MINDGYM ANNUAL RESULTS

Better, faster, always

FY23

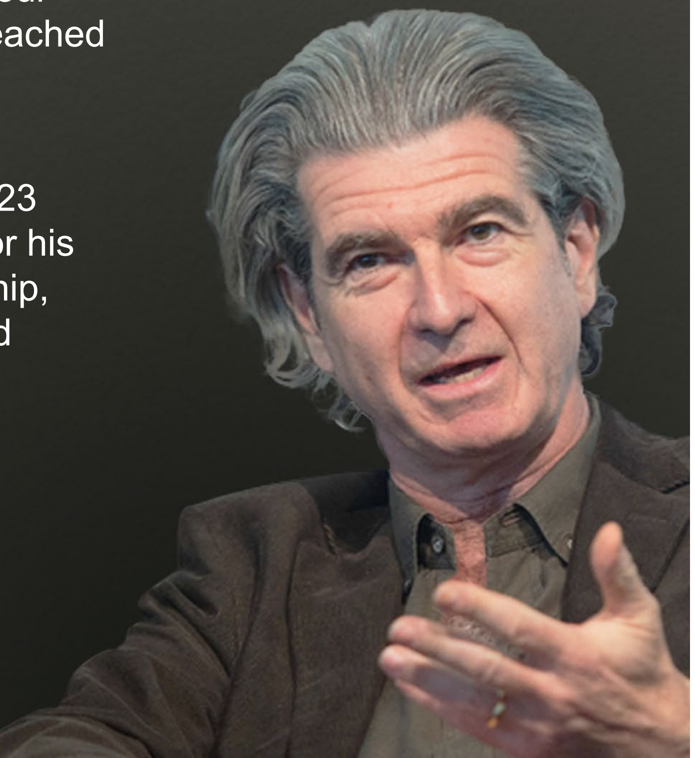
13 June 2023

MindGym

Presentation team

Octavius Black
Chief Executive Officer

- Co-founded MindGym in 2000 and ParentGym in 2009
- Co-authored MindGym's four books, the first of which reached no. 2 on Amazon.co.uk
- Received a CBE in the 2023 New Year's Honours list for his services to entrepreneurship, business, life sciences and community



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

Double-digit revenue growth and return to profitability

01 FY23 Highlights

- Double-digit revenue growth and operational leverage driving improvement in financial performance.

02 Our strategy

- Continued progress with MindGym's Digital strategy to build an integrated Behavioural Change platform.

03 FY24 Outlook

- MindGym expects to make further progress, underpinned by significant framework agreements, which are expected to scale up in H2. We are progressing towards our medium-term EBITDA margin target of 15%-20%.

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01

FY23 Highlights

Key financials

		vs FY22
Revenue	£55.0m	+13%
PBT	£3.0m	+£3.4m
EBITDA	£5.3m	+£4.1m
Diluted EPS (p)	2.84p	+1.25p
CAPEX	£5.1m	– £1.0m
Cash	£7.6m	– £2.4m

Highlights

Double-digit revenue growth:

- Revenues of £55.0m, up 13% (5% cc)
- Digitally-enabled revenues of £37.6m up 1% vs. FY22; representing 68% of revenues (FY22: 77%) as we saw an increase in in-person deliveries with the lifting of COVID restrictions
- Pure digital revenue mix grows to 13% of revenue (FY22: 11%)

Improved financial performance:

- PBT of £3.0m is up on FY22 by +£3.4m, including the impact of improved operational leverage
- EBITDA of £5.3m, reflects an increase to c.10% EBITDA margin (FY22: 3%)
- Adjusted diluted EPS of 2.84p, up 1.25p on FY22, reflecting increased profitability and significantly ahead of expectations reflecting ongoing benefits from R&D tax credits

Strong financial position:

- Cash at bank of £7.6m (FY22: £10.0m). H2 cash generation of £3.1m compares to a £2m cash burn in H2 FY22
- £5.1m of Capex in FY23 (FY22: £6.1m) offset by £4.4m cash generated from operations
- Acquisition of the rights to a Diagnostics platform has accelerated our product launch by 18 months and has led to a reduction in the required uplift in Capex spend in FY24 and FY25

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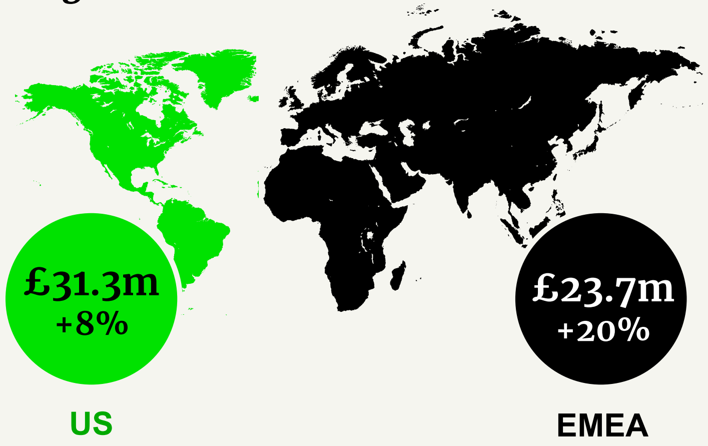
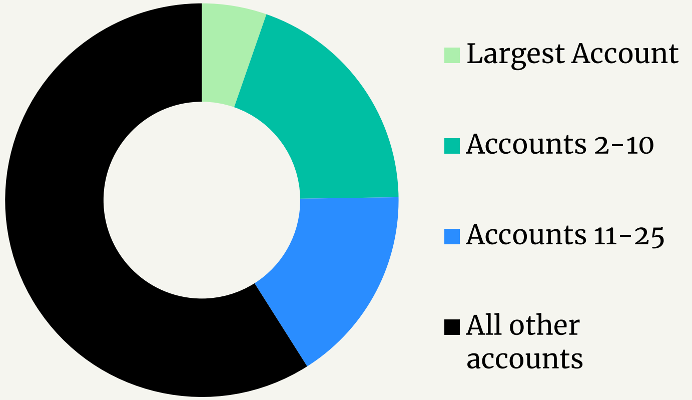
Robust revenue growth with the world's best companies

