16 for H1 2021 on EBITDA, Operating profit, Profit before taxation, Profit for the year, Net cash/(debt) 3 amounts to an increase of £2.9m (H1 2020: £3.2m), decrease of £0.1m (H1 2020: increase £0.2m), decrease of £0.7m (H1 2020: £0.4m), decrease of £0.6m (H1 2020: £0.3m) and an increase in debt of £37.2m (H1 2020: £30.6m) respectively. See reconciliation on page 26 of this presentation.*
2. *See note 2 of the interim financial statements for an explanation of Alternative Performance Measures (APMs), historically disclosed adjusting items and revised presentation of the Consolidated income statement. As discussed in the FY20 Annual Report and in accordance with FRC guidelines, the Group no longer presents a consolidated income statement showing adjusting items separately. In prior periods, the Group disclosed adjusting items in H1 2020: £6.2m related to Amortisation of acquisition intangibles (H1 2020: £4.4m) and share based payments (H1 2020: £1.8m) as a separate column on the face of the consolidated income statement. This is no longer disclosed in this way to simplify the Group's results. However, as the Group manages internally its performance at an adjusted operating profit level (before Amortisation of acquisition intangibles and share based payments), which management believe better represents the underlying trading of the business, this information is still disclosed as an APM within this interim report. This APM is reconciled to statutory operating profit, together with the consequently Adjusted basic EPS (before Amortisation of acquisition intangibles, share based payments and tax effect thereon) to statutory basic EPS. The net cash/(debt) (Pre-IFRS 16) APM has been included to allow stakeholders to transition from previous presentation prior to IFRS 16 to Net cash/(debt) post IFRS 16. See reconciliation on page 26 of this presentation.*
3. *Net cash as presented is on a Pre-IFRS 16 basis and is defined as total borrowings less cash and cash equivalents. As an APM, it is detailed in Note 2 of the RNS.*

H1 2021 summary

nccgroup

NCC Group has grown year-on-year

- **Year-on-year ("YoY") increase in Group Revenue, Gross Profit and EBIT despite Covid-19 disruption**
  - Assurance revenues up 2.4% YoY to £117.1m demonstrating the strength of our market, business model and operations
  - Software Resilience stabilised (up 0.5% YoY to £18.5m and Last Twelve Months ("LTM") revenues flat[1])
  - Reaping the benefit of our quality customer base with the ability to pay and the need to protect their reputation
  - Positioned to thrive as the leading provider of cyber resilience services
- **Acceleration of key service lines for the future**
  - Managed Detection and Response ("MDR") revenues up 24.5% to £23.4m
  - Escrow as Service ("EaaS"), our Cloud Escrow had orders up 83.3% to £1.1m
- **Major contract wins with flagship customers**
  - Bose, Facebook, as well as MARTA amongst others
  - €25 million contract for SURF to supply managed services in NL won since close of H1 2021

10 billion security events processed every day

95% cyber threats resolved within two hours

10,000+ software escrow deposits made each year

Customers in over 135 countries across the world

At the forefront of the cyber security industry with our investigative and disruptive research[2]

1. *Software Resilience revenues for LTM comparison is a total of £37.6m for the last twelve months ending 30 November 2020 and £37.5m for the 12 months ending 30 November 2019 (H1 2021: £18.5m, H2 2020: £19.1m, H1 2020: £18.4m and H2 2019: £19.1m).*
2. *See appendix of notable H1 2021 research on page 33. Additionally https://research.nccgroup.com/2021/01/31/2020-annual-research-report/*

Macro trends are evolving as expected

- **Continued excellent long-term market growth[1] prospects**
  - Cyber Resilience is more important than ever
  - The Solarwinds hack is the latest high-profile example that highlights the persistent and pervasive threat faced by all companies and countries
  - Covid-induced remote working and digital acceleration has increased vulnerability and exposure
  - Software supply-chain resilience (both on-premise and cloud) is vital
- **Covid-19 disruption is holding cyber spend back from its full potential**
  - Some client sectors are experiencing economic and logistical disruption
  - Some evidence of longer sales cycles (in larger managed services contracts) and tighter scoping of engagements leading to lower Average Order Values
- **"Compliance debt" continues to build up…and must be paid down in the future**
  - One in five report furloughing staff responsible for cyber resilience programs[2]

Two thirds of organisations will increase outsourced cyber resilience work. This rises to 70% in the private sector and falls to 58% in the public sector.[2]

Understanding the threat landscape post COVID-19 poses the biggest challenge in 2021.[2]

30% have seen delays and cancellations to their cyber resilience projects.[2]

Seven in ten see increased rollout of cloud infrastructure as a challenge to their organisations' cyber security.[2]

39% report increases to insider threats, but among this sub-sample, 51% report this has been driven by increased remote working.[2]

1. *Market was growing at c.8-9% before Covid-19. See appendix of presentation.*
2. *The following represent the results of research conducted by Opinium Research on behalf of NCC Group. Research conducted in January 2021 across a sample of 290 Cyber decision makers at businesses with over 1000 employees (with 44% over 5000) across public sector (30%) and private sector (70%) organisations.*

Confident in the future

Strong foundation – confident in the future

- Balance sheet – robust cash conversion ratio[1] maintained at 100.8% and H1 2021 net cash[2] of £3.0m compared to H1 2020 net debt[3] of £20.8m
- Securing Growth Together transformation investment made in system and processes landscape to deliver state of the art scalable global business
- We are using this time of market disruption to accelerate our transformation for the future with focused c.£3m investment in support of medium term objectives
- Board declaring interim dividend of 1.5p
- Outlook for full year FY 2021 remains in line with our expectations

1. *Cash conversion ratio is a measure of how effectively EBITDA is converted into cash. As an APM, it is detailed in Note 2 of the RNS.*
2. *Net cash as presented is on a Pre-IFRS 16 basis and is defined as total borrowings less cash and cash equivalents. As an APM, it is detailed in Note 2 of the RNS.*
3. *Net debt is defined as total borrowings less cash and cash equivalents. This is also presented on a pre-IFRS 16 basis. As an APM, it is detailed in Note 2 of the RNS.*

Financial Review

Tim Kowalski
CFO

nccgroup

Financial summary

nccgroup

Demonstrates resilience of our market, business model and operations

Revenue	£135.6m	+2.2%	H1 2020: £132.7m
Gross Profit	£54.4m	+4.6%	H1 2020: £52.0m
Gross Margin %	40.1%	+0.9ppts	H1 2020: 39.2%
Adjusted EBIT[1]	£17.0m	+1.8%	H1 2020: £16.7m
Adjusted EBIT Margin %	12.5%	-0.1ppts	H1 2020: 12.6%
Global resourcing[5]	5,055 days	+159.2%	H1 2020: 1,950 days
Cash conversion ratio[2]	100.8%	+14.3ppts	H1 2020: 86.5%
Free Cash Flow[3]	£14.6m	+21.7%	H1 2020: £12.0m
Net Cash[4]	£3m	+£23.8m	H1 2020: (£20.8m)

