Change at the speed of life

Annual Report and Accounts 2022

MindGym

Transforming the performance of people at work

Our Strategy

Digital Transformation

- Delivering live at scale virtually
- Strong digital products and pipeline
- Data enabling personalisation

Market Leading IP

- Leading thinking in key behavioural areas
- Innovating in Points of View e.g. Leadership & Wellness

Delighting Clients

- Changing the way our clients think, feel and behave
- Deep long-lasting relationships

Strategy in action
Performa 1:1
Digital Coaching
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Strategy in action
New Leadership
Development Offer
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Moodys on DE&I
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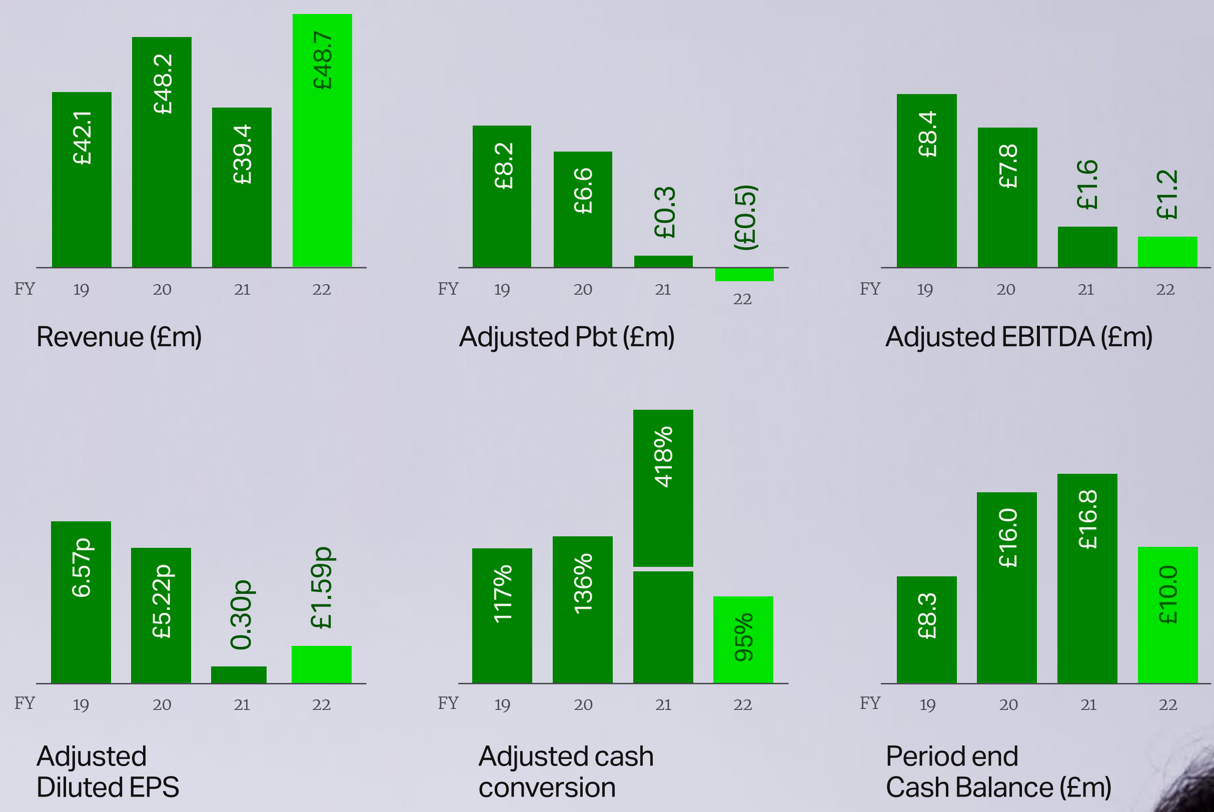


Digitally-enabled revenue

£37.4m

FY21 £30.5m (+23%)

Repeat revenue

86%

FY21 78%

* Digitally enabled revenues are virtual live delivery (including virtual licensing), and digital products (currently eWorkouts and Performa).

Strategic report

2022 Overview:
Returning to growth despite long Covid

Operating Highlights

- Revenue +25% versus FY21, now 5% above pre-COVID levels (FY20) at constant currency
- Gross Margin at 87%, broadly in line with PY, and 720 bpts ahead of FY20, reflecting higher mix of digitally enabled revenue
- £6.6m overhead investment in FY22, ensuring the organisation had the appropriate structure to support substantial growth in the coming years
- Loss before tax of £0.5m in line with expectations and including a Q4 cost control programme which offsets the annualisation impact of the FY22 overhead investment
- Cash and cash equivalents of £10m, plus £10m accordion facility – £2m cash burn in H2 FY22 vs £4.8m in H1 FY22
- Tax credit of £2.1m recognised during the year, largely as a result of R&D credits relating to FY20-FY22
- Dividend remains at £nil (FY21: £nil) as we focus on investment in growth. We will revisit our dividend policy once the Board has greater clarity on the performance of its digital investments, and the broader economic outlook

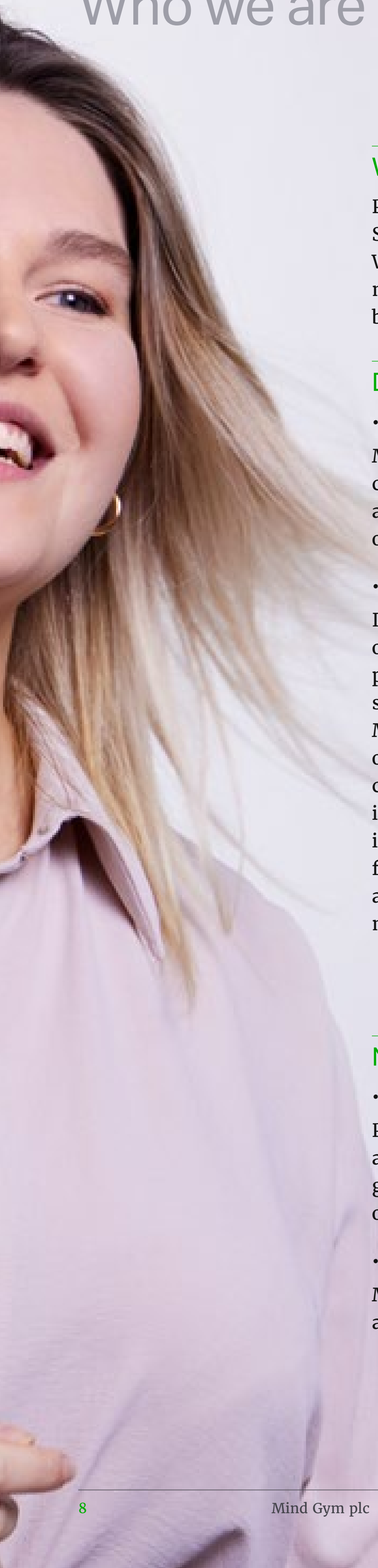
Strategic Developments

- Performa launched successfully in Jan 22, with more than £0.5m of annualised revenue from the first 12 weeks of trading
- 10X IP acquisition for consideration of £0.1m: step change in MindGym's diagnostic capabilities which will be incorporated in 'Behavioural Change Platform' (BCP) for a full launch in FY24
- Innovation investments bearing fruit. Leadership PoV rolling out in Q1 FY23, and Wellbeing PoV in the summer

Investment Summary:
Why invest in MindGym?

Client Credibility	21 years of deep, strong relationships with the world's leading companies. We have worked with 62% of the FTSE 100 and 56% of the S&P 100. C. 86% 'repeat revenue' in FY22. Recommended by c.500,000 participants annually.
Compelling Market	$370bn Leading and Development ('L&D') market, of which 40% is accessible to third parties. MindGym's markets are forecast to grow by 3-4% over the next five years. $1bn invested into digital coaching in c. 10 start-up companies in recent years, and MindGym has just launched its 1:1 coaching proposition – Performa.
Track Record	MindGym has a proven track record. Pre-COVID, our five year Revenue CAGR was c. 20%, with over 350% growth in PBT. During COVID, the Group invested in Innovation, Digital and operations to return to this track record.
Market Leading IP	MindGym is the world's leading Behavioural Change organisation, with compelling evidence-based solutions across performance, leadership, management, ethics, inclusion, wellbeing, change, personal effectiveness and most other universal human capital challenges. These are supported with over 300 live and digital proven products.
Digital Strength	MindGym's digital transformation has delivered its latest product, Performa. The upcoming product BCP will be launched in FY24 and contribute to revenue growth, operating margins and cashflow in the coming years.
Data Accelerator	We are building diagnostics to launch later this year and have acquired 10X, one of the world's most validated psychometrics, which will provide data to customise the user's customer journey and provide insight to the client to maximise their ROI.
People with Purpose	MindGymers make MindGym. Every 1 of our 335 people plays a core part in our mission. Because of this, we did ESG before it was even a thing. In 2009, we launched ParentGym, to help parents in the challenging role of developing the future. MindGym employees use their charity days to support this and other organisations.
Healthy Balance Sheet	MindGym has historically maintained a prudent balance sheet and cash position. When COVID hit, this meant we could invest in growth, rather than simply cutting costs, so we are now ahead of pre-COVID revenue levels. We have £10m cash in the bank, and an untapped £10m loan facility.

At a glance:
Who we are



What we do

People aren't rational but we are fairly predictable. MindGym uses the best Behavioural Science from the last 30 years to identify how to change the way people think, feel and behave. We offer solutions based on facts not fads. This often challenges conventional views which makes MindGym a market disrupter. What matters above all, is that it works. Our single biggest investment is in the scientists that lead our cutting-edge, data-based Innovation.

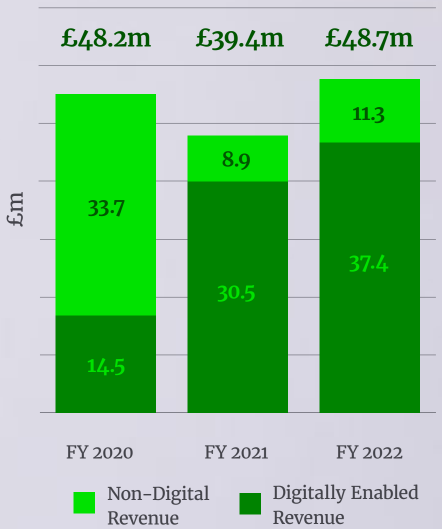
Digitally-enabled revenue

- **Virtual Live**

MindGym leads the market in the delivery and licensing of high-quality, interactive coaching, learning and communications, to transform the capabilities of our participants and the performance of the companies they work for. These are typically using our library of over 300 proven products.

- **Digital Products**

Increasingly we anticipate that the key driver of MindGym's growth will be from new digital products. In 2018, we launched eWorkouts providing short bite-size self-learning solutions, covering MindGym's portfolio of behavioural science Points of View. Performa, our new digitally enabled 1:1 coaching proposition, is already growing revenue in FY23. We will launch our next digital product in FY24, which will create one integrated platform for Diagnostics, Coaching, Learning, Digital and Live and will deliver increased growth, margins and cash flow over the coming years.



Non-digital revenue

- **In-person**

Physical delivery and licensing fell significantly during Covid. Whilst we do not anticipate a fundamental reversal in this trend, it is likely that in person delivery and licensing will grow in the coming years. However, whilst this will negatively impact our Gross Margin %, our pricing ensures that absolute Gross Margin per 'session' is protected.

- **Design and Advisory, and Other**

MindGym provides expert advice, which is an important element driving deep relationships and providing leverage for multi-year contracts in Delivery and Digital Products.

At a glance:
Delivering growth across our markets

Global L&D Market

The global Learning and Development market (which is a subset of the overall market for corporate human performance) is c. $370bn, of which about 40% is outsourced to third-party providers. Of this market, 70% is in Europe and North America, and this section is anticipated to grow at c. 4% CAGR over the next five years.

Digital is growing faster than this, as clients seek scalable products and delivery, better ROI and more meaningful data. A current example is the new market for digitally enabled 1:1 coaching – in recent years, Private Equity and other funds have invested c. $1bn into about 10 start-ups.

There are few meaningful players across the broader market. MindGym is the only one with the ability to deliver at scale, in person, virtually and digitally, and so provides a multi-layered integrated offer to address corporate challenges, such as Leadership, Performance and Inclusion.

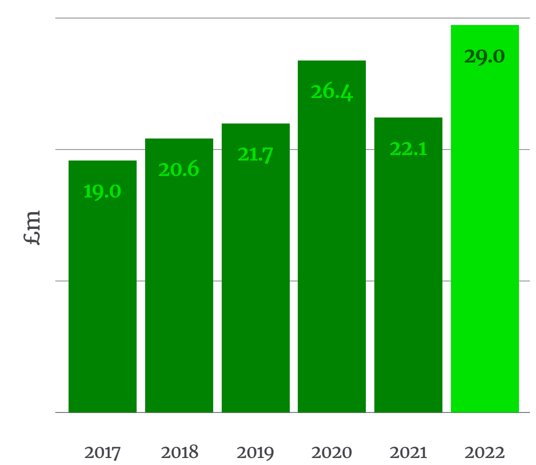
North America

MindGym founded its North America organisation in 2006, and it has since grown successfully to £29.0m revenue. Today, we employ 132 people, with a Head Office based in New York. In FY22, repeat revenue was 80%, and we have worked with 56% of the S&P 100.

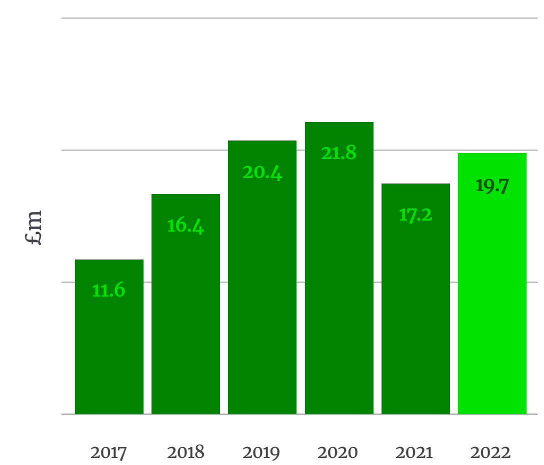
EMEA

MindGym was founded in London in 2001 and has since grown to £19.7m revenue. Today, we employ 203 people, with a Head Office in London. In FY22, repeat revenue was 88%, and we have worked with 62% of the FTSE 100.

Americas Revenue Growth



EMEA Revenue Growth



"FY 2022 was a year of strategic delivery despite challenging markets. The entrepreneurial drive at MindGym has ensured that we have surpassed pre-Covid levels."

Ruby McGregor-Smith,
Chair

Statement of the Board Chair

MindGym's purpose is to partner with the world's best companies and help them optimise their Human Capital.

The depth and duration of the COVID pandemic surprised and tested society and business more than any event in the last 75 years. Government policy and spending expanded at unprecedented levels, and all businesses faced unprecedented risks and opportunities.

Early on, MindGym took two critical decisions:

- Firstly, the business pivoted to digital. In-person coaching was largely replaced, with digitally-enabled solutions which were more than 95% of delivery in FY22. MindGym successfully expanded its proven ability to operate Live delivery, at scale.
- Secondly, recognising the opportunity that this provided, MindGym has invested in excess of £8m in building new digital products, and a further £6.6m primarily in FY22, ensuring that the organisation has the appropriate structure to support this growth: primarily in Marketing, Innovation and Digital structures. This provides the infrastructure to roll-out our new digital products (Performa and BCP), and the more than doubling in Points of View ("PoV") innovation that we have seen in FY22.

These investments are paying back. During FY 2022, we have seen revenue growth of 24%, and are ahead of pre-COVID growth levels. Performa was launched successfully in January 2022, and BCP is in the pipeline for a launch in FY24.

In the long term, the Global 'human performance' market continues to be very attractive. It remains highly fragmented (no single player has more than 1% market share) and has an attractive long-term growth profile.

Short-to-medium term risks remain. Whilst we are exiting COVID, in-person visits to clients can still be challenging, and large events have not yet recovered to their pre-COVID levels.

Our Role in Society

MindGym's social objectives are a core part of who we are. In 2009, we launched ParentGym, a programme providing free parental training to parents of children aged 2-11. In FY22, this has helped over 650 families, and we have also partnered with the Prison Advice and Care Trust (PACT), recently launching our first training to parents in prison. Many of our employees use their charity days to support this and other charities.

MindGym has also conducted a third-party analysis of its operational greenhouse gas emissions for the last financial year. The report will be used to set a reduction objective through the 'Science Based Targets' initiative.

The Board

We welcomed Dominic Neary, our new CFO, who joined the Board in December 2021. He replaces Richard Steele, who played a significant part in launching MindGym on the AIM market, and to our development since, including supporting us through the worst of COVID.

Dominic's experience at Just Eat, MoneySuperMarket and Reckitt Benckiser has already proven to be valuable, and we look forward to working with him to grow our business over the coming years.

Dividend

MindGym's dividend policy during COVID has been to freeze dividend payments. This has allowed the business to focus on investment in growth over the coming years. As stated above, these investments are beginning to pay back, particularly with the recent launch of Performa, and once the Board has greater clarity on the performance of its digital investments, and of the broader economic outlook, we will revisit our dividend policy.

Ruby McGregor-Smith
Chair

9 June 2022

"The Digital transformation is already delivering with the successful launch of Performa. This is just the start with diagnostics and a new, integrated platform on the way."

Octavius Black,
Chief Executive Officer

CEO's review

MindGym enables the world's most ambitious companies to transform their culture and performance.

In the last two years, business and society have changed fundamentally. Widespread homeworking came suddenly and has reset employees' expectations of what they do and where they do it.

Employees' expectations of their employers have changed in other important ways too. From the issue of race to the recent invasion of Ukraine by Russia, corporations are now expected to lead on the issues of the day, or face being challenged by their employees internally, as vociferously as by customers on social media.

It's not just social and political trends. Employees also increasingly demand that employers take responsibility for their wellbeing, provide flexibility, deliver on a purpose beyond profit, have diverse talent, build an inclusive culture and nourish their development.

Company leaders have struggled to keep up. As a result, the corporate world is experiencing the Great Resignation as an unprecedented number of employees quit their job for something new. As one of our clients put it:

'The war for talent is over; the employee won.'

These macro changes put Human Capital and corporate culture at the centre of the business agenda. The 'human performance' market is large, profitable, growing and massively disaggregated. There is no single player with more than 1% share, despite major Tech and Consulting businesses actively investing and acquiring, and private equity funding a flurry of start-ups. In the coming years, we are likely to see the emergence of a few dominant players. Our strategy is designed to establish MindGym as one of the dominant players in this market, with our combination of market leading IP, strong relationships with clients and an engaging digital platform driven by data.

Digital Transformation

In January 2022, we launched Performa, our new, highly scalable, 1:1 coaching platform, based on our proprietary Precision Coaching methodology. This delivers greater performance improvements in a fraction of the time compared to conventional coaching. We are encouraged by early feedback and, in the first 12 weeks post-launch, Performa has generated annualised revenue in excess of £0.5m.

The development of our new 'Behavioural Change Platform' (BCP) due to launch in FY24. Initially this will be offered to the more than 500,000 participants who currently attend live sessions each year, and will greatly increase the level of sustained change to behaviour and performance. Ultimately this will be the single digital journey through which all participants engage with MindGym and its content, and provide a fully integrated 'Behaviour Change Ecosystem' for clients.

Data Driven

Data is the fuel which will drive the Digital ecosystem by both enabling mass customisation and providing clients with insight on where and how to invest for maximum impact. During FY23, we will launch a new suite of custom-built proprietary diagnostics in areas such as leadership, inclusion and wellbeing, to add to our existing portfolio which includes JX, our proprietary diagnostic that measures judgement.

We are very pleased by the recent acquisition (for £0.1m) of 10X Psychology's full suite of IP assets on diagnostics. This is the result of c. £10m of investment by Peter Saville, the respected psychologist behind SHL and Saville Assessment, and has been shown to be more accurate than the leading psychometric tools on the market. This will be integrated into BCP which will be launched in FY24.

Market-leading IP

MindGym leads the market on resesarch-based Points of View (PoVs) on universal human capital challenges. Over the last 10 years, we have published papers and launched supporting products on Performance, Management, DEI, Ethics, Personal effectiveness and Reorganisation. This year's investment in innovation means that we can significantly increase the pace of new launches, starting with Leadership Development in H1 and followed by Wellbeing in H2.

This content is supported by a growing library of >200 live workshops which have been tested on over three million professionals, over 100 digital eWorkouts, and our proven ability to deliver live at scale to audiences in excess of 1,000 at a time, using our growing pool of c. 400 MindGym accredited coaches in over 40 countries, and over 1,000 accredited in-house coaches.

Delighting Clients and building long-lasting relationships

We have worked with 62% of the FTSE 100 and 56% of the S&P 500. The quality of our work continues to result in high levels of repeat revenue (c. 86% in FY22).

Performance

MindGym navigated COVID well due to its strong balance sheet and proven experience in digital - for over a decade, we have been running live virtual programmes with hundreds of coaches and, in recent years, have built a library of >100 digital programmes.

This allowed us to pivot to digital quickly in FY21, and in FY22, revenues of £48.7m, were up 24% on the prior year, of which 77% were digitally enabled (FY21 77%). Digitally enabled revenues of £37.4m included £5.4m of digital products (mostly eWorkouts, and a nominal amount of revenue from Performa).

MindGym invested in Opex in FY22 to create the infrastructure for growth as it pivots the business to digital, and as a result, reported LBT was in line with expectations at £0.5m (FY21: LBT of £0.4m).

People and Culture

I am immensely grateful to our determined team whose spirit, ingenuity and generosity have set MindGym up not only for the success of today but to transform how millions of people employed by our clients will think, feel and behave for years to come.

As you would expect, we invest significantly in learning and development for our team too, using internal and external resources where appropriate. We also sponsor colleagues in their masters, doctorates and a range of other external qualifications.

We benefit from and remain deeply committed to the diversity of our organisation. Our Board is 37% female and 25% are from a minority ethnic background. Our Executive team is 57% female and 29% from a minority ethnic background. We are committed to report on our gender pay gap during FY23 and take appropriate measures.

Social Impact

ESG has been at the core of MindGym from before its inception. We started the business 21 years ago with the mission 'to help people use their minds more effectively to get more out of life and give more to others'. This remains core to the work we do.

In 2009, we launched ParentGym which delivers up to 2,000 free parenting workshops a year in areas of social deprivation. In 2022, we formed a partnership with PACT (the Prison Advice and Care Trust) to support prisoners who are also parents; we have also trained PACT workers to deliver ParentGym in UK prisons.

Looking Ahead

Despite the macro-economic headwinds including Russia's invasion of Ukraine, we anticipate robust top line growth in FY23, with the launch of Performa and as our new PoVs on Leadership and Wellbeing. Leveraging the FY21 investments in our infrastructure, will also see us return to profitability.

We have a strong reputation built over two decades, working with the world's leading companies, an incredible team generating market-leading IP, transformational digital products, and the right strategy to deliver a proposition that will change forever the way companies care for, develop and lead people.

"The opportunity is immense, and we are ready to realise it"

Octavius Black
Chief Executive Officer

9 June 2022

Market Overview and Key Trends

Huge, growing market...

The market for corporate human performance is large, profitable, growing and massively disaggregated. The Learning and Development market, which is a subset of this market, is estimated to be c. $370bn, of which 40% is spent on external providers.

with increasing importance to business leaders...

CEOs cite talent and skills shortage amongst their top challenges. In 2019, for the first time, more CEOs were fired for behavioural transgressions than financial performance, a trend which looks set to continue. Even regulators are increasingly turning to culture as an issue that needs to be addressed.

as the world of work changes...

White collar workers are setting new expectations about where and when they work and what they require from their employer, from care for their wellbeing to psychological safety and a public stance on issues that matter to them. The Great Resignation has shown the consequence for companies that don't deliver in this increasingly tight labour market.

attracting unprecedented investment...

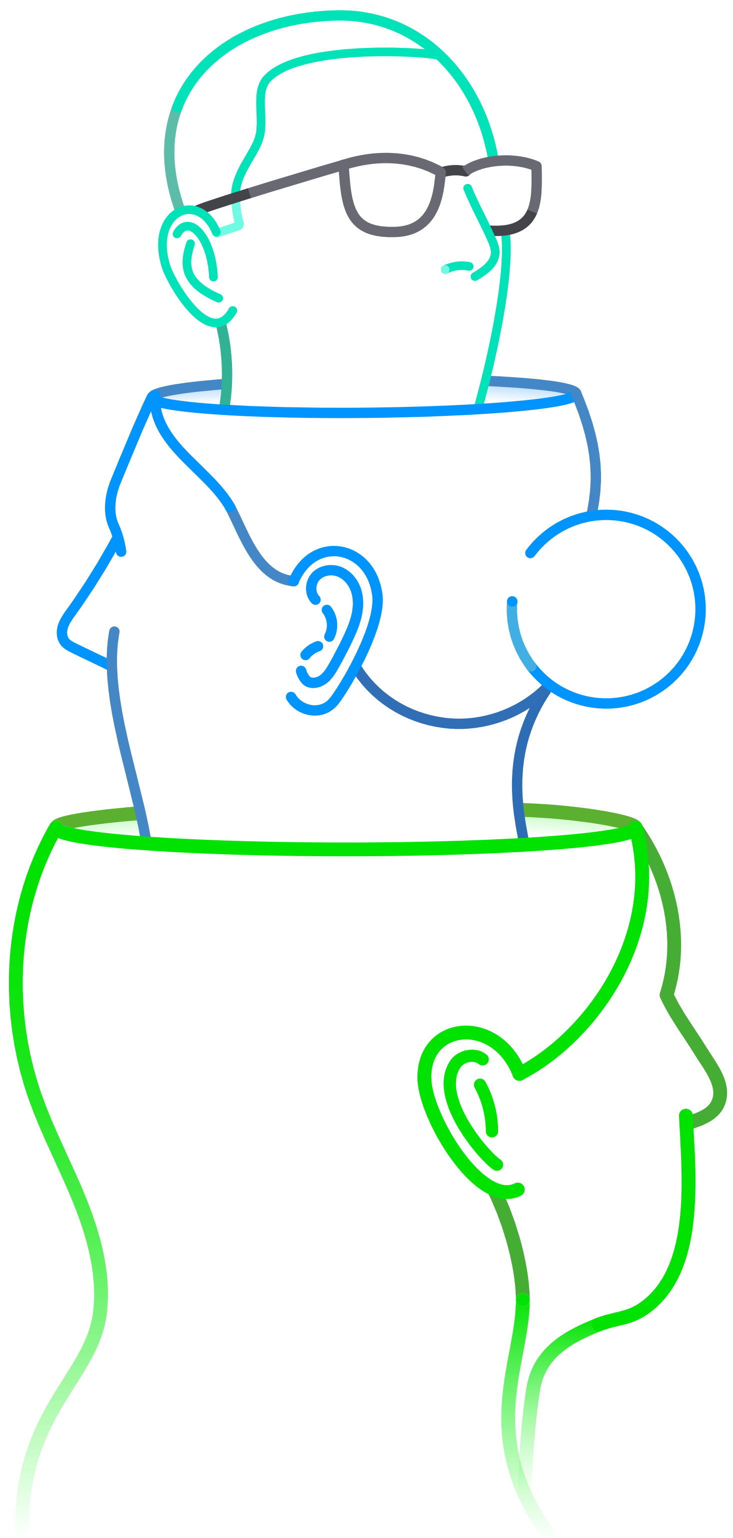
There is significant new investment in this market from major tech companies, the big consultancies, the public markets through newly IPO'd businesses and PE-backed start-ups and grow ups. As one example, a brand new submarket for digitally supported 1:1 coaching has attracted $1bn of investment across c. 10 players in the last few years.

to achieve a dominant position...

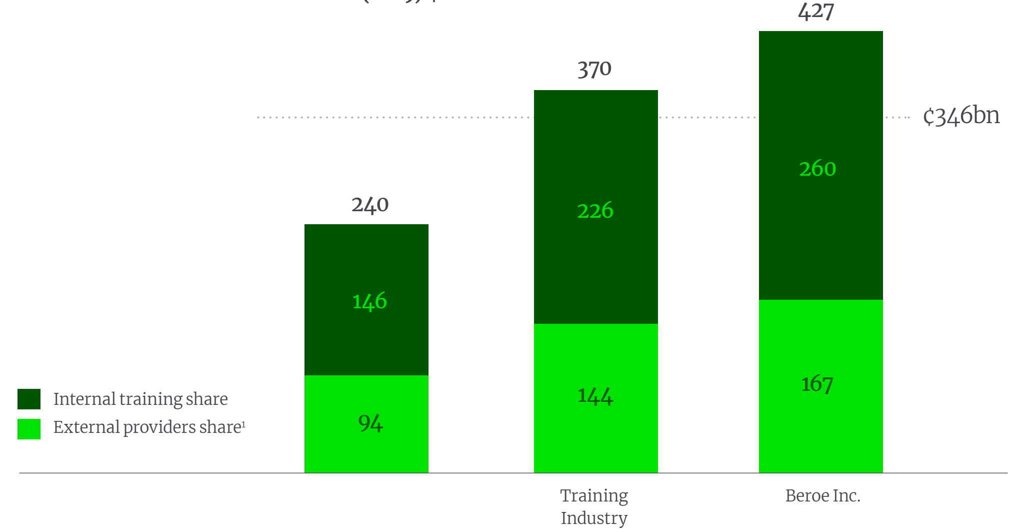
There is no single player with more than one percent share. As the market evolves, the prize is to become one of the dominant players. The way to achieve this will most likely lie with solutions that integrate:

- **different modalities** (e.g. live in-person, live virtual and digital);
- **different coach: participant ratios** (e.g. 1: many; 1:few; 1:1; self-directed);
- **different content** (e.g. leadership, performance, inclusion, wellbeing, etc.)

using data both to direct investment on where it will have most impact and deliver the end-user a hyper-personalised experience.



