



Mind Gym plc

AIM
Admission Document

June 2018

LIBERUM

Nominated Adviser,
Sole Bookrunner
and Sole Broker

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if you are in the United Kingdom, or, if outside the United Kingdom, from another appropriately authorised independent adviser.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with an application for admission to trading on AIM of the entire issued share capital of Mind Gym plc. This document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of the FSMA or otherwise. Accordingly, this document does not constitute a prospectus for the purposes of section 85 of the FSMA or otherwise, and has not been drawn up in accordance with the Prospectus Rules or filed with or approved by the FCA or any other competent authority.

Application has been made for the Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Shares will commence on AIM on 28 June 2018.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Company and the Directors, whose names appear on page 8 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

The whole of this document should be read. Your attention is drawn in particular to Part II of this document entitled "Risk Factors", which describes certain risks associated with an investment in Mind Gym plc.



(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 03833448)

**Placing of 34,828,410 Placing Shares at 146 pence per Share
and
Admission of the Share Capital to trading on AIM**

LIBERUM

Nominated Adviser, Sole Bookrunner and Sole Broker

The Placing is conditional, *inter alia*, on Admission taking place by 8.00 a.m. on 28 June 2018 (or such later date as the Company and Liberum Capital Limited may agree, being not later than 12 July 2018). The Placing Shares, will, on Admission, rank equally in all respects with all of the Shares, including the right to receive all dividends or other distributions declared, made or paid on the Existing Shares after Admission.

Liberum Capital Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as nominated adviser and broker in connection with the Placing and Admission, and will not be responsible to any other person for providing the protections afforded to customers of Liberum Capital Limited or advising any other person in connection with the Placing and Admission. Liberum Capital Limited's responsibilities as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers will be owed solely to London Stock Exchange and not to the Company, the Directors or to any other person in respect of such person's decision to subscribe for or acquire Placing Shares in reliance on any part of this document. Liberum Capital Limited does not accept any responsibility whatsoever for the contents of this document, and no representation or warranty, express or implied, is made by Liberum Capital Limited with respect to the accuracy or completeness of this document or any part of it.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not, subject to certain limited exceptions, for distribution into the United States of America, Australia, Canada, Japan, New Zealand or the Republic of South Africa. The Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) nor under the applicable securities laws of any states of the United States of America or any province or territory of Canada, Australia, Japan, New Zealand or the Republic of South Africa, nor in any country or territory where to do so may contravene local securities laws or regulations. Accordingly, the Shares may not be offered or sold directly or indirectly in or into the United States of America, Australia, Canada, Japan, New Zealand, the Republic of South Africa, or to any national, resident or citizen of the United States of America, Australia, Canada, Japan, New Zealand or the Republic of South Africa nor in any country or territory where to do so may contravene local securities laws or regulations. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States of America regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Holding Shares may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas investors should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

Copies of the document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the registered offices of the Company and the offices of Liberum Capital Limited at Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY for one month from Admission. This document is also available on the Company's website, <https://uk.themindgym.com/>.

IMPORTANT INFORMATION

This document should be read in its entirety before making any decision to subscribe for or purchase Shares. Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or Liberum Capital Limited or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this document or any subsequent communications from the Company or Liberum Capital Limited or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if you are in the United Kingdom, or, if outside the United Kingdom, from another appropriately authorised independent adviser.

Notice to prospective investors in the EEA

In relation to each member state of the EEA which has implemented the Prospectus Directive other than the United Kingdom (each, a “**Relevant Member State**”), no Shares have been offered or will be offered pursuant to the Placing to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (2) to fewer than 150, or, if the Relevant Member State has not implemented the relevant provision of the Prospectus Directive, 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- (3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of the law of the Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression “an offer to the public” in relation to any offer of Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression the “Prospectus Directive” means Directive 2003/71/EC (as amended), to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

Notice to Prospective Investors in Switzerland

This publication is intended to be distributed in Switzerland to professional investors in circumstances such that there is no public offer. This publication does neither constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations nor a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other stock exchange or regulated trading venue in Switzerland.

Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to prospective investors in the United Kingdom

This document is being distributed to, and is directed only at, persons in the United Kingdom who are “qualified investors” within the meaning of section 86 of the FSMA: (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**FPO**”); or (ii) who are high net worth entities falling within Article 49(2)(a) to (d) of the FPO; or (iii) to whom it may otherwise be lawfully distributed (each a “**relevant person**”). Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with such persons. Persons who are not relevant persons should not rely on or act upon this document.

Notice to prospective investors in the United States

The Placing has not been and will not be registered under the US Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority or under any securities laws of any state or other jurisdiction of the United States. Shares may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from the United States except pursuant to an applicable exemption from or in a transaction not subject to the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of securities in the United States. Neither the US Securities and Exchange Commission, any US state securities commission nor any other US regulatory authority has approved or disapproved the Shares offered hereby nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence. Outside the United States, offers and sales of Shares will only be made in offshore transactions within the meaning of and in accordance with the exemption from the registration requirements of the Securities Act provided by Regulation S promulgated thereunder.

Forward looking statements

Certain statements in this document are or may constitute “forward looking statements”, including statements about current beliefs and expectations of the Directors. In particular, the words “expect”, “anticipate”, “estimate”, “may”, “should”, “plans”, “intends”, “will”, “believe” and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. Such forward-looking statements are based on the Board’s expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations, and estimates and projections of the Group’s financial performance. Though the Board believes these expectations to be reasonable at the date of this document they may prove to be erroneous. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements and performance of the Group, or the industry in which the Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements.

Any forward looking statement in this document speaks only as of the date it is made. Save as required by law or the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward looking statements in this document that may occur due to any change in the Board’s expectations or to reflect events or circumstances after the date of this document.

Any forward looking statement in this document based on past or current trends and/or activities of the Group should not be taken as a representation or assurance that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will match or exceed the historical or published earnings of the Group.

Presentation of financial information

The consolidated historical financial information of the Group for the three years ended 31 March 2018 set out in Section B of Part III of this document has been prepared in accordance with IFRS.

Certain non-financial measures such as EBITDA have been included in the financial information contained in this document as the Directors believe that these present important alternative measures with which to assess the Group's performance. These measures should not be considered as an alternative to revenue and operating profit, which are IFRS measures, or other measures of performance under IFRS. In addition, the Company's calculation of EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

Rounding

The financial information and certain other figures in this document have been subject to rounding adjustments. Therefore, the sum of numbers in a table (or otherwise) may not conform exactly to the total figure given for that table. In addition, certain percentages presented in this document reflect calculations based on the underlying information prior to rounding and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based on the rounded numbers.

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data and statistics in this document constitute management's estimates, using underlying data from third parties. The Company obtained market and economic data and certain industry statistics from internal reports, as well as from third-party sources as described in the footnotes to such information. The Company confirms that all third-party information set out in this document has been accurately reproduced and that, so far as the Company is aware and has been able to ascertain from information published by the relevant third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified. Such third-party information has not been audited or independently verified.

This document includes market share, industry and forecasts that the Company has obtained from industry publications, surveys and internal company sources. As noted in this document, the Company has also obtained market and industry data relating to the Group's business from providers of industry data.

Market and industry data is inherently predictive and speculative, and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including that: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. None of the publishers of such reports and publications has authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by any such publisher for the accuracy or completeness of any market data attributed to them which is included in this document.

No incorporation of website information

The contents of the Company's website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document, and prospective investors should not rely on such information.

CONTENTS

	<u>Page</u>
PLACING STATISTICS AND EXPECTED TIMETABLE	7
COMPANY OFFICERS, REGISTERED OFFICE AND ADVISERS	8
DEFINITIONS	9
GLOSSARY	12
PART I INFORMATION ON THE GROUP	13
PART II RISK FACTORS	29
PART III HISTORICAL FINANCIAL INFORMATION	35
PART IV ADDITIONAL INFORMATION	64
PART V TERMS AND CONDITIONS OF THE PLACING	90

PLACING STATISTICS AND EXPECTED TIMETABLE

Placing Statistics

Placing Price (per Share)	146 pence
Number of Existing Shares	88,600,000
Number of Shares as at Admission	99,362,375
Number of Shares in the Placing to be sold by the Selling Shareholders (the Placing Shares)	34,828,410
Placing Shares as a percentage of the Share Capital	35.1 per cent.
Estimated gross proceeds of the Placing receivable by the Selling Shareholders	approximately £50.8 million
Market capitalisation of the Company at the Placing Price following Admission ⁽¹⁾	£145 million
TIDM	MIND
ISIN	GB00BF3SQB83
SEDOL	BF3SQB8
LEI	213800ER1PA5QSNKIL80

Notes:

⁽¹⁾ The market capitalisation of the Company at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will equal or exceed the Placing Price.

Expected Timetable

Publication of this document	25 June 2018
Admission becomes effective and commencement of dealings in the Share Capital on AIM	8.00 a.m. on 28 June 2018
CREST accounts credited (where applicable)	28 June 2018
Despatch of definitive share certificates (where applicable)	by 5 July 2018

All times are London, UK times. Each of the times and dates in the above timetable is indicative only and is subject to change without further notice.

COMPANY OFFICERS, REGISTERED OFFICE AND ADVISERS

Directors	<p>Octavius Black (<i>Chief Executive Officer</i>)</p> <p>Joanne Black (née Cash) (<i>Non-Executive Chair</i>)</p> <p>Sebastian Bailey (<i>Executive Director</i>)</p> <p>Richard Steele (<i>Chief Financial Officer</i>)</p> <p>Baroness Diana "Dido" Harding (<i>Senior Independent Non-Executive Director</i>)</p> <p>Sally Tilleray (<i>Independent Non-Executive Director</i>)</p> <p>David Nelson (<i>Non-Executive Director</i>)</p>
Company secretary	<p>Prism Cosec Limited</p> <p>42-50 Hersham Road</p> <p>Walton-On-Thames</p> <p>Surrey</p> <p>KT12 1RZ</p>
Registered office	<p>160 Kensington High Street</p> <p>London</p> <p>W8 7RG</p>
Website	<p>https://uk.themindgym.com/</p>
Nominated Adviser, Sole Bookrunner and Sole Broker	<p>Liberum Capital Limited</p> <p>Ropemaker Place</p> <p>25 Ropemaker Street</p> <p>London</p> <p>EC2Y 9LY</p>
Legal advisers to the Company	<p>Winston & Strawn London LLP</p> <p>CityPoint</p> <p>One Ropemaker Street</p> <p>London</p> <p>EC2Y 9AW</p>
Legal advisers to the Nominated Adviser and Broker	<p>Addleshaw Goddard LLP</p> <p>Milton Gate</p> <p>60 Chiswell Street</p> <p>London</p> <p>EC1Y 4AG</p>
Reporting Accountants	<p>BDO LLP</p> <p>55 Baker Street</p> <p>London</p> <p>W1U 7EU</p>
Auditors	<p>BDO LLP</p> <p>55 Baker Street</p> <p>London</p> <p>W1U 7EU</p>
Registrars	<p>Equiniti Limited</p> <p>Aspect House</p> <p>Spencer Road</p> <p>Lancing</p> <p>West Sussex</p> <p>BN99 6DA</p>
Financial PR advisers to the Company	<p>Charlotte Street Partners Limited</p> <p>The Charlotte Building</p> <p>6 Evelyn Yard</p> <p>London</p> <p>W1T 1QL</p>

DEFINITIONS

Admission	the admission of the Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
Admission Document	this admission document
AIM	the AIM market of the London Stock Exchange
AIM Rules for Companies or AIM Rules	the AIM Rules for Companies published by the London Stock Exchange from time to time
AIM Rules for Nominated Advisers	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time
Articles	the articles of association of the Company
Audit and Risk Committee	the audit and risk committee of the Board as described in paragraph 13 of Part I of this document
Board	the board of directors of the Company
Companies Act or Act	the Companies Act 2006 (as amended)
CREST	the computerised settlement (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force
Directors	the directors of the Company as at the date of this document, whose names appear on page 8 of this document
EBITDA	earnings before interest, tax, depreciation and amortisation
EEA	the European Economic Area
Euroclear	Euroclear UK & Ireland Limited, a company incorporated in England & Wales with registered number 2878738, being the operator of CREST
Executive Directors	the executive Directors of the Company
Exercising Optionholders	the employees of the Company to whom the Company granted share options pursuant to the Option Agreements who have elected to exercise such share options, conditional on Admission, and sell all (or a proportion of) their resulting New Shares in the Placing
Existing Shares	the 88,600,000 Shares in issue as at the date of this document (which excludes the New Shares)
Dealing Day	a day on which the London Stock Exchange is open for the transaction of business
FCA or Financial Conduct Authority	the Financial Conduct Authority of the United Kingdom
Founders	Octavius Black and Sebastian Bailey
FSMA	the Financial Services and Markets Act 2000, as amended
Group	the Company and its subsidiaries and subsidiary undertakings (in each case as defined in the Companies Act)

Historical Financial Information	the audited historical financial information of the Group for the three years ended 31 March 2018, as set out in Section B of Part III of this document
IFRS	International Financial Reporting Standards as adopted by the European Union
ISIN	International Security Identification Number
LEI	Legal Entity Identifier
Liberum	Liberum Capital Limited, the Company's Nominated Adviser, Sole Bookrunner and Sole Broker
Lock In Shareholders	Joanne Black, Octavius Black, Sebastian Bailey and Pui-Wai Yuen
London Stock Exchange	London Stock Exchange plc
LTIP	the Mind Gym plc Long Term Incentive Share Option Plan 2018
MAR	Market Abuse Regulations (596/2014/EU)
Member State	a member state of the EEA
Mind Gym or Company	Mind Gym plc
Minority Seller Agreement	the conditional agreement entered into on or about the date of this document between the each of the Minority Sellers, Liberum and the Company whereby each Minority Seller authorises the Company to, acting as his or her agent, arrange for the sale, by Liberum, of his or her Minority Seller Placing Shares, details of which are set out in paragraph 12 of Part IV of this document
Minority Sellers	the Exercising Optionholders and Guy Claxton
Minority Seller Placing Shares	the 2,533,908 Shares to be sold by the Minority Sellers pursuant to the Placing
New Shares	the 10,762,375 new Shares allotted and issued to Exercising Optionholders (conditional on Admission) pursuant to the terms of the Option Agreements, the majority of which Shares will be sold in the Placing
Non-Executive Directors	the non-executive directors of the Company (including the Non-Executive Chair)
Option Agreements	the individual EMI share option agreements entered into by the Company and certain of its employees between 13 March 2009 and 14 June 2017
Panel	the Panel on Takeovers and Mergers
PAYE	Pay-as-you-earn tax
Placing	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
Placing Agreement	the conditional agreement entered into on or about the date of this document between Liberum, the Company, the Vendors and the Directors in relation to the Placing of the Placing Shares, details of which are set out in paragraph 11 of Part IV of this document
Placing Price	146 pence per Placing Share

Placing Shares	the 34,828,410 Shares to be sold by the Selling Shareholders pursuant to the Placing
Pre-IPO Reorganisation	means the corporate reorganisation of the Company prior to Admission, as described in paragraph 4 of Part IV of this document
Preference Shareholder	Octavius Black as the holder of the Redeemable Preference Shares
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of the European Union
Prospectus Rules	the prospectus rules made by the FCA under Part VI of the FSMA, as amended
QCA	the Quoted Companies Alliance
QCA Code	the Quoted Companies Alliance Corporate Governance Code 2018
QCA Remuneration Committee Guide	the Remuneration Committee Guide for small and mid-size Quoted Companies 2016 published by the QCA
Redeemable Preference Shares	50,000 redeemable preference shares of £1.00 each in the capital of the Company
Regulation S	Regulation S under the US Securities Act
Relationship Agreement	the relationship agreement entered into on or about the date of this document between the Company, Octavius Black, Joanne Black and Sebastian Bailey as described at paragraph 13.3 of Part IV of this document
Remuneration and Nomination Committee	the remuneration and nomination committee of the Board as described in paragraph 13 of Part I of this document
Selling Shareholders	the Vendors and the Minority Sellers
Senior Managers	certain members of the Company's management team (other than the Executive Directors), details of whom are set out in paragraph 9.2 of Part I of this document
Share Capital	the 99,362,375 Shares, which represents the entire issued share capital of the Company immediately following Admission (excluding the Redeemable Preference Shares)
Shares or Ordinary Shares	ordinary shares of £0.00001 each in the capital of the Company
Takeover Code	the City Code on Takeovers and Mergers published by the Panel
UK	the United Kingdom
US or United States	the United States of America
US Persons	has the meaning given in Regulation S
US Securities Act or Securities Act	the US Securities Act of 1933
Vendors	Octavius Black, Joanne Black, Sebastian Bailey and Juliet Bailey
£ and p	United Kingdom pounds sterling and pence respectively

GLOSSARY

ATD	Association for Talent and Development
eLearning	digital or electronic methods of remote learning and/or training
eWorkouts	digital learning experience proprietary to Mind Gym delivered through personal computer, tablet or mobile device
FTSE 100	Financial Times Stock Exchange 100 Index (as at 31 May 2018)
HCM	human capital management
S&P 100	Standard & Poor's 100 Index (as at 31 May 2018)
SME	small and medium enterprises, typically being companies with between 50 – 250 employees and an annual turnover of between £10 million – £50 million
TED Talk	short lectures on topics covering subjects including science, culture, business and societal issues, provided online

PART I

INFORMATION ON THE GROUP

1. Overview

Introduction

Mind Gym is a behavioural science business that uses scalable proprietary products to deliver human capital business improvement solutions to large corporations. The Group operates in three global markets: business transformation, HCM, and learning & development.

Mind Gym was co-founded by Octavius Black and Sebastian Bailey in June 2000 and has since developed a strong market presence in the UK and a well-established, rapidly growing US operation as well as a presence in Singapore. Since inception, Mind Gym has worked with 62 per cent. of the current FTSE 100 and 59 per cent. of the current S&P 100 companies.

Mind Gym has a portfolio of over 300 proven products that have been experienced by an estimated two million participants in approximately 1,500 companies and 94 countries. These solutions for clients are designed by Mind Gym psychologists and tend to consist of a configuration of behavioural interventions, referred to in this document as 'products', which can be customised for specific clients.

Products are typically bite-size (rarely lasting more than 90 minutes) and are delivered face-to-face, in virtual classrooms or digitally. The face-to-face and virtual products are delivered through a worldwide network of 293 coaches resident in 29 countries (as at 31 May 2018) or by a client's own in-house Mind Gym certified coaches.

Mind Gym has enjoyed substantial growth in the last five years, driven by successful penetration of the US market and strong revenues in the UK. In the financial year ended 31 March 2018, Mind Gym generated revenues of £37.0m, adjusted EBITDA of £7.9m and profit after tax of £4.4m. Further information on the financial performance of the Group is contained in Section B of Part III of this document.

2. Key strengths of the Group

The Directors believe that the Group's core strengths lie in the following areas:

Methodology based on bite-size distribution of products with proven impact on many of the world's largest companies

Based on scientific evidence, the Directors believe that to maximise the return on investment in behaviour change, programmes should be comprised of a series of short, sharp, live interventions with prompts to practice new techniques in between.

Mind Gym's core product is the 90-minute workout, which is an instructor-led workshop.

In 2003, pursuant to an internal BBC experiment based on Mind Gym's workouts, it was found that, based on feedback received from participants, the 90-minute Mind Gym workout outperformed a day long course on four out of five measures, as well as saving a significant proportion of each participant's day.

Mind Gym has a portfolio of over 300 live and digital products, which allows clients to run 'little but often', high impact behaviour change programmes.

Based on client feedback received, Mind Gym programmes are proven to deliver results, including improvements in respect of customer service, sales, diversity and employee engagement. Since inception, Mind Gym has worked with 62 per cent. of the current FTSE 100 and 59 per cent. of the current S&P 100 companies.

The Group experiences a high level of repeat business, with 88 per cent. of its total revenue generated from returning clients in the year ending 31 March 2018.

Scalable and deployable globally whilst maintaining quality

Mind Gym's products are modular and codified in structure. As a result, the same product is capable of being delivered many times, in different countries, on the same day by local Mind Gym coaches in a way that is both tailored to each client and also consistent in terms of quality and core content.

Mind Gym coaches have all been through a robust assessment and certification process, which they are required to pass in order to deliver products to the Group's clients.

A programme which is unique to each client can be developed from a suite of existing proven products. This assists the Group to be able to develop new programmes on relatively short notice.

Product quality, as measured by participant feedback, has remained consistent over the last five years, notwithstanding rapid growth in the Group's business.

A disruptive proposition well placed to succeed in a fragmented market

The Directors believe that Mind Gym has commoditised behavioural science in a user friendly way that appeals to clients. The Directors also believe that the Mind Gym business model is readily scalable whilst at the same time being difficult for others to copy.

Human capital consultants, in the view of the Directors, typically run a process that starts with a diagnostic period leading to a series of recommendations which need to be agreed before proceeding to create entirely customised solutions. The Directors believe that this process can take many weeks or months and requires significant up-front investment from the client.

In contrast, Mind Gym starts with a blueprint for the solution based on what the behavioural science suggests will deliver the greatest impact. The diagnosis, which is highly collaborative with the client, focuses on how to adapt the Mind Gym blueprint to the client's context. This condenses the process which means that a behavioural science evidence-based solution, often consisting of proven products, is ready to launch in a comparatively short time period, with corresponding cost savings.

Attractive choice for clients looking to consolidate

In the Directors' experience, multinational corporates are consolidating the number of training suppliers and moving to short, approved supplier lists. To qualify for these lists, the Directors believe that providers will need scale, size, existing relationships and robust balance sheets making it harder for new entrants to succeed.

Mind Gym is a well-capitalised business with a track record of high growth and consistent cash generation

The Group's revenues have grown at a compound annual growth rate of over 20 per cent. over the last four years and as at 31 March 2018, the Company had a cash balance of £5.5m.

Industry recognition and credentials

Mind Gym has been widely recognised as a leading provider of behavioural science solutions in the learning market.

Mind Gym has won numerous awards, including: Gold for Learning Provider of the Year in 2013, and again in 2015 and 2017; Personnel Today Consultancy of the Year 2014; Excellence in Vendor Partnerships 2015; London Stock Exchange 1000 Companies to Inspire Britain (2017, 2018), Sunday Times Export SME Export Track 100 (2015, 2016); Sunday Times International Track 200 (2017); and 36th in Sunday Times Profit Track 100 (2018). In 2018, Mind Gym was also listed as a Top 20 Training Company in the US by Trainingindustry.com.

New digital offer with potential for accelerated growth and enhanced margins

The global market for behaviour change eLearning is dominated by a few large players, for whom behaviour change is only one part of their extensive suite of eLearning products.

The Directors believe that the quality of these behaviour change eLearning products is questioned by clients who are typically concerned by low take-up and application of the learning by the participants. As a result, Mind Gym launched its own digital business, with 45 eWorkouts in August 2017 growing to 65 by 1 April 2018.

Sales of eWorkouts made up approximately 5 per cent of the Group's revenues for the financial year ended 31 March 2018, growing to approximately 16 per cent. for the month of March. This growth was as a result of a combination of existing clients buying these products to supplement existing programmes and new clients choosing Mind Gym, at least partly because of the blended offer of both live and digital products.

The Directors anticipate that digital products will contribute to growth and represent a larger proportion of overall revenues in future financial years.

3. History and background

Mind Gym was founded by Octavius Black and Sebastian Bailey in June 2000, with the oversight of professor of psychology, Guy Claxton, from the beginning. This evolved into an Academic Board that now reviews only new content and oversees the integrity of the Mind Gym offer.

Mind Gym’s initial product was the “90-minute workout”, first delivered to Deutsche Bank on 1 September 2000. For the first 10 years, the Company grew by selling an increasing range of 90-minute workouts, adding new product categories such as “Summits” and “Live Actions” and building a network of Mind Gym certified coaches.

Mind Gym’s first book, ‘Mind Gym: wake your mind up’, was published in 2005 and became an international bestseller. Two further books followed: ‘Give me time’ and ‘Relationships’.

As part of the Group’s commitments to corporate social responsibility, it established “Parent Gym” in 2009, a corporate social responsibility programme which provides free parenting classes in areas of social deprivation and is funded entirely by Mind Gym. Additional information on Parent Gym is set out below in paragraph 5 of this Part I.

In 2010, the Company published its first evidence-based “Points of View”, a behavioural science research paper, ‘Dynamic performance management: how to achieve more, with less forever’ (updated in 2015). This was the beginning of a series of research papers on universal human capital challenges, which included ‘Manager development’ (2011), ‘Customer service’ (2012), ‘Re-organisation’ (2014), ‘Diversity and Inclusion’ (2016) and ‘Ethics’ (2017).

In 2011, Sebastian Bailey relocated to New York to lead the growth of the business in the US (returning to the UK in 2017).

Joanne Black, having co-founded Parent Gym in 2009, joined the Board in 2011 and was appointed Non-Executive Chair in 2014.

4. Business Overview

4.1 Overview of Activities

Mind Gym’s market strategy is based on offering clients a behavioural science-based solution to their human capital related issues.

Mind Gym’s solutions are borne out of its evidence-based behavioural science research papers known as “Points of View.” There are currently 15 “Points of View” which address various human capital management challenges, including the following:



Some examples of “Points of View” documents which have been published by Mind Gym in recent years are shown below:



Clients typically buy programmes which consist of a configuration of Mind Gym’s products. Clients can choose from a portfolio of over 300 proven products in 12 product categories (see below for the list) that address specific habits and skills.

The products are generally bite-size (rarely more than 90 minutes) and are delivered face-to-face, in virtual classrooms or digitally. The face-to-face and virtual products (that is, live events) are delivered through a worldwide network of approximately 293 coaches across 29 countries (as at 31 May 2018) or by a client’s own in-house Mind Gym certified coaches.

The main categories of behavioural change ‘products’ are set out in the diagram and briefly described below:



- *Workout* – 90 minute intensive training session delivered either face-to-face for up to 20 people, or virtually for up to 12 people at a time.
- *Workout pro* – 180 minute version of the Workout which delves deeper into the relevant topic and which can be delivered virtually.
- *eWorkout* – 8-12 minute, self-directed learning experience delivered through animated video and interactive experiences.
- *Go large* – live presentation providing insights on topics of broad appeal for groups of between 20 and 1,500 participants, which can also be delivered virtually.
- *Live action* – role play of a relevant, often participant-generated, scenario with peer coaching.
- *Dialogue group* – 60 minute session of intensive peer-to-peer coaching on current pressing priorities, done in groups of six.
- *Diagnostic* – online questionnaire, with option for input from direct reports and peers, to assess skill.
- *Mission* – on-the-job task to encourage new behaviours, with guidance from a coach.
- *Pledge* – development of a personal mission supported with a public commitment.
- *Booster* – session designed to run 2-3 weeks after the training session to review successes and challenges arising.