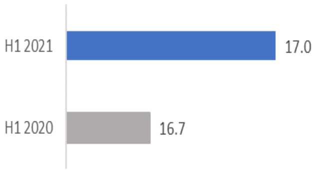
1. *See note 2 of the interim financial statements for an explanation of Alternative Performance Measures (APMs), historically disclosed adjusting items and revised presentation of the Consolidated income statement. As discussed in the FY20 Annual Report and in accordance with FRC guidelines, the Group no longer presents a consolidated income statement showing adjusting items separately. In prior periods, the Group disclosed adjusting items in H1 2020: £6.2m related to Amortisation of acquisition intangibles (H1 2020: £4.4m) and share based payments (H1 2020: £1.8m) as a separate column on the face of the consolidated income statement. This is no longer disclosed in this way to simplify the Group's results. However, as the Group manages internally its performance at an adjusted operating profit level (before Amortisation of acquisition intangibles and share based payments), which management believe better represents the underlying trading of the business, this information is still disclosed as an APM within this interim report. This APM is reconciled to statutory operating profit, together with the consequently Adjusted basic EPS (before Amortisation of acquisition intangibles, share based payments and tax effect thereon) to statutory basic EPS. The net cash/(debt) (Pre-IFRS 16) APM has been included to allow stakeholders to transition from previous presentation prior to IFRS 16 to Net cash/(debt) post IFRS 16. See reconciliation on page 26 of this presentation.*
2. *Cash conversion ratio is a measure of how effectively EBITDA is converted into cash. As an APM, it is detailed in Note 2 of the RNS.*
3. *Free cash flow is defined as net cash generated from operating activities, less purchase of property, plant, and equipment & software and development expenditure.*
4. *Net cash as presented is on a Pre-IFRS 16 basis and is defined as total borrowings less cash and cash equivalents. As an APM, it is detailed in Note 2 of the RNS.*
5. *Global resourcing represents inter-company cross border work. Improved global visibility of resourcing is an early benefit of SGT investment.*

Financial performance – Group income statement

NCC Group has grown year-on-year

	H1 2021 £m	H1 2020 £m	% change
Revenue	135.6	132.7	2.2%
Gross Profit	54.4	52.0	4.6%
Gross margin %	40.1%	39.2%	*0.9 ppts*
Overheads	(42.4)	(41.5)	2.2%
EBIT	**12.0**	**10.5**	**14.3%**
EBIT margin %	8.8%	7.9%	*0.9 ppts*
Profit for the period	7.5	6.6	13.6%
Adjusted EBIT[1]	**17.0**	**16.7**	**1.8%**
Basic EPS (pence)	2.7p	2.4p	12.5%
Adjusted basic EPS[1] (pence)	4.1p	4.2p	(2.4)%

Adjusted EBIT[1] (£m)



Segment Adjusted EBIT[1] Spilt

Assurance	Software Resilience	Corporate
13.5	8.0	(4.5)
13.1	8.1	(4.5)

Revenue

- Year-on-Year revenue growth:
  - Assurance growth of 2.4% to £117.1m despite lower rechargeable travel expenses and Covid-19
  - Software Resilience growth of 0.5% to £18.5m
- Revenue growth was enabled by our ability to work remotely and to deploy skills globally

Gross profit/margin

- Improved margin across both Assurance and Software Resilience

Overheads

- Overheads are flat from H2 2020 to H1 2021
- Overheads are higher compared to H1 2020 as result of £1.8m of expected higher systems depreciation and licenses

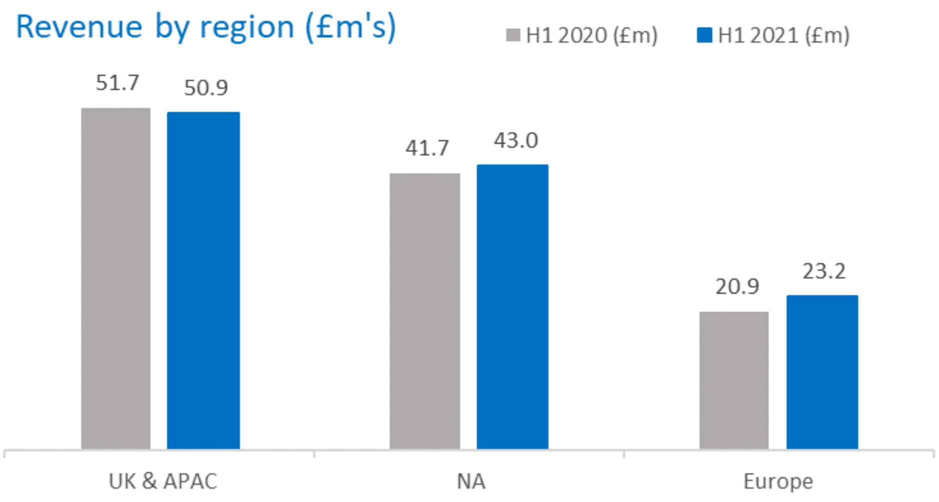
Other items

- On Constant currency[2] basis revenue YoY up 1.9% and adjusted EBIT YoY up 2.4%

1. *See note 2 of the interim financial statements for an explanation of Alternative Performance Measures (APMs), historically disclosed adjusting items and revised presentation of the Consolidated income statement. As discussed in the FY20 Annual Report and in accordance with FRC guidelines, the Group no longer presents a consolidated income statement showing adjusting items separately. In prior periods, the Group disclosed adjusting items in H1 2020: £6.2m related to Amortisation of acquisition intangibles (H1 2020: £4.4m) and share based payments (H1 2020: £1.8m) as a separate column on the face of the consolidated income statement. This is no longer disclosed in this way to simplify the Group's results. However, as the Group manages internally its performance at an adjusted operating profit level (before Amortisation of acquisition intangibles and share based payments), which management believe better represents the underlying trading of the business, this information is still disclosed as an APM within this interim report. This APM is reconciled to statutory operating profit, together with the consequently Adjusted basic EPS (before Amortisation of acquisition intangibles, share based payments and tax effect thereon) to statutory basic EPS. The net cash/(debt) (Pre-IFRS 16) APM has been included to allow stakeholders to transition from previous presentation prior to IFRS 16 to Net cash/(debt) post IFRS 16. See reconciliation on page 26 of this presentation.*
2. *Please see Appendix for constant currency income statement comparative of Group as well as for Assurance and Software Resilience trading segments. Constant currency is calculated by restating H1 2020 at H1 2021 foreign exchange rates.*

Financial performance - Assurance

Reaping the benefits of a global model



	H1 2021 (£m)	H1 2020 (£m)	% change
Revenue	117.1	114.3	2.4%
Gross Profit	40.8	38.5	6.0%
Gross Margin %	*34.8%*	*33.7%*	*1.1 ppts*
Adjusted EBIT	**13.5**	**13.1**	**3.1%**
Adjusted EBIT Margin %	*11.5%*	*11.5%*	*nil ppts*

Revenue

- Performance across territories
  - UK & APAC decreased by 1.5% as UK only revenues in H1 decreased by 3.5% to £46.2m due to broader exposure to Covid-19
  - North America (“NA”) improved by 3.1% supported by increased spending from technology sector despite Covid
  - Europe increased by 11% with growing MDR and professional services revenues

Profitability

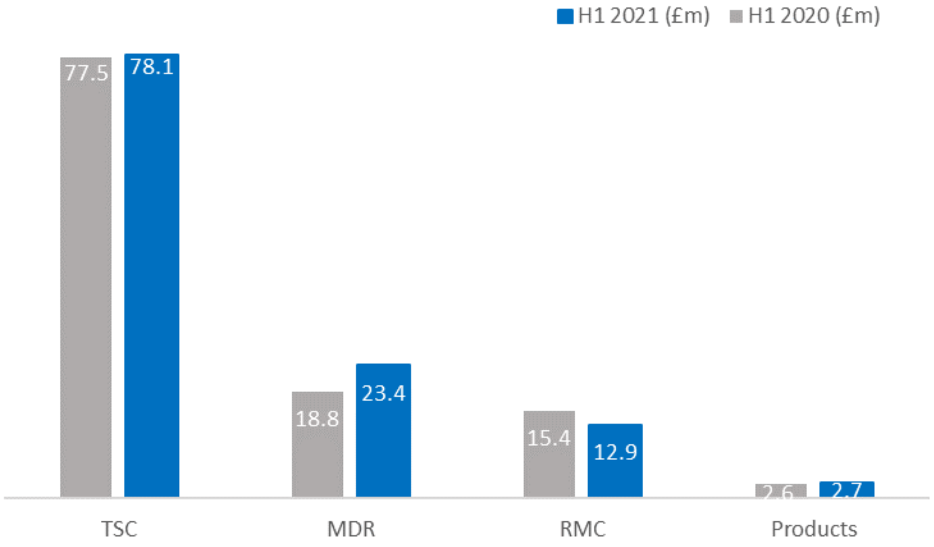
- GM% margin increased by 1.1ppts
  - Benefit of higher utilisation in technical consulting globally at 88.3% (up from 78.1% at H1 2020); this is expected to decrease in H2 to normalised historical levels
  - Mitigated by additional one-off costs from delays in system integration contracts due to Covid
- Building on global delivery model, with cross-border resourcing days increase to 5,055 days, to balance fluctuations in regional demands