Total L&D market size estimates (2019) $bn



MindGym is uniquely well placed

The evidence is clear that we are most likely to change our behaviour for the better when we experience both a conversation with another person and digital prompts. The more integrated the live and digital experiences are, the greater the impact. In the current market:

- The main digital players do not offer live delivery.
- The main companies that offer live delivery have quite basic digital assets.
- Very few companies provide integrated live, virtual and self-paced digital at high quality.
- No-one has sufficient, consistent data to deliver customisation.

MindGym is the only truly hybrid behaviour change company:

- MindGym has a proven ability to deliver consistent, instructor-led, live delivery at a global scale, both in person and virtually, using more than 300 live and digital proven products.
- Digital acquisition costs are fundamentally lower than the competition, because of the existing core business and the strong relationships with more than 600 companies and 500,000 participants each year.
- Digitally enabled revenues have grown by 158% since FY20, and now represent 77% of group revenues.
- Digital Product sales, primarily of highly regarded self-paced digital learning (eWorkouts), a library of over 100 programmes, have grown by 26% since the start of COVID.
- Performa, a 1:1 Digital coaching platform based on the Precision coaching methodology has been successfully launched, with annualised sales in the first 12 weeks reaching £0.5m.
- The acquisition of 10X's IP allows Mind Gym to integrate the best diagnostics on the market with our Digital Experience platform – to be launched in FY24.
- Operating margins in Digital Products are expected to be higher than the existing business. The upfront tech investments in these products are likely to result in leverage as the digital scale. SaaS businesses also typically benefit from negative working capital.

In the next five to ten years, we are likely to see the emergence of a few dominant players, but who they are and what form they will take is still far from clear. Our strategy is to make sure that MindGym is one of them.

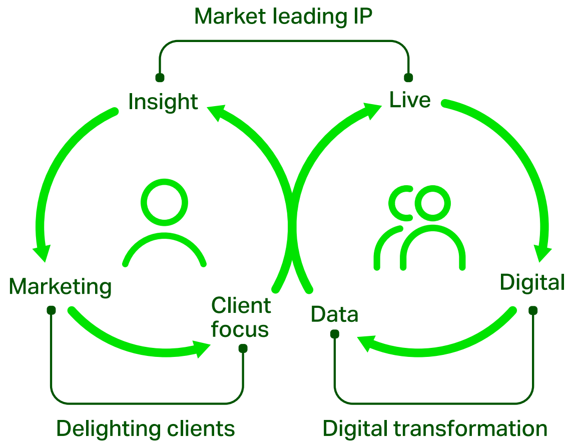
Our Business Model
Change at the speed of life

Our goal is to equip ambitious companies to be ready for tomorrow. We do this by transforming how people think, feel and behave at work, using the latest evidence-based techniques from behavioural science. Our main approach to supporting organisational change is partnering with a company's HR function.

The pandemic accelerated the adoption of new learning technologies by individuals and organisations. MindGym is well positioned to capitalise on this by offering digitally enabled live experiences, fully stand-alone digital learning, the successful launch of our digitally enabled 1:1 coaching proposition and the development of our diagnostics and data proposition. All this supports our vision of data-informed, real time personalised support and development.

Our Business Model

- The new **Digital Transformation** strategy provides personalised products, such as 1:1 coaching. The data this generates enables insight for products and clients, and improved learning for participants.
- MindGym has a 21-year portfolio of **Market Leading IP** which it now delivers to in excess of 500,000 participants each year, with c.400 coaches in over 40 countries.
- MindGym has built exceptional and deep relationships with the best companies in the world. We bring insight, which can be tailored to build even deeper relationships – forever focusing on client needs client needs and **Delighting Clients**.

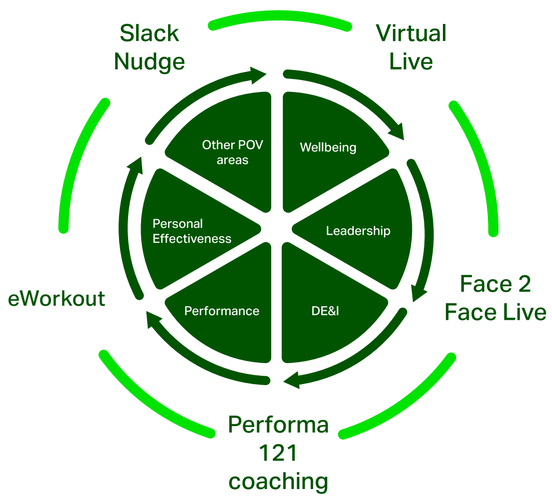


How Participants Access our Content

The best learning is provided where, when and how people most need it. To deliver this, MindGym provides people with the learning, tools and techniques to solve hundreds of different challenges in multiple formats.

Over the last 20 years, we've developed evidence-based solutions for improving leadership, performance, diversity and inclusion, wellbeing, ethics, and customer experience. These solutions include over 100 product topics, such as giving feedback, leading inclusively and managing stress.

Each topic contains learning that can be provided in person, virtually, or digitally on demand. It can range from a three-hour training session, a 60-minute session for 1,000 people, a 45-minute 1:1 coaching session or a one-minute digital nudge delivered through a Company's collaboration platform.



MindGym strategy

Transforming how people think, feel and behave at work

MindGym's promise to our clients is to deliver behavioural change that transforms business performance.

The evidence is clear: the consistent way to get people to make lasting changes requires a combination of expertly crafted digital and live experiences that mutually support each other. Only digital or only live are not enough. The winner in this market will need to provide both.

Our experience working with most of the FTSE100 and S&P100 companies also tells us that what clients most want are integrated solutions that deliver lasting change with data to prove it.

MindGym's strategy to deliver lasting change is built on three pillars.

Digital Transformation to Deliver a Fully Integrated 'Behaviour Change Ecosystem'

Performa is our new, highly scalable, 1:1 coaching service which was launched in January 2022. It uses our proprietary Precision Coaching methodology to deliver greater performance improvements in a fraction of the time compared to conventional coaching. Performa is supported with our custom-built platform which collects data and builds an ongoing relationship with participants. It is offered on a SaaS basis with annual subscriptions for clients. Our first Performa client has already tripled their number of annual licences.

Our BCP product will provide digital prompts and support before and after live workshops to increase application and sustain behaviour change. With over 500,000 people attending a live MindGym session each year, this has the potential to have a large-scale impact quickly. It will provide the basis for a single, digital journey for all participants and a fully integrated 'behaviour change ecosystem' for organisations.

Data is the fuel which will drive the ecosystem by both enabling mass customisation and providing clients with insight on where and how to invest for maximum impact. During FY23, we will launch a new suite of custom-built proprietary diagnostics in areas such as leadership, inclusion and wellbeing, to add to our existing portfolio which includes JX, our proprietary diagnostic that measures judgement. In addition, we're very pleased with the acquisition of 10X which is one of the world's most validated and accurate psychometrics. Although it took seven years and £10m to build 10X, MindGym has acquired the full suite of assets for a nominal amount.

Market Leading IP - the latest and best Behavioural Science

MindGym develops differentiated research-based 'Points of View' (PoV) on how to address the full range of clients' universal human capital challenges, such as leadership, performance, diversity and inclusion, ethics, wellbeing, etc. Our new investment in innovation has enabled the business to double the pace with which we develop new PoVs, with the recent launch of 'Leadership' and a forthcoming one on 'Wellbeing'.

In recent years, we have built up scalable, bite-size products that are proven to work and can be uniquely configured to address each client's challenges. We already have a library of 200 topics for live (virtual/in person) workshops that have been tested with over three million professionals, and over 100 digital eWorkouts in support, with more on the way.

MindGym has built a reputation for consistent, live delivery with a proprietary accreditation system. There is currently a growing pool of c. 400 MindGym accredited coaches in over 40 countries, as well as over 1,000 accredited in-house coaches.

Delighting Clients Focused on Long-lasting Relationships

Priority is given to Enterprise organisations. MindGym's clients include 62% of the FTSE100 and 56% of the S&P 100. We are building an ever-stronger and more capable client-facing team of advisors to provide strategic insight for C-suite, as well as hands-on practical support which deepens and broaden these relationships.

We see high levels of repeat purchase off the back of doing great work, and we have the ability to cross-sell across different priorities, e.g. from 'Performance' to 'Ethics'. In the current year, c.86% of revenue has come from repeat clients.

Marketing fuels greater penetration of existing clients, as well as new logo acquisition, which has helped win more than 50 new clients in the last year.

Enabled by strong Operations

This three-pronged strategy is underpinned by a focus on driving efficiency. We have already implemented new systems alongside other operational initiatives that will increase efficiency in FY23 and free up our employees to focus on delivering value to our clients.

Strategy in action
Digital Transformation

Performa 1:1 Digital Coaching

The Problem

Global investment into coaching programmes an estimated $20bn in 2022 and is showing no sign of slowing as companies invest to maximise the potential of their talent in an increasingly complex working environment.

Despite this huge investment, data shows that legacy coaching provides inconsistent results, with typical performance improvements as low as only 3%.

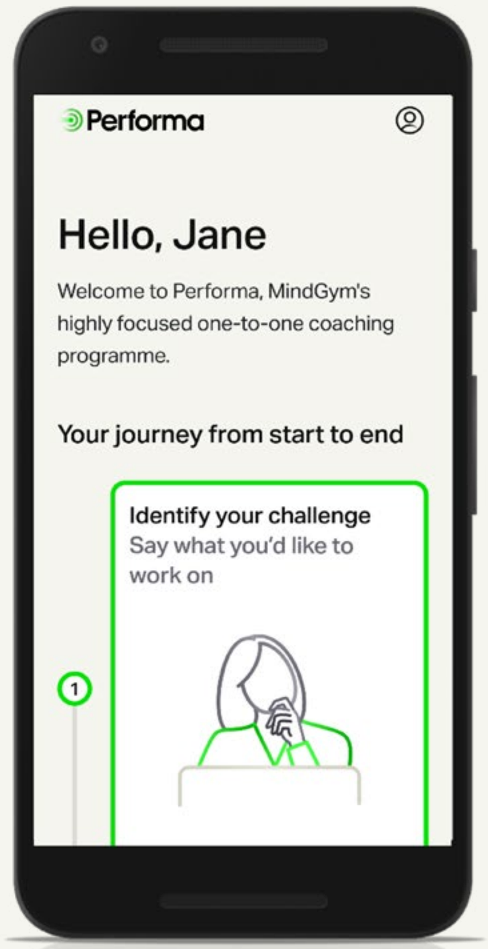
MindGym's research proves that coaching in the right way can increase this to as high as 97%, potentially savings billions in time, investment and better decision-making.

The Solution

MindGym already has long-standing relationships with a significant share of FTSE100 and S&P100 companies, who rate them highly and buy their services due to a reputation for excellence built over 21 years.

The MindGym psychologists have developed 'Precision Coaching' – a methodology that's grounded in behavioural science, and laser focused on generating sustained behavioural change in as few as 4 * 45 minute sessions.

Change at the speed of life is delivered at scale through Performa – the 1:1 online coaching platform from MindGym. This matches coachees with 'Precision' accredited coaches, and is supported by psychometric diagnostics and science-backed resources. All of this helps leaders to identify business-orientated goals, build creative ways to achieve those goals, and equips them with science-backed techniques to overcome their hurdles.



The Performa Edge

Performa can also be integrated as part of MindGym's wider portfolio of behavior change products, across key topics such as: Leadership Development, DE&I, Wellbeing, and Performance Management. MindGym's ability to weave 1:1: coaching into a comprehensive L&D solution ensures that leaders and employees put into practice the concepts, skills and behaviours necessary to reach their goals and succeed at work.

Key Benefits of Performa

- Scalable one-to-one coaching: double the impact at half the cost
- Empowers your leaders with Precision Coaching
- Harnesses over 20 years of MindGym's behavioural science expertise
- Delivered on-demand with internationally recognised coaches
- Measurable results that matter

Success so far

Early results from senior leaders across 20 public and private sector organisations:

29% increase in leaders attaining their goals

7% increase in self-efficacy (i.e. belief they can do what is needed to perform)

75% strongly or extremely likely to recommend Performa to a colleague

75% were very or extremely satisfied with the quality of coaching

"My coach was fantastic. My biggest fear was the coaches would not be able to empathise and work at the senior leadership/executive level, but we found the Precision coaching quality was really high. Given we'd less time to 'build the relationship' that my coach did build my trust quickly at the outset was exceptional."

Chief People Officer,
International Communications Group

Strategy in action
Market Leading IP

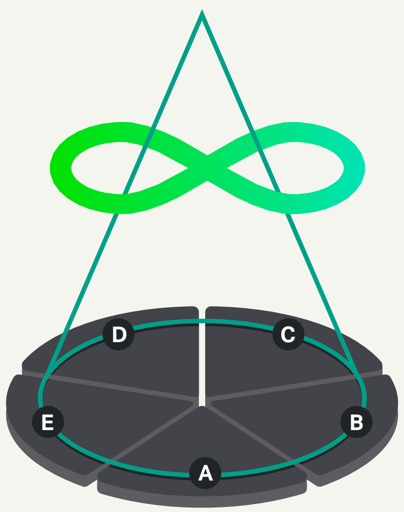
Introducing MindGym's Latest Solution - Leadership Development

Leadership is critical, it is getting harder; and companies are spending more on developing leaders than ever. On these three things we can all agree. But is this hearty financial commitment paying off?

The evidence suggests that despite billions of dollars and trillions of hours devoted to leadership development, leaders are suffering more than ever, and so are their followers. This looming leadership crisis poses a big challenge for business. If we can't develop our own leaders and fewer people want the job, who will run our companies, and will those who are left be up to the task?

MindGym's team of psychologists have conducted extensive analysis covering over 200 academic, peer-reviewed research papers and combined it with more than 20 years of practical experience, working with over three million professionals to work out what has got us here and, more excitingly, what we must do differently to set leaders up to succeed. Our solution is not just another model; it's practical and hands-on. We've identified the top tensions organisations face to create experiences that allow leaders to learn how to navigate them.

This new point of view from MindGym shows that the most effective leadership development investments consist of a double-stranded approach: one strand on the leadership essentials and the other for mastering attunement. The first strand will be predominantly for new managers who will segue way into the attunement strand as they become more experienced.



Core capabilities

The 4 practices of attunement

Unlock the next level of leadership by developing skills to nimbly navigate organisational tensions.

Notice – Don't just do something, stand there

Sense-make – Find the signal in the noise

Choose – Decide what to do

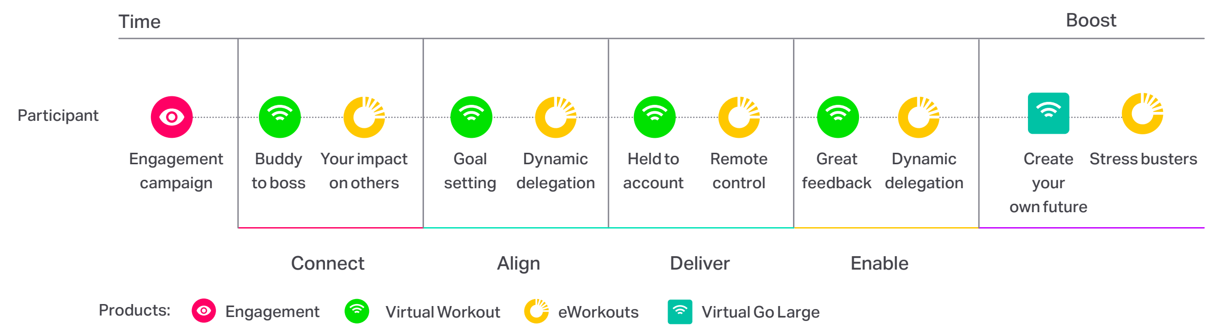
Act – Do it with panache

Below are two examples of what this leadership development solution looks like in practice

To accelerate new managers' capabilities and provide them with the right tools to cover each of the core skills, we have a programme that covers all the basics yet can be easily tailored for localised needs.

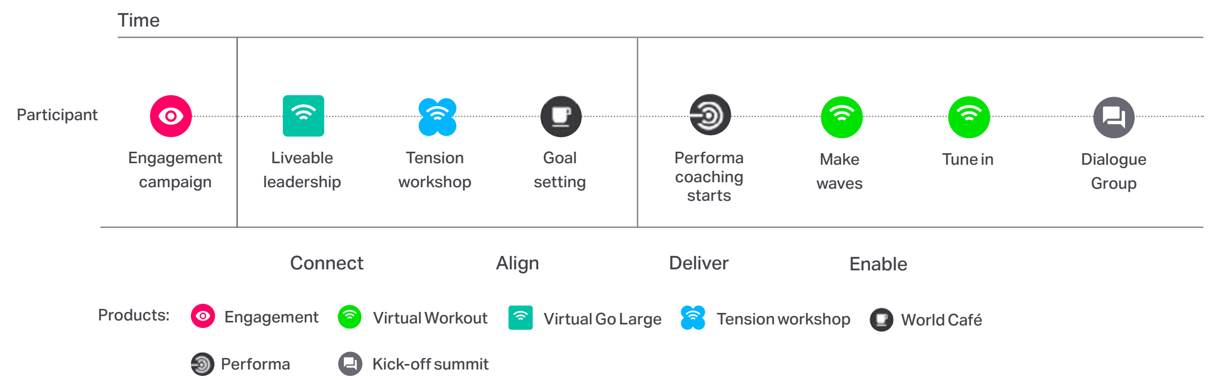
This is about getting to mastery as fast as possible, so we've created a blended journey and portfolio of Workouts that include a combination of in-person and digital tools. Whether it's a new role, new team or new company, managers can get up to speed in no time with targeted skill-building in a safe space.

New manager journey
For leaders in a new role, new team, new company.
This programme will bring them up to speed in no time with targeted skill building.



For experienced executives, we look at attunement. These leaders already have a good grounding in the core skills, so it's all about understanding the context and navigating through tensions successfully. We outline how to recognise the limitations of reactive problem-solving behaviours and how to leverage the tensions to promote better results. In doing this, we bring leaders together to explore the gritty challenges and practise attuning, so they can learn to navigate the tension and find a more positive way forward.

Senior leader journey
For leaders at this level, the connection to the tensions are strong and alignment is highly valuable.
This programme offers a rare opportunity to explore unique tensions faced at the top together and arrive at a common perspective of how to move forward.



Strategy in action
Delighting Clients

How MindGym helped Moody's strengthen its culture of inclusion

Moody's has a strong history of diversity of thought and perspectives, but knew that to create a truly inclusive culture it would need to help leaders build self-awareness and set strong foundations.

The Challenge

For over 100 years, Moody's success has been built on its diversity of thought and differing perspectives. From various Employee Resource Groups (ERGs) to the Senior Women's Leadership Forum, Moody's has always empowered employees to show up, embrace difference and build belonging. All of which has a positive impact on the organisation itself, the clients it supports and the wider world.

"Our business benefits from having many different perspectives. That's why we actively promote diversity at every level of Moody's. We work hard to ensure that all employees, from company leaders to new hires, are respected, included and empowered."

– Raymond McDaniel, Jr., non-executive Chairman of Moody's.

However, Moody's is always striving to work towards its vision of "promoting progress through better decisions", and that means continually renewing the ability of its leaders to navigate the ever-changing workplace.

To accomplish this, Moody's set out to ensure that its thousands of leaders across the globe have the self-awareness and capability to navigate topics such as power, privilege and psychological safety, while also understanding how their daily behaviour and actions can influence inclusion at the company.

The key objectives were ensuring that leaders were able to:

- Demonstrate behaviours that enhance trust, provide transparency and create a sense of belonging
- Be proactive when calling out incidents of exclusion
- Create ownership and mutual accountability to help drive an inclusive culture

Moody's turned to MindGym to help transform how their leaders understood and approached inclusion, recognising that changing results meant changing people's everyday behaviour. They required a bespoke solution that would fit their unique culture, and partnered with MindGym to deliver it.

"Great session; lots to think about afterwards. More importantly, CHANGE some of our behaviour and actions to promote equity."

Participant comment.

The Solution

MindGym started by building a customised Inclusive Leadership Journey that would help senior leadership, including the CEO, Board of Directors and 200 senior leaders learn core inclusive behaviours.

The journey began with a self-assessment that helped leaders evaluate and measure their current understanding of inclusion and where there were opportunities for change and improvement. Those leaders then took part in two sessions called 'Exploring me' and 'Exploring us.' These were designed to build the mindsets and capabilities needed to truly embed DE&I into the fabric of Moody's culture.

'Exploring me' gave participants an insight into concepts like psychological safety and 'headwinds' and 'tailwinds' – the advantages and disadvantages that all of us have based on our unique circumstances, such as race, gender, sexuality or class. Building on this 'Exploring us' gave leaders actionable techniques as to what they, as highly influential people in the organisation, could do to influence decisions pragmatically on a daily basis.

Over a matter of months, the lessons learned were activated through the use of eLearning, toolkits, team discussions, activities and engagement campaigns using Zoom backgrounds and email signatures.

For example, a supporting activity called 'Think, pair, share' was designed for leaders to use following sessions as a way to continue to apply what they've learned on the job. Leaders would come together in pairs to share their experiences of putting the theory into practice, ensuring they continued to use the skills and share what had worked with colleagues.

Results

The new approach has empowered leaders to recognise and change everyday behaviours that can contribute towards building a culture of inclusion. Moody's leaders now have a framework to speak to Inclusion and Diversity and how they integrate this into their work.

"We selected MindGym after a very exhaustive search. Out of all the vendors we reviewed, MindGym exhibited the most customisable curriculum for our global employee audience and users. Our partnership with MindGym has exceeded all expectations and has allowed us to more readily advance key DE&I strategies and evaluate our effectiveness in real time."

– DK Bartley, Chief Diversity Office at Moody's.

94% of participants in the Exploring Us sessions felt the content was relevant to them and would recommend it to others

94% of participants in the Exploring Me sessions said they will use what they learned

95% would recommend the workouts to others

In the 2021 edition of DiversityInc's Top 50 Companies for Diversity, Moody's was ranked 35 out of nearly 2,000 large companies across corporate America, an increase of 10 places compared to 2020.

ParentGym
Helping parents raise happy confident children and Partnership with PACT

What we do

ParentGym provides parenting programmes free of charge to schools and children's centres in the state sector. Our programme has been designed by leading psychologists and is suitable for parents of children aged 2–11. The sessions are highly interactive and participative. (See the 'six week' programme section below for more detail on what is covered during the six weekly sessions of our programme).

ParentGym programmes are facilitated by our ParentGym Coaches. Some of these are volunteers from the community, others are in-house staff members based in schools or children's centres. All our coaches go through rigorous screening, training and assessment to prepare them to deliver ParentGym; they then receive ongoing support, mentoring and training.

Parenting makes such a big difference to children's lives; our work hopes to support families so that their children are given the best start in life. We know that every parent faces challenges and times when they struggle, and also that every parent has the capacity to grow and reflect on the way they parent. All parents should have the support they need with their parenting; we believe that parenting programmes should be seen as an integral part of parenting, just as ante-natal classes already are.

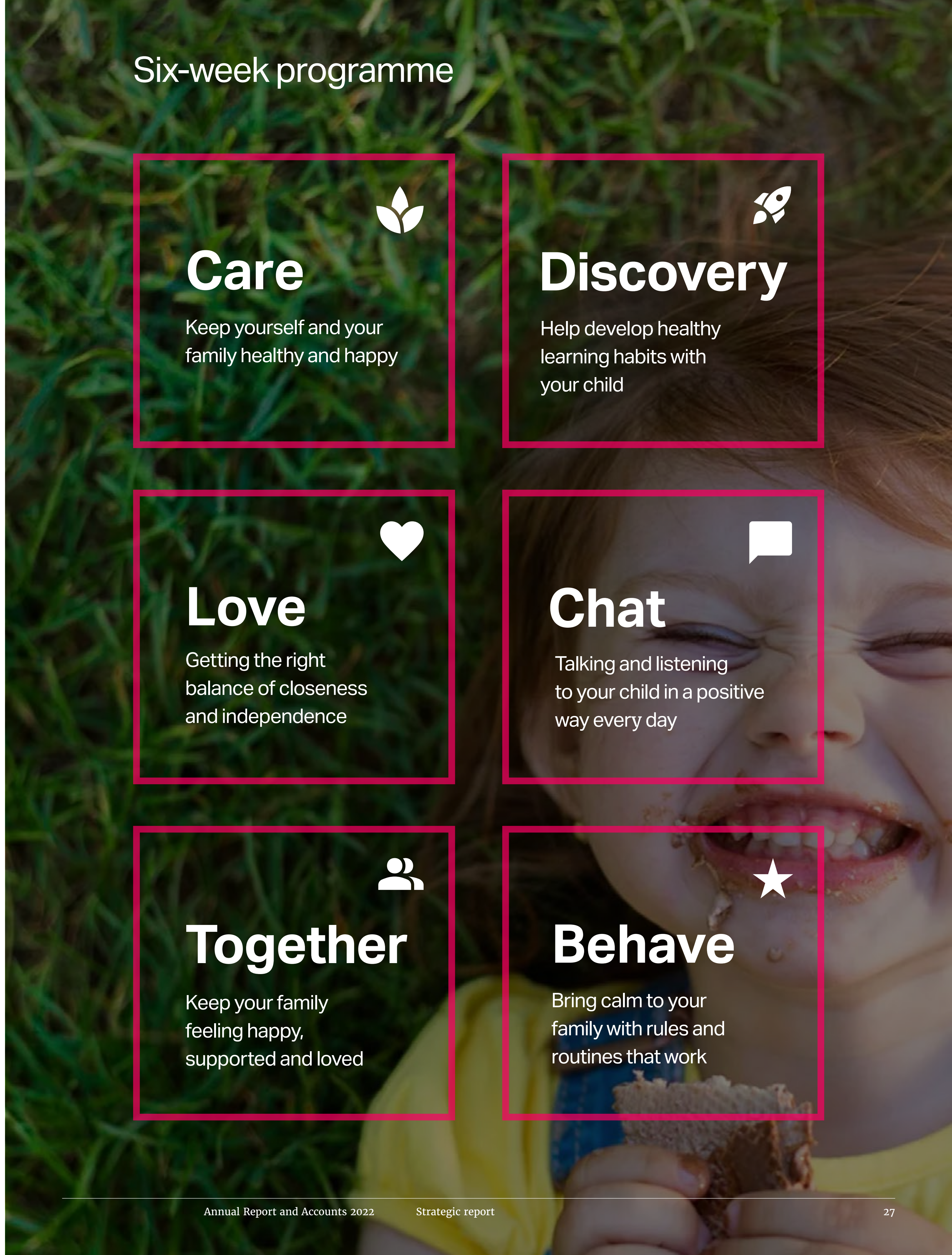
Partnership with PACT in 2022

Pact is a pioneering national charity that supports prisoners, people with convictions, and their children and families by providing life-changing services at every stage of the criminal justice process: in court, in prison, on release, and in the community. MindGym began partnering with Pact in 2021 (pro-bono) to create and deliver a six-week programme that has been tailored to support parents in prison.

Research has shown that having strong family and community ties upon release plays a key role in reducing reoffending. Our parenting programme enables these parents to create and maintain vital connections both with their children and their childrens' carers. It gives them skills and confidence in their own parenting ability, and helps them to create a calmer, happier home-life when they are released. The programme was created by MindGym employees, who volunteered their time, using paid charity days, to create the programme structure and design.

The first six-week programme is currently being piloted in HMP Bullingdon, delivered by a Pact employee who has been through an intensive MindGym training academy. Evaluations on parental self-efficacy taken at the beginning and at the end of the six weeks will be analysed by The University of Kent. We are looking to roll-out the programme in at least five more prisons across the UK in the next 12 months, with the potential to increase this.

Six-week programme



Care
Keep yourself and your family healthy and happy

Discovery
Help develop healthy learning habits with your child

Love
Getting the right balance of closeness and independence

Chat
Talking and listening to your child in a positive way every day

Together
Keep your family feeling happy, supported and loved

Behave
Bring calm to your family with rules and routines that work

Financial Review

> "MindGym is growing, driven by Innovation and Digital. A cost control programme in Q4 and leverage of overheads will ensure that we are returning to profitability in FY23"
>
> Dominic Neary,
> Chief Financial Officer

I am delighted to have joined MindGym and I would like to thank the team for their warm welcome, and look forward to helping contribute to growing the business in the coming years.