- *Toolkit* – guidebook for client managers to help them support their team to gain the most from each training session.
- *Internal Marketing* – an internal marketing campaign, designed to be visually engaging and thought provoking.

Significant client engagements tend to start with a scoping process. This is a defined process run by a member of Mind Gym's Creative Team, to establish the success criteria, configure the programme and build consensus with the client. The client may choose to use Mind Gym's codified research processes to gain insight as part of the scoping process. The output of the scoping process, which can last between a few days and a few weeks, is a bespoke blueprint for a solution that is designed to meet the client's expressed needs.

Due to the modular nature of Mind Gym's products, programmes which would otherwise take months to develop can be implemented for a new client in a short period of time and then refined as the client's needs change.

Mind Gym does not charge clients for time incurred. It charges for products based on a rate card which varies by region (US & Canada, LATAM, EMEA and APAC).

4.2 **Mind Gym's Model**

Clients

Mind Gym focuses on companies where, the Directors believe, it can have the greatest impact. Focus tends to be on companies with a large number of employees, who are often geographically dispersed, and which have significant manager populations; and on companies that are going through a period of significant change. As a result, Mind Gym's client base has a very diverse sector spread. Geographically, the vast majority of the Group's revenue is derived from the US and the UK.

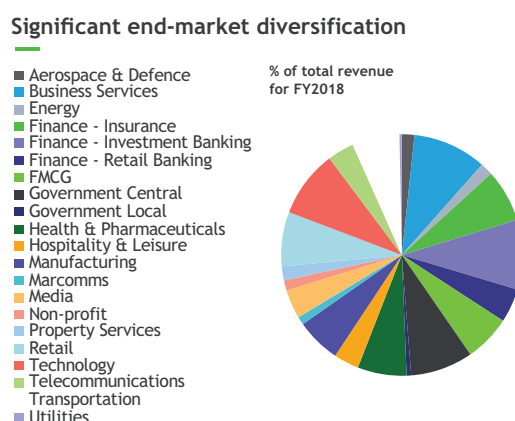


Figure 1: Mind Gym's client diversification by business sector for the financial year ended 31 March 2018

Client loyalty and repeat purchase

88 per cent. of the Group's total revenue for the financial year ended 31 March 2018 came from repeat clients. Of the Group's top 50 clients for that year, 96 per cent. had purchased Mind Gym products in at least one of the last five years and 30 per cent. had purchased Mind Gym products in each of those five years. Typically, client expenditure year on year is subject to variance, depending on a variety of factors.

As a result, Mind Gym operates a portfolio approach with relatively low dependency on key clients. The largest single account in the financial year ended 31 March 2018 accounted for 8 per cent. of the Group's total revenue.

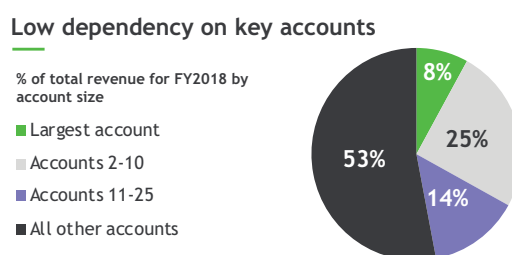


Figure 2: Mind Gym's revenue by account size for the financial year ended 31 March 2018

Client case studies

Some of Mind Gym's client case studies are as follows:

- *A Global Shipping and Transport Group.* In order to improve performance management, the learning and development leaders at this client decided to run Mind Gym workouts for their managers on a global basis which were delivered by their own, Mind Gym certified employees. The client conducted an evaluation that showed a significant correlation between the number of Mind Gym workouts run in a region and the quality of management. Client feedback was that the quality of management was shown to correlate with a number of KPIs including employee attrition and performance.
- *A US Childcare Centre Chain.* The client engaged Mind Gym to change the behaviour of their care centre managers and their senior managers, in order to improve the conversion rate of new parents visiting the centre into paying customers. In the first year of the Mind Gym programme, client feedback was that conversion rates had increased by 24 per cent. This client is now in its fourth year of engagement with Mind Gym.
- *A UK Retail Bank.* Mind Gym was appointed in the spring of 2011 to reverse a decline in client service ratings which was limiting the bank's ability to cross-sell products. The programme was launched in November 2011 and within 12 months the bank had reported a 36 per cent. increase in satisfied or neutral clients. The bank went on to win an award for customer service in 2012.
- *A Global Insurance Group.* The client was looking to address an overall decline in employee engagement. Mind Gym delivered programmes in North America and Canada both of which, according to the client, resulted in (i) an increase in employee engagement and (ii) an increase of up to 14 per cent. in employee trust in senior leaders in those countries. This client relationship then evolved as Mind Gym was brought in to develop its middle management programme and, more recently, by the new Chief Human Resources Officer, to orchestrate a programme for their top leaders. This client relationship is now in its seventh year.
- *A Global Financial Services Company.* This client engaged Mind Gym to build its first ever company-wide manager development programme for 7,000 managers in many countries across several different languages. The programme was evaluated by the client by comparing benchmark measures before the start of the programme and the results after 12 months of the programme being implemented. The evaluation identified significant improvement in employees' view of their manager if the manager had been on the programme, whereas in the same time period the employees' view of their manager decreased in instances where the manager had not been on the programme. This client is now in its seventh year of engagement with Mind Gym.
- *A US Insurance Business.* The CEO of this client identified the need to build a culture of inclusion as a strategic priority. Mind Gym's relationship with the client is in its fourth year and during this time client feedback has been that the representation of women and ethnic minority groups as candidates for senior positions has risen by 17 per cent.

Target Buyers

Mind Gym's primary points of access for client relationships are:

- Chief Human Resource Officers, Chief Learning Officers, Chief Talent Officers and other leaders in HR;
- Chief Compliance Officers, Chief Diversity Officers, General Counsels and others with a mandate for cultural or behavioural change; and
- Chief Executive Officers and Business Unit/Country heads who are leading a transformation or other change that requires commitment and action from leaders and employees.

The point of access and the way the issue is addressed depends on the nature of the client's challenge.

Service categories

Mind Gym uses its expertise to support clients in the following three main categories:

- *Transformation.* To deliver commitment and behavioural change as part of a broader organisational transformation. For this category, the primary buyers tend to be CEOs or Business Unit leaders.

- *Human Capital Management.* To deliver a significant change that is largely or entirely about people. This includes changes to culture, capability, belief and attitude ranging from, for example, performance culture and customer service to ethics and inclusion. For this category, the primary buyers tend to be leaders in HR or other functions such as compliance and diversity.
- *Learning & Development.* To deliver learning programmes that change habits and build skills. This ranges from onboarding and management development to business partnering and wellbeing. For this category, the primary buyer (or gateway) tends to be the Chief Learning Officer or members of his or her team.

Revenue model

Mind Gym has five distinct revenue streams:

- *Live Delivery.* This revenue stream accounted for 61 per cent. of the Group's revenues for the financial year ended 31 March 2018. Live delivery includes the delivery of products by Mind Gym coaches either in person or virtually.
- *Digital Delivery.* This revenue stream accounted for 5 per cent. of the Group's revenues for the financial year ended 31 March 2018. This encompasses digital, self-directed eLearning.
- *License and Certification.* This revenue stream accounted for 11 per cent. of the Group's revenues for the financial year ended 31 March 2018. This includes licensing of Mind Gym content for delivery by in-house, Mind Gym-certified client facilitators.
- *Design.* This revenue stream accounted for 16 per cent. of the Group's revenues for the financial year ended 31 March 2018. This encompasses developing customised products including 'belief building' campaigns and tailored digital tools.
- *Other Services.* This revenue stream accounted for 7 per cent. of the Group's revenues for the financial year ended 31 March 2018. This includes research, scoping, evaluation, and project management.

The revenue streams can be grouped between those that are highly scalable, i.e., require minimal attention from Mind Gym employees to fulfil, and those that are still scalable but require the further deployment of Mind Gym employees to fulfil. The Directors believe the first three categories, accounting for approximately 77 per cent. of revenue in the financial year ended 31 March 2018, are highly scalable.

Coaches

Mind Gym uses a global network of approximately 293 certified coaches (as at 31 May 2018) to deliver their product globally, all of whom are self-employed except for three who are employed by the Group as trainers for potential Mind Gym coaches.

Mind Gym's coaches customise the delivery of each workout to ensure that it is relevant to the client. Every coach must pass the assessment at the end of a five-day assessment and certification programme before they are able to deliver workouts to Mind Gym's clients. The Group's coach network as at 31 May 2018 included 115 coaches in the North America, 7 coaches in the South America, 83 coaches in the United Kingdom, 44 coaches in the EMEA region and 44 coaches in the APAC region.

There are approximately 1,000 in-house Mind Gym certified coaches (as at 31 May 2018), who are employees at clients and who have been trained and certified to deliver Mind Gym products in-house. The client can license products for them to deliver.

Coaches are engaged by Mind Gym on a self-employed basis on Mind Gym's standard form contracts. As such, coaches have no fixed remuneration, and instead benefit from a transparent and consistent pay structure, based on the deliveries they carry out for the Group's clients. Coaches do not work on a fixed schedule and have complete flexibility as to how and when they work. Coaches do not hold themselves out as representatives of the Group and they are also free to work for their own clients other than the Group, save in respect of the Group's direct competitors. Whilst coaches deliver Mind Gym products and materials, they have a high degree of independence in respect of how coaching sessions are prepared for and delivered. Working with Mind Gym is therefore attractive to high calibre, experienced coaches, as they value the flexibility and autonomy which the Group's business model gives them.

Coach performance is measured and tracked via participant feedback forms collected at the end of sessions.

For further information on coaches, please see the risk factor headed “*Contractual arrangements with coaches*” in Part II of this document.

4.3 **Organisation structure**

The Group has four internal divisions which operate together to deliver solutions to clients:

- *Client Team (Sales)*: This division is made up of 43 people (as at 31 May 2018). It mainly comprises field sales teams organised by territory (by industry in the UK and by geography in the US), equally it is responsible for new business and growth of existing accounts. This division has a small, office-based sales support team.
- *Client Services (Project/Account management)*: This division is made up of 50 people (as at 31 May 2018). It is responsible for the fulfilment of client purchases and ongoing, day-to-day account management.
- *Creative*: This division is made up of 51 people (as at 31 May 2018). It is made up of an approximate ratio of 3 psychologists to 1 graphic designer. It is responsible for all “Points of View”, proven products and custom and version work for clients.
- *Infrastructure*: This division is made up of 58 people (as at 31 May 2018). It comprises the following functions: Management, Finance; HR, IT, Marketing, Operations, and Talent Network Operations.

4.4 **Growth Opportunity**

In recent years, the Group has experienced significant growth through a combination of expansion in the US market, new “Points of View” and product launches and increasing engagement with multinational clients. Going forward, the Directors believe that the following opportunities exist for the Group to accelerate this growth in the medium term:

- *Enterprise answer to behavioural eLearning*. The Directors intend that the 65 eWorkouts will form the first stage in the production of an enterprise-wide solution for behavioural e-learning. As well as adding further topics and multiple languages, future phases of development will include new digital products. The Directors’ aim is for the Group to become the first choice for corporates who want to provide comprehensive eLearning in order to drive behaviour change.
- *Generate new “Points of View” and products*. The Directors believe that there is significant opportunity, whether alone or in partnership with others, to develop new “Points of View” and additional topics for existing product categories.
- *Expansion into new geographies*. Whilst Mind Gym has local delivery capability in 29 countries, the majority of its sales and marketing focus is currently in the US and the UK. The Directors believe that there is significant opportunity in other geographies. The Directors believe that the most natural next geographic expansion would be to northern Europe, where the Group already has several active client relationships.
- *Development of a behavioural change ‘platform’*. Currently, the Directors believe that organisations tend to source their learning/behavioural change programmes from a range of different providers. As a result, considerable effort is spent sourcing, commissioning and integrating the range of different products and programmes. The Directors believe there is considerable value for clients in creating a single, intellectually coherent suite of products/solutions for all learning/behavioural change and that Mind Gym is well-positioned to provide this ‘platform’ to its clients.

5. **Corporate Social Responsibility – Parent Gym**

Parent Gym delivers six-week long, bite-size parenting programmes each term in socially deprived parts of the UK. The programme was designed by Mind Gym’s psychologists and uses the ‘little and often’ distributed approach adopted by Mind Gym with its corporate clients.

Independent studies by UK universities have shown that Parent Gym delivers a significant improvement in parenting self-efficacy and mental health. Parent Gym has been approved by the UK government for the “CAN parent” programme. Parent Gym is funded entirely by Mind Gym.

As well as its contribution to corporate social responsibility, the Directors believe that Parent Gym provides further proof of impact and thereby a valuable enhancement of Mind Gym's brand. In 2014 Mind Gym was awarded Business in the Community's Big Tick award for Parent Gym.

6. Market and the Growth Opportunity – Overview

6.1 Market Size and Competitive Environment



Figure 3: Management consulting market

Source: ALM Intelligence estimates

Talent and workforce consulting is a large, highly fragmented market which was estimated by ALM Intelligence ("ALM") (Source: Talent and Workforce Consulting Report 2017) to be worth US\$11.5 billion globally and which is expected to grow at 5.2 per cent. CAGR from 2016 to 2020. This market is competitive and is made up of a few large players with limited application of behavioural science and a very large number of small consultancies who find it hard to deliver in person, at scale.

Based on the same research carried out by ALM, the Directors believe that the Group's total addressable market for the EMEA region is US\$2.1 billion and for the APAC region is US\$1.2 billion.

ALM breaks down the overall market into three segments:

- **Workforce Management:** organising the supply and deployment of human resources through workforce planning, job architecting, and mobility services (approximately 35 per cent. of the talent and workforce consulting market).
- **Communications & Change:** orchestrating company-wide changes in culture and ways of working to improve the engagement of employees to execute on strategic objectives (approximately 40 per cent. of the talent and workforce consulting market).
- **Talent & Leadership:** acquiring, developing, and measuring capabilities in human resources at all levels consistent with strategic performance priorities (approximately 25 per cent. of the talent and workforce consulting market).

The Directors believe that Mind Gym's addressable market covers Talent & Leadership and Communications & Change and that Mind Gym currently has less than a one per cent. share of this market.

Mind Gym's competitive landscape primarily comprises traditional training businesses with a broad offering, niche speciality operators, business schools, HCM consulting businesses and large-scale outsourcers. The Directors believe that no single competitor has a comparable behavioural science-based product portfolio which can be offered at scale.

6.2 **Market Trends**

The Directors believe that there are several significant trends to the talent and workforce market:

- *People/human capital issues are increasingly on the agenda of top executives.* Diversity, the gender pay gap, bullying, harassment, ethics and conduct are behavioural issues that are experiencing significant media attention. The Directors believe that this, alongside more mainstream talent challenges like leadership, agility and productivity, are why top executives are giving increasing attention to people, behaviour and culture.
- *Behavioural science is coming of age.* In 2017 the Nobel Prize for Economics was awarded to a behavioural economist for only the second time. In the last decade dozens of books based on peer-reviewed psychology like "Thinking fast and slow", "Nudge", "Superforecasting" and "Blink" have become international best sellers. According to TED, 20 of the 25 most popular TED talks are psychology-related, representing 282m views.
- *Instructor-led learning is dominant.* According to ATD (Source: ATD "State of the Industry" Report 2014), live, instructor-led delivery remains the dominant method of delivery of corporate behavioural learning (70 per cent.) of which 54 per cent. is in-person and 16 per cent. is virtual/online. Self-paced digital learning is 21 per cent. of the market but growth is expected to outpace the overall training market.
- *Demand for short, impactful training.* The Directors believe that as the pace of business increases and time becomes ever more valuable, demand for short, bite-size interventions that can be targeted to where and when they are most needed will increase and replace longer interventions, especially for large populations like middle managers.
- *Consolidation of suppliers.* The Directors believe that multinational corporates are consolidating the number of HCM/training suppliers and moving to short, approved supplier lists with master service agreements. The Directors believe that it will be increasingly challenging for sole traders and boutique training consultancies to win work with these multinational corporates and so these consultants will increasingly rely on associate work from larger firms, like Mind Gym.

7. Historical Trading

The following financial information for the Company for the three years ended 31 March 2018 has been derived from the financial information contained in Section B of Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

	2016 £	2017 £	2018 £
Revenue	25,033,117	30,612,578	36,966,788
Cost of sales	(6,486,399)	(6,838,527)	(7,420,864)
Gross profit	18,546,718	23,774,051	29,545,924
Administrative expenses	(16,683,155)	(19,147,507)	(23,381,625)
Operating profit	1,863,563	4,626,544	6,164,299
<i>Analysed as</i>			
Adjusted EBITDA ¹	2,614,420	4,831,069	7,873,937
Exceptional items	(320,944)	217,357	(1,498,342)
EBITDA	2,293,476	5,048,426	6,375,595
Depreciation of tangible fixed assets	(176,551)	(209,547)	(83,472)
Amortisation	(253,362)	(212,335)	(127,824)
Operating profit	1,863,563	4,626,544	6,164,299
Finance income	27,352	—	—
Finance costs	(43,356)	(2,617)	(1,594)
Profit before taxation	1,847,559	4,623,927	6,162,705
Tax on profit	(290,062)	(1,264,206)	(1,787,104)
Profit for the financial year from continuing operations	1,557,497	3,359,721	4,375,601

¹ Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation and excludes transaction costs, foreign exchange gains or losses and charges in respect of share based payments

8. Current Trading and Prospects

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 31 March 2018. Trading for the period from 31 March 2018 to the date of this document has been consistent with the Board's expectations.

9. Directors and Senior Management

9.1 Directors

The following table lists the full names, age, positions and dates of appointment as a director for each Director:

Name	Age	Position	Date appointed
Octavius Orlando Irvine Casati Black	50	(Chief Executive Officer)	07/09/2000
Joanne Catherine Black	48	(Non-Executive Chair)	01/03/2011
Sebastian Mark Crampton Bailey	43	(Executive Director)	01/02/2001
Richard Edward Steele	51	(Chief Financial Officer)	05/06/2018
Baroness Diana "Dido" Mary Harding	50	(Independent Non-Executive Director and Senior Independent Director)	14/06/2018
Sally-ann Patricia Tilleray	55	(Independent Non-Executive Director)	14/06/2018
David Howard Nelson	55	(Non-Executive Director)	02/04/2014

The business address of all of the Directors is 160 Kensington High Street, London, W8 7RG.

A summary of the experience of each of the Directors is set out below:

Octavius Black – Co-Founder and Chief Executive Officer, aged 50

Octavius Black is the CEO of Mind Gym, which he co-founded in 2000. Octavius co-authored Mind Gym's four books and has written in The Times, Financial Times and The Sunday Telegraph. Octavius co-founded Parent Gym with Joanne Black. Prior to founding Mind Gym, Octavius was a director of the organisational communications consultancy Smythe Dorward Lambert and prior to that he was an analyst at Booz Allen Hamilton. Octavius read Philosophy, Politics and Economics at The Queen's College, Oxford University.

Joanne Black – Non-Executive Board Chair, aged 48

Joanne Black is a former barrister and parliamentary candidate. Joanne was called to the bar in 1994 and practised as a human rights barrister until 2010. She co-founded Parent Gym in 2009 and joined the Board of Mind Gym in 2011 becoming Non-Executive Chair in 2014. Other previous roles include Vice-Chair of the Fawcett Society and board advisor to Women2Win. Joanne read English Literature at Lady Margaret Hall, Oxford University.

Sebastian Bailey – Co-Founder and Executive Director, aged 43

Dr. Sebastian Bailey has led the development of Mind Gym's products since its inception, from the portfolio of 90-minute workout to the latest digital eWorkouts. Sebastian conducted the definitive academic research on how to maximise the transfer of learning, which underpins Mind Gym's proposition. Sebastian co-authored the four Mind Gym books. Sebastian gained a PhD from Bristol University with a thesis entitled "Maximising transfer: How learning translates into action in organisations."

Richard Steele Chief Financial Officer, aged 51

Richard Steele joined Mind Gym as Chief Financial Officer in March 2018. From 2012 until January 2018, Richard served as Finance Director of Cook Trading Limited, the frozen ready meal retailer. Prior to this, he was Finance Director at the retailer White Stuff Limited from 2007 to 2012. Richard has also held a variety of finance roles within Principles Retail Limited and Easy Group and started his career at Tate and Lyle plc where he qualified as an accountant and worked for 10 years from 1989.

Baroness Diana "Dido" Mary Harding – Senior Independent Non-Executive Director, aged 50

Dido is a non-executive director on The Court of the Bank of England and Chair of the Bank's Remuneration Committee. Dido was previously Chief Executive of TalkTalk Telecom Group plc from 2010 to May 2017 and prior to that held a variety of senior roles at both J Sainsbury plc and Tesco plc. Dido has also served on the boards of The British Land Company plc and Cheltenham Racecourse.

In August 2014, Dido was offered a peerage and sits in the House of Lords as a Conservative peer. She was appointed to the Economic Affairs Committee of the Lords in July 2017.

Dido is a trustee of Doteveryone, a think tank which champions responsible technology and she is a member of the UK National Holocaust Foundation Board. Dido became Chair of NHS Improvement on 30 October 2017.

Sally Tilleray – Independent Non-Executive Director, aged 55

Sally Tilleray served as Group Chief Operating Officer and Finance Director at Huntsworth plc, the international public relations and healthcare communications group, from 2004 to 2014. Sally is an experienced marketing services agency executive and has been Non-Executive Chairman at Cognito Europe since 2016. From 1999 to 2003, she held the role of CFO Europe for Predictive Inc., an IT network consulting business which undertook an IPO on Nasdaq in 2000. Prior to this, she held senior finance positions at Imperial Software, Unique Solutions, Dowty Communications and Sunlight. She started her CIMA qualification at Bayer UK and completed it while working at Schlumberger plc.

David Nelson – Non-Executive Director, aged 55

David qualified as a chartered accountant in 1987 and has been a partner of Dixon Wilson since 1990, serving as Senior Partner from 2008 to 2018. David is a non-executive director of a number of family-owned companies. He is an adviser to UK-based families and their businesses, advising on financial and tax matters

in the UK and overseas. He is also a trustee of a number of UK trusts. David is a non-executive director on the board of Daily Mail and General Trust plc (LSE: DMGT) and also sits on the Audit and Risk Committee and Remuneration and Nomination Committee.

9.2 **Senior management**

The Company's Senior Managers, in addition to the Executive Directors listed above, are as follows:

Dr. Mary-Clare Race – President Mind Gym Inc and Chief Creative Officer, aged 36

Dr Mary-Clare leads Mind Gym's innovation and product development, overseeing a team of more than 30 psychologists and a total team of 50. She also chairs Mind Gym's Academic Board of Professors with responsibility for the rigour and integrity of Mind Gym's research and thinking. She has 15 years' business experience and she is a key contributor to Mind Gym's largest accounts. She is a Chartered Organisational Psychologist with a PhD from University College London.

Ryan Boughan – Chief Commercial Officer, Americas, aged 36

Ryan leads Mind Gym's sales and client services teams in the US. Previously he led the global sales team and prior to that the US sales team. Ryan is involved as a key sponsor of many of Mind Gym's largest and most complex clients in the US. Prior to joining Mind Gym, Ryan worked at The Corporate Executive Board Company, another learning business.

9.3 **Academic board**

Mind Gym has an Academic Board who oversee and advise on the development of the "Points of View". The following are current or former members of the Academic Board.

Guy Claxton. Visiting Professor of Education, Kings College London and Emeritus Professor of the Learning Sciences, University of Winchester

Tomas Chamorro-Premuzic. Professor of Business Psychology, University College London

Elaine Fox. Professor of Experimental Psychology, University of Oxford

Janet Reibstein. Professor in the School of Psychology, University of Exeter

Michelle Ryan. Professor of Social and Organisational Psychology at the University of Exeter and Professor of Diversity at the University of Groningen, Netherlands

Michael West. Professor of Organisational Psychology, Lancaster University Management School

Cary Cooper. Professor of Organisational Psychology and Health at Lancaster University

Ilona Boniwell. Associate Professor at HEC Paris, Ecole Centrale Paris and Anglia Ruskin University

Robert Bor. Professor, Consultant Clinical Psychologist

Ingrid Lunt. Emeritus Professor of Educational Studies, Oxford University

Peter Robinson. Emeritus Professor in Experimental Psychology, University of Bristol

10. **Share incentive arrangements**

The Board recognises the importance of ensuring that the management and employees of the Group are effectively and appropriately incentivised and their interests aligned with those of the Group. The ongoing success of the Group depends to a high degree on retaining and incentivising the performance of key members of senior management.

LTIP

The Company has granted awards pursuant to the LTIP to Richard Steele, the Chief Financial Officer, Dr Mary-Clare Race, the President Mind Gym Inc and Chief Creative Officer and Ryan Boughan, the Chief Commercial Officer, Americas over Ordinary Shares, which are each equal to 0.5 per cent. of the Company's current issued Share Capital (1.5 per cent. in aggregate). Details of the awards granted to such senior employees are set out in paragraph 14 of Part IV of this document.

Other share incentive arrangements

The Company also intends to implement further share incentive schemes following Admission to enable its eligible employees to hold shares in the Company. These incentive plans may include a Save As You Earn scheme and/or a Share Incentive Plan. Further details on these plans will be announced by the Company in due course.

The Company has reserved a further 1.5 per cent. of its current issued share capital for awards to both future and existing employees under the above arrangements.

11. Reasons for Admission and Placing

The Directors believe that the Admission will be an important step in the Group's development, providing a liquidity event for the Founders while preserving a significant equity stake as the business enters its next phase of growth. They believe that it will enhance the Company's profile and credibility in winning large corporate clients and will provide increased potential for partnerships. Furthermore, Admission will provide increased flexibility should suitable acquisition or other opportunities present themselves.

On Admission the Company will have 99,362,375 Shares in issue and a market capitalisation at the Placing Price of approximately £145 million.

Liberum has agreed pursuant to the Placing Agreement and conditional, *inter alia*, on Admission, to use its reasonable endeavours to place 34,828,410 Placing Shares, on behalf of the Selling Shareholders, with institutional or other investors. The proceeds of the Placing will be received by the Selling Shareholders and not the Company. The Placing will raise approximately £50.8 million (before expenses) for the Selling Shareholders.

The Placing, which is not being underwritten, is conditional, *inter alia*, upon:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and
- Admission becoming effective not later than 8.00 a.m. on 28 June 2018, or such later date as Liberum and the Company may agree, being not later than 8.00 a.m. on 12 July 2018.

None of the Placing Shares have been marketed to, or will be made available in whole or in part to, the public in conjunction with the application for Admission.

Further details of the Placing Agreement are set out in paragraph 11 of Part IV of this document.

