Better, faster, always

Annual Report and Accounts

2023

MindGym

Overview and introduction

What we do

People aren't rational but we are fairly predictable. MindGym uses the best behavioural science from the past 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. We invest significantly in the scientists that lead our cutting-edge, data-based innovation.

Products we offer

Digitally enabled revenues

- Virtual live deliveries
- Digital products, including 1:1 coaching, >100 self-taught eWorkouts, diagnostics (beta in FY24)

Non-digital revenues

- In-person deliveries
- Design, Advisory, and Other

Why invest in MindGym?

Compelling market

Highly disaggregated **$370bn Learning and Development market** with huge growth opportunities.

Client choice

Preferred by the world's best companies – 60% of the FTSE 100 and 55% of the S&P 100.

23-year library of Innovative IP

A comprehensive package of content supported by data and science, covering all aspects of the Human Capital market.

Delivery at scale

Hundreds of coaches in over 40 countries – MindGym has a proven unique ability to deliver programmes to tens of thousands of employees, virtually, face to face and hybrid around the world.

Proven track record

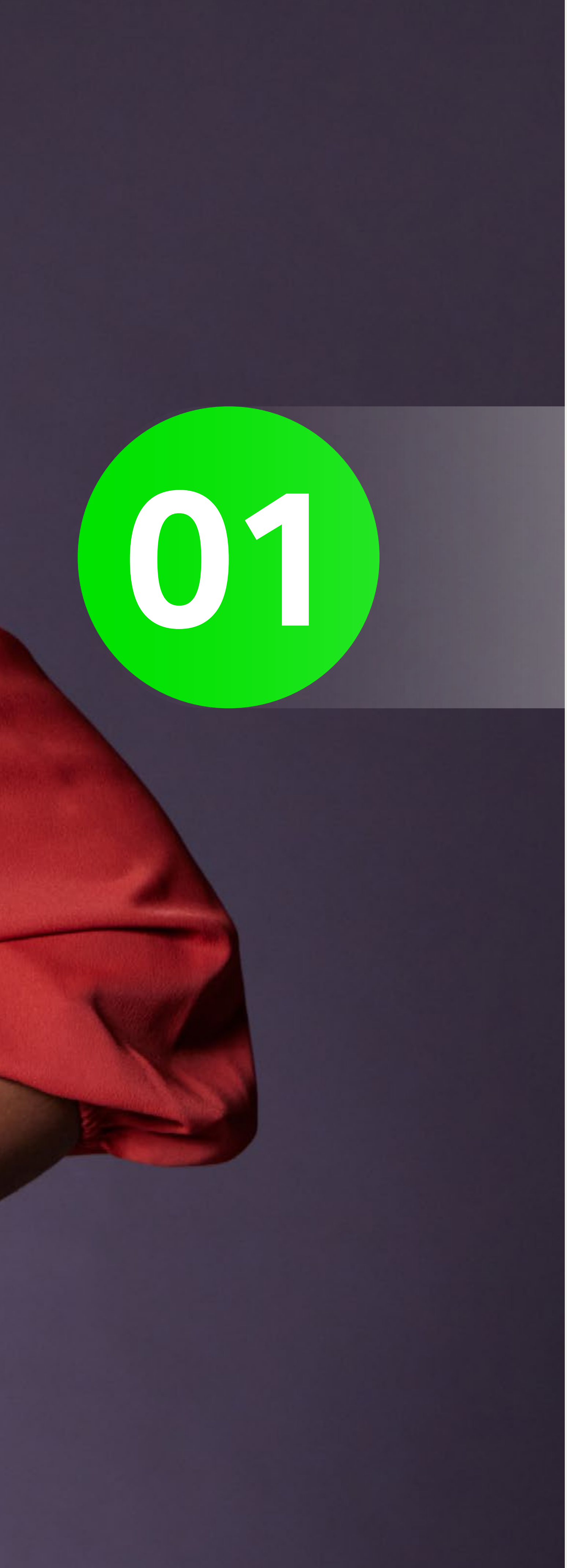
Historically, strong double-digit revenue CAGR. **Profits significantly increased** in FY23 as we leverage our pivot to digital.

£20m investment in Digital

Half-way through our pivot to Digital. Library of over 100 bite-size self-taught eWorkouts launched; Performa 1:1 digital coaching platform launched based on performance improvement not therapy; Diagnostics platform in beta testing for FY24.

Contents

Strategic report



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FY23 Overview and highlights

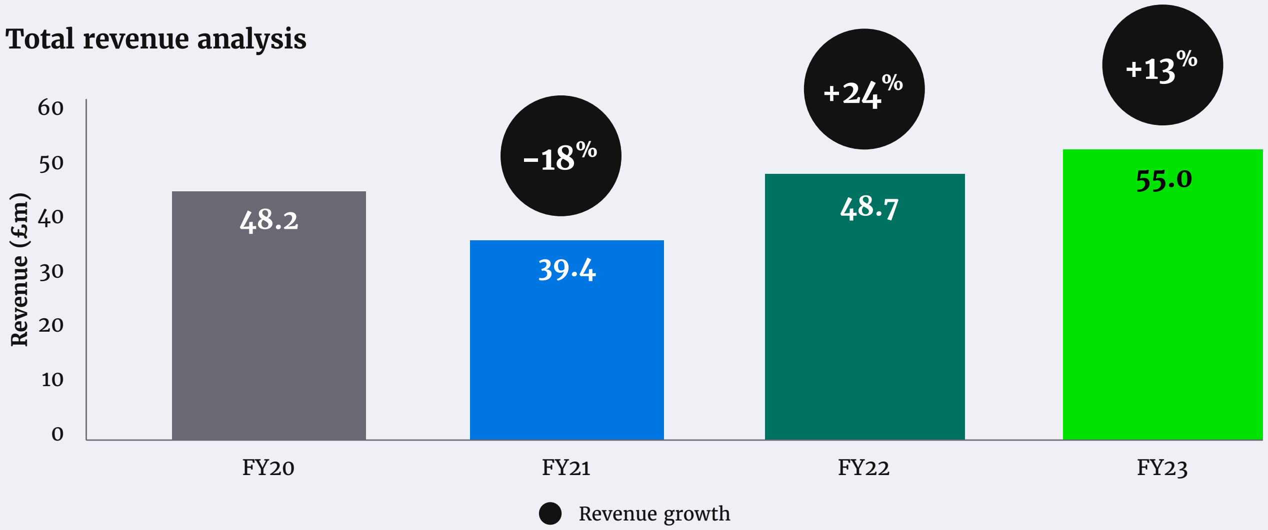
Financial and KPIs

Double-digit revenue growth in FY23, driven by large framework agreements and an increasingly strong team. Our investments made to date for scalable growth are starting to provide a return and the pace of our digital pipeline development has accelerated.

Octavius Black
Chief Executive Officer

Revenue

Total revenue analysis



Revenues of £55.0m were up 13% on FY22, despite global economic tailwinds throughout the year. MindGym's FY23 revenues benefited from (among others) the impact of our largest ever framework agreement awarded in H1 FY23 with a global energy company, with revenues anticipated to be in excess of £10m over the next 24 months; H2 FY23 also saw an initial framework win with an automotive manufacturer which is forecast to generate significant revenues over the next 18 months.

Regional analysis

US

£31.3m

+8%

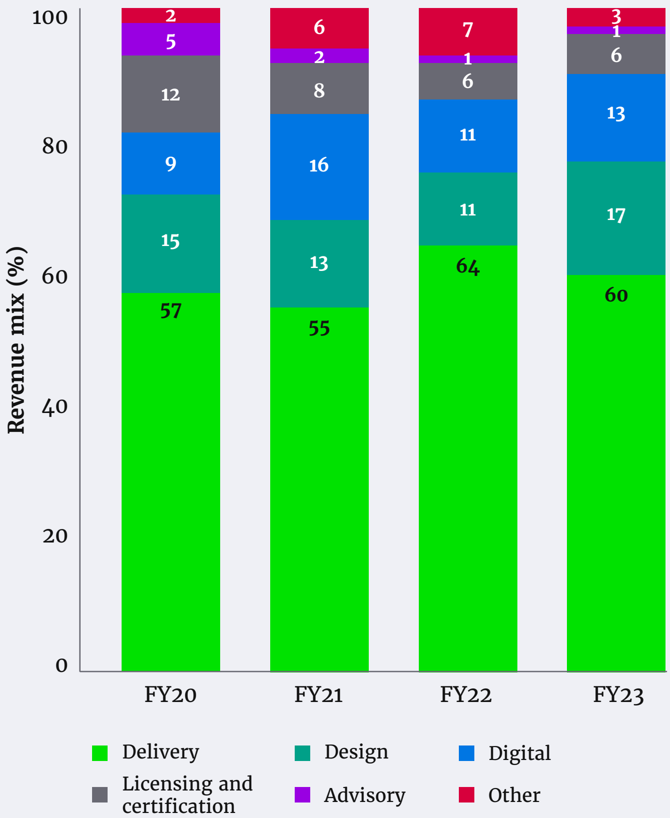
EMEA

£23.7m

+20%

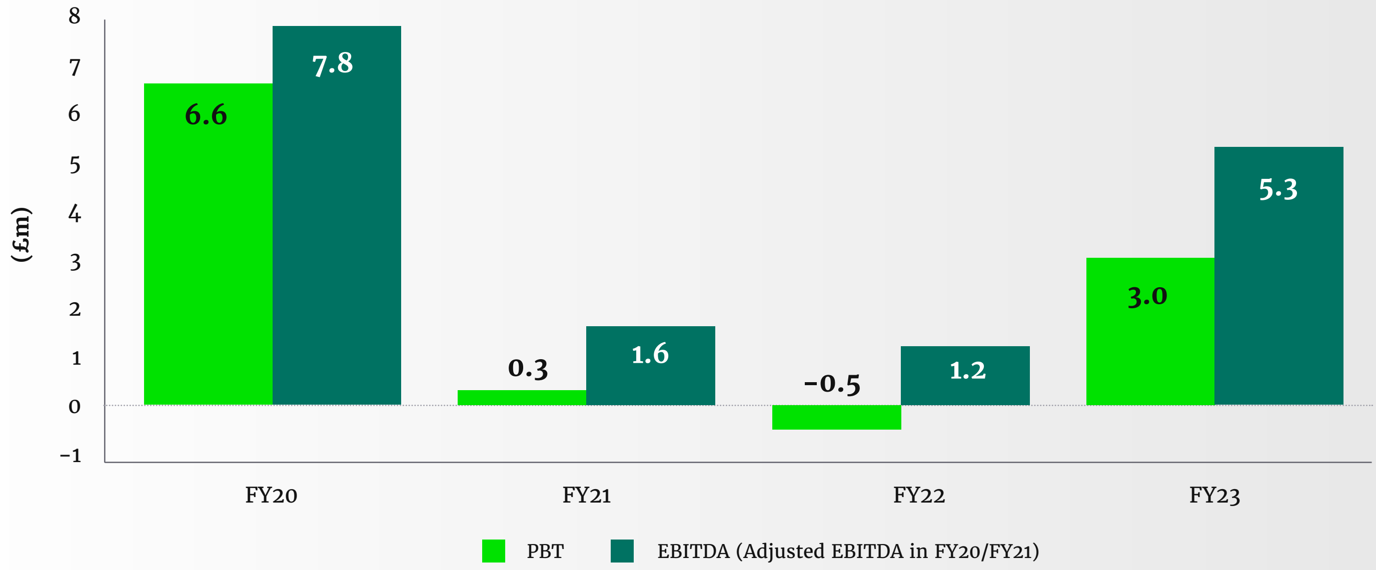
MindGym has seen double-digit growth across EMEA and strong single-digit growth in the US, which has also benefited from the impact of FX. Growth has also been fuelled by the impact of the significant framework agreement won in H1 FY23, and continued strengthening of the management team in the year.