In FY22, MindGym has seen revenue growth of 24% to £48.7m (FY 21: £39.4m), with an LBT of £0.5m (FY 21: LBT £0.4m). FY22 included investment in overheads to create the infrastructure which will support substantial growth in the coming years. The LBT includes a £0.5m non-recurring cost related to the cost control programme in the final quarter which has offset the increase in annualised overheads that this investment would otherwise have generated.

Revenues

Digitally-enabled revenues have grown by 23% in FY22, representing 77% (FY21: 77%) of Group sales, despite a small shift towards in-person delivery during the year.

MindGym has seen double-digit growth in both EMEA and the US.

Investment in the new US regional structure, which grew revenues 31% in FY22, now provides the basis from which we believe we can target substantial revenue expansion in the coming years. We are seeing regional growth throughout the country, with notable opportunities in the West.

EMEA has grown at 14% in FY22, and investments in organisational structures are enabling MindGym to win large projects from clients which should lead to even stronger relationships in the future.

	Year to 31 March 2022 £000	Year to 31 March 2021 £000	Change %
Group Statutory View	48,668	39,383	+ 24%
EMEA	19,715	17,241	+ 14%
US	28,953	22,142	+ 31%

Revenue mix by type compared to previous year	Fy22	FY21	% change
Delivery	64%	55%	+9%
Design	11%	13%	-2%
Digital	11%	16%	-5%
Licensing and certification	6%	8%	-2%
Other (e.g. project management)	7%	6%	1%
Advisory	1%	2%	-1%
Total	**100%**	**100%**	

Product mix has seen a significant shift towards live delivery as companies have invested in virtual delivery in the second year of COVID.

Digital sales mix has declined from 16% to 11% in FY22; this is the result of eWorkouts sales being down 14% compared to FY21. H2 FY21 sales were impacted by high sales in the second half as companies looked for areas to re-direct their learning and development spend during COVID. eWorkouts are up 26% on pre-COVID levels, and are expected to continue to grow in the years ahead. Performa sales in FY22 were minimal. The new 1:1 SaaS coaching platform was launched in January 2022, and generated more than £0.5m of annualised revenue in its first twelve weeks. Performa sales are spread across the lifetime of the license – typically twelve months, and most of these revenues will be recognised in FY23.

Gross Profit

Gross profit as a percentage of revenue at 87.1% was broadly in line with prior year (FY21 87.4%). This was reflected in the regions with Gross profit margin in the US of 87.2% (FY21: 87.7%), slightly higher than in EMEA with 87.0% (FY21: 87.0%). The marginal decline in the US was primarily caused by the high level of eWorkout sales in the US in FY21.

We are seeing a gradual increase of in-person delivery from some of our clients – in-person delivery was only 0.5% of total delivery during FY21. This has a higher cost of delivery, but the margin impact in FY22 was offset by minor savings in cost of sale. Going forward, this trend will continue., although we do not expect a fundamental shift. This trend will impact the gross margin percentage, however relative pricing ensures that absolute margins are protected.

FY 22			
Revenue type	**EMEA**	**US**	**Global**
Delivery	60%	66%	64%
Design	13%	10%	11%
Digital	12%	11%	11%
Licensing and certification	6%	6%	6%
Other (e.g. project management)	7%	6%	7%
Advisory	2%	1%	1%
Total	**100%**	**100%**	**100%**

Profitability and Investment

During FY22, we invested in the infrastructure of our business to create an organisation that is capable of supporting substantial growth in the coming years. Adjusted operating expenses excluding depreciation and amortisation in FY22 of £41.2m is a £10.5m increase on pre-Covid levels in FY20 (+£8.3m on FY21) reflecting three 'trends':

- £3.1m primarily reflects inflation and a small amount of volume growth.
- £0.8m reflects an investment in commission levels during COVID which will unwind in FY23.
- £6.6m is 'fuel for growth' investment in our infrastructure:
  - in Digital and Marketing (£2.9m)
  - in Innovation (£1.3m)
  - in the US region (£1m), and
  - £1.4m behind Talent Acquisition supporting both CAPEX and OPEX investments.

In Q4, we implemented a cost control programme which offset the increase in the annualised cost of this infrastructure investment, that would otherwise have impacted costs in FY23. We continue to target opex efficiencies in FY23.

Adjusted PBT in FY22 was a loss of £0.5m (FY21 adjusted PBT of £0.3m), and this included c.£0.5m of expenditure relating to the cost control programme.

Adjustments to PBT – there were no adjustments to PBT in FY22. In FY21, the reported LBT of £0.4m included £0.7m of restructuring costs which were regarded as adjusting items, due to the unprecedented nature of COVID.

Taxation

In FY22, MindGym has submitted claims to ensure it obtains the benefit of R&D tax credits relating to FY20, FY21 (and an accrual for FY22). At the end of Q4 22, we recorded a deferred tax asset of c.£4m in relation to these R&D credits. This is offset by a £1.5m deferred tax liability, being the timing difference linked to capitalised development costs.

FY22			
	Adjusted £'000	**Adjustments £'000**	**Reported £'000**
Profit/(loss) before tax	(482)	0	(482)
Tax credit/(charge)	2,084	0	2,084
PAT (earnings)	1,602	0	1,602
ETR %	432.4%	0	432.4%

FY21			
	Adjusted £'000	**Adjustments £'000**	**Reported £'000**
Profit/(loss) before tax	306	(662)	(356)
Tax credit/(charge)	(9)	133	124
PAT (earnings)	297	(529)	(232)
ETR %	2.8%	20.0%	34.8%

In FY22, the Effective Tax Rate (ETR) is distorted by the application the R&D credits noted above. MindGym has not claimed these credits in prior years, however they have been factored in as part of the current year tax credit and related deferred tax balances. The rate is further distorted by the change in tax rates which are substantially enacted and effective from 1 April 2023.

Earnings per Share

Adjusted diluted earnings per share increased by 1.29 pence to 1.59 pence (2021: 0.3 pence). On a reported basis, earnings per share were 1.60 pence (2021: basic loss per share of 0.23 pence).

Dividends

The Board has taken the decision not to pay a final dividend maintaining the priority to focus on investment for growth in digital over the coming years. Once the Board has greater clarity on the performance of its digital investments, and of the broader economic outlook, we will revisit our dividend policy.

No dividend has therefore been paid or proposed for the year ended 31 March 2022.

Cash Flow and Balance Sheet

Cash and cash equivalents have decreased from £16.8m in FY21 to £10.0m at the end of FY22, including the £5.6m investment in digital capital expenditure. Cash burn more than halved from £4.8m (H1 FY22) to £2.0m (H2 FY22) .

Reported EBITDA was £1.2 million, 34% up on FY21 EBITDA of £0.9 million, with cash generated from operations of £1.2 million, which was 80% down on the £5.9 million cash generated from operations in the prior year. The working capital reduction resulted in cash conversion, defined as cash generated from operations as a percentage of EBITDA, of 95% (FY21: 647%).

Adjusted cash generated from operations was £1.2 million (2021: £6.6 million), resulting in Adjusted cash conversion of 95%. Prior Year adjusted cash conversion was 418%, reflecting a doubling in deferred revenues, improvements in receivables, and the impact of salary deferrals during COVID. Adjusted cash conversion excludes the effect of restructuring costs in FY21, and is defined as cash generated from operations before the cash effect of Adjustments as a percentage of Adjusted EBITDA. Adjusted EBITDA is defined as Adjusted PBT excluding net finance costs, depreciation of property, plant and equipment, and the amortisation of intangible assets.

Cash conversion	31 March 2022 £000	31 March 2021 £000
Adjusted cash generated from operations	1,162	6,594
Restructuring costs	–	662
Employee options surrender costs	–	–
Cash generated from operations	**1,162**	**5,932**
Adjusted EBITDA	**1,228**	**1,579**
Reported EBITDA	**1,228**	**917**
Adjusted cash conversion (Adjusted cash from operations/ Adjusted EBITDA)	95%	418%
Cash conversion (cash from operations/EBITDA)	95%	647%

Over the year, we again reduced the time taken to invoice clients and improved the collection of overdue receivables which contributed to the favourable Net Trade Receivables movement of £1.1m – this improvement was also impacted by high revenues in March 2021. Overdue debt as a percentage of total trade receivables fell to 9% at the year end (FY21: 11%), with the amount of overdue debt reducing £0.3 million to £0.7 million (FY21: £1.0 million). Deferred income increased by 2% to £4.7m (FY21: £4.6m) as clients continue to secure budgets for their following financial year. Trade and other payables reduced by £1.1m, reflecting an accrual for salary repayments during COVID.

Tax paid in the year was £0.8 million (FY21: £0.5 million) mainly related to US profits.

Capital expenditure was £6.1 million (FY21: £3.2 million) which included £5.6 million of costs capitalised on developing our new digital products and £0.5m on other tangible fixed assets.

Lease payments on our offices in the UK and the USA were £1.2 million (FY21: £1.1m). No dividends were paid in the year (FY21: £nil).

At the year end, the Group had cash of £10.0 million (2021: £16.8 million) and net cash of £7.8m (FY21: £13.7 million), after deducting the lease liability included on the balance sheet.

Going Concern

The Board has reviewed scenario analyses to help assess their forward-looking assessment of the viability of the Group. The Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. The Board have reviewed scenarios, including a range of revenues and cost reduction actions that could be taken to mitigate a downturn. This is supported by a strong balance sheet, cash management and financial controls.

Financial Risk Management

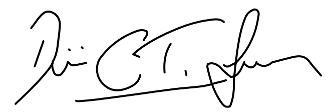
The Group has a diverse portfolio in excess of 600 clients across many industrial sectors and countries. The largest client accounted for less than 6% of Group revenue in the year.

The Group has translational foreign currency exposure arising on the consolidation of overseas company results into Sterling. Where possible the exposure is naturally hedged, for example by matching US Dollar revenues with US Dollar costs in the US subsidiary. The Group does not currently use forward exchange contracts or currency options to hedge currency risk.

Adjusted Performance Measures

This announcement contains certain financial measures that are not defined or recognised under IFRS, including Adjusted PBT and Adjusted earnings per share. These adjusted measures exclude the effect of Adjustments. The Group use these measures for planning and budgeting and for its internal assessment of the operational performance of each business. Given the term Adjusted is not defined under IFRS, the Adjusted measures may not be comparable with similarly titled measures used by other companies. Reconciliations of the Adjusted measures to their IFRS equivalents are shown on the face of the Consolidated Statement of Comprehensive Income, in Note 4 Segmental Analysis and in Note 11 Earnings per share.

Certain statements in this announcement constitute forward-looking statements. Any statement in this announcement that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans, and events described in this announcement, and the Company undertakes no obligation to update its view of such risks and uncertainties or to update the forward-looking statements contained herein. Nothing in this announcement should be constructed as a profit forecast.



Dominic Neary
Chief Financial Officer

9 June 2022

Principal risks and risk management

Risk Management Process

The Group has an established process for the identification and management of risk. Risks are identified by both senior management and by the Board, and are assessed and prioritised taking account of both their likelihood and impact. Each risk area is assigned to a member of the senior management team and appropriate mitigating actions are put in place. The risk assessment is reviewed by the Audit and Risk Committee.

During the year, the Board reviewed the nature and extent of the principal risks that the Group is willing to take to achieve its objectives. In determining its risk appetite, the Board recognises that the corporate learning and development market the Group operates in is a large and growing and changing market. It considers the risk appetite of the Group in the context of the regulatory environment and sectors where it operates. This includes:

- Innovation of our proposition using the latest behavioural science research
- Developing and extending our product offer to encompass the latest digital technology
- Building awareness and quality lead generation through data-driven marketing
- Improving systems and processes to scale cost effectively
- Attracting and retaining world-class talent

The company wants to be seen as best in class and respected across the industry. We focus on mitigating any negative impact on reputation with any of our key stakeholders, continuously evolving our controls and processes to adapt with the changing market.

Key Risks

The principal risk areas identified are listed below.

Digital investment

The Group continues to invest in a transformational digital proposition. There is a risk that elements of this project could overrun or fail to meet the expected return on investment, leading to a loss of profit and increased cash consumption for the Group.

A Digital Steering Committee has been in place during the year to provide formal governance over the programme. This committee monitors progress against approved project and financial milestones at regular digital strategy review meetings. Furthermore, regular operational committees are in place to ensure an efficient and streamlined process is in place to meet growing demand for existing launched products.

Recruiting of key staff

Our continued growth and success depends on attracting key staff with the appropriate skills. The Group manages this by benchmarking and paying competitive salaries and benefits. It has invested in its talent acquisition to provide the best opportunity to attract the right talent and partners with specialist external search firms and agencies when deemed necessary. It offers an attractive talent acquisition referral plan for employees.

Retention of key staff

The Group is a stimulating place to work and offers exceptional leadership and development programmes. We actively encourage all employees to learn and develop and frequently provide training of its product offering to all employees. We have also introduced a long-term incentive plan and employee share incentive plan to encourage retention, and we continue to develop and formalise our Human Resources practices. Further information is outlined within our ESG highlights section on page 72.

Brand reputation

Throughout its more than 20-year history, the Group has built a strong reputation for the quality of its products and services, and has approximately 600 clients in any one year, with repeat revenues of c.86%. The Group has a series of policies and controls to protect its reputation, including a legal function to protect its intellectual property.

The Group has a culture of integrity. We provide our staff with regular training and communication on issues such as Diversity, Equity and Inclusion, and have established an internal DEI Steering Committee. Staff are encouraged to speak up, and a whistleblowing process is in place for staff to report any wrongdoing in confidence.

Information systems and security breaches

The Group is reliant on its IT systems and a major failure could disrupt its ability to continue servicing its clients. As the Group processes sensitive personal data as part of its business, a security breach could result in data becoming public which could damage the Group's reputation and expose it to liability. Furthermore, the digital strategy investment is likely to result in different types of personal data being gathered and used in different ways. The Group operates a central IT function which is responsible for managing all its IT systems and monitoring threats.

The General Data Protection Regulation (GDPR) came into effect on 25 May 2018, impacting any organisation that processes the personal data of EU individuals. GDPR is the most significant revision of data privacy to date and represents the beginning of a trend which other nations are starting to follow. To mitigate these risks, MindGym has a dedicated legal function to ensure that all areas of the business adhere to these regulations on a continuous basis. Separately, our Chief Technology Officer oversees our robust security programme and the series of internal policies, processes and practices in place across the organisation, to ensure that personal data is protected and processed appropriately. During the year, the Group achieved Cyber Essentials Plus certification, emphasising the confidentiality, integrity and availability of our IT systems and data management processes. Furthermore, we are in the process of gaining ISO27001 (Information Security Management) certification (expected by late FY23) which will reduce our risks around data management.

Contractual arrangements with coaches

The Group's coaches are self-employed, contracting with the Group as contractors or consultants often through companies. There is a risk that if there were a change in employment or tax legislation, some coaches could be regarded as employees. Any such reclassification would result in additional costs to the Group. The Group keeps the operating practices and legislation relating to coaches under regular review. Changes to the legislation governing off-payroll working (IR35) came into force in April 2021. The Group has performed extensive preparations on the implementation of IR35 in the UK and is satisfied that the UK coaches fall outside of this legislation.

Economic downturn in the corporate learning and development market

Management seeks to keep up to date with macro-economic factors which could affect the Group, such as Russia's horrific invasion of Ukraine, and decides strategically how to respond to them. A further economic downturn, whether caused by this invasion, a pandemic or other crisis, may impact the Group's future revenue as it may cause clients to cancel, reduce or postpone existing bookings and not secure potential new revenue. Deteriorating economic conditions could also impact clients' ability to pay or pay on time. There are also increasing risks around the management of inflation, particularly with the rising cost of living both in the US and UK.

The Group seeks to mitigate this risk by diversifying across both different industries and different geographical markets. The Group's offering includes counter-cyclical offerings to assist with the challenges clients face during an economic downturn. To manage inflation risk and the impact on cost of living, the Group performs regular remuneration reviews to ensure we remain competitive within the market. The Group's strong balance sheet and net cash position helps protect against cyclical downturns. We have also implemented a pay increase at the start of the year, which offsets the ongoing pressure on wages.

Section 172 statement

In accordance with their duty to do so under Section 172(1) of the Companies Act 2006 (Section 172(1)), the Company's Directors, individually and collectively, have acted in a way that they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole.

Examples of how they have done so, including having regard to the likely consequences of any decision in the long term, the interests of our employees, the need to foster relationships with key stakeholders and how the company maintains a reputation for high standards, appear throughout this Annual Report.

The following statement provides an overview of how the Board has performed its duties. As a dynamic and fast-growing Group, day-to-day decision-making, and stakeholder engagement is often delegated to employees through our governance framework and therefore naturally occurs at an operational level. However, the Board regularly receives and discusses information from across the Group to help it understand the impact of the Group's operations, as well as the interests and views of key stakeholders.

Information is provided to the Board through reports and presentations at in-person or virtual meetings. Papers submitted to the Board concerning key matters include information on the impact of that matter on the Company's stakeholders. As a result of these activities, the Board has an overview of the outcomes of stakeholder engagement, and other factors, enabling the Directors to comply with their duties under s172 of the Companies Act 2006.

For more details on how the Board operates, including a summary of its key activities during the year, see page 42

Our People and Culture

We are a people business, and employee growth and engagement is a priority for us. We have refreshed our approach to talent planning, including identifying high potential individuals and focusing on career journeys. to spur the career journeys. The Board believes culture to be an important factor in retaining and developing key talent. Our high standards of business conduct are the direct result of a culture that focuses not only on achieving high levels of performance, but doing so in a way that is sustainable and has high levels of integrity. We have shifted our working practices to enable hybrid working and have worked hard to ensure that we instil a strong sense of belonging and connectivity. We have also undertaken extensive listening sessions to ensure we have inclusive practices aimed at our fully remote colleagues. Our global parental benefits scheme supports all working parents through competitive maternity/paternity leave, helping us to attract and retain great talent and to have a leadership team that represents more than a 50% female gender split.

We have continued to support the philanthropic ParentGym programme which the Group funds to deliver behavioural training to parents in some of the country's most deprived areas. This is cited by some employees as a reason for joining MindGym and for others, its reviews by Warwick University verifying its impact, confirm the value of what we do. Our continued commitment to creating Social Impact also sees us working with PACT (Prison Advice and Care Trust) to deliver a tailored ParentGym programme for parents in prison to help them reconnect with their children: maintaining strong family relationships is seen as the single most important thing that stops reoffending. We have also partnered with PACT to engage MindGym employees with volunteering opportunities. A team of employees were able to participate in a fitness challenge at HMP Wandsworth, competing against a team of prisoners and a team of athletes from Imperial College London. The MindGym team were able to fundraise £2,617, which will go towards enabling prisoners to sustain vital relationships with their families.

The Board are committed to its people's wellbeing, and are now rolling out a learning journey consistent with our Point of View and products that we provide to clients. These include:

- Transparent communications with employees about strategy and performance to help ensure alignment.
- Sharing of information by departments and individuals at the regular Monday Morning Meetings, where there is regular attendance from executive Board members.
- A community messaging platform, as well as regular newsletters from the People and Psychology teams.
- Regular events, continued virtually during COVID-19 related restrictions, including yoga, meditation, social drinks, quizzes and many others, to communicate the importance to the Group of our people's sense of belonging.
- A constant programme of workouts and behavioural tools to support our team's development and wellness.

This year the Board also approved the third award of a Sharesave (SAYE) in the UK and Employee Stock Purchase Plan (ESPP) in the US to align the interests of employees with those of our shareholders and build employee engagement.

Clients

We seek to grow our business dynamically and ambitiously, but we are aware also of ensuring that this is done sustainably. As we acquire new clients, and grow our relationship with existing ones, we seek to do this by delivering business impact. The Group has built exceptional business acumen over 20 years and is able to provide clients with a high-value service that yields significant value as the relationship matures.

Executive Directors meet with clients on a frequent basis. They are heavily involved in a wide range of customer-facing activities from attending CHRO round tables to hosting webinars, as well as client review meetings. We held a Summit in November 2021 with over 66 CHROs and 50 companies in attendance to launch our new digital product, Performa. The Board regularly receives updates on client feedback and sales throughout the year, which supports and informs its strategic decision-making.

In addition, the Board receives regular updates on our quality metrics which are a reliable indicator of high client satisfaction.

Investors/shareholders

The Board believe that becoming listed on AIM in June 2018 has been beneficial to the Group, and it values regular dialogue with investors to ensure their ongoing knowledge and understanding of the Group's strategy which is focused on achieving long-term sustainable growth both for the business and its shareholders.

We recognise that strong and ongoing shareholder communication is important, and the Board regularly receives updates from investors. The Board is committed to ensuring that shareholders are treated fairly with regard to the level of disclosure provided, while being mindful of the commercially sensitive aspects of the business.

The Executive Directors provide ongoing shareholder communication through regular shareholder meetings normally after full-year and interim-year results have been announced, in addition to regulatory announcements.

Investor relations and a review of the share register are standing items on the Board's agenda. Feedback from meetings with investors is shared with the Board. Non-Executive Directors are available to discuss any matters raised by shareholders.

For more information on how we engage with our shareholders and act in their interests, see page 47.

We are a people business, and employee engagement is a priority for us.

Suppliers

Our suppliers, and in particular our accredited coach network, play a key part in enabling us to deliver a leading level of service to our clients. We seek to choose the best products and services to meet our requirements, and then develop long-term relationships with our suppliers.

Community and Environment

As mentioned above under culture, the Group is very proud of the work it has done to support others through the ParentGym programme. This is an established part of the Group's commitment to social responsibility. During the periods of COVID-19 related restrictions throughout the year, the Group has continued to support families in need via an online version of the programme. The Board regularly receives updates on the activities of ParentGym, and this year we supported over 650 number of families, across five regions of the UK.

The Company takes its environmental responsibility seriously. The trend of working from home has become more common during COVID. This has led to increasing numbers of virtual deliveries, and the continued digitalisation of L&D and Wellness markets will further improve the Company's environmental footprint.

Considering Stakeholders

The Board considers the views of its stakeholders when making decisions on what would be most likely to promote the success of the Company for the benefit of its members as a whole. The principal considerations taken into account for certain strategic decisions made during the year ended 31 March 2022 are set out below.

Board decision	Considerations
The Board made a decision not to pay any bonus linked to Group results for FY22.	• Maintaining the link between remuneration and the Group's financial performance.
The Board made a decision to restructure the existing Digital team, to streamline focus with the exec team.	• The need to further develop the Group's offering to maximise long-term growth.
The Board made a strategic decision to purchase the assets of 10x Psychology, to enhance the progress of our Digital investment strategy.	• Driving future revenue growth in the long-term interest of shareholders and employees.
The Board made a decision to enter into a £10m debt facility (£6m RCF, £4m accordion) on 30 September 2021 which matures after three years, providing additional flexibility if required.	• The need to provide financial flexibility in dynamic markets and is relevant to potential growth opportunities.

Long-term Decision-making

As the world embraces AI and machine learning, we believe that companies which differentiate will be those who can harness their human advantage – their people. Behavioural science companies can help with issues ranging from performance management to inclusion and diversity. A focus on continued innovation and additions to our core product offering ensures we retain our competitive edge. Time and again, we have anticipated social and business trends in our points of view as with the recent examples of Ethics and Wellness. Our investment in digital product development again anticipates solutions to drive human advantage which will expand and deepen our customer relationships into the future.

Consideration of the long-term consequences of decisions also forms the foundation of our approach to managing risks. More information on this can be found under the Principal risks and risk management section of our report on page 32.

We consider ourselves to be a long-term focused business, and further details of this can be found in the following sections of our report:

- Investment summary page 07
- Market overview and key trends page 14
- Our business model page 16
- Our Strategy and strategy in action pages 18 to 24

Governance

Board of Directors

Ruby McGregor-Smith

Ruby McGregor-Smith is the Board Chair at MindGym. Ruby served as an Independent Non-Executive Director of MindGym from November 2020 before being appointed as Board Chair in July 2021. Ruby is also the President of the British Chambers of Commerce, and appointed a member of the House of Lords in 2015. Ruby is also the Chair of the Air Operators Association and the Institute for Apprenticeships and Technical Education . She is also a non-executive director of the Tideway Tunnel and SNC-Lavalin Inc.

Ruby was the Chief Executive of MITIE Group PLC, the strategic outsourcing company, employing over 65,000 people predominantly in the UK. She is one of a small number of women who have held the position of Chief Executive in the FTSE 100 and FTSE 250, and is the first Asian woman to be appointed in such a role within that group of companies. She was recognised as a top 50 female world business leader by the FT in 2013. Ruby was also an Independent Non-Executive Director of PageGroup, having been appointed to the Board in May 2007. She chaired the Audit Committee, was a Member of the Nomination and Remuneration Committees and also latterly their Senior Independent Director. In January 2022, Ruby was appointed as president of the CIPD, the professional body for HR and people development.

Committee membership:
Member of the Remuneration and Nomination Committee and the Audit and Risk Committee.

Sebastian Bailey

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

Octavius Black

Octavius Black is the Co-founder and CEO of MindGym, which he co-founded in 2000. Octavius co-authored MindGym's four books and has written in *The Times*, *Financial Times* and *The Sunday Telegraph*. Prior to founding MindGym, 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.

Sally Tilleray

Sally Tilleray is the Senior Independent Non-Executive Director on the MindGym Board. Sally joined the Board in July 2018 and is Chair of the Audit and Risk Committee. From 1999 to 2003, Sally held the role of CFO Europe for Predictive Inc., an IT network consulting business which undertook an IPO on Nasdaq in 2000. Sally then served as Group Chief Operating Officer and Chief Financial Officer at Huntsworth plc, the international public relations and healthcare communications group, from 2004 to 2014. Sally is an experienced marketing services agency executive and became Non-Executive Chairman of digital agency UNRLVD during 2020. In 2019, she became a Non-Executive Director of NAHL plc, the AIM-listed consumer legal focused marketing and services business, and in 2021 she became a Non-Executive Director of AIM-listed Skillcast plc, the leading supplier of corporate compliance eLearning in the UK.

Committee membership:
Chair of the Audit and Risk Committee and member of the Remuneration and Nomination Committee.

Joanne Cash

Joanne Cash is Non-Executive Director at MindGym. Joanne served as Board Chair at MindGym between 2014 and July 2021. A former barrister, Joanne was called to the bar in 1994 and practised as a human rights barrister until 2010. She co-founded ParentGym in 2009 and joined the Board of MindGym in 2011. Previous roles include Vice-Chair of the Fawcett Society and board advisor to Women2Win. Joanne read English Literature at Lady Margaret Hall, Oxford University.

Committee membership:
Member of the Remuneration and Nomination Committee.

Trevor Phillips

Trevor Phillips is Independent Non-Executive Director on the MindGym Board. Trevor joined the Board in October 2020 and is Chair of the Remuneration and Nomination Committee. Trevor is the co-founder of the data analytics consultancy Webber Phillips, and occupies the position of Chairman at Green Park Interim and Executive Ltd. He is the Chairman of the global freedom of expression campaign charity Index on Censorship, a Senior Fellow at the Policy Exchange think tank and a Vice-President of the Royal Television Society. He is a Times columnist and a regular presenter for Sky News.

He was the President of the John Lewis Partnership Council until 2018, and founding chair of the Equality and Human Rights Commission.

Committee membership:
Chair of the Remuneration and Nomination Committee and member of the Audit and Risk Committee.

Dominic Neary

Dominic Neary joined MindGym in December 2021 and was appointed Chief Financial Officer on 1 January 2022. Since 2015, Dominic has been working in Digital and Technology businesses, including EU FD at Just Eat, and Commercial FD at MoneySuperMarket. Before that, Dominic spent 10 years at Reckitt Benckiser, culminating in the US-based role of Regional FD North American Pharmaceuticals.

David Nelson

David Nelson is Non-Executive Director on the MindGym Board. David is an advisor to the controlling shareholders, and therefore not regarded as independent. 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 advisor 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).

Committee membership:
Member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

Corporate governance report

Chair's corporate governance statement

It is my pleasure to introduce the Corporate Governance report for the year ended 31 March 2022, my first as Chair of Mind Gym plc. As Board Chair, I am responsible for leading the Board and ensuring that we maintain the highest standards of corporate governance throughout the Group's operations and particularly at Board level.
As a Board, we recognise that applying sound governance principles is essential to the long-term success of the Group in delivering on its strategy and improving shareholder value. The Group has adopted the Quoted Company Alliance's Corporate Governance Code for small and mid-sized quoted companies (the 'QCA Code').

This Corporate Governance Statement summarises our approach to governance, provides information about how the Board and its Committees operate, and describes how we have complied with the principles of the QCA Code.

Compliance with the QCA Code

The Board believes that it applies the 10 principles of the QCA Code, and that the policies, procedures and systems we have implemented to date provide a firm foundation for our governance structure. The Board continues to keep the governance structure under review to ensure it develops in line with the growth and strategic development of the Group.