12. Dividend Policy

For the financial year ended 31 March 2019 and thereafter, the Board's intention is to implement a pay-out based dividend policy targeting a pay-out of not less than 35 per cent. of adjusted profit after tax. Subject to the availability of distributable reserves, the Directors then intend that the Group will pay an interim dividend and a final dividend to be announced at the time of the interim and preliminary results in approximate proportions of one-third and two-thirds, respectively, of the total annual dividend.

The Board may, however, choose to revise the Group's dividend policy from time to time at its discretion.

13. Corporate governance

The Directors acknowledge the importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the principles set out in the QCA Code. The QCA Code sets out a standard of minimum best practice for small and mid-size quoted companies, particularly AIM companies. From 28 September 2018, the Company intends to disclose on its website how it complies with the QCA Code and, where it departs from the QCA Code, will explain its reasons for doing so (pursuant to the requirements of the AIM Rules which come into effect on such date).

Upon Admission, the Board will comprise seven Directors, three of whom shall be Executive Directors and four of whom shall be Non-Executive Directors (of which two are independent Non-Executive Directors), reflecting a blend of different experiences and backgrounds. The Directors believe that the composition of the Board brings a desirable range of skills and experience in light of the Company's challenges and opportunities following Admission, while at the same time ensuring that no individual (or a small group of individuals) can dominate the Board's decision making.

The Board intends to meet regularly to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals. The Company has established an Audit and Risk Committee and a Remuneration and Nomination Committee with formally delegated duties and responsibilities and with written terms of reference. Each of these committees will meet regularly and at least two times a year.

Audit and Risk Committee

The Audit and Risk Committee will have the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Group is properly measured and reported on and to ensure the Group's key risks are identified and monitored. It will receive and review reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit and Risk Committee will meet not less than twice in each financial year and will have unrestricted access to the Group's external auditors. The Audit and Risk Committee comprises at least two members of whom both shall be independent Non-Executive Directors and one shall have recent and relevant financial experience with competence in accounting or auditing. Where possible, one member will be a member of the Remuneration and Nomination Committee. The chair of the Audit and Risk Committee is appointed by the Board. The chair of the Audit and Risk Committee on Admission will be Sally Tilleray and its other members will be Dido Harding and David Nelson.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee will (i) review the performance of the Executive Directors and senior managers, (ii) make recommendations to the Board on matters relating to their remuneration and terms of service and (iii) develop and maintain procedures for making recommendations for appointments, reappointments and succession planning. The Remuneration and Nomination Committee will also review gender pay data and make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration and Nomination Committee will meet as and when necessary, but at least twice each year. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance. The Remuneration and Nomination Committee comprises at least two independent Non-Executive Directors and is chaired by an independent Non-Executive Director who is appointed by the Board in consultation with the two independent Non-Executive Directors. The chair of the Board shall not be the chair of the committee. The chair of the Remuneration and Nomination Committee on Admission will be Dido Harding and its other members will be David Nelson, Joanne Black and Sally Tilleray. No director or manager shall be involved in any decisions as to their own remuneration (or that of his or her spouse in the case of Octavius Black and Joanne Black).

14. Share dealing policy

The Company has adopted a MAR compliant share dealing policy regulating trading and confidentiality of inside information for persons discharging managerial responsibility (PDMRs) and persons closely associated with them (PCAs) which contains provisions appropriate for a company whose shares are admitted to trading on AIM and in conformity with Rule 21 of the AIM Rules for Companies. The Company takes all reasonable steps to ensure compliance by PDMRs and any applicable employees with the terms of that share dealing policy.

15. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for the Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Shares will commence on 28 June 2018. The Shares will be in registered form and will be capable of being held in either certificated or uncertificated form. The Articles permit the Company to issue Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and notarial deeds of transfer.

The ISIN number of the Shares is GB00BF3SQB83. The LEI is 213800ER1PA5QSNKIL80.

16. Taxation

Your attention is drawn to the taxation section contained in paragraph 17 of Part IV of this document. These details are intended as a general guide to the current tax position under UK taxation law. If you are in any doubt as to your tax position, you should consult your own independent financial adviser immediately.

17. The Takeover Code

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if a person were to acquire, whether by a single transaction or by a series of transactions over a period of time, interests in Shares which (when taken with interests in Shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights in the Company, that person would normally be required to make a cash offer for all the remaining Shares of the Company, at not less than the highest price paid by him, or any persons acting in concert with him, in the previous 12 months. This requirement would also normally be triggered, under Rule 9 of the Takeover Code, following an acquisition of interests in Shares by a person, who together with his concert parties, already holds interests in Shares carrying not less than 30 per cent. of the voting rights but not more than 50 per cent. of the voting rights in the Company, if the effect of such acquisition were to increase that person's percentage interest in the voting rights of the Company.

Further information on the provisions of the Takeover Code can be found in paragraph 18 of Part IV of this document.

18. Risk Factors

Prospective investors should consider carefully the risk factors described in the section headed "Risk Factors" and set out in Part II of this document in addition to the other information set out in this document and their own circumstances, before deciding to invest in Shares.

19. Further information

You should read the whole of this document, which provides additional information on the Group and the Placing, and not just rely on the information contained in this Part I. In particular, your attention is drawn to the risk factors in Part II of this document and the additional information contained in Part IV of this document.

PART II

RISK FACTORS

Investing in and holding Shares involves financial risk. Prospective investors in the Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Shares, the Group's business and the industry in which it participates.

The risks and uncertainties described below are not an exhaustive list and do not necessarily comprise all, or explain all, of the risks associated with the Group and the industry in which it participates or an investment in the Shares. They comprise the material risks and uncertainties in this regard that are known to the Company and should be used as guidance only. Additional risks and uncertainties relating to the Group and/or the Shares that are not currently known to the Company, or which the Company currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. If any such risk or risks should occur, the price of the Shares may decline and investors could lose part or all of their investment. Prospective investors should consider carefully whether an investment in the Shares is suitable for them in the light of the information in this document and their personal circumstances. Additionally, the risks listed are not set out in any particular order of priority.

RISKS RELATING TO THE GROUP'S BUSINESS AND THE INDUSTRY IN WHICH IT OPERATES

Contractual arrangements with coaches

The Group's coaches are self-employed, contracting with the Group as contractors or consultants often via personal services companies. The Directors believe that the self-employed, contractor status of the Group's coaches is based not only on the contractual structure of these arrangements but also on the way in which the arrangements operate in practice. Notwithstanding the Directors' belief as to the proper classification of these individuals as contractors, there is a risk however that these coaches could be deemed by the tax and other governmental authorities in the relevant jurisdictions (namely the United Kingdom, the United States and Singapore) to be employees of the relevant member of the Group instead of contractors or consultants, which would result in additional costs to the Group going forwards as well as potential historic liabilities to the Group in terms of PAYE and national insurance contributions (or the equivalent in the other jurisdictions listed) and associated interest and penalty charges and this would be likely to have a material adverse effect on the Group's financial performance and position and more generally on the Group's business model. If some of the Group's coaches are deemed to be workers or employees they would be entitled to additional rights including, but not limited to, paid annual leave and sick pay, overtime pay, employee benefits, unfair dismissal, unemployment insurance and workers compensation. Furthermore, if there is a change in employment or tax law which means that the nature of the relationship which exists between the Group and its coaches is not one of self-employment, this would be likely to have a material adverse effect on the Group's financial performance and position and more generally on the Group's business model.

Reliance on key personnel

The Group's future growth and success depends, in part, upon the leadership and performance and continuing service of the Board, the senior management team and senior client team managers. The Group's current directors, senior managers and senior client team managers possess technical, finance, marketing and administrative skills and experience that are important to the operation of the Group's business. The Group's ability to meet its operational requirements and its future growth and profitability is dependent upon, amongst other things, its Board, senior management personnel and senior client team managers. If any key person resigns, a suitable replacement with requisite skills, contacts and experience may not be immediately found and the Group may experience negative market or industry perception, which could have a material adverse effect on its business, financial condition, prospects and results of operations. Whilst the Company has entered into service agreements with each member of the Board (excluding non-executive directors), the retention of their services cannot be guaranteed.

Availability of experienced coaches

The nature of the Group's business requires its coaches to be highly skilled and experienced and have passed the Mind Gym assessment and certification process. Some of these coaches have to be deployed on short notice to different geographical locations around the world. There can be no guarantee that the Group will be able to attract more suitably experienced coaches in the future, should the Group need to expand or should existing coaches decide to no longer work with the Group. Furthermore, an inability to deploy suitably experienced coaches on short notice or in certain geographical locations may have a material adverse impact on the operations of the Group.

Competition

The Group competes with other businesses that offer human capital and business improvement solutions in which quality of advice, service, reputation and value operate as highly competitive factors to distinguish the Group. Despite this, there is always a risk that competitor businesses, or a newly established business will acquire market share. Competition remains a core risk for the Group as any loss of market share could reduce revenue, reduce margins, reduce the ability to recruit new personnel and reduce the retention rates of current personnel, any of which could materially adversely affect the Group's business operations and overall financial condition.

Absence of long-term contracts with clients

Whilst the Group's client base is relatively widely spread, the loss of one or more key clients may have a materially adverse effect on the Group's revenues in the absence of client diversification by the Group. The Group does not have long-term or exclusive contracts in place with its clients. As a consequence, there is a risk that clients cease to engage the Group's services and instead transact with a third party provider; as a result, the Group's revenues are reduced. Notwithstanding that this contractual arrangement is standard in the human capital business transformation market, the Group has maintained strong retention rates as set out in paragraph 4.2 of Part I of this document.

Ability to maintain or grow client relationships

While the Group attempts to increase client spend as a relationship matures by identifying additional products and services that may be needed or useful, there can be no assurance that revenue from client relationships will be maintained or continue to grow. Customers may terminate their relationships with the Group for a variety of reasons including as a result of dissatisfaction with products and services, prices and quality, some of which may be outside of the Group's control, and without notice and/or cause. For example, a sales team member may sell a product or service to a client which does not meet the client's requirements or deliver the expected benefit or team members may perform their services improperly. If the Group is unable to maintain or grow its existing client relationships, it may have a material adverse effect on the Group's business, results of operations and financial condition.

Potential cannibalisation of the Group's existing revenue streams by its new digital offering

The Group launched a new digital offering during the financial year ended 31 March 2018, resulting in a small adjustment in the Group's product revenue mix for that year. The majority of the Group's digital revenue has historically been generated from existing clients although the largest single client currently buying digital products from the Group has historically had minimal overall spend across the Group. There is a risk that any future increases in the Group's revenues derived from digital products could result in some cannibalisation of sales from the Group's other revenue streams. The data available to the Group on trends in its revenue from digital products is not yet sufficient to provide supporting evidence as to the likely effects of the Group's increased revenue derived from its digital products. It is possible that the Group's existing clients will decide to buy digital products from the Group and purchase less live, instructor-led products, which could have a material adverse effect on the financial position and prospects of the Group.

Reputation

The Group relies on positive brand recognition and the ability of its coaches to maintain a strong reputation in providing high-quality professional service and the preservation of trusted client relationships. Any significant damage to the Group's reputation may materially adversely affect the Group's future business operating results and financial position.

Intellectual property rights and brand name

The Group may be subject to infringement of its intellectual property, actions resulting from which could be costly either to initiate or to defend. This is significant as intellectual property plays a crucial role in contributing to the Group's brand. As such, copyright, brand name, trademarks, domain names, trade secrets and other similar property are important to the Group's success and ensuring Mind Gym is a recognisable name in the sector. If its intellectual property were to be damaged, this could materially adversely affect the Group's business operations and overall financial condition.

Information systems and system security breaches

The Group is reliant on information technology in which a number of electronic systems are an integral part to the manner in which the business operates. Any breakdown of the Group's information technology system could be significant given the Group's working model and the loss of file management systems could substantially affect the efficiency of the Group. Whilst the Group has backup systems in place, there is no guarantee that such systems could adequately cover all risks or whether the Group's insurance policies would cover any adverse effects of such an information technology breakdown on the Group's business operation and overall financial position.

Furthermore, as the Group processes sensitive personal data as part of its business, there is a risk that this data could become public if there were a security breach at the Group or third party service providers in respect of such data and if one were to occur, the Group could face liability under data protection laws, and could also lose the goodwill of its clients which would have a material adverse effect on its business.

Economic downturn

The uncertainty of future changes (including to the fiscal, monetary and regulatory landscape) make trends difficult to predict and prepare for. A prominent example of uncertainty can be seen following the United Kingdom's vote to depart from the European Union (as set out in more detail below). Whilst this is a widespread concern, and one which is not unique to Mind Gym, and while the Directors believe that the Group has a range of products which would be in demand in an economic downturn, any economic downturn may have a material adverse effect on Mind Gym's business and financial condition. Any such economic downturn may impact on the Group's business, as clients may tender for work on a more competitive basis or defer non-immediate work. This could therefore have a material adverse effect on Mind Gym's overall business and financial condition.

The Group could be exposed to adverse movements in currency exchange rates

The Group's revenue is principally generated in sterling and US dollars with additional amounts in euros and Singapore dollars. Since the Group will report its financial results in sterling, fluctuations in rates of exchange between sterling and the non-sterling currencies, particularly US dollars, may have a material adverse effect on the Group's results of operations. The Group does not currently engage in any currency hedging transactions intended to reduce the effect of fluctuations in foreign currency exchange rates on its results of operations and does not currently propose to do so. If the Group were to determine that it was in its best interests to enter into any currency hedging transactions in the future, there can be no assurance that it will be able to do so or that such transactions, if entered into, would materially reduce the effect of fluctuations in foreign currency exchange rates on its results of operations. In addition, if, for any reason, exchange or price controls or other restrictions on the conversion of one currency into another currency were imposed, the Group's business could be adversely affected. There can be no assurance such fluctuations in the future will not have a material adverse effect on revenues from international sales and, consequently the Group's business, operating results and financial condition.

Material litigation, claims or arbitration

Legal proceedings may arise from time to time in the course of the Group's business. The Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material effect on its financial position, and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the Group's position or business. However, there can be no assurance that there would be no proceedings in the future that could adversely affect the position, financial performance, prospects or business of the Group.

Technological evolution

The market for the Group's products and services is characterised by continued evolution in technology, evolving industry standards, changes in client needs, competition and frequent new product introductions. As such the Group will require significant investment of resources in its software and services to ensure that the fast changing needs of its target markets are met. If the Group is unable to anticipate changes in technology and client requirements, or fails to develop and introduce its software and services on a timely basis, it may have an adverse impact on the Group's business and prospects. There can be no assurance that the Group will have sufficient resources to make such investments. Furthermore, if any technical or other difficulties that could delay the introduction of new technologies or enhancements are encountered, further investment may be required to ensure the desirability of the Group's software and services to clients.

Overseas and local markets

The Group's ability to sell its services and products is influenced by the economic environment of the countries in or into which it provides its services and products. Any global economic downturn may have an impact on the demand for these services and products in the countries in which they are provided. The Group could further be affected by a number of factors which could result in a downturn in the markets in which it operates, including but not limited to (a) changes in client preferences; (b) a decrease in client purchasing power; (c) an increased supply of similar services and products from existing competitors or new entrants to the market; and (d) changes in laws and governmental regulations, including those relating to taxes and governmental charges.

A UK exit from the European Union could impact the Group's results

A referendum was held in the United Kingdom on 23 June 2016 where the United Kingdom voted to exit the EU. The Group faces risks associated with the vote to exit the EU and the political and economic instability that has been or could be prompted by such a vote. For example, as a significant proportion of the legal and regulatory regime applicable to the Group is derived from EU directives and regulations, a vote in favour of the United Kingdom exiting the EU could materially change the legal framework applicable to the Group's operations and result in political and economic instability in the United Kingdom and/or adversely affect the markets in which the Group operates. In addition, a UK exit from the EU could result in restrictions on the movement of capital and the mobility of personnel. Any of these risks could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is subject to taxation risks

Any change in the Group's or its subsidiaries' tax status or a change in tax legislation could affect the Group's ability to provide returns to shareholders. Statements in this document in relation to tax and concerning the taxation of investors in Ordinary Shares are based on current tax law and practice, which is subject to change. The taxation of an investment in the Company depends on the specific circumstances of the relevant investor.

The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on (amongst other things) the availability of relief under tax treaties in a number of jurisdictions and is subject to changes in the tax status or tax residence of companies within the Group or changes to the tax laws or practice in any of the jurisdictions affecting the Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Group.

The Group's tax returns are subject to regular review and examination. The Company cannot guarantee that any tax audit or tax dispute to which it may be subject in the future will result in a favourable outcome for the Group. There is a risk that any such audit or dispute could result in additional taxes payable by the Group as well as negative publicity and reputational damage. In any such case, substantial additional tax liabilities and ancillary charges could be imposed on the Group, which could increase the Group's effective tax rate.

The Group's effective tax rate may also be affected by changes in, or the interpretation of, tax laws, including those tax laws relating to the utilisation of capital allowances, net operating losses, intra-group arrangements and tax loss or credit carry forwards, as well as changes in management's assessment of certain matters, such

as the ability to realise deferred tax assets, which may increase the Group's taxable income or decrease the amount of relief available to the Group with a consequential negative effect on its financial and operating results.

The costs of compliance with AIM corporate governance and accounting requirements are significant

In becoming a public company, the Company will be subject to enhanced requirements in relation to disclosure controls and procedures and internal control over financial reporting. The Company may incur significant costs associated with its public company reporting requirements, including costs associated with applicable AIM corporate governance requirements. The Company expects to incur significant legal and financial compliance costs as a result of these rules and regulations and if the Group does not comply with all applicable legal and regulatory requirements, this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

RISKS RELATING TO THE PLACING AND THE SHARES

Investment in AIM-traded securities, share price volatility and liquidity

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. Following Admission, there can be no assurance that an active or liquid trading market for the Shares will develop or, if developed, that it will be maintained. The Shares may therefore be subject to large fluctuations on small volumes of shares traded. The AIM Rules are less demanding than the rules that apply to companies on the Official List. As a result of these factors, an investment in shares traded on AIM carries a higher risk than those listed on the Official List. It is emphasised that no application is being made for the admission of the Company's securities to the Official List.

Prospective investors should be aware that the value of an investment in the Group may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Group. There can be no guarantee that the value of an investment in the Group will increase. Investors may therefore realise less than, or lose all of, their original investment. The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Shares are quoted and the price which investors may realise for their Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Group and its operations. These factors include, without limitation, (i) the performance of the overall stock market, (ii) large purchases or sales of Shares by other investors, (iii) financial and operational results of the Group (iv) change in research analysts' recommendations and any failure by the Group to meet the expectations of the analysts, (v) changes in legislation or regulations and changes in general economic, political or regulatory conditions, and (vi) other factors which are outside of the control of the Group.

Shareholders may sell their Shares in the future to realise their investment. Sales of substantial amounts of Shares following Admission and/or termination of the lock-in restrictions (the terms of which are summarised in paragraph 13.4 of Part IV of this document), or the perception that such sales could occur, could materially adversely affect the market price of the Shares available for sale compared to the demand to buy Shares. There can be no guarantee that the price of the Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Shares may decline below the Placing Price. Shareholders may be unable to realise their Shares at the quoted market price or at all.

Investment risk

An investment in a quoted company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time or to lose their investment principal. An investment in the Shares may not therefore be suitable for all readers of this document. While various investment opportunities are available, potential investors should consider the risks that pertain to learning and development companies in general. Readers are accordingly advised to consult a person duly authorised under the FSMA who specialises in investments of this nature before making any investment decisions.

No prior trading market for the Shares

Admission to trading on AIM should not be taken as implying that a liquid market for the Shares will either develop or be sustained following Admission. The Company cannot predict the extent to which investor interest in the Shares will lead to the development of a trading market. The liquidity of a securities market is often a function of the volume of the underlying Shares that are publicly held by unrelated parties. If a liquid trading market for the Shares does not develop, the price of Shares may become more volatile and it may be more difficult to complete a buy or sell order for Shares.

Determination of Placing Price

Placees will be contractually committed to acquire the number of Placing Shares allocated to them at the Placing Price, which is a fixed price. The Placing Price may not accurately reflect the trading value of the Shares when admitted to trading on AIM, or the Company's potential earnings or any other recognised criteria of value.

Dilution

If the Company were to offer equity securities for sale in the future, Shareholders not participating in these future equity offerings may become diluted and pre-emptive rights may not be available to certain Shareholders. The Company may also in the future issue Shares, warrants and/or options to subscribe for new Shares, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options may also result in dilution of the shareholdings of other investors.

Dividends may not be paid

While the Company intends to be dividend paying going forward, the declaration and payment of any future dividends will be subject to the discretion of the Directors, and subject to compliance with the Act and the Company's Articles, will depend on the Company's earnings, financial position, cash requirements, strategic goals, availability of distributable reserves and generally accepted accounting principles. As such, no assurance can be given as to the level of any future dividends, if any.

Interests of major Shareholders

On Admission, certain Shareholders, whose names are set out in paragraph 6.3 of Part IV of this document will hold, in aggregate, approximately 64.6 per cent. of the Share Capital. Notwithstanding the Relationship Agreement, the Articles and applicable laws and regulations, these Shareholders will be able to exercise significant influence over the Company and the Group's operations, business strategy and those corporate actions that require the approval of the Shareholders.

Taxation

The attention of potential investors is drawn to paragraph 17 of Part IV of this document. The tax rules, including stamp duty provisions and their interpretation relating to an investment in the Group, may change during the life of the Group. The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on investors' individual circumstances. Any change in the Group's tax status or the tax applicable to holding Shares or in taxation legislation or its interpretation could have an adverse effect on the value of the investments held by the Group, its ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning taxation of the Group and its investors are based on current tax law and practice which is subject to change. Prospective investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined, their personal circumstances and the financial resources available to them.

THE RISKS NOTED ABOVE DO NOT NECESSARILY COMPRISE ALL RISKS FACED BY THE GROUP.

PART III

HISTORICAL FINANCIAL INFORMATION

SECTION A: ACCOUNTANT'S REPORT



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Mind Gym plc
160 Kensington High Street
London
W8 7RG

Liberum Capital Limited
Ropemaker Place
25 Ropemaker Street
London
EC2Y 9LY

25 June 2018

Ladies and Gentlemen

Mind Gym plc (the “Company”) and its subsidiary undertakings (together, the “Group”)

Introduction

We report on the financial information set out in Section B of Part III of the admission document dated 25 June 2018 of the Company (the “Admission Document”). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 31 March 2016, 31 March 2017 and 31 March 2018 and of its results, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

SECTION B: HISTORICAL FINANCIAL INFORMATION ON THE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2016 £	2017 £	2018 £
Continuing operations				
Revenue	4	25,033,117	30,612,578	36,966,788
Cost of sales		(6,486,399)	(6,838,527)	(7,420,864)
Gross profit		18,546,718	23,774,051	29,545,924
Administrative expenses		(16,683,155)	(19,147,507)	(23,381,625)
Operating profit	5	1,863,563	4,626,544	6,164,299
Finance income		27,352	—	—
Finance costs		(43,356)	(2,617)	(1,594)
Profit before taxation		1,847,559	4,623,927	6,162,705
Tax on profit	8	(290,062)	(1,264,206)	(1,787,104)
Profit for the financial year from continuing operations		<u>1,557,497</u>	<u>3,359,721</u>	<u>4,375,601</u>
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange translation differences on consolidation		125,961	(40,420)	(260,681)
Other comprehensive income for the year attributable to the owners of the parent		125,961	(40,420)	(260,681)
Total comprehensive income for the year attributable to the owners of the parent		<u>1,683,458</u>	<u>3,319,301</u>	<u>4,114,920</u>
Earnings per share from continuing operations attributable to owners of the parent				
Basic earnings per share on profit for the year (pence per share)	10	0.18	0.38	0.49
Diluted earnings per share on profit for the year (pence per share)	10	0.15	0.32	0.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2016 £	2017 £	2018 £
Non-current assets				
Intangible assets	12	224,578	215,306	325,285
Tangible assets	13	170,388	93,033	80,816
Deferred tax	16	111,878	99,475	2,008,063
		<u>506,844</u>	<u>407,814</u>	<u>2,414,164</u>
Current assets				
Inventories	15	168,472	280,378	259,852
Trade and other receivables	16	7,579,878	9,926,269	11,887,452
Cash and cash equivalents	25	2,597,501	3,667,495	5,542,260
		<u>10,345,851</u>	<u>13,874,142</u>	<u>17,689,564</u>
Total assets		<u>10,852,695</u>	<u>14,281,956</u>	<u>20,103,728</u>
Current liabilities				
Trade and other payables	17	7,195,815	6,927,030	7,277,505
Corporation tax	17	353,211	1,112,677	636,916
Borrowings	20	68,496	51,199	—
		<u>7,617,522</u>	<u>8,090,906</u>	<u>7,914,421</u>
Non-current liabilities				
Borrowings	20	72,223	—	—
Total liabilities		<u>7,689,745</u>	<u>8,090,906</u>	<u>7,914,421</u>
Net assets		<u>3,162,950</u>	<u>6,191,050</u>	<u>12,189,307</u>
Equity				
Share capital	22	886	886	886
Capital redemption reserve		114	114	114
Share option reserve		219,622	238,421	407,966
Retained earnings		<u>2,942,328</u>	<u>5,951,629</u>	<u>11,780,341</u>
Equity attributable to owners of the parent Company		<u>3,162,950</u>	<u>6,191,050</u>	<u>12,189,307</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Capital redemption reserve £	Share option reserve £	Retained earnings £	Total equity £
At 1 April 2015	896	104	86,425	2,581,970	2,669,395
Comprehensive income for the year					
Profit for the year	—	—	—	1,557,497	1,557,497
Other comprehensive income for the year					
Exchange translation differences on consolidation	—	—	—	125,961	125,961
Total comprehensive income for the year	—	—	—	1,683,458	1,683,458
Dividends: Equity capital	—	—	—	(1,250,000)	(1,250,000)
Purchase of own shares	—	10	—	(73,100)	(73,090)
Shares redeemed during the year	(10)	—	—	—	(10)
Share option charge	—	—	133,197	—	133,197
Total contributions by and distributions to owners of the parent, recognised directly in equity	(10)	10	133,197	(1,323,100)	(1,189,903)
At 31 March 2016	886	114	219,622	2,942,328	3,162,950

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital £	Capital redemption reserve £	Share option reserve £	Retained earnings £	Total equity £
At 1 April 2016	886	114	219,622	2,942,328	3,162,950
Comprehensive income for the year					
Profit for the year	—	—	—	3,359,721	3,359,721
Other comprehensive income for the year					
Exchange translation differences on consolidation	—	—	—	(40,420)	(40,420)
Total comprehensive income for the year	—	—	—	3,319,301	3,319,301
Dividends: Equity capital	—	—	—	(310,000)	(310,000)
Share option charge	—	—	18,799	—	18,799
Total contributions by and distributions to owners of the parent, recognised directly in equity	—	—	18,799	(310,000)	(291,201)
At 31 March 2017	886	114	238,421	5,951,629	6,191,050
Comprehensive income for the year					
Profit for the year	—	—	—	4,375,601	4,375,601
Other comprehensive income for the year					
Exchange translation differences on consolidation	—	—	—	(260,681)	(260,681)
Total comprehensive income for the year	—	—	—	4,114,920	4,114,920
Dividends: Equity capital	—	—	—	(200,000)	(200,000)
Share option charge	—	—	169,545	—	169,545
Deferred taxation on share options	—	—	—	1,913,792	1,913,792
Total contributions by and distributions to owners of the parent, recognised directly in equity	—	—	169,545	1,713,792	1,883,337
At 31 March 2018	886	114	407,966	11,780,341	12,189,307

CONSOLIDATED STATEMENT OF CASH FLOWS

	2016 £	2017 £	2018 £
Cash flows from operating activities			
Profit for the financial year	1,557,497	3,359,721	4,375,601
Adjustments for:			
Amortisation of intangible assets	253,362	212,335	127,824
Depreciation of tangible assets	176,551	209,547	83,472
Net finance costs	16,004	(9,613)	1,594
Taxation charge	290,062	1,264,206	1,787,104
(Increase)/decrease in inventories	94,737	(111,906)	20,527
Increase in trade and other receivables	(2,701,775)	(2,454,662)	(1,873,632)
Increase in trade and other payables	1,211,254	671,215	460,475
Corporation tax paid	(118,895)	(384,066)	(2,345,213)
Other recognised gains and losses	125,961	(40,420)	(260,681)
Transfer to share based payment reserve	133,197	18,799	169,545
Net cash generated from operating activities	<u>1,037,955</u>	<u>2,735,156</u>	<u>2,546,616</u>
Cash flows from investing activities			
Purchase of intangible fixed assets	(240,284)	(203,063)	(237,803)
Purchase of tangible fixed assets	(171,096)	(132,192)	(71,255)
Finance income	27,352	12,230	—
Share buy back	(73,100)	—	—
Net cash from investing activities	<u>(457,128)</u>	<u>(323,025)</u>	<u>(309,058)</u>
Cash flows from financing activities			
Repayment of other borrowings	(62,785)	(89,520)	(51,199)
Dividends paid to owners of the parent	—	(1,250,000)	(310,000)
Interest paid	(43,356)	(2,617)	(1,594)
Net cash used in financing activities	<u>(106,141)</u>	<u>(1,342,137)</u>	<u>(362,793)</u>
Net increase in cash and cash equivalents	474,686	1,069,994	1,874,765
Cash and cash equivalents at beginning of year	2,122,815	2,597,501	3,667,495
Cash and cash equivalents at the end of year	<u><u>2,597,501</u></u>	<u><u>3,667,495</u></u>	<u><u>5,542,260</u></u>
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand	<u><u>2,597,501</u></u>	<u><u>3,667,495</u></u>	<u><u>5,542,260</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Organisation and trading activities

Mind Gym Limited ("the Company") is incorporated in England & Wales under the Companies Act. The address of the registered office is given on page 8 of this document. The group consists of Mind Gym Limited and its subsidiaries, Mind Gym (USA) Inc., Mind Gym Performance PTE, Mind Gym Middle East FZ LLC, Mind Gym (Canada) Inc. (together "the Group").