Product analysis



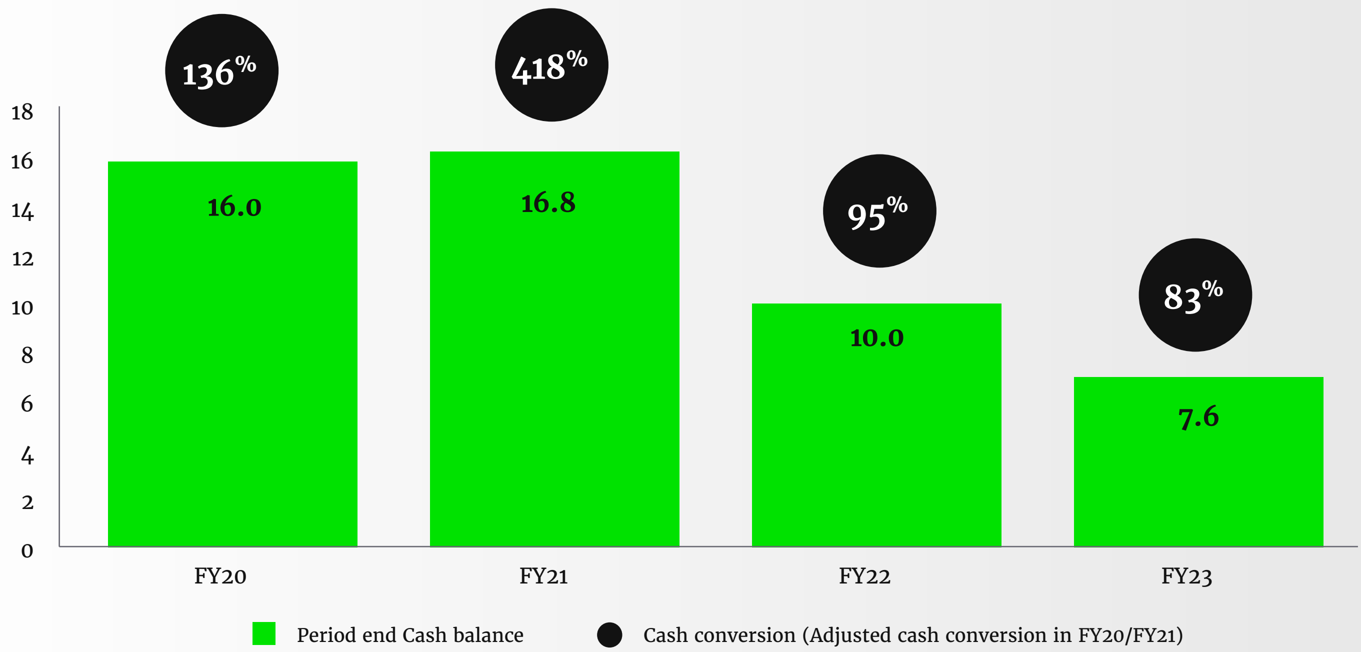
Delivery revenues has continued to grow against FY22, however this has been overshadowed by the significant growth of Design and Advisory, which reflects the large framework agreements MindGym has won in FY23. High D&A revenues are a strong signal for future delivery revenues.

Profitability



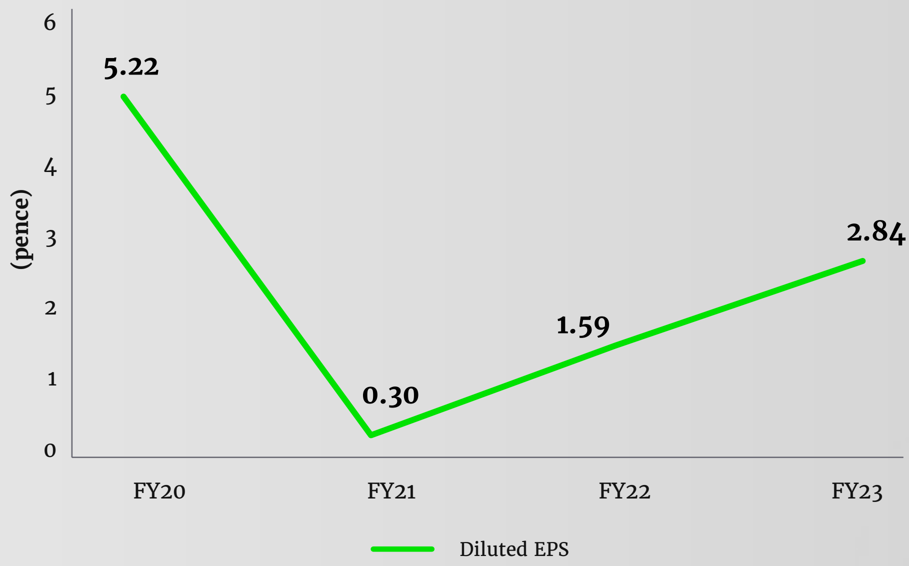
Profit before tax of £3.0m is a £3.4m increase on FY22. FY23 PBT margins were up +638 bpts on FY22, reflecting in equal parts growth leverage, ongoing savings programmes across the business and the implementation of a shared service centre midway through the year. Management's ongoing actions will continue to see margin improvement in FY24 and FY25 from these three levers.

Cash and cash equivalents



Cash and cash equivalents have decreased from £10.0m in FY22 to £7.6m at the end of FY23, including the £4.9m investment in digital capital expenditure in FY23. H2 FY23 cash growth was £3.1m vs a -£2.0m decline in H2 FY22.

Shareholder return



Growth in Diluted EPS during FY23 is due to both to the increase in profitability in the year and ongoing R&D tax savings, resulting in a diluted EPS of 2.84p (FY22: 1.59p).

Statement of the Board Chair

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

This year, has seen broad economic headwinds across many industries arising from cost of living pressures, rising interest rates, high inflation and low economic growth. Whilst this creates pressure and uncertainty for our clients and their employees, the resultant restructuring and reorganization by businesses has created opportunities for MindGym, evidenced by the significant framework activity we have secured, and MindGym has continued to prosper accordingly.

At the start of the year we moved into an endemic state of COVID-19 and welcomed a return to more face-to-face gatherings, both internally and also with our clients who represent 60% of the FTSE100 and 55% of the S&P100. We have also increased the level of engagement with our investors and wider stakeholders with the addition of an 'Investor Meet Company' event in December 2022.

Return to profitability despite the uncertain environment

I am pleased to report a return to profitability driven by scalable growth and operational efficiencies in FY23, even amidst the uncertainty of the current environment. Our data and strategic focus lead us to believe that these trends will continue into FY24 and beyond.

MindGym is well placed for significant value growth in the coming years.

Ruby McGregor-Smith

Board Chair

Accelerating both our Core and Digital strategies

We have made significant strategic progress, focusing on both Core and Digital products.

MindGym has leveraged its innovative, ever-growing science-based IP in Human Behavioural Change, and our close working relationships with the world's leading businesses to increase our share of Learning and Development ('L&D') budgets with notable large framework wins driving growth. FY23 also saw some important strengthening of the leadership team in EMEA, which has shown increased growth rates in the second half, and recently in the Americas.

Additionally, we expanded our digital offerings as we continue to build an integrated Behaviour Change Platform ('BCP') to better serve our clients' data and learning needs. We saw steady progress as we continue to build the BCP. Digitally-enabled revenues of £37.6m grew by 1 per cent vs FY22, representing 68% of revenues (FY22: 77%) as we saw increases in face-to-face deliveries with the lifting of COVID restrictions. Pure digital revenues are a growing segment of this, and increased their product mix to 13% of Group revenue vs 11% in FY22.

The Board

We maintain a significant breadth of experience across our Board, which has remained unchanged since the prior year. We would like to extend congratulations to our Independent Non-Executive Director Sir Trevor Phillips, who received a knighthood for his services to equality and human rights in the 2023 New Year Honours list, and to Octavius Black, our Co-Founder & CEO, who received a CBE for his services to entrepreneurship, business, life sciences and community during the year.

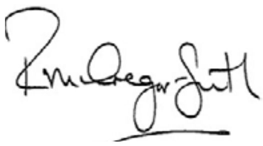
> **Return to profitability despite the uncertain environment**
>
> Ruby McGregor-Smith

Dividend

No dividend has been paid or proposed for the year ended 31 March 2023. The Board will continue to keep the appropriateness of dividend payments under periodic review and will next provide an update at the time of the H1 FY24 interim results announcement.

Outlook

The long term drivers of the Global 'human performance' market are very attractive. In the short to medium term, given the macro-economic challenges, we anticipate some cautiousness from clients, however our data-backed insights and solutions continue to demonstrate value to our diversified client base. We expect to make further progress in FY24, with the investments we have made to date delivering scalable growth.



Ruby McGregor-Smith
Board Chair

12 June 2023

CEO's review

The talent agenda has never been more central. Companies are facing a shifting macro environment and fundamental changes due to globalisation, COVID's transformation of the workplace, the navigation of the great resignation, and increasing stakeholder pressures on issues such as ESG and corporate behaviour.

These factors are impacting our clients' core business KPI's such as engagement, retention, and quality, and therefore, represent a significant business challenge to their success.

MindGym has a strong reputation built over 21 years of IP and content, tested on over five million members, and consistently delivers programmes to client populations in excess of 10,000 members at a time, in over 40 countries across the world. Along with an incredible team generating market-leading IP, our digital products journey is progressing well, providing greater access, and more data, as we head towards the BCP.

Growing profitably

MindGym partners with the world's foremost companies to optimise their human capital. The market for our services is vast, growing rapidly, and highly fragmented.

Our historic strategic investments are now seeing scalable growth and increasing profitability, and the pace of our digital pipeline development has accelerated with a reduction in the required uplift in Capex spend in FY24.

Strategic

In FY23, we made significant progress with our strategy of growing our share of L&D budgets and building the digital BCP.

Growth in our core business

Crystal Metcalfe joined as Managing Director of our EMEA business in Q1 FY23 which has seen regional growth reach 20% in FY23. This reflects general improvements across all practices, and notable recent successes in large framework agreements – in particular the +£10m global energy framework we announced at the half year.

We are leveraging our investment to grow more profitably.

Octavius Black
Chief Executive Officer

More recently, Cindy Steagall joined our US business as Executive Vice President at the end of the financial year. In FY23, the US business grew by 8%, benefitting from FX impact. We have every confidence that US performance will continue to improve, and note that there are some early favourable tailwinds, including the award of an initial framework agreement with a large automotive company at the end of the year.

