

MindGym plc

FY24 Results Presentation
June 2024



Presentation team

Octavius Black Executive Chairman

Co-founded MindGym in 2000 and transitioned from CEO to Executive Chair in April 2024

Previous experiences include

- Director for organisational communication consultancy Smythe Dorward Lambert (sold to Omnicom 1996)
- Analyst at Booz Allen Hamilton



Christoffer Ellehuus Chief Executive Officer

Appointed Chief Executive Officer Designate January, 2024 and Chief Executive Officer April 2024

Previous experiences include

- President, Korn Ferry Digital
- CEO ESI
- 16 years at CEB (later acquired by Gartner) including Global Sales Director, Global Head of Product Development, Managing Director EMEA



Dominic Neary Chief Financial Officer

Appointed as Chief Financial Officer on 1 January 2022

Previous experience includes:

- EU Finance Director at Just Eat
- Commercial Finance Director at Moneysupermarket.com
- 10 years in various financial positions at Reckitt Benckiser including North America pharmaceuticals



Agenda overview – seven key takeaways



FY24 performance and financials

- 1 Challenging market dynamics resulted in declining revenues in FY24
- 2 We took action and reduced costs by £11M. As a result, H2 profitability largely offset H1 loss



CEO observations and market trends

- 3 The behavioural change market opportunity is significant and market trends are playing to MindGym strengths
- 4 CEO first 100-day MindGym observations: Strong fundamentals but inadequate commercialisation



Strategy for growth

- 5 **Short-term:** Focus on commercial execution; laying the foundations for sustained growth
- 6 **Medium-term:** Packaging IP, Products, and Data to scale business for accelerated growth
- 7 FY25 is a year of recalibration primarily benefiting revenue in FY26 and beyond. This will lead to medium-term revenue CAGR >10% with 15% to 20% EBITDA margins