The principal activity of the Group is to apply behavioural science to transform the performance of companies and the lives of the people who work in them. The Group does this primarily through research, strategic advice, management and employee development, employee communication, and related services.

2. Summary of significant accounting policies

The principal accounting policies adopted and applied in the preparation of this consolidated Financial Information are set out below.

These have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of accounting

This Financial Information of the Group has been prepared for the sole purpose of publication within this Admission Document. It has been prepared in accordance with the requirements of the AIM Rules for Companies of the London Stock Exchange plc and has been prepared in accordance with International Financial Reporting Standards and IFRS Interpretations Committee (IFRS IC) Interpretations as adopted by the European Union ("IFRS") and the policies stated elsewhere within the Financial Information. The Financial Information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Financial Information has been prepared under the historical cost convention.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information, are disclosed in Note 3.

The Group has adopted all the standards and amendments to existing standards which are mandatory for accounting periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, Interpretation or amendment that has been issued but is not yet effective.

At 31 March 2018, the following new and revised IFRSs relevant to the Group are issued but are not yet effective:

	Effective date
IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Annual Improvements to IFRSs: 2015-2017 cycle	1 January 2019*
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

* Not yet endorsed for use in the EU

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard will be applicable from 1 April 2018. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income; and fair value through profit and loss. The main change relevant to the Group surrounds the impairment of debtors. An expected credit losses model replaces the incurred loss impairment model used in IAS 39. As the Group's provision for doubtful debts represents a small fraction of turnover, IFRS 9 is not thought to have a material impact on the financial information going forward.

- IFRS15 'Revenue from Contracts with Customers' sets out new revenue recognition criteria that will be applicable for the period beginning on 1 April 2018. The standard remains subject to industry interpretations and consensus. It is anticipated that the standard will impact on the timing of revenue recognised by the Group on certain long-term contracts albeit no impact on cash flow is expected. The Directors' have assessed that IFRS 15 will require the Group to revise its revenue recognition policies for various income streams however it is not thought to have a material impact on the financial information going forward.
- IFRS 16 'Leases'. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. This is effective for the period beginning on 1 April 2019, with earlier adoption permitted if IFRS 15 'Revenue from contracts with customers' is also applied. The Directors' have assessed that the adoption of this policy will have a material impact on the balance sheet through the recognition of a 'right to use asset' and corresponding liability. The operating lease charge will be replaced by a depreciation charge, which will be materially similar to the current operating lease charge, plus an interest expense charged on the lease liability.

Of the other IFRSs and IFRICs, none are expected to have a material effect on future Group financial information.

2.2 Basis of consolidation

The consolidated Financial Information incorporate those of Mind Gym Limited and its subsidiary undertakings (i.e. entities that the Group controls when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity). Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.3 Foreign currency translation

Functional and presentation currencies

The financial information is presented in Pound Sterling (£), which is also the currency of the primary economic environment in which the Group and Company operates (its functional currency). The Group also has operations in the USA, Dubai, Singapore and Canada, whose functional currencies are USD, UAE, SGD and CAD respectively.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'administrative expenses'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

2.4 Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its Financial Information. The Group is highly cash generative and has no borrowing facilities. The Group plans to continue to grow and manages the financial risk of this growth through routine preparation of budgets and forecasts for the next two year period, monthly management accounts and forward reporting and managing of confirmed and potential sales orders.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised at the date training courses are completed or delivery of products made. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of current liabilities.

100% of revenue is derived from the provision on services.

2.6 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Statement of Comprehensive Income is charged with fair value of goods and services received.

2.7 Employee benefits

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is not recognised on temporary differences arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is measured on a non-discounted basis using the tax rates and laws that have then been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2.9 Intangible assets

Externally acquired intangible assets are initially recognised at cost. Expenditure on internally developed assets is capitalised if it can be demonstrated that it is technically feasible to develop the product for it to provide expected future economic benefits, adequate resources are available to complete the development, there is an intention to complete the project and expenditure on the project can be measured reliably. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over their estimated useful lives, which range as follows:

Software development — 2 years

Trademark rights — 5 years

Software development expenditure is written off to the Consolidated Statement of Comprehensive Income unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred as an intangible asset and amortised over the period during which the Group is expected to benefit.

2.10 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Land and buildings leasehold — Over the period of the lease

Fixtures, fittings and equipment — 50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.11 Inventories

Inventories relate to pack materials used in the delivery of courses and are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Financial instruments

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument. The Group only enters into basic financial instruments and does not have any hedging instruments.

Financial assets and liabilities are offset, with the net amounts presented in the Financial Information, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

All of the Group's financial assets fall into the loans and receivables category.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets included in loans and receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

A provision for impairment is made when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the loss event has an impact on the estimated future cash flows of the financial asset.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities

All of the Group's financial liabilities fall into the other financial liabilities category.

Other financial liabilities

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of other financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

2.13 Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

2.14 Leases

A lease is classified at the inception date as a finance lease or an operating lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Operating lease payments, including any lease incentives received, are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2.15 Dividends

Dividend income is recognised when the right to receive payment is established.

Dividends are recognised as liabilities in the period in which the dividends are approved and once they are no longer at the discretion of the Company. In the case of interim dividends to equity shareholders, these are declared by the Directors. In the case of final dividends, these are approved by the shareholders at the annual general meeting.

2.16 Equity instruments

The Group's reserves are as follows:

Share capital represents the nominal value of the shares issued.

The capital redemption reserve contains the nominal value of own shares that have been acquired by the Company and cancelled.

Other reserves represent the cost of the shares of the Company held by the Enterprise Management Incentive (EMI) and other plans for certain employees.

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

2.17 Segmental reporting

Management has determined that based on the operating reports reviewed by the chief operating decision maker, who assess performance, make strategic decisions and allocate resources, that the Group has two operating segments. Management has identified the directors of Mind Gym Limited as the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating segments'. All segment revenue, profit before taxation, assets and liabilities are attributable to the principal activity of the Group.

3. Critical accounting estimates and judgements in applying accounting policies

In preparing this financial information, the directors have made the following judgements:

Intangible asset additions

Costs relating to patents and software development are capitalised when they meet the criteria set out under IFRS as detailed in note 2. This requires the directors to exercise judgement over the costs and the projects to which they relate to including the future viability and economic benefits arising from the costs incurred.

Indicators of impairment

Determine whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

In preparing this financial information, the directors have made the following estimates:

Share based payments

The Group has share-based remuneration schemes for employees. The fair value of share options estimated by using the Black-Scholes model, on the date of grant based on certain assumptions, unless there is a more accurate measure of the services provided. The assumptions are described in note 24 and include, amongst others, the dividend growth rate, share price volatility, expected life of the options and the number expected to vest.

Fixed assets

Fixed assets, including both Tangible and Intangible assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Provisions against trade receivables and accrued income

Trade receivables and accrued income balances are reviewed for impairment on a regular basis and provisions are raised where appropriate. The review is performed by management and considers factors such as the age of the debt, recovery since the reporting date and discussions with the customer. Provisions are raised where debtors are not considered recoverable in full or in part. Provisions are reassessed as part of the above review and are released where subsequent information supports the recovery.

Deferred tax

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts.

Significant items on which the Group has exercised accounting judgement include recognition of deferred tax assets in respect of the exercise of share options in the future and the recognition of a deferred tax asset in respect of capital allowances in the United Kingdom.

The amounts recognised in the consolidated financial information in respect of each matter are derived from the Group's best estimation and judgement as described above. Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

4. Segmental analysis

The Group consists of two separate segments for management reporting and control purposes, being the EMEA (encompassing the United Kingdom ("UK"), Singapore ("SGP") and United Arab Emirates ("UAE") entities) and America (encompassing the United States ("US") and Canadian ("CAD") entities). The segments are considered appropriate for reporting in accordance with IFRS 8 (Operating Segments) since these segments are reviewed by the Board without further significant categorisation. As the Group provides the same services worldwide, no secondary segmentation is provided.

The committee considers the business from both a geographic and product perspective. Geographically, management considers performance in the UK, USA, Asia, Dubai and Canada.

From a product perspective, management separately considers separate revenue streams at a consolidated level, including delivery (face to face & virtuals), digital, design, license and other revenue.

During 2016, 2017 and 2018 the Group entered into a third-party arrangement to cover the cost of training on behalf of a client which were later recovered in full. These activities are excluded from the reportable operating segments, as these activities are not reviewed by the strategic steering committee.

The strategic steering committee assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as sale related costs as they represent the exceptional costs incurred on the aborted

sale of the business in January 2018. The measure also excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments. Whilst exchange differences are generally a normal cost or benefit, the majority of the charge within profit is due to a high US dollar intercompany balance with the UK. The equity-settled share-based payment expense relates to the charge on new options granted to employees during the year, which reflects the higher value of the aborted transaction.

The segmental analysis below represents revenues and results from the Group's trading operations with external customers to the Group only. As a result, transfer pricing charges from the UK to the US of £4.6m (2017: £3.4m; 2016: £2.4m) that are otherwise included in the UK and US statutory accounts and tax computations as income and costs respectively are excluded.

Details regarding each of the operations of each reportable segment is included in the following tables.

Segment results for the period ended 31 March 2016

	EMEA	America	Other	Total
Sales and other operating revenues	11,871,791	12,361,769	799,557	25,033,117
Operating costs	(2,668,547)	(3,018,295)	(799,557)	(6,486,399)
Administration expenses	(9,431,422)	(7,251,733)	—	(16,683,155)
Operating (loss)/profit segment result	(228,178)	2,091,741	—	1,863,563
Finance revenue	11,374	15,978	—	27,352
Finance costs	(43,014)	(342)	—	(43,356)
(Loss)/profit for the period before taxation	(259,818)	2,107,377	—	1,847,559

Adjusted EBITDA

	EMEA	America	Other	Total
Operating (loss)/profit segment result	(228,178)	2,091,741	—	1,863,563
Depreciation and amortisation	355,184	74,729	—	429,913
Share based payment expense	133,197	—	—	133,197
Foreign exchange (gains)/losses	177,457	10,290	—	187,747
Adjusted EBITDA	437,660	2,176,760	—	2,614,420

The segments assets and liabilities at 31 March 2016 were as follows:

	EMEA	America	Other	Total
Non-current assets	420,560	86,284	—	506,844
Current assets	5,439,927	4,775,102	130,822	10,345,851
Total liabilities	(5,646,731)	(2,043,014)	—	(7,689,745)

Segment results for the period ended 31 March 2017

	EMEA	America	Other	Total
Sales and other operating revenues	11,304,739	18,921,181	386,658	30,612,578
Operating costs	(2,934,424)	(3,517,445)	(386,658)	(6,838,527)
Administration expenses	(9,432,818)	(9,714,689)	—	(19,147,507)
Operating (loss)/profit segment result	(1,062,503)	5,689,047	—	4,626,544
Finance costs	(22,567)	19,950	—	(2,617)
(Loss)/profit for the period before taxation	(1,085,070)	5,708,997	—	4,623,927

Adjusted EBITDA

	EMEA	America	Other	Total
Operating (loss)/profit segment result	(1,062,503)	5,689,047	—	4,626,544
Depreciation and amortisation	303,753	118,129	—	421,882
Share based payment expense	18,799	—	—	18,799
Foreign exchange (gains)/losses	102,868	(386,512)	—	(283,644)
Sale related costs	47,488	—	—	47,488
Adjusted EBITDA	(589,595)	5,420,664	—	4,831,069

The segments assets and liabilities at 31 March 2017 were as follows:

	EMEA	America	Other	Total
Non-current assets	372,595	35,219	—	407,814
Current assets	6,283,444	7,529,831	60,867	13,874,142
Total liabilities	(4,044,378)	(4,046,528)	—	(8,090,906)

Segment results for the period ended 31 March 2018

	EMEA	America	Other	Total
Sales and other operating revenues	17,585,606	19,380,051	1,131	36,966,788
Operating costs	(3,918,647)	(3,589,761)	87,544	(7,420,864)
Administration expenses	(12,467,948)	(10,913,677)	—	(23,381,625)
Operating profit segment result	1,199,011	4,876,613	88,675	6,164,299
Finance costs	(1,594)	—	—	(1,594)
Profit for the period before taxation	1,197,417	4,876,613	88,674	6,162,705

Adjusted EBITDA

	EMEA	America	Other	Total
Operating loss segment result	1,199,011	4,876,613	88,674	6,164,298
Depreciation and amortisation	177,327	33,969	—	211,296
Share based payment expense	169,545	—	—	169,545
Foreign exchange (gains)/losses	147,299	366,243	—	513,542
Sale related costs	815,256	—	—	815,256
Adjusted EBITDA	2,508,438	5,276,825	88,674	7,873,937

The segments assets and liabilities at 31 March 2018 were as follows:

	EMEA	America	Other	Total
Non-current assets	2,389,679	24,485	—	2,414,164
Current assets	9,532,730	8,146,112	10,722	17,689,564
Total liabilities	(5,042,811)	(2,871,610)	—	(7,914,421)

5. Expenses by Nature

	2016 £	2017 £	2018 £
Coach costs	3,751,451	4,521,025	5,222,139
Staff costs (note 7)	11,482,910	13,788,032	16,187,711
Depreciation of tangible fixed assets	176,551	209,547	83,472
Amortisation of intangible assets	253,362	212,335	127,824
Hire of other assets – property rental operating leases	447,642	495,089	576,736
Exchange differences	187,747	(283,644)	513,541
Sale related costs	—	47,488	815,256
Share based payment	133,197	18,799	169,545

FX losses arose predominantly from the revaluation of high US \$ balance on the inter-company balance with the UK. The Directors believe this was exceptionally high and in future surplus US\$ will be repatriated to the UK.

Sale related costs refer to the exceptional costs incurred predominantly from professional fees from a plan to sell the business which were subsequently aborted at a late stage.

Share related costs related predominantly to the granting of share options to one senior individual.

6. Auditor's remuneration

	2016 £	2017 £	2018 £
Fees payable to the Group's auditor for the audit of the Group and Company financial statements	27,000	26,750	40,603
Fees payable to the Group's auditor for the audit of the Company's subsidiaries	5,361	6,204	17,600
– Other non-audit services	7,468	6,450	1,815
	<u>39,829</u>	<u>39,404</u>	<u>60,018</u>

7. Employees

Employee Benefit Expense

Staff costs, including directors' remuneration, were as follows:

	2016 £	2017 £	2018 £
Wages and salaries	10,287,716	12,347,549	14,182,021
Social security costs	948,121	1,121,287	1,565,402
Cost of defined contribution scheme	247,073	319,196	440,288
	<u>11,482,910</u>	<u>13,788,032</u>	<u>16,187,711</u>

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund. Contributions payable by the Group for 2018 amounted to £440,288 (2017 – £319,196, 2016 – £247,043). Contributions totalling £62,135 in 2018 (2017 – £32,001, 2016 – £30,358) were payable to the fund at the year end and are included in other creditors.

Directors Remuneration

Directors' emoluments were as follows:

	2016 £	2017 £	2018 £
Directors' emoluments	405,942	458,298	408,977
Group contributions to defined contribution pension schemes	18,000	31,600	36,000
Amounts paid to third parties in respect of directors' services	12,000	24,250	29,000
	<u>435,942</u>	<u>514,148</u>	<u>473,977</u>

There were 2 directors in the Group's defined contribution pension scheme during 2018 (2017 – 2, 2016 – 2).

The total amount payable to the highest paid director in respect of emoluments was £223,791 in 2018 (2017 – £258,298, 2016 – £205,942). Group pension contributions of £18,000 in 2018 (2017 – £11,600) were made to a money purchases scheme on their behalf.

Key management personnel

Key management personnel include all directors and a number of senior managers across the group who together have responsibility and authority for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was as follows.

	2016 £	2017 £	2018 £
Key management personnel's emoluments	805,440	834,917	768,693
Short-term employee benefits	31,670	20,217	14,663
Post-employment benefits	18,000	31,600	49,605
Share-based payment expense	12,367	8,544	159,545
	<u>867,477</u>	<u>895,278</u>	<u>992,506</u>

Average Number of People Employed

The average monthly number of employees (including executive directors) for the continuing operations was:

	2016 No.	2017 No.	2018 No.
Sales and administration	143	180	187
Management	15	15	15
	<u>158</u>	<u>195</u>	<u>202</u>

8. Taxation

	2016 £	2017 £	2018 £
Corporation tax			
UK corporation tax on profits for the year	393,000	463,990	1,240,606
Adjustments in respect of prior periods	(13,867)	(55,941)	106,191
	<u>379,133</u>	<u>408,049</u>	<u>1,346,797</u>
Foreign tax			
Foreign tax on income for the year	35,047	843,753	445,511
Foreign tax in respect of prior periods	(51,108)	—	—
	<u>(16,061)</u>	<u>843,753</u>	<u>445,511</u>
Total current tax	<u>363,072</u>	<u>1,251,802</u>	<u>1,792,308</u>
Deferred tax			
Origination and reversal of timing differences	(73,010)	12,404	(5,204)
Total deferred tax	<u>(73,010)</u>	<u>12,404</u>	<u>(5,204)</u>
Taxation on profit on ordinary activities	<u>290,062</u>	<u>1,264,206</u>	<u>1,787,104</u>

Factors affecting tax charge for the year

The rate of taxation is expected to follow a blended rate of the standard rate of UK and US corporate taxes in future periods.

The main UK corporation tax rate will reduce to 17% from 1 April 2020. The US federal corporate tax rate was reduced from 35% to 21% with effect from 1 January 2018.

These reductions are expected to reduce the Group's future current tax accordingly.

The tax assessed for 2018 is higher than (2017 – higher than) the standard rate of corporation tax in the UK of 19% (2017 – 20%). The differences are explained below:

	2016 £	2017 £	2018 £
Profit on ordinary activities before tax	<u>1,847,559</u>	<u>4,623,927</u>	<u>6,162,705</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 20%, 2016 -20%)	369,512	924,785	1,170,914
Effects of:			
Fixed asset differences	—	—	640
Expenses not deductible for tax purposes	42,579	50,678	323,575
Foreign tax credits	—	—	(19,262)
Adjustments to tax charge in respect of prior periods	(64,975)	—	106,191
Overseas profits taxed at a higher/(lower) rate	(61,085)	312,706	165,576
Other tax adjustments	4,031	(23,963)	39,470
Total tax charge for the year	<u>290,062</u>	<u>1,264,206</u>	<u>1,787,104</u>

9. Net Foreign Exchange Gains/(Losses)

The exchange differences (charged)/credited to profit or loss are included as follows:

	2016 £	2017 £	2018 £
Other (losses)/gains – net	<u>(143,237)</u>	<u>283,644</u>	<u>(513,541)</u>

10. Earnings per share

Basic

The basic earnings per share is based on the profit/(loss) for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares in each year assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2016 £	2017 £	2018 £
Profit attributable to owners of the Group	1,557,497	3,359,721	4,375,601
Weighted average number of ordinary shares in issue	8,885,000	8,860,000	8,860,000
Basic earnings per share (pence per share)	18p	38p	49p

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, being share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares), based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

As at 31 March 2018, share options of 1,352,638 were in issue (2017 – 1,403,591, 2016 – 1,521,840). Details of share options that could potentially dilute earnings per share in future periods are disclosed in Note 23.

	2016 £	2017 £	2018 £
Profit attributable to owners of the Group	1,557,497	3,359,721	4,375,601
Weighted average number of ordinary shares for diluted earnings per share	10,427,787	10,341,480	10,182,492
Diluted earnings per share (pence per share)	15p	32p	43p

11. Dividends

	2016 £	2017 £	2018 £
F Ordinary			
Interim approved of 16.95p (2017 – 350.3p, 2016 – 1412.4p) per share	833,333	206,667	100,000
G Ordinary			
Interim approved of 16.95p (2017 – 175.p, 2016 – 706.2p) per share	416,667	103,333	100,000
	<u>1,250,000</u>	<u>310,000</u>	<u>200,000</u>

12. Intangible assets

	Patents £	Development costs £	Total £
Cost			
At 1 April 2015	63,370	938,281	1,001,651
Additions	—	240,284	240,284
At 31 March 2016	63,370	1,178,565	1,241,935
Additions	—	203,063	203,063
At 31 March 2017	63,370	1,381,628	1,444,998
Additions	—	237,803	237,803
At 31 March 2018	63,370	1,619,431	1,682,801
Amortisation			
At 1 April 2015	63,370	700,625	763,995
Charge for the year	—	253,362	253,362
At 31 March 2016	63,370	953,987	1,017,357
Charge for the year	—	212,335	212,335
At 31 March 2017	63,370	1,166,322	1,229,692
Charge for the year	—	127,824	127,824
At 31 March 2018	63,370	1,294,146	1,357,516
Net book value			
At 31 March 2018	—	325,285	325,285
At 31 March 2017	—	215,306	215,306
At 31 March 2016	—	224,578	224,578
At 31 March 2015	—	237,656	237,656

13. Tangible assets

	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost or valuation			
At 1 April 2015	233,989	712,644	946,633
Additions	176	170,920	171,096
At 31 March 2016	234,165	883,564	1,117,729
Additions	827	131,365	132,192
At 31 March 2017	234,992	1,014,929	1,249,921
Additions	722	70,533	71,255
At 31 March 2018	235,714	1,085,462	1,321,176
Depreciation			
At 1 April 2015	132,556	638,234	770,790
Charge owned for the period	54,651	121,900	176,551
At 31 March 2016	187,207	760,134	947,341
Charge for the year	42,385	167,162	209,547
At 31 March 2017	229,592	927,296	1,156,888
Charge for the year	958	82,514	83,472
At 31 March 2018	230,550	1,009,810	1,240,360
Net book value			
At 31 March 2018	5,164	75,652	80,816
At 31 March 2017	5,400	87,633	93,033
At 31 March 2016	46,958	123,430	170,388
At 31 March 2015	101,433	74,440	175,843

14. Subsidiaries

Details of the Company's subsidiary are as follows:

The following were subsidiary undertakings of the Company, all of which had the principal activity of providing management and development training:

Name	Country of incorporation	Class of shares	Holding
Mind Gym (USA) Inc	USA	Common stock	100%
Mind Gym Performance (Asia) Pte Ltd	Singapore	Ordinary shares	100%
Mind Gym Middle East FZ-LLC	Dubai	Ordinary shares	100%
Mind Gym (Canada)	Canada	Ordinary shares	100%

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company does not differ from the proportion of ordinary shares held.

Name	Registered office
Mind Gym (USA) Inc	9 E 37th St, New York, NY 10016, USA
Mind Gym Performance (Asia) Pte Ltd	8 Cross St, #28-63, PWC Building, Singapore (048424)
Mind Gym Middle East FZ-LLC	Building 03, 1st Floor, Office No. 114, Dubai
Mind Gym (Canada)	145 King Street West, Toronto, Ontario, Canada, M5H 4G2

15. Inventories

	2016 £	2017 £	2018 £
Finished goods and goods for resale	168,472	280,378	259,852

Stock recognised in cost of sales during 2018 as an expense was £1,194,430 (2017 – £1,209,739, 2016 – £1,227,923).