Financial performance - Assurance

Outstanding MDR recurring revenues growth and a resilient "diamond core of TSC"

Assurance revenue by the Group: **£117.1m** +2.4%

Assurance revenue by service line:



Technical Security Consulting ("TSC") (+0.8% YoY)

- Resilient performance in Covid period reaffirms business model and market proposition
- Supported by strong utilisation delivered through global resourcing

Managed, Detection & Response ("MDR") (+24.5% YoY)

- Outstanding growth in a focussed strategic growth area for the Group providing greater predictability of recurring revenue
- Sales cycle expansion and lower order values in current environment with sales orders won of £27.0m compared to £30.1m in H1 2020

Risk Management Consulting ("RMC") (-16.2% YoY)

- On-site audit work continues to remain in abeyance during Covid-19
- Recovery on-going as part of a combined professional services offering

Products (+3.8% YoY)

- Sales relate to high-assurance products in Europe

Other items

- Going forward we will report a combined TSC and RMC number as we evolve to provide a full spectrum of professional services

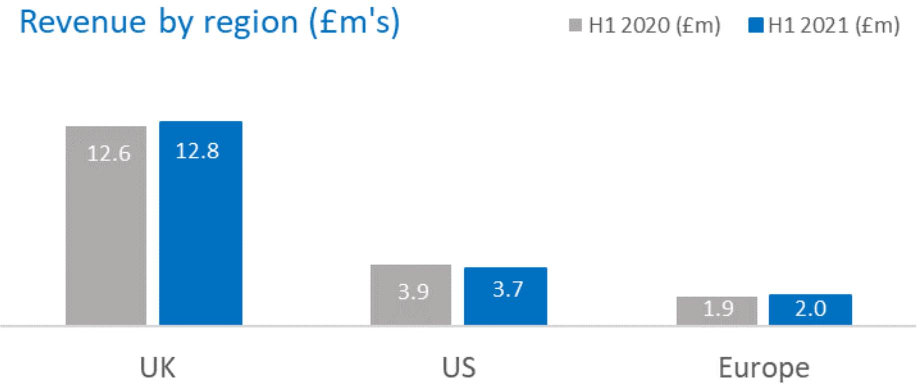
Financial performance – Software Resilience

Return to growth

Software Resilience revenue by the Group

£18.5m

+0.5%



	H1 2021 (£m)	H1 2020 (£m)	% change
Revenue	18.5	18.4	0.5%
Gross Profit	13.6	13.5	0.7%
Gross Margin %	*73.5%*	*73.4%*	*0.1ppts*
Adjusted EBIT	**8.0**	**8.1**	**(1.2)%**
Adjusted EBIT Margin %	*43.2%*	*44.0%*	*(0.8)ppts*

Revenue

- Revenue increased by 0.5% YoY:
  - UK growth YoY of 1.6%; sustainable growth building on growth of H2 2020
  - NA decreased by 5.1% owing to £0.2m less Secure Discovery testing that occurs on-premise (Covid-19 related)
  - Europe, as a new market, continues to progress positively
- Renewal rates improved to 89.1% (H1 2020: 87.0%) and remain within our expected range

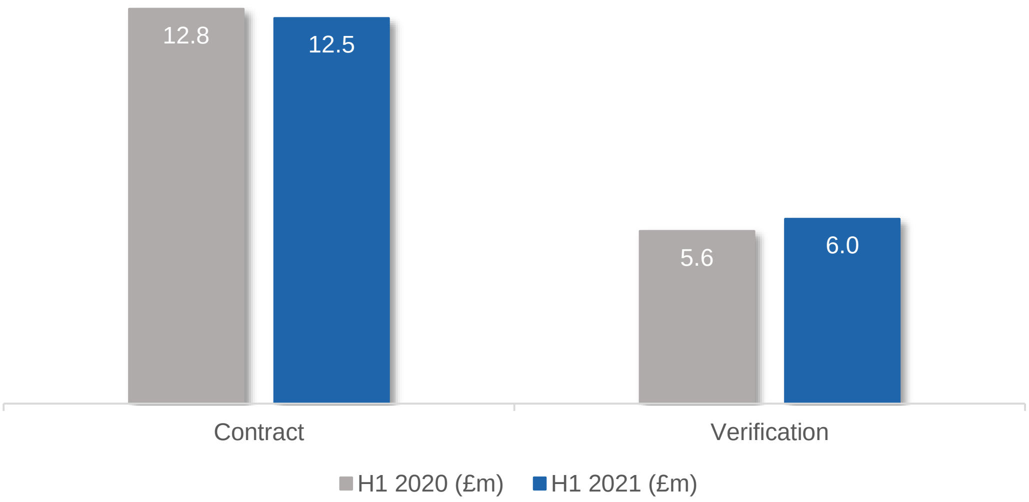
Profitability

- Further anticipated investments in H2 in channel and cloud with a more integrated sales approach to underpin sustainable growth

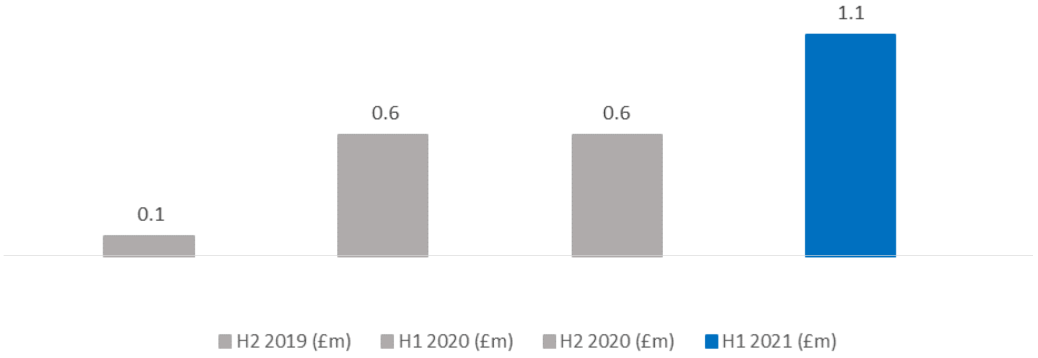
Financial performance – Software Resilience

EaaS gaining momentum

Escrow revenue by service line:



EaaS orders 6 month trend



Contracts

- Contracts revenue decreased by 2.3% albeit Cloud proposition gains momentum
- Renewal rates improved to 89.1%

Verification

- Verification continuing to grow 7.1% YoY to £6m

Escrow as a Service ("EaaS") (subset within Contract and Verification)

- EaaS gaining momentum with orders won 83.3% ahead of prior year with weighted EaaS pipeline at £1.1m
- EaaS net revenues are £0.5m for the period after approx. £0.2m net revenue in H1 2020
- Some notable wins include:

Operational KPIs – Pre-Covid H1 2020 vs Covid H1 2021

Sales order profile temporarily changed by Covid

	H1 2021	H1 2020
Group sales orders (£m)	145.9	149.2
MDR sales orders (£m)	27.0	30.1
AOV (Assurance only) (£k)	28.9	30.3
# of orders over £250k	42	66
EaaS sales orders (£m) ✓	1.1	0.6
Day rate change (%) ✓	Unchanged (0.0%)	8.2%

Research remains a priority

Research (Days 'k) ✓	2.7	2.7

Improving retention

Technical attrition rate (%) ✓	9.4	10.3
Movement in technical specialists	-25	+59
Global voluntary attrition rate (%) ✓	6.8	9.3
Global headcount rate (%) ✓	1.2	4.3