Deliver Growth

The Board is responsible for setting the strategic aims and objectives of the Group, and our strategy and business model is articulated on pages 16 to 25 of this Annual Report. In the course of implementing our strategy, the Board takes into account the expectations of our shareholders and wider stakeholders (principally our employees and customers). Given the size of the Group, all critical/key matters relating to customers and key employees are dealt with at Board level.

The Board also has responsibility for the Group's internal control and risk management systems. We regularly review the risks and opportunities of the business, and work with management to ensure that appropriate and effective mitigation strategies are adopted.

Dynamic Management Framework

With COVID-19 restrictions being lifted during the year, the Board have been able to hold more physical meetings than in the prior year. The business has continued to adapt remote working practices when necessary, and the Board was able to continue to effectively support the Executive team in making important decisions during the year. Both the Board and the Board Chair's performance were positively evaluated during the year. The Board's review was conducted by the Chair, and the review of the Chair by Sally Tilleray in her role as Senior Independent Director, using anonymous feedback.

We have worked with management to ensure that the quality and timeliness of the information we receive supports effective Board debate, and that the Non-Executive Directors are able to develop their knowledge and understanding of the business through open access to senior management staff.

Board meetings are scheduled at regular intervals throughout the year, and the Directors receive key reports from the Executive team on business performance and key operational metrics. The Board is also updated regularly on regulatory and governance developments.

We are committed to ensuring that the Group operates according to the highest ethical standards, and the Board has primary responsibility for fostering and embedding this culture. The Directors believe that the main determinant of whether a business behaves ethically is the quality of its people, and the Board has responsibility for ensuring that individuals employed by the Group demonstrate the highest levels of integrity.
The Board seeks to lead by example in its own interactions and open and constructive debate is encouraged at Board meetings.

The Company has a unique culture informed by our people's passion for what we do. The Non-Executive Directors and I regularly attend the Company's offices and Company events. The Board recognises the importance of promoting that culture and monitoring how it is embedded across the business. One of our independent Non-Executive Directors, Trevor Philips, was appointed as the Board member responsible for overseeing the monitoring and promotion of culture, on behalf of the Board.

Build Trust

During the year, the Board has continued to review and develop the Group's corporate governance framework. The following report describes the work of the Board and its Committees during the year.

We recognise the importance of communicating effectively with our shareholders and other stakeholders, in particular, to demonstrate how the Company is governed and performing.

We will continue to monitor our application of the QCA Code, and revise our governance framework, as appropriate, as the Group evolves.

Ruby McGregor-Smith
Board Chair

9 June 2022

Composition of the Board

The composition of the Board has been structured to ensure that no one individual can dominate its decision-making processes. The Board currently comprises the Board Chair, three Executive Directors, two independent Non-Executive Directors and two Non-Executive who are not considered by the Board to be independent. Its composition is therefore in line with the QCA Code. As a provider of behaviour change solutions to blue chip organisations across the globe, and an AIM-quoted company, MindGym plc requires a range of skills, capabilities and competencies to be represented on the Board, including experience in behavioural science, consultancy, public markets, governance and audit, and business operations. The Board is confident that its members have the appropriate balance of experience, skills, personal qualities and capabilities, in order to meet this requirement and to deliver the strategy of the Group for the benefit of the shareholders and other relevant stakeholders over the medium to long term. Biographical details for all Directors, including a summary of their relevant experience, is provided on pages 40 to 41.

The independent Non-Executive Directors collectively bring a balance of skills and experience which mean they are able to provide constructive support and challenge to the Executive Directors. The Non-Executive Directors are expected to attend such external events and seminars as necessary, to ensure that their knowledge of relevant financial reporting and corporate governance requirements are up to date.

The Senior Independent Non-Executive Director (SID) acts as a sounding board for the Chair and serves as an intermediary for the other Directors when necessary. The SID is also available to shareholders should they wish to discuss concerns they have failed to resolve through the normal channels of Chair, Chief Executive Officer or Executive Directors or for which such contact is inappropriate.

The Company Secretary also ensures, through regular updates to the Board, that Directors are aware of developments in corporate governance practice and legislative and regulatory changes which may impact on the Company.

How the Board Operates

The Board is responsible for the proper management of the Company by formulating, reviewing and approving the Company's strategy, and setting the Company's values and standards. Certain matters are specifically reserved for decision by the Board, and these are set out in a formal Schedule of Matters Reserved for the Board which is reviewed annually. The matters reserved include without limitation decisions relating to:

- Approval of the Group's strategic aims and objectives
- The structure and capital of the Group
- Financial reporting, financial controls, risk management, internal controls and dividend policy
- Approval of significant contracts and expenditure above agreed delegated authority limits
- Effective communication with shareholders
- Any changes to Board and Committee membership or structure

Day-to-day management of the Group is the responsibility of the CEO and Executive Directors.

Board Meetings

The Board will normally meet on at least six occasions each year, and has met formally on six occasions during the year.

Individual Director attendance at Board and Committee meetings during the year is shown on the table to the right:

Director	Board (out of 6 meetings)	Audit Committee (out of 4 meetings)	Remuneration and Nomination Committee (out of 4 meetings)
Ruby McGregor-Smith	6	4	4
Octavius Black	6	N/A	N/A
Sebastian Bailey	5	N/A	N/A
Dominic Neary[1]	2	N/A	N/A
Joanne Cash	5	N/A	4
David Nelson	6	4	3
Sally Tilleray	6	4	4
Trevor Phillips	5	4	4
Richard Steele[2]	4	N/A	N/A

1. Appointed to the Board on 3 December 2021
2. Resigned from the Board on 31 December 2021

The Directors are expected to attend all meetings of the Board and the Committees on which they sit, and the Non-Executive Directors are expected to devote sufficient time to the Group to enable them to fulfil their duties as Directors. The time commitment required of all Non-Executive Directors is currently a minimum of two days per month. The Board is satisfied that the Chair and each of the Non-Executive Directors are able to devote sufficient time to the business, and they each maintain open communication with the Executive Directors and senior management between the formal Board meetings.

Board Activity During the Year

There are a number of standing and routine items included for review on each Board agenda. These include reports from the CEO and CFO, product and talent updates, corporate governance updates, and consideration of reports from the Board committees. In addition, key areas put to the Board for consideration and review during the year included:

- Review of Board composition changes
- Approval of the Annual Report and Accounts
- Approval of full and half-year results
- Final and interim dividend approvals
- Full-year results investor roadshow feedback
- Review of D&O insurance
- Review of the Company risk register and risk appetite statement
- Review of the Company's share dealing procedures
- Review of Commercial Strategy
- Review of the Group's budget
- Review of bank finance arrangements
- Review and addition of Group policies, including the Modern Slavery Statement
- Environmental, Social and Corporate Governance factors
- The ongoing impact of COVID-19
- Inflationary and economic risk as a result of other world events.

Board Committees

The Board is supported in its work by two Board committees, the Audit and Risk Committee and the Remuneration and Nomination Committee. More information about the composition and activities of the Committees is set out in the Audit and Risk Committee report on page 48 and the Remuneration and Nomination Committee report on page 52.

Each Board committee has approved Terms of Reference setting out its responsibilities. The Terms of Reference are reviewed at least annually. The Terms of Reference are available on the Company's website (https://uk.themindgym.com/investors/).

The Committees are authorised to obtain, at the Company's expense, professional advice on any matter within their Terms of Reference and to have access to sufficient resources to carry out their duties.

External Advisors

The Board seeks advice and guidance on various matters from its Nomad (Liberum) and its lawyers (Kennedy Cater LLP). The Board also uses the company secretarial services of John Davies from Kennedy Cater LLP, who assists the Chair in preparing for and running effective Board meetings, including the timely dissemination of appropriate information.

Board Evaluation

Both the Board and the Board Chair's performance were positively evaluated during the year. The Board's review was conducted by the Chair and the review of the Chair by Sally Tilleray in her role as Senior Independent Director, using anonymous feedback.

We are very proud of our Board which is now one of the most diverse among listed businesses, applying the criteria of gender, ethnicity, socio-economic background and expertise. MindGym is also one of only a handful of listed businesses chaired by a woman.

Conflicts of Interest

At each meeting of the Board or its committees, the Directors are required to declare any interests in the matters to be discussed and are regularly reminded of their duty to notify any actual or potential conflicts of interest. The Company's Articles of Association provide for the Board to authorise any actual or potential conflicts of interest if deemed appropriate to do so.

Internal Controls

The Board has ultimate responsibility for the Group's system of internal controls, and for the ongoing review of their effectiveness. Internal control systems can only identify and manage risks and cannot eliminate them entirely. As a result, such controls cannot provide an absolute assurance against misstatement or loss. The Board considers that the internal controls which have been established and implemented are appropriate for the size, complexity and risk profile of the Company and Group. The main elements of the Group's internal control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors, and in particular of the financial controls by the CFO
- Specific financial controls, including with respect to purchasing and payments, payroll and expenses, and to ensure that appropriate accounting records are maintained
- A rolling programme of tests of key financial controls during the financial year to prevent control failure
- Review of key risks by finance areas as agreed with the Board
- Approval at Board level required for any significant decisions relating to the assets or investments of the Company
- An annual budgeting process requiring approval by the Board
- Board-approved Bribery and Anti-Corruption Policy and Share Dealing Code
- Regular risk reviews

The Board continues to review the system of internal controls to ensure it is fit for purpose and appropriate for the size and nature of the Company's operations and resources.

Relations with Shareholders and Stakeholders

The Group maintains communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's financial results. The Group also communicates with the market generally using a Regulatory Information Service provider for regulatory news releases which are also made available on the Company's website in accordance with AIM Rule 26.

Shareholders and investors will have the opportunity to meet Board members at general meetings (including at the Annual General Meeting (see below)), investor meetings and webcasts at which shareholders and stakeholders will be able to ask questions of management.

The Board believes that, other than shareholders, the Group's key stakeholders are its staff and customers. Given the size of the Group, all matters relating to customers and key employees are dealt with at Board level. More information on the ways in which we engage with our key stakeholders is provided on pages 34 to 37 of the strategic report.

Annual General Meeting

The Company's 2021 Annual General Meeting ('AGM') is scheduled to take place at 9am on Thursday 14 July 2022 at the Company's registered office at 160 Kensington High Street, London, W8 7RG. The Notice of AGM (the 'Notice'), including the resolutions to be proposed, is set out on pages 120 to 126 of this Annual Report. Shareholders will have an opportunity to raise questions with the Board at the AGM, and to meet informally with Directors following the meeting.

Audit and Risk Committee report

Responsibilities and Composition

The Audit and Risk Committee has the primary responsibility for 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 receives and reviews 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 meets not less than twice in each financial year and has 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. 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 is Sally Tilleray, and its other members are David Nelson, Ruby McGregor-Smith and Trevor Phillips. Sally Tilleray, Ruby McGregor-Smith and Trevor Phillip are independent Non-Executive Directors, and David Nelson has recent and relevant financial experience with competence in accounting or auditing.

Activities During the Year

The Committee met four times during the year and once following the year end to consider the financial statements. Meetings may be attended by the Executive Directors and the Group's external auditors. Time is allowed for the Committee to discuss issues with the external auditors without the Executive Directors being present.

The Committee operates under formal terms of reference and these are reviewed annually. The main work undertaken by the Committee during the past year is detailed below.

Financial Reporting

The Committee reviewed the half-year and annual financial statements. As part of these reviews, the Committee discussed the financial statements with the external auditor and management and considered the appropriateness of the accounting principles, the reasonableness of significant financial reporting judgements, the clarity of disclosures in the financial statements and the effectiveness of internal control over financial reporting. The Committee reviewed and challenged the external auditor's report on these matters and key areas for consideration were revenue recognition, the capitalisation of development costs and the useful economic lives related to these assets.

During the year, the Committee continued to consider the impact and risk of COVID-19 on the Group's revenue, particularly in relation to the preparation of the Group's financial statements on a going concern basis.

In fulfilling its responsibility for monitoring the integrity of financial reports to shareholders, the Committee considered and reviewed the accounting principles, policies and practices adopted in the preparation of public financial information and examined documentation relating to the Annual Report, Interim Report, preliminary announcements and other related reports. The Committee gave due consideration as to whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy, and can confirm that this is the case.

Significant Issues Considered in Relation to the Financial Statements

Significant issues and accounting judgements are identified by the finance team and the external audit process and then reviewed by the Audit and Risk Committee. The significant issues considered by the Committee in respect of the year ended 31 March 2022 are set out below:

Significant issue/accounting judgement identified	How it was addressed
The Committee considered the extent to which software development costs should be capitalised in accordance with the criteria in IAS 38 Intangible Assets.	The Committee reviewed and discussed with management and the external auditor as to whether: • Development costs met the capitalisation criteria under IAS 38 during the year • Cost capitalised were in relation to projects that were technically and commercially viable • Costs capitalised could be reliably measured The Committee is satisfied with the judgements and estimates applied by management in determining the value of the costs capitalised.
The Committee considered whether it was appropriate to continue to prepare the Annual Report and Accounts on a going concern basis.	The Committee reviewed and discussed with management: • Management's budget for FY23 and medium-term plan • A range of downside scenarios modelled by management • Potential mitigating cost-saving actions • The risks and uncertainties facing the business The Committee concluded that the Group has sufficient cash to enable it to continue to meet its liabilities for the foreseeable future even under a reasonable worst-case scenario, and therefore that it is appropriate to regard the Group as a going concern.
The Committee considered whether it was appropriate to recognise the full deferred tax asset related to carry forward trade losses, predominantly created through R&D tax credits.	The Committee reviewed and discussed with management the budget for FY23 and medium-term plan for the UK entity. The Committee concluded that the Group has sufficient taxable profits in the foreseeable future to justify full recognition of the deferred tax asset on carry forward trading losses at 31 March 2022.

External Auditors

The Committee oversees the relationship with the external auditors, and monitors all services they provide and the fees payable to them, to ensure that potential conflicts of interest are considered and that an objective and professional relationship is maintained. In particular, the Committee reviews and monitors the independence and objectivity of the external auditors and the effectiveness of the audit process. At the outset of the audit process, the Committee receives from the auditors a detailed audit plan, identifying their assessment of the key risks and their intended areas of focus. This is agreed with the Committee to ensure coverage is appropriately focused.

During the year, the external auditor undertook non-audit work in relation to a review of the interim financial statements, tax compliance and employment tax advice. The fees for this work are detailed in Note 7 to the Group Financial Statements. During the year, the Committee continued to keep the nature, extent and cost of non-audit services under review. A tender for tax services was carried out during the year, and EY was appointed to provide tax services to the Company with effect from 1 April 2022 which will reduce the amount of non-audit work undertaken by the external auditor in the next financial year.

The Committee has recommended to the Board that BDO be reappointed as the external auditor, and the Directors will be proposing the reappointment at the 2022 Annual General Meeting.

Risk Management and Internal Control

The Committee has oversight of the internal financial controls and the risk management systems. During the year, the Committee reviewed the principal business risks to ensure that they are being adequately captured and reported to the Board. Details of these risks are set out in Principal risks and risk management on pages 32 to 33. The Committee also reviewed the Company's governance policies, including the whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. During the year under review, there were no reported incidents.

During the year, the Committee reviewed the Risk Register, the risk appetite statement, the delegated authority framework, the Group's insurance arrangements and management's process in implementing and maintaining control systems during the year. A cyber risk review was also carried out during the year, following a request from the Board. The Company's Chief Technology Officer presented the findings of the review to the Committee at its meeting in November 2021 and reported on a number of key actions that had been identified, including areas such security awareness and training. Further work will be carried out in this area in FY23.

The Committee has considered whether the Group's internal controls processes would be significantly enhanced by an internal audit function and has taken the view that, given the size of the Group, the internal controls in place and the significant executive involvement in the Group's day-to-day business, that an internal audit function is not required. The Group will also be implementing periodic testing of internal financial controls during the next financial year to continue mitigation of potential risks The Committee will, however, keep this under review. The Committee is satisfied that the internal controls systems, which have been established, are operating effectively.

Sally Tilleray
Chair Audit and
Risk Committee

9 June 2022

Remuneration Report

The report is split into three main areas:

Contents

Membership

The members of the Remuneration Committee and meetings attended are:

Director	Meetings attended (out of 7 meetings)
Trevor Phillips (Chair)	3/3
Joanne Cash	3/3
Sally Tilleray	3/3
David Nelson	3/3
Ruby McGregor-Smith	3/3

Statement from the Chair

On behalf of the Board, I am pleased to present my first Directors' Remuneration Report for the year ended 31 March 2022, having taken over from Ruby McGregor-Smith on 15 July 2021 on her appointment as Board Chair. Ruby had chaired the Committee since October 2020, and I am hugely grateful to her for her stewardship and ongoing support.

In what has been another busy and focused year for the Company, I have been delighted to observe first-hand the passion, resilience and focus that our team has demonstrated, and I would like to take this opportunity to thank everyone for their ongoing commitment to our clients, our colleagues and our business.

MindGym listed on the Alternative Investment Market ('AIM') on 28 June 2018 and has adopted the requirements of the Quoted Companies Alliance (QCA) code.

To improve transparency with investors and alignment with best practice, the Remuneration Committee (the 'Committee') has presented a separate Remuneration policy and Annual report on remuneration.

This report sets out the remuneration policy and the remuneration paid to the Directors for the year in the context of the Group's Remuneration Policy which can be found on page 60 of this report.

The aim of the Remuneration Committee

The Remuneration Committee is committed to structuring senior executive remuneration that is competitive, incentivises and rewards good performance, and that will support the Group's growth and profitability ambitions, thereby creating value for shareholders. In addition, the Committee reviews and considers remuneration of the wider workforce and monitors related policies, satisfying itself that incentives and rewards are aligned with the Group's strategy and culture. The Remuneration Committee is appointed by the Board and comprises three Independent Non-Executive Directors and one other Non-Executive Director who is not considered to be independent.

Our Approach to Remuneration

The Remuneration policy is designed to:

- Include a competitive mix of base pay and both short and long-term incentives, with an appropriate proportion of the package determined by stretching targets linked to the Group's performance
- Promote the long-term success of the Group, in line with our strategy and focus on profitability and growth
- Provide appropriate alignment between the interests of shareholders and executives and, where appropriate, the wider workforce

In addition, over the past 12 months, the Committee has continued to observe the impact of the COVID-19 pandemic on the world of work and the impact this has had, not only on Executive Directors, but also on the wider workforce. We are particularly aware of the need to monitor and to respond to an unusually tight labour market.

Looking forward, the Committee is pleased to note that merit-based pay awards will be made to the wider workforce in the year ending 31 March 2023, the annual bonus plan is expected to operate as normal and employees will continue to have the opportunity to participate in all employee share plans (Sharesave (SAYE) in the UK and the Employee Stock Purchase Plan (ESPP) in the US) during the first half of the year.

Aligning Remuneration to Group Strategy

The Group's ongoing vision is to be the leading global provider of corporate human performance and business improvement solutions. This requires us to continuously evolve and to operate in an increasingly digitally connected way, and we are excited by the launch of Performa in January 2022, a new digital 1:1 coaching SaaS service, which has already been received so positively by our clients.

As we have continued to navigate through the ongoing headwinds of the COVID-19 pandemic, we have continued to closely manage costs, whilst investing significantly for the future.

Whilst the effects of the pandemic have undoubtedly continued to impact on our overall results, which is particularly reflected in this year's annual bonus performance outcomes, we have seen strong revenue growth in the year in comparison to FY21.

Our remuneration arrangements are designed to support management in its growth plan and strategy, and to enable the Group to be flexible and agile, considering the fast pace of our growth in a normal trading environment. The Group's ability to pivot to digitally enabled revenue growth has reinforced the Board's commitment to the Group's digital strategy and investment.

Remuneration Policy During the Year

Over the course of the year ended 31 March 2022, the Committee has reviewed existing remuneration arrangements to ensure that there has continued to be a strong link between both the Remuneration policy and the business strategy, particularly during the ongoing pandemic.

Annual Bonus for the Year Ended 31 March 2022

Despite our strong revenue performance in the year and digital revenues being up 25 per cent on FY21, the ongoing impacts of COVID, coupled with resulting client decision-making delays, we did not meet the stretching targets that we set for ourselves at the start of the year. As a result, none of the financial or plan delivery metrics under the Annual Bonus Scheme were met for members of the Executive Committee, including Dominic Neary for the year ended 31 March 2022 and as a result, no bonus payments were due.

Remuneration Policy for the Year Ending 31 March 2023

The Remuneration Committee is aware of ongoing developments in corporate governance and best practice in executive remuneration, and intends to review its executive remuneration arrangements to align with these where appropriate for the business.

The Remuneration policy is set out on pages 56 to 59 and details of how this policy will be implemented for the financial year ahead is set out on pages 62 to 63.

I hope that you will find this report helpful and informative and agree that the determinations made by the Committee are appropriate and in the long-term interests of both the Group, its employees and our shareholders.

I look forward to your support at our AGM on 14 July 2022 and encourage you to submit any questions you may have regarding the work of the Committee in advance.

Trevor Phillips
Chair of the
Remuneration Committee

9 June 2022

Key Messages for 2021–22

- Retention of key talent
- The appointment of a new Chief Financial Officer
- Creating a new Executive Leadership Team

Our Priorities for 2022–23

- Retention of our employees in the aftermath of the COVID-19 pandemic
- Awards under our Long-Term Incentive Plan to members of the Executive Committee (including Dominic Neary) and other key members of the Senior Leadership Team

Directors' Remuneration Policy

This section of the report sets out the remuneration policy for Executive Directors.

The objective of this Remuneration policy is to attract, motivate and retain high-quality individuals who will contribute fully to the success of the Group. To achieve this objective, the Group provides competitive pay to all employees.

Executive Directors' remuneration is set to create an appropriate balance between both fixed and performance-related elements. Remuneration is reviewed each year in light of the Group's business objectives and designed to support the growth strategy.

It is the Committee's intention that remuneration should reward achievement of objectives and that these are aligned with shareholders' interests over the medium term.

Remuneration Approach

The aim of the Remuneration policy is to support the Group in:

- Aligning individual and business performance with the interests of shareholders through the delivery of clear and stretching targets
- Strengthening the link between employee output and the delivery of shareholder value
- Attracting, motivating and retaining high-quality talent
- Enabling the Group's remuneration strategy to be tailored to its changing circumstances

The Group passionately believes that remuneration should be structured in a fair and competitive way, in order to incentivise individuals to achieve the highest levels of performance and takes a consistent approach throughout the Group.

Packages are designed to be competitive with fixed remuneration set at market competitive levels. Variable rewards, which are linked to objectives based on the performance of the Group, are designed to reward exceptional performance.

Remuneration Components

We currently define our main fixed and performance related elements of remuneration as follows:

- Base pay, benefits and pension contribution (fixed)
- Annual performance bonus (variable)
- Long-Term Incentive Plan

Remuneration policy table

Component	Aim and link to strategy	Operation, opportunity and performance measures	Further detail
Fixed Base pay	To attract and retain talent by ensuring base pay is competitive in the market.	Paid monthly in cash. Reviewed annually. Group and individual performance considered when setting Executive Director base pay.	Any increase typically takes effect from 1 June annually.
Fixed Core benefits	Designed to be competitive in the market.	Core benefits typically include: · Private medical insurance for Executive Directors and their immediate family · 25 days holiday · Life assurance Benefits may vary by role.	
Fixed Pension	Designed to be competitive in the market.	A defined contribution pension scheme, or a cash payment in lieu of pension contribution in certain circumstances. The Group will make up to 5% base pay contribution. Cash payments in lieu of pension contributions may be made to Executive Directors, but these will be subject to normal tax and NI deductions.	Base pay is the only element of remuneration that is pensionable. Group contributions for all participating employees are made at a minimum of 5% base pay, and all employees can join the Group's defined contribution pension scheme. Group contributions will be reviewed over time, to ensure compliance with minimums set under auto-enrolment guidelines.
Variable Annual bonus	Designed to focus Executive Directors on the business priorities for the financial year ahead and to align the individual's remuneration with the delivery of shareholder value and the delivery of the strategic plan.	Performance is measured on an annual basis for each financial year. The bonus scheme is based on a combination of financial and non-financial measures, which are reviewed annually to ensure they remain appropriate and align with the business strategy. Such measures include Revenue, PBT and Quality. At the end of the year, the Committee determines the extent to which these were achieved. Performance measures and their weightings may vary from one year to another. Clawback (of any bonus paid) may be applied where the Committee deems it necessary to do so, including in the event of gross misconduct or a material misstatement.	Payment typically made in cash in July each year. The Remuneration Committee retains the ability to exercise discretion to adjust payments up or down in exceptional circumstances where they feel this course of action is appropriate. The bonus scheme pays at the following levels: · Maximum awards for Executive Directors are equivalent to 50% of base pay.
Variable Share-based incentive plans (LTIP)	Designed to reward Executives over the longer term while aligning an individual's interests with those of shareholders.	Awards of shares, priced or nil-cost options or cash may be made to participants. Award levels and performance conditions are reviewed before each award cycle to ensure they remain appropriate. Malus (of any unvested LTIP) and clawback (of any vested LTIP) may be applied where the Committee determines is necessary, including in the event of gross misconduct or a material misstatement.	Vesting of LTIP awards is subject performance conditions determined by the Committee. Awards do not vest until at least the third anniversary of the date of grant and may have a deferral element. If employment ceases during the vesting period, awards will by default lapse in full, unless the Remuneration Committee exercises its discretion. In line with the rules of the MindGym LTIP, the Remuneration Committee has discretion over all aspects of the plan, including but not limited to performance conditions, formulaic LTIP outcomes (both upwards and downwards) vesting conditions and cancellation of the scheme.

Malus and Clawback

For up to three years following the payment of an annual bonus award (and two years after the vesting of an LTIP award), the Committee may require the repayment of all or some of the award if there is corporate failure, a material error or misstatement of the financial results, gross misconduct or if information comes to light which, had it been known, would have affected the decision as to the extent to which an award would have vested.

The Committee also has the right to reduce or cancel or impose further restrictions on unvested LTIP and deferred bonus shares in similar circumstances (including material failure of risk management).

Other Share-based Remuneration

MindGym Save As You Earn (SAYE) scheme

The Group operates an all-employee SAYE Scheme in the UK, which all eligible employees and Executive Directors can participate in. All eligible employees are invited to join the scheme on an annual basis, subject to maximum participation levels, currently £500 per month, or in line with HMRC limits if these are increased in the future. Details of current schemes can be found in the Annual Report on Remuneration section of this report.

MindGym Employee Stock Purchase Plan (ESPP)

The Group operates an all-employee, Employee Stock Purchase Plan for its US-based employees. The MindGym ESPP enables eligible employees to purchase market priced shares by making regular payroll contributions over a defined 12-month offering period. Details of how the scheme operates can be found on page 62 of the Remuneration Report.

Recruitment Policy for New Hires

When hiring a new Executive Director, the Remuneration Committee will align the remuneration package with the Remuneration policy stated previously, including the maximum limits for each remuneration component.

The Remuneration Committee will take all relevant factors into consideration when making a remuneration decision on a new Executive hire, to ensure that these decisions are being made in the best interests of the Group and its shareholders, including, but not limited to:

- Quantum
- Type of remuneration being offered
- The impact on existing remuneration arrangements for other Directors
- The remuneration package of any exiting equivalent Director
- The remuneration arrangements of the candidate in their previous role

In hiring a new Executive Director, the Remuneration Committee may also make a ‘buy-out’ award to an external candidate in compensation for any remuneration arrangements forfeited on leaving a previous employer. In making such an award, the Committee will take into consideration relevant performance conditions, vesting periods and the form in which the award was made. It is usual that any ‘buy-out’ awards will be made on a comparable basis. In exceptional circumstances, the Remuneration Committee may make an exceptional award under one of the Group’s existing long-term incentive plans to compensate a candidate for any remuneration arrangements forfeited on leaving a previous employer.

The Remuneration Committee would only consider making such awards where the individual has lost an award because of joining the Group and awards will be subject to continued employment and performance conditions, as appropriate. Following the appointment of a new Executive Director, the shareholders will be informed of the details as soon as practicable. Where a variable or performance related award is made under such circumstances, the Remuneration Committee confirms that the award will be within the limits specified in the Remuneration policy table.

Service Contracts for Executive Directors

Under the Executive Directors’ service contracts, both parties are required to give six months’ notice of termination of employment. At the Group’s discretion, they may terminate the contract immediately and not require the Director to work their notice, and instead pay six months’ contractual pay plus benefits. The Executive Directors’ service contracts also include a six month non-compete period. These contracts are available for inspection at the Group’s registered office.

Relocation Packages

There may be occasions when hiring a new Executive Director that a relocation package is awarded, where a candidate and/or the candidate’s immediate family relocate either on a temporary or permanent basis to fulfil their role for the best interests of the Group and its shareholders. In such instances, the Remuneration Committee retains the right to compensate for reasonable and appropriate relocation expenses.