01

FY24 performance
and financials

Market dynamics made for a challenging FY24

£44.9m

Revenues

-18% vs PY

-£0.3m

adj. EBITDA

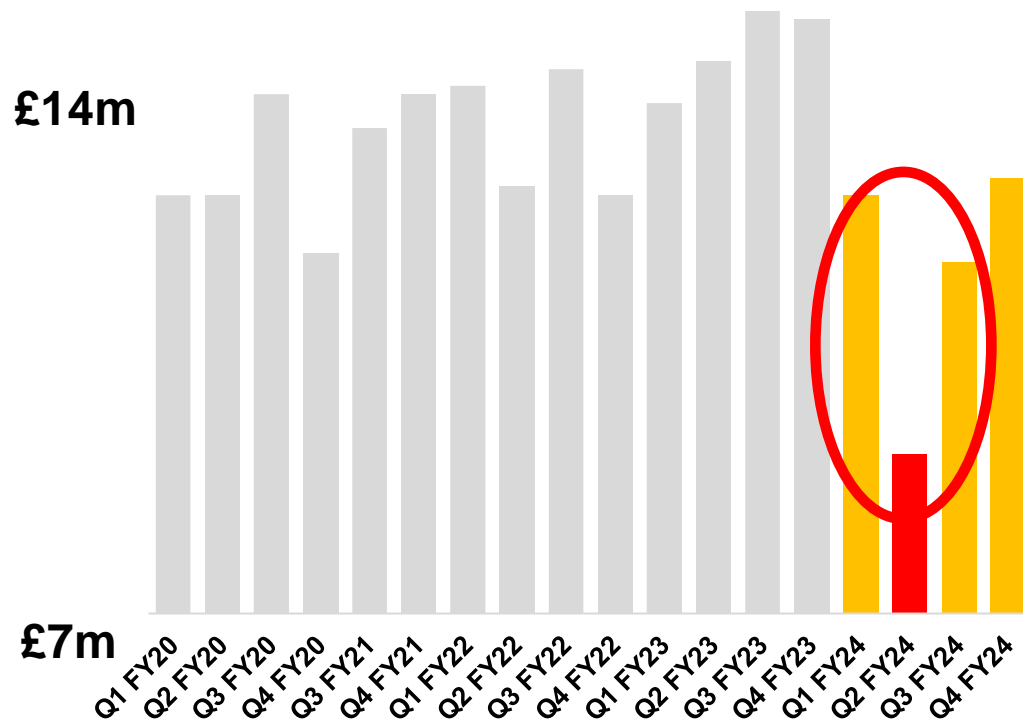
-£3.6m vs PY

- **Increased caution on HR budgets** has affected the buying cycle, with more client stakeholders needed to sign off budgets:
 - growing requirements for pilots to establish proof of concept first
 - fewer big-ticket requests for proposal
- **Macroeconomic headwinds affected confidence** in key sectors, including tech (especially in US) and consumer/manufacturing companies who are dependent on global supply chains
- **Increased competition from heavily funded HR tech**, such as talent platforms, created a more crowded market for HR services
- **Client spend on DEI**, on which MindGym US was overweighted, fell significantly in FY24

In a challenging year, MindGym took action to right size the business and restore profitability in H2



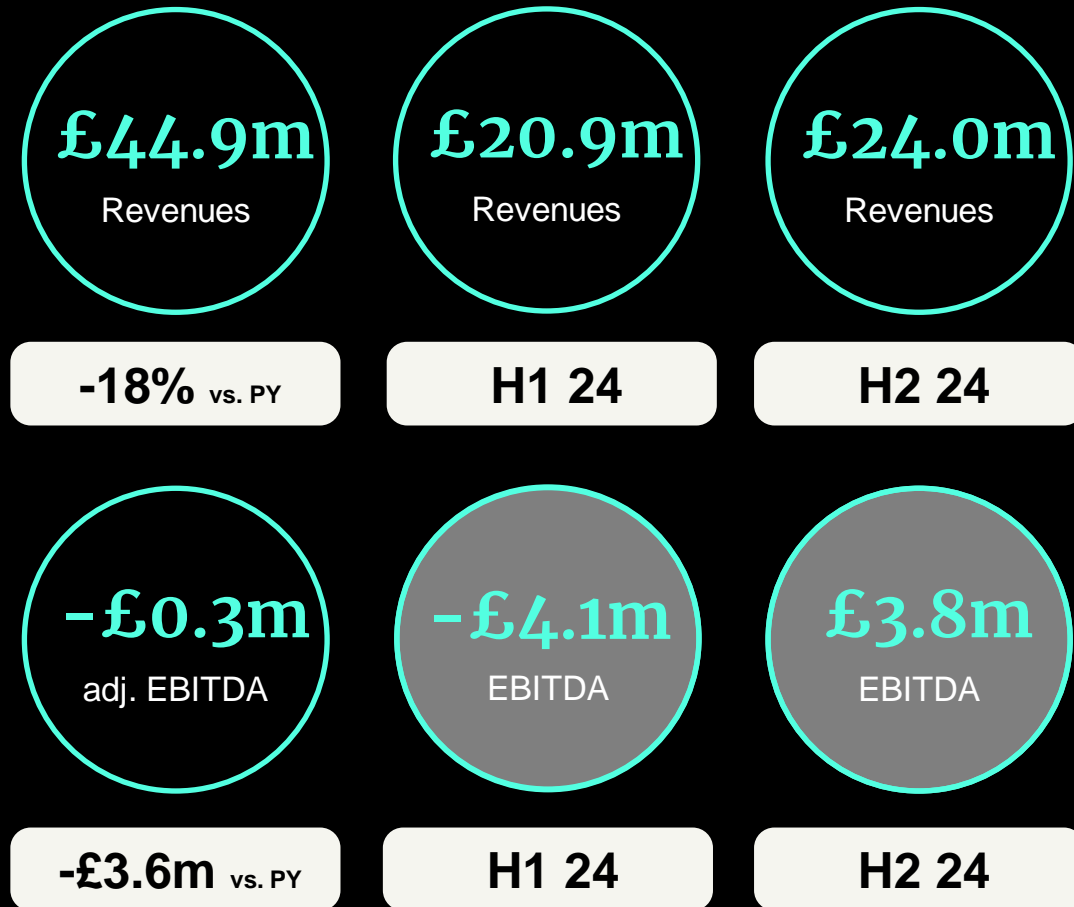
Q2 FY24 significant market deterioration, most notably in the US