We continue to lead in innovation and remain the global leader with our clients

At the end of FY22 we launched our Leadership Point of View ('POV') with the related whitepaper launched at the start of FY23. Our new Wellbeing POV ('Wellworking') was launched during H1 FY23; the whitepaper will be published during H1 FY24, when we will also be launching a series of new Wellworking live and eWorkout products.

In May, we hosted the world's largest gathering of c.160 CHROs and their deputies at our 'CHRO Summit' at the Royal Opera House in London, where we discussed the latest trends in the HCM market. The depth and breadth of attendance underscores the value our clients see in the innovative solutions that MindGym brings to this sector. At this event, we also launched our Precision coaching whitepaper, in line with the full scale launch of Performa.

We are leveraging our investment to grow more profitably

In FY23, the Company returned to profit before tax, with EBITDA margins of 10% (FY22: 3%). Our investments of prior years in people, processes and systems should support continuing financial performance improvement through FY24 and beyond.

A great example of this is our new shared service centre ('SSC') in Gateshead, which has been enabled by our operations and system investments. This is significantly improving the quality of our deliveries, whilst increasing the scalability of our business model. Enhanced client satisfaction and freed up resources pave the way for greater value creation and improved profitability.

Accelerated digital product development

We have made considerable progress as we continue to build the MindGym's BCP:

- 100+ bite size eWorkouts for self-paced digital learning enhanced to deliver greater accessibility with further content and UX improvement in FY24
- Performa, our 1:1 coaching product supported by our proprietary coaching methodology and custom digital platform, was fully launched at our CHRO summit alongside the publication of our new research paper 'Precision Coaching: better, faster, always whatever your goal'. We will continue to add new features and UX enhancement through FY24
- We are developing MindGym proprietary organisational diagnostics which we will be beta testing in FY24 with a view to launch in FY25. This is alongside integration of our 10X individual diagnostics
- By acquiring the rights to a diagnostics platform, we have enabled an accelerated journey to our self-serve platform, which we plan to launch by the end of FY24 – 18 months ahead of schedule
- We continue to anticipate the integration of live delivery and all our digital solutions in our Behavioural Change Platform, which is the critical key to unlocking Data and the significant value proposition that this represents

High-performance culture

I am immensely grateful to our determined team whose spirit, ingenuity and generosity has 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. We strive to make sure our people work with a resilient mindset whilst we also empower them by ensuring we invest significantly in learning and development, 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. We maintain an internal DE&I committee consisting of employees across the business, geared at implementing best practice across MindGym as a whole.

ParentGym

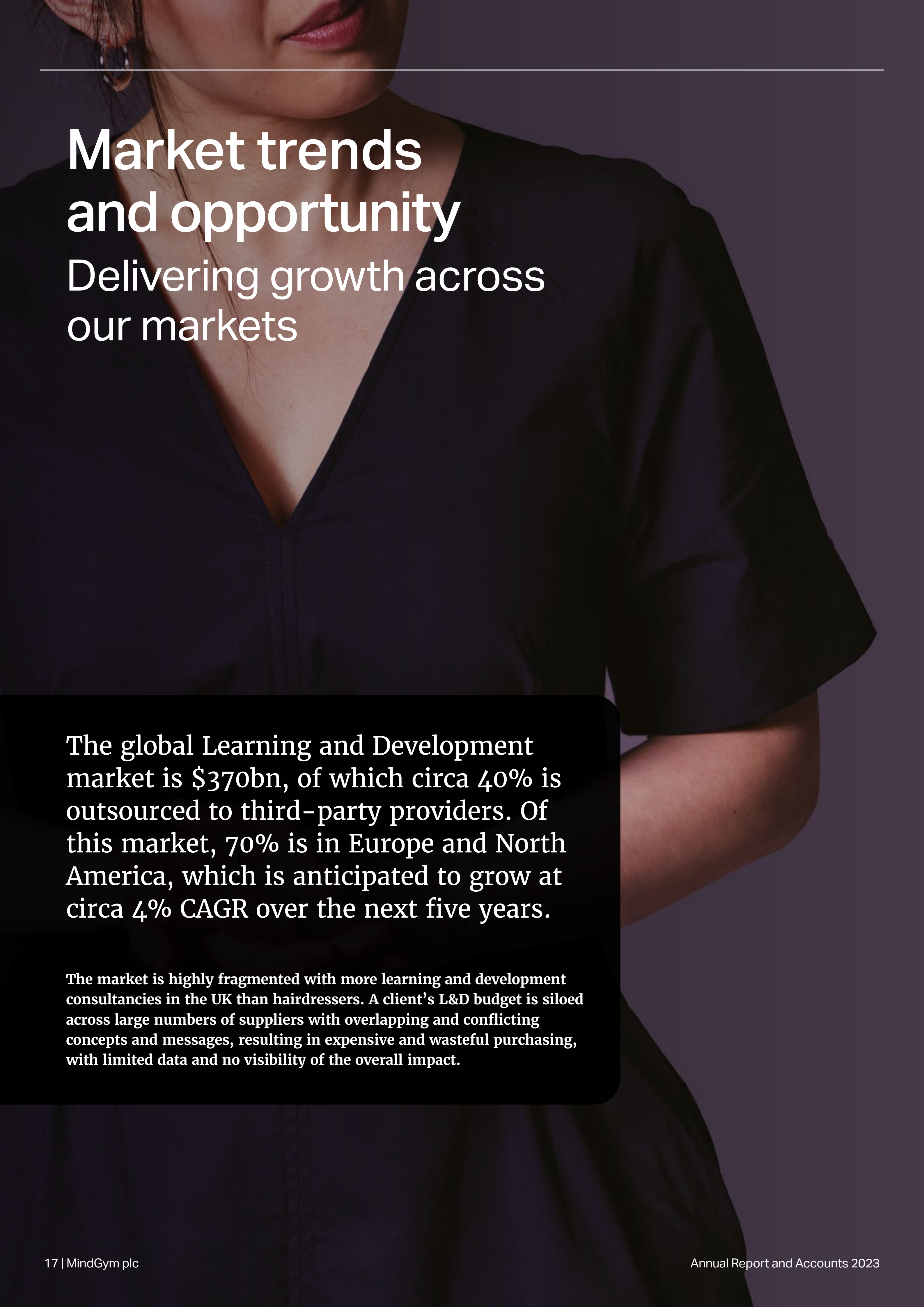
MindGym has a strong track record with all our stakeholders. In 2009, we launched ParentGym, a programme providing free training to parents of children aged 2-11, and in FY23, we ran sessions with over 650 families with the aim of helping them to grow our next generation. This included a partnership with the Prison Advice and Care Trust (PACT) and running a bespoke programme to support parents in prison and their families. Many of our employees use their charity days to support PACT and other charities.

Looking ahead

Notwithstanding continued economic uncertainty, our investments made to date for scalable growth are starting to provide a return, underpinned by the award of significant framework agreements and the pace of our digital pipeline development. With the addition of diagnostics products in FY24 we are accelerating our journey towards a fully integrated Behavioural Change Platform ('BCP'). We are confident that organisations will increasingly turn to MindGym and our unique portfolio of proven solutions to address their talent and culture challenges.

The opportunity is immense and we are ready to realise it.

Octavius Black
Chief Executive Officer
12 June 2023



Market trends and opportunity

Delivering growth across our markets

The global Learning and Development market is $370bn, of which circa 40% is outsourced to third-party providers. Of this market, 70% is in Europe and North America, which is anticipated to grow at circa 4% CAGR over the next five years.

The market is highly fragmented with more learning and development consultancies in the UK than hairdressers. A client's L&D budget is siloed across large numbers of suppliers with overlapping and conflicting concepts and messages, resulting in expensive and wasteful purchasing, with limited data and no visibility of the overall impact.

3 drivers of success in this market:

We are seeing increased integration in this market, with increasing numbers of global frameworks covering most if not all of the following: in-person and virtual delivery, self-taught online learning and one-to-one coaching and diagnostics. There are very few companies who have the ability to combine all of these elements with scaleable delivery to 10,000 members in up to 40 countries.

The 3rd party cost is substantially less than 50% of the full cost of implementing a major client framework, and a fraction of the required benefit. With increasing scale comes increasing risk. Clients need a supplier that is at the cutting edge of human capital IP. They need to know that their organisational change projects will work, and that the IP behind it is based on clear science, data and KPI's.

Data and digital integration is the differentiator and increasingly the future. Data helps a business understand why its team in Pennsylvania is growing faster than its team in Prague. It highlights the behavioural gaps that exist and, with an integrated business, points to the solutions that will close them. It shows where a company should invest, and proves the ROI of that investment.

Large framework agreements in FY24

In addition to the significant framework agreement highlighted in the first half of FY23 (energy company), we have recently secured a framework that we anticipate will deliver significant revenues over the coming 18 months (automotive). We have a proven ability to deliver both in-person and virtually to employee groups in excess of 10,000 people – with tailored and bespoke mixes of live delivery, one-to-one coaching, supported by diagnostics and self-taught programmes.

+20 years of IP

We continue to innovate and make a difference for our clients. The most recent example can be seen with our Wellbeing work with Sanofi as seen on page 21.

In recent years,

>$1b has been invested into digital one-to-one coaching

However, methodology is the key to success in coaching, and the Precision coaching methodology is MindGym's differential. We have recently partnered with Burberry and successfully used Performa to help improve the leadership in their organisation. Impact results can be found on pages 57 to 58.

Clients are looking for financially stable, strong IP, a track record with clients, the ability to deliver hybrid at scale across the globe and a full gamut of digital solutions driven by integrated solutions and data. Nobody else has this. Digital specialists can't deliver live across the globe. Delivery specialists don't have meaningful IP and definitely can't do digital.

MindGym is the exception. A proven business with over 20 years of strong performance and data driven IP. Unparalled client experience working with 60% of the FTSE 100 and 55% of the S&P 100. The world's best human capital content and solutions, with a proven ability to deliver at scale globally. A £20m investment in digital products, which has already achieved hybrid delivery at scale, with more than 100 self-taught digital solutions, a newly launched digital coaching platform, the best (validated) diagnostic IP in the world, and a roadmap to the only Behavioural Change Platform.