Expatriate Packages

On appointing a new Executive Director, the Remuneration Committee may offer assistance where a candidate and/or the candidate’s immediate family is asked to relocate either on a temporary or permanent basis, from an overseas location to the UK or from the UK to an overseas location. In such instances, the Remuneration Committee retains the right to compensate for reasonable and appropriate relocation expenses.

Remuneration Policy for Internal Promotions

When an existing employee of the Group is promoted internally to the role of Executive Director, the Remuneration Committee will align the remuneration package with the Remuneration Policy stated previously, including the factors it considers for new hires. Any remuneration awarded prior to promotion to the role of Executive Director will be retained and will be subject to the previous payment terms. The shareholders will be informed of any such remuneration in the Directors’ Remuneration report following promotion.

Exit Payments

The Group operates the following policy in respect of exit payments:

- Executive Directors have a six-month notice period from the Group, and they in turn are asked to give the Group six months’ notice.
- Exit payments in relation to the service contract are limited to no more than one year’s contractual pay plus other benefits, and any contractual notice pay, unless determined otherwise by the Board in exceptional circumstances, or unless otherwise dictated by law.
- The Remuneration Committee may use its discretion to determine appropriate bonus amounts and the vesting of any share-based award, taking into consideration the individual circumstances under which an Executive Director is leaving the Group.

The default position is for annual bonus amounts and the vesting of share-based awards for ‘good leavers’ to be pro-rated for time served from the start date of the scheme to the individual’s exit date and will be subject to the applicable rules of the scheme. The Remuneration Committee will have sole discretion to determine the ‘good leaver’ status of an Executive Director. The Committee will determine on a case-by-case basis whether any vesting of a share-based award is appropriate.

Fees for the Chair and Non-Executive Directors

The remuneration for Non-Executive comprise only fees, save for Joanne Cash, who receives private medical. The Chair’s fee is approved by the Board on the recommendation of the Remuneration Committee. The other Non-Executives’ fees are approved by the Board on the recommendation of the Chair and CEO.

The Chair and Non-Executive Directors do not take part in discussions on their remuneration. The Chair and each of the Non-Executive Directors has a letter of appointment substantially in the form suggested by the Code, and each has a month notice period with no compensation for loss of office.

The Group has no age limit for Directors. The dates of each contract are set out on page 63. The fees for the Chair and Non-Executive Directors are set out on page 63 of this report. These fees are reviewed (but not necessarily increased) on an annual basis, considering the responsibilities of the role and their participation in the various Governance Committees of the Group.

The Chair and Non-Executive Directors are not entitled to participate in any annual incentive plans or any pension arrangements. The Chair was made a one-off award under the Company’s Long-Term Incentive plan in FY22.

Consideration of Employment Conditions Elsewhere in the Group

The Committee considers the pay and conditions of employees throughout the Group when determining the remuneration arrangements for Executive Directors, although no direct comparison metrics are applied.

Consideration of Shareholder Views

The Committee is committed to ongoing dialogue with shareholders and welcomes feedback on directors’ remuneration. The Committee will continue to monitor trends and developments in corporate governance, market practice and shareholder views, to ensure the structure of the executive remuneration remains appropriate.

Annual Report on Remuneration

This section of the report provides details of how MindGym's Remuneration policy was implemented in the year ended 31 March 2022, and how the Group plans to implement the policy for the year ending 31 March 2023.

Remuneration Committee Activities in the Year Ended 31 March 2022

The Committee was formed on 28 June 2018 following the AIM listing of the Group. The Committee operates under the agreed Terms of Reference and is responsible for reviewing the framework for remuneration arrangements for Executive Directors and other senior executives on an annual basis. The Committee also reviews information on pay outcomes and processes for the wider workforce to take account of wider workforce pay, and conditions when setting executive remuneration and to consider alignment between pay structures.

The Committee met three times over the course of the year.

Remuneration Committee activities over the course of the year were as follows:

- Review the Group's response to the COVID-19 pandemic, particularly in respect of pay awards and annual bonus payments
- Review of remuneration for members of the Executive leadership team

Single Total Figure of Remuneration

The table below details the total remuneration earned by each Director in respect of the year ended 31 March 2022.

Executive Director	Year	Base pay(1) £'000	Taxable benefits(2) £'000	Pension(3) £'000	Bonus(4) £'000	Share options(5) £'000	Total £'000
Octavius Black	2022	200	7	10	–	–	217
	2021	152	4	8	–	–	164
Sebastian Bailey	2022	200	5	10	–	–	215
	2021	152	5	8	–	–	165
Richard Steele(6)	2022	144	12	13	–	323	492
	2021	180	8	9	19	253	450
Dominic Neary(7)	2022	72	3	4	–	–	79
	2021	–	–	–	19	–	–
Total emoluments	2022	616	27	37	–	323	1,003
	2021	484	17	25	19	253	779

(1) Value of base pay received in the year.

(2) Value of benefits received by the Directors in the year. Octavius Black, Sebastian Bailey and Dominic Neary are provided with Private Healthcare cover for themselves and their family. Richard Steele received a cash contribution towards Private Healthcare cover for himself and his family up to his date of termination.

(3) The value of pension contributions made or cash in lieu of pension paid by the Group in the year.

(4) The value of annual bonus payable in respect of the year and based on performance for the financial year.

(5) On 27 April 2021, 248,406 shares vested in respect of the second Tranche of Richard Steele's EMI award. The face value of the award on the date of vesting was £322,928. He exercised these options on 6 July 2021. The face value on the date of vesting was £428,500.

(6) Richard Steele stepped down from the Board and left the Company on 31 December 2021.

(7) Dominic Neary was appointed to the Board on 3 December 2021 and was appointed the role of Chief Financial Officer on 1 January 2022. His base pay was set at £220,000 on his appointment to reflect his level of skills and experience.

Base pay

Year ended 31 March 2022

Dominic Neary's pay was set at £220,000 on his appointment on 3 December 2021 to reflect his skills and experience.

Year ending 31 March 2023

There are not expected to be any changes to base pay for Executive Directors for the year ending 31 March 2023.

Pension Contributions

Year ended 31 March 2022

During the year, Executive Directors received Group pension contributions in line with the Remuneration policy. There were no Executive Directors who were members of a defined benefit pension scheme during the year.

Pension contributions for Octavius Black, Sebastian Bailey and Richard Steele were made by the Group at 5% of their total base pay. Dominic Neary received a cash alternative instead of pension at 5% of his base pay.

Year ending 31 March 2023

For the year ending 31 March 2023, there will be no changes to pension contributions for Executive Directors.

Pension contributions for all other employees of the Group are also capped at 5% of their total base pay.

Annual Performance Bonus

Year ended 31 March 2022

Bonus for the year ended 31 March 2022 was assessed against a combination of Financial (Revenue and PBT) and key strategic metrics (Plan Delivery) for Dominic Neary and other members of the Executive Committee.

As a result of a delayed digital roll-out and uncertainty coming out of a second year impacted by the COVID-19 pandemic, all metrics were missed, resulting in no bonus payment under the Annual Bonus Plan for Dominic Neary and other members of the Executive Team.

Whilst all financial metrics were missed, the Committee agreed that elements of bonus linked to personal performance should be paid for other eligible employees of the Company.

Annual bonus for the year ending 31 March 2023

The Board has determined that the disclosure of performance targets for the year ending 31 March 2023 is commercially sensitive, and they are therefore not disclosed in this report. These targets are determined within the context of a longer-term business plan, and the disclosure of these targets could give information to MindGym's competitors to the detriment of business performance.

Share-based incentives

The Committee believes that long-term share awards incentivise and reward executives for the delivery of long-term business goals and align the interests and objectives of the senior management team with those of shareholders over the medium term.

In its review of share-based incentives, the Remuneration Committee considers several factors such as:

- The available headroom for new awards
- The price of previously granted options, and whether these continue to act as the intended incentive
- Share price movements as compared to the Group's performance

Scheme interests awarded in the year ended 31 March 2022

An award of 57,971 nil priced options, with a face value of £100,000 on the date of award, was made under the Group's Long-Term Incentive Plan (LTIP) to Ruby McGregor-Smith on 3 December 2021. A five-day average share price of £1.73 used to calculate awards.

Octavius Black and Sebastian Bailey did not participate in this award.

This award will vest 50% three years after grant, 25% four years after grant, with the remaining 25% vesting five years after grant. There are no performance conditions attached to the vesting of this award, save for continuation in the role of Chair on the relevant vesting dates.

The Company's major shareholders were consulted ahead of this award being made.

Scheme interests vesting in the year ended 31 March 2022

As disclosed in last year's report, the remaining 50% of the award made to Richard Steele on 27 April 2018 reached its final vesting date, resulting in 248,406 nil priced options vesting on 27 April 2021, with a face value on the date of vesting of £322,928. 9.921 shares were sold to cover associated exercise costs on 14 July 2021 at a price of £1.90 per share. All other shares resulting from this award were retained.

Year ending 31 March 2023

As the Group matures, the Committee is mindful of the need to incentivise the most senior leaders of the Group to deliver against its ambitious growth plans, and intends to continue to make awards under the Group's Long-Term Incentive Plan in the year ending 31 March 2023, in line with the Remuneration policy.

It is anticipated that the CFO will be granted awards under the Group's Long-Term Incentive Plan in the year ending 31 March 2023, with a face value of up to 100% of his base pay. Neither of the Founders, being Octavius Black or Sebastian Bailey, will participate in these awards.

All employee share plans

MindGym Save As You Earn (SAYE) scheme

The SAYE scheme is administered by a duly authorised Committee of the Board. All UK Executive Directors and employees of MindGym are eligible to participate in the SAYE Scheme if they have been employed for a qualifying period. To participate in the Scheme, an eligible employee must enter a Sharesave contract and agree to make monthly contributions between £5 and £500 for a specified period of three or five years. Options granted to acquire MindGym shares under the Scheme have an option price determined by the MindGym Board, which will be not less than the higher of 80% of the middle market quotation price or their nominal value.

No Executive Directors participated in the 2021 invitation, and Richard Steele withdrew all cash contributions from the scheme on leaving the Company.

Further details of the features and operations of the SAYE Scheme can be found in Note [23] to the consolidated financial statements.

MindGym Employee Stock Purchase Plan (ESPP)

The ESPP is administered by a duly authorised Committee of the Board. All US employees of MindGym are eligible to participate in the ESPP if they have been employed for a qualifying period. To participate in the Plan, an eligible employee must contribute between $10 and $550 over a 12-month offering period at the end of which, shares in Mind Gym plc will be purchased on behalf of the employee.

No Executive Directors participated in this scheme.

MindGym Share Incentive Plan

Awards were made under the MindGym Share Incentive Plan (the "SIP") on admission to the AIM Market on 25 June 2018.

Richard Steele withdrew his 685 shares held in the SIP on 13 February. These shares had a face value of £1,010.38 on the date of withdrawal.

Payments for loss of office and payments to past Directors made in the year ended 31 March 2022

Richard Steele was paid an exit payment of £149,411 on leaving the Company.

There were no payments made to past Directors in the year.

Service contracts

Service contracts have been in place for Octavius Black and Sebastian Bailey since admission to AIM on 25 June 2018. Dominic Nearly signed a service contract on appointment to the Board on 3 December 2021. These are not of fixed duration and are terminable by either party giving six months' written notice.

Directors' interests and shareholding

In line with Quoted Companies Alliance Remuneration Guide for small and mid-sized quoted companies, Executive Directors are encouraged to build and retain a shareholding in the Group. Current shareholdings as at 31 March 2022 are set out below for Executive Directors and associated persons:

Executive Director	Actual holding	Actual ownership as a % of base pay[1]
Octavius Black[2]	55,712,500	37,606%
Sebastian Bailey	9,516,373	6,424%
Dominic Neary[3]	–	0%

(1) Share price on 31 March 2022 of £1.35 used for calculation.

(2) Octavius Black and Joanne Cash hold their shareholding jointly.

(3) Dominic Neary was appointed to the Board on 3 December 2021 and to the role of Chief Financial Officer on 1 December 2022, and as yet has built up no shareholding in the Company.

There have been no changes to the shareholdings of Executive Directors between 31 March 2022 and 9 June 2022.

Fees for the Chair and Non-Executive Directors

Remuneration for the Chair and Non-Executive Directors is set by the Board, taking account of the commitments and responsibilities of the role and their participation in the various governance Committees of the Group. The fees for the Chair and Non-Executive Directors along with their associated appointment dates are set out in the tables below. The Chair and Non-Executive Directors are not eligible to participate in annual bonus and pension arrangements.

Non-Executive Director	Year	Fees £'000	Benefits £'000	LTIP £'000	Total fees and benefits £'000
Joanne Cash[1]	2022	29	–	–	29
	2021	–	3	–	3
Sally Tilleray[2,3]	2022	52	–	–	52
	2021	45	–	–	45
David Nelson[2]	2022	42	–	–	42
	2021	40	–	–	40
Trevor Phillips[4]	2022	47	–	–	47
	2021	20	–	–	20
Ruby McGregor-Smith[5,6]	2022	83	–	100	183
	2021	15	–	–	15
Dido Harding[7]	2022	–	–	–	–
	2021	30	–	–	30
Aggregate emoluments	2022	253	–	100	353
	2021	150	3		153

(1) On stepping down as Non-Executive Chair on 15 July 2021, Joanne Cash began to receive an annual fee of [£40,000] per annum.

(2) In addition to their fees, Sally Tilleray and David Nelson received £1,908 and £2,000 respectively, to reflect repayments for fees withheld during the COVID-19 pandemic in the prior year.

(3) Sally Tilleray was appointed as Senior Independent Director on 16 October 2020 and her fees were adjusted accordingly.

(4) Trevor Phillips was appointed to the Board on 16 October 2020 and was appointed as Chair of the Remuneration Committee on 15 July 2021, with his fee being adjusted accordingly to reflect this change.

(5) Ruby McGregor-Smith was appointed to the Board on 23 November 2020 and was appointed as Board Chair on 15 July 2021. Her fee was increased accordingly to £100,000 per annum

(6) On 3 December 2021, Ruby McGregor-Smith was made an award of 57,971 nil priced options under the Company's Long-Term Incentive Plan with a face value of £100,000.

(7) Dido Harding step down from the Board on 16 October 2020.

There are no proposed increases to Non-Executive Director fees in the year ending 31 March 2023, save for where there may be a change in responsibilities over the course of the year.

Letters of appointment – the Chair and Non-Executive Directors

The Chair and Non-Executive Directors signed letters of appointment with the Group for the provision of Non-Executive Directors' services, which may be terminated by either party giving one month's written notice.

Director	Committee memberships	Date of appointment to the Board	Expiry date of current arrangement
Joanne Cash	Nomination & Remuneration	1 March 2011	25 June 2024
Trevor Phillips	Nomination & Remuneration	16 October 2020	30 September 2023
Ruby McGregor-Smith	Nomination & Remuneration, Audit & Risk	23 November 2020	12 November 2023
Sally Tilleray	Nomination & Remuneration, Audit & Risk	14 June 2018	14 June 2024
David Nelson	Nomination & Remuneration	2 April 2014	25 June 2024

Interests and shareholding – the Chair and Non-Executive Directors

There are no shareholding requirements for the Chair or Non-Executive Directors. Joanne Cash jointly holds 55,712,055 shares in the Group with Octavius Black. Ruby MacGregor-Smith holds 32,000 shares in the Group.

Advice and services provided to the Remuneration Committee

Except when matters concerning their own positions are being considered, the Chair is normally invited to attend the meetings of the Remuneration Committee.

Over the course of the year ended 31 March 2022, the Remuneration Committee was advised on matters relating to executive remuneration by Overwood People Consulting Limited 'OPC'. The Remuneration Committee deems the advisors to be independent from the Group and the advice it received during the year to be appropriate and objective.

The fees paid for services are set out below:

Company	Nature of service	2022 £'000s
OPC	Remuneration Matters, Long-Term Incentive Design	6

Trevor Phillips
Chair of the Remuneration Committee

9 June 2022

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 March 2022. The corporate governance statement on pages 42 to 47 also forms part of this Directors' report.

Principal activity

MindGym plc (the 'Company') is a public limited company incorporated in the United Kingdom, registered number 3833448. The Company's shares have been traded on the Alternative Investment Market ('AIM') of the London Stock Exchange since 28 June 2018. The group consists of MindGym plc and its subsidiaries, MindGym (USA) Inc., MindGym Performance PTE, MindGym (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..

Review of business

The Chairman's statement on page 10 to 11 and the CEO's review on pages 12 to 13 provides a review of the business, the Group's trading for the year ended 31 March 2022, key performance indicators and an indication of future developments and risks, and form part of this Directors' report.

Financial results and dividends

The Group's loss before taxation for the year was £0.5 million (2021: loss of £0.4 million). More information about the Group's financial performance can be found in the financial review on pages 28 to 31 and in the financial statements on pages 82 to 85.

The Board has not recommended the payment of a final dividend for the year. More information about dividends can be found in the Chair's statement on page 11.

Directors

The Directors of the Company during the year, and subsequently to the date of this report, were:

- Ruby McGregor-Smith
- Octavius Black
- Sebastian Bailey
- Joanne Cash
- Dominic Neary (appointed on 3 December 2021)
- David Nelson
- Sally Tilleray
- Trevor Phillips
- Richard Steele (resigned on 31 December 2021)

The Directors' biographies can be found on pages 40 to 41. Details of the Executive Directors' service contracts, the Non-Executive Directors' letters of appointment and the Directors' dates of appointment can be found in the Remuneration report on pages 63.

Articles of Association

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association. The Articles of Association may be amended by a special resolution of the Company's shareholders. A copy of the Articles of Association can be found on the Company's website: https://uk.themindgym.com/investors

Directors' interests

The Directors' interests in the Company's shares are set out in the Remuneration report on pages 62.

Directors' indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by s236 of the Companies Act 2006. The indemnity was in force throughout the financial period and at the date of approval of the financial statements. The Company has purchased directors' and officers' liability insurance during the period under review, as allowed by the Company's articles.

Share capital

As at 31 March 2022, the Company's issued share capital was £51,001.06 divided into 100,105,660 ordinary shares of 0.001p each and 50,000 redeemable preference shares of £1.00 each. The holders of ordinary shares are entitled to one vote per share at the Company's general meetings. The redeemable preference shares carry no dividend or voting rights and are fully redeemable at the election of the Company or the holder of the redeemable preference shares (Octavius Black).

Significant shareholdings

As of 2 May 2022, the Company is aware of the following holdings of significant shareholders in the Company (as defined in the AIM Rules).

Shareholder	Number of shares	Percentage of issued share capital
Joanne Cash and Octavius Black (jointly)	55,712,055	55.65%
Liontrust Asset Management	11,580,681	11.57%
Sebastian Bailey	9,516,373	9.51%
Canaccord Genuity Wealth Management	5,254,660	5.25%
Baillie Gifford & Co	4,372,683	4.37%
JO Hambro Capital Management	3,086,847	3.08%
River and Mercantile Asset Management	2,532,130	2.53%
BGF Investments	2,483,314	2.48%
UBS Global Asset Management	1,595,379	1.59%
Cazenove Capital Management	1,322,505	1.32%

Restrictions on shares

The Directors are not aware of any agreements between the holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or controls over the Company's share capital.

Relationship agreement

On 25 June 2018, Octavius Black, Joanne Cash 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.

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.

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 Cash (or their respective personal representatives or successors in title) hold, in aggregate, 20% 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.

Financial instruments

The financial risk management objectives of the Group, including credit risk and currency risk, are provided in Note 21 to the financial statements on pages 103 to 105.

Political donations

The Company made no political donations in the year (2021: £nil).

Authority to purchase own shares

At the Company's AGM held on 15 July 2021, the Company was generally and unconditionally authorised by its shareholders to make market purchases (within the meaning of section 693 of the Companies Act 2006) of up to a maximum of 9,979,178 of its ordinary shares (10% of the Company's issued capital at the time). The Company has not repurchased any of its ordinary shares under this authority, which is due to expire at the 2022 AGM. A resolution will be proposed to renew the authority at the 2022 AGM.

Employees

Employees are encouraged to be involved in decision-making processes and are provided with information on the financial and economic factors affecting the Group's performance, through team meetings, updates from the Chief Executive Officer and via an open and inclusive culture. More information on employee engagement is provided on page 34 of the strategic report.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that workspace and other modifications are made as appropriate. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Stakeholder engagement and key decisions

Details of how we engage with our key stakeholders, key decisions and discussions of the Board during the year and the main stakeholder inputs into those decisions are set out on pages 34 to 37 of the strategic report.

Greenhouse gas emissions

Climate change has become a critical environmental and business challenge. Whilst the nature of our services means our carbon footprint has always been low, our continued investment in and transition to a digital service provider mean that we will continue to make improvements in our emissions reductions (as further detailed below).

Irrespective of our business model, we recognise our role in supporting the global transition to a sustainable low-carbon economy through our service offerings and we aim to lead by example in our own operations. Continuing to take a sustainable view of our business performance, means integrating ESG principles across our operations, building our resilience to climate change, and playing our part to help repair and sustain the planet.

1. Mandatory Disclosures

Disclosure under Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018

The Group continues to disclose its UK energy use and associated greenhouse gas (GHG) emissions under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

MindGym have calculated their FY21-22 carbon footprint to include the following data categories (split by Scope):

Scope 1

- Gas consumption[2]

Scope 2

- Electricity consumption

Scope 1/2 : consumption across 3 global offices

Scope 3

Other Consumption across 3 global offices:

- Water
- Waste

Employee Commuting
Business Travel
Working From Home (WFH)
Digital Footprint:

- 3rd Party Web and Cloud Hosting

Other Purchased Goods and Services:

- IT Equipment
- Office Equipment/Stationery
- Paper
- Food and Drink

Energy-related activities not included in Scope 1 and 2.

Indirect emissions from purchased electricity have been calculated based on figures for emissions per kWh provided by our electricity supplier, and so reflect the mix of fuels used in the electricity generation.

	2021/22 Location-based	2021/22 Market-based	2020/21 Market-based
Total UK energy consumption	656,156 kWh	656,156 kWh	129,744 KWh
Direct emissions – natural gas (Scope 1)	nil	nil	nil
Indirect emissions from purchased electricity (Scope 2)	68 tonnes of CO2	95 tonnes of CO2	48 tonnes of CO2
Other indirect emissions – vehicle fuel (Scope 3)	519 tonnes of CO2	521 tonnes of CO2	N/A
Total tonnes CO_2	587 tonnes of CO2	616 tonnes of CO2	48 tonnes of CO2
Tonnes of CO_2 per UK employee	1.77 tonnes of CO2	1.86 tonnes of CO2	0.35 tonnes of CO2

The UK energy use and emissions for the year ended 31 March 2022 are set out in the table below:

- Location based: Uses the average fuel mix in the given country/area to calculate the emissions associated with generating electricity that is consumed by the reporting organisation.
- Market based: Uses the fuel mix of the specific supplier or electricity tariff purchased to calculate the emissions associated with generating electricity that is consumed by the reporting organisation.

Note*: prior year data reflects only those of our UK business only, however we have expanded the review this year to include our Global business. Furthermore, in the current year, we have opted to provide further insight into Scope 3 reporting which looks at all indirect emissions (not included in Scope 2) that occur in our value chain, including upstream and downstream emissions. The majority of Mind Gym's emissions are from Scope 3 sources (83% of the total; market-based), specifically from flights taken around the US and between the US and the UK.] Energy consumption in the current year also includes those from office based and an estimate of working from home consumption

2. Non-Mandatory Reporting

Task Force on Climate-related Financial Disclosures ('TCFD')

Although not required, the Board will aim to report on the governance, strategy, risk management, metrics and targets in respect of climate-related risks in accordance with the TCFD recommendations under the FCA Policy Statement 20/17 and listing rule LR 9.8.6R(8) in next financial year.

As part of the development of the Group's soon to be launched Carbon Reduction Plan and its implementation, the Board will integrate new, and refresh existing, processes into the Group's overall risk management framework to identify, assess, and manage climate-related risks and opportunities over the short, medium and long term. Consideration will continue to be given to the impact of climate-related risks and opportunities on the Group's businesses, strategy and financial planning; and the resilience of the Group's strategy in different climate-related scenarios.

3. New Carbon Plan

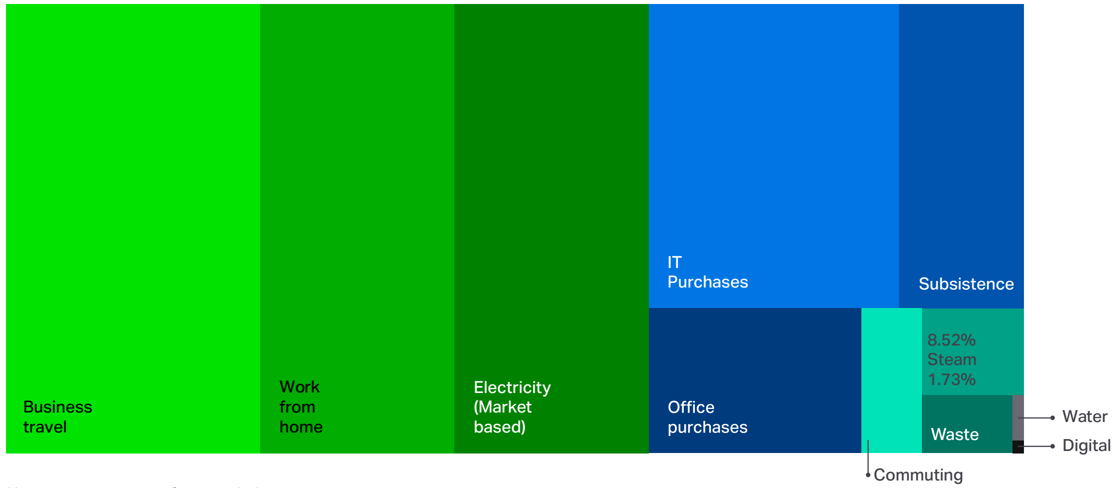
The Group is developing a Group Carbon Reduction Plan to be implemented during the next financial year.

We have engaged Green Element, a leading provider of environmental consulting services, to conduct an assessment of the Group's material Scope 1, Scope 2 and Scope 3 emissions (the "Assessment"). The results of the Assessment are reported below and will be used as Group's baseline year against which a near term "Science-Based Target" will be set and verified annually through the Science Based Targets initiative ("SBTi").

A. The Assessment

Following the GHG Protocol Corporate Accounting and Reporting Standard, the Assessment concluded the following key analysis and recommendations in relation to MindGym's emissions hotspots:

i. Activity Hotspots



ii. Summary by Activity

Activity	Scope 1 GHG Emissions (tCo^{2}e)	Scope 2 GHG Emissions (tCo^{2}e)	Scope 3 GHG Emissions (tCo^{2}e)	Total GHG Emissions (tCo^{2}e)	Normalised Emissions (tCo^{2}e/FTE)	% of Total Emissions*
Business Travel			154.32	154.32	0.47	25.06%
Work From Home			116.71	116.71	0.35	18.95%
Electricity (market-based)		86.20	27.42	113.62	0 34	18.45%
IT Purchases			104.35	104.35	0.32	16.94%
Electricity (location-based)		59.37	25.31	84.68	0.26	14.43%
Subsistence**			52.49	52.49	0.16	8.52%
Office Purchases			42.10	42.10	0.13	6.83%
Commuting			12.63	12.63	0.04	2.05%
Purchased Steam for heating		8.57	2.12	10.68	0.03	1.73%
Waste			8.38	8.38	0.03	1.36%
Water			0.55	0.55	0.002	0.09%
Digital Emissions***			0.10	0.10	0.00	0.02%
Total (market based)		94.77	521.17	615.94	1.86	
Total (location based)		67.94	519.06	587.00	1.77	

Table 1 Emmisions per activity, split between scopes 1,2 and 3.
*All values are a % of market - based emissions, except electricty (location based).
**Subsistence consisted mostly of spend on food and drink.
***Microsoft 365 emissions not included. This will be added once the data is collected

Business Travel: As stated above, as MindGym continues its trend towards the provision of its services digitally, we expect to be able to reduce business travel and associated emissions. Where air travel is used, we look at lower carbon flight alternatives to ensure we can keep emissions as low as possible when flying is necessary.

Work from home: MindGym continues offer hybrid working format to its employees. The majority of "work from home" emissions are from electricity usage. The Assessment found that only c.10% of employees have renewable energy sources in their electricity plan. We expect to see "work from home" emissions reduce as employees move back to office. This benefit will be compounded by MindGym's proposed plans to switch to a 100% renewable energy electricity provider in 2023 in the London office as part of the Group Carbon Reduction Plan. With the current cost of energy, it would not be reasonable to ask employees to incur higher costs by switching to renewable energy at home. The Assessment identified the following alternative actions that may be taken by employees to reduce emissions home, which we will be recommending globally as part of the Group Carbon Reduction Plan:

Strategy	% Reduction in WFH Emissions	Description
All employees install LED lights	13%	40% of respondent's stated that they have LEDs installed in their households. LED lighting is ~83% more energy efficient than traditional lighting types.
All employees regularly turn appliances/lights off	2%	71% of respondents regularly turn lights and appliances off when not in use, rather than leaving them on standby. Energy from devices left on standby account for 5-10% of total electricity used in residential homes.
Turn heating down by one degree	6%	You can save 10% of energy required for heating for every degree you turn down heating.
Heat just the room you are working in	9%	Of those who additionally heated their homes due to working from home, only 23% just heat the room in which they work. 51% additionally heat the whole house.