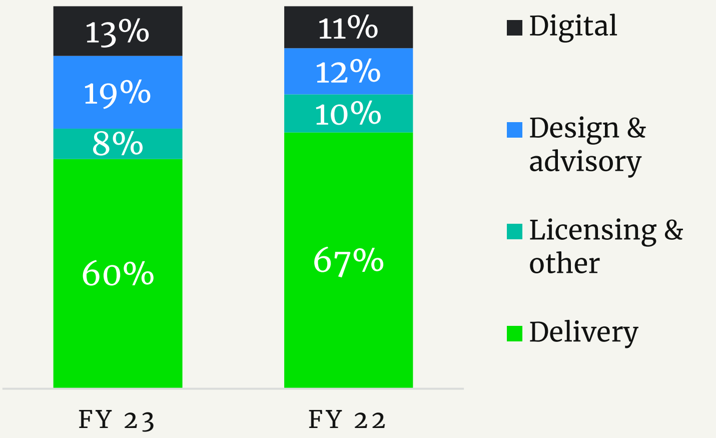
Regional revenue



Account size



Revenue by product type



US growth of 8% in FY23 reflecting impact of FX

EMEA growth of 20% in FY23, including the impact of the energy framework win

Revenues of £55.0m were up 13% on FY22 (+5% in constant currency)

MG **retains** a broadly distributed **client base**

83% repeat revenue

MG works with the world's best companies — **60%** of the FTSE 100 and **55%** of the S&P100

Delivery: Revenue growth vs FY22, mix impacted by D&A, which will drive strong delivery growth in FY24

Design & advisory: Increased to 19% revenue mix, driven by preparation for large framework deliveries

Digital Products: Pure digital revenues have increased to 13% of our business vs 11% in FY22

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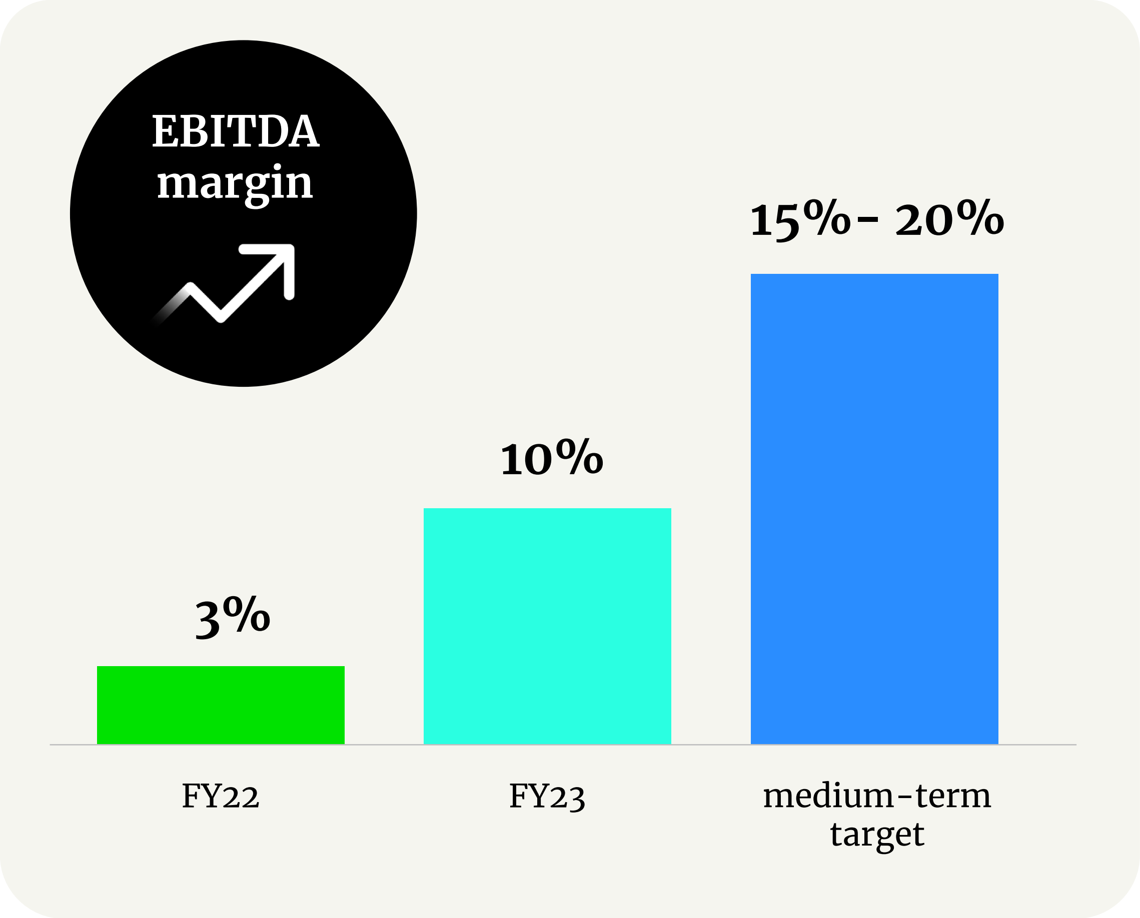
Operating margin development

Targeting 15% to 20% EBITDA margin in the medium term



EBITDA margin grew to 10% in FY23 (3% FY22) driven by:

- Normal operating expense leverage
- Return on FY21/FY22 investments in scalable operations including:
  - New shared service centre in Newcastle
  - Technology investments which automate historically manual processes

Strong pipeline of medium-term efficiencies driven by investment in scalable operations, and arbitrage of US vs UK cost base, including:

- Coach sourcing
- Session booking
- Lead generation
- Contracting

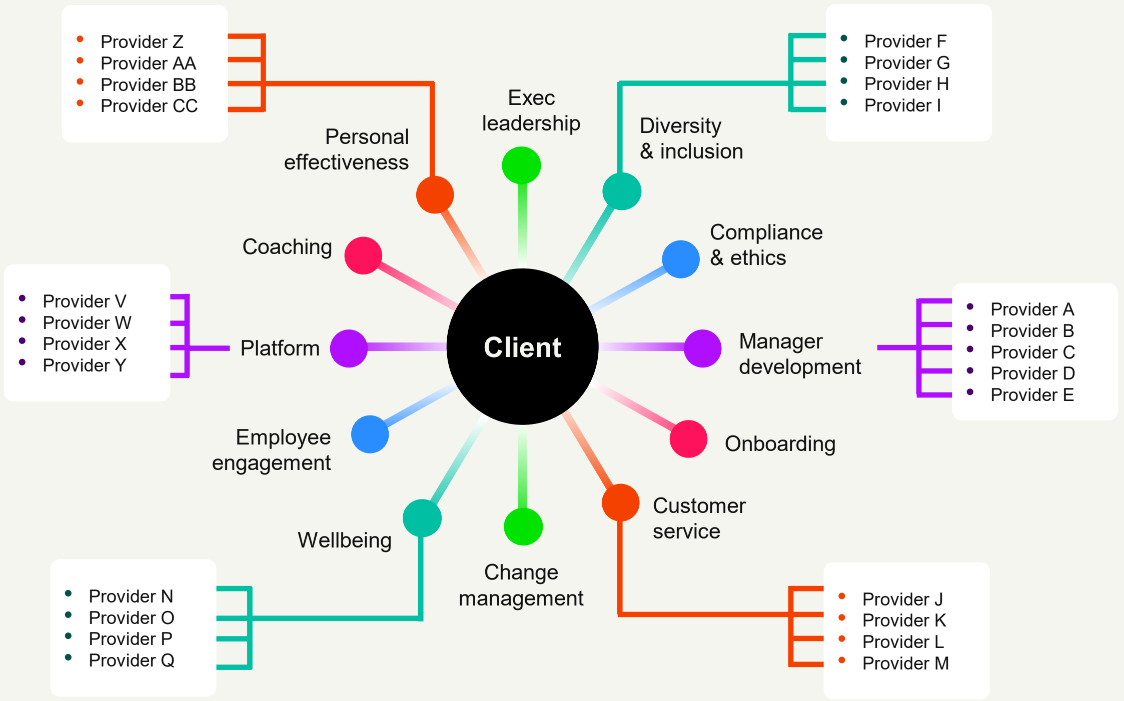
02

Our strategy

The $370bn market opportunity

Total < sum of the parts

NOW

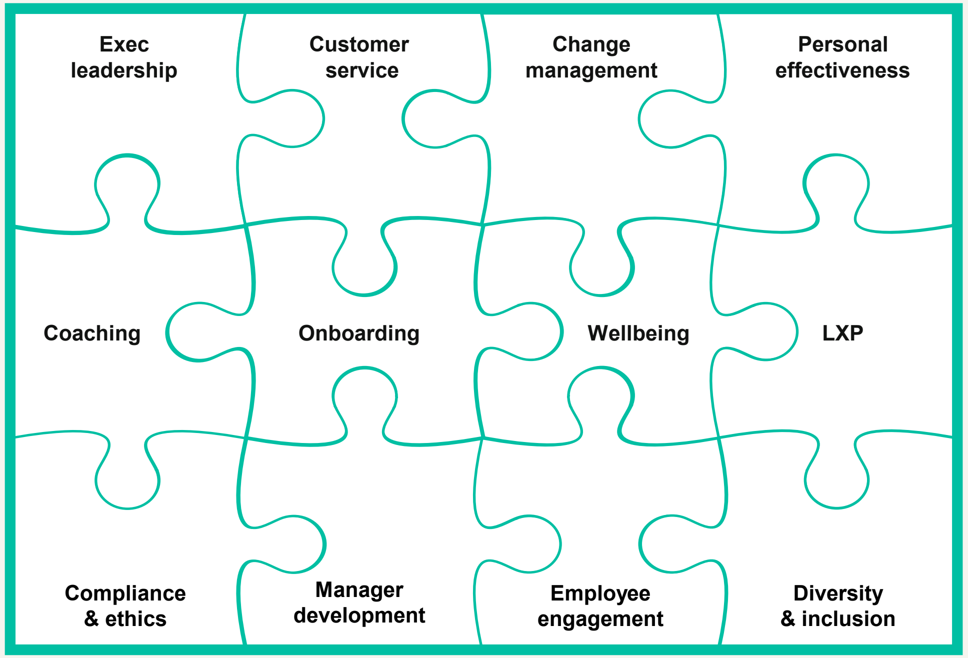


Lacks coherence • Significant waste • No consistent data

$50m spread across **100+ providers**

Total > sum of the parts

FUTURE



Integrated content • Integrated distribution channels • Fuelled by data

$40m concentrated with **1 or 2 providers**

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MindGym’s business model

One to Many

- **Pivot to digital transformed business** – delivering **20 years** IP to **500k people** each year virtually, hybrid and in person