Business model and strategy

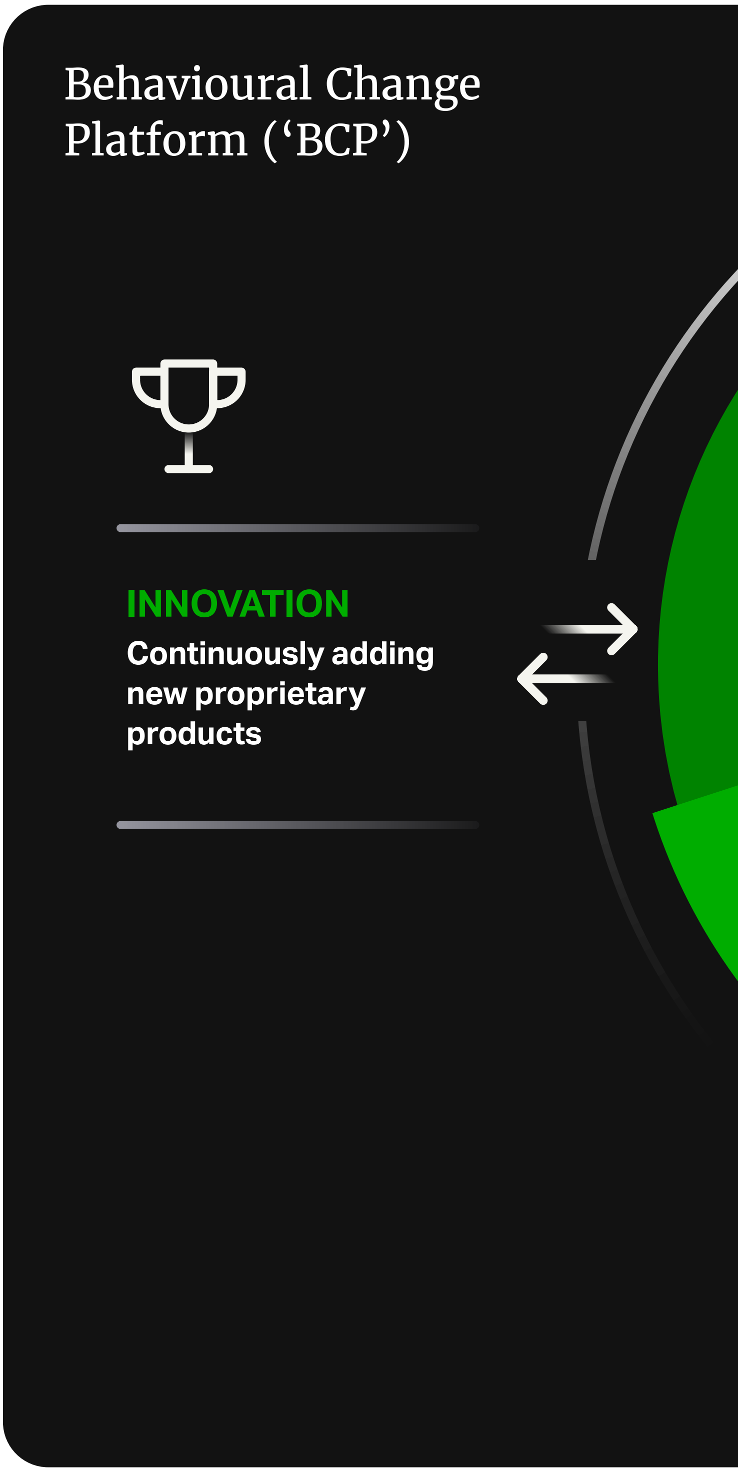
Our goal is to equip ambitious companies, and ultimately their members, to be ready for tomorrow. We do this by transforming how people think, feel and behave at work, using the latest evidence-based techniques from behavioural science. Our main approach to supporting organisational change is partnering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

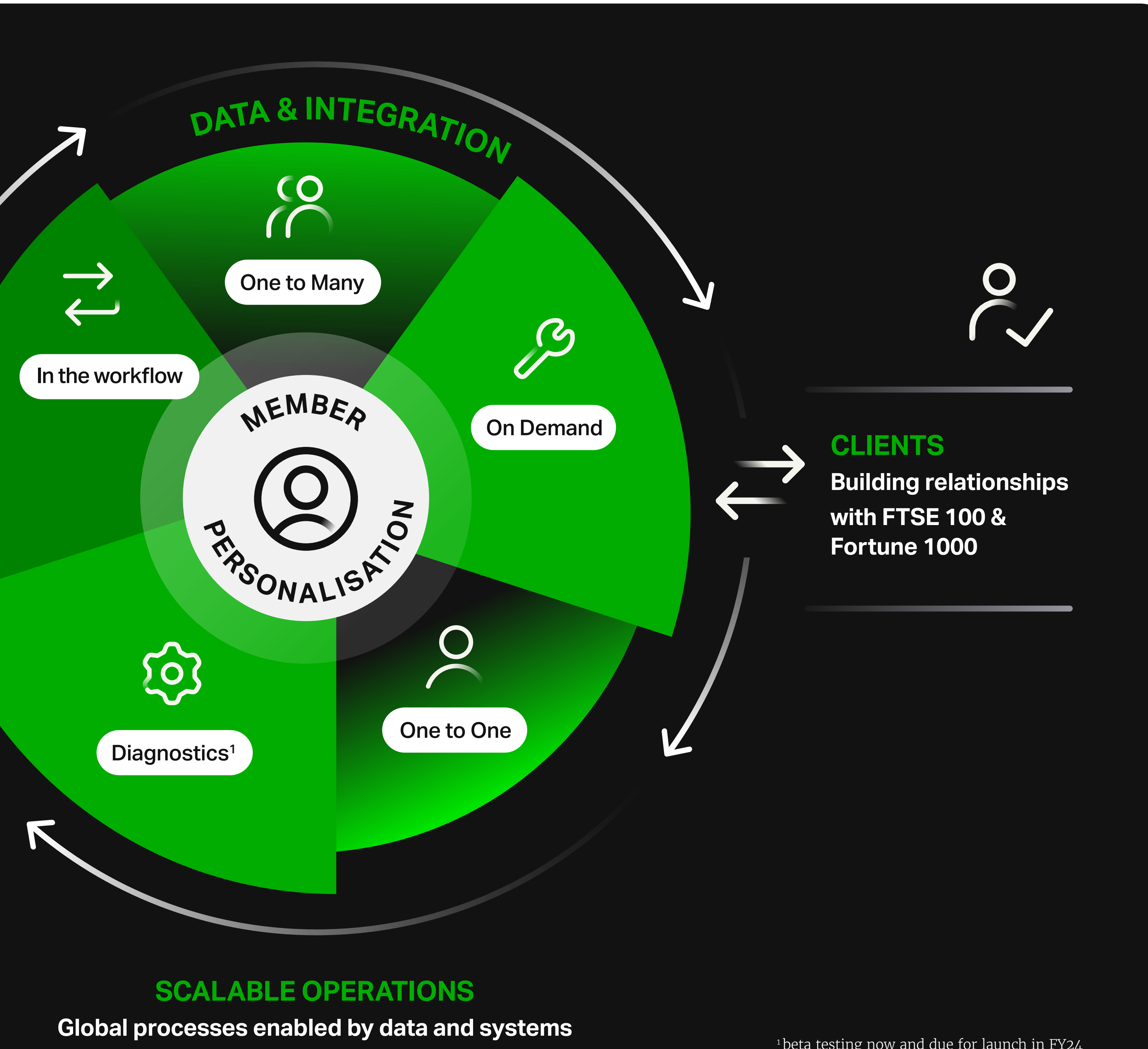
Over the past 20 years, we've developed evidence-based solutions for improving leadership, performance, diversity and inclusion, wellbeing, ethics and customer experience. These solutions include over 100 product topics, such as giving feedback, leading inclusively and managing stress.

Each topic contains learning that can be provided across both bite-size segments, such as 45 minutes and longer, three-hour training sessions, tailored to suit our member's needs.

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, our digitally enabled 1:1 precision coaching proposition and the development of our diagnostics (both Organisational and Individual) and data proposition. All this supports our vision of data-informed, real-time personalised support and development. The data these products generate enables insight for products and clients, and improved learning for participants.

After the beta launch of Organisational diagnostics at the end of FY24, as well as the launch of Individual diagnostics in FY25, we will then begin to integrate all digital products into one Behavioural Change Platform.





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

Winning healthy minds with Sanofi

Client case study

With more than 100,000 employees across more than 90 countries, Sanofi improves the health of communities and finds new solutions for patients. It does this by combining breakthrough science with advanced technology.

In 2020, Sanofi embarked on a six-year 'Play to Win' strategy, setting out to create an environment where everyone can bring their best version of themselves to work. In order to transform the practice of medicine, Sanofi wanted to create new behaviours, new ways of working and a new organisation. Growth, innovation and efficiency would be accelerated and organisational structure and culture reinvented.

Global healthcare company Sanofi exists to prevent, treat and cure illness and disease throughout life.

The challenge

As part of the 'Play to Win strategy', MindGym was brought on board as a partner to help Sanofi implement a new wellbeing development framework, with the objective of reinforcing both healthy minds and a healthy working culture at Sanofi.

Sanofi was looking for a scalable, flexible approach, which would help employees, people managers and executive leaders develop strategies to improve their own wellbeing across a number of different areas:

Healthy minds
– Sanofi wanted to transform:

- Purpose & motivation (identifying individual purpose & drivers to enhance performance)
- Resilience & energy (managing energy effectively)
- Personal effectiveness (smarter working tools for an accelerated/digital context)
- Mindfulness (creating space & reflection to support personal perspective with self & others)

Healthy working culture
– Sanofi wanted to transform:

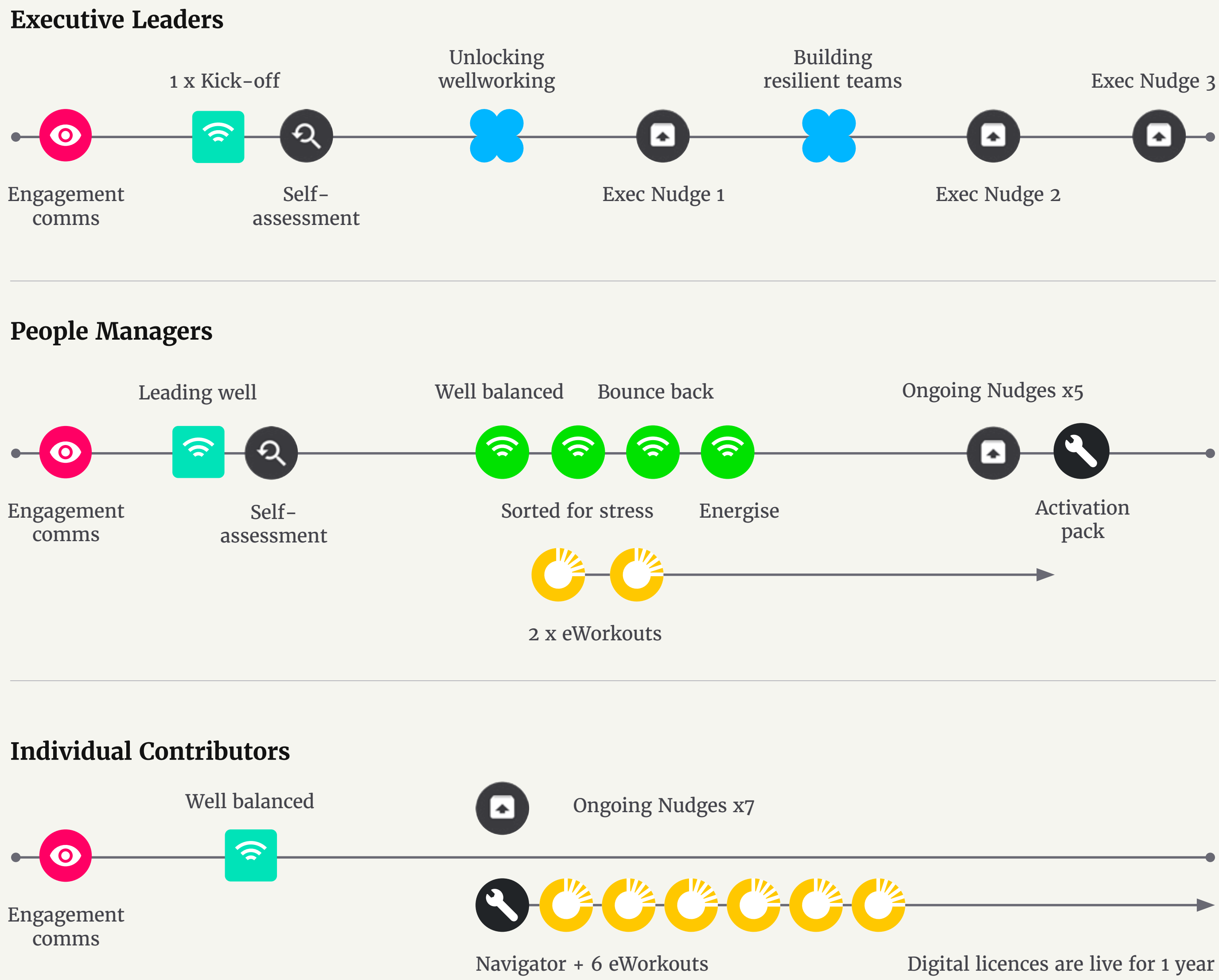
- EQ & empathy (awareness of others to support each other / encourage better connections)
- Inclusive leadership (leveraging diverse perspectives and collaboration to do more & better)
- Play to Win Behaviours (recognising and promoting PTW behaviours)