MindGym took action to right-size the business, restoring profitability in H2 FY24

- During FY24, we reduced expenditure by more than £11m - £7m operating and £4m capital expenditure
- Circa 50% of this reduction was in Technology, and ensuring that we have the appropriate skillset mix
- Other reductions reflect lower volumes, and have some impact on H1 FY25 pipeline creation, but allow us to recruit more effectively as we rebuild
- This resulted in a return to profitability in the second half

FY24 results



Reduced revenue reflecting economic headwinds

Revenues of £44.9m, down 18% on FY23, but:

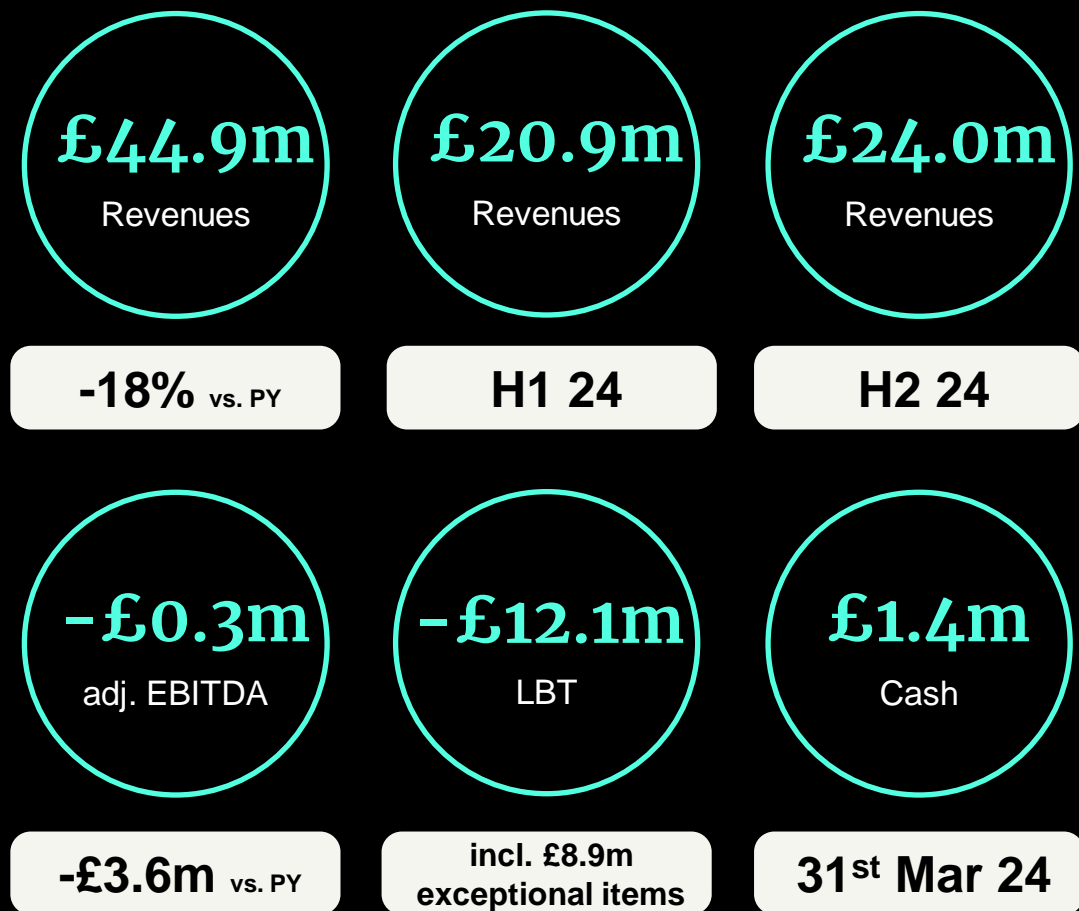
- **H2 sales up 15%** on H1 sales
- EMEA: FY broadly flat
- US: performance down 32% on PY particularly impacted by reduced DEI spend