On Demand

- eWorkouts relaunched and showing **growth** in FY23

One to One

- Performa full launch in May, with a **growing pipeline**

Diagnostics

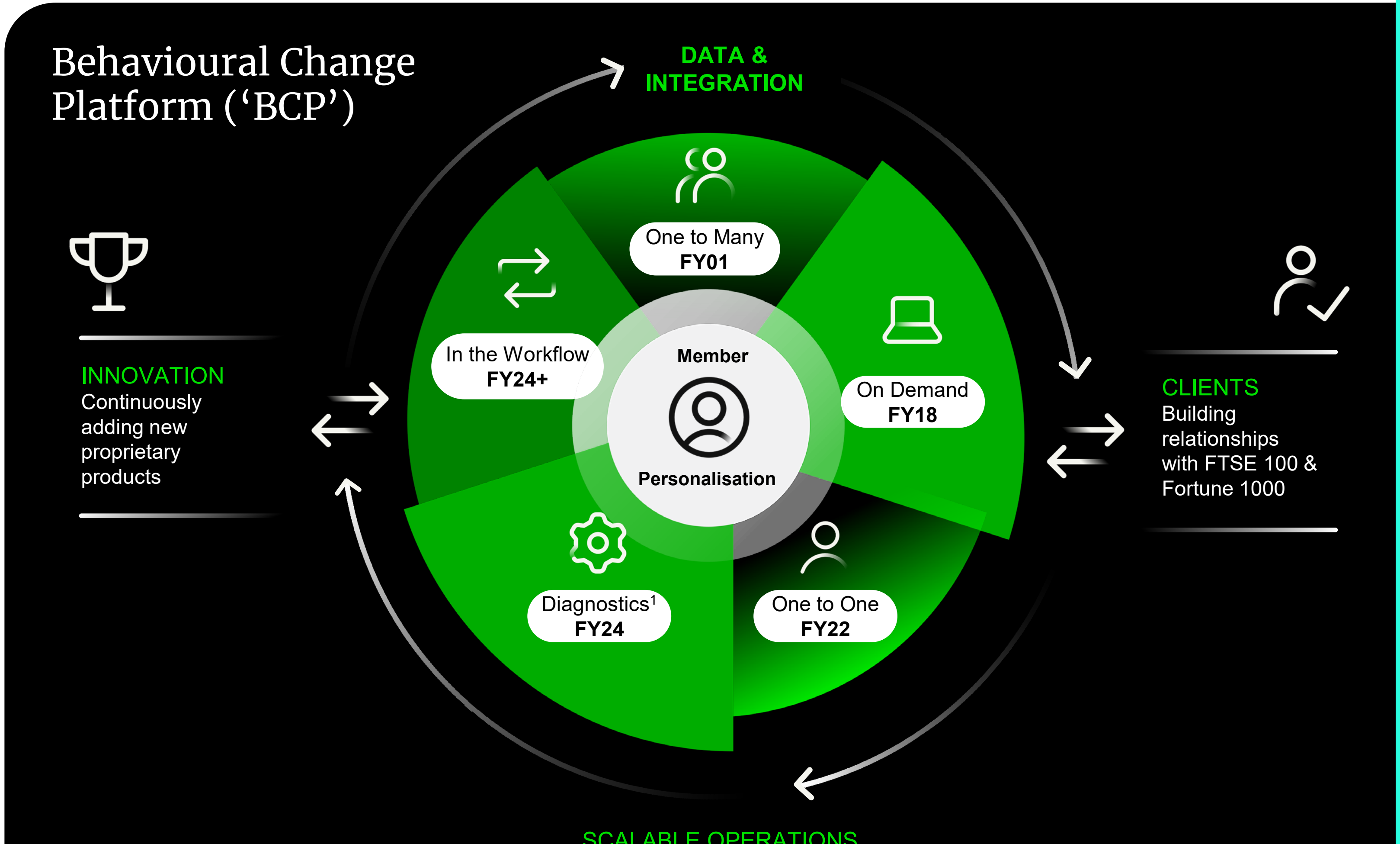
- **Accelerated time frame** to a client-ready platform
- **FY24 launch** of organisational diagnostics

In the Workflow

- **Prompts, cues and chat to support behaviour change, integrated into the tools people use moment to moment**

Data & Integration

- **100’s of millions of data points** as **500K members** pass through the platform each year



[1] beta testing now and due for launch in FY24

Performa

New research paper launched at our CHRO summit in May 2023

Better

A coaching methodology that is proven to work, based on three critical ingredients:

Solutions focused
Right-size your goal, and act quickly on the ways to get there.

Behaviour enablement
Use techniques to boost motivation, shape your environment, and translate knowledge into practice.

Mastery
Perfect your new skills before moving on and develop the right mindset for success.

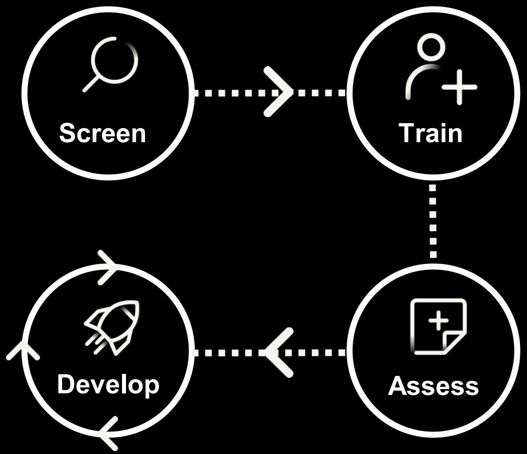
Faster

Delivered in cycles of 4x45 min, 1:1 virtual coaching sessions, mastering one goal before moving on to the next:

Always

Performa coaches are ALL certified in Precision Coaching.

This isn't just unusual, it is unique. Performa is the only coaching platform in the world where every coach has been assessed in a live coaching session and certified in a proprietary, evidence-based coaching methodology.



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Performa and Precision Coaching

Empowering leaders at Burberry

01 Challenge

Burberry needed to equip senior leaders to navigate the surging challenges of managing hybrid teams in the volatile post-pandemic business world.