16. Trade and other receivables

Current:

	2016 £	2017 £	2018 £
Trade receivables	5,181,737	6,724,818	7,696,936
Amounts owed by group undertakings	—	—	—
Other receivables	845,571	343,350	189,845
Prepayments and accrued income	1,444,299	2,858,101	3,913,120
Tax recoverable	108,271	—	87,551
	<u>7,579,878</u>	<u>9,926,269</u>	<u>11,887,452</u>

Non-current:

	2016 £	2017 £	2018 £
Deferred taxation (note 21)	111,878	99,475	2,008,063
	<u>111,878</u>	<u>99,475</u>	<u>2,008,063</u>

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2016 £	2017 £	2018 £
UK Pounds	2,304,877	3,177,610	4,324,622
US Dollar	2,656,737	3,258,743	3,081,620
Arab Emirate Dirham	149,550	184,119	36,660
Singapore Dollar	59,030	104,346	254,034
Canadian Dollar	11,543	—	—
	<u>5,181,737</u>	<u>6,724,818</u>	<u>7,696,936</u>

The Group's exposure to credit risk is limited by the fact that the Group generally receives cash at the point of legal completion of its sales. A high propensity of the Group's clients are blue chip and therefore credit risk is low. As such, the Group has no significant concentration of credit risk, with exposure spread over a large number of customers. The maximum exposure to credit risk at 31 March 2018 is represented by the carrying amount of each financial asset. There is no material provision for impaired receivables in the years 2018, 2017 or 2016.

The total value of trade receivables written off as irrecoverable is £14,839 in 2018 (2017 – £4,647, 2016 – £Nil) and is included within Administrative expenses.

17. Trade and other payables: Amounts falling due within one year

	2016 £	2017 £	2018 £
Bank loans	68,496	51,199	—
Trade payables	1,303,879	1,192,812	1,260,762
Amounts owed to group undertakings	—	—	—
Corporation tax	353,211	1,112,677	636,916
Other taxation and social security	1,370,290	511,348	480,007
Other payables	1,351,184	432,225	404,600
Accruals and deferred income	3,170,462	4,790,645	5,132,136
	<u>7,617,522</u>	<u>8,090,906</u>	<u>7,914,421</u>

18. Trade and other payables: Amounts falling due after more than one year

	2016 £	2017 £	2018 £
Bank loans (see note 20)	<u>72,223</u>	<u>—</u>	<u>—</u>

19. Financial instruments

	2016 £	2017 £	2018 £
Financial assets			
Financial assets that are debt instruments measured at amortised cost	<u>9,817,076</u>	<u>13,302,274</u>	<u>17,135,799</u>
Financial liabilities			
Financial liabilities measured at amortised cost	<u>(4,723,045)</u>	<u>(4,207,308)</u>	<u>(4,694,450)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand of £5,542,260 (2017 – £3,667,495, 2016 – £2,597,501), trade receivables of £7,696,936 (2017 – £6,724,818, 2016 – £5,181,737) accrued income of £3,706,758 (2017 – £2,566,611, 2016 – £1,192,267) and other receivables of £189,845 (2017 – £343,350, 2016 – £845,571).

Financial Liabilities measured at amortised cost comprise bank loans (2017 – £51,199, 2016 – £140,719), trade payables of £1,260,762 (2017 – £1,192,812, 2016 – £1,303,879), other payables of £404,600 (2017 – £432,225, 2016 – £1,351,184) and accruals of £3,029,088 (2017 – £2,531,072, 2016 – £1,927,263).

20. Borrowings

	2016 £	2017 £	2018 £
Secured borrowings:			
Bank loans	<u>140,719</u>	<u>51,199</u>	<u>—</u>
Unsecured borrowings:			
Directors' loans	<u>260,818</u>	<u>—</u>	<u>—</u>
Less: payable within one year	<u>(329,314)</u>	<u>(51,199)</u>	<u>—</u>
Payable after one year	<u>72,223</u>	<u>—</u>	<u>—</u>

The bank loan was repaid on 22 September 2017 and was secured by a fixed and floating charge over the assets of the Group. The facility attracted an interest rate of 4% per annum above LIBOR.

21. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19 per cent. (2018), 20 per cent. (2017) and 20 per cent. (2016). The gross movement on the deferred income tax account is as follows:

	2016 £	2017 £	2018 £
Opening balance	35,347	111,879	99,475
Income statement charge (Note 8)	76,532	(12,404)	(5,204)
Credit to equity	—	—	1,913,792
Closing balance	<u>111,879</u>	<u>99,475</u>	<u>2,008,063</u>

The deferred tax asset recognised on the statement of changes in equity credit is in respect of the anticipated exercising of EMI options in the next financial year, recognised over the anticipated vesting period. As at 31 March 2018 the equity value of the business applied in determining this deferred tax asset was reassessed at £130m.

22. Share capital

	2016 £	2017 £	2018 £
Shares classified as equity			
Allotted, called up and fully paid			
6,670,000- A Ordinary shares of £0.0001 each	667	667	667
960,000- B Ordinary shares of £0.0001 each	96	96	96
50,000- D Ordinary shares of £0.0001 each	5	5	5
590,000- F Ordinary shares of £0.0001 each	59	59	59
590,000- G Ordinary shares of £0.0001 each	59	59	59
	<u>886</u>	<u>886</u>	<u>886</u>

All classes of share rank *pari passu*.

On 18 December 2015, the Company repurchased and cancelled 100,000 Ordinary shares (40,000 A Ordinary, 10,000 B Ordinary and 50,000 D Ordinary) for a total cost of £73,100. The cost was taken to the Statement of Changes in Equity. The Company has the right to reissue these shares at a later date. All shares issued by the Company were fully paid.

23. Share based payments

The Group operates several Enterprise Management Incentive plans for certain employees. In accordance with the provision of the plans, employees may acquire shares in the parent Company ("Company"), options vest on the occurrence of certain events such as a listing or sale of the Company or after certain performance or market conditions are met and exercisable immediately. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

	Weighted average exercise price (pence) 2018	Number 2018	Weighted average exercise price (pence) 2017	Number 2017
Outstanding at the beginning of the year	0.0961	1,403,592	0.0911	1,521,840
Granted during the year	0.0001	101,011	0.0733	48,067
Forfeited during the year	0.0236	(151,964)	0.0439	(166,315)
Outstanding at the end of the year	<u>0.0971</u>	<u>1,352,639</u>	<u>0.0961</u>	<u>1,403,592</u>

	Weighted average exercise price (pence) 2016	Number 2016
Outstanding at the beginning of the year	0.0919	1,612,306
Granted during the year	0.0223	214,241
Forfeited during the year	0.0001	(304,707)
Outstanding at the end of the year	0.0911	1,521,840

No options were exercisable at the 2018 year end (2017 – Nil, 2016 – Nil).

The following information is relevant in the determination of the fair value of options granted during the current and previous years under the equity-settled share based remuneration schemes operated by Mind Gym Limited.

	2018 – 2016
Option pricing model used	Black-Scholes
Weighted average share price (pence)	5.82
Exercise price (pence)	0.01
Weighted average contractual life (days)	2
Expected volatility	24.5%
Expected dividend growth rate	0%
Risk-free interest rate	1%

During 2016 the Company also issued 48,067 share options with a fair value of £110,780, based on the value of services received as prescribed under the Group's bonus scheme.

The Black-Scholes option pricing model was used to value the share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted.

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years of comparable publicly quoted companies.

The share-based remuneration expense comprises:

	2016 £	2017 £	2018 £
Equity-settled schemes	133,197	18,799	169,545

25. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2016 £	2017 £	2018 £
Cash at bank and in hand	2,597,501	3,667,495	5,542,260

26. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to equity holders of the Parent Company and its subsidiaries, comprising issued capital, reserves and retained earnings. The Group is not subject to externally imposed capital requirements other than those included, from time to time, in the financial covenants associated with bank borrowings.

27. Financial risk management

The Group is exposed to a variety of financial risks which result from its operating. The Group's risk management is coordinated by the board of directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group has not entered into any derivative transactions such as interest rate swaps.

Market risk

Foreign exchange risk

The Group operates internationally, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. The group invoices clients mainly in GBP and USD, with a small number of invoices raised in other local currencies. An element of the Group's USD exposure is mitigated by a natural hedge from USD costs which are increasing as the Group continues to build its cost base in the US. The UK entity has bank accounts in EUR and USD, and the US entity has a CAD bank account which are used to mitigate foreign exchange risk. Transactions in other currencies are of small value.

Liquidity risk

Cash flow forecasting is performed by Group Finance who monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration expected cash receipts, regular spending and payment of taxes such as VAT, PAYE/Ni and Corporation Tax.

Currently, the Group's liquidity risk is low as they are in a cash generating position with a surplus of cash in all entities. All Group and Company liabilities in the current and prior year are due within 3 months of the reporting date.

Credit risk

Credit risk is managed on a Group basis, including credit risk relating to accounts receivable balances. Credit risk is deemed to be relatively low due to the large corporate nature of the vast majority of the Group's clients. Management are continually working to improve both internal procedures and to streamline invoicing requirements imposed by clients in order to improve the timeliness of receipts.

As at 31 March 2018, receivables of £1,694,852 (2017: £1,146,793, 2016: £774,259) were past due. Of these receivables, £129,928 (2017: £Nil, 2016: £Nil) have been impaired. The bad debt provision was calculated by management based on individual client debts, with knowledge of client relationship and progress on credit control communications taken into consideration. The ageing analysis of these receivables is as follows:

	31 March 2018		
	2-3 months	4-6 months	6 months +
Trade receivables denominated in GBP	£782,729	£96,123	(£57,188)
Trade receivables denominated in USD	£551,948	£107,147	£190,324
Trade receivables denominated in UAE	(£58)	£3,962	£7,868
Trade receivables denominated in SGD	£23,075	£24,241	(£35,320)
	<u>£1,357,694</u>	<u>£231,473</u>	<u>£105,684</u>
	31 March 2017		
	2-3 months	4-6 months	6 months +
Trade receivables denominated in GBP	£585,560	£72,718	(£1,256)
Trade receivables denominated in USD	£256,971	£119,832	£1,885
Trade receivables denominated in UAE	(£2,424)	£11,186	£80,534
Trade receivables denominated in SGD	£32,289	£2,946	(£13,448)
	<u>£872,396</u>	<u>£206,682</u>	<u>£67,715</u>

	31 March 2016		
	2-3 months	4-6 months	6 months +
Trade receivables denominated in GBP	£237,426	£45,470	(£53,851)
Trade receivables denominated in USD	£450,928	£71,083	(£34,006)
Trade receivables denominated in UAE	£70,513	—	—
Trade receivables denominated in SGD	—	—	(£13,303)
	<u>£758,867</u>	<u>£116,553</u>	<u>(£101,160)</u>

28. Transactions with related parties

During 2018 the Group entered into the following transactions with related parties:

During the year the Group approved and/or paid dividends to J Black and J Bailey as holders of F and G shares, respectively, as per note 11. All dividends remain unpaid at the year end and are included within other payables.

At the reporting date, £Nil was due from the directors and has been included in other receivables, the amounts are unsecured and due on demand.

During 2017 the Group entered into the following transactions with related parties:

During the year the Group approved and/or paid dividends to J Black and J Bailey as holders of F and G shares, respectively, as per note 11. All dividends remain unpaid at the year end and are included within other payables.

At the reporting date, £Nil was due from the directors and has been included in other debtors, the amounts are unsecured and due on demand.

During 2016 the Group entered into the following transactions with related parties:

During the year the Group approved and/or paid dividends to J Black and J Bailey as holders of F and G shares, respectively, as per note 11. All dividends remain unpaid at the year end and are included within other payables.

At the reporting date, £539,662 was due from the directors and has been included in other receivables, the amounts are unsecured and due on demand.

Amounts receivable/(payable) as a result of trading with and loans granted to/(from) subsidiary undertakings are as follows:

	2016 £	2017 £	2018 £
Mind Gym (USA) Inc	2,410,238	1,813,345	4,025,833
Mind Gym Middle East FZ-LLC	104,059	409,459	403,145
Mind Gym Performance (Asia) Pte Ltd	(115,650)	(174,634)	(209,334)
Mind Gym (Canada)	—	(163)	(52,990)

Sales to and purchases from related parties represent those undertaken in the ordinary course of business. Transactions between the Company and its subsidiaries, which is a related party, have been eliminated on consolidation and are not disclosed in this note.

29. Operating lease commitments

Operating lease payments represent rentals payable by the Group for certain of its assets. Leases carry an option to extend on completion. At 31 March 2018, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2017 £	2018 £
Not later than 1 year	483,987	512,329	526,703
Later than 1 year and not later than 5 years	1,993,788	2,129,796	1,793,595
Later than 5 years	788,018	276,054	—
	<u>3,265,793</u>	<u>2,918,179</u>	<u>2,320,298</u>

30. Controlling party

The Group was controlled by O Black and J Black by virtue of their joint shareholding in the Parent Company throughout the period.

31. Post balance sheet events

On 22 June 2018, Mind Gym Ltd was re-registered as a public limited company as Mind Gym plc.

On 21 June 2018 the following shareholder resolutions were passed:

- the existing shares and the entire authorised but unissued share capital of the Company be subdivided by 10 to give ordinary shares of £0.00001 each;
- the existing shares be redesignated as one class of ordinary shares; and
- authority to allot and pre-emption rights to be disapplied in respect of the allotment of 50,000 redeemable preference shares of £1.00 each in the capital of the Company to Octavius Black, fully paid-up.

On 22 June 2018, conditional on Admission, 10,762,375 shares were allotted and issued to exercising optionholders pursuant to the terms of the option agreements, credited as fully paid.

PART IV

ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names appear on page 8 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All of the Directors accept individual and collective responsibility for compliance with the AIM Rules for Companies.

2. Incorporation and share capital

2.1 *The Company*

- (a) The Company was incorporated in England and Wales on 31 August 1999 as a private company limited by shares under the Companies Act 1985 with the name Primemount Limited and with registered number 3833448.
- (b) On 21 March 2000, by a special resolution of the Company dated 1 March 2000, the Company changed its name to The Mind Gym Limited. On 16 March 2012, by a special resolution of the Company dated 22 February 2012, the Company changed its name to Mind Gym Limited.
- (c) On 22 June 2018 the Company was re-registered as a public company limited by shares and the name of the Company was changed to Mind Gym plc.
- (d) The Company's registered office is at 160 Kensington High Street, London, W8 7RG. The Company's telephone number is +44 20 7376 0626.
- (e) The principal legislation under which the Company operates, and pursuant to which the Shares (including the Placing Shares) have been created, is the Companies Act and the subordinate legislation made under it.
- (f) The business and principal activity of the Company is to provide psychology and behavioural science-based coaching services to its clients and the Company also acts as the holding company of the Group.

2.2 *Share capital*

The share capital history of the Company is as follows:

- (a) on incorporation on 31 August 1999, the issued share capital of the Company was two ordinary shares of £1.00 each in nominal value;
- (b) on 1 February 2001, 98 ordinary shares of £1.00 each were allotted and issued, credited as fully paid, taking the aggregate nominal value of the issued share capital of the Company to £100.00, made up of 100 ordinary shares of £1.00 each;
- (c) on 1 April 2001, 900 ordinary shares of £1.00 each were allotted and issued, credited as fully paid taking the aggregate nominal value of the issued share capital of the Company to £1,000.00, made up of 1,000 ordinary shares of £1.00 each;
- (d) by an ordinary resolution passed on 16 September 2003 by the members of the Company it was resolved that the existing 1,000 ordinary shares in issue be re-designated as 840 A ordinary shares of £1.00 each, 100 B ordinary shares of £1.00 each, 50 C ordinary shares of £1.00 each and 10 D ordinary shares of £1.00 each;
- (e) by a written resolution passed on 18 June 2018 by the members of the Company, the re-designation of 110 A ordinary shares of £1.00 each in issue as 56 E ordinary shares of £1.00 each and 54 F ordinary shares of £1.00 each (as reflected in the articles of association adopted by the company on 9 September 2005) was ratified and approved with effect from 22 August 2005;

- (f) by written resolutions passed on 30 November 2007 by the members of the Company it was resolved that:
 - (i) the purchase by the Company of 50 C ordinary shares of £1.00 each and 54 F ordinary shares of £1.00 each (the “**2007 Buy-back**”) be approved;
 - (ii) the existing 56 E ordinary shares of £1.00 each in issue be re-designated as 56 B ordinary shares of £1.00 each;
 - (iii) the existing 54 F ordinary shares in issue be re-designated as 54 E ordinary shares of £1.00 each following their re-purchase by the Company as part of the 2007 Buy-back;
 - (iv) the 9,000 authorised but unissued G ordinary shares of £1.00 each be re-designated as 54 C ordinary shares of £1.00 each and 8,946 E ordinary shares of £1.00 each;
- (g) by a written resolution passed on 22 September 2008 by the members of the Company it was resolved that the increase in the authorised share capital of the Company by £9,000 to £10,000 (as recorded in the articles of the association of the Company adopted by special resolution of the Company on 9 September 2005) be ratified and approved;
- (h) by written resolutions passed on 1 March 2011 by the members of the Company it was resolved that:
 - (i) 59 A ordinary shares of £1.00 in issue be re-designated as 59 F ordinary shares of £1.00 each; and
 - (ii) 59 B ordinary shares of £1.00 in issue be re-designated as 59 G ordinary shares of £1.00 each;
- (i) by written resolutions passed on 9 October 2013 by the members of the Company it was resolved that each of the Company’s issued shares be sub-divided by 10,000 so that the Company’s issued share capital was as follows:
 - (i) 6,710,000 A ordinary shares of £0.0001 each;
 - (ii) 970,000 B ordinary shares of £0.0001 each;
 - (iii) 100,000 D ordinary shares of £0.0001 each;
 - (iv) 590,000 F ordinary shares of £0.0001 each; and
 - (v) 590,000 G ordinary shares of £0.0001 each,
- (j) by written resolutions passed on 18 December 2015 by the members of the Company it was resolved that the purchase by the Company of 40,000 A ordinary shares of £0.0001 each, 10,000 B ordinary shares of £0.0001 each and 50,000 D ordinary shares of £0.0001 be approved;
- (k) by written resolutions passed on 27 March 2018 by the members of the Company it was resolved that:
 - (i) the 104 authorised but unissued C ordinary shares of £1.00 each be subdivided by 10,000 to give 1,040,000 C ordinary shares of £0.0001 each; and
 - (ii) the 9,000 authorised but unissued E ordinary shares of £1.00 each be subdivided by 10,000 to give 90,000,000 E ordinary shares of £0.0001 each.

3. **Subsidiary Undertakings**

- 3.1 The Company is the ultimate holding company of the Group. The Company currently has no principal investments (in progress or planned for the future on which the Directors have made firm commitments or otherwise) other than the subsidiary undertakings listed in paragraph 3.2 below.

3.2 The principal subsidiaries and subsidiary undertakings of the Company are:

Name	Jurisdiction of incorporation	Principal activity	Percentage of issued share capital held
Mind Gym (USA) Inc.	US	Trading	100%
Mind Gym Performance (Asia) Pte. Ltd	Singapore	Trading	100%
Mind Gym Middle East FZ-LLC	Dubai	Dormant	100%
Mind Gym (Canada) Inc.	Canada	Dormant	100%

3.3 All the Group's subsidiaries are wholly owned.

3.4 The Group has taken steps to initiate the strike-off of Mind Gym (Canada) Inc. and Mind Gym Middle East FZ-LLC but neither process has yet been completed.

4. Pre-IPO Reorganisation of Share Capital

4.1 In connection with Admission, the Company has undertaken a reorganisation of its share capital (the "**Pre-IPO Reorganisation**"). Pursuant to the Pre-IPO Reorganisation, the following steps were undertaken simultaneously by resolutions of the Company, passed on 21 June 2018, by the members of the Company:

- (a) the ordinary shares of £0.0001 each were subdivided by 10 to create Ordinary Shares of £0.00001 each;
- (b) the ordinary shares were re-designated as one class of Ordinary Shares;
- (c) authority to allot and disapply pre-emption rights was granted in respect of 50,000 redeemable preference shares of £1.00 each in the capital of the Company (the "**Redeemable Preference Shares**") and to issue the New Shares;
- (d) pursuant to the provisions of sections 90 to 92 of the Companies Act 2006, the Company be re-registered as a public limited company; and
- (e) the Articles were approved and adopted in substitution for and to the exclusion of the previous articles of association.

4.2 On 21 June 2018, the Redeemable Preference Shares were allotted and issued to Octavius Black, fully paid-up. Conditional only on Admission, on 22 June 2018 10,762,375 Ordinary Shares were allotted and issued to Exercising Optionholders pursuant to the terms of the Option Agreements, credited as fully paid (the "**New Shares**").

4.3 On completion of the Pre-IPO Reorganisation and the issue and allotment of the Redeemable Preference Shares and the New Shares, the aggregate nominal value of the issued share capital of the Company will be £50,993.63 comprising 99,362,375 Ordinary Shares and 50,000 Redeemable Preference Shares.

4.4 On 21 June 2018, by resolutions of the Company:

- (a) the Directors were generally and unconditionally authorised pursuant to section 551 of the Companies Act, to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares:
 - (i) up to an aggregate nominal value of £331.20; and
 - (ii) up to an aggregate nominal value of £662.41 (such amount to be reduced by any allotments made under sub-paragraph (a) above) in connection with a rights issue in favour of the holders of Shares in proportion (as nearly as may be practicable) to their existing holdings on the record date for such allotment,

such power expiring at the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority had not expired;

- (b) the Directors were empowered to allot equity securities (within the meaning of section 560(1) of the Companies Act) for cash pursuant to the authorities conferred in paragraph 4.4(a) above, pursuant to section 570 and section 573 of the Companies Act in substitution for all prior powers conferred upon them, but without prejudice to any allotments made pursuant to the terms of such powers, as if section 561(1) of the Companies Act did not apply to any such allotment, provided that this power shall be limited to:
- (i) the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities in favour of holders of Shares in proportion (as nearly as may be practicable) to their existing holdings and to holders of other equity securities as required by the rights attached to those securities or as the Directors otherwise consider necessary, but subject to such restrictions or other arrangements as the Directors deem necessary or appropriate in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;
 - (ii) the allotment of Shares (other than under (i) above) up to an aggregate nominal amount of £99.36; and
 - (iii) the allotment of equity securities representing up to a maximum of 10 per cent. of the issued ordinary share capital of the Company,

such power expiring at the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may before the end of such period make an offer or agreement which would or might require equity securities to be allotted after expiry of the power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.

- 4.5 As at the date of this document, the Directors do not have any present intention of exercising the authorities referred to in paragraph 4.4(a) and 4.4(b) above.
- 4.6 As at the date of this document, the Company does not have an authorised share capital and there is therefore no authorised but unissued share capital.
- 4.7 The Company does not have in issue any securities not representing share capital.
- 4.8 Save as set out in this Part IV:
- (a) no share or loan capital of the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
 - (b) no person has any preferential subscription rights for any share capital of the Company;
 - (c) there are no shares in the capital of the Company currently in issue with a fixed date on which an entitlement to a dividend arises, and there are no arrangements in place whereby future dividends are waived or agreed to be waived;
 - (d) there are no shares of the Company held by or on behalf of itself or any member of the Group; and
 - (e) no commissions, discounts, brokerages, or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.
- 4.9 As at Admission, the Company has granted awards pursuant to the LTIP (further details of which are set out in paragraph 14 below) over Ordinary Shares equal to 1.5 per cent. (in aggregate) of the Company's current issued share capital. The exercise of these awards may be satisfied by the Company issuing and allotting new Ordinary Shares or by transferring Ordinary Shares held by the Company in treasury or by an employee benefit trust established by the Company, to the holder of such awards.
- 4.10 Following Admission, it is intended that the Company will from time to time grant further awards pursuant to the LTIP over Ordinary Shares or otherwise issue Ordinary Shares to employees under a Save As You Earn Scheme or Share Incentive Plan (neither of which are in existence at the date of this document) equal to (in aggregate) 1.5 per cent. of the Company's issued share capital at that time.

5. Articles of Association

Set out below is a summary of certain material provisions of the Articles.

5.1 Pursuant to a written resolution passed by the members of the Company on 21 June 2018, the Articles were adopted and contain, *inter alia*, provisions to the following effect:

(a) *Objects*

The Articles contain no specific restrictions on the Company's objects and therefore, by virtue of section 31(1) of the Companies Act, the Company's objects are unrestricted.

(b) *Rights attaching to the Redeemable Preference Shares*

The Company may redeem the Redeemable Preference Shares at their nominal amount by notice to the holders of the Redeemable Preference Shares to be redeemed one month prior to the proposed date of redemption. This notice will specify the proposed date, the number of Redeemable Preference Shares to be redeemed, the total consideration to be given for those Redeemable Preference Shares and will state the total number of Redeemable Preference Shares that the holder of those Redeemable Preference Shares will continue to hold after the proposed redemption.

Holders of the Redeemable Preference Shares are not entitled to notice of or to vote at any general meeting of the Company unless as resolution is proposed:

- (i) to wind up the Company; or
- (ii) which varies or otherwise alters any of the rights attaching to the Redeemable Preference Shares.

(c) *Voting rights*

Subject to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every member who (being an individual) is present in person or by proxy (being a corporation) is present by a duly appointed representative shall have one vote and on a poll every member present in person or by a representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

(d) *Variation of rights*

If at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class.

(e) *Alteration of capital*

The Articles do not impose any conditions governing changes in the capital of the Company which are more stringent than required by law. The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person.

The Company may, subject to the Companies Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Companies Act, the Company may purchase its own shares (including any redeemable preference shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by a

special resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

(f) *Transfer of shares*

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share held in certificated form which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. In the case of uncertificated shares, the Directors may only refuse to register a transfer in accordance with the CREST Regulations. The Directors may also refuse to register a transfer of shares (whether fully paid or not) if the transfer is in favour of more than four persons jointly. Subject to the above and to paragraph 5.1(h) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with. The registration of transfers in respect of certificated shares may be suspended by the Directors for any period not exceeding 30 days in a year.

(g) *Dividends*

The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.

Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph 5.1(h) below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the Directors so resolve be forfeited and shall revert to the Company.

The Directors may, if authorised by an ordinary resolution of the Company, offer the holders of shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend. The Directors may at their discretion make the right to participate in any such elections subject to restrictions necessary or expedient to deal with legal, regulatory or other difficulties in respect of overseas shareholders.

(h) *Suspension of rights*

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the Companies Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby, required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class (calculated exclusive of any treasury shares of that class) the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arm's length sale.

(i) *Return of capital*

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up

or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their ordinary shares. A liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator with the sanction of a special resolution may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

(j) *Pre-emption rights*

There are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

(k) *Shareholder meetings*

Annual general meetings should be held within the periods specified by the Companies Act. Other general meetings may be called whenever the directors think fit or when one has been requisitioned in accordance with the Companies Act. Two members present in person or by proxy (or, being a corporation, present by a duly appointed representative) at the meeting and entitled to vote shall be a quorum for all purposes.

Annual general meetings or a meeting at which it is proposed to pass a resolution requiring special notice are called on at least 21 days' notice in writing, exclusive of the day of which the notice is served or deemed to be served and of the day on which the meeting is to be held. Other general meetings are to be called on 14 days' notice in writing exclusive of the day on which the notice is served or deemed to be served and the day on which the meeting is to be held. The annual general meeting may be called on shorter notice providing all members entitled to attend and vote agree and a general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, consent. Notice is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent.