Profitability restored in H2 FY24 after H1 FY24 loss

- £11.0m of savings stabilised business and halted cash burn
- Adjusted opex (excluding exceptional items, depreciation and amortisation) of £39.1m, down 10% on FY23 (£43.4m)
- **£3.8m H2 profits** have largely offset H1 £4.1m loss

FY24 results



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FY24 LBT includes £8.9m exceptional items

- £6.6m Intangible write-off
- £2.3m restructuring charge and US lease



Company retains sufficient liquidity

- Cash at bank stable in Q4. £1.4m (December 23: £1.2m)
- £2m loan facility* not used

*MindGym's RCF facility ends in September FY25, when we intend to switch to a cheaper overdraft facility



02

Market
opportunity

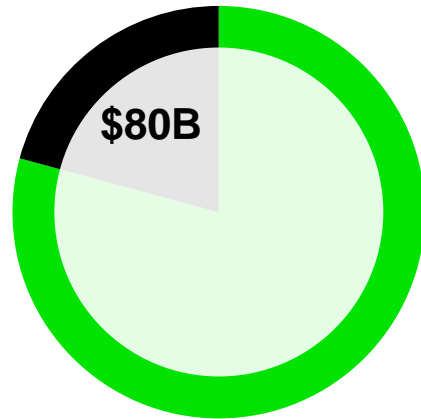
Significant opportunity in a highly fragmented market

MindGym well-positioned to address new challenges in the post-Covid talent market space



\$320B Corporate L&D Market

Leadership and interpersonal skills training



- \$80B market in leadership and interpersonal skills – MindGym's core areas of expertise
- Highly fragmented market space



Market trends aligned to MindGym strengths



Returning to in-person: 25% increase projected in in-person training across 2024. Especially, in interpersonal and leadership skills training



Low learner engagement: Lack of learner engagement is the second biggest challenge for CHROs due to poor uptake on digital platforms
























Increased focus on interpersonal skills: The top three most in-demand skills for 2024: adaptability, communication, and leadership



Pressure to change leadership and culture: 90% of CHROs say they need to build new leadership capability and 70% say they need to change corporate culture due to market, technology, and strategy changes

MindGym's competitive strengths strongly aligned to market demands

	MindGym		Tech L&D platforms		HR Advisory Solutions	
			    		  	
Leadership, culture, and employee performance solutions	Solutions at all levels – Culture, leadership, and Employees		Focus on employees and mid-level managers		Focus on leaders	
Integrated diagnostic, live/virtual sessions, and 1:1 coaching	Integrated solutions supported by Solutions & Design team to contextualise experience		Digital platform with focus on either coaching or training. Self-paced employee experience		Mix of digital platforms and consulting support. Limited integration between the two	
In-person delivery	Global network of >400 coaches proven at large scale with industry-beating NPS scores		No in-person delivery		Consultant or facilitator network	
Easy and cost-effective to scale	Productised sessions and digital platforms enable cost-effective global reach		Scalable tech platforms with effective global reach		Global reach but expensive to scale	

MindGym delivers market-leading solutions

Over the past year, MindGym has received prestigious awards that demonstrate the quality of our IP, products, and delivery capability



2023 Association for Business Psychology (ABP) Chair's Choice Award



Winning programme:

- We empowered Citi's 270,000+ employees to adopt new behaviours - through everyday habits- aligned with the bank's core principles
- Results: over 60% of employees adopting new weekly habits



Brandon Hall Excellence Awards for 'Best Advance in Coaching and Mentoring'.



Winning programme:

- Burberry Leadership Standard empowered by MindGym's 1:1 coaching platform *Performa* and integrated live, virtual and digital solutions
- Results: 85% of managers said their direct reports' performance improved. 88% successfully applied their learnings to their job



Best Facilitators Award - KPMG Supplier Awards 2023



Winning programmes:

- Backed by behavioural science research, our programmes have upskilled teams in the treasury, HMRC, police, health services, and more, helping them improve productivity, resilience, and performance

CEO First 100-days observations

“ Strong client, product, and team foundations but inadequate commercialisation ”



Strengths

- Strong and loyal client base - 88% of sales come from clients who've had a positive previous experience
- A talented and passionate team
- Market-leading research, products and diagnostics
- World-class global facilitator and coach network



Weaknesses

- Difficult for buyers to understand our solutions, hard for our sales teams to sell them, and lack of clear go-to-market messages
- Overly reliant on sales team to generate leads. limited digital marketing infrastructure to drive market awareness and sales leads at scale
- Complex commercial organisation and need for tighter commercial execution
- Standalone solutions that are hard to integrate with client platforms and partner eco-systems



03

Strategy
for growth

Our three-year vision

From provider of episodal individual behavioural change programmes...