Sales

- Group Sales Orders, slightly down YoY (2.2%):
  - a testament to both our sales and delivery teams on a seamless and successful transition to working remotely
  - our prospective and current customers have not all had such a smooth transition resulting in slower procurement processes and caution to invest in larger or longer term solutions
- Average Order Value ("AOV") impacted by mix of less larger deals but we see our approach in the market providing strong resilience to day rates
- EaaS continues to do well as customers continue to move to a remote digital economy

Research

- Our technical research remains a priority and differentiator for NCC with levels broadly stable. See appendix for notable highlights of our research in H1 2021

People

- Technical attrition and global voluntary attrition have improved
  - on-going talent acquisition demand from the larger technology market in NA (we continue focussing on a global business operating model to manage regional requirements)

1. *Technical attrition for H1 2020 restated from 7.0% after global data cleanse and alignment further to implementation of Workday HCM as part of transformation programme.*
2. *https://research.nccgroup.com/2021/01/31/2020-annual-research-report/*

Financial performance - Cash

Strong cash generation and discipline with net cash[1] at £3m

	H1 2021 (£m)	H1 2020 (£m)
Cash flow before working capital	**26.4**	**24.4**
Movement in working capital	(1.5)	(4.5)
Operating cash pre interest / tax	24.9	19.9
Interest and tax	(5.9)	(2.9)
Net cash from operations	**19.0**	**17.0**
Net capital expenditure	(4.4)	(5.0)
Free cash flow	**14.6**	**12.0**
Dividends	(8.8)	(8.8)
Other investing and financing activities	(1.0)	(4.2)
Net movement	4.8	(1.0)
FX	2.5	0.4
Non cash movements (release of deferred issue costs)	(0.1)	-
Change in net debt	7.2	(0.6)
Opening net debt	(4.2)	(20.2)
Closing net cash / (net debt)	**3.0**	**(20.8)**
Cash	101.1	33.8
Borrowings	(98.1)	(54.6)
Closing net cash / (net debt)	**3.0**	**(20.8)**

1. *Net cash is defined as total borrowings less cash and cash equivalents. As an APM, it is detailed in Note 2 of the RNS.*
2. *Cash conversion ratio is a measure of how effectively EBITDA is converted into cash. As an APM, it is detailed in Note 2 of the RNS.*

Net cash/(debt) and cash conversion

- Cash improvement of £23.8m with net cash[1] of £3m in H1 2021 vs net debt of £20.8m in H1 2020
- Cash conversion[2] of 100.8%; continue to expect a 85% normalised cash conversion over the medium term
- Fully drawn down facilities maintained over the period
- All cash timing benefits from Covid related tax payment deferral schemes fully repaid by January 2021 (c.£4.6m as at 31 May 2020 & c.£1.3m as at 30 November)

Free cash flow and other

- Net cash from operations of £19.0m (11.8% YoY increase) due to growth in trading with continued discipline in working capital offset by higher interest and tax paid
- Group free cash flow benefited by decreased capital expenditure as SGT implementation concludes
- FX represents impact of the US$ on the RCF and cash balances

Capital allocation

- Board declaring interim dividend
- RCF repayment in H2 2021
- Balance sheet strength to fund organic and in-organic opportunities

Looking forward

Adam Palser
CEO

nccgroup

A global powerhouse

To be the **leading** cyber security advisor globally. Trusted and sought after for our complete **people-led, technology-enabled** cyber resilience solutions that enable our customers to **thrive**

- In September 2020 we re-iterated our mission, vision and objectives
- In 2021 we have ever more confidence in the future, to make our vision a reality and deliver long term sustainable growth
- Creating the firm we want to be via Securing Growth Together programme, our strategic priorities remain:
  - Broaden our portfolio
  - Enhance how we sell and deliver
  - Put data at the heart of the business
  - Use our global systems to help us operate as one firm, one way
  - Save money to invest in growth
  - Embed our values and behaviours

Medium term objectives

For our shareholders

- Double-digit revenue growth and margin improvement for Assurance
- Return Software Resilience to sustainable single digit growth
- Disciplined cash generation

For our customers

- Use our unique data, capability and insight to help our customers to meet their cyber resilience needs

For our people

- A global hub for cyber talent
- An inclusive environment where everyone feels safe to be authentic and is representative of the diversity of the world in which we live

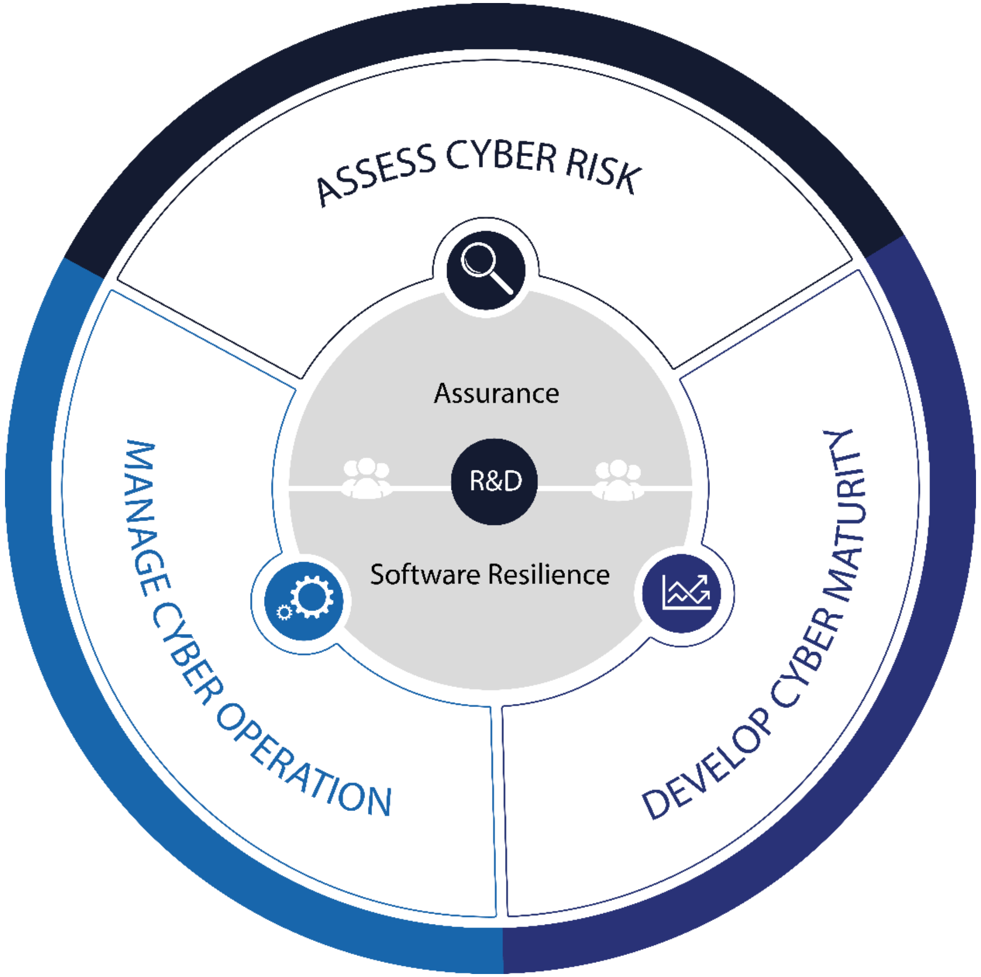
Our vision: a complete provider of cyber resilience solutions

What it means

- A one-stop shop to meet customers’ demand for evidence-based cyber resilience
  - A complete set of cyber and software resilience services
  - Promoted and sold to a global market
  - Underpinned by data and quantification

How we’ll get there

- Building on our strong foundation of a highly engaged and diverse talent base, and global automated processes and technology we will:
  - Broaden our portfolio (adding services and solutions across the cyber lifecycle)
  - Improve how we go to market globally (becoming easier to engage with and buy from)