The solution

Together, Sanofi execs and MindGym co-created the 'Winning Healthy Minds' programme to provide a best-in-class behaviour change programme of live sessions, eWorkouts and engagement comms at all company levels. They started by creating and testing a pilot programme and conducting a Focus Group for those taking part.

Following on from the pilot, MindGym incorporated solutions to address both illbeing (reducing the risk of burnout) and wellbeing (energising and engaging those who were ready to thrive) at all levels of the business:

- **Executive leadership:** MindGym worked with Sanofi's executive leaders to unlock Wellworking™ through the identification and mitigation of illbeing, and driving wellbeing.
- **People Managers:** Winning Healthy Minds empowered managers to learn to spot the signs of and prevent burnout, while energising and reinvigorating teams.
- **Employees:** Winning Healthy Minds equipped all Sanofi employees with a self-driven journey to build skills in personal resilience and energy management, supported by manager coaching.



The impact

100%

of leaders in the large group sessions felt the content was relevant to them.

> Good tools to be used right after the meeting. The small-group format is very valuable for exchanges.

100%

of leaders in the large group sessions felt the session inspired them to think differently about this subject.

> Really appreciate having had the time to devote to this, and connect with colleagues facing the same things.

100%

of executives in the small group sessions felt actively involved in the workouts.

> Highly energetic facilitation. Very actionable and tangible concepts shared, that are easy to embed in day-to-day management.

Testimonials

MindGym have given us a phenomenal programme, with strong, easily actionable insights on how to bring Wellworking to life across our population. We're delighted to be working together.

Marcela Fernandes
Global Program Director of Leadership Offers, Sanofi

This was a fantastic journey. Indeed, being in person, engaging & playing with colleagues, building on each other's thoughts & tactics was great. It got me to realize that I was not alone facing challenges to maintain my wellbeing at work.

Lionel Bascles
Global Head Clinical Sciences & Operations, Research & Development, Sanofi

As we reshape our Executive & Leader Development portfolio to enable leaders to accelerate our Play to Win strategy, the Winning Healthy Minds learning journey has been highly impactful for our executives, people managers and individual contributors.

The program has brought incredible energy, practical tips and tools that are easy for employees to embed in their day-to-day, and an opportunity for colleagues to connect and learn from each other on important wellbeing topics. We are thankful to have partnered with MindGym to help us design and deliver this program across the company!

Joanne Beardsley
Global Program Lead for Executive Development, Sanofi

Financial review

The market for Human Capital Management continues to grow, driven by the increasing rate of change in society over the last three years. In FY23, we saw revenues grow at +13% (+5% constant FX) to £55.0m

Digitally-enabled revenues of £37.6m grew by 1 per cent vs FY22, representing 68% of revenues (FY22: 77%) as we saw increases in face-to-face deliveries with the lifting of COVID restrictions. Whilst the margin percentage on face-to-face delivery is lower than for virtual delivery, the absolute profit per session for face-to-face is higher. We do not anticipate a fundamental change in the current mix of delivery going forward, but the financial implications of this would be unlikely to be significant.

Pure digital revenues which are a growing segment of digitally enabled revenues, increased their product mix to 13% of Group revenue vs 11% in FY22, following a minor refresh of and increased accessibility within the eWorkouts portfolio, coupled with the early impact of Performa revenues.

We anticipate that large corporate frameworks will be an increasingly important part of our growth strategy; notably, the large energy framework win in H1 FY23 as well as that of, an attractive opportunity in the automotive sector in H2 FY23.

Earnings before interest, taxation, depreciation and amortisation ('EBITDA') has increased to 10% (FY22: 3%). Profit before tax ('PBT') has increased by £3.4m from £(0.5)m in FY22 and this, coupled with ongoing R&D tax savings, resulted in a diluted EPS of 2.84p which is ahead of prior year (FY22: 1.59p). We anticipate future benefits from our ongoing savings programmes and the scalability of our operations, as we progress towards our medium term target of 15%-20%.

Our balance sheet position remains strong with cash at £7.6m. The overdue debt balance at the year-end of £0.4m is at an all-time low and in line with previous years, bad debt is negligible. We retain an undrawn credit facility of £10m, which provides flexibility for future opportunities.

We have made significant progress with our strategy to deliver scalable growth, which is reflected in our improvement in financial performance in FY23.

Dominic Neary
Chief Financial Officer

Improved performance and profitability

Revenue growth of 13% for the full year

MindGym saw +20% growth achieved across EMEA fueled by the impact of the significant framework agreement won in H1 FY23, as well as the strengthening of the management team at the start of the year. The US saw single-digit growth of 8%, reflecting the beneficial impact of FX; ongoing improvements to the US management team in H2 FY23 are anticipated to drive revenue growth in FY24.

	Year to March 31st 2023 £'000	Year to March 31st 2022 £'000	Change %
Group Statutory View	55,011	48,668	+ 13%
EMEA	23,742	19,715	+ 20%
US	31,269	28,953	+ 8%

Delivery revenues have continued to grow throughout FY23, albeit their relative contribution has been overshadowed by the significant growth of Design and Advisory, which reflects the large framework agreements won by MindGym in FY23. High D&A revenues are a strong signal for future delivery revenues as the first 6-9 months of these frameworks are often scoping, which is followed by delivery revenue thereafter as the projects are implemented.

Digital revenues continue to demonstrate robust growth, with the revenue mix increasing versus FY22, reflecting underlying strong performance in digital eWorkouts and interactive tools, and the increasing take up of Performa. Other services have been impacted by lower translation-related revenues versus FY22.

Revenue mix by type compared to previous year

	FY23	FY22	% change
Delivery	60.3%	63.7%	-3.4%
Design	17.2%	11.2%	6.0%
Advisory	1.4%	1.4%	-
Digital	13.1%	11.2%	1.9%
Licensing and certification	5.6%	6.0%	-0.4%
Other services	2.4%	6.5%	-4.1%
Total	**100%**	**100%**	

Gross profit

Gross margin at 88.4% was ahead of prior year (FY22 87.1%). This was reflected in both regions with gross margin in the US of 88.4% (FY21: 87.2%) and in EMEA of 88.5% (FY22: 87.0%).

The improvement in margin reflects some ongoing savings initiatives, but is largely the result of the increased mix of Design work, the costs of which are included within administrative costs. In FY24, we anticipate a shift in revenues from Design to Delivery, particularly as our significant framework agreements from H1 FY23 moves into the delivery phase in FY24. We have seen a moderate shift back towards in-person delivery – to date this shift has been somewhat slower than anticipated (in-person percentage margins are lower than virtual delivery, but absolute profit per in-person delivery is higher).

Year ended 31 March 2023			
Revenue type	**EMEA**	**US**	**Global**
Delivery	60.2%	60.6%	60.3%
Design	19.0%	15.7%	17.2%
Digital	13.4%	12.8%	13.1%
Licensing and certification	3.3%	7.5%	5.6%
Other services	2.4%	2.3%	2.4%
Advisory	1.7%	1.1%	1.4%
Total	**100%**	**100%**	**100%**

Year ended 31 March 2022			
Revenue type	**EMEA**	**US**	**Global**
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 services	6.8%	6.2%	6.5%
Advisory	1.9%	1.0%	1.4%
Total	**100%**	**100%**	**100%**

Profitability and investment

PBT of £3.0m is a +£3.4m increase on the loss before tax of £0.5m in FY22. FY23 PBT margins were up +638 bpts on FY22, reflecting in equal parts, operational gearing, ongoing savings programmes across the business, and the implementation of a shared service centre midway through the year. Management's ongoing actions will continue to see margin improvement in FY24 and FY25 from these three levers.

CAPEX

MindGym's capex levels fell to £5.1m in FY23 (from £6.1m in FY22). This reflects the organisational redesign in Q4 FY22 which further integrated the business, and at the same time increased the pace of product development. We continue to target more efficient ways of delivering the BCP, and the recent acquisition of the rights to a diagnostics platform, has accelerated this by 18 months, whilst reducing the required uplift in Capex spend in FY24 and FY25.

Taxation

In FY23, MindGym has submitted further claims to ensure it obtains the benefit of R&D tax credits relating to FY23. At the end of FY23 we recorded a deferred tax asset of £5.3m in relation to these R&D credits. This is offset by a £2.2m deferred tax liability being the timing difference linked to capitalised development costs.

	FY23 Reported £'000	**FY22** Reported £'000
Profit/(loss) before tax	2,964	(482)
Tax credit/(charge)	(29)	2,084
PAT (earnings)	2,935	1,602
ETR %	0.98%	432.4%

In FY23, the Effective Tax Rate (ETR) continues to be distorted by the application of the R&D credits noted above. MindGym has factored these credits in as part of the current year tax charge and related deferred tax balances. The effect of these tax credits in the UK is offset by the tax profitability of the US entity, resulting in overall ETR of 0.98%.

Earnings per share

Diluted earnings per share increased by 1.25 pence to 2.84 pence (2022: 1.59 pence). Basic earnings per share were 2.93 pence (2022:1.60 pence).

Dividends

No dividend has been paid or proposed for the year ended 31 March 2023. The Board will continue to keep the appropriateness of dividend payments under periodic review and will next provide an update at the time of the H1 FY24 interim announcement.

Operational efficiencies and enablement

We have recently launched a new operational centre of excellence, our shared service centre ('SSC') based in Gateshead, UK. The creation of the SSC drives increased efficiency in our business processes and focus on seamless delivery for our clients. The SSC will also use data analytics to assist with our strategic decision-making and shape our operational leverage. The continued focus on automation and AI technology will help deliver increased efficiency and client satisfaction overall.