Office Electricity: Neither of MindGym's primary office locations uses gas as part of its energy supply, as so both are already performing well from an emissions standpoint. The Assessment identified alternative 100% renewable energy plans that the London office will be switching to in the financial year 23/24, which could reduce emissions by up to 64% from the base year.

B. Science Based Targets

Another key aspect of Group Carbon Reduction Plan is to set a formal Science Based Target through the SBTi's expediated SME process. MindGym will use the emissions data in the Assessment as the base year for the plan. The SME process only requires a reduction in Scope 1 and Scope 2 emissions. The following table demonstrates MindGym's reduction trajectory to ensure the Company will be aligned with 1.5 degrees global warming (with the majority of the reduction coming from switching energy plans in London and New York):

Scope	Base year (FY21-22)	Target year (FY26-27)	Reduction	Target year (FY31-32)	Reduction
Scope 1 (tCO_2e)*	0.00	0.00	21%	0.00	42%
Scope 2 (tCO_2e)	94.77	74.87	21%	54.97	42%
Scope 1 + 2 (tCO_2e)	94.77	74.87	21%	54.97	42%

Scope 3 emissions. While it is not a requirement under the SBTi's SME process to set targets and reduce Scope 3 emissions, MindGym recognises that this is our greatest challenge in terms of the Global Emissions Reduction Plan, and where we can therefore have greatest impact. By reducing our travel-based emissions and transitioning our business model to digital services, we have estimated the following possible reduction in Scope 3 emissions:

Scope 3 Pathway	Base year (FY21-22)	Target year (FY26-27)	Reduction	Target year (FY31-32)	Reduction
(7% annual reduction)	1.57	1.02	35%	0.47	70%

We will continue to monitor scope 3 emissions, and in particular the impact that exiting COVID will have on behaviours within businesses and the resulting impact on emissions. The possible reduction in Scope 3 emissions will be revisited in FY23 in light of this.

Post balance sheet events

There are no events that are material to the operations of the Group that have occurred since the reporting date.

Going concern

The Group meets its day-to-day working capital requirements from the cash flows generated by its trading activities and its available cash resources. As at 31 March 2022, the Group had £10.0 million of cash and £2.2m of lease liabilities. Adjusted cash conversion in the year ended 31 March 2022 was 95% (2021: 418%).

The Group prepares cash flow forecasts and re-forecasts regularly as part of the business planning process. The Directors have reviewed forecast cash flows for the forthcoming 12 months for the Group from the date of the approval of the financial statements, and consider that the Group will have sufficient cash resources available to meet its liabilities as they fall due. These cash flow forecasts have been analysed in light of the ongoing impact of the COVID-19 pandemic, the invasion of Ukraine and other macro-economic factors. Given the expected medium-term economic impact, the cash flow forecasts are subject to stress testing, scenario modelling and sensitivity analysis, which the Directors consider sufficiently robust. The Directors note that in a downturn scenario the Group also has the option to rationalise its cost base, including cuts to discretionary capital and overhead expenditure. The Directors consider that the required level of change to the Group's forecast cash flows to give rise to a material risk over going concern are sufficiently remote. Furthermore, the Group secured a £10m debt facility (£6m RCF, £4m accordion) on 30 September 2021 which matures after three years, providing additional flexibility if required. The facility remains undrawn as at 10 June 2022.

As a result of these assessments, the Group's strong cash position and clients predominantly comprising blue-chip corporates, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

The Directors believe that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business mode and strategy.

Independent auditors

BDO LLP has expressed its willingness to continue in office as Auditor and a resolution to appoint BDO LLP will be proposed at the forthcoming Annual General Meeting of the Company.

Disclosure of information to Auditor

In the case of each Director in office at the date the Directors' report is approved, the following applies:

- The Director knows of no information, which would be relevant to the auditors for the purpose of their audit report, of which the auditors are not aware.
- The Director has taken all steps that he/she ought to have taken as a Director to make him/herself aware of any such information and to establish that the auditors are aware of it.

Annual General Meeting

The Annual General Meeting is scheduled to be held on 14 July 2022 at 160 Kensington High Street, London, W8 7RG. The ordinary business will include receipt of the Directors' report and audited financial statements for the year ended 31 March 2022, the re-election of Directors, the reappointment of BDO LLP as Auditor and authorisation of the Directors to determine the Auditor's remuneration.

The Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting have been sent to shareholders separately and are available on the Company's website.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the strategic report, the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group's Consolidated Financial Statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006, and the Company Financial Statements in accordance with FRS 101 'Reduced Disclosure Framework'. Under company law, the Directors must not approve the financial statements, unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether they have been prepared in accordance with IFRSs in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring that the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors' report was approved by the Board and was signed on its behalf on 9 June 2022.

Dominic Neary
Chief Financial Officer

9 June 2022

Environmental, social and governance highlights

Environmental

We continue to report on our UK energy consumption and greenhouse gas emissions following the guidance on Streamlined Energy and Carbon Reporting (SECR). See Directors Report.

During the year, the pandemic continued to impact our level of virtual deliveries and the frequency of our staff working from home. Consequently, there have been reduced levels of business travel and commuting this year. Virtual delivery has also resulted in reduced printing of course materials. Although some travel will resume as the world recovers from COVID-19, we do not intend to go back to the old business as usual. Maintaining a high proportion of virtual delivery and a move to flexible hybrid working for our people will lessen our impact on the environment.

Social

We fully fund ParentGym, one of the largest school-based parenting programmes in the UK. ParentGym normally runs approximately 100 programmes every term. With schools closed over lockdown, we have converted the material to a digital programme, created an online support community for parents and embarked on partnerships with a number of family-focused charities to give them access to the programme.

Our products in areas such as diversity and inclusion and wellbeing help our clients make their workplaces healthier.

MindGym is committed to creating an exceptional culture and have dedicated time and resources to creating a hybrid working model to encourage a strong sense of belonging to the organisation. As we move into the new financial year, we are focusing our attention on wellbeing and have a educational approach based on our own findings and point of view to support our employees post pandemic. We recognise the constraints and anxiety the prolonged uncertainty of the pandemic have created and are committed to supporting our colleagues. We have trained mental health first aiders in our organisation and provided access to the cycle to work scheme, as well as subsidised gym membership.

Over the last year, we have run a programme of open training course in addition to accommodating over 100 individually supported development investments to help our colleagues to grow professionally. This will be built on in the next fiscal year.

Our Solutions

We develop and deliver solutions to address specific social challenges that impact the workforce. Through these offerings, we aim to build more inclusive workplaces, create safe environments where people can be their authentic selves and teach ways of working that actively enhance individual wellbeing.

Respect – We continue to offer a range of products designed to prevent harassment and improve the social working environment as part of our Respect Solution Set. This includes creating customised eLearning for clients in the US to meet their anti-harassment training statutes.

Inclusion – Our DE&I Point of View offers organisations a means to help individuals feel valued and accepted at work through engagement campaigns, capability building and strategic intervention design.

Wellbeing – This year, we also launched our new Point of View on Wellbeing (Wellworking™). While the market is saturated with programmes offering to treat the symptoms of wellbeing, few truly target the root causes of stress and burnout. Wellworking™ equips individuals with insights and skills to change their working habits in ways that reduce negative impact and enhance individual and collective wellbeing.

Governance

The Board applies the 10 principles of the Quoted Companies Alliance (QGA) Corporate Governance Code.

We have increased the diversity of our Board. Our Board of eight members now includes two from a minority ethnic background, as well as three women.

Financial statements

Independent auditor's report to the members of MindGym plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mind Gym plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows and notes to the consolidated financial statements, the Company balance sheet, the Company statement of changes in equity and notes to the Company financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Understanding, challenging and corroborating the key assumptions included in their cash flow forecasts against prior year, our knowledge of the business and industry, and other areas of the audit.
- Review of board minutes and review of external resources being Companies House for any changes in structure and third party websites (eLearning market size for growth projections) and any key future events that may have been omitted from cash flow forecasts and assessing the impact these could have on future cash flows and cash reserves.
- Confirming that sensitised cash flow forecasts prepared by the Directors included the preparation of a reverse stress test to analyse the level of reduction in trade that could be sustained before a liquidity shortfall would be indicated. We assessed the assumptions primarily around revenue growth against prior year and our knowledge of the business, and accuracy of these calculations
- Considering the adequacy of the disclosures relating to going concern included within the annual report against the requirements of the accounting standards and consistency of the disclosures against the forecasts and going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage[1]	96% (2021: 98%) of Group profit before tax 99% (2021: 99%) of Group revenue 98% (2021: 99%) of Group total assets
Key audit matters	Revenue recognition — 2022 ☐ — 2021 ☐
Materiality	Group financial statements as a whole £400,000 based on 0.8% of revenue (2021: 305,000 based on 6% of three year average adjusted profit before tax).

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Parent Company is based in the UK and there is one significant component based in the US, as well as one non-significant component based in Singapore. All audit work was performed by the Group audit team based in the UK. The make-up of the Group's components did not change from the 2021 audit.

We completed a full scope audit for the Parent Company and the other significant component, as well as testing over the consolidation necessary for our opinion on the Group financial statements. We performed analytical review procedures and specific audit testing on Group audit risk areas on the non-significant component.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue Recognition **(Note 2 and note 4)**	Revenues are generated from the provision of training courses and associated products. Certain elements of Group revenues are recognised with reference to the stage of delivery of a product or service as the performance obligations are fulfilled. Management undertake an exercise at each period end to estimate the stage of completion of individual deliverables. Delivery revenues are coach led face to face and virtual training sessions. Revenue is recognised at a point in time on the date of delivery of the session For revenue streams other than Delivery revenue, there may be judgement over the point the performance obligations are satisfied, including the period in which revenue should be recognised. In view of the judgements involved and the significance of this matter to the financial statements overall, revenue recognition for non-delivery revenue streams, specifically the satisfaction of performance obligations and cut off were determined to be a key audit matter.	Our procedures on management judgements over the recognition point for revenue across the year end include the following: · Tested a sample of revenue recognised and amounts recorded during the year, and around the year end, to source documentation. This included identification of performance obligations, evidence of customer acceptance and delivery, and timely payment of amounts due to determine whether the approach to recognising revenue was appropriate. · Examined a sample of invoices raised in the year and considering the appropriate recognition requirements, with a focus on significant licencing and development revenue to check that it is recognised either on delivery or over a period, including understanding performance obligations, payment terms and future obligations. · Tested revenue cut off through agreement of a sample of revenue entries and credit notes recognised either side of year end, to check amounts are recorded in the correct period. · For a sample of year end accrued income, focussed on aged items, we identified the performance obligation and obtained evidence this had been met prior to year-end to check the basis for recognition is correct, the balances have been correctly accounted for, and should be recoverable from customers. Key observations: Based on the procedures performed we found that performance obligations had been satisfied before revenue was recognised and that revenue was recognised in the appropriate period for non-delivery revenue.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Shareholder	Group financial statements		Parent Company financial statements	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Materiality	400	305	290	225
Basis for determining materiality	0.8% of revenue	6% of three-year average adjusted profit before tax	73% of Group materiality	74% of Group materiality
Rationale for the benchmark applied	We considered revenue to be the most appropriate measure for the basis of materiality given the reduction in the Group's profitability as a result of the continued investment in new Digital offerings and the related increase in amortisation of the intangible assets. We therefore concluded that a profit metric no longer reflected the underlying operation of the Group and Revenue is now the focus of how the Group measures its performance.	We considered adjusted profit before tax to be the most appropriate measure for the basis of materiality given it was a key performance indicator for the Group at that time Adjusted measures were used to reflect the Group's underlying performance. A three year average measure was used to account for fluctuations in the Group's profitability as a result of the Coronavirus pandemic.	We used our judgement to allocate materiality for Group audit purposes, including taking account of aggregation risk.	
Performance materiality	75% of materiality			
	300	229	218	169
Basis for determining performance materiality	We considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments			

Component materiality

We set materiality for the significant component, other than the Parent Company, of the Group based on a percentage of between 75% (2021: 74%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of the component. Component materiality was £300,000 (2021: 225,000). In the audit of the significant component, we further applied performance materiality levels of 75% (2021: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £16,000 (2021: £12,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities in respect of the Annual Report and the financial statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We have obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the industry in which it operates. We determined that the most significant law and regulations which are directly relevant to specific assertions in the financial statements are those related to the applicable accounting frameworks, the Companies Act 2006, industry specific regulation and employment and taxation laws and regulations in the jurisdictions in which the Group operates.

Our procedures included the following

- Review the adequacy and appropriateness of tax provisioning by agreeing the data used in the calculations to audited schedules and discussing the judgements taken with our internal research and development team and the Group's external tax advisors.
- Agreement of the financial statement disclosures to underlying supporting documentation; andOur procedures included journal entry testing, with a focus on large or unusual transactions based on our knowledge of the business; enquiries with the management outside of the finance function; and focused testing as referred to in the Key Audit Matters section above.
- We understood how the Group is complying with those legal and regulatory frameworks, by making enquires of management and those responsible for legal and compliance procedures. We corroborated our enquires through our view of board minutes and regulatory inquiries that we have obtained from the Group's Compliance Officer.

We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management from across the Group to understand where they considered there was a susceptibility to fraud. We identified fraud risks in relation to management override of controls and appropriateness of revenue recognition around the year end where incentive might exist to accelerate (or decelerate) earnings (refer to the KAMs section).

Our procedures included the following

- We obtained an understanding of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how management monitors those processes and controls;
- We considered managements estimates and judgements applied in the preparation of the financial statements throughout the audit, individually and in aggregate, to evaluate whether there were any indications of bias in the application of these judgements. This included those set out in the key audit matters section of our report;
- Performed journal entry testing, focusing on journal entries containing defined characteristics and large or unusual transactions based on our knowledge of the business by agreeing to supporting documentation; and
- Assessed appropriateness of revenue around year end, by agreeing a sample of revenue recognised are recorded in the correct period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kieran Storan (Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor London, UK

9 June 2022

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

Mind Gym plc consolidated statement of comprehensive income

	Note	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Continuing operations			
Revenue	4	48,668	39,383
Cost of sales		(6,284)	(4,967)
Gross profit		42,384	34,416
Administrative expenses		(42,733)	(34,635)
Operating loss	4, 5	(349)	(219)
Finance income	9	19	30
Finance costs	9	(152)	(167)
Loss before tax		(482)	(356)
Adjusted (loss)/profit before tax		(482)	306
Restructuring costs	6	–	(662)
Total adjustments	6	–	(662)
Loss before tax		(482)	(356)
Tax on loss/profit	10	2,084	124
Profit/(loss) for the financial period from continuing operations attributable to owners of the parent		1,602	(232)
Items that may be reclassified subsequently to profit or loss			
Exchange translation differences on consolidation		192	(281)
Other comprehensive income for the period attributable to the owners of the parent		192	(281)
Total comprehensive income/(loss) for the period attributable to the owners of the parentt		1,794	(513)
Earnings/(loss) per share (pence)			
Basic	11	1.60	(0.23)
Diluted		1.59	(0.23)
Adjusted earnings per share (pence)			
Basic	11	1.60	0.30
Diluted		1.59	0.30

Mind Gym plc consolidated statement of financial position

	Note	31 March 2022 £'000	31 March 2021 £'000
Non-current assets			
Intangible assets	13	8,175	2,877
Property, plant and equipment	14	2,815	3,406
Deferred tax assets	10	2,846	230
Other receivables	16	217	339
		14,053	6,852
Current assets			
Inventories	15	7	–
Trade and other receivables	16	10,063	10,620
Current tax receivable		494	280
Cash and cash equivalents		10,021	16,833
		20,585	27,733
Total assets		34,638	34,585
Current liabilities			
Trade and other payables	17	12,729	13,813
Lease liability	18	856	1,085
Redeemable preference shares	19	50	50
Current tax payable		28	104
		13,663	15,052
Non-current liabilities			
Lease liability	18	1,349	2,081
Total liabilities		15,012	17,133
Net assets		19,626	17,452
Equity			
Share capital	22	1	1
Share premium		213	157
Share option reserve		608	674
Retained earnings		18,804	16,620
Equity attributable to owners of the parent Company		19,626	17,452

The financial statements were approved and authorised for issue by the Board of Directors on 9 June 2022 and were signed on its behalf by:

Dominic Neary
Chief Financial Officer

Mind Gym plc consolidated statement of changes in equity

	Note	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2020		**1**	**112**	**684**	**16,760**	**17,557**
Loss for the period		–	–	–	(232)	(232)
Other comprehensive income:						
Exchange translation differences on consolidation		–	–	–	(281)	(281)
Total comprehensive loss for the period		**–**	**–**	**–**	**(513)**	**(513)**
Exercise of options	22	–	45	(308)	308	45
Credit to equity for share-based payments	23	–	–	298	–	298
Tax relating to share-based payments	10	–	–	–	65	65
At 31 March 2021		**1**	**157**	**674**	**16,620**	**17,452**
Profit for the period		–	–	–	1,602	1,602
Other comprehensive income:						
Exchange translation differences on consolidation		–	–	–	192	192
Total comprehensive income for the period		**–**	**–**	**–**	**1,794**	**1,794**
Exercise of options	22	–	56	(407)	407	56
Credit to equity for share-based payments	23	–	–	341	–	341
Tax relating to share-based payments	10	–	–	–	(17)	(17)
At 31 March 2022		**1**	**213**	**608**	**18,804**	**19,626**

Mind Gym plc consolidated statement of cash flows

	Note	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Cash flows from operating activities			
Profit/(loss) for the financial period		1,602	(232)
Adjustments for:			
Amortisation of intangible assets	13	325	52
Depreciation of property, plant and equipment	14	1,252	1,084
Profit on disposal of property, plant and equipment		–	(2)
Net finance costs	9	133	137
Taxation (credit)/charge	10	(2,084)	(124)
(Increase)/decrease in inventories		(7)	73
Decrease/(increase) in trade and other receivables		686	(246)
Decrease/(increase) in payables and provisions		(1,084)	4,892
Share-based payment charge	23	341	298
Cash generated from operations		1,164	5,932
Net tax (paid)/received		(812)	(521)
Net cash generated from operating activities		352	5,411
Cash flows from investing activities			
Purchase of intangible assets		(5,623)	(2,834)
Purchase of property, plant and equipment		(514)	(388)
Proceeds from sale of property, plant and equipment		–	10
Interest received		12	15
Net cash used in investing activities		(6,125)	(3,197)
Cash flows from financing activities			
Cash repayment of lease liabilities		(1,226)	(1,075)
Issuance of ordinary shares	22	56	45
Interest paid		(27)	–
Dividends paid	12	–	–
Net cash used in financing activities		(1,197)	(1,030)
Net decrease in cash and cash equivalents		(6,970)	1,184
Cash and cash equivalents at beginning of period		16,833	15,952
Effect of foreign exchange rate changes		158	(303)
Cash and cash equivalents at the end of period		**10,021**	**16,833**

Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	10,021	16,833

Notes to the group financial statements

1. General information

Mind Gym plc ('the Company') is a public limited company incorporated in England and Wales, and its ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange ('AIM'). The address of the registered office is 160 Kensington High Street, London W8 7RG. The group consists of Mind Gym plc and its subsidiaries, MindGym (USA) Inc., MindGym Performance (Asia) Pte. Ltd, and MindGym (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

Basis of preparation

These consolidated financial statements have been prepared in accordance with UK adopted international accounted standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, including interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC'), and with the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention.

The consolidated financial statements are presented in Pound Sterling. All values are rounded to £1,000 except where otherwise indicated.

The principal accounting policies in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The Group meets its day-to-day working capital requirements from the cash flows generated by its trading activities and its available cash resources. As at 31 March 2022, the Group had £10.0 million of cash and £2.2m of lease liabilities. Adjusted cash conversion in the year ended 31 March 2022 was 93% (2021: 418%).

The Group prepares cash flow forecasts and re-forecasts regularly as part of the business planning process. The Directors have reviewed forecast cash flows for the forthcoming 12 months for the Group from the date of the approval of the financial statements and consider that the Group will have sufficient cash resources available to meet its liabilities as they fall due. These cash flow forecasts have been analysed in light of COVID-19 and other medium-term macro-economic impacts and subjected to stress testing and scenario modelling which the Directors consider sufficiently robust. The Group continued to be impacted by COVID-19 but has been protected from more severe consequences by our digitally enabled revenue. The impact of the war in Ukraine and inflationary pressures are further discussed in the Board Chair's report. The scenario modelling has assessed the impact of various degrees of downturn in medium-term revenues generated. The Directors note that in a downturn scenario the Group also has the option to rationalise its cost base, including cuts to discretionary capital and overhead expenditure. The Directors consider that the required level of change to the Group's forecast cash flows to give rise to a material risk over going concern is sufficiently remote.

As a result of these assessments, the Group's strong cash position and clients predominantly comprising blue-chip corporates, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

New standards and interpretations applied for the first time

The Group adopted the following new or amended IFRSs and IFRIC interpretations from 1 April 2021:

- Amendments to IFRS 3 Business Combinations
- Amendments to IAS 16 Property, Plant and Equipment
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (Phase 2)
- Annual Improvements to IFRS Standards 2018-2020 Cycle

The adoption of these amended IFRSs did not have a material impact on the financial statements.

New standards and interpretations not yet applied

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective for the financial period and have not been applied. The Directors plan to adopt these standards in line with their effective dates.

	Applicable from
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative information	1 January 2023

The Directors anticipate that the adoption of these standards and amendments will have no material impact on the financial statements.

Basis of consolidation

The consolidated financial statements incorporate those of Mind Gym plc 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.

Foreign currency translation

The Group's presentation currency is Pound Sterling. The results and financial position of subsidiaries that have a functional currency different from Sterling are translated into Sterling as follows:

- Assets and liabilities are translated at the closing rate at the balance sheet date
- Income and expenses are translated at average rates of exchange prevailing during the year

All resulting exchange differences are recognised in equity.

Foreign currency transactions are initially recorded at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets or liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

Revenue is recognised when control over a product or service is transferred to a customer. Due to the short-term nature of the trade receivables, the Group measures them at the original transaction price invoiced without discounting.

The Group generates revenue from business-to-business customers by satisfying the following performance obligations:

- Delivering coach-led face-to-face and virtual training sessions. Revenue is recognised at a point in time on the date of delivery of the session.
- Developing training programmes customised to specific needs. Revenue is recognised at a point in time on the completion of all development work or, at the end of a stage of work when the contract provides an enforceable right to payment on completion of a stage.
- Licensing digital training modules to clients. When non-cancellable digital modules are provided to the client and hosted on the client's

servers, revenue is recognised at a point in time on the date the modules are provided to the client. Where the client has a right to cancel, revenue is recognised at the start of each committed period. When digital modules are hosted on the Group's servers, revenue is recognised over time across the life of the agreement.

- Training and certifying client staff to act as coaches. Revenue is recognised at a point in time on the date of delivery of the certification course.
- Digital coaching platform and coaching sessions. Revenue is recognised over time, across the life of the agreement and in line with expected customer usage levels.

Any advance consideration received from clients represents a contract liability and is disclosed in Note 17 under the heading deferred income. When the performance obligation has been satisfied but the income has not yet been invoiced, the amount represents a contract asset and is disclosed in Note 16 as accrued income.

The incremental costs of obtaining a contract principally consist of commissions paid to the Group's sales team. The sales team earn commission over time as the revenue they have generated is recognised. Commission costs are not therefore capitalised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

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 performance 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 performance conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market performance 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 that 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 the Consolidated Statement of Comprehensive Income over the remaining vesting period.

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.

Government grants

Government grants are not recognised until there is reasonable assurance the grants will be received and that the Group will comply with any conditions attached to them. Government grants are recognised in the income statement over the same period as the costs for which the grants are intended to compensate.

Government grant income under the Coronavirus Job Retention Scheme and other schemes reimbursing employee wages is netted against staff costs and is disclosed in Note 8.

Taxation

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

The current tax payable is based on taxable profit for the year. Taxable profit differs from accounting 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 at the period-end date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised on temporary differences arising from the initial recognition of goodwill or other assets and liabilities in a transaction, other than a business combination, that affects neither the accounting nor the taxable profit.

Deferred tax is measured on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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.

The Group has taken advantage of HMRC's Small-Medium Enterprise (SME) Research and Development tax relief scheme. This has resulted in an enhanced deduction on eligible activities and is a significant component of both the tax credit in the Consolidated Statement of Comprehensive Income and deferred tax asset recognised in the balance sheet.

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 recognised in equity.

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.

Other research and development costs that do not meet the above criteria are recognised as expenses as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

After recognition intangible assets are measured at cost less any accumulated amortisation and impairment losses. Amortisation is charged to administrative expenses on a straight-line basis from the date on which the asset is available for use. Intangible assets are amortised over their estimated useful lives as follows:

Internally developed software	Three to five years
Other intangible assets	One to five years

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted prospectively if appropriate at each reporting date.

Property, plant and equipment

Property, plant and equipment is 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. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Assets are depreciated to their estimated residual value using the straight-line method over their estimated useful lives as follows:

Leasehold improvements	Over the period of the lease
Fixtures, fittings and equipments	Two to five years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate at each balance sheet 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.

Impairment of property, plant and equipment and intangible assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Leases

Lease identification

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration.

Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

The lease liability is measured at amortised cost using the effective interest method.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value assets recognition exemption to leases of assets below $5,000. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Amounts due from lessees under finance leases are recognised as finance lease receivables at the amount of the Group's present value of the lease receipts. The finance lease receivable is subsequently measured by increasing the carrying amount to reflect interest on the finance lease receivable (using the discount rate used at commencement) and by reducing the carrying amount to reflect the lease payments received.

Inventories

Inventories comprise pack materials used in the delivery of courses and are stated at the lower of cost and net realisable value. 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. Net realisable value is the estimated selling price less costs to complete and sell.

At each reporting date, inventories are assessed for impairment. If stock is impaired, the carrying amount is reduced to its realisable value. The impairment loss is recognised immediately in profit or loss.

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 Statements, 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.

Financial assets – 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.

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

A provision for impairment of trade receivables is made for expected lifetime credit losses based on past experience and general economic factors. Further provisions are made against specific trade and other receivables when there is objective evidence that one or more loss events that occurred after the initial recognition of the financial asset, have had 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.

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 – Other financial liabilities

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

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

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.

Dividends

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

Dividends payable are recognised when paid, or as a liability in the period in which the dividends are approved by the shareholders of the Company.

3. Use of judgements and estimates

In preparing these consolidated Financial Statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are:

Going concern

As noted in Note 2, the financial statements have been prepared on a going concern basis, following detailed scenario testing and review.

Capitalisation of internally developed intangibles

Costs of £5.6 million incurred on developing software and new digital products have been capitalised in the year (see Note 13). Initial capitalisation is based on management's judgement on which costs meet the definition of development costs. Costs capitalised include directly attributable labour costs and purchases of directly attributable products and services. No overheads have been capitalised. Initial capitalisation and any subsequent impairment is also based on management's judgement that technological and economic feasibility is demonstrated and assumptions regarding the expected future cash generation of the projects and the expected period of benefits.

Assumptions and estimation uncertainties

Assumptions and estimation uncertainties at 31 March 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are:

Provisions against trade receivables and accrued income

A provision is initially made against trade receivables and accrued income for expected lifetime credit losses. Historic credit losses have been low and the provision rate is based on experience over the last three years and current and expected economic conditions. Balances are reviewed on a regular basis and provisions are increased to reflect any increase in credit risk where appropriate. The review takes into account factors such as the age of the debt, current economic indicators for the industry of the customer, 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 released when subsequent information supports the recovery.

Share-based payments

The Group has share-based payment remuneration for employees under a Long-Term Incentive Plan. The fair value of share options at the date of grant is estimated using the Black-Scholes model based on certain assumptions. The fair value of the share options for the more complex share scheme granted on 14 July 2021 is estimated using the Monte Carlo model based on certain assumptions. These assumptions are set out in Note 23 and include expected share price volatility, dividend yield, expected life and the numbers of options expected to vest.

Useful economic life of intangible assets

The useful economic lives of capitalised development costs, which are key estimates, are assessed by management. In assessing the useful economic lives of the coaching platform, Performa, management took factors into account, such as the speed of change in technology used across these types of Digital products. The useful economic lives have been benchmarked against the market and are deemed reasonable. A sensitivity analysis was performed to assess the impact of changing the useful economic life of the coaching platform from three to five years. This would have reduced amortisation charge for the year ending 31 March 2022 by £103,000.

4. Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the business. The chief operating decision-maker has been identified as the Board. The Group has two operating segments: EMEA (comprising the United Kingdom and Singapore) and America (comprising the United States and Canada).

Both segments derive their revenue from a single business activity, the provision of human capital and business improvement solutions.