Supporting customers across the complete cyber lifecycle

Stages of cyber lifecycle	Customer challenges and demands	Solutions	Current breadth of portfolio	Comments
Assess Assess Cyber Risk	Find and understand threats and vulnerabilities	Assessment & Advisory		World-leading security testing capability
Develop Develop Cyber Maturity	Prioritise investment to materially improve resilience and manage technology risk	Remediation		Rapid early traction but currently small scale
		Software Resilience		Leading on-premise business globally with burgeoning cloud proposition
Manage Manage Cyber Operations	Ongoing protection and defense against evolving threats	Detection & Response		Technically excellent and fast growing. Forrester recognises our offering as "large established player", based on market presence and functionality

Selective investment to build on early success

Stages of cyber lifecycle	Customer challenges and demands	Solutions	Current breadth of portfolio	H1 successes	Focused c.£3m investment in support of medium term objectives
Assess Assess Cyber Risk	Find and understand threats and vulnerabilities	Assessment & Advisory			
Develop Develop Cyber Maturity	Prioritise investment to materially improve resilience and manage technology risk	Remediation		£2 million in UK deals, from standing start	Grow into NA, Europe and APAC and scale technical leadership and delivery
		Software Resilience		£1.1 million in Escrow-as-a-Service orders	Drive cloud software resilience proposition to improve business continuity in an ever more digitalised world
Manage Manage Cyber Operations	Ongoing protection and defense against evolving threats	Detection & Response		24.5% revenue growth in Managed Services	Upgrade and upscale: deploy automation (SOAR) and advanced analytics; expand technology suite (MS Sentinel)

Summary and outlook

Adam Palser
CEO

Summary and outlook

Summary

- Continued excellent long-term market prospects as “compliance debt” builds with Covid-19 disruption holding cyber spend back
- Our half year performance demonstrates our resilience and presents a strong foundation for future growth
- Strength of recurring business in Assurance with growth of MDR and with Software Resilience stabilised

H2: investing systematically for the future

- We are using this time of market disruption to accelerate our transformation for the future
- We are well placed to thrive as we retain our shape and invest systematically
- Use our strong and flexible balance sheet to allow us to fund future organic and in-organic growth

Outlook

- Full year trading in line with our expectations
- Board declaring interim dividend of 1.5p
- Medium term objectives remain: double digit growth in Assurance and sustainable growth in Software Resilience

Q & A

Appendices

Income Statement

	H1 2021 £m	H1 2020 £m
Continuing operations		
Revenue	135.6	132.7
Cost of sales	(81.2)	(80.7)
Gross profit	54.4	52.0
Administrative expenses		
Depreciation and amortisation	(12.7)	(12.5)
Other administrative expenses	(29.7)	(29.0)
Total administrative expenses	(42.4)	(41.5)
Operating profit	12.0	10.5
Net finance costs	(1.3)	(1.5)
Profit before taxation	10.7	9.0
Taxation	(3.2)	(2.4)
Profit for the year attributable to the owners of the Company	7.5	6.6
Earnings per share		
Basic EPS	2.7p	2.4p
Diluted EPS	2.7p	2.3p

Income Statement: Pre-IFRS 16

	H1 2021			H1 2020		
	Adjusted	Adjusting items	Statutory	Adjusted	Adjusting items	Statutory
	£m	£m	£m	£m	£m	£m
Continuing operations						
Revenue	135.6	-	135.6	132.7	-	132.7
Cost of sales	(81.2)	-	(81.2)	(80.7)	-	(80.7)
Gross profit	54.4	-	54.4	52.0	-	52.0
Depreciation and amortisation	(5.4)	(4.3)	(9.7)	(5.1)	(4.4)	(9.5)
Administration expenses	(31.9)	(0.7)	(32.6)	(30.4)	(1.8)	(32.2)
Total administrative expenses	(37.3)	(5.0)	(42.3)	(35.5)	(6.2)	(41.7)
Operating profit	17.1	(5.0)	12.1	16.5	(6.2)	10.3
Net finance costs	(0.7)	-	(0.7)	(0.9)	-	(0.9)
Profit before taxation	16.4	(5.0)	11.4	15.6	(6.2)	9.4
Taxation	(4.4)	1.1	(3.3)	(3.7)	1.2	(2.5)
Profit for the year attributable to the owners of the Company	12.0	(3.9)	8.1	11.9	(5.0)	6.9
Earnings per share						
Basic EPS			2.9p			2.5p
Diluted EPS			2.9p			2.4p

Income Statement: Reconciliation to Adjusted Pre-IFRS 16

Table below provides a reconciliation between Pre-IFRS16 income statement on both an adjusted and statutory basis

	Adjusted P&L Pre-IFRS 16	Adjusting items	Statutory P&L Pre IFRS 16	IFRS 16 impact	Statutory P&L IFRS 16	Adjusting items	Adjusted P&L IFRS 16
Revenue	135.6	-	135.6	-	135.6	-	135.6
Cost of sales	(81.2)	-	(81.2)	-	(81.2)	-	(81.2)
Gross profit	54.4	-	54.4	-	54.4	-	54.4
Depreciation and amortisation	(5.4)	(4.3)	(9.7)	(3.0)	(12.7)	4.3	(8.4)
Administration expenses	(31.9)	(0.7)	(32.6)	2.9	(29.7)	0.7	(29.0)
Total administrative expenses	(37.3)	(5.0)	(42.3)	(0.1)	(42.4)	5.0	(37.4)
Operating profit	17.1	(5.0)	12.1	(0.1)	12.0	5.0	17.0
Net finance costs	(0.7)	-	(0.7)	(0.6)	(1.3)	-	(1.3)
Profit before taxation	16.4	(5.0)	11.4	(0.7)	10.7	5.0	15.7
Taxation	(4.4)	1.1	(3.3)	0.1	(3.2)	(1.1)	(4.3)
Profit for the year attributable to the owners of the Company	12.0	(3.9)	8.1	(0.6)	7.5	3.9	11.4
Basic EPS	4.3p	(1.4p)	2.9p	(0.2p)	2.7p	1.4p	4.1p
Diluted EPS	4.3p	(1.4p)	2.9p	(0.2p)	2.7p	1.4p	4.1p
Memo:							
Cash generated from operating activities before interest and taxation	*21.4*				*24.9*		*24.9*
EBITDA	*22.5*	*(0.7)*	*21.8*	*2.9*	*24.7*	*0.7*	*25.4*
	Pre IFRS 16				*Post IFRS 16*		*Post IFRS 16*
Cash conversion %	*95.1%*				*100.8%*		*98.0%*

Income Statement: Constant Currency

Group - at constant currency (H1 2021 actual rates)	H1 2021 (£m)	H1 2020 (£m)	Variance %
Revenue	135.6	133.1	1.9%
Cost of Sales	(81.2)	(81.3)	(0.1%)
Gross profit	54.4	51.8	5.0%
Depreciation & amortisation	(12.7)	(9.5)	33.7%
Overheads	(29.7)	(31.9)	(6.9%)
EBIT	12.0	10.4	15.4%
Adjusted EBIT	17.0	16.6	2.4%

Assurance – revenue	H1 2021 (£m)	H1 2020 (£m)	Variance %
UK & APAC	50.9	51.7	(1.5%)
North America	43.0	41.8	2.9%
Europe	23.2	21.4	8.4%
Total	117.1	114.9	1.9%

Escrow – revenue	H1 2021 (£m)	H1 2020 (£m)	Variance %
UK & APAC	12.8	12.3	4.1%
North America	3.7	3.9	(5.1%)
Europe	2.0	2.0	0.0%
Total	18.5	18.2	1.6%