Cash flow and balance sheet

Cash and cash equivalents have decreased from £10.0m in FY22 to £7.6m at the end of FY23, including the FY23 £4.9m investment in digital capital expenditure.

EBITDA was £5.3 million, 331% up on FY22 EBITDA of £1.2 million, with cash generated from operations of £4.4 million, which was 278% up on the £1.2 million cash generated from operations in the prior year. Cash generation in H2 FY23 was £3.1m vs.£2.0m cash consumption in H2 FY22.The working capital reduction resulted in cash conversion, defined as cash generated from operations as a percentage of EBITDA, of 83% (FY22: 95%).

Cash conversion	31 March 2023 £'000	31 March 2022 £'000
Cash generated from operations	**4,393**	**1,164**
Reported EBITDA	**5,294**	**1,228**
Cash conversion (Cash from operations /EBITDA)	83%	95%

- 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 £1.2m. Overdue debt as a percentage of total trade receivables fell to 7% at the year end (FY22: 9%), with the amount of overdue debt reducing £0.3 million to £0.4 million (FY22: £0.7 million). Deferred income decreased by 6% to £4.4m (FY22: £4.7m) as clients continue to secure budgets for their following financial year. Trade and other payables reduced by £1.3m, reflecting greater utilisation of holiday and lower commission payments.
- Tax paid in the year was £0.8 million (FY22: £0.8 million) mainly related to US activity.
- Capital expenditure was £5.1 million (FY22: £6.1 million) which included £4.9 million of costs capitalised on developing our new digital products and £0.2m on other tangible fixed assets.
- Lease payments on our offices in the UK and the USA were £1.3 million (FY22: £1.2m). No dividends were paid in the year (FY22: £nil).
- At the year end, the Group had cash of £7.6 million (2022: £10.0 million) and net cash of £4.5m (FY22: £7.8 million) after deducting the lease liability included on the balance sheet.

Going concern

The Board has reviewed scenario analysis 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 has 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.

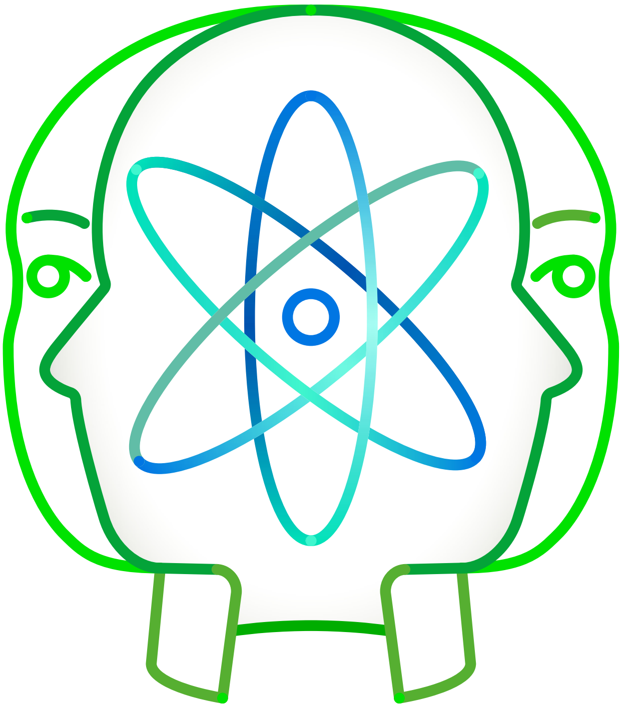
Financial risk management

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.

Forward-looking statements

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
12 June 2023

Sustainability

Environmental considerations

Climate change remains a critical environmental and business challenge. Whilst the nature of our services means our carbon footprint has always been low, our ongoing investment in, and transition to, a digital service provider means that we will continue to make improvements in our emissions reductions.

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.

We continue to report on our UK energy consumption and greenhouse gas emissions following the guidance on Streamlined Energy and Carbon Reporting (SECR). Our analysis outputs are included throughout this section. This analysis has then been used to calculate a baseline in order to facilitate target setting for the business.

General note that our ‘control’ year data is not reflective of the business norm, i.e. it was during a pandemic state and that significantly reduced the frequency and utilisation of travel, both internally (visiting teams; commuting to the office etc.), client in-person meetings and face-to-face client deliveries. A return to the ‘new normal’ in FY23 has naturally seen an increase in these higher emission activities, but that is not to be considered a step in the wrong direction in terms of working towards our overall carbon reduction targets.

01 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 our FY23 carbon footprint to include the following data categories (split by Scope):

MindGym

Scope 01

Direct emissions from owned or controlled sources

- Gas consumption

Scope 02

Indirect emissions

- Electricity consumption

Scope 03

All other indirect emissions not included in Scope 01/02

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 01 and 02.

Scope 01/02

- Consumption across 3 global offices (London, New York, Gateshead)

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.

	2022/23 Location-based	2022/23 Market-based	2020/21 Market-based
Total UK energy consumption	373,814.21 kWh	373,814.21 kWh	656,156 kWh
Total US energy consumption	178,297.34 kWh	178,297.34 kWh	N/A
Direct emissions – natural gas (Scope 1)	0.432 tonnes of CO_2	0.432 tonnes of CO_2	Nil
Direct emissions from purchased electricity (Scope 2)	89 tonnes of CO_2	93 tonnes of CO_2	95 tonnes of CO_2
Other indirect emissions – vehicle fuel (Scope 3)	724 tonnes of CO_2	718 tonnes of CO_2	521 tonnes of CO_2
Total tonnes CO_2	813 tonnes of CO_2	811 tonnes of CO_2	616 tonnes of CO_2
Tonnes of CO_2 per UK employee	4.70 tonnes of CO_2	4.69 tonnes of CO_2	3.03 tonnes of CO_2*

* prior year reflects a like-for-like comparison of total UK employees only. On a total employee basis as disclosed in the FY22 annual report, this was 1.86 tonnes of CO_2.

The UK energy use and emissions for the year ended 31 March 2023 are set out in the table above:

- **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.

Overall, we have seen an improvement in our Scope 1 and 2 market-based emissions since the prior year, with an increase in our Scope 3 emissions. The majority of MindGym's emissions are from Scope 3 sources (c.88% 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.

02 Non-mandatory reporting

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

The Task Force's recommendations on climate-related financial disclosures are around four thematic areas that represent core elements of how companies, including MindGym, operate: governance, strategy, risk management, metrics and targets. Although not required, the Board will continue to review the requirements of these 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.

The Board will continue to 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.

03 New Carbon Plan

This year the Group saw a return to a more stabilised level of in-person activity, which in turn will impact our Carbon reduction plan. The Group continued to review this plan, focusing on policy and practice changes to reduce our carbon impact. We continue to engage 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 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

41.1%
Business Travel

19.2%
Work From Home

12.1%
Electricity (Market Based)

9.1%
IT Purchases

7.7%
Subsistence

4.5%
Remaining

3.4%
Food & Drink

2.9%
Commuting

ii. Summary by activity

Activity	2021/22 Emissions (tCo_2e)	2022/23 Emissions (tCo_2e)	YoY Change in Emissions	YoY % Change in Emissions*
Business Travel	154.32	333.05	178.73	116%
Work From Home	116.71	155.54	38.83	33%
Electricity (Market Based)	113.62	98.08	-15.54	-14%
Electricity (Location Based)	84.68	99.85	15.17	18%
IT Purchases	104.35	74.09	-30.26	-29%
Subsistence**	52.49	62.29	9.8	19%
Office Purchases	42.10	40.58	-1.52	-4%
Commuting	12.63	23.42	10.79	85%
Purchased Steam for heating	10.68	14.51	3.83	36%
Waste	8.38	6.82	-1.56	-19%
Water	0.55	0.55	-	-
Digital emissions	0.10	1.88	1.78	1780%
Gas		0.51	0.51	100%
Total (Market Based)	**615.94**	**811.31**	**195.39**	**32%**
Total (Location Based)	**587.00**	**813.08**	**226.1**	**39%**

Table 1 Emmisions per activity, split between scopes 1,2 and 3.

* All values are a % of market- based emissions, except electricity (location based).

** Subsistence consisted mostly of spend on food and drink.

Business travel

Business travel is the main driver of the 32% increase in emissions (market based) between 2021/22 and 2022/23. As we have seen an increase with in-person deliveries during the year, there has also been an increase in activity around in-person team meetings and client visits, particularly across the US. Over the coming year, we will review our travel policy to operate across a more efficient mode of transport where possible.

Work from home

Total emissions related to homeworking have increased by 33%, due to an increase in both FTE and emissions intensity per FTE. Whilst there has been a slight increase in the number of employees who have renewable energy sources in their electricity plan at home (c.12%), we will continue to work with our teams to reduce emissions where possible. Sourcing 100% renewable electricity can prove difficult for certain employees in certain locations. In the United States, and some other countries, there are legal barriers to switching electricity providers; however this is not the case for UK-based employees and this will be a focus area in FY24.

Electricity

MindGym's London and New York office locations use electricity as the primary energy supply; however, the fuel mix of the London office's electricity tariff results in London having the most carbon-intensive electricity. Whilst we have entered into a more favourable fuel-mix tariff during H2 FY23, we will continue to seek further options to improve the level of renewable energy we are using across our primary offices, including a long-term plan of achieving 100% renewable energy across all locations where possible.

During the year we also opened our new Gateshead office, which is on a 100% renewable energy tariff.

b. Science-based targets

Scope 1 and Scope 2 emissions

In 2021/22, MindGym set unofficial (not validated by the Science Based Targets Initiative, through SBTI's expediated SME process) near-term targets for all 3 scopes. Scope 1 and 2 have been combined into 1 target while Scope 3 has different criteria. As noted previously, in 2021/2022, initial targets were set whilst the Group remained in a pandemic state and, as in-person activity has returned to a more stable base, we have revised our targets to be in line.

The SME process 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 the 1.5-degrees global warming target (with the majority of the reduction coming from switching energy plans in London and New York):

Scope	FY21-22	FY22-23	Target year (FY27-28)*	Target year (FY32-33)*
Scope 1 Emissions (tCO_2e)	–	0.43	–	–
Scope 2 Emissions (tCO_2e)	94.77	92.90	–	–
Total Scope 1 + 2 Emissions	**94.77**	**93.33**	**73.73**	**54.13**

* Updated targets

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	FY21-22	FY22-23	Target year (FY27-28)	Target year (FY32-33)
Scope 3 Emissions (tCO_2e)	643.63	717.97	–	–
Scope 3 Normalised Emissions (tCO_2e/FTE)	1.57	2.01	–	–
Scope 3 Target	**1.57**	**2.01**	**1.40**	**0.97**

Mind Gym's Scope 3 near-term target is calculated as tCO_2e per FTE. The Scope 3 near-term target has been reset using a 2022/23 baseline. A 7% annual reduction is required to meet the target by 2032/33. We will continue to monitor scope 3 emissions, particularly in light of a return to more stable levels of in-person activity. The possible reduction in Scope 3 emissions will be revisited in FY24 and beyond.