02 Solution

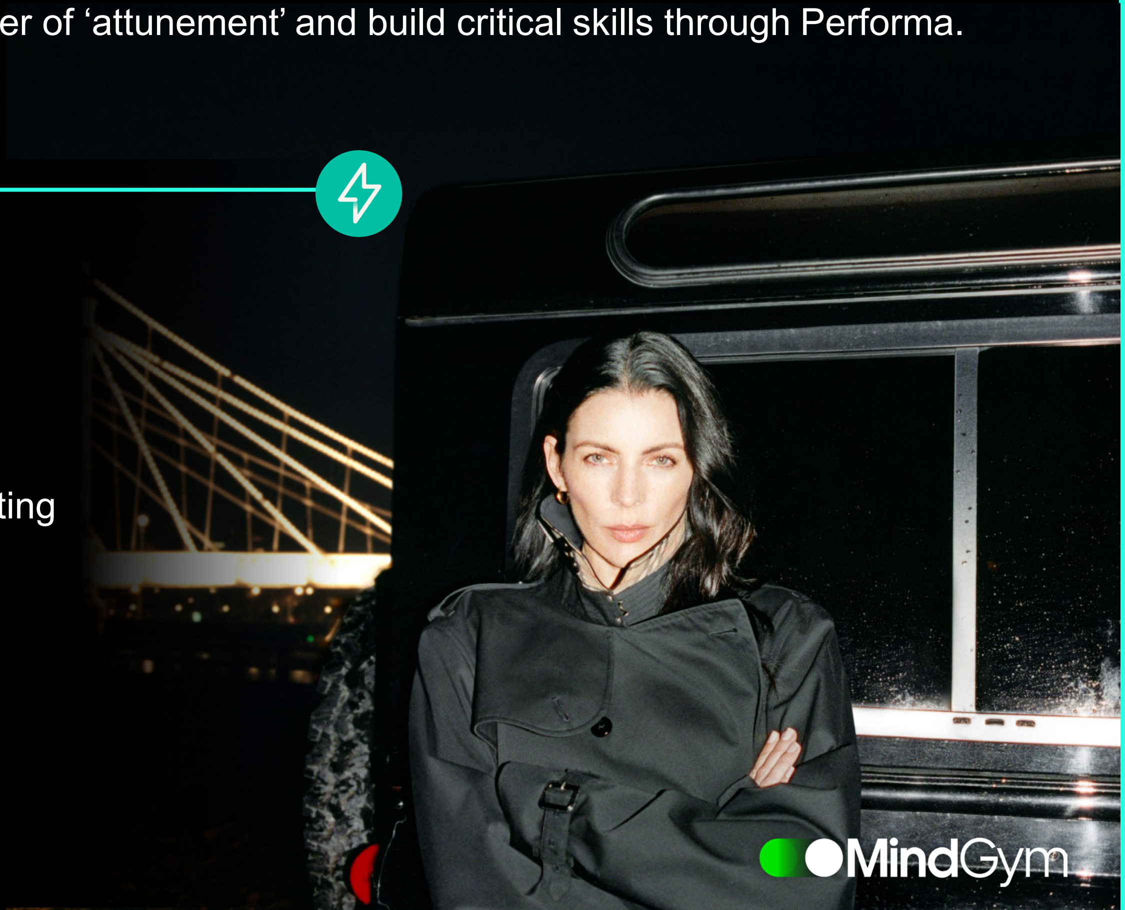
Burberry partnered with MindGym to revamp their Executive Development Programme by empowering leaders to unlock the power of 'attunement' and build critical skills through Performa.

03 Impact

39% increase in goal attainment, achieving key outcomes of coaching in just four sessions

85% of managers said their direct report's performance improved since completing the program

88% successfully applied the learnings to their job



Diagnostics is key for MindGym and its clients

MG organisational & 10X individual diagnostics tested in FY24

MindGym is one of many solutions

Now

Diagnostic company → L&D/behaviour-change company → Unlikely anyone measures impact

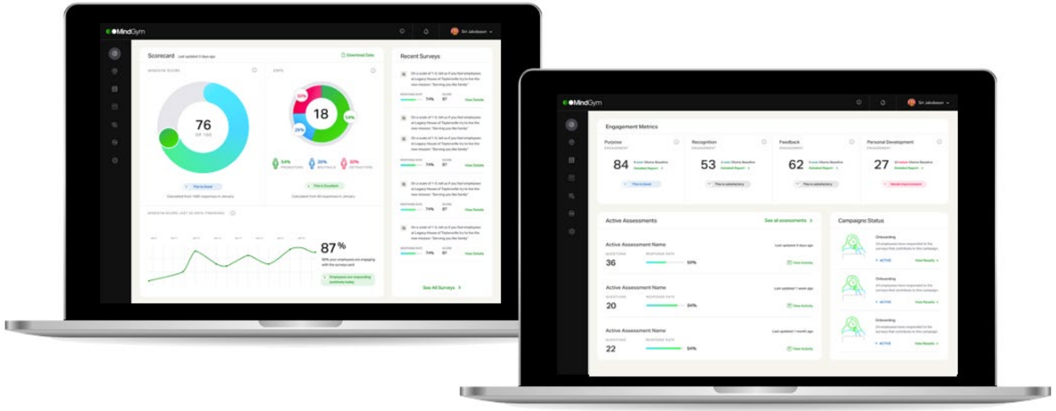
MindGym diagnoses and therefore prescribes the solution

Future

Diagnose need → Deliver solution → Measure impact

Self-serve platform circa 18 months ahead of schedule

- MindGym acquired the rights to an in-market diagnostics platform, reducing the required uplift in Capex spend in FY24 and FY25
- Organisational diagnostics integrated by the end of FY24
- Individual diagnostics in FY25 based on 10X



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Wellbeing: Diagnostics and solutions