Cashflow Statement

	H1 2021 £m	H1 2020 £m
Profit for the period	**7.5**	6.6
Adjustments for:		
Depreciation of property, plant and equipment	**2.4**	3.3
Depreciation of right of use assets	**3.0**	3.0
Share-based payments	**0.7**	1.8
Amortisation of acquired intangible assets	**4.3**	4.4
Amortisation of internally developed intangible assets and software	**3.0**	1.8
Net other financing costs	**0.7**	0.9
Lease financing costs	**0.6**	0.6
Foreign exchange	**1.1**	0.2
Research and development tax credits	**(0.2)**	(0.2)
Profit on sale of intangible assets	**(0.5)**	-
Income tax expense	**3.2**	2.4
Increase / (decrease) in provisions	**0.6**	(0.4)
Cash inflow for the year before changes in working capital	**26.4**	24.4
Increase in trade and other receivables	**(0.3)**	(9.8)
Increase in inventories	**(0.1)**	(0.3)
(Decrease)/Increase in trade and other payables	**(1.1)**	5.6
Cash generated from operating activities before interest and taxation	**24.9**	19.9
Interest element of lease liabilities	**(0.6)**	(0.6)
Interest paid	**(0.6)**	(0.8)
Taxation paid	**(4.7)**	(1.5)
Net cash generated from operating activities	**19.0**	17.0

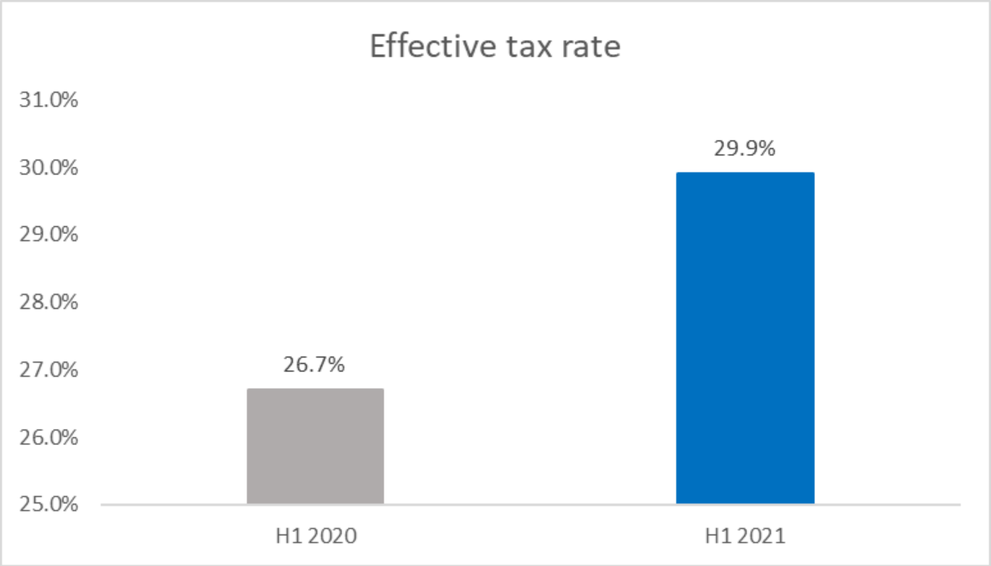
	H1 2021 £m	H1 2020 £m
Net cash generated from operating activities	**19.0**	17.0
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1.1)**	(0.7)
Software and development expenditure	**(3.3)**	(4.3)
Proceeds on disposal of intangibles	**0.5**	-
Net cash used in investing activities	**(3.9)**	(5.0)
Cash flows from financing activities		
Proceeds from the issue of ordinary share capital	**1.4**	-
Drawdown of borrowings	**3.0**	-
Repayment of lease liabilities	**(2.9)**	(3.2)
Transaction costs related to borrowings	**-**	(1.0)
Equity dividends paid	**(8.8)**	(8.8)
Net cash used for financing activities	**(7.3)**	(13.0)
Net increase /(decrease) in cash and cash equivalents	**7.8**	(1.0)
Cash and cash equivalents at beginning of period	**95.0**	34.9
Effect of foreign currency exchange rate changes	(1.7)	(0.1)
Cash and cash equivalents at end of period	**101.1**	33.8

	H1 2021 £m	H1 2020 £m
Net increase / (decrease) in cash and cash equivalents	**7.8**	**(1.0)**
Change in net debt resulting from cash flows	**(3.0)**	-
Effect of foreign currency on cash flows	**(1.7)**	(0.1)
Non-cash movements (release of deferred issue costs)	**(0.1)**	-
Foreign currency translation differences on borrowings	**4.2**	0.5
Change in net debt during the period	**7.2**	(0.6)
Net debt at start of period (Pre IFRS 16)	**(4.2)**	(20.2)
Net debt at end of period (Pre IFRS 16)	**3.0**	(20.8)
Lease liabilities	**(37.2)**	**(27.0)**
Net debt at end of period (IFRS 16)	**(34.2)**	**(47.8)**

Balance Sheet

	H1 2021 £m	H1 2020 £m	FY 2020 £m
Non-current assets			
Goodwill	**188.7**	187.0	**193.1**
Other intangible assets	**34.9**	39.8	**39.2**
Property, plant and equipment	**12.3**	14.7	**13.9**
Right-of-use assets	**26.2**	21.7	**28.7**
Investments	**0.3**	0.3	**0.3**
Deferred tax assets	**0.4**	7.2	**0.5**
Total non-current assets	**262.8**	**270.7**	**275.7**
Current assets			
Inventories	**1.0**	1.0	**0.9**
Trade and other receivables	**73.5**	71.4	**73.2**
Current tax receivable	**2.1**	1.1	**0.6**
Cash and cash equivalents	**101.1**	33.8	**95.0**
Total current assets	**177.7**	**107.3**	**169.7**
Total assets	**440.5**	**378.0**	**445.4**
Current liabilities			
Trade and other payables	**45.6**	37.6	**46.4**
Lease liabilities	**5.3**	4.6	**5.3**
Current tax payable	**1.0**	2.4	**-**
Provisions	**2.6**	0.2	**2.0**
Deferred Revenue	**38.0**	36.4	**39.5**
Total current liabilities	**92.5**	**81.2**	**93.2**
Non-current liabilities			
Borrowings	**98.1**	54.6	**99.2**
Lease liabilities	**31.9**	26.0	**32.9**
Deferred tax liability	**2.2**	9.8	**2.9**
Provisions	**0.3**	0.9	**1.7**
Deferred Revenue	**5.0**	-	**1.4**
Total non-current liabilities	**137.5**	**91.3**	**138.1**
Total liabilities	**230.0**	**172.5**	**231.3**
Net assets	**210.5**	**205.5**	**214.1**
Equity			
Issued capital	**2.8**	2.8	**2.8**
Share premium	**152.3**	149.8	**150.9**
Merger reserve	**42.3**	42.3	**42.3**
Currency translation reserve	**27.5**	25.0	**31.9**
Retained earnings	**(14.4)**	(14.4)	**(13.8)**
Total equity attributable to equity holders of the parent	**210.5**	**205.5**	**214.1**

Tax & Dividends



Tax

- Effective tax rate attributable to continuing operations is 29.9% (H1 2020: 26.7%)
- Movement in the effective tax rate increase reflects decreased comparative R&D tax credit for the Group compared to previous period
- Rate remains above UK standard rate (19%) reflecting origin of Group profits in overseas territories with high rates of tax than the UK, for example: North America combined Federal and State rate equates to c.29%

Dividends

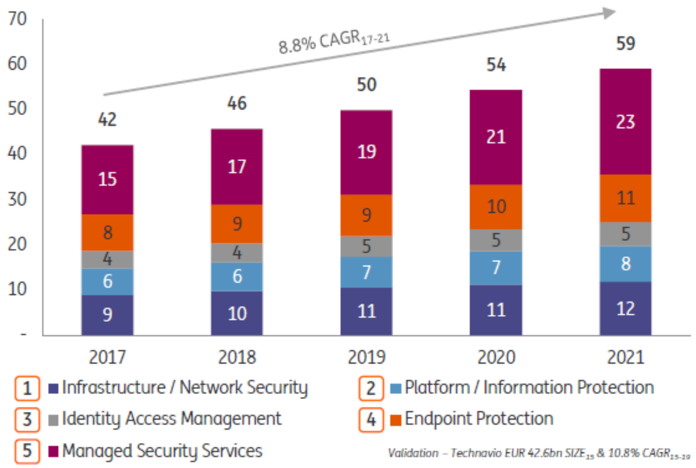
- Given the confidence we have in our continued profitability and cash generation the Board are declaring an unchanged interim dividend