- Standalone research reports
- Individual products
- Third party data
- Direct delivery

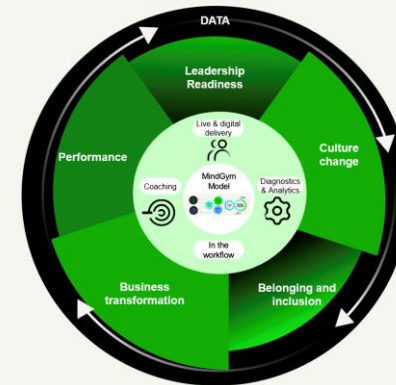
Short-term focus

Commercial execution



Medium-term focus

Packaging IP, products, and data



... to behavioural change partner

- Integrated behavioural change model
- Packaged solutions
- Diagnostics and data
- Delivery integrated with partner ecosystems

Increased average client spend

More "sticky" client relationships

More key accounts >£1M p.a.

More license and subscription revenue

Immediate and consistent focus on commercial execution

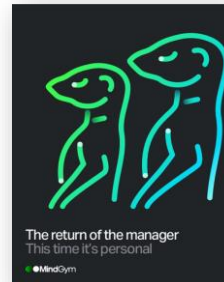


A new MindGym model for human performance at work will drive new levels of commercial relationships with clients