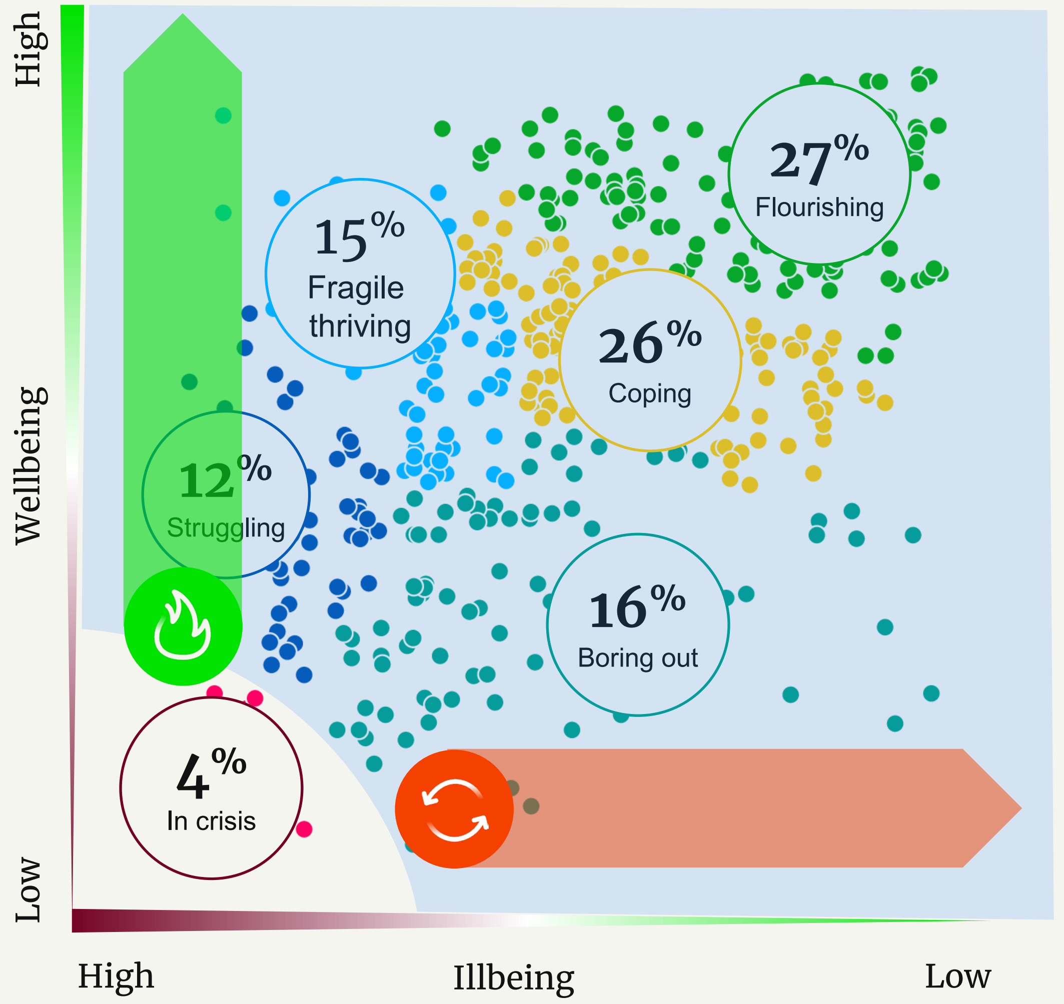
- Wellbeing is more than the absence of illbeing
- People can experience both at different times and in different ways.
- Understanding where your people are currently is the starting point.

Different strategies for different challenges:

Recover
Reduce illbeing to get back to a solid baseline

Reignite
Increase wellbeing to bring out the best in your teams

Reinforce
Protect wellbeing to maintain a strong baseline



Benchmark data from a MindGym study (n=1,000) from a wide range of industries (equal gender and US/UK split).

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Plug and play solutions

Leaders | Managers | Everyone

Introduction to Wellworking

Working well
To introduce Wellworking POV

Working well
To introduce Wellworking POV

The way to well
Develop personal habits around the 5 drivers

Recover
Reduce illbeing

Well led
Shape Wellworking with the 5 drivers

Power control
Manage the invisible influence your power brings

Are you ok?
Spot signs of illbeing in the team

Power control
Manage the invisible influence your power brings

Under pressure
Reflect on illbeing and plan to recover

Bounce back
Bounce back from setbacks

Reinforce
Protect

Well led
Shape Wellworking with the 5 drivers

Well together
Create a healthy working climate for all

Fearless teams
Build psychological safety

Goal setting
Support teams to set motivating goals

Staying power
Build sustainable perseverance and adaptability

Create your own luck
Grasp opportunities with optimism

Goal getting
Set motivating goals

Reignite
Promote wellbeing

Inspire
Influence through communication

Energise
Increase energy and engagement

Make it matter
Connect people to their purpose

Peak performance
Move people from good to great

Unlock your learning
Embrace learning and development

Maxing meaning
Connect to purpose

Pathfinder
Shape a career path

Supported by 1:1 precision coaching

Products

Workout 90 mins | Workout Pro 180 mins | Go Large 60 mins | eWorkout | Activation ePack | Performa | Navigator | Culture survey

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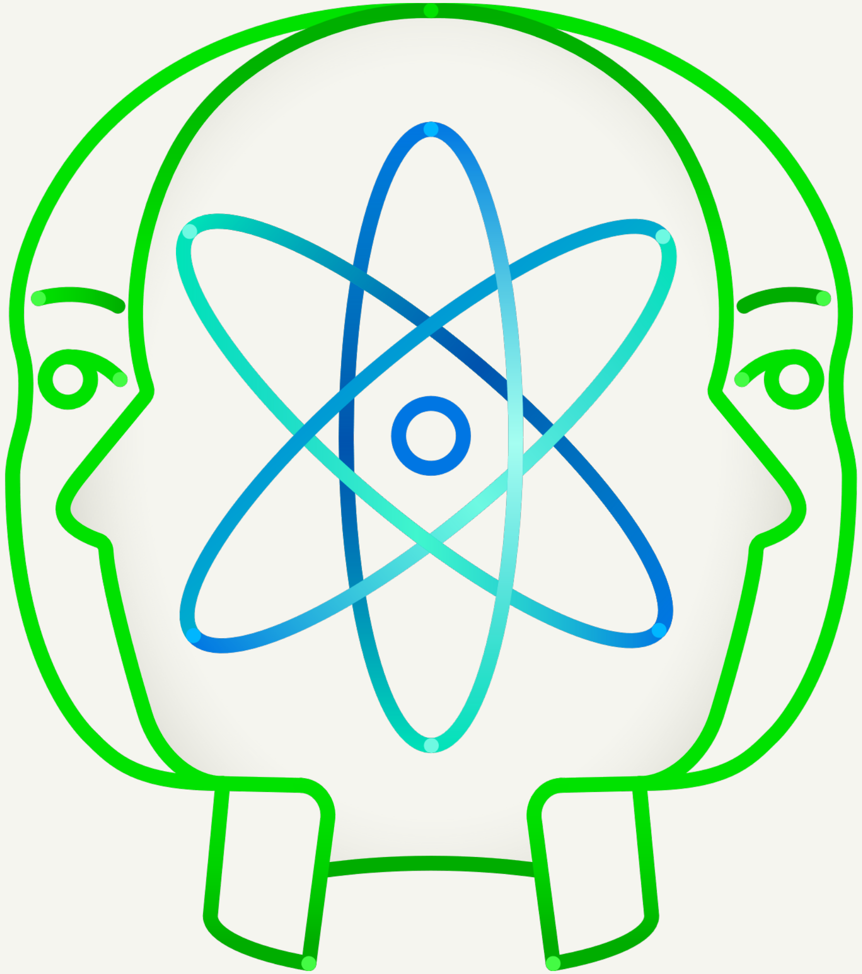
Data & in the workflow