Cyber Resilience Market (Pre-Covid)

nccgroup

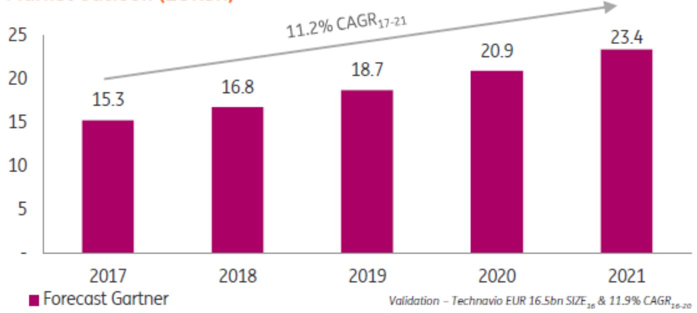
Overall

Cybersecurity market outlook (EURbn)[1]

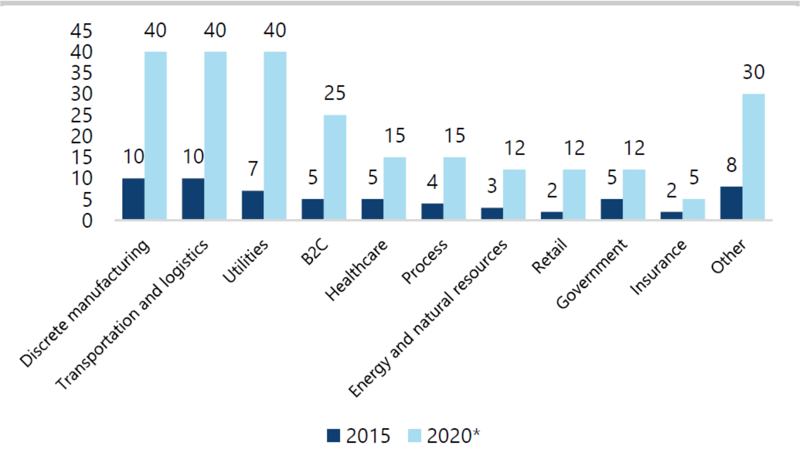


Managed Services

Market outlook (EURbn)[1]

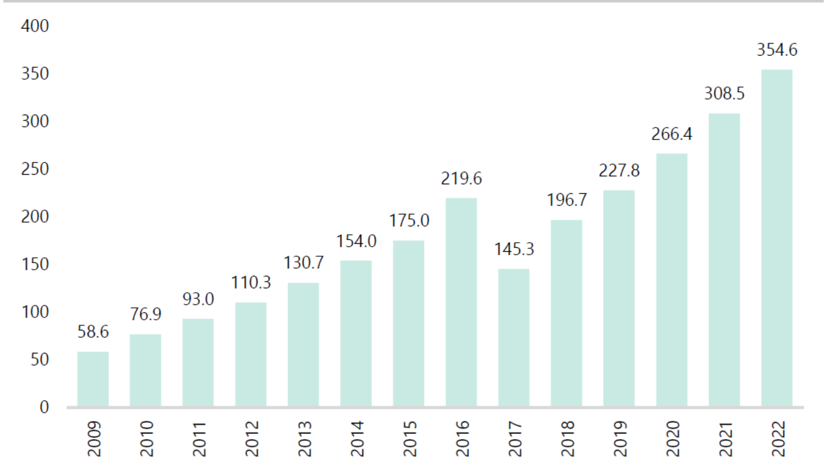


Global spending on Internet of Things by vertical, 2015 and 2020 (USD$bn)



Source: BCG, IDC, Statista

Global public cloud computing services market size, 2009-2022 (USD$bn)



Source: Gartner, Statista

The cybersecurity market was valued at USD 161.07 billion in 2019, and it is expected to reach USD 363.05 billion by 2025, registering a CAGR of 14.5% during 2020-2025. The trends for IoT, BYOD, AI, and machine learning in cybersecurity are increasing. For instance, machine learning provides advantages in outlier detection, much to the benefit of cybersecurity.

Source: Mordor Intelligence (https://www.mordorintelligence.com/industry-reports/cyber-security-market)

Our Research

nccgroup

At the fore-front of the cyber security industry through cost-effective research. Our 2020 Annual Research Report can be found at *https://research.nccgroup.com/2021/01/31/2020-annual-research-report/*. Notable work in H1 2021 includes:

Conference talks (incl. panels)	Whitepapers	Tools	Blogs	Other
• Carnivore: Microsoft External Attack Tool (Black Hat USA 2020 and Defcon 28) • Keynote panel for KubeCon 2020, preeminent Kubernetes/container conference • Breaking AD Trust Boundaries through Kerberos Vulnerabilities (Black Hat Asia 2020) • Cyber security awareness in healthcare (Censis) • Cybersecurity Workshop: Protecting Assets in the Home Office and the Field (Oilcomm) • An Introduction to Automotive Security in 2020 (SecTor) • Bypassing Security Controls in Office 365 (CCN-CERT) • Preparing for an incident (SOURCE Boston)	• Cyber Security of New Space • Thematic for Success in Real-World Offensive Cyber Operations - How to make threat actors work harder and fail more often • Exploring the Security of KaiOS Mobile Applications • Optimized Binary GCD for Modular Inversion	12 Tools released and updated as open source including S3ObjectCheck (Cloud), ScoutSuite (Cloud), Depthcharge (IoT) and Whalescan (Containers)	37 research blogs read by 157,000 people Exploring DeepFake Risks & Mitigation Strategies with University College London Russian RansomWare group EvilCorp Glitching the MediaTek BootROM - new vulns in a ubiquitous consumer IoT chip	• 23 Technical Vulnerability Advisories, including in operating systems used by 100 million+ users • 4 Public Reports • 1 book publication, from one of the world experts in C programming security • Join Governing Board of Open Source Security Foundation (Linux Found) • 2 Live intrusion events sourced from our Research & Intelligence Fusion Teams honeypots. Revealing activity by China and Iran leveraging Citrix & F5 vulnerabilities

Notations – recap from each page

Page 3

1. All financial performance numbers presented are based on post IFRS-16 unless specifically noted. References to the Group's results are to continuing operations. Following the adoption of IFRS 16 'Leases' with effect from 1 June 2019, the Group results are now presented under this accounting standard. Comparator information is also on the same basis. The impact of IFRS 16 for H1 2021 on EBITDA, Operating profit, Profit before taxation, Profit for the year, Net cash/(debt) 3 amounts to an increase of £2.9m (H1 2020: £3.2m), decrease of £0.1m (H1 2020: increase £0.2m), decrease of £0.7m (H1 2020: £0.4m), decrease of £0.6m (H1 2020: £0.3m) and an increase in debt of £37.2m (H1 2020: £30.6m) respectively. See reconciliation on page 26 of this presentation.
2. See note 2 of the interim financial statements for an explanation of Alternative Performance Measures (APMs), historically disclosed adjusting items and revised presentation of the Consolidated income statement. As discussed in the FY20 Annual Report and in accordance with FRC guidelines, the Group no longer presents a consolidated income statement showing adjusting items separately. In prior periods, the Group disclosed adjusting items in H1 2020: £6.2m related to Amortisation of acquisition intangibles (H1 2020: £4.4m) and share based payments (H1 2020: £1.8m) as a separate column on the face of the consolidated income statement. This is no longer disclosed in this way to simplify the Group's results. However, as the Group manages internally its performance at an adjusted operating profit level (before Amortisation of acquisition intangibles and share based payments), which management believe better represents the underlying trading of the business, this information is still disclosed as an APM within this interim report. This APM is reconciled to statutory operating profit, together with the consequently Adjusted basic EPS (before Amortisation of acquisition intangibles, share based payments and tax effect thereon) to statutory basic EPS. The net cash/(debt) (Pre-IFRS 16) APM has been included to allow stakeholders to transition from previous presentation prior to IFRS 16 to Net cash/(debt) post IFRS 16. See reconciliation on page 26 of this presentation.
3. Net cash as presented is on a Pre-IFRS 16 basis and is defined as total borrowings less cash and cash equivalents. As an APM, it is detailed in Note 2 of the RNS.