(l) *Directors*

Save as provided in the Articles or by the terms of any authorisation given by the Directors, a director shall not vote as a director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he (or any person connected with him) has any interest (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company) and which conflicts or may conflict with the interests of the Company and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

The Directors may authorise a director to be involved in a situation in which the director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company and may impose such terms or conditions on the grant of such authorisation as they think fit and in doing so will act in such a way, in good faith, as they consider will be most likely to promote the success of the Company.

A director shall (in the absence of some other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

- (i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or
- (ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
- (iii) the granting of any indemnity or provision of funding pursuant to the Articles unless the terms of such arrangement confer upon such director a benefit not generally available to any other director; or
- (iv) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter; or
- (v) any other company in which he or any person connected with him has a direct or indirect interest, (whether as an officer or shareholder or otherwise) provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent., or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of the relevant Article to be a material interest in all circumstances); or
- (vi) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
- (vii) the purchase and/or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors.

Fees may be paid out of the funds of the Company to directors who are not managing or executive directors at such rates as the Directors may from time to time determine provided that such fees do not in the aggregate exceed the sum of £150,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the Directors or any committee authorised by the Directors may determine.

The Directors (including alternate Directors) are entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.

A director may hold any other office or employment with the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No director or intending director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either with regard to his tenure of any other such office or place of profit, nor shall any such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any director or any person connected with him is in any way interested (whether directly or indirectly) be liable to be avoided, nor shall any director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised from any such contract, arrangement, transaction or proposal by reason of such director holding that office or of the fiduciary relationship thereby established, if the director has disclosed his interest in accordance with the Companies Act.

Save as provided by the Articles or by the terms of authorisation given by the Directors, a director shall not vote as a director or be counted in the quorum in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement in which he has any interest which conflicts or may conflict with the interests of the Company. If he does vote, his vote shall not be counted.

The remuneration and other terms and conditions of appointment of a director appointed as managing director or to any other executive office or employment under the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the Directors or by any committee appointed by the directors, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in which the Company is interested) or other participation in any such profits or otherwise or by any or all or partly by one and partly by another or others of those modes.

(m) *Borrowing powers*

The Directors may exercise of the powers of the Company to borrow money, mortgage or charge all or parts of its undertaking, property and uncalled capital of the Company.

- 5.2 There is nothing contained in the Articles which would have an effect of delaying, deferring or preventing a change of control of the Company.
- 5.3 There is nothing contained in the Articles which governs the ownership threshold above which member ownership must be disclosed.
- 5.4 There are no conversion rights attached to any of the shares in the Company pursuant to the Articles or otherwise.

6. Directors' and other interests

- 6.1 In addition to their directorships of the Company, the Directors held directorships and/or have been a partner in the following partnerships within the five years prior to the date of this document:

Name	Current directorships/partnerships	Previous directorships/partnerships over the last five years
Sebastian Bailey	Mind Gym (USA) Inc.	—
Joanne Black	—	Casati Estates Limited The Fawcett Society
Octavius Black	Mind Gym (USA) Inc.	Casati Estates Limited
Dido Harding	NHS Improvement Bank of England The Jockey Club	British Land Plc Talk Talk Telecom Group Plc TalkTalk Brands Limited TalkTalk Brands Limited TalkTalk Business (2CC) Limited TalkTalk Communications Limited TalkTalk Telcom Limited TalkTalk TV Entertainment Limited Tipcall Limited
Richard Steele	Belvedere Consultancy Limited	Cook Trading Limited Cook Puddings Limited
Sally Tilleray	Sally Tilleray Consulting Limited	Adamson Ussher Marketing Limited Alternate Resources Limited Apothecom Associates LLC Apothecom ScopeMedical Inc. Apothecom ScopeMedical Limited Atlantic Group Holdings Limited Atlantic Public Relations Limited Atomic Communications, LLC

Name	Previous directorships/partnerships over the last five years	
Sally Tilleray (continued)	Atomic Communications Holdings Limited	Dutko State & Local, LLC
	Atomic PR UK Limited	Dutko Washington, LLC
	Audacity Health LLC	Dutko Worldwide, LLC
	Avenue Healthcare Knowledge Management Limited	EHPR Limited
	Axiom Professional Health Learning LLC	Ergo Communications Services Limited
	Axis Healthcare Europe Limited	Evoke Group LLC
	Ballard Associates Limited	Evoke Health LLC
	Beaumark Limited	Facet Group Holdings Limited
	Brand Health International Limited	Fred Communications Limited
	Brand Health International Validation Limited	Gravling Communications Limited
	Broadbent Advertising Limited	Grayling & Citigate Norden AB (Sweden)
	Catalyst Communications Group Limited	Grayling (CEE) Limited
	Catalyst Publications Limited	Grayling Americas LLC
	C-B Interests Inc.	Grayling Asia Pte Limited (Singapore)
	Chris Parry Promotions Limited	Grayling China Limited (China)
	Citigate & Trimedia Norden AB (Sweden)	Grayling Communications, Inc.
	Citigate Asia Limited (Hong Kong)	Grayling Connecting Point LLC
	Citigate Broad Street Inc	Grayling Deutschland GmbH (Germany)
	Citigate Broad Street UK Limited	Grayling Dormant 1 Limited
	Citigate Communications Group Limited	Grayling Dormant 1 LLC
	Citigate Cunningham LLC	Grayling France SAS (France)
	Citigate Dewe Rogerson, i.Mage Pte Limited (Singapore)	Grayling Group LLC
	Citigate Dewe Rogerson (Beijing) Consulting Services Co., Limited (China)	Grayling Holdings AG (Switzerland)
	Citigate Dewe Rogerson Belgium SA (Belgium)	Grayling Hungary Kft (Hungary)
	Citigate Dewe Rogerson Limited	Grayling International AG (Switzerland)
	Citigate Europe Limited	Grayling International Limited
	Citigate Global Intelligence and Security Inc.	Grayling Momentum Limited (UAE)
	Citigate Holdings Limited	Grayling Muenchen GmbH (Germany)
	Citigate Limited	Grayling SA (Belgium)
	Citigate Northern Ireland Public Affairs Limited	Grayling Suisse SA (Switzerland)
	Citigate Public Affairs Limited	Grayling UK Limited
	Citigate Smarts Group Limited	Halismann Taylor Limited
	Citigate Sponsorship Limited	Harnett Milan Limited
	Citigate Stockholm AB (Sweden)	Harrison Cowley 222 Limited
	Citigate Westminster Limited	Hatch Group Limited
	Civilia Communications, LLC	Hatch International Limited
	Conscientia Communications Limited	Holmes & Marchant Central Limited
	David Baker Associates Limited	Holmes & Marchant Communications Limited
	Dewe Rogerson Group Limited	Holmes & Marchant Corporate Design Limited
	Dewe Rogerson Limited	Holmes & Marchant Enskat Limited
	Dewe Rogerson UK Limited	Holmes & Marchant Field-Force Limited
	Dutko DPM Holdings LLC	Holmes & Marchant Healthcare Group Limited
	Dutko Global Inc.	Holmes & Marchant Healthcare Limited
	Dutko Government Markets, LLC	Holmes & Marchant Publishing Limited
	Dutko Midco LLC	HS Corporate Investments Limited
		Huntsworth (12) Limited
		Huntsworth (CB) Limited
		Huntsworth Communications Limited

Name	Previous directorships/partnerships over the last five years	
Sally Tilleray (continued)	Huntsworth Dormant (IH) Limited	MacLaurin Limited
	Huntsworth Dormant (IL) Limited	Masterguide Limited
	Huntsworth Dormant (IUK) Limited	Park Avenue Productions Limited
	Huntsworth Dormant 1 Limited	Pineblue Limited
	Huntsworth Dormant 2 Limited	Quiller Associates Limited
	Huntsworth Dormant 3 Limited	Random Animal LLC
	Huntsworth Dormant 4 Limited	Root Market Research Limited
	Huntsworth Dormant 6 Limited	Rose & Kindel
	Huntsworth Dormant 7 Limited	Sanchis y Asociados Imagen y
	Huntsworth Dormant S Limited	Comunicacion, S.A. (Spain)
	Huntsworth Financial Group Limited	Shiny Red Limited
	Huntsworth Financial Holdings LLC	Strategy Communications Limited
	Huntsworth Financial LLC	Superfresh Hygienics Limited
	Huntsworth Group Limited	Tactical Holdings Limited
	Huntsworth Group LLC	Tactical Marketing Limited
	Huntsworth Health Corporation	TEAM LGM Limited
	Huntsworth Health Limited	The Counsel Group Limited
	Huntsworth Health North America LLC	The Development Counsel Limited
	Huntsworth Health Singapore Private Limited (Singapore)	The Quiller Consultancy Limited
	Huntsworth Healthcare Group Limited	The Red Consultancy Group Limited
	Huntsworth Healthcare Group LLC	The Red Consultancy Limited
	Huntsworth Holdings GmbH (Germany)	The Red Consultancy USA LLC
	Huntsworth Holdings Inc.	TMG Group Holdings Limited
	Huntsworth Holdings Limited	Tonic Life Communications Asia Pacific Limited (Hong Kong)
	Huntsworth Investments Limited	Tonic Life Communications Limited
	Huntsworth LLC	Trimedia Communications Limited
	Huntsworth plc	Trimedia Communications UK Limited
	Huntsworth FGO Limited	Trimedia Harrison Cowley Limited
	IG Communications Limited	Trimedia Limited
	inRx LLC	Trimedia Stockholm AB (Sweden)
	IOL Limited	VB Communications Limited
		Woodside Communications Limited

Name	Current directorships/partnerships	Previous directorships/partnerships over the last five years
David Nelson	Dixon Wilson Chartered Accountants (Partner)	Falcodres Limited
	Daily Mail & General Trust plc	Bruern LLP
	Rocco Forte Hotels Limited	Webster Activities (UK) Limited
	H W Wood Limited	Webster Operations (UK) Limited
	Dulwich Preparatory Schools Trust, Rothermeads Tennis and Games Club Limited	DMGT Trustees
	Rye Winchelsea & District Memorial Hospital	
	Frogmarsh Trustees Limited	
	Prestwold Trustees Limited	
	Prestwold Farms LLP	
	Bryanston (RFE) Limited	
	Dixon Wilson Trustees Limited	
	EN Estate Management Limited	
	Ferris Hill Trustees Limited	
	Higher Berry Court (RFE) Limited	
	LTTA Limited	
	Marius Limited, Bermuda	
	Modes and more	

6.2 At the date of this document, save as set out below, no Director:

- (a) has any unspent convictions in relation to any indictable offences;
- (b) has been bankrupt, or entered into an individual voluntary arrangement;
- (c) was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditor's voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;
- (d) has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
- (e) has had his assets be the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or
- (f) has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body), nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

6.3 The interests of the Directors and their respective families (within the meaning of the AIM Rules) in the issued share capital of the Company immediately prior to and following Admission are, or will be, as follows:

Name	As at the date of this document		Immediately following Admission	
	Number of Shares	Percentage of Share Capital	Number of Shares	Percentage of Share Capital
Joanne Black and Octavius Black (jointly)	72,100,000	72.6%	55,156,500	55.5%
Sebastian Bailey ⁽¹⁾	24,366,670	24.5%	9,015,668	9.1%
Richard Steele ⁽²⁾	Nil	Nil	Nil	Nil
Dido Harding	Nil	Nil	Nil	Nil
Sally Tilleray	Nil	Nil	Nil	Nil
David Nelson	Nil	Nil	Nil	Nil

Notes:

⁽¹⁾ Includes Shares held jointly with Juliet Bailey prior to Admission and held by Juliet Bailey in her own name prior to Admission and 8,866,670 New Shares to be issued to Sebastian Bailey (conditional on Admission) pursuant to the exercise of his options.

⁽²⁾ Please see paragraph 14 of this Part IV in respect of share options held by Richard Steele.

6.4 Save as set out in this document:

- (a) there are no outstanding loans or guarantees provided by any member of the Group to or for the benefit of any of Director, nor are there any loans, guarantees or related financial products provided by any Director for the benefit of any member of the Group;
- (b) none of the Directors nor any member of their respective families (within the meaning of the AIM Rules) has any interest in the share capital of the Company;
- (c) no Director has any option over or warrant or other right to subscribe for any shares in the Company;
- (d) none of the Directors nor any member of their respective families (within the meaning of the AIM Rules) holds or has held any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of Shares; and

- (e) no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Group and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which were effected during any earlier financial year and remains in any respect outstanding or unperformed.

7. Significant shareholders

- 7.1 Immediately following Admission, to the extent known by the Company, it is expected that (in addition to the interests of the Directors set out in paragraph 6.3 above) the following persons will be interested (directly or indirectly) in 3 per cent. or more of the Company's Share Capital:

Name of shareholder	Number of Shares	Percentage of Share Capital
BlackRock Investment Management (UK) Limited	6,027,398	6.1 %
Hargreave Hale Limited	6,027,398	6.1 %
Old Mutual Global Investors (UK) Limited	6,027,398	6.1 %
JP Morgan Asset Management (UK) Limited	3,013,699	3.0%
Mitton Asset Management Limited	3,013,699	3.0%

- 7.2 Save as disclosed above, there are no persons, so far as the Directors are aware, who will immediately following Admission be interested, directly or indirectly, in three per cent. or more of the issued Share Capital, nor, so far as the Company is aware, are there any persons who at the date of Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 7.3 Neither the Directors nor any shareholder set out above has (nor will they have) voting rights attached to the Shares they hold which are different to those held by the other shareholders.
- 7.4 The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

8. Directors' service contracts and letters of appointment

Octavius Black (Chief Executive Officer)

A service agreement dated 25 June 2018 was entered into between the Company and Octavius Black under which Octavius Black is employed as the Company's Chief Executive Officer at a salary of £200,000 together with the following benefits: pension contributions up to 5 per cent. matched contributions and entitlement to participate in the Company's private medical expenses insurance scheme. Subject to certain eligibility criteria, Octavius Black may also be entitled to benefit from travel insurance, life assurance and income protection. Octavius Black is entitled to 30 days holiday, excluding English public holidays. The service agreement is terminable on 6 months' written notice by either party. The Company may, at its sole discretion, terminate the executive's employment with pay in lieu of notice. Octavius Black is subject to non-compete restrictive covenants for a period of six months following the termination of the service agreement (as reduced by any period of garden leave served prior to the termination of the service agreement). Octavius Black is subject to non-solicitation of restricted and prospective clients, non-deal with restricted and prospective clients, non-engagement by any restricted or prospective clients, non-deal with certain restricted suppliers and non-solicitation of key employees for a period of 12 months following the termination of the service agreement (as reduced by any period of garden leave served prior to the termination of the service agreement). Octavius Black is subject to certain confidentiality undertakings, including information relating to intellectual property. For the duration of the service agreement, Octavius Black may not, without the prior written consent of the Board, hold any directorships of any company other than a Group Company.

Sebastian Bailey (Executive Director)

A service agreement dated 25 June 2018 was entered into between the Company and Sebastian Bailey under which Sebastian Bailey is employed as one of the Company's Executive Directors at a salary of £200,000 together with the following benefits: pension contributions up to 5 per cent. matched contributions and entitlement to participate in the Company's private medical expenses insurance scheme. Subject to certain eligibility criteria, Sebastian Bailey may also be entitled to benefit from travel insurance, life assurance and income protection. Sebastian Bailey is entitled to 30 days holiday, excluding English public holidays. The service agreement is terminable on 6 months' written notice by either party. The Company may,

at its sole discretion, terminate the executive's employment with pay in lieu of notice. Sebastian Bailey is subject to non-compete restrictive covenants for a period of six months following the termination of the service agreement (as reduced by any period of garden leave served prior to the termination of the service agreement). Sebastian Bailey is subject to non-solicitation of restricted and prospective clients, non-deal with restricted and prospective clients, non-engagement by any restricted or prospective clients, non-deal with certain restricted suppliers and non-solicitation of key employees for a period of 12 months following the termination of the service agreement (as reduced by any period of garden leave served prior to the termination of the service agreement). Sebastian Bailey is subject to certain confidentiality undertakings, including information relating to intellectual property. For the duration of the service agreement, Sebastian Bailey may not, without the prior written consent of the Board, hold any directorships of any company other than a Group company.

Richard Steele (Chief Financial Officer)

A service agreement dated 25 June 2018 was entered into between the Company and Richard Steele under which Richard Steele is employed as the Company's Chief Financial Officer at a salary of £180,000 together with the following benefits: pension contributions up to 5 per cent. matched contributions and entitlement to participate in the Company's private medical expenses insurance scheme. Subject to certain eligibility criteria, Richard Steele may also be entitled to benefit from travel insurance, life assurance and income protection. Richard Steele is entitled to 25 days holiday, excluding English public holidays. The service agreement is terminable on 6 months' written notice by either party. The Company may, at its sole discretion, terminate the executive's employment with pay in lieu of notice. Richard Steele is subject to non-compete restrictive covenants for a period of six months following the termination of the service agreement (as reduced by any period of garden leave served prior to the termination of the service agreement). Richard Steele is subject to non-solicitation of restricted and prospective clients, non-deal with restricted and prospective clients, non-engagement by any restricted or prospective clients, non-deal with certain restricted suppliers and non-solicitation of key employees for a period of 12 months following the termination of the service agreement (as reduced by any period of garden leave served prior to the termination of the service agreement). Richard Steele is subject to certain confidentiality undertakings, including information relating to intellectual property. For the duration of the service agreement, Richard Steele may not, without the prior written consent of the Board, hold any directorships of any company other than a Group company.

8.1 **Non-Executive Directors' letters of appointment**

Joanne Black and David Nelson each entered into a letter of appointment reconfirming their appointment as a Non-Executive Director on 14 June 2018. Dido Harding and Sally Tilleray each entered into letters of appointment with the Company pursuant to which they were each appointed as a Non-Executive Director on 14 June 2018. The letters of appointment provide for the following:

Name	Role	Committee (and position)	Annual Fee
Joanne Black	Non-Executive Chair	Member of Remuneration and Nomination Committee	Nil
Dido Harding	Senior Independent Director	Chair of Remuneration and Nomination Committee and member of Audit and Risk Committee	£60,000
Sally Tilleray	Non-Executive Director	Chair of Audit and Risk Committee and member of Remuneration and Nomination Committee	£40,000
David Nelson	Non-Executive Director	Member of Audit and Risk Committee and Remuneration and Nomination Committee	£40,000

The fees payable to the Non-Executive Directors cover all duties, including any service on any committee or the board of any Group company. All appointments are for an initial fixed term of 3 years unless terminated by either party serving at least one month's written notice at any time. All agreements contain provisions for early termination in the event, *inter alia*, of a serious or repeated

breach of the agreement by the director or where the director ceases to be a director of the Company for any reason. All agreements provide for confidentiality restrictions following termination and, other than in respect of Joanne Black, for an obligation not to accept a position with a competitor of the Group for a period of 6 months following termination. Joanne Black is subject to certain restrictive covenants following termination that prevent her from competing with the Group. All the Directors are entitled to be reimbursed by the Company for all reasonable expenses incurred by them in the course of their directors' duties relating to the Company. There is no entitlement to any benefits.

9. Employees

Details of the number of the Group's employees for the period covered by the Historical Financial Information are as follows:

Period	Average monthly number of employees during financial year
Financial year ended 31 March 2016	158
Financial year ended 31 March 2017	195
Financial year ended 31 March 2018	202
As at the date of this document	202

10. Selling Shareholders

The Company, Liberum, the Directors and the Vendors have entered into the Placing Agreement which is summarised at paragraph 11 below. The Company, Liberum and the Minority Sellers have entered into the Minority Seller Agreement which is summarised at paragraph 12 below.

The following table contains details of the Selling Shareholders and the Placing Shares to be sold by them pursuant to the Placing:

	Number of Shares held following the Pre-IPO Reorganisation and immediately prior to Admission	Number of Placing Shares sold pursuant to the Placing
Joanne Black and Octavius Black jointly	72,100,000	16,943,500
Sebastian Bailey	11,056,140	2,040,472
Juliet Bailey	8,510,530	8,510,530
Sebastian Bailey and Juliet Bailey jointly	4,800,000	4,800,000
Guy Claxton	1,000,000	1,000,000
Exercising Optionholders	1,895,705	1,533,908

11. Placing Agreement

On 25 June 2018, the Company, the Directors and the Vendors entered into the Placing Agreement with Liberum. Pursuant to the Placing Agreement:

- (a) the Company and the Vendors have appointed Liberum as their agent, subject to certain conditions, to use its reasonable endeavours to procure purchasers for the Placing Shares at the Placing Price. The Placing has not been underwritten by Liberum;
- (b) the Company has agreed to pay or reimburse Liberum the costs and expenses incurred in connection with the Placing of the Placing Shares and Admission, and the following fees and commissions:
 - (i) Liberum will receive a corporate finance fee; and
 - (ii) Liberum will receive a mandatory and, potentially, a discretionary commission (payable at the discretion of the Company) of a percentage of an amount equal to the number of Placing Shares sold multiplied by the Placing Price.
- (c) the obligations of Liberum under the Placing Agreement are subject to certain conditions which are customary in an agreement of this nature;

- (d) the Placing Agreement contains provisions entitling Liberum to terminate the agreement and the Placing (and the arrangements associated with it) at any time prior to Admission in certain circumstances. Liberum's termination rights are customary for agreements of this nature and include, amongst others, a *force majeure* event, material adverse change, breach of warranty or undertaking by any party giving such warranty or undertaking, any statement in this document being untrue or incorrect and non-compliance by the other parties with any obligation contained in the Placing Agreement;
- (e) each of the Company, the Directors and the Vendors has given certain warranties and undertakings to Liberum, which are customary in nature. The Company has also given certain specific undertakings to Liberum which are to be performed within a set timeframe following Admission. The liability of the Company in respect of its obligations under the Placing Agreement is unlimited as to amount or time. The liabilities of the Directors and the Vendors are limited as to amount and time;
- (f) the Company has also given certain indemnities to Liberum on customary terms; and
- (g) each Vendor has given an indemnity to Liberum against all losses which Liberum may incur by reason of that Vendor's failure to sell, transfer or deliver the Placing Shares undertaken to be sold by him or her in accordance with the provisions of the Placing Agreement and for breach of any warranties given by each in relation to the valid transfer of their shares.

12. Minority Seller Agreement

On 25 June 2018, the Company and the Minority Sellers entered into the Minority Seller Agreement with Liberum. Pursuant to the Minority Seller Agreement:

- (a) each Minority Seller has instructed and authorised the Company as its agent, subject to certain conditions, to arrange for the sale of the Minority Seller Placing Shares at the Placing Price;
- (b) each Minority Seller has agreed to pay or reimburse Liberum the costs and expenses incurred in connection with the Placing of the Minority Seller Placing Shares and Admission, and Liberum will receive a mandatory and, potentially, a discretionary commission (payable at the discretion of the Company) of a percentage of an amount equal to the number of Minority Seller Placing Shares sold multiplied by the Placing Price.
- (c) the obligations of Liberum under the Minority Seller Agreement are subject to certain conditions which are customary in an agreement of this nature;
- (d) each of the Minority Sellers has given certain warranties and undertakings to Liberum and the Company;
- (e) each Minority Seller has also given an indemnity to Liberum and the Company against all losses which Liberum or the Company may incur by reason of that Minority Seller's failure to sell, transfer or deliver the Placing Shares undertaken to be sold by him or her in accordance with the provisions of the Minority Seller Agreement; and
- (f) the liability of each Minority Seller in respect of its obligations under the Minority Seller Agreement is limited to the gross proceeds of sale of such Minority Seller's Placing Shares sold as part of the Placing.

13. Material contracts

Set out below is a summary of: (a) each material contract (other than a contract in the ordinary course of business) to which the Company or another member of the Group is a party which has been entered into within the two years immediately preceding the date of this document; and (b) any other contract (other than a contract in the ordinary course of business) entered into by the Company or another member of the Group which contains a provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

13.1 Placing Agreement

Details of the Placing Agreement are set out in paragraph 11 above.

13.2 Minority Seller Agreement

Details of the Minority Seller Agreement are set out in paragraph 12 above.

13.3 **Relationship Agreement**

On 25 June 2018, Octavius Black, Joanne Black and Sebastian Bailey (the “**Substantial Shareholders**”) entered into the Relationship Agreement with the Company. The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of the Substantial Shareholders and their respective associates.

The Relationship Agreement takes effect from Admission. Subject to the below, the Relationship Agreement will terminate if the Substantial Shareholders (together with certain associates) cease to hold in aggregate at least 20 per cent. of the total voting rights in the Company. The Relationship Agreement will also cease to apply to Sebastian Bailey if he comes to hold less than 5 per cent. or more of total voting rights in the Company. In the event that, after such date, the Substantial Shareholders come again to hold no less than the shareholding interests referred to above, the Relationship Agreement will again have effect in respect of the relevant shareholders. The Relationship Agreement may also be terminated by the Company or the Substantial Shareholders if the Shares have ceased to be admitted to trading on AIM, or certain steps have been taken relating to the winding up of the Company, arrangements with the Company’s creditors or the appointment of a receiver in respect of the Company’s assets.

Under the Relationship Agreement, each of the Substantial Shareholders have undertaken that they will (and will procure that their respective associates will), among other things:

- (a) ensure that the Group shall be managed for the benefit of the Shareholders as a whole and independently of themselves and their respective associates;
- (b) ensure that all transactions and arrangements with the Company and any other member of the Group are on an arm’s length basis and on normal commercial terms;
- (c) not exercise any of their respective voting or other rights and powers to prevent the Company or any other member of the Group from complying with its obligations under the AIM Rules for Companies or other applicable law; and
- (d) not exercise any of their respective voting or other rights and powers to cancel the Company’s admission to trading on AIM.

For as long as Octavius Black and Joanne Black (or their respective personal representatives or successors in title) hold, in aggregate, 20 per cent. or more of the total voting rights in the Company they shall be entitled to appoint one director to the Board, in place of either or both of them.

13.4 **Lock in and Orderly Market Agreements**

On 25 June 2018, each of the Lock In Shareholders entered into a lock in agreement with the Company and Liberum under which the Lock In Shareholders have undertaken to Liberum and the Company (subject to certain limited exceptions including, among other things, in the case of the death of the shareholder, pursuant to a court order or pursuant to the acceptance of a takeover offer) not to dispose of any interest in any of their Shares until the first anniversary of Admission. The Lock In Shareholders have further undertaken to observe certain orderly market restrictions with respect to the disposal of such Shares in the period of 12 months following the first anniversary of Admission.

13.5 **Nominated Adviser and Broker Appointment Letter**

On 18 April 2018, the Company and Liberum entered into the terms of a nominated adviser and broker appointment letter, pursuant to which the Company appointed Liberum to act as nominated adviser and broker to the Company in connection with Admission and continuing following Admission.