The Group's business is not highly seasonal, and the Group's customer base is diversified with no individually significant customer.

Segment results for the year ended 31 March 2022

Segment result	EMEA	America	Total
	£'000	£'000	£'000
Revenue	19,715	28,953	48,668
Cost of sales	(2,572)	(3,712)	(6,284)
Administrative expenses	(23,705)	(19,028)	(42,733)
(Loss)/profit before inter-segment charges	(6,562)	6,213	(349)
Inter-segment charges	5,084	(5,084)	–
Operating (loss)/profit – segment result	(1,478)	1,129	(349)
Finance income			19
Finance costs			(152)
Loss before taxation			(482)

Management does not report segmental assets and liabilities internally and as such an analysis is not reported.

The mix of revenue for the year ended 31 March 2022 is set out below.

	EMEA	America	Group
Delivery	60.2%	66.0%	63.7%
Design	13.4%	9.8%	11.2%
Digital	11.9%	10.7%	11.2%
Licensing and certification	5.8%	6.3%	6.0%
Other	6.8%	6.2%	6.5%
Advisory	1.9%	1.0%	1.4%

The vast majority of the Group's contracts are for the delivery of services within the next 12 months. The Group has therefore taken advantage of the practical expedient in paragraph 121(a) of IFRS 15 not to disclose information about remaining performance obligations.

Segment results for the year ended 31 March 2021

Segment result	EMEA	America	Total
	£'000	£'000	£'000
Revenue	17,241	22,142	39,383
Cost of sales	(2,237)	(2,730)	(4,967)
Administrative expenses	(18,349)	(16,286)	(34,635)
(Loss)/Profit before inter-segment charges	(3,345)	3,126	(219)
Inter-segment charges	2,258	(2,258)	–
Operating (loss)/profit – segment result	(1,087)	868	(219)
Finance income			30
Finance costs			(167)
Loss before taxation			(356)

Adjusted profit before tax	EMEA	America	Total
	£'000	£'000	£'000
Operating profit – segment result	(1,087)	868	(219)
Employee options surrender costs	587	75	662
Adjusted EBIT	(500)	943	443
Finance income			30
Finance costs			(167)
Adjusted profit before taxation			306

The mix of revenue for the year ended 31 March 2021 is set out below.

	EMEA	America	Group
Delivery	59.7%	52.5%	55.6%
Design	12.7%	13.3%	13.0%
Digital	15.3%	16.8%	16.2%
Licensing and certification	6.3%	9.0%	7.8%
Other	4.2%	6.9%	5.7%
Advisory	1.8%	1.5%	1.7%

The vast majority of the Group's contracts are for the delivery of services within the next 12 months. The Group has therefore taken advantage of the practical expedient in paragraph 121(a) of IFRS 15 not to disclose information about remaining performance obligations.

5. Operating profit

Operating (loss)/profit is stated after charging:

	31 March 2022	31 March 2021
	£'000	£'000
Coach costs	5,025	3,369
Staff costs (Note 8)	32,977	26,491
Amortisation of intangible assets	325	52
Depreciation of property, plant and equipment	1,252	1,084
Short-term and low-value lease expense	23	35
(Write-back)/impairment of trade receivables	(11)	(41)

6. Adjustments

	31 March 2022	31 March 2021
	£'000	£'000
Restructuring costs	–	662
	–	662

Restructuring costs in the year ended 31 March 2021 include redundancy costs related to the headcount reduction exercise undertaken in response to the COVID-19 impact on the business.

The cash cost of Adjustments in 2021 was £662,000.

7. Auditor remuneration

	31 March 2022	31 March 2021
	£'000	£'000
Fees for audit of the Company and consolidated financial statements	97	88
Fees for audit of the Company's subsidiaries pursuant to legislation	16	15
Total audit fees	113	103
Tax compliance services	69	82
Tax advisory services	6	15
Other services	11	10
Total fees payable to the auditor	199	210

8. Employees

Staff costs were as follows:

	31 March 2022	31 March 2021
	£'000	£'000
Wages and salaries	28,828	22,464
Social security costs	2,825	2,249
Pension costs – defined contribution plans	983	897
Share-based payments	341	298
Restructuring payroll costs included in adjusted items	–	583
	32,977	26,491

Wages and salaries in 2021 are stated net of £216,000 of government grants under the UK Coronavirus Job Retention Scheme and similar schemes.

The average number of the Group's employees by function was:

	31 March 2022	31 March 2021
	£'000	£'000
Delivery	196	170
Support	86	61
Digital	50	20
	332	251

The year-end number of the Group's employees by function was:

	31 March 2022	31 March 2021
	£'000	£'000
Delivery	206	174
Support	88	67
Digital	41	35
	335	276

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 compensation paid to key management personnel for services provided to the Group was:

	31 March 2022	31 March 2021
	£'000	£'000
Salaries, bonuses and other short-term employee benefits	2,955	2,583
Post-employment benefits	130	53
Termination benefits	311	–
Share-based payments	111	207
Total compensation	3,507	2,843

Details of Directors' remuneration and share options are set out in the Annual Report on Remuneration on pages 60 to 63.

9. Net finance costs

	31 March 2022	31 March 2021
	£'000	£'000
Finance income		
Bank interest receivable	12	15
Finance lease income	7	15
	19	30
Finance costs		
Bank interest payable	(27)	–
Lease interest	(125)	(167)
	(152)	(167)
	(133)	(137)

10. Tax

The tax (credit)/charge for the year comprises:

	31 March 2022	31 March 2021
	£'000	£'000
UK current tax	–	(191)
UK adjustment in respect of prior periods	(42)	(97)
Foreign current tax	326	299
Foreign adjustment in respect of prior periods	19	(2)
Total current tax charge	303	9
Deferred tax – current year	(1,317)	(6)
Deferred tax – adjustment in respect of prior periods (R&D claims)	(429)	(127)
Effect of changes in tax rates	(641)	–
Total deferred tax credit	(2,387)	(133)
Total tax (credit)/charge	(2,084)	(124)

Tax on items credited to equity:

	31 March 2022	31 March 2021
	£'000	£'000
Current tax credit on share-based payments	–	(48)
Deferred tax (credit)/charge on share-based payments	17	(17)
Total tax credit in equity	17	(65)

The tax charge for the year can be reconciled to accounting profit as follows:

	31 March 2022	31 March 2021
	£'000	£'000
(Loss)/profit before tax	(482)	(356)
Expected tax (credit)/charge based on the standard rate of tax in the UK of 19% (2021: 19%)	(91)	(68)
Differences in overseas tax rates	91	71
Expenses not deductible for tax purposes	717	21
Adjustments to tax in respect of prior periods (R&D claims)	(452)	(226)
Enhanced R&D deduction	(1,722)	–
Tax rate changes	(641)	–
Other tax adjustments	14	78
Total tax (credit)/charge	(2,084)	(124)

The main categories of deferred tax assets recognised by the Group are:

	Tax losses	Share-based payments	Other	Total
	£'000	£'000	£'000	£'000
At 1 April 2020	–	85	–	85
Credited/(charged) to income	–	31	102	133
Credited/(charged) to equity	–	17	–	17
Exchange differences	–	–	(5)	(5)
At 31 March 2021	–	133	97	230
Credited to income	4,049	15	(1,438)	2,626
Credited to equity	–	(17)	–	(17)
Exchange differences	–	–	7	7
At 31 March 2022	4,049	131	(1,334)	2,846

The standard rate of corporation tax in the UK is 19%. The March 2022 Budget Statement announced an increase in the main corporation tax rate to 25%, with effect from April 2023. This increase was substantively enacted at the balance sheet date.

The Group has recognised £4 million of deferred tax assets relating to carried forward tax losses. These losses have been recognised as it is probable that future taxable profits will allow these deferred tax assets to be recovered. The Group has performed a continuing evaluation of its deferred tax asset valuation allowance on an annual basis, to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets.

11. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year. The Company has potentially dilutive shares in respect of the share-based payment plans (see Note 23). Adjusted earnings per share removes the effect of restructuring costs in 2021.

	31 March 2022	31 March 2021
Weighted average number of shares in issue	100,009,727	99,660,395
Potentially dilutive shares (weighted average)	442,548	587,629
Diluted number of shares (weighted average)	100,452,275	100,248,024

	31 March 2022			31 March 2021		
	£'000	Basic EPS pence	Diluted EPS pence	£'000	Basic EPS pence	Diluted EPS pence
Net profit/(loss) attributable to shareholders	1,602	1.60	1.59	(232)	(0.23)	(0.23)
Exclude:						
Adjustments	–	–	–	662	0.66	0.66
Tax on adjustments	–	–	–	(133)	(0.13)	(0.13)
Adjusted net profit after tax	1,602	1.60	1.59	297	0.30	0.30

12. Dividends

No dividends have been paid or proposed for the year ended 31 March 2022 (2021: nil).

13. Intangible assets

	Patents	Development costs	Total
	£'000	£'000	£'000
Cost			
At 1 April 2020	63	1,927	1,990
Additions	–	2,834	2,834
At 31 March 2021	**63**	**4,761**	**4,824**
Additions	–	5,623	5,623
At 31 March 2022	**63**	**10,384**	**10,447**
Amortisation			
At 1 April 2020	63	1,832	1,895
Amortisation charge	–	52	52
At 31 March 2021	**63**	**1,884**	**1,947**
Amortisation charge	–	325	325
At 31 March 2022	**63**	**2,209**	**2,272**
Net book value			
At 31 March 2021	–	2,877	2,877
At 31 March 2022	–	8,175	8,175

Development cost additions in the year to 31 March 2022 include software development costs directly incurred in the creation of new digital assets.

14. Property, plant and equipment

	Right-of-use asset	Leasehold improvements	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2020	4,194	254	1,772	6,220
Additions	34	72	316	422
Disposals	–	–	(561)	(561)
Exchange differences	(307)	(5)	(83)	(395)
At 31 March 2021	**3,921**	**321**	**1,444**	**5,686**
Additions	39	186	328	553
Disposals	–	–	(301)	(301)
Exchange differences	128	12	38	178
At 31 March 2022	**4,088**	**519**	**1,509**	**6,116**
Depreciation				
At 1 April 2020	379	229	1,217	1,825
Depreciation charge	903	5	176	1,084
Disposals	–	–	(553)	(553)
Exchange differences	(32)	–	(44)	(76)
At 31 March 2021	**1,250**	**234**	**796**	**2,280**
Depreciation charge	885	53	314	1,252
Disposals	–	–	(301)	(301)
Exchange differences	49	–	21	70
At 31 March 2022	**2,184**	**287**	**830**	**3,301**
Net book value				
At 31 March 2021	2,671	87	648	3,406
At 31 March 2022	1,904	232	679	2,815

At 31 March 2021, capital expenditure of £135,000 in respect of property, plant and equipment was contracted for but not provided for in the accounts.

15. Inventories

	31 March 2022	31 March 2021
	£'000	£'000
Finished goods	7	–

Write-down of inventory amounted to nil (2021: £70,000).

The cost of inventories recognised as an expense and included in cost of sales amounted to £112,000 (2021: £18,000).

16. Trade and other receivables

	31 March 2022	31 March 2021
	£'000	£'000
Non-current		
Net investment in sub-lease	–	79
Prepayments in respect of property deposits	217	260
	217	339
Current		
Trade receivables	7,999	9,138
Less provision for impairment	(212)	(227)
Net trade receivables	7,787	8,911
Net investment in sub-lease	81	172
Other receivables	82	143
Prepayments	1,170	688
Accrued income	943	706
	10,063	10,620

The maturity analysis of the net investment in sub-lease is set out in Note 18.

Trade receivables have been aged with respect to the payment terms as follows:

	31 March 2022	31 March 2021
	£'000	£'000
Not past due	7,274	8,128
Past due 0–30 days	401	530
Past due 31–60 days	109	185
Past due 61–90 days	25	22
Past due more than 90 days	190	273
	7,999	9,138

The movement in the allowance for impairment losses was:

	31 March 2022	31 March 2021
	£'000	£'000
At the beginning of the period	227	303
(Write-back)/charges	(14)	(41)
Utilisation of provision	(7)	(22)
Foreign exchange adjustment	6	(13)
At the end of the period	212	227

The Group has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9, and recognises a loss allowance based on the lifetime expected credit loss.

17. Trade and other payables

	31 March 2022	31 March 2021
	£'000	£'000
Trade payables	1,401	2,514
Other taxation and social security	663	549
Other payables	690	536
Accruals	5,257	5,578
Deferred income	4,718	4,636
	12,729	13,813

18. Lease liability

The lease liabilities included in the statement of financial position are:

	31 March 2022	31 March 2021
	£'000	£'000
Current	856	1,085
Non-current	1,349	2,081
	2,205	3,166

There are no significant variable leases costs or lease term judgements. The related right-of-use asset is disclosed in Note 14.

The movements in the lease liability were as follows:

	31 March 2022	31 March 2021
	£'000	£'000
At the beginning of the year	3,166	4,386
Lease payments	(1,226)	(1,075)
Finance cost	121	166
Additions	39	34
Exchange differences	105	(345)
At the end of the year	2,205	3,166

The maturity analysis of the contractual undiscounted cash flows is:

	31 March 2022	31 March 2021
	£'000	£'000
Less than one year	934	1,204
Between one and five years	1,412	2,213
Total future lease payments	2,346	3,417
Total future interest payments	(141)	(251)
Total lease liability	2,205	3,166

The Group sub-leased its New York office in March 2021. The Group has classified the sub-lease as a finance lease, because the sub-lease is for the whole of the remaining term of the head lease.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date. The related net investment in sub-lease is disclosed in Note 16.

	31 March 2022	31 March 2021
	£'000	£'000
Less than one year	82	180
One to two years	–	80
Total undiscounted lease payments receivable	82	260
Unearned finance income	(1)	(9)
Net investment in the lease	81	251

19. Redeemable preference shares

The Company allotted and issued 50,000 redeemable preference shares of £1.00 each to Octavius Black in June 2018. The shares are fully paid up. Under the Articles of Association, the Company may redeem the preference shares at their nominal amount at any time specified by either the Directors or the preference share holder. The preference share capital, however, counts towards the £50,000 minimum share capital required under the Companies Act 2006 and cannot therefore be redeemed, unless the Company increases its other share capital. The preference shares are non-voting, give no rights to dividends or interest and entitle the holder to the return of the nominal value on a winding up.

20. Borrowings

The Group entered into a £10 million debt facility (£6 million Revolving Credit Facility, £4 million accordion) on 30 September 2021 which matures after three years. The facility remains undrawn as at 9 June 2022.

21. Financial instruments and financial risk management

Financial instruments by category

Trade and other receivables (excluding prepayments), cash and cash equivalents and trade and other payables are initially measured at fair value and subsequently held at amortised cost.

	31 March 2022	31 March 2021
	£'000	£'000
Net trade receivables	7,787	8,911
Other receivables	82	143
Prepayments in respect of property deposits	217	260
Cash and cash equivalents	10,021	16,833
Financial assets at amortised cost	18,107	26,147
Trade payables	1,401	2,514
Other payables	690	536
Lease liabilities	2,205	3,166
Financial liabilities at amortised cost	4,296	6,216

The Group holds no assets or liabilities that are held at fair value through income statement or OCI.

As the trade and other receivables and trade and other payables have a maturity of less than one year, the notional amount is deemed to reflect the fair value.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Group's sources of funding currently comprise cash flows generated from operations, and equity contributed by shareholders. The Group has no borrowings and is not subject to any externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders to the extent allowed by the Company's articles or issue new shares.

Financial risk management

The Group's risk management is overseen by the Audit and Risk Committee. The Group is exposed to a variety of financial risks that result from its operations, including credit risk, liquidity risk and foreign currency risk. Since the Group has no debt it is not significantly exposed to interest rate risk. The Group has not entered into any derivative transactions, such as interest rate swaps or forward foreign exchange contracts.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks, or the methods used to measure them from previous periods, unless otherwise stated in this note.

Credit risk

Credit risk arises principally from the Group's trade receivables from customers and monies on deposit with financial institutions.

Credit risk on trade receivables is considered to be relatively low as the Group's customers mainly consist of large credit-worthy organisations. Credit exposure is spread over a large number of customers, and so there is no significant concentration of credit risk. Outstanding and overdue balances are regularly reviewed, and resulting actions are put in place on a timely basis. The Group establishes an allowance for impairment. This is based on a review of individual balances, taking into account the results of credit control communications and our knowledge about the customer relationship. See Note 16 Trade and other receivables for further information on ageing and impairment of trade receivables.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties are accepted, and management maintain a close relationship with the Group's banks.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 March 2022 £'000	31 March 2021 £'000
Trade receivables	7,787	8,911
Other receivables	82	143
Prepayments in respect of property deposits	217	260
Cash and cash equivalents	10,021	16,833
At the end of the period	18,107	26,147

Liquidity risk

The Group ensures, as far as possible, that it has sufficient funds to meet foreseeable operational expenses. Cash flow forecasting is performed by Group Finance who monitor rolling forecasts of the Group's liquidity requirements. Such forecasting takes into consideration expected cash receipts, regular spending and payment of taxes, such as VAT, payroll and corporate income tax.

Currently, the Group's liquidity risk is low as it is has a surplus of cash in all entities and the £10 million debt facility available (set out in Note 20). All Group liabilities in the current and prior year are due within three months of the reporting date, apart from lease liabilities. The maturity of the lease liability is set out in Note 18.

Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Sterling. The currencies giving rise to this risk are primarily the US Dollar and the Euro. Where possible, the exposure is mitigated by a natural hedge. For example, US Dollar revenues are partially matched by US Dollar costs in the US subsidiary.

The Group holds cash in the UK in Sterling, Euro and US Dollar bank accounts, and in the USA in US Dollar and Canadian Dollar bank accounts.

Trade receivables and cash and cash equivalents are analysed by currency as follows:

	GBP £'000	USD £'000	EUR £'000	Other £'000	Total £'000
At 31 March 2022					
Net trade receivables	2,592	4,581	468	146	7,787
Cash and cash equivalents	6,725	3,018	95	183	10,021
At 31 March 2021					
Net trade receivables	2,509	4,806	1,451	145	8,911
Cash and cash equivalents	14,465	1,974	80	314	16,833

The Group does not currently use forward foreign exchange contracts or currency options to hedge currency risk.

22. Share capital

	31 March 2022 Number	31 March 2022 Cost £'000	31 March 2021 Number	31 March 2021 Cost £'000
Ordinary shares of £0.00001 at 1 April	99,791,784	1	99,493,210	1
Issue of shares to satisfy options	313,876	–	298,574	–
Ordinary shares of £0.00001 at 31 March	100,105,660	1	99,791,784	1

An Employee Benefit Trust ('EBT') has been established in connection with the Group's Share Incentive Plan. The movements in own shares held by the Employee Benefit Trust and the market value of the shares held at the year-end are shown below.

	31 March 2022 Number	31 March 2022 Cost £'000	31 March 2021 Number	31 March 2021 Cost £'000
As at 1 April	119,875	–	130,835	–
Issue of new shares to EBT	(8,220)	–	(10,960)	–
Ordinary shares of £0.00001 at 31 March	111,655	–	119,875	–
Market value at 31 March		151		156

23. Share-based payments

The Group awards options to selected employees under a Long-Term Incentive Share Option Plan ('LTIP'). The options granted to date vest subject only to remaining employed up to the vesting date. Unexercised options do not entitle the holder to dividends or to voting rights.

The Group operates the Mind Gym plc Share Incentive Plan (SIP). An initial award of £1,000 of free shares was granted in October 2018 to all employees at the IPO price of 146 pence. The shares are held in an employee benefit trust and vest after three years subject only to remaining employed up to the vesting date. The holder is entitled to dividends over the vesting period. Many employees have elected to leave their shares in the trust a further two years for tax purposes.

On 30 September 2019, the Group launched a Save As You Earn scheme ('SAYE') and an Employee Share Purchase Plan ('ESPP') for all eligible employees in the UK and USA respectively.

The total share-based payments expense was:

	31 March 2022	31 March 2021
	£'000	£'000
Equity settled share-based payments	341	298

The movements in the number of share awards and share options and the weighted average exercise price of awards are:

		31 March 2022 Weighted average exercise price		31 March 2021 Weighted average exercise price
	Number	£	Number	£
Outstanding at the beginning of the period	2,287,024	0.66	2,183,257	0.63
Granted during the period	2,448,318	0.14	741,070	0.67
Forfeited during the period	(2,166,334)	0.14	(327,768)	0.97
Exercised during the period	(322,096)	0.17	(309,535)	0.17
Outstanding at the end of the period	2,246,912	0.66	2,287,024	0.66
Exercisable at the end of the period	4,110		2,055	
Weighted average fair value of awards granted (£)	1.69		0.27	

The range of exercise prices and weighted average remaining contractual life of share awards and share options outstanding at 31 March were:

	31 March 2022	31 March 2021
	£'000	£'000
£ nil	428,770	463,705
£0.00001	584,580	427,129
£0.77000	316,987	592,537
£1.04000	201,981	306,843
£1.44500	217,784	-
£1.46000	496,810	496,810
	2,246,912	2,287,024
Weighted average remaining contractual life (years)	5.8	5.4

Simple share options awarded under the LTIP, SAYE and ESPP are valued using the Black-Scholes model. Complex share options awarded under the LTIP are valued using the Monte Carlo model. Shares awarded under the SIP are valued directly by reference to the share price at date of grant. The principal assumptions used in these valuations were:

	Date of grant	Share price at grant	Exercise price	Expected life	Expected volatility	Dividend yield	Risk-free rate	Fair value
		£	£	years	%	%	%	£
LTIP (2 year vesting)	27 Apr 2018	1.24	Nil	2	n/a	1.4%	n/a	1.20
LTIP (3 year vesting)	27 Apr 2018	1.24	Nil	3	n/a	1.4%	n/a	1.19
LTIP (2 year vesting)	25 Jun 2018	1.46	1.46	10	19%	1.4%	1.0%	0.28
LTIP (3 year vesting)	25 Jun 2018	1.46	1.46	10	19%	1.4%	1.0%	0.28
SIP	8 Oct 2018	1.67	Nil	n/a	n/a	n/a	n/a	1.67
SAYE	30 Sep 19	1.22	1.04	3	19%	1.4%	1.0%	0.25
ESPP	30 Sep 19	1.22	1.04	1	19%	1.4%	1.0%	0.20
LTIP (3 year vesting)	31 Mar 20*	1.00	Nil	3	n/a	1.4%	n/a	0.96
LTIP (4 year vesting)	31 Mar 20*	1.00	Nil	4	n/a	1.4%	n/a	0.95
LTIP (5 year vesting)	31 Mar 20*	1.00	Nil	5	n/a	1.4%	n/a	0.93
SAYE	1 Sep 20	0.90	0.77	3	19%	1.4%	1.0%	0.25
ESPP	1 Sep 20	0.90	0.77	1	19%	1.4%	1.0%	0.20
LTIP (3 year vesting)	14 Jul 21**	1.90	Nil	3	36%	0%	0.15%	1.90
LTIP (3 year vesting)	14 Jul 21**	1.90	Nil	3	36%	0%	0.15%	1.69
LTIP (4 year vesting)	14 Jul 21**	1.90	Nil	4	36%	0%	0.23%	1.90
LTIP (4 year vesting)	14 Jul 21**	1.90	Nil	4	36%	0%	0.23%	1.70
LTIP (5 year vesting)	14 Jul 21**	1.90	Nil	5	36%	0%	0.31%	1.90
LTIP (5 year vesting)	14 Jul 21**	1.90	Nil	5	36%	0%	0.31%	1.73
SAYE	1 Aug 21	1.70	1.445	3	36%	0%	0.31%	0.53
ESPP	1 Aug 21	1.70	1.445	1	34%	0%	0.15%	0.36
LTIP (3 year vesting)	3 Dec 21	1.675	Nil	3	36%	0%	0.15%	1.675
LTIP (4 year vesting)	3 Dec 21	1.675	Nil	4	36%	0%	0.23%	1.675
LTIP (5 year vesting)	3 Dec 21	1.675	Nil	5	36%	0%	0.31%	1.675

* includes further options granted on 12 Jun 2020 on the same terms and with the same valuation assumptions.
**includes further options granted on 3 Dec 2021 on the same terms and with the same valuation assumptions.

24. Controlling party

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

There were the following related party transactions during the year and balances at the end of the year:

- Key management compensation as disclosed in Note 8.
- Trevor Phillips, a Non-Executive Director of Mind Gym plc, is also chairman and director of Green Park Interim and Executive Search which provided services to the Group totalling £105,500 in the year ended 31 March 2022.
- David Nelson, a Non-Executive Director of Mind Gym plc, is also a partner of Dixon Wilson. Dixon Wilson provided services to the Group totalling £6,410 in the year ended 31 March 2022.
- Zarina Ward, a key management person is the spouse of Simon Ward. Simon Ward Search provided services to the Group totalling £75,000 in the year ended 31 March 2022.

25. Events after the reporting period

There were no post balance sheet events.

Mind Gym plc parent company statement of financial position

	Note	31 March 2022 £'000	31 March 2021 £'000
Non-current assets			
Intangible assets	4	8,175	2,877
Property, plant and equipment	5	497	772
Investments in subsidiaries	6	50	50
Deferred tax assets	7	2,681	112
		11,403	3,811
Current assets			
Inventories	8	7	–
Trade and other receivables	9	4,808	5,231
Current tax receivable		83	280
Cash and cash equivalents		6,900	14,688
		11,798	20,199
Total assets		23,201	24,010
Current liabilities			
Trade and other payables	10	8,213	9,834
Lease liability	11	133	357
Redeemable preference shares	12	50	50
Current tax payable		–	–
		8,396	10,241
Non-current liabilities			
Lease liability	11	24	125
Total liabilities		8,420	10,366
Net assets		14,781	13,644
Equity			
Share capital	12	1	1
Share premium		213	157
Share option reserve		608	674
Retained earnings		13,959	12,812
Equity attributable to owners of the Company		14,781	13,644

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Company's Income Statement and Statement of Comprehensive Income. The Company's profit for the financial year was £757,000 (2021: loss of £926,000).

The Accounting Policies and Notes on pages 110 to 113 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 9 June 2022 and signed on its behalf by:

Dominic Neary
Chief Financial Officer

Mind Gym plc parent company statement of changes in equity

	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2020	**1**	**112**	**684**	**13,365**	**14,162**
Loss for the period	–	–	–	(926)	(926)
Total comprehensive income for the period	**–**	**–**	**–**	**(926)**	**(926)**
Credit to equity for share-based payments	–	–	298	–	298
Exercise of options	–	45	(308)	308	45
Tax relating to share-based payments	–	–	–	65	65
At 31 March 2021	**1**	**157**	**674**	**12,812**	**13,644**
Loss for the period	–	–	–	757	757
Total comprehensive income for the period	–	–	–	**757**	**757**
Credit to equity for share-based payments	–	–	341	–	341
Exercise of options	–	56	(407)	407	56
Tax relating to share-based payments	–	–	–	(17)	(17)
At 31 March 2022	**1**	**213**	**608**	**13,959**	**14,781**

Mind Gym plc notes to the parent company financial statements

1. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis, see Note 2 of the Group Financial Statements, and under the historical cost convention in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) as issued by the FRC and with the Companies Act 2006.

The Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to:

- Presentation of a cash flow statement and related notes
- Comparative period reconciliations for intangible assets and property, plant and equipment
- Related party transactions with wholly owned subsidiaries
- Financial instruments
- Capital management
- Share-based payments
- Compensation of key management personnel
- Standards not yet effective

Where required, equivalent disclosures are given in the Group Financial Statements.

Note 7 (Auditor remuneration), Note 12 (Dividends), Note 19 (Redeemable preference shares), Note 22 (Share capital) and Note 23 (Share-based payments) of the Group Financial Statements form part of these financial statements.

The principal accounting policies in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Foreign currency translation

The functional currency is Pound Sterling. Foreign currency transactions are initially recorded at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets or liabilities denominated in foreign currencies are recognised in income.

Revenue recognition

Revenue is recognised when control over a product or service is transferred to a customer. Due to the short-term nature of the trade receivables, the Company measures them at the original transaction price invoiced without discounting.

The Company generates revenue from business-to-business customers by:

- Delivering coach led face-to-face and virtual training sessions. Revenue is recognised at a point in time on the date of delivery of the session.
- Developing training programmes customised to specific needs. Revenue is recognised at a point in time on the completion of all development work or, at the end of a stage of work when the contract provides an enforceable right to payment on completion of a stage.
- Licensing digital training modules to clients. When non-cancellable digital modules are provided to the client and hosted on the client's servers, revenue is recognised at a point in time on the date the modules are provided to the client. Where the client has a right to cancel, revenue is recognised at the start of the next committed period. When digital modules are hosted on the Company servers, revenue is recognised over time across the life of the agreement.
- Training and certifying client staff to act as coaches. Revenue is recognised at a point in time on the date of delivery of the certification course.
- Digital coaching platform and coaching sessions. Revenue is recognised over time, across the life of the agreement and in line with expected customer usage levels.