Current state



23 years of high-quality topic-specific research and individual products



This work should make us all rethink wellbeing in the workplace

Loren Shuster

Chief People officer LEGO Group



Compelling research, original insights, and practical solutions

Diana Conrad

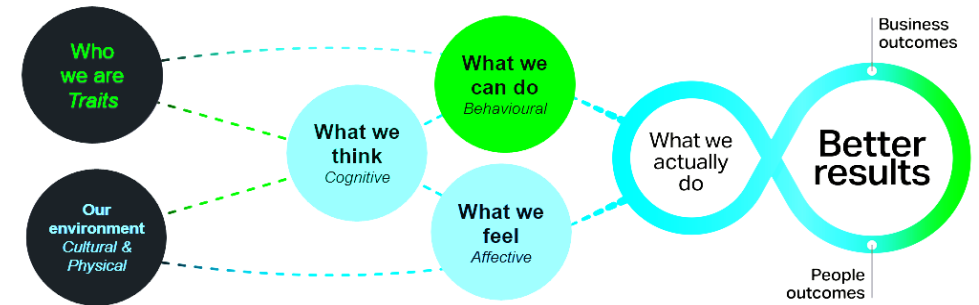
Chief People officer GSK



Future state

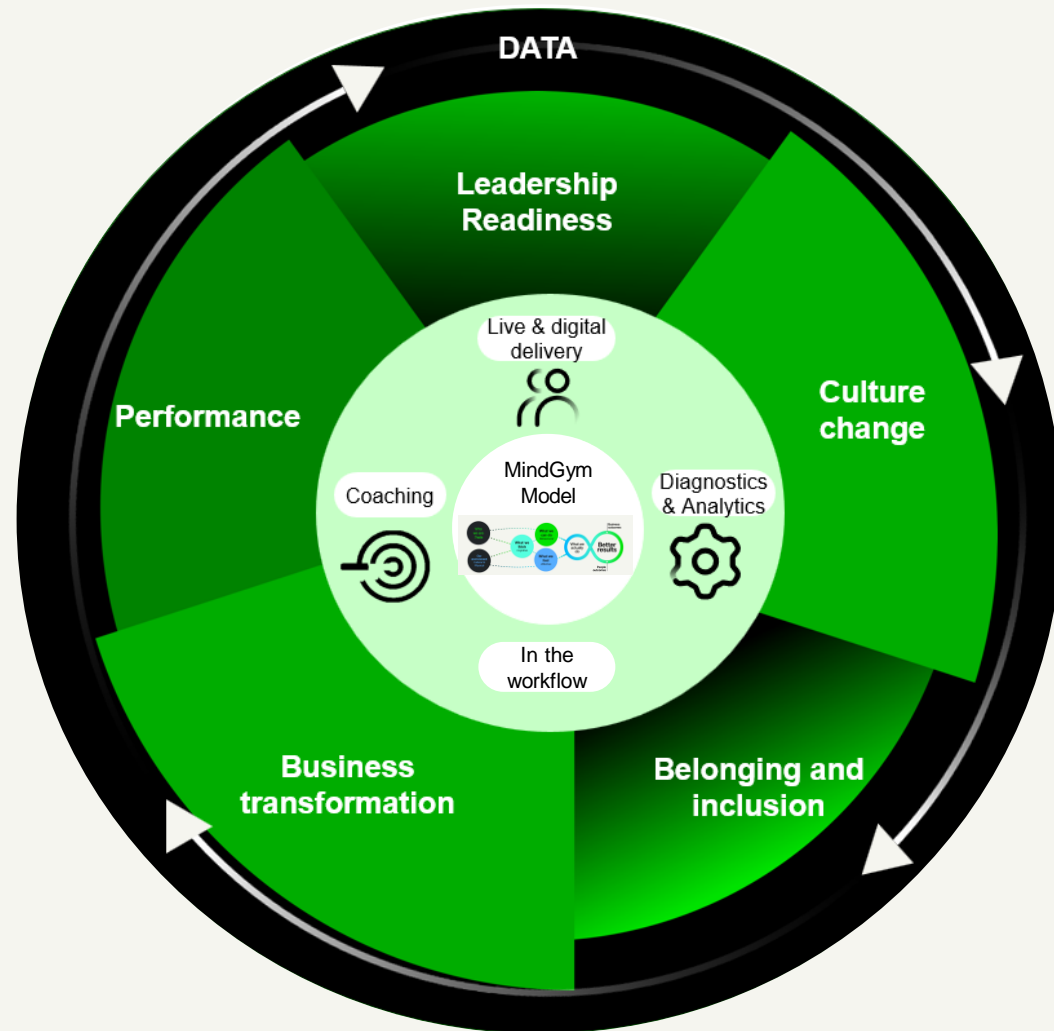


The MindGym Model: an integrated behavioural change model linked to business outcomes & proven products



- A “Rosetta Stone” for all MindGym research, data, & products
- Stronger link to our clients’ people and business outcomes
- More strategic client relationship across topics that can drive cross-sell and stickiness of our solutions

Critical action steps to commercialise our offering around the MindGym model for human performance at work



Actions FY25 – FY27:

1. **Create MindGym model for human performance at work** linked to people and business performance outcomes
2. **Link diagnostics data and existing products to the model**, which in turn will point clients to the right solutions and allow us to measure impact of our solutions
3. **Integrate diagnostics and products into packages** that address common recurring client challenges and sold as licenced subscriptions
4. **Digitise our products** so that they can more easily be embedded in partner eco-systems
5. **Build data asset from diagnostics tied to our model**, which in turn can be used for new primary research, client benchmarking, and marketing

Short term headwinds, but strong foundations to build on for medium term growth



FY25: a year of recalibration

- Implementation of the new strategy will take time to realise
- Board expects EBITDA profitability and cash generation in FY25



Significant opportunity

- Despite the challenges this year, there is huge potential in this £80bn market
- Market dynamics favour MindGym and its award winning IP and people



New growth strategy

- **Short-term:** focus on Commercial Execution – making MindGym solutions easy to buy, easy to sell and easy to renew
- **Medium-term:** building the MindGym Model linked to diagnostics and 23 years of market leading IP and proven solutions



Strong medium-term prospects

- Medium-term revenue growth in excess of 10% CAGR
- EBITDA margins between 15% and 20%



04

Q&A