Social engagement

ParentGym

Helping parents raise happy, confident children and partnership with PACT.

What we do

ParentGym provides free parenting programmes 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 coaches 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 antenatal classes already are.

Our work hopes to support families so that their children are given the best start in life.

Six-week programme

01 WEEK

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

02 WEEK

Love Getting the right balance of closeness and independence.

03 WEEK

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

04 WEEK

Care Keep yourself and your family healthy and happy.

05 WEEK

Discover Help develop healthy learning habits with your child.

06 WEEK

Together Keep your family feeling happy, supported and loved.

Partnership with PACT in 2023

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 has been partnering with Pact since 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.

We have certified eight PACT employees through an intensive MindGym training academy, enabling them to deliver this bespoke programme. In FY23, we reached 10 families across HMP Rochester, HMP Bullingdon and HMP Guys Marsh. We will be growing this partnership over the next 12 months, looking to support a further 45 families across prisons in the UK and partnering with female prisons for the first time.

Internal solutions

Our products in areas such as inclusion and wellbeing help our clients make their workplaces healthier. MindGym has created an exceptional culture, with employees feeling a strong sense of belonging to the organisation. This is bolstered by a hybrid-working model that drives engagement and performance.

Across FY23 we focused our attention on wellbeing and an educational approach based on our own findings and point of view to support our employees. We offered a series of learning and growth interventions, from coach-led training sessions to meditation practice.

We continue to host free yoga classes and weekly in-office massages to help our employees nurture their minds and bodies.

We have trained mental health first aiders in our organisation and have provided access to the cycle-to-work scheme, as well as subsidised gym membership. We recently engaged a new employee-benefits provider, bringing a wealth of internal support offerings and expertise. Looking to the year ahead, our People Team will be building resources and training to ensure that employees get the most from what's there for them.

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

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 the insights and skills to change their working habits in ways that reduce negative impact and enhance individual and collective wellbeing.

DE&I

Every day, clients come to MindGym for help. This portion of our annual report stands to tell the story of DE&I at MindGym, our progress thus far, and the vision we have for our future.

We know that the corporate world now takes the challenge of serving a diverse world with an equally diverse workforce far more seriously than it used to. Over 20 percent of the help we provided this year related to building inclusive cultures. The world's most innovative, influential, and productive organisations come to MindGym for our 'inclusion solution', our real-world approach to using diversity in the workplace to drive business success. And, for the past three years, we have worked hard to place ourselves among that group of companies.

In August 2020, MindGym took bold steps to aim our work inward as well as towards our clients, creating a steering committee made up of 11 MindGymmers from across the business, to identify and tackle our own diversity, equity, and inclusion challenges. We are grateful to them for their dedicated and thoughtful guidance.

Aligned with our science-backed, client-facing point of view, our approach sets itself apart with three key ideas. First, the diversity that matters isn't just the variety associated with protected characteristics - race, sex, disability, sexual orientation and so on; if anything, these are simply pointers to other, possibly more important factors, such as perspective, experience, and character. Second, that there are no silver bullets; this year's fashionable remedy may have value, but it won't solve every problem. And third, our journey has no end and must be guided by a clear, yet dynamic, vision.

In FY23, we revamped our operating model and grew deeper connections throughout the business to gear up for the next phase of our journey. Our FY24 strategy, aligned with our latest thinking with clients, focuses on the clarity of our vision and integration throughout the business, which will accelerate our progress. As we enter this new phase, we are buoyed by the support of the organisation, as well as more mature data gathering and deeper operational effectiveness.

Trevor Phillips
Independent
Non-Executive Director,
DE&I Board Sponsor

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 65.

Our people and culture

We're passionate about our people and dedicated to creating a work environment that inspires our employees to flourish. This past year we've placed an increased focus on the following areas:

- **Dialling up development** – As an organisation that uses behavioural science to improve performance, it's crucial we practice what we preach. We make sure the behavioural tools we offer our clients, are available to our colleagues. This year we rolled out our new 1:1 precision coaching platform, Performa, to over half of our employee population. Through individual coaching, our teams can explore their challenges, identify solutions tailored to their own context and maximise their potential.
- **Empowering engagement** – Listening to our employees is at the heart of our People strategy, and we've made it a priority to stay responsive to feedback. This year, we introduced pulse checks to gain a more regular sense of how our employees are feeling and what they need more of. We also invested in a new people management HRIS platform to drive productivity, engagement and retention, and to better understand our team using data and analytics. In addition, we're leveraging our future leaders 'MGL', to play a key role in empowering our employees. Having a regular drum beat of inspiring events is key to engagement and in the past few months we celebrated International Women's Day by highlighting the diverse career paths of the women at MindGym. We've also raised awareness of menopause and fertility issues and increased understanding around neurodiversity.
- **Amplifying benefits** – In recognition of the challenging economic climate, we've expanded our benefits offer to help our employees secure their financial future. Our transition to a new pension provider in the UK has greatly increased the value of savings while increasing take-home pay. We also made available an award-winning app that gives our employees and their family access to digital health and wellbeing services including GP appointments, mental health support and physiotherapy, nutrition and personal training consultations. Managing the cost of living crisis has been front of mind and so we've also hosted a range of financial wellbeing events to educate and support.
- **Welcoming new colleagues** – We're excited to have established a new shared service centre in Gateshead to manage some of our administrational processes. Ensuring the smooth integration of our new colleagues into the MindGym family, while maintaining a united working culture, has been top of mind. We've taken care to instil our MindGym values, beliefs and ingredients into the fabric of the new team so that we're all united in our commitment to building the human advantage that delivers business performance.

We know that investing in our people is not just the right thing to do, it's the smart thing to do. By supporting their growth, engagement and progression, we're creating a culture where we can all thrive.

We have continued to support the philanthropic ParentGym programme, funded by the Group to deliver behavioural training to parents in some of the country's most deprived areas as outlined on pages 41-44.

Clients

We seek to grow our business dynamically and ambitiously, but we are also aware of the need to ensure 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. Existing and prospective clients have consistently highlighted the importance of live events to debate the topical issues of the day, such as hybrid working, wellbeing and leadership development with MindGym's experts. In FY23, we increased our marketing investment in virtual and live events in core markets, delivering a steady pipeline of commercial opportunities to support business growth. We've partnered with industry-leading bodies such as HCI in the US and CIPD in the UK, delivered solutions-focused webinars to thousands of professionals across the globe through Zoom and LinkedIn Live, presented at innovation conferences such as From Day One and hosted a number of invitation-only events with celebrated thought leaders to build stronger relationships with our growing community of HR leaders.

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

Investors/shareholders

The Board believes 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. We continue to run a twice-annual investor roadshow and this year we also held an 'Investor Meet Company' event on 15 December 2022. 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 72.

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. The Board regularly receives updates on the activities of ParentGym, and this year we supported over 650 families across the UK.

The Company takes its environmental responsibility seriously. As the UK moved into an endemic state, the trend of working from home continues for many. Our virtual deliveries and digital portfolio enable MindGym to support our clients and employees, alongside having a positive impact on the Company's environmental footprint.

The Group is committed to creating meaningful societal and environmental benefits. During the past year, we have continued our engagement with Ecovadis to assess our sustainability efforts.

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 2023 are set out below.

Board decision	Considerations
The Board made a decision not to pay any bonus linked to Group results for FY23.	Maintaining the link between remuneration and the Group's financial performance.
The Board made a decision to restructure the existing Marketing and Sales Operations teams during April 2023 to streamline our investments in the Company.	The need to focus our strategic investments to maximise shareholder value.
The Board made a strategic decision to purchase an indefinite licence, to be utilised within the development of our proprietary organisational diagnostics product, to enhance the progress of our Digital investment strategy.	Driving future revenue growth in the long-term interest of shareholders and employees.

Long-term decision-making

As the world embraces AI and machine learning, we believe that companies which differentiate will be those that 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 that 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 52.

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:

- Market trends and opportunity page 17
- Our business model and strategy page 19
- Our sustainability section page 33

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 accept 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, 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 insights
- Improving systems and processes to scale cost effectively, including establishing a new shared services function in the North East, UK
- Attracting and retaining world-class talent
- Managing the impact of macro-economic inflationary pressure on the Group

The Group wants to be seen as best in class and highly respected across the industry. We focus on mitigating any negative impact on reputation with 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.

01 Digital investment

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

The Board consistently receives updates at each Board meeting on developments across MindGym's product roadmap, providing formal governance over the programme. At each Board meeting, the Board also monitors progress against approved project and financial milestones. Furthermore, regular operational committees are in place to ensure an efficient and streamlined process is in place to meet the growing demand for products already launched.

02 Brand reputation

Throughout its more than +20 year history, the Group has built a strong reputation in the market for the quality of its products and services, and has approximately 600 clients in any one year, with repeat revenues of c.83%. The Group has a series of policies and controls to protect its reputation and brand identity, including an outsourced 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 DE&I Steering Committee. Staff are encouraged to speak up and a whistleblowing process is in place for staff to report any wrongdoing in confidence.

03 Recruiting of key staff

Our continued growth and success is dependent on attracting key staff with the appropriate skills. The Group manages this by regular 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 necessary. It offers an attractive talent acquisition referral plan for employees.

04 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 on our product offering to all employees. We continue to use a long-term incentive plan and employee share incentive plan to encourage retention, whilst also continuing to develop and formalise our Human Resources practices. Further information is outlined within the people and culture of the Sustainability section on page 47.

05 Information systems and security breaches

The Group is reliant on its core 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 being released into the public domain 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 Information Security function which is responsible for monitoring, managing and mitigating cyber threats across all systems and processes in the Group.

The General Data Protection Regulation (GDPR) impacts any organisation that processes the personal data of EU individuals. GDPR is the most significant revision of data privacy to date, which is a trend that other nations are expected to follow. To mitigate these risks, MindGym has a dedicated outsourced 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. The Group gained ISO27001 (Information Security Management) accreditation during the year emphasising the confidentiality, integrity and availability of our IT systems and data management processes. Finally, the Group has developed, and adhere to, a mature and detailed ISMS (Information Security Management System) framework.

06 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 government announced plans to repeal off-payroll rules in April 2023, which would have moved responsibility for determining if a contract sits inside or outside IR35. These plans were rolled back shortly after their initial announcement in the September 2022 mini-budget. 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.

07 Economic downturn in the corporate learning and development market

Management seeks to keep up to date with macro-economic factors that could affect the Group, such as Russia's invasion of Ukraine and the rising cost of living both in the US and UK, and decides strategically how to respond to them. A further economic downturn, whether caused by these events, or other crises, 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.

The Group seeks to mitigate this risk by diversifying across industries and geographical markets. The Group's offering includes counter-cyclical products 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 macro-economic pressure on wages.

08 Client revenue concentration

The Group continues to secure a number of significant framework agreements, with further opportunities in the pipeline. This concentration of significant revenue across a small population of clients creates a short-term risk for the Group; however, this is mitigated through diversification across products, industries and sectors as noted above.