Page 4

1. Software Resilience revenues for LTM comparison is a total of £37.6m for the last twelve months ending 30 November 2020 and £37,5m for the 12 months ending 30 November 2019 (H1 2021: £18,5m, H2 2020: £19.1m, H1 2020: £18.4m and H2 2019: £19.1m).
2. See appendix of notable H1 2021 research on page 33. Additionally https://research.nccgroup.com/2021/01/31/2020-annual-research-report/

Page 5

1. Market was growing at c.8-9% before Covid-19. See appendix of presentation
2. The following represent the results of research conducted by Opinium Research on behalf of NCC Group. Research conducted in January 2021 across a sample of 290 Cyber decision makers at businesses with over 1000 employees (with 44% over 5000) across public sector (30%) and private sector (70%) organisations

Page 6

1. Cash conversion ratio is a measure of how effectively EBITDA is converted into cash. As an APM, it is detailed in Note 2 of the RNS.
2. Net cash as presented is on a Pre-IFRS 16 basis and is defined as total borrowings less cash and cash equivalents. As an APM, it is detailed in Note 2 of the RNS.
3. Net debt is defined as total borrowings less cash and cash equivalents. This is also presented on a pre-IFRS 16 basis. As an APM, it is detailed in Note 2 of the RNS.

Page 8

1. See note 2 of the interim financial statements for an explanation of Alternative Performance Measures (APMs), historically disclosed adjusting items and revised presentation of the Consolidated income statement. As discussed in the FY20 Annual Report and in accordance with FRC guidelines, the Group no longer presents a consolidated income statement showing adjusting items separately. In prior periods, the Group disclosed adjusting items in H1 2020: £6.2m related to Amortisation of acquisition intangibles (H1 2020: £4.4m) and share based payments (H1 2020: £1.8m) as a separate column on the face of the consolidated income statement. This is no longer disclosed in this way to simplify the Group's results. However, as the Group manages internally its performance at an adjusted operating profit level (before Amortisation of acquisition intangibles and share based payments), which management believe better represents the underlying trading of the business, this information is still disclosed as an APM within this interim report. This APM is reconciled to statutory operating profit, together with the consequently Adjusted basic EPS (before Amortisation of acquisition intangibles, share based payments and tax effect thereon) to statutory basic EPS. The net cash/(debt) (Pre-IFRS 16) APM has been included to allow stakeholders to transition from previous presentation prior to IFRS 16 to Net cash/(debt) post IFRS 16. See reconciliation on page 26 of this presentation.
2. Cash conversion ratio is a measure of how effectively EBITDA is converted into cash. As an APM, it is detailed in Note 2 of the RNS.
3. Free cash flow is defined as net cash generated from operating activities, less purchase of property, plant, and equipment & software and development expenditure.
4. Net cash as presented is on a Pre-IFRS 16 basis and is defined as total borrowings less cash and cash equivalents. As an APM, it is detailed in Note 2 of the RNS.
5. Global resourcing represents inter-company cross border work. Improved global visibility of resourcing is an early benefit of SGT investment.

Page 9

1. See note 2 of the interim financial statements for an explanation of Alternative Performance Measures (APMs), historically disclosed adjusting items and revised presentation of the Consolidated income statement. As discussed in the FY20 Annual Report and in accordance with FRC guidelines, the Group no longer presents a consolidated income statement showing adjusting items separately. In prior periods, the Group disclosed adjusting items in H1 2020: £6.2m related to Amortisation of acquisition intangibles (H1 2020: £4.4m) and share based payments (H1 2020: £1.8m) as a separate column on the face of the consolidated income statement. This is no longer disclosed in this way to simplify the Group's results. However, as the Group manages internally its performance at an adjusted operating profit level (before Amortisation of acquisition intangibles and share based payments), which management believe better represents the underlying trading of the business, this information is still disclosed as an APM within this interim report. This APM is reconciled to statutory operating profit, together with the consequently Adjusted basic EPS (before Amortisation of acquisition intangibles, share based payments and tax effect thereon) to statutory basic EPS. The net cash/(debt) (Pre-IFRS 16) APM has been included to allow stakeholders to transition from previous presentation prior to IFRS 16 to Net cash/(debt) post IFRS 16. See reconciliation on page 26 of this presentation. Please see Appendix for constant currency income statement comparative of Group as well as for Assurance and Software Resilience trading segments. Constant currency is calculated by restating H1 2020 at H1 2021 foreign exchange rates.

Page14

1. Technical attrition for H1 2020 restated from 7.0% after global data cleanse and alignment further to implementation of Workday HCM as part of transformation programme.
2. https://research.nccgroup.com/2021/01/31/2020-annual-research-report/

Page 15

1. Net cash is defined as total borrowings less cash and cash equivalents. As an APM, it is detailed in Note 2 of the RNS
2. Cash conversion ratio is a measure of how effectively EBITDA is converted into cash. As an APM, it is detailed in Note 2 of the RNS

Disclaimer

This presentation, including a hard copy of these slides, the talks given by the presenters, the information communicated during any delivery of the presentation and any question and answer session and any document or material distributed at or in connection with the presentation (together the **"presentation"**), has been prepared by the directors of NCC Group plc (the **"Company"**) in connection with the Company's interim results announcement in respect of the half year ended 30 November 2020.

The Presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities of the Company, nor shall it (or any part of it), or the fact of its distribution, form the basis of, or be relied on in connection with or act as any inducement to enter into, any contract whatsoever relating to any securities.

Nothing in the Presentation is, or should be relied on as, a promise or representation as to the future. The Presentation includes certain statements, estimates and projections provided by the Company in relation to strategies, plans, intentions, expectations, objectives and anticipated future performance of the Company and its subsidiaries. By their nature, such statements, estimates and projections involved risk and uncertainty since they are based on various assumptions made by the Company concerning anticipated results which may or may not prove to be correct and because they may relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. No representations or warranties of any kind are made by any person as to the accuracy of such statements, estimates or projections, or that any of the events expressed or implied in any such statements, estimates or projections will actually occur. The Company is not under any obligation, and expressly disclaims any intention, to update or revise any such statements, estimates or projections. No statement in the Presentation is intended as a profit forecast or a profit estimate. Save in the case of fraud, no responsibility or liability whatsoever (whether in negligence or otherwise) arising directly or indirectly from the use of this Presentation is accepted by the Company or any person as to the accuracy, completeness or fairness of the Presentation or for any errors, omissions or inaccuracies in such information or opinions, or as to the suitability of any particular investment for any particular investor, or for any loss, cost or damage suffered or incurred, however arising, directly or indirectly, from any use of, as a result of the reliance on, or otherwise in connection with, the Presentation.

The information contained in this Presentation may constitute inside information for the purposes of the Criminal Justice Act 1993 and the EU Market Abuse Regulation (2014/596/EU) ("MAR"). You should not use this information as a basis for your behaviour in relation to any financial instruments (as defined in MAR), as to do so could amount to a criminal offence of insider dealing under the Criminal Justice Act 1993 or a civil offence of insider dealing for the purposes of MAR or other applicable laws and/or regulations in other jurisdictions.