The nominated adviser and broker appointment letter contains certain undertakings, warranties and indemnities given by the Company to Liberum which are customary for an agreement of this nature. Liberum’s appointment as nominated adviser and broker following Admission is terminable on (save in limited circumstances) not less than 3 months’ prior written notice by the Company or Liberum.

14. Long Term Incentive Plan

The Company operates a share incentive plan, the Mind Gym plc Long Term Incentive Share Option Plan (the "**Plan**") the principal features of which are summarised below.

Overview

The Plan detailed below provides for the grant of share options to executives and employees of the Group ("**Options**"). Options granted to UK tax payers will, where possible, qualify as enterprise management incentive share options ("**EMI Options**").

Grant

The Directors or a duly authorised committee of the Directors (being the Remuneration and Nomination Committee) will have absolute discretion to select the persons to whom Options may be granted and, subject to the limits set out below, in determining the number of Shares to be subject to each Option.

Options may be granted during: (a) the period of 42 days commencing on the date on which the Shares become traded on a recognised exchange (which shall include shares traded on AIM); (b) the period of 42 days following the end of a closed period (as such term is defined in MAR); or; (c) any other day on which the Directors or Remuneration and Nomination Committee resolve that exceptional circumstances exist which justify the grant of Options.

If the grant of an Option on any of the above days would be prohibited by virtue of the AIM Rules, any relevant share dealing code adopted by the Company or any statute, government directive or regulation or any order made pursuant to such statute, then such Option may be granted during the period of 40 days commencing immediately after the Dealing Day following the time that such prohibition shall cease to have effect.

Dilution Limits

At any time, the total number of Shares which have been issued or remain issuable pursuant to all Options granted under the Plan and under any other employees' share scheme operated by the Group in the preceding 10 years or, if shorter, in the period following admission to AIM may not exceed 10 per cent of the Shares in issue at that time.

For the purposes of this dilution limit:

- (a) any Shares which were subject Option or other right (whether granted under the Plan or any other employees' share scheme adopted by the Company) which has lapsed or been surrendered will not count towards the limit set out above; and
- (b) any Shares which are already in issue when any Option or other right is granted over them shall not count towards the limit.

In addition to Options granted on or prior to Admission to senior employees as such are referred to below under the paragraph entitled "*Existing Options under the Plan*," following Admission the Board currently only intends to grant new Options over up to an additional 1.5 per cent. of the Company's then issued ordinary share capital.

Performance Targets

The exercise of Options granted under the Plan may be made conditional upon the achievement of one or more performance targets set by the Directors or Remuneration and Nomination Committee at the time of grant. In the event that a performance target or targets apply to an Option, each performance target shall be measured over a performance period (determined by the Directors or the Remuneration and Nomination Committee at the time of grant). Subject to the satisfaction of any applicable performance targets an Option will become capable of exercise following a date specified at the date of grant of an Option.

Dividends

Until an Option has been exercised or vests the Shares have been transferred or issued to the Option holder, the Option holder shall have no entitlement to any dividends or other distributions payable in respect of the Shares subject to the Option.

Exercise price

Options may be granted with an exercise price determined by the Directors or the Remuneration and Nomination Committee which, in the case of Options to subscribe for shares, shall not be less than the nominal value of the Shares.

Options to be granted on or following the date of Admission of the Company's shares to trading on AIM will be granted with an exercise price equal to the market price. It is currently intended that all other Options granted following Admission will have an exercise price equal to the closing mid market quotation of a share on the dealing day prior to the date of grant.

Vesting

An Option will normally become exercisable to the extent that the relevant performance targets (if any) have been satisfied or the time based vesting criteria have expired and the Option holder is still an employee within the Group or alternatively on the expiry of the time vesting criteria. Once exercisable, Options may be exercised for a period ending on the tenth anniversary of the date of grant or until such earlier date specified by the Directors or the Remuneration and Nomination Committee at the date of grant of the Option.

Options may not be exercised at any time when such exercise would be in breach of the AIM Rules, any relevant share dealing code adopted by the Company or any statute, government directive or regulation or any order made pursuant to such statute.

An Option will lapse on the tenth anniversary of its date of grant unless it lapses sooner by virtue of an earlier lapse date being specified in relation to the Option at the time of its grant or pursuant to another provision of the Plan.

All Options (vested and unvested) will lapse upon the Option holder ceasing to be an employee of the Group. The Directors or the Remuneration and Nomination Committee may exercise their discretion to allow an Option to be retained in whole or in part by an employee who ceases employment.

In the event of a change in control, a sale of the trade and assets, a main market admission or winding up (other than an internal reorganisation) ("**Exit Event**"), the Directors or Remuneration and Nomination Committee have a discretion to determine whether and to what extent Options that are not already exercisable may be exercised.

In the event of an admission to the Main Market of the London Stock Exchange, the Directors or the Remuneration and Nomination Committee may refuse the exercise of the EMI Option within two years of the date of such admission or require that the Option holder enters into an agreement not to sell the shares acquired pursuant to the EMI Option during that period.

Where there is an internal reorganisation or a sale of the Company, Option holders may be given the opportunity to exchange their options for options with equivalent terms, value and exercise price in the acquirer or a new holding company.

Malus and Clawback

At any time, the Directors or the Remuneration and Nomination Committee shall have the ability to reclaim the value (or part of the value) of an Option. This ability shall be capable of exercise in any case where:

- (a) there has been a material misstatement of the Company's published accounts in respect of any of the financial years taken into account for the purpose of assessing the extent to which any performance target in relation to an Option has been met, resulting in the Option being capable of exercise over more Shares than would otherwise have been the case;
- (b) an error has been made in assessing the extent to which any performance target applying to the Option has been met resulting in the Option being capable of exercise over more Shares than would otherwise have been the case; or
- (c) it is discovered that the Option holder in question has, at any time on or prior to the vesting date of the Option, committed serious misconduct.

In the event that this provision is exercised, recovery of the value (or part of the value) of an Option from the Option holder may be made by way of a reduction in any future bonus, a reduction in the number of

Shares subject to an existing Option or that may be made subject to a future Option under the Plan or any option or Option granted under any other employee share scheme operated by the Company and/or by the Option holder making a cash payment to the Company.

Other Option Terms

An Option may be satisfied by either the issue of Shares, the transfer of Shares (which may have been acquired by subscription or by purchase in the market) held by an existing shareholder who has agreed to satisfy the exercise of the Option or by the transfer of Shares held in treasury.

Options are not capable of transfer or assignment. Until Options are exercised, Option holders have no voting or other rights in relation to the Shares subject to those Options.

Shares allotted pursuant to the exercise of an Option will rank *pari passu* in all respects with the Shares already in issue. Shares transferred on the exercise of an Option shall be transferred without the benefit of any rights attaching to the Shares by reference to a record date preceding the date of that exercise. For so long as the Shares are admitted to trading on AIM, the Company will make an application to the London Stock Exchange so that upon the issue of Shares to satisfy the exercise of an Option (or as soon thereafter as reasonably practicable) such Shares shall be admitted to trading on AIM.

Benefits obtained under the Plan are not pensionable.

Adjustment of Options

The number of Shares under Option and their nominal value and, where applicable, the exercise price may be adjusted by the Directors or the Remuneration and Nomination Committee in the event of:

- (a) any capitalisation issue or rights issue (other than an issue of Shares pursuant to the exercise of an option given to the shareholders of the Company to receive shares in lieu of a dividend) or open offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital; or
- (b) a demerger, special dividend or other similar event which in the opinion of the Directors or the Remuneration and Nomination Committee would affect the share price of an Ordinary Share to a material extent and where the Remuneration and Nomination Committee has not exercised its discretion to allow the Option to be exercised prior to the vesting date as a result of such demerger, special dividend or other similar event.

Administration and Amendment

The Plan is administered by the Directors (through the Remuneration and Nomination Committee). The Directors or the committee may amend the provisions of the Plan from time to time in such manner as it deems fit.

Termination

The LTIP may be terminated at any time by resolution of the Directors or the Remuneration and Nomination Committee and shall in any event terminate on the tenth anniversary of its adoption so that no further Options can be granted under the Plan after such termination. Termination shall not affect the outstanding rights of existing Option holders.

Existing Options under the Plan

The following Options have been granted under the Plan:

Option holder (and position)	Shares under Option	Status of Options	Exercise Price	Date of Grant
Richard Steele (Chief Financial Officer)	496,811	EMI Options	£0.001 per Share	27 April 2018
Dr. Mary-Clare Race (Chief Creative Officer)	496,811	US and EMI Options	Placing Price	25 June 2018
Ryan Boughan (Chief Commercial Officer)	496,811	US Options	Placing Price	25 June 2018

These Options continue post Admission. The Options are not subject to performance targets but will be subject to time based vesting criteria (as set out below) and the requirement to maintain continuous service as set out above.

Options vest and are able to be exercised as to one half after the date falling 24 months after the date of grant and one half after the date falling 36 months after the date of grant. If there is an Exit Event prior to such a vesting date the grantee will be entitled to exercise his or her Options on a proportionate basis according to the amount of completed months he or she has been employed by the Company since the date of grant.

The Directors or the Remuneration and Nomination Committee may refuse the exercise of the Option within two years of the date of Admission or require that the option holder enters into an agreement not to sell the shares acquired pursuant to the Option during that period.

The Options for Richard Steele have been adjusted in number as a result of the surrender of certain option agreements by employees and former employees prior to Admission, to ensure that he is only entitled to 0.5 per cent. of the issued Share Capital on Admission.

Other Share Incentive Arrangements

It is proposed that following Admission further share incentive schemes shall be implemented to provide equity based incentive awards to employees of the Group. These incentive plans may include a Save as You Earn scheme and/or a Share Incentive Plan. Further details of these plans will be announced by the Company in due course.

15. Litigation

There are no and have been no governmental, legal, or arbitration proceedings (including such proceedings which are pending or threatened which the Company or the Group is aware) during the 12 months preceding the date of this document, which may have, or in the recent past have had, a significant effect on the Company's and/or the Group's financial position or profitability.

16. Related party transactions

Save as set out in note 28 to the Historical Financial Information, there are no related party transactions that were entered into by members of the Group during the period covered by the Historical Financial Information contained in Part III of this document and during the period from 31 March 2018 to the date of this document.

17. Taxation

The following statements are intended only as a general guide to certain UK tax considerations relevant to prospective investors in the Shares. They do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Shares. They are based on current UK tax law and what is understood to be the current published practice (which may not be binding) of HMRC as at the date of this document, both of which are subject to change, possibly with retroactive effect. The following statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in (and only in) the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold their Shares as an investment (other than in an individual savings account or pension arrangement) and who are the absolute beneficial owners of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investments schemes, trusts and those who hold 5 per cent. or more of the Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme, able to claim any inheritance tax relief or any non-UK resident Shareholder holding Shares in connection with a trade, profession or vocation carried on

in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.

17.1 *Taxation of dividends*

The Company is not required to withhold tax at source when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a shareholder.

UK resident individual Shareholders

Under current UK tax rules, specific rates of tax apply to dividend income. As of 1 April 2016, the notional dividend tax credit system was abolished. Instead, there is a nil rate of tax (the "nil rate band") for the first £2,000 of dividend income received by an individual Shareholder who is resident for tax purposes in the UK in any tax year. From 6 April 2018, dividend income in excess of the nil rate band (taking account of any other dividend income received by the Shareholder in the same tax year) will be taxed at the following rates: 7.5 per cent. (to the extent that it falls below the threshold for higher rate income tax); 32.5 per cent. (to the extent that it falls above the threshold for higher rate income tax and is below the additional rate band); and 38.1 per cent. (to the extent that it is within the additional rate). For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which would (if there was no nil rate band) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

UK resident corporate Shareholders

A UK resident corporate shareholder will be liable to UK corporation tax unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. It is anticipated that dividends should fall within one of such exempt classes (subject to anti-avoidance rules and provided all conditions are met).

If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at 19 per cent. (17 per cent. from 1 April 2020).

Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

Other shareholders

The annual tax free dividend allowance of £2,000 available to individuals will not be available to UK resident trustees of a discretionary trust. UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 7.5 per cent. of total trust income if below £1,000, or otherwise at 38.1 per cent., which mirrors the dividend additional rate.

Generally, non-UK residents will not be subject to any UK taxation in respect of UK dividend income. Non-UK resident shareholders may be subject to tax on UK dividend income under any law to which that person is subject outside the UK. Non-UK resident shareholders should consult their own tax advisers with regard to their liability to taxation in respect of the cash dividend.

17.2 *Taxation of chargeable gains*

Any gains on transfers or disposals of Shares (including a disposal on a winding-up of the Company) by UK resident Shareholders or Shareholders who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected may, depending on their circumstances, give rise to a liability to UK tax on capital gains.

UK resident individual Shareholders

UK resident Shareholders who are individuals (or otherwise not within the charge to UK corporation tax) and who are basic rate taxpayers are currently subject to tax on their chargeable gains at a flat rate of 10 per cent. Individuals who are higher or additional rate taxpayers are currently subject to tax on their chargeable gains at a flat rate of 20 per cent.

No indexation allowance will be available to such Shareholders but they may be entitled to an annual exemption from capital gains to the extent this has not been used against other gains, and any other tax reliefs available such as existing capital losses.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount will be charged at a flat rate of 20 per cent.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

UK resident corporate Shareholders

Shareholders within the charge to UK corporation tax may be subject to corporation tax on chargeable gains arising on a disposal of Shares, depending on the circumstances and subject to any available exemption or relief. No indexation allowance will be available to reduce any chargeable gain arising on disposal of the Shares.

Corporation tax is charged on chargeable gains at the rate applicable to that company at the date of disposal. Such tax would be applied at one of the relevant corporation tax rates already stated above, depending on the timing of the disposal.

17.3 Stamp duty and stamp duty reserve tax ("SDRT")

The following comments are intended as a guide to the general UK stamp duty and SDRT position and do not relate to person such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services to whom special rules apply.

No stamp duty or SDRT should be payable on the issue of Shares.

AIM qualifies as a recognised growth market for the purposes of the UK stamp duty and SDRT legislation. Therefore, for so long as the Shares are admitted to trading on AIM and are not listed on any other market (and being admitted to trading on AIM will not constitute a listing for these purposes) no charge to UK stamp duty or SDRT should arise on their subsequent transfer.

If the Shares do not qualify for this exemption their transfer on sale will be subject to stamp duty (ordinarily payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given subject to a de minimis limit) save in respect of shares held in a clearance service or in a depository receipt arrangement in respect of which other provisions may apply.

Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them. Companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation.

THE COMMENTARY ABOVE IS A GENERAL SUMMARY AND IS NOT INTENDED TO CONSTITUTE TAX ADVICE. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

18. Takeover Code, 'squeeze out' and 'sell out'

18.1 Mandatory takeover bids

The Company is subject to the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford are described below. The Takeover Code is issued and administered by the Panel. The Takeover Code applies to all takeover and merger transactions, however effected, where the offeree company is, inter alia, a listed public company with its registered office in the United

Kingdom. The Company is a public company resident in the United Kingdom and its shareholders are therefore entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, if a person acquires, whether by a single transaction or by a series of transactions over a period of time, interests in shares which (when taken with interests in shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company (a “**Rule 9 threshold**”), that person is normally required to make a cash offer for all the remaining shares of that company at not less than the highest price paid by him, or any persons acting in concert with him, in the previous 12 months. This requirement would also normally be triggered, under Rule 9 of the Takeover Code, following an acquisition of interests in shares by a person, who together with his concert parties, already holds interests in shares carrying not less than 30 per cent. of the voting rights but not more than 50 per cent. of the voting rights in the company (also, a Rule 9 threshold), if the effect of such acquisition were to increase that person’s percentage interest in the voting rights of the company.

Rule 9 of the Takeover Code further provides, among other things, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, he will not generally be required to make a cash offer to the other shareholders to acquire the balance of their shares. However, individual members of a concert party will not normally be able to increase their percentage interest in shares through or between any Rule 9 thresholds without Panel consent.

For the purposes of the Takeover Code, persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), cooperate to obtain or consolidate control of a company. Paragraph (9) of the definition of ‘acting in concert’ in the Takeover Code includes a presumption that any shareholders in a private company who, following the re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the Takeover Code applies, are acting in concert for the purposes of the Takeover Code, unless the contrary is established.

18.2 **Squeeze out**

Under the Companies Act, if a “**takeover offer**” (as defined in section 974 of the Companies Act) is made for the Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Shares to which the takeover offer relates (the “**Takeover Offer Shares**”) and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining Shares. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding shareholders. The consideration offered to the shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer, unless a shareholder can show the offer value is unfair.

18.3 **Sell-out**

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relates to all the Shares and at any time before the end of the period within which the offer could be accepted the offeror holds or has agreed to acquire not less than 90 per cent. of the Shares (being voting shares that carry voting rights in the Company), any holder of Shares to which the offer relates who has not accepted the offer is entitled by a written communication to the offeror to require it to acquire its Shares. The offeror is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, the giving notice. If a shareholder exercises his other rights, the offeror is bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

18.4 **Notification of Major Interests in Ordinary Shares**

Chapter 5 of the Disclosure Guidance and Transparency Rules makes provisions regarding notification of certain shareholdings and holdings of financial instruments. Where a person holds voting rights in the Company as a shareholder through direct or indirect holdings of financial instruments, then that person has an obligation to make a notification to the FCA and the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below three per cent. or any whole percentage point above three per cent.

The requirement to notify also applies where a person is an indirect shareholder and can acquire, dispose of or exercise voting rights in certain cases. Shareholders are encouraged to consider their notification and disclosure obligations carefully as a failure to make any required notification to the Company may result in disenfranchisement pursuant to the Articles (see paragraph 5.1(h) above).

19. **Working capital**

In the opinion of the Directors, having made due and careful enquiry and taking into account the existing cash resources of the Company, the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

20. **Significant change**

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 31 March 2018, being the date to which the Historical Financial Information of the Group as set out in Section B of Part III of this document was prepared.

21. **General**

- 21.1 Where information which appears in this document has been sourced from a third party, the information has been accurately reproduced. As far as the Directors and the Company are aware and able to ascertain from such information supplied or published by a third party, no facts have been omitted which would render any reproduced information false, inaccurate or misleading.
- 21.2 Liberum, which is regulated by the Financial Conduct Authority, in its capacity as Nominated Adviser and Broker to the Company has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.
- 21.3 BDO has given and has not withdrawn its written consent to the inclusion in this document of its Accountant's report in Section A of Part III (*Historical Financial Information*) in the form and context in which it is included and has authorised the contents of that report for the purposes of Schedule Two of the AIM Rules.
- 21.4 The total expenses of and incidental to the Admission and Placing which are payable by the Company, are estimated to amount to approximately £1.2 million (excluding VAT).
- 21.5 The auditors of the Company are BDO LLP, chartered accountants and registered auditors. BDO LLP, whose registered offices are 55 Baker Street, London, W1U 7EU, have audited the accounts for the Group (in each case as constituted at that time) since the financial year ended 31 March 2014.
- 21.6 The financial information set out in this Document does not constitute statutory accounts within the meaning of section 434 of the Act.
- 21.7 Except for fees payable to the professional advisers (whose names are set out at page 8 of this document) and PKF Littlejohn LLP (who have assisted in the preparation of the information in Section B of Part III) and payments to trade suppliers, and save as otherwise set out in this document, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- 21.8 Other than the current application for Admission, the Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Shares.
- 21.9 The accounting reference date of the Company is 31 March.

- 21.10 Save as otherwise disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.
- 21.11 Save as set out in this document, the Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects in the period commencing on the date of this document until 31 March 2019.
- 21.12 The Placing Price represents a premium of £1.45999 over the nominal value of £0.00001 per Share. The premium arising on the Placing of the Placing Shares amounts to approximately £50,849,130.32 in aggregate.
- 21.13 Save as disclosed in this document, the Directors are not aware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 21.14 No public takeover bids have been made by third parties in respect of the Company's issued share capital since its incorporation up to the date of this document.

22. Documents available for inspection

Copies of this document will be available free of charge from Admission during usual business hours from the Company's registered office and at the offices of Liberum, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY, for a period of one month from Admission. The document will also be available free of charge on the Company's website at <https://uk.themindgym.com/>.

Dated: 25 June 2018

PART V

TERMS AND CONDITIONS OF THE PLACING

(IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEEES)

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING.

THESE TERMS AND CONDITIONS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED ("**QUALIFIED INVESTORS**"), BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE "**PROSPECTUS DIRECTIVE**"); (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE ALSO PERSONS (I) WHO FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**ORDER**"); OR (II) WHO FALL WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC) OF THE ORDER; OR (III) ARE PERSONS TO WHOM THIS DOCUMENT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

The information contained in this Part V is restricted. Subject to certain limited exceptions, it is not for publication, release or distribution in or into the United States. It is also not for publication, release or distribution in or into any province of Canada, Australia, New Zealand, Japan or the Republic of South Africa or any other jurisdiction in which publication, release or distribution would be unlawful.

Each Placee (as defined below) should consult with its own advisers as to legal, tax, business and related aspects in relation to any acquisition of Placing Shares.

1 INTRODUCTION

- 1.1 These terms and conditions ("**Terms and Conditions**") apply to persons making an offer to acquire Placing Shares under the Placing.
- 1.2 Each person to whom these Terms and Conditions apply, as described above, who confirms its agreement (whether orally, in writing or otherwise) to Liberum to acquire Placing Shares (which may include Liberum or its nominee(s)) (a "**Placee**") hereby agrees with the Company and Liberum to be bound by these Terms and Conditions with respect to its acquisition of Placing Shares under the Placing (. A Placee shall, without limitation, become irrevocably bound by these Terms and Conditions if Liberum confirms its allocation of Placing Shares, whether orally or in writing, which includes e-mail.
- 1.3 Liberum may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it may, in its absolute discretion, see fit and/or may require such Placee to execute a separate placing letter.

2 SUMMARY OF THE PLACING

- 2.1 The Placing Price is 146 pence per Placing Share and the Placing comprises the sale by the Selling Shareholders of 34,828,410 Placing Shares.
- 2.2 The Placing is subject to satisfaction of the conditions set out in the Placing Agreement, including Admission occurring by no later than 8.00 a.m. on 28 June 2018 or such later time and/or date as the Company and Liberum may agree, being not later than 8.00 a.m. on 12 July 2018, and to the Placing Agreement not having been terminated in accordance with its terms prior to Admission.

- 2.3 Application has been made to the London Stock Exchange for the Shares to be admitted to AIM. It is expected that Admission will take place and dealings in the Shares will commence on AIM at 8.00 a.m. (London time) on 28 June 2018.
- 2.4 None of Liberum, the Company or any other person shall have any responsibility or liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision made as to whether or not to waive or to extend the time or the date for the satisfaction of any condition to the Placing nor for any decision made as to the satisfaction of any condition or in respect of the Placing generally.
- 2.5 The Placing Shares will rank *pari passu* in all respects with the remainder of the Shares and will rank in full for all dividends and other distributions after Admission declared, made or paid on the ordinary share capital of the Company.
- 2.6 The Placing Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Placing Shares may not be offered or sold, directly or indirectly, in, into or within the United States or to or for the account or benefit of any persons within the United States except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
- 2.7 Certain restrictions that apply to the distribution of this document and the Placing Shares being sold under the Placing in jurisdictions outside the United Kingdom are described in paragraph 3 below headed "Selling and Transfer Restrictions".

3 SELLING AND TRANSFER RESTRICTIONS

3.1 General

The distribution of this document and the offer of Placing Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been, or will be, taken in any jurisdiction that would permit a public offering of the Placing Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Placing Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Placing Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

This document and these Terms and Condition do not constitute an offer or invitation to acquire, underwrite or dispose of, or any solicitation of any offer or invitation to acquire, underwrite or dispose of, any Shares or other securities of the Company to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation in such jurisdiction. Persons who seek to participate in the Placing must inform themselves about and observe any such restrictions and must be persons who are able to lawfully receive this document in their jurisdiction. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. Subject to certain limited exceptions, neither this document nor these Terms and Conditions constitute an offer or invitation (or a solicitation of any offer or invitation) to acquire, underwrite or dispose of or otherwise deal in any Shares or other securities of the Company in the United States, Canada, Australia, the Republic of South Africa or Japan, or in any other jurisdiction in which any such offer, invitation or solicitation is or would be unlawful.

3.2 Members of the public

Members of the public are not eligible to take part in the Placing.

3.3 Persons in the United Kingdom

In the United Kingdom this document (including these Terms and Conditions) is only being distributed to persons to, and is directed only at: persons who are "qualified investors" (within the meaning of Article 2(1)(e) of the EU Prospectus Directive 2003/71/EC including any relevant measure in each

member state of the European Economic Area (“**Member State**”) that has implemented the directive (the “**Prospectus Directive**”) and who also (i) are persons who have professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**Order**”); or (ii) are high net worth companies, unincorporated associations, and other bodies within the meaning of Article 49(2)(a) to (d) of the Order; or (iii) are persons to whom this document may otherwise be lawfully communicated (all such persons together being referred to as “**Relevant Persons**”). This document (including these Terms and Conditions) are not directed at and may not be relied on by anyone other than a Relevant Person. Any investment or investment activity to which these terms and conditions relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. By receiving this document and/or by accepting a Placing Participation (as defined in paragraph 4 below), a Placee in the United Kingdom is deemed to represent and warrant to the Company and Liberum that it is a Relevant Person and agrees to comply with the contents of these Terms and Conditions.

3.4 **European Economic Area**

In relation to each Member State of the EEA, no Shares have been offered, or will be offered, to the public in a Member State, prior to the publication of a prospectus in relation to Shares which has been approved by the competent authority in that member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Member State:

- (i) to any legal entity which is a “qualified investor” as defined under the Prospectus Directive;
- (ii) to fewer than 100, or, if that Member State has implemented the relevant provisions of the 2010 Prospectus Amending Directive (Directive 2010/73/EC), 150 natural or legal persons (other than “qualified investors” as defined in the Prospectus Directive) per Member State, subject to obtaining the prior consent of Liberum; or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the Company or Liberum to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person in a Member State who initially acquires any Shares or to whom any offer is made under the Placing will be deemed to have represented, warranted and agreed to and with the Company and Liberum that it is a “qualified investor” within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive. Notwithstanding the above, a person who is not a qualified investor and who has notified Liberum of such fact in writing may with the consent of Liberum, be permitted to acquire Shares in the Placing.

For the purposes of this provision, the expression an “offer to the public” in relation to any Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the Placing and any Shares so as to enable an investor to decide to acquire any Shares, as the same may be varied for that Member State by any measure implementing the Prospectus Directive in that Member State.

In the case of Placing Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Placing Shares acquired by it in the Placing have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Placing Shares to the public other than their offer or resale in a Member State to qualified investors as so defined or in circumstances in which the prior consent of Liberum has been obtained to each such proposed offer or resale.