Search MindGym

Sigmund Friend

Messages About

Today

5:00

Hi the

Shift + Enter to add a new line

16:21
11/05/2023

03

FY24 Outlook

Current trading and outlook

Digital

- Digital share continuing to increase
- Continued progress, with the launch of Diagnostics by the end of FY24

CAPEX

- The Diagnostics acquisition accelerates the go-live date for a client-ready platform by 18 months and reduces the required uplift in Capex spend in FY24 and FY25

Margins

- Achieved 10% EBITDA margin in FY23
- Targeting 15%-20% EBITDA margin over the medium term

Growth

- Further progress expected in FY24 with the impact of significant framework agreements and improving EBITDA margins, despite continued macro-economic headwinds
- Confidence in prospects is underpinned by the investments made to date delivering scalable growth and the accelerating pace of digital pipeline development

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Q&A

04

Appendix

FY23 Financials

Profit and loss

		FY 23 £m	FY 22 £m	Change
Revenue	1	55.0	48.7	13%
Gross profit		48.7	42.4	15%
Gross profit margin		88.4%	87.1%	
Staff costs (incl. share-based pay)	2	35.0	33.0	8%
Other admin costs		10.6	9.7	4%
Administration costs		45.6	42.7	7%
Net finance costs		0.1	0.1	-
Profit before tax	3	3.0	(0.5)	700%
PBT margin		5.4%	(1%)	+638 bpts
EBITDA		5.3	1.2	342%
EBITDA margin		9.6%	2.5%	
Tax		0.03	(2.1)	
Profit after tax		2.9	1.6	
EPS-basic (pence)		2.93	1.60	1.33
Diluted EPS (pence)	4	2.84	1.59	1.25

1 **Double digit revenue growth**
Revenues of £55.0m were up 13% on FY22 (+5% in constant currency), with revenues benefitting from (amongst others) the impact of our largest ever framework agreement awarded in H1 FY23 and the impact of FX

2 **Cost of living impact on Staff costs**
Growth in Staff costs is primarily due to both the increase in average headcount (3%) and cost of living increases across the Group.

3 **Profitability heading towards pre-Covid levels**
Profit before tax ('PBT') of £3.0m is up on FY22 by £3.4m driven by operational gearing, ongoing savings initiatives, and returns from prior year investments in scalable operations.

4 **Diluted EPS ahead**
Growth in Diluted EPS reflecting PBT growth

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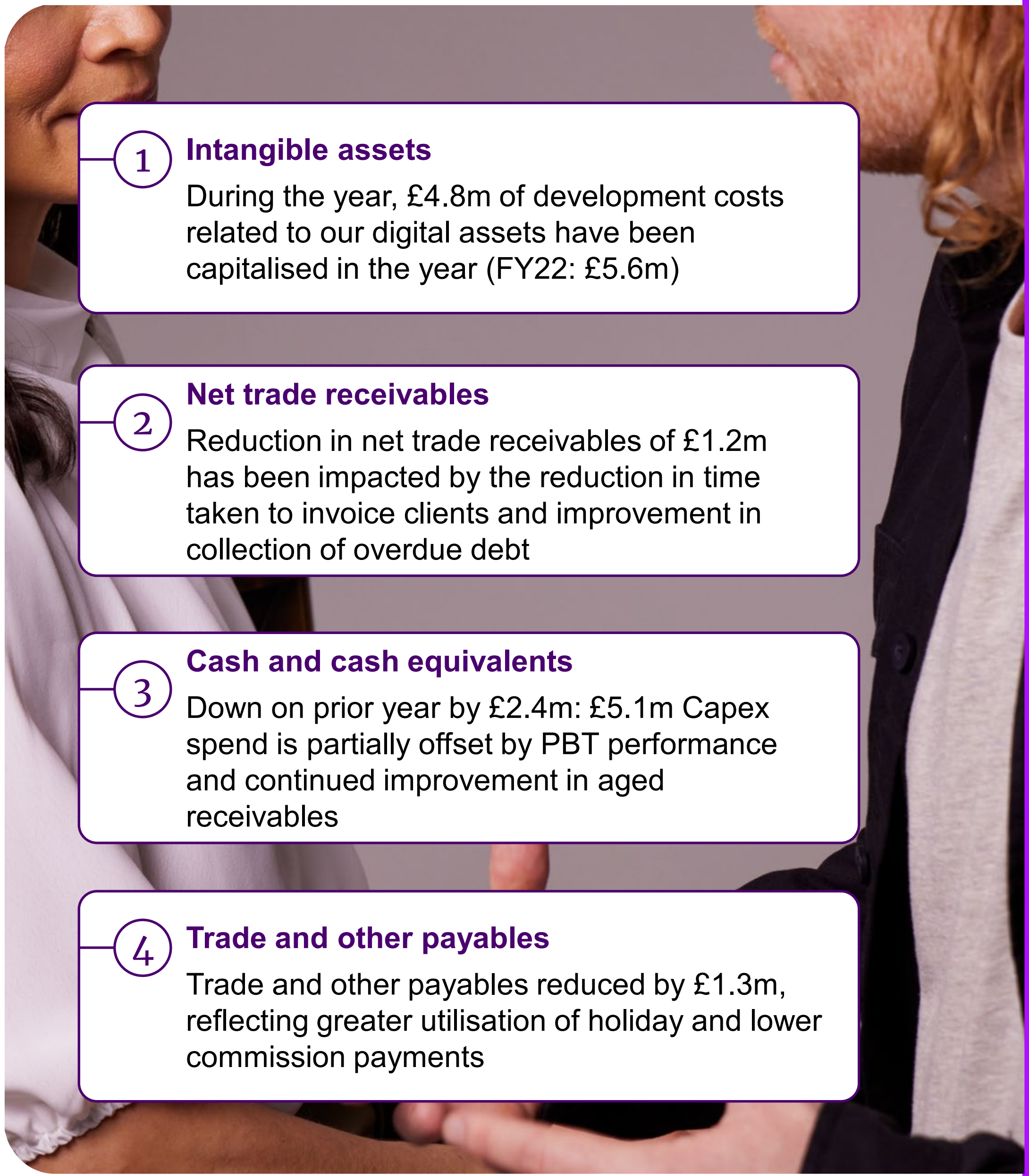
FY23 Financials