Any advance consideration received from clients represents a contract liability and is disclosed in Note 10 under the heading deferred income. When the performance obligation has been satisfied but the income has not yet been invoiced, the amount represents a contract asset and is disclosed in Note 9 as accrued income.

The incremental costs of obtaining a contract principally consist of commissions paid to the Company's sales team. The sales team earn commission over time as the revenue they have generated is recognised. Commission costs are therefore not capitalised.

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 Statement of Comprehensive Income over the vesting period. Non-market performance 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 performance conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market performance 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 that 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 the Statement of Comprehensive Income over the remaining vesting period.

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due.

Government grants

Government grants are not recognised until there is reasonable assurance that the grants will be received and that the Group will comply with any conditions attached to them. Government grants are recognised in the income statement over the same period as the costs for which the grants are intended to compensate.

Government grant income under the Coronavirus Job Retention Scheme is netted against staff costs and is disclosed in Note 2.

Taxation

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

The current tax payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the 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 Company liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the period-end date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised on temporary differences arising from the initial recognition of goodwill or other assets and liabilities in a transaction, other than a business combination, that affects neither the accounting nor the taxable profit.

Deferred tax is measured on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted by the balance sheet date, and are expected to apply when the related deferred tax asset is realised, or deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when the Company 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.

The Company has taken advantage of the Small-Medium Enterprise (SME) Research and Development tax relief scheme. This has resulted in an enhanced deduction on eligible activities which has been recognised as a tax credit in the Consolidated Statement of Comprehensive Income.

Tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recognised in equity.

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.

Other research and development costs that do not meet the above criterial are recognised as expenses as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

After recognition, intangible assets are measured at cost less any accumulated amortisation and impairment losses. Amortisation is charged to administrative expenses on a straight-line basis from the date on which the asset is available for use. Intangible assets are amortised over their estimated useful lives as follows:

Internally developed softwares	Three to five years
Other intangible assets	One to five years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate at each reporting date.

Property, plant and equipment

Property, plant and equipment is 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. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Assets are depreciated to their estimated residual value using the straight-line method over their estimated useful lives as follows:

Leasehold land and buildings	Over the period of the lease
Fixtures, fittings and equipment	Two to five years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate at each balance sheet date.

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

Investments in subsidiaries

Investments in subsidiaries are recorded at cost less provision for impairment. The Company assesses at each balance sheet date whether there is objective evidence that an investment is impaired.

Inventories

Inventories comprise pack materials used in the delivery of courses and are stated at the lower of cost and net realisable value. 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. Net realisable value is the estimated selling price less costs to complete and sell.

At each reporting date, inventories are assessed for impairment. If stock is impaired, the carrying amount is reduced to its realisable value. The impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument. The Company 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 Statements, 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.

Financial assets – Loans and receivables

All of the Company'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.

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

A provision for impairment of trade receivables is made for expected lifetime credit losses based on past experience and general economic factors. Further provisions are made against specific trade and other receivables when there is objective evidence that one or more loss events that occurred after the initial recognition of the financial asset have had 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.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company 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 – Other financial liabilities

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

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

Leases

Lease identification

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration.

Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

The lease liability is measured at amortised cost using the effective interest method.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value assets recognition exemption to leases of assets below $5,000. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Dividends

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

Dividends payable are recognised as a liability in the period in which the dividends are approved by the shareholders of the Company or paid.

2. Employees and auditor's remuneration

Staff costs were as follows:

	31 March 2022	31 March 2021
	£'000	£'000
Wages and salaries	13,907	9,940
Social security costs	1,814	1,370
Pension costs – defined contribution plans	455	344
Share-based payments	341	298
Restructuring payroll costs included in adjusted items	–	517
	16,517	12,469

Wages and salaries in 2021 are stated net of £181,000 of government grants under the UK Coronavirus Job Retention Scheme.

The average number of the Company's employees by function was:

	31 March 2022	31 March 2021
Delivery	88	73
Support	71	43
Digital	44	20
	203	136

Details of Directors' remuneration and share options are set out in the Annual Report on Remuneration on pages 60 to 63.

Fees payable to the auditor for the audit of the Company's Financial Statements are set out in Note 7 of the Group Financial Statements.

3. Dividends

Details of the Company's dividends are set out in Note 12 of the Group Financial Statements.

4. Intangible assets

	Patents	Development costs	Total
	£'000	£'000	£'000
Cost			
At 1 April 2021	63	4,761	4,824
Additions	–	5,623	5,623
At 31 March 2022	**63**	**10,384**	**10,447**
Amortisation			
At 1 April 2021	63	1,884	1,947
Amortisation charge	–	325	325
At 31 March 2022	**63**	**2,209**	**2,272**
Net book value			
At 31 March 2021	–	2,877	2,877
At 31 March 2022	–	8,175	8,175

5. Property, plant and equipment

	Right-of-use asset	Leasehold improvements	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	1,157	228	628	2,013
Additions	39	–	190	229
Disposals	–	–	(170)	(170)
At 31 March 2022	**1,196**	**228**	**648**	**2,072**
Depreciation				
At 1 April 2021	651	228	362	1,241
Depreciation charge	327	–	177	504
Disposals	–	–	(170)	(170)
At 31 March 2022	**978**	**228**	**369**	**1,575**
Net book value				
At 31 March 2021	506	–	266	772
At 31 March 2022	**218**	**–**	**279**	**497**

6. Investments in subsidiaries

The Directors believe that the carrying amount of the investments is supported by their underlying net assets.

The investments consist of a 100% interest in the following subsidiaries, all of which had the principal activity of providing management and development training.

Name	Country of incorporation	Registered office
MindGym (USA) Inc.	USA	475 Park Avenue South, Floor 2, New York, NY 10016 USA
MindGym Performance (Asia) Pte. Ltd	Singapore	PWC Building, # 28-63, 8 Cross Street, Singapore 048424
MindGym (Canada) Inc.	Canada	145 King Street West, Toronto, Ontario, Canada, M5H 4G2

7. Deferred tax assets

The main categories of deferred tax assets recognised by the Company are:

	Tax losses	Share-based payments	Other	Total
	£'000	£'000	£'000	£'000
At 1 April 2020	–	85	1	86
Credited/(charged) to income	–	31	(22)	9
Credited/(charged) to equity	–	17	–	17
At 31 March 2021	–	133	(21)	112
Credited/(charged) to income	4,049	15	(1,478)	2,586
Credited/(charged) to equity	–	(17)	–	(17)
At 31 March 2022	4,049	131	(1,499)	2,681

Net deferred tax assets have been recognised on the basis that sufficient taxable profits are forecast to be available in the future for them to be utilised.

8. Inventories

	31 March 2022 £'000	31 March 2021 £'000
Finished goods	7	–

Write-downs of inventory amounted to nil. (2021: £11,000).

9. Trade and other receivables

	31 March 2022 £'000	31 March 2021 £'000
Trade receivables	3,187	4,146
Less provision for impairment	(91)	(107)
Net trade receivables	3,096	4,039
Amounts owed by group undertakings	220	169
Other receivables	20	133
Prepayments	877	444
Accrued income	595	446
	4,808	5,231

The Company has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9, and recognises a loss allowance based on the lifetime expected credit loss.

Balances due from fellow group companies are repayable on demand and interest free. The Company has applied a probability-based approach to measuring expected credit losses based on the expected manner of recovery and recovery period. Based on this assessment, no credit loss provision was required at 31 March 2022 or 2021.

10. Trade and other payables

	31 March 2022 £'000	31 March 2021 £'000
Trade payables	963	1,824
Amounts owed to group undertakings	1,390	2,688
Other taxation and social security	663	549
Other payables	376	295
Accruals	2,861	2,965
Deferred income	1,960	1,513
	8,213	9,834

11. Leases

The lease liabilities included in the statement of financial position are:

	31 March 2022 £'000	31 March 2021 £'000
Current	133	357
Non-current	24	125
	157	482

There are no significant variable leases costs or lease term judgements. The related right-of-use asset is disclosed in Note 5.

The movements in the lease liability were as follows:

	31 March 2022 £'000	31 March 2021 £'000
At the beginning of the year	482	834
Additions	39	–
Lease payments	(378)	(377)
Finance cost	14	25
At the end of the year	157	482

The maturity analysis of the contractual undiscounted cash flows is:

	31 March 2022 £'000	31 March 2021 £'000
Less than one year	135	369
Between one and five years	26	127
Total future lease payments	161	496
Total future interest payments	(4)	(14)
Total lease liability	157	482

12. Share capital and redeemable preference shares

Details of the Company's redeemable preference shares and share capital are set out in Notes 19 and 22 to the Group Financial Statements.

13. Share-based payments

Details of the Company's share-based payment plans are set out in Note 23 to the Group Financial Statements.

14. Controlling party

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

There were the following related party transactions during the year and balances at the end of the year:

- Key management compensation as disclosed in Note 8 of the Group Financial Statements.
- Trevor Phillips, a Non-Executive Director of Mind Gym plc, is also chairman and director of Green Park Interim and Executive Search which provided services to the Group totalling £105,500, in the year ended 31 March 2022.
- David Nelson, a Non-Executive Director of Mind Gym plc, is also a partner of Dixon Wilson. Dixon Wilson provided services to the Company, totalling £6,410 in the year ended 31 March 2022.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the 'AGM') of Mind Gym plc (the 'Company') will be held at the office of the Company at 160 Kensington High Street, London, W8 7RG on 14 July 2022, commencing at 9.00am.

Given the current status of the COVID-19 pandemic, it is anticipated that the 2022 Annual General Meeting (the 'AGM') will be held in the normal way and shareholders will be invited to attend in person. The Company will continue to monitor the status of the pandemic and will revise arrangements in connection with the AGM should it become necessary.

The AGM will be held for the following purposes:

Ordinary Resolutions

To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

Report and Accounts

1) To receive the Company's financial statements for the year ended 31 March 2022, together with the reports of the Directors and auditor thereon.

Directors' remuneration report

2) To approve the Directors' Remuneration Report for the year ended 31 March 2022.

Directors

3) To re-elect Ruby McGregor-Smith as a Director of the Company.

4) To re-elect Sebastian Bailey as a Director of the Company.

5) To re-elect Joanne Black as a Director of the Company.

6) To re-elect Octavius Black as a Director of the Company.

7) To re-elect David Nelson as a Director of the Company.

8) To re-elect Sally-ann Tilleray as a Director of the Company.

9) To re-elect Trevor Phillips as a Director of the Company.

10) To elect Dominic Neary as a Director of the Company.

Auditors

11) To re-appoint BDO LLP as the Company's auditor to hold office until the conclusion of the next Annual General Meeting of the Company at which accounts are laid.

Remuneration of auditors

12) To authorise the Audit & Risk Committee to agree the remuneration of the auditor of the Company.

Directors' authority to allot shares

13) To generally and unconditionally authorise the Directors, pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act'), in substitution for all previous authorities to the extent unused, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company

   a) up to an aggregate nominal amount of £333.69 (representing approximately one-third of the total ordinary share capital in issue at 9 June 2022, being the latest practicable date prior to publication of this notice of meeting); and

   b) comprising equity securities (as defined by Section 560 (1) of the Act) up to a further aggregate nominal value of £333.69 in connection with an offer by way of rights issue;

   such authorities to expire at the conclusion of the next Annual General Meeting, or if earlier, at close of business on 31 October 2023, save that the Company may, before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after the authority ends.

For the purposes of this resolution, 'rights issue' means an offer to:

   a) shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

   b) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

   to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors consider necessary or appropriate in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

Special Resolutions

To consider and, if thought fit, pass the following resolutions as Special Resolutions:

Disapplication of pre-emption rights

14) To authorise the Board, provided that resolution 13 is passed, to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited:

   a) to allotments for rights issues and other pre-emptive issues; and

   b) to the allotment of equity securities or sale of treasury shares (otherwise than in paragraph (a) above) up to a total nominal amount of £50.05 being 5% of the total ordinary share capital in issue at 9 June 2022, being the latest practicable date prior to publication of this notice of meeting, such authority to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 31 October 2023) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

15) To authorise the Board, provided that resolution 13 is passed, and in addition to any authority granted under resolution 14, to allot equity securities (as defined under the Companies Act 2006) for cash under the authority given by resolution 13 and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment of sale, such authority to be:

   a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £50.05; and

   b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Dis-applying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, such authority to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 31 October 2022), save that, in each case, the Company may before such expiry make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

Authority to purchase own shares

16) To authorise the Company, generally and unconditionally, for the purpose of Section 701 of the Companies Act 2006 (the 'Act'), to make market purchases (as defined in Section 693 of the Act) of ordinary shares of 0.00001 pence each in the capital of the Company ('ordinary shares') provided that:

   a) the maximum number of ordinary shares hereby authorised to be purchased is 10,010,566;

   b) the minimum price (exclusive of expenses) which may be paid for such ordinary shares is 0.00001 pence per share, being the nominal amount thereof;

c) the maximum price (exclusive of expenses) which may be paid for such ordinary shares shall be an amount equal to the higher of: (i) 5% above the average of the middle market quotations for such shares as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and (ii) the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System (SETS); and

d) the authority hereby conferred shall (unless previously renewed or revoked) expire at the end of the next Annual General Meeting, save that the Company may before such expiry make a contract or agreement to make a market purchase of its own ordinary shares which will or may be executed wholly or partly after the expiry of such authority and the Company may purchase such shares as if the authority conferred hereby had not expired.

By order of the Board

John Davies on behalf of Kennedy Cater Ltd

Company Secretary

9 June 2022

Registered Office:

160 Kensington High Street
London
W8 7RG

Registered in England and Wales

Number: 03833448

Explanatory notes to the resolutions

Resolutions 1 to 13 are ordinary resolutions; resolutions 14 to 16 are special resolutions. To be passed, ordinary resolutions require more than 50% of the votes cast to be in favour of the resolution, while special resolutions require at least 75% of the votes cast to be in favour of the resolution.

Ordinary Resolutions

To receive the Annual Report and Accounts for the year ended 31 March 2022.

Resolution 1 is a standard resolution. The Companies Act 2006 requires Directors to lay the annual accounts before a general meeting of the Company, together with the Directors' reports and auditors' report on the accounts. The Annual Report and Accounts for the financial year ended 31 March 2022 are available on the Company's website: www.themindgym.com.

Directors' remuneration report

Although it is not a requirement for companies listed on the AIM market, the Company is putting before shareholders resolution 2 to approve the Directors' remuneration report. The Directors' remuneration report for the year ended 31 March 2022 is set out on pages 52 to 63 of the Annual Report and Accounts and includes details of the Directors' remuneration.

Please note that the vote on the Directors' remuneration report is advisory in nature and no Director's remuneration is conditional upon the passing of the resolution.

Re-election of Directors

Resolution 3 seeks approval for the re-election of Ruby McGregor-Smith as a Director of the Company.

Resolution 4 seeks approval for the re-election of Sebastian Bailey as a Director of the Company.

Resolution 5 seeks approval for the re-election of Joanne Black as a Director of the Company.

Resolution 6 seeks approval for the re-election of Octavius Black as a Director of the Company.

Resolution 7 seeks approval for the re-election of David Nelson as a Director of the Company.

Resolution 8 seeks approval for the re-election of Sally-ann Tilleray as a Director of the Company.

Resolution 9 seeks approval for the re-election of Trevor Phillips as a Director of the Company.

Resolution 10 seeks approval for the election of Dominic Neary as a Director of the Company.

Under the Company's Articles of Association, Directors that have been appointed by the Board since the last Annual General Meeting are obliged to retire and offer themselves for election. Furthermore, in accordance with best practice, all of the other Directors will retire and submit themselves for re-election at this Annual General Meeting.

Biographies of each of the Directors can be found in the Governance section of the Annual Report for the year ended 31 March 2022 and on the Company's website: www.themindgym.com. The Board has no hesitation in recommending the election and re-election of these Directors to shareholders. In making these recommendations, the Board confirms that it has given careful consideration to the Board's balance of skills, knowledge and experience, and is satisfied that each of the Directors putting themselves forward for election or re-election has sufficient time to discharge their duties effectively, taking into account their other commitments.

Reappointment of auditors

The auditors of the Company must be appointed or re-appointed at each general meeting at which the accounts are laid. Resolution 11 seeks approval to appoint BDO LLP as the Company's auditors until the conclusion of the next general meeting of the Company at which the accounts are laid.

Remuneration of auditors

In accordance with standard practice, Resolution 12 seeks consent for the Audit & Risk Committee to determine the remuneration of the auditors.

Directors' authority to allot shares

Resolution 13 seeks authority for the Directors to allot shares.

The authority granted in paragraph (a) will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to approximately one-third of the issued ordinary share capital of the Company which at 9 June 2022 being the latest practicable date prior to the publication of this notice of meeting is equivalent to a nominal value of £333.69.

The authority granted in paragraph (b) will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares only in connection with a rights issue up to a further nominal value of £333.69 which is equivalent to approximately one-third of the total issued ordinary share capital of the Company at 9 June 2022.

There are no present plans to undertake a rights issue or to allot new shares other than in connection with employee share incentive plans. The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise. The authorities will expire at the next Annual General Meeting of the Company or, if earlier, at close of business on 31 October 2023.

Special Resolutions

Disapplication of pre-emption rights

Resolutions 14 and 15 will be proposed as special resolutions. If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share incentive plan), company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

Resolution 14 deals with the authority of the Directors to allot new shares or other equity securities pursuant to the authority given by resolution 13, or sell treasury shares, for cash without the shares or other equity securities first being offered to shareholders in proportion to their existing holdings. Such authority shall only be used in connection with a pre-emptive offer, or otherwise, up to an aggregate nominal amount of £50.05, being approximately 5% of the total issued ordinary share capital of the Company as at 9 June 2022.

In addition, the Pre-Emption Group's Statement of Principles supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities (and sales of treasury shares for cash), representing no more than a further 5% of issued share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-Emption Group's Statement of Principles defines 'specified capital investment' as meaning one or more specific capital investment-related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the Company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders, to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-Emption Group, resolution 15 seeks to authorise the Directors to allot new shares and other equity securities pursuant to the authority given by resolution 13, or sell treasury shares, for cash up to a further nominal amount of £50.05, being approximately 5% of the issued ordinary capital of the Company as at 9 June 2022, only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue. If the authority given in resolution 15 is used, the Company will publish details of the placing in its next Annual Report. If these resolutions are passed, the authorities will expire at the end of the next Annual General Meeting or on 31 October 2023, whichever is the earlier.

The Board considers the authorities in resolutions 14 and 15 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a rights issue or other pre-emptive offer without the need to comply with the strict requirements of the statutory pre-emption provisions. The Board does not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non-preemptive basis in any rolling three-year period (other than in connection with an acquisition or specified capital investment as described in the Pre-Emption Group's Statement of Principles) without prior consultation with shareholders.

Authority to purchase own shares

Resolution 16 is a special resolution and seeks authority for the Company to make market purchases of its own ordinary shares up to a maximum number of 10,010,566 ordinary shares, representing approximately 10% of the issued ordinary share capital at 9 June 2022. The authority requested would expire at the end of the next Annual General Meeting, or if earlier, 31 October 2023.

In reaching a decision to purchase ordinary shares, the Directors will take account of the Company's cash resources and capital, and the general effect of such purchase on the Company's business. The authority would only be exercised by the Directors if they consider it to be in the best interests of the shareholders generally and if the purchase could be expected to result in an increase in earnings per ordinary share.

Notes relating to the Notice

The following notes explain your general rights as a shareholder and your right to vote at this Meeting or to appoint someone else to vote on your behalf.

i The right to vote at the meeting is determined by reference to the register of members. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended) and Section 360B of Companies Act 2006 (the 'Act'), only those persons entered in the register of members of the Company (the 'Register') as at 6.30pm on 12 July 2022 (the 'Specified Time') shall be entitled to vote at the Annual General Meeting in respect of the number of shares registered in their name at such time. Changes to entries on the Register for certificated and uncertificated shares of the Company after the Specified Time shall be disregarded in determining the rights of any person to vote at the Annual General Meeting. Should the Annual General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purposes of determining the entitlement of members to vote (and for the purpose of determining the number of votes they may cast) at the adjourned Annual General Meeting. Should the Annual General Meeting be adjourned for a longer period, to be so entitled, members must have been entered on the Register by 6.30pm on the day which is two working days prior to the adjourned Annual General Meeting, or, if the Company gives notice of the adjourned Annual General Meeting, at the time specified in such notice.

ii A shareholder entitled to attend and vote at the Annual General Meeting convened by the above Notice is entitled to appoint a proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company. The right to appoint a proxy does not apply to any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a 'Nominated Person'). A shareholder may appoint more than one proxy in relation to the Annual General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid. A proxy may only be appointed in accordance with the procedures set out in notes iii and iv below and the notes to the proxy form. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.

iii A form of proxy is enclosed. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar Equiniti Limited, by calling 0371 384 2030 (callers from overseas should contact the Equiniti overseas helpline on +44 (0)121 415 7047. Lines are open from 8.30am to 5.30pm UK time Monday to Friday, excluding public holidays in England and Wales) or the proxy form may be photocopied. State clearly on each proxy form the number of shares in relation to which the proxy is appointed. To be valid, the proxy form (together with the power of attorney or other authority (if any) under which it is signed or certified by a notary or office copy of the same) must be received by post or (during normal business hours only) by hand at the offices of the Company's registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, by no later than 9.00am on 12 July 2022 (or, if the meeting is adjourned, no later than 48 hours (excluding non-business days) before the time of any adjourned meeting).

iv CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual which can be viewed at www.euroclear.com. CREST personal members or other CREST-sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Equiniti Limited (ID RA19) no later than 9.00am on 12 July 2022 (or if the Annual General Meeting is adjourned, no later than 48 hours (excluding non-business days) before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Equiniti Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

v If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 9am on 12 July 2022, in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

vi A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares. Corporate shareholders are encouraged to complete and return a form of proxy appointing the Chairman of the meeting to ensure their votes are included in the poll.

vii In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

viii Copies of the service contracts of the Executive Directors and all letters of appointment between the Company and its Non-Executive Directors are available for inspection at the registered office of the Company during normal business hours and at least 15 minutes prior to the commencement of, and during the continuance of, the Annual General Meeting.

ix The information required to be published by Section 311(A) of the Act (information about the contents of this notice and numbers of shares in the Company and voting rights exercisable at the meeting and details of any members' statements, members' resolutions and members' items of business received after the date of this notice) may be found at www.themindgym.com.

x A Nominated Person may, under an agreement between him/her and the member who nominated him/her, have a right to be appointed (or to have someone else appointed) as a proxy entitled to attend and vote at the Annual General Meeting. Nominated Persons are advised to contact the member who nominated them for further information on this and the procedure for appointing any such proxy.

xi If a Nominated Person does not have a right to be appointed, or to have someone else appointed, as a proxy for the Annual General Meeting, or does not wish to exercise such a right, he/she may still have the right under an agreement between himself/herself and the member who nominated him/her to give instructions to the member as to the exercise of voting rights at the Annual General Meeting. Such Nominated Persons are advised to contact the members who nominated them for further information on this.

xii To facilitate entry to the meeting, shareholders are requested to bring with them suitable evidence of their identity. Persons who are not shareholders of the Company (or their appointed proxy) will not be admitted to the Annual General Meeting, unless prior arrangements have been made with the Company. For security reasons, all hand luggage may be subject to examination prior to entry to the Annual General Meeting. Cameras, tape recorders, laptop computers and similar equipment may not be taken into the Annual General Meeting. We ask all those present at the Annual General Meeting to facilitate the orderly conduct of the meeting and reserve the right, if orderly conduct is threatened by a person's behaviour, to require that person to leave.

xiii As at 9 June 2022 (being the last practicable date before the publication of this notice), the Company's issued share capital consists of 100,105,660 ordinary shares of 0.00001 pence each, carrying one vote each. As the Company does not hold any shares in treasury, in respect of which it cannot exercise any votes. The total voting rights in the Company as at 9 June 2022 are 100,105,660.

xiv You may not use any electronic address provided either in this notice of general meeting or any related documents to communicate with the Company for any purposes other than those expressly stated.

Directors and advisors

Directors

Ruby McGregor-Smith
Non-Executive Board Chair

Octavius Black
Chief Executive Officer

Sebastian Bailey
Executive Director

Dominic Neary
Chief Financial Officer

Joanne Cash
Non-Executive Director

Sally Tilleray
Non-Executive Director

Trevor Phillips
Non-Executive Director

David Nelson
Non-Executive Director

Company registration
Registered in England and Wales No. 03833448

Registered office
160 Kensington High Street, London W8 7RG, UK

Company secretary
Kennedy Cater LLP
3rd Floor, St Clare House,
30-33 Minories, London,
EC3N 1DD, UK

Auditors
BDO LLP
55 Baker Street, London W1U 7EU, UK

Nominated advisor and broker
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London EC2Y 9LY, UK

Registrars
Equinti Limited
Aspect House, Spencer Road,
Lancing, West Sussex BN99 6DA, UK

Financial PR
MHP Communications
4th Floor, 60 Great Portland Street,
London W1W 7RT, UK

Solicitors
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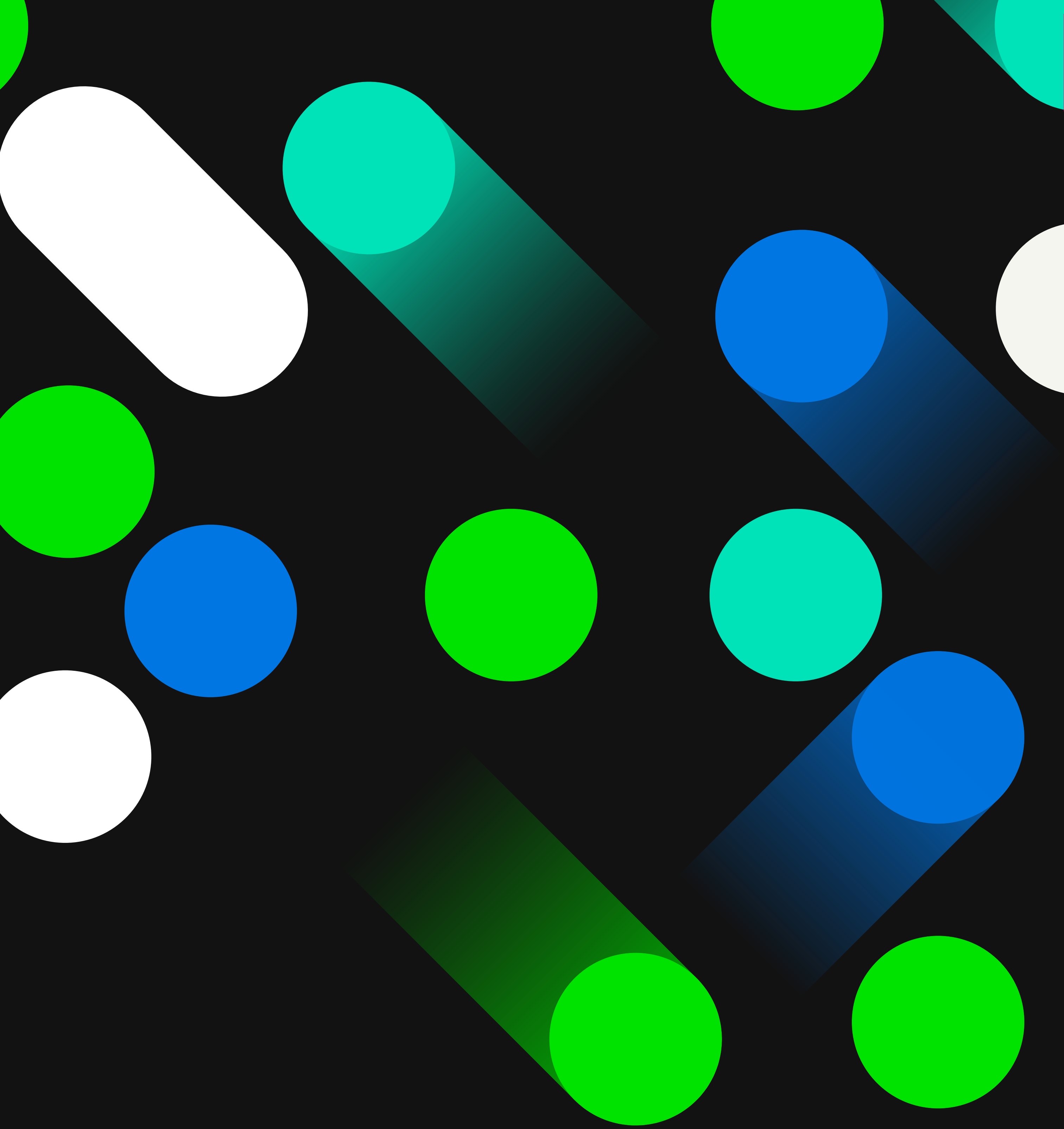
3rd Floor, St Clare House,
30-33 Minories, London,
EC3N 1DD, UK

Bankers
HSBC Bank Plc
3 Temple Quay, 4th Floor
Temple Back East,
Bristol, BS1 6DZ, UK

Notes

Notes



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