The Company, Liberum and their respective affiliates, representatives and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement.

3.5 **United States**

The Placing has not been and will not be registered under the US Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority or under any securities laws of any state or other jurisdiction of the United States. Shares may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from the United States except pursuant to an applicable exemption from or in a transaction not subject to the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of securities in the United States. Neither the US Securities and Exchange Commission, any US state securities commission nor any other US regulatory authority has approved or disapproved the Shares offered hereby nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence. Outside the United States, offers and sales of Shares will only be made in offshore transactions within the meaning of and in accordance with the exemption from the registration requirements of the Securities Act provided by Regulation S promulgated thereunder.

3.6 **Australia, Canada, Japan, New Zealand and the Republic of South Africa**

The Placing Shares have not been and will not be registered under the relevant securities laws of, and no filings or clearances have been, or will be, made or sought in respect of the Placing with any authorities in Australia, Canada, Japan, New Zealand or the Republic of South Africa. In respect of the Placing, the Placing Shares may not, directly or indirectly, be offered or sold in or into Australia, Canada, Japan, New Zealand or the Republic of South Africa or to or for the account or benefit of any resident in Australia, Canada, Japan, New Zealand or the Republic of South Africa. This document (whether in preliminary or definitive form) may not be issued or distributed in Australia, Canada, Japan, New Zealand or the Republic of South Africa. Each person who initially acquires any Shares or to whom any offer is made under the Placing will be deemed to have represented, warranted and agreed to and with the Company and Liberum that it is not in Australia, Canada, Japan, New Zealand or the Republic of South Africa. The Company, Liberum and their respective affiliates, representatives and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement.

4 PARTICIPATION IN AND PRINCIPAL TERMS OF THE PLACING

4.1 Each Placee will be deemed to have read these Terms and Conditions in their entirety.

Conditional upon: (i) Admission occurring by no later than 8.00 a.m. on 28 June 2018 (or such other time and/or date as Liberum and the Company may agree but, in any event, no later than 8.00 a.m. on 12 July 2018); (ii) the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission; and (iii) the Placee being allocated Placing Shares, the Placee agrees to become a member of the Company and irrevocably agrees to acquire those Placing Shares allocated to it at the Placing Price (a “**Placing Participation**”). To the fullest extent permitted by law, the Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights which the Placee may have.

4.2 Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by Liberum. Liberum and its affiliates may participate in the Placing as principal.

4.3 Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to Liberum, to pay in cleared funds immediately on the settlement date, in accordance with the registration and settlement requirements set out below, an amount equal to the product of the Placing Price and the number of Placing Shares allocated to such Placee. Liberum will procure the transfer of the Placing Shares to each Placee following each Placee’s payment to Liberum of such amount.

4.4 Irrespective of the time at which a Placee’s allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at all times and on the basis explained below under “Registration and Settlement”.

4.5 To the fullest extent permissible by law, neither the Company, Liberum nor any of their respective affiliates, directors or employees shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise) under these Terms and Conditions. In particular, neither the

Company, Liberum nor any of their respective affiliates shall have any liability (including to the fullest extent permissible by law, any fiduciary duties) in respect of Liberum's conduct of the Placing.

- 4.6 Liberum is acting for the Company and no one else in connection with the Placing of the Placing Shares and will not regard any other person (whether or not a recipient of these Terms and Conditions) as a client in relation to the Placing and to the fullest extent permitted by law and applicable Financial Conduct Authority rules, neither Liberum nor any of its affiliates will have any liability to Placees or to any person other than the Company in respect of the Placing.

5 ALLOCATION

- 5.1 Liberum may choose to accept offers for Placing Shares, either in whole or in part, on the basis of allocations determined at their discretion (in agreement with the Company) and may scale down any offers for this purpose on such basis as it may determine.
- 5.2 Placees will be advised orally or in writing (which includes e-mail) of their allocation as soon as practicable following allocation.
- 5.3 Each Placee's allocation and commitment will be evidenced by way of a trade confirmation or contract note to be issued to such Placee by Liberum. These Terms and Conditions will be deemed incorporated therein.

6 REGISTRATION AND SETTLEMENT

- 6.1 Each Placee undertakes to pay the Placing Price for the Placing Shares acquired by such Placee in the manner and by the time directed by Liberum.
- 6.2 Each Placee is deemed to agree that, if it fails to pay the Placing Price for the Placing Shares acquired by it, Liberum may sell any or all of the Placing Shares allocated to it and which have not been paid for on its behalf and retain from the proceeds, for Liberum's account and benefit (as agent for the Company), an amount equal to the aggregate amount owed by the Placee plus any interest due. Any excess proceeds will be paid to the relevant Placee at its risk. The relevant Placee will, however, remain liable and indemnifies the Company and Liberum on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or SDRT or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on its behalf. By agreeing to acquire Placing Shares, each Placee confers on Liberum all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which Liberum lawfully takes in pursuance of such sale.
- 6.3 The Company has applied for the Shares to be held in CREST and settlement of the Placing Shares will take place in CREST on a delivery versus payment basis.
- 6.4 Placing Shares will be delivered direct into the Placee's CREST account, provided payment has been made in terms satisfactory to Liberum and the details provided by the Placee have provided sufficient information to allow the CREST system to match to the CREST account specified. Placing Shares comprised in the Placee's Placing Participation are expected to be delivered to the Placees' CREST account in accordance with the standard settlement instructions held by Liberum.
- 6.5 If the Placee does not provide any CREST details or if the Placee provides insufficient CREST details to match within the CREST system to its details, Liberum may at its discretion deliver the Placees' Placing Participation in certificated form provided payment has been made in terms satisfactory to Liberum and all conditions in relation to the Placing have been satisfied or waived.
- 6.6 Subject to the conditions set out above, payment in respect of the Placees' Placing Participation is due as set out below. Each Placee should provide its settlement details in order to enable instructions to be successfully matched in CREST. The relevant settlement details are as follows:

CREST participant ID of Liberum:	ENQAN
Expected Trade date:	25 June 2018
Settlement date:	28 June 2018
ISIN code for the Placing Shares:	GB00BF35QB83
Deadline for Placee to input instructions into CREST:	10.00 a.m. on 27 June 2018

- 6.7 In the event that the Placing Agreement does not become unconditional in all respects or is terminated, the Placing will not proceed. Once the Placing Shares are allotted and issued, such Placing Shares will be admitted to CREST with effect from Admission. It is expected that dealings on AIM in the Placing Shares will commence at 8.00 am on 28 June 2018.

7 PLACING AGREEMENT

- 7.1 The Company, its Directors, the Vendors and Liberum have entered into the Placing Agreement, pursuant to which Liberum has agreed, subject to certain conditions, to use its reasonable endeavours to procure acquirers for the Placing Shares.
- 7.2 The Placing Agreement contains, *inter alia*, certain warranties from the Company, the Directors and the Vendors and certain indemnities given by the Company and the Vendors for the benefit of Liberum. Liberum may, in its sole discretion, terminate the Placing Agreement if prior to Admission, *inter alia*, a *force majeure* event occurs, there is a breach of any of the warranties or undertakings or the counterparties to the Placing Agreement fail to comply with their respective obligations under the agreement in any material respect.
- 7.3 The exercise by Liberum of any right of termination or any right of waiver exercisable by Liberum contained in the Placing Agreement, or the exercise of any discretion under this document and the Terms and Conditions set out herein is within the absolute discretion of Liberum acting in good faith and it will not have any liability to a Placee whatsoever in connection with any decision to exercise or not exercise any such rights. If this termination right is exercised, the Placing and these arrangements will lapse and any monies received in respect of the Placing will be returned to Placees without interest.
- 7.4 The Placing Agreement provides for Liberum to be paid a commission in respect of the Placing Shares acquired by Placees. Any commission received by Liberum may be retained and any Placing Shares acquired by it may be retained or dealt in, by it, for its own benefit.

8 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

By agreeing to acquire Placing Shares under the Placing, each prospective Placee which enters into a commitment to acquire Placing Shares will (for itself and any person(s) procured by it to acquire Placing Shares and any nominee(s) for any such person(s)) be deemed to agree, represent, warrant and undertake to each of the Company, the Selling Shareholders, Liberum and the Registrars that:

- 8.1 It has read this document in its entirety and it is relying solely on this document (and any supplementary admission document published by the Company subsequent to the date of this document) and not on any other information given, or representation or statement made at any time (including, without limitation, the roadshow presentation prepared by the Company, research by any party containing information about the Company, the pathfinder admission document or any P-Proof admission document, as applicable), by any person concerning the Group, the Placing, the Placing Shares or Admission.
- 8.2 It acknowledges that its participation in the Placing shall be made solely on the terms and conditions set out in these Terms and Conditions, the trade confirmation or contract note and the Articles. It agrees that these Terms and Conditions and the trade confirmation or contract note issued by Liberum to it represent the whole and only agreement between it, the Company and Liberum in relation to its participation in the Placing and supersedes any previous agreement between any such parties in relation to such participation.
- 8.3 It acknowledges that neither Liberum, any of its affiliates nor any person acting on its or their behalf is making any recommendation to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing, and participation in the Placing is on the basis that it is not and will not be a client of Liberum or any of its affiliates, that Liberum is acting for the Company and no-one else and that none of Liberum or any of its affiliates have any duties or responsibilities to it for providing protections afforded to its or their respective clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in these Terms and Conditions.
- 8.4 It agrees that, having had the opportunity to read this document, it shall be deemed to have had notice of all information and representations contained in this document, that it is acquiring Placing Shares solely on the basis of this document and any supplementary admission document published

by the Company subsequent to the date of this document and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to acquire Placing Shares. It agrees that none of the Company, Liberum nor the Registrars, nor any of their respective directors, officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation. This paragraph shall not exclude any liability for fraudulent misrepresentation.

- 8.5 It acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Group in accepting a participation in the Placing. Each Placee should not consider any information in this document to be legal, tax or business advice. Each Placee should consult its own legal adviser, tax adviser or financial adviser for legal, tax and financial advice regarding an investment in the Placing Shares.
- 8.6 It acknowledges and agrees that it has such knowledge, sophistication and experience in financial and business matters that it is capable of evaluating the merits and risks of its purchase of the Placing Shares comprised in its Placing Participation, and it is able to bear the economic risk and financial risk (including sustaining a complete loss) of the purchase of such Placing Shares and it has had sufficient time to consider and conduct its own investigation with respect to its purchase of the Placing Shares including the legal, regulatory, tax, business, currency and other economic and financial considerations relevant to such investment and it will not look to the Company, Liberum or any of their respective affiliates or any person acting on their behalf for all or part of any loss it may suffer in connection with its purchase of such Placing Shares.
- 8.7 The contents of this document and any supplementary admission document published by the Company subsequent to the date of this document are exclusively the responsibility of the Company and its Directors and apart from the responsibilities and liabilities, if any, which may be imposed on the Company or Liberum by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Company, Liberum nor any person acting on their behalf nor any of their affiliates accept any responsibility whatsoever for and makes no representation or warranty, express or implied, as to the contents of this document or any supplementary admission document published by the Company subsequent to the date of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Group, the Placing Shares or the Placing and nothing in this document and any supplementary admission document published by the Company subsequent to the date of this document may be relied upon as a promise or representation in this respect, whether or not to the past or future. The Company and Liberum accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this document or any supplementary admission document published by the Company subsequent to the date of this document or any such statement. This paragraph shall not exclude any liability for fraudulent misrepresentation.
- 8.8 It acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and any supplementary admission document published by the Company subsequent to the date of this document and, if given or made, any information or representation must not be relied upon as having been authorised by Liberum or the Company.
- 8.9 It acknowledges that time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations under the Placing.
- 8.10 It has the funds available to pay the Placing Price in respect of the Placing Shares for which it commits to acquire under the Placing and acknowledges, agrees and undertakes that it will pay such amount in accordance with these Terms and Conditions on the due time and dates notified by Liberum, failing which the relevant Placing Shares may be placed with other Placees or sold at such price as Liberum determines in accordance with the provisions above in paragraph 6.
- 8.11 It agrees that each other person on whose behalf (if applicable) it commits to acquire Placing Shares under the Placing or to whom it allocates Placing Shares has the capacity and authority to enter into and to perform its obligations as a Placee and will comply with the obligations under the Terms and Conditions as if directly binding on them.

- 8.12 It: (i) is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions; (ii) represents, warrants and undertakes that neither the Company nor Liberum will infringe any laws (whether within or outside the United Kingdom) as a result of its agreement to acquire Placing Shares or any actions arising from the Placee's rights and obligations under the Placee's agreement to acquire Placing Shares and under the Articles (and, in making this representation and warranty, the Placee confirms that it is aware of the selling and transfer restrictions set out in paragraph 3 above); (iii) has fully observed such laws; (iv) if a company or other corporation, is duly incorporated and validly existing under the laws of its jurisdiction of incorporation; (v) has the requisite capacity and authority and is entitled to enter into, and to perform, its obligations as an acquirer of Placing Shares, and to execute and deliver all documents necessary for such acquisition, and will honour such obligations; (vi) has obtained all necessary consents and authorities (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this paragraph to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto); and (vii) in particular, if the Placee is a pension fund or investment company, it is aware of and acknowledges that it is required to comply with all applicable laws and regulations with respect to its acquisition of Placing Shares under the Placing.
- 8.13 It understands that no action has been or will be taken in any jurisdiction by the Company or any other person that would permit a public offering of the Placing Shares, or possession or distribution of this document, in any country or jurisdiction where action for that purpose is required.
- 8.14 If it is in the United Kingdom:
- (i) it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
 - (ii) it is acting as principal only in respect of the Placing, or, if it is acting for any other person:
 - (a) it is and will remain liable to the Company and Liberum for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);
 - (b) it is both an "authorised person" for the purposes of FSMA and a "qualified investor" as defined at Article 2.1(e)(i) of the Prospectus Directive, acting as agent for such person; and
 - (c) such person is either (1) a "qualified investor" or (2) its "client" (as defined in section 86(2) of FSMA) that has engaged it to act as the client's agent on terms which enable it to make decisions concerning the Placing or any other offers of transferable securities on his behalf without reference to the client.
- 8.15 If it is in any EEA Member State which has implemented the Prospectus Directive it is: (a) a legal entity which is a "qualified investor" as defined under the Prospectus Directive; or (b) otherwise permitted by law to be offered and sold Placing Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or other applicable laws.
- 8.16 It will not make any offer to the public of the Placing Shares and has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom or elsewhere in the EEA prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of FSMA or an offer to the public in any other Member State of the EEA within the meaning of the Prospectus Directive (which includes any relevant implementing measure in any Member State of the EEA).
- 8.17 If it is in a Member State of the EEA, in the case of any Placing Shares acquired by it as a "financial intermediary", as that term is used in Article 3(2) of the Prospectus Directive: (a) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of Liberum has been given to the offer or resale; or (b) where Placing Shares have been acquired by it on behalf of persons in any relevant Member State

other than qualified investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons. For the purposes of this provision, the expression an “offer” in relation to any of the Placing Shares in any relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and any Placing Shares to be offered so as to enable an investor to decide to purchase or acquire the Placing Shares, as the same may be varied in that relevant Member State by any measure implementing the Prospectus Directive in that relevant Member State.

- 8.18 It has not taken any action or omitted to take any action which will or may result in the Company, Liberum or any of their respective directors, officers, agents, affiliates, employees or advisers being in breach of the legal or regulatory requirements of any territory in connection with the Placing or its acquisition of Placing Shares pursuant to the Placing.
- 8.19 It is not and any person who it is acting on behalf of is not, and at the time the Placing Shares are acquired will not be, a resident of, or with an address in, Australia, Canada, South Africa or Japan, and it acknowledges and agrees that the Placing Shares have not been and will not be registered or otherwise qualified for offer and sale nor will a prospectus be published in respect of any of the Placing Shares under the securities laws or legislation of the United States, Australia, Canada, South Africa or Japan or any other jurisdiction in which such offer or solicitation is or may be unlawful and, subject to certain exceptions, may not be offered, sold, delivered or transferred, directly or indirectly, within those jurisdictions.
- 8.20 It acknowledges that the Placing Shares have not been and will not be registered under the Securities Act, or under the securities legislation of, or with a securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, South Africa or Japan or where to do so may contravene local securities laws or regulations and there will be no public offering of the Placing Shares in the United States.
- 8.21 It acknowledges and agrees that (i) it and the person(s), if any, for whose account or benefit it is acquiring the Placing Shares are purchasing the Placing Shares in an “offshore transaction” as defined in Regulation S (an “**offshore transaction**”) or otherwise pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States; and (ii) with respect to each Placee that is purchasing the Placing Shares in an offshore transaction, (a) it is aware of the restrictions on the offer and sale of the Placing Shares pursuant to Regulation S and (b) the Placing Shares have not been offered to it by means of any “directed selling efforts” as defined in Regulation S.
- 8.22 With respect to each Placee that is purchasing the Placing Shares in an offshore transaction, it is not acting on a non-discretionary basis for the account or benefit of a person located within the United States at the time the undertaking to acquire the Placing Shares is given.
- 8.23 It confirms that any of its clients, whether or not identified to Liberum or any of its affiliates or agents, will remain its sole responsibility and will not become clients of Liberum or any of their affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision.
- 8.24 It acknowledges that where it, or any person acting on its behalf, is dealing with Liberum, any money held in an account with Liberum on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Liberum to segregate such money as that money will be held by Liberum under a banking relationship and not as trustee.
- 8.25 It acknowledges that the Company has only communicated, or caused to be communicated, and will only communicate, or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and the Placee acknowledges and agrees that this document is not being issued by Liberum in its capacity as an authorised person under section 21 of FSMA and such documents may not therefore be subject to the controls which would apply if it was made or approved as a financial promotion by an authorised person.

8.26 It accepts and acknowledges that:

- (i) if the Placing does not proceed and/or the conditions to Liberum's obligations in respect of the Placing under the Placing Agreement are not satisfied and/or the Placing Agreement is terminated prior to Admission for any reason whatsoever and/or the Placing Shares are not admitted to trading on AIM for any reason whatsoever, neither the Company, Liberum nor any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (ii) Liberum is entitled to exercise any of its rights under the Placing Agreement or any other right in its absolute discretion, including the right to terminate the Placing Agreement, without any liability whatsoever to it (or any person on whose behalf it is acting) and Liberum shall not have any obligation to consult or notify Placees in relation to any right or discretion given to it or which it is entitled to exercise. Each Placee agrees that it has no rights against Liberum, the Company and any of their respective directors and employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999; and
- (iii) Liberum expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Placing, and that if such right is exercised, the Placing (and the arrangements associated with it) will lapse and any monies received in respect of the Placing will be returned to Placees without interest.

8.27 In connection with its participation in the Placing: (i) it has complied with all relevant laws and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing including under the Proceeds of Crime Act 2002, the Terrorism Act 2000 (as amended from time to time), the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017; (ii) it is not a person: (a) with whom transactions are prohibited under the Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the US Department of the Treasury; (b) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (c) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations (all such laws and regulations referred to above, together the "**Regulations**"); (iii) if making a payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations; and (iv) it has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, its participation in the Placing.

8.28 It understands that in order to ensure compliance with the Regulations, Liberum (for itself and as agent on behalf of the Company) or the Registrars may, in its or their absolute discretion, require verification of any Placee's identity. Pending the provision to Liberum or the Registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at its or their absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form, may be retained at Liberum's or the Registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity Liberum (for itself and as agent on behalf of the Company) or the Registrars have not received evidence satisfactory to them, Liberum and/or the Company may, at the absolute discretion of each, terminate its Placing Participation, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited.

8.29 It acknowledges and agrees that, pursuant to the General Data Protection Regulation as implemented in the United Kingdom by the Data Protection Act 2018 ("**GDPR**") the Company and/or the Registrars and/or Liberum, may hold personal data (as defined in the GDPR) relating to past and present Shareholders. Personal data may be retained on record for a period exceeding six years after it is no longer used. The Company, the Registrars and/or Liberum will only process such information for the purposes set out below (collectively, the "**Purposes**"), being to:

- (i) process its personal data to the extent and in such manner as is necessary for the performance of their obligations under their respective service contracts, including as

required by or in connection with its holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;

- (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
- (iii) provide personal data to such third parties as the Company, the Registrars and/or Liberum may consider necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares or as the GDPR may require, including to third parties outside the EEA;
- (iv) without limitation, provide such personal data to their respective affiliates for processing, notwithstanding that any such party may be outside the EEA; and
- (v) process its personal data for the Company's, the Registrars' and/or Liberum's internal administration.

- 8.30 By becoming registered as a holder of Ordinary Shares it is acknowledged that the processing by the Company and/or the Registrars and/or Liberum of any personal data relating to them in the manner described above is undertaken for the purposes of: (i) performance of the contract between them and (ii) to comply with applicable legal obligations. In providing the Company and/or the Registrars and/or Liberum with information, it hereby represents and warrants to each of them that it has notified any data subject of the processing of their personal data (including the details set out above) by the Company, the Registrars and/or Liberum and their respective affiliates and group companies, in relation to the holding and using their personal data for the Purposes. Any individual whose personal information is held or processed by a data controller: (a) has the right to ask for a copy of their personal information held; (b) to ask for any inaccuracies to be corrected or for their personal information to be erased; (c) object to the ways in which their information is used, and ask for their information to stop being used or otherwise restricted; and (d) ask for their personal information to be sent to them or to a third party (as permitted by law). A data subject seeking to enforce these rights should contact the relevant data controller. Individuals also have the right to complain to the UK Information Commissioner's Office about how their personal information has been handled.
- 8.31 It is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the Proceeds of Crime Act 2002 and the Market Abuse Regulation and confirms that it has complied and will continue to comply with those obligations.
- 8.32 As far as it is aware, it is not acting in concert (within the meaning given in the City Code) with any other person in relation to the Company and it is not a related party of the Company for the purposes of the AIM Rules for Companies.
- 8.33 It is not nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986 and no instrument under which it acquires Placing Shares (whether as principal, agent or nominee) would be subject to stamp duty or SDRT at the increased rates referred to in those sections and that it, or the person specified by it for registration as a holder of Placing Shares, are not participating in the Placing as nominee or agent for any person or persons to whom the allocation, transfer or delivery of Placing Shares would give rise to such a liability.
- 8.34 It, or the person specified by it for registration as a holder of the Placing Shares, will be liable for any stamp duty or SDRT liability, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any of the Placing Shares and acknowledge and agree that, neither the Company nor Liberum nor the Selling Shareholders nor any of their respective affiliates nor any person acting on behalf of them will be responsible for any other liability to stamp duty or SDRT resulting from a failure to observe this requirement;
- 8.35 It confirms that it is not and at Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate and it is not acquiring Placing Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate.

- 8.36 It confirms that it will (or will procure that its nominee will) inform Liberum if its acquisition of Placing Shares will cause it to be required to make a notification to the Company in accordance with Rule 5.1.2R of the Disclosure Guidance and Transparency Rules or AIM Rule 17.
- 8.37 It accepts that the allocation of Placing Shares will be determined by Liberum in its absolute discretion following consultation with the Company and that Liberum may scale down any Placing Participations on such basis as it may determine.
- 8.38 It acknowledges that the representations, undertakings and warranties given by it as contained in this Part V are irrevocable. It acknowledges that the Company, Liberum, the Selling Shareholders and their respective affiliates will rely upon the truth and accuracy of such representations, undertakings and warranties and it agrees that if any of the representations, undertakings or warranties made or deemed to have been made by its application for Placing Shares are no longer accurate, it shall promptly notify Liberum.

9 INDEMNITY

Each Placee irrevocably agrees, on its own behalf and on behalf of any person on whose behalf it is acting, to indemnify and hold the Company, the Selling Shareholders, Liberum and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach by it any person on whose behalf it is acting of the representations, warranties, undertakings, agreements and acknowledgements in these Terms and Conditions and further agrees that these Terms and Conditions shall survive after completion of the Placing and Admission.

10 SUPPLY AND DISCLOSURE OF INFORMATION

If the Company, Liberum or the Registrars or any of their agents request any information in connection with a Placee's agreement to acquire Placing Shares under the Placing or to comply with any relevant legislation, such Placee must promptly disclose it to them.

11 MISCELLANEOUS

- 11.1 The Company and Liberum expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined including the right of Liberum to agree with the Company extensions for the dates and times for satisfaction of any or all of the conditions in the Placing Agreement (provided that such conditions are not extended beyond 8.00 a.m. on 12 July 2018).
- 11.2 The rights and remedies of the Company, the Selling Shareholders, Liberum and the Registrars under these Terms and Conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 11.3 The Placee irrevocably appoints any Director and any director of Liberum to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition of all or any of the Placing Shares for which it has given a commitment under the Placing, in the event of its own failure to do so.
- 11.4 On application, each Placee may be asked to disclose, in writing or orally to Liberum if he is an individual, his nationality or if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.
- 11.5 All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to the Placee at the address notified by the Placee.
- 11.6 The Placee agrees to be bound by the Articles (as amended from time to time) once the Placing Shares, which the Placee has agreed to acquire pursuant to the Placing, have been acquired by the Placee.
- 11.7 The contract to acquire Placing Shares under the Placing and the appointments and authorities mentioned in this document will be governed by and construed in accordance with, the laws of England. For the exclusive benefit of the Company, Liberum, the Selling Shareholders and the Registrars, the Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that

proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

- 11.8 In the case of a joint agreement to acquire Placing Shares under the Placing, references to a "Placee" in these terms and conditions are to each of the investors who are a party to that joint agreement and their liability is joint and several.
- 11.9 Liberum may, and its affiliates acting as an investor for its or their own account(s) may, acquire Placing Shares and, in that capacity may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in these Terms and Conditions to the Placing Shares being offered, sold, acquired or otherwise dealt with should be read as including any offer to, or acquisition or dealing by, Liberum and/or any of their respective affiliates acting as an Investor for its or their own account(s). Neither the Company nor Liberum intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.
- 11.10 Each Placee which acquires Placing Shares will be deemed to undertake that it agrees that it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by such Placee or any other person on the acquisition by such Placee of any Placing Shares or the agreement by such Placee to acquire any Placing Shares.

12 INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that such Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Liberum will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

Know more

Website: www.themindgym.com

Blog: uk.themindgym.com/category/all-insights

Twitter: [@themindgym](https://twitter.com/themindgym)

UK

160 Kensington High St,
London, W8 7RG, UK

e: uk@themindgym.com

t: +44 20 7376 0626

USA

9 East 37th Street,
New York, NY, 10016,
USA

e: usa@themindgym.com

t: +1 646 649 4333

Singapore

PWC Building, #28-63,
8 Cross Street, 048424,
Singapore

e: sg@themindgym.com

t: +65 6850 7600