Balance sheet

		FY 23 £m	FY 22 £m	Change £m
Intangible assets	1	12.3	8.2	4.1
Property, plant and equipment		3.7	2.8	0.9
Deferred tax assets		3.2	2.8	0.4
Other receivables		0.2	0.3	(0.1)
Non-current assets		**19.5**	**14.1**	**5.4**
Inventories		-	-	-
Net trade receivables	2	6.6	7.8	(1.2)
Accrued income		1.7	0.9	0.8
Other receivables and prepayments		1.2	1.3	(0.1)
Current tax receivable		0.8	0.5	0.3
Cash and cash equivalents	3	7.6	10.0	(2.4)
Current assets		**18.0**	**20.5**	**(2.5)**
Total assets		**37.4**	**34.6**	**2.8**
Trade and other payables	4	**(11.5)**	**(12.8)**	1.3
Current tax payable		-	-	-
Current and non-current lease liabilities		(3.1)	(2.2)	(0.9)
Total liabilities		**(14.6)**	**(15.0)**	**0.4**
Net assets		**22.8**	**19.6**	**3.2**



1 **Intangible assets**

During the year, £4.8m of development costs related to our digital assets have been capitalised in the year (FY22: £5.6m)

2 **Net trade receivables**

Reduction in net trade receivables of £1.2m has been impacted by the reduction in time taken to invoice clients and improvement in collection of overdue debt

3 **Cash and cash equivalents**

Down on prior year by £2.4m: £5.1m Capex spend is partially offset by PBT performance and continued improvement in aged receivables

4 **Trade and other payables**

Trade and other payables reduced by £1.3m, reflecting greater utilisation of holiday and lower commission payments

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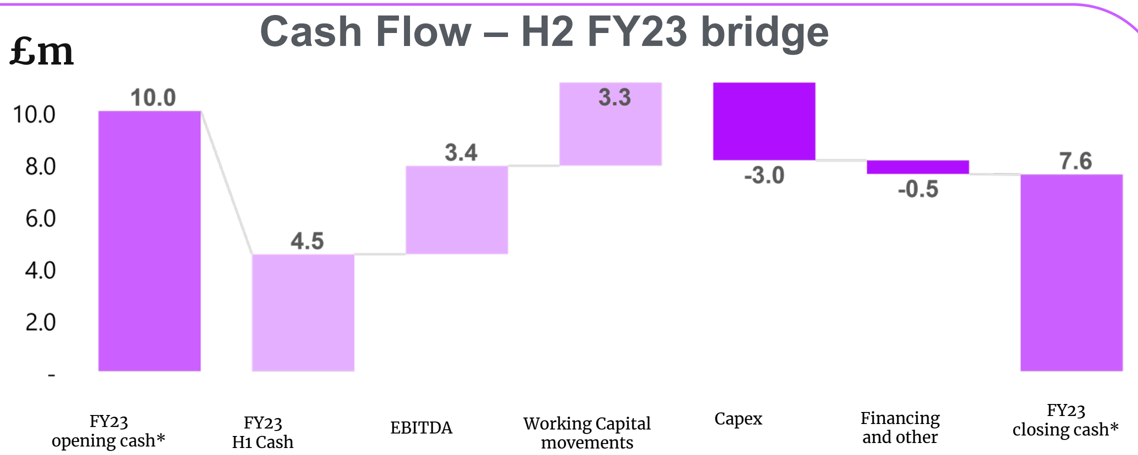
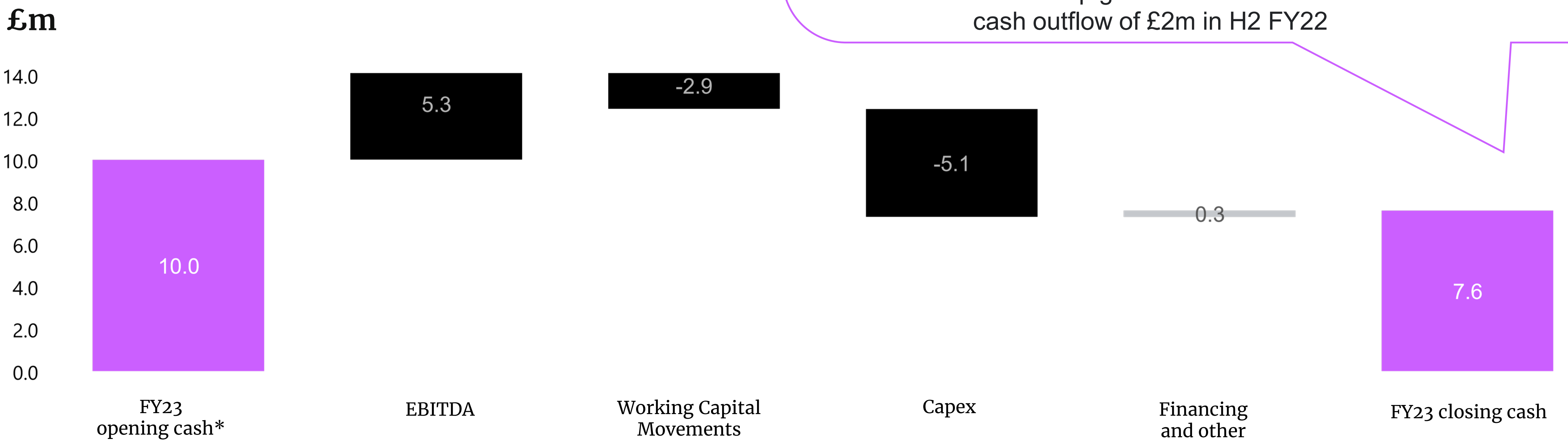
FY23 Financials

Cash Flow



The Group generated **£3.1m** cash in H2 versus a cash outflow of £2m in H2 FY22



The Group retains a £10 million **undrawn debt facility** on 31st March 2023.