We continue to build strong relationships with the world's leading companies and during the year we have worked with 60% of the FTSE 100 and 55% of the S&P 100. These strong relationships and the nature of organisations we work with help to maintain a low level of bad debt write-offs, reducing the impact of client revenue concentration.

Leading in times of rapid change

Burberry case study

BURBERRY

For more than 160 years, Burberry has empowered explorers and pioneers to discover new frontiers. Nowadays the iconic 'Burberry Check' is known around the world as the mark of modernity and quality.

Yet as lockdowns swept across the globe in 2021, even innovative brands like Burberry were forced to accelerate the growth of their ecommerce channels. Close-knit teams were suddenly far apart, posing a unique and profound challenge.

Amid all the uncertainty, Burberry launched its new leadership purpose and values ('Creatively Driven', 'Open and Caring', 'Proud of Our Heritage', and 'Forward Thinking'), all inspired by its illustrious history and pioneering founder Thomas Burberry. The main goal of the new values was to equip Burberry's directors with the critical skills to help them thrive in times of change.

The challenge

Burberry developed a new Executive Development Programme which included internally created training and 1:1 coaching, supported by a third-party provider. However, Burberry found it hard to select the right partner for their ambitious L&D vision. When they approached MindGym in 2021, another leadership coaching provider was in the middle of a three-month trial, but the results were mixed. While coaching delivered improvements in many areas, including employee wellbeing, it wasn't well-connected to the wider learning programme. What they needed was a partner that would be laser-focused on business goals, and that would promote collaboration and inspire knowledge exchange among their globally dispersed teams.

The solution

Following a small pilot in April 2022, the programme kicked off in July for 80 Burberry directors in the US, EMEA and APAC. Participants were invited to a series of interactive virtual workshops, networking opportunities and six months of 1:1 virtual coaching, all supported through internal marketing efforts by both MindGym and Burberry.

MindGym and Burberry also partnered on a crucial additional component of the programme – a three-part live-learning series, grounded in the latest science of behaviour change:

01

Leading through change:
Leaders learned easy-to-implement practices they could use to navigate the tensions underneath their challenges, utilising theories such as 'cognitive dissonance', 'the abundance mindset' and 'attentional narrowing'.

02

Making space to lead:
Leaders identified tensions that existed and learned to embrace the discomfort, reduce biased thinking and make more objective evaluations.

03

Taking action to drive impact:
Leaders learned how to overcome the paralysis that comes from conflict and tension so they could lead their teams to success with the 'implementation mindset'.

Beyond just teaching the core competencies of leadership, the programme went a step further by helping leaders unlock the power of 'attunement' – the critical meta-skill the world's most successful leaders use to consistently get the big decisions right in difficult, ever-evolving circumstances.

Shortly after the live sessions, the programme participants commenced six months of unlimited, personalised 1:1 coaching. Using MindGym's digital coaching platform – Performa – each leader worked with their selected coach to establish and reach specific, outcome-oriented goals: from improving communication to making more inclusive decisions.

The impact

85%

Managers said their direct report's performance has improved since completing the programme.

88%

Successfully applied the learnings to their job.

39%

increase in goal attainment

Testimonials

It gets into the depth of the science behind leadership and learning with dynamic facilitators — with practical, impactful actions that participants could do in between.

Catherine Finley
Vice President of Talent and Learning, Burberry

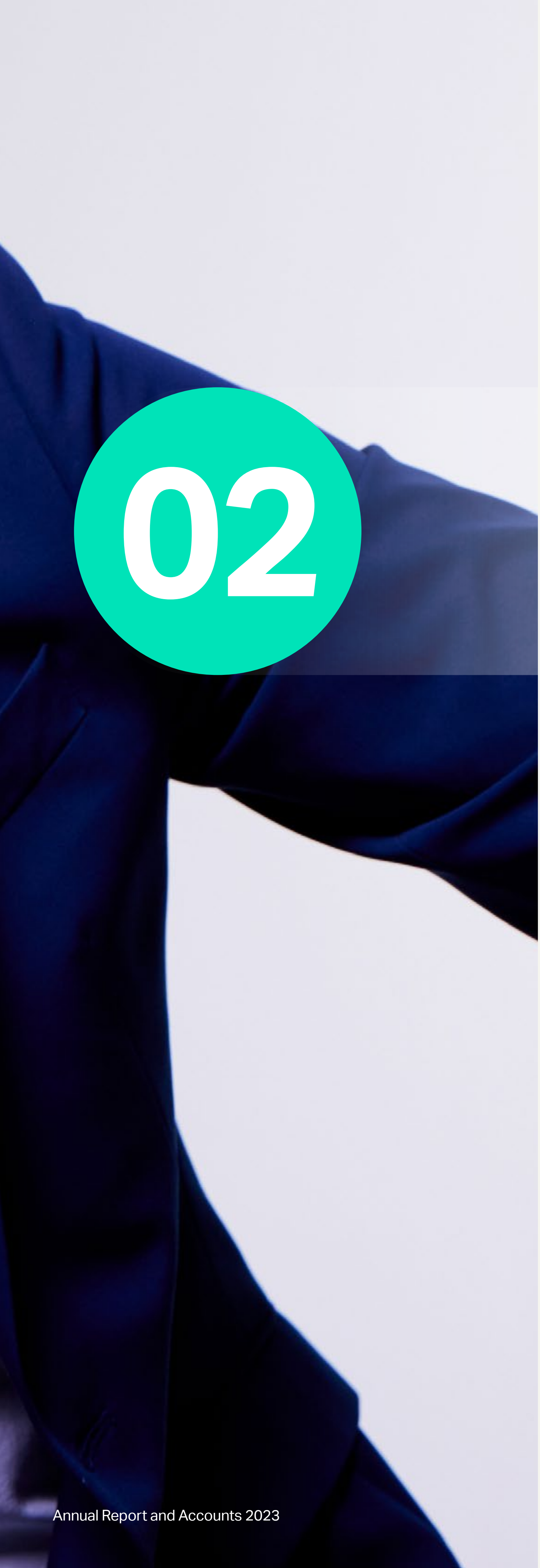
We have heard delightful stories from the cohort, who have made great strides in just three or four sessions. They've quickly identified their leadership challenge, made and executed a game plan with their coach and are seeing real-time results.

Kristin Bagnetto
Director of Global Learning and Development, Burberry

I have discussed a lot with my one-to-one coach on how to be a more successful leader and have applied what I learnt immediately.

Programme participant

Governance



02

Board of Directors

Ruby McGregor-Smith

Ruby McGregor-Smith CBE 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 was 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, SNC-Lavalin Inc. and Everyman Media Group PLC.

Ruby was the Chief Executive Officer 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 Officer in the FTSE 100 and FTSE 250, and is the first Asian woman to be appointed to 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

Octavius Black

Octavius Black CBE 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.

Sebastian Bailey

Dr Sebastian Bailey is the Co-Founder, President 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. Sebastian 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'. He is also a member of the board of trustees for Mary's Meals, a charity that provides one daily meal in a place of education in order to attract chronically hungry children into the classroom.

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 as the EU FD at Just Eat, and Commercial FD at the Moneysupermarket Group. Before that, Dominic spent 10 years at Reckitt Benckiser, culminating in the US-based role of Regional FD North American Pharmaceuticals.

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. She is also a Commissioner of the Equalities and Human Rights Commission. Joanne read English Literature at Lady Margaret Hall, Oxford University.

Committee membership
Member of the Remuneration and Nomination Committee.

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, in 2021 she became a Non-Executive Director of AIM-listed Skillcast plc, the leading supplier of corporate compliance eLearning in the UK and in 2023 she became the Senior Independent Non-Executive of Fadel plc the AIM–listed brand compliance, rights management and royalty billing software provider. She is also the Senior Independent Non-Executive Director of Nominet.

Committee membership
Chair of the Audit and Risk Committee and 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.

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 2023.

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 business model and strategy is articulated on pages 19 to 20 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.

> **The Company has a unique culture informed by our people's passion for what we do.**
>
> Ruby McGregor-Smith

Dynamic management framework

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. Trevor Philips is 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.

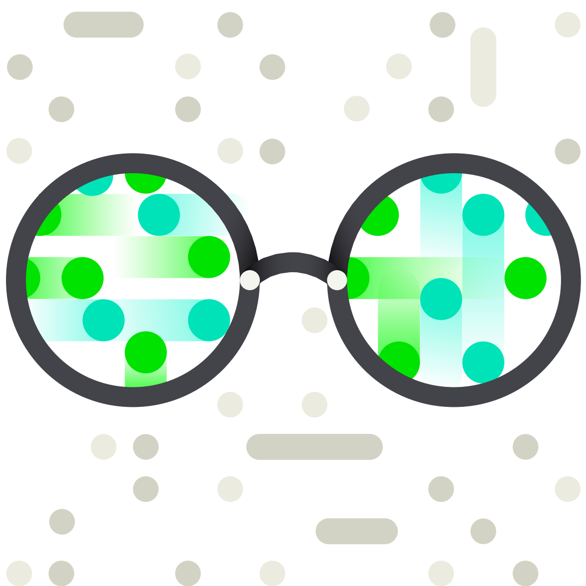
We will continue to monitor our application of the QCA Code, and revise our governance framework, as appropriate, as the Group evolves.

Ruby McGregor-Smith
Board Chair
12 June 2023

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 Directors 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 61 to 64.

The independent Non-Executive Directors collectively bring a balance of skills and experience which means that 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 matters they have been unable 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 that may impact 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:

01 Approval of the Group's strategic aims and objectives

02 The structure and capital of the Group

03 Financial reporting, financial controls, risk management, internal controls and dividend policy

04 Approval of significant contracts and expenditure above agreed delegated authority limits

05 Effective communication with shareholders

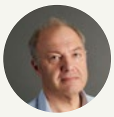
06 Any changes to Board and Committee membership or structure

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 in the table below:

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

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:

2022-2023

- 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
- Review of the Company's share dealing procedures
- Review of commercial strategy
- Review of the Group's budget & LT plans
- Review of bank finance arrangements
- Review of Group policies
- Environmental, Social and corporate Governance factors
- Inflationary and economic risk as a result of other world events including the war in Ukraine

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 73 and the Remuneration report on page 77.

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 Nomad (Liberum) and its lawyers and Company Secretary Kennedy Cater Limited; John Davies of Kennedy Cater 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 that 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 Anti-Bribery, Whistleblowing and Anti-Corruption Polices, Modern Slavery Statement and Share Dealing and Conduct Codes
- 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 page 46 of the strategic report.

Annual General Meeting

The Company's 2023 Annual General Meeting ('AGM') is scheduled to take place on Wednesday 19th July 2023 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 page 149 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 & 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 and Trevor Phillips. Sally Tilleray and Trevor Phillips are independent Non-Executive Directors and David Nelson has recent and relevant financial experience with competence in accounting and auditing.

5
times the Committee met during the year

Activities during the year

The Committee met five 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.

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 2023 are set out below:

Significant issue/ accounting judgement identified	How it was addressed
The Committee considered the revenue recognised on significant new framework agreements and new digital products.	The Committee reviewed and discussed with management and the external auditor as to whether: · Revenues from new digital products have been recognised in accordance with IFRS 15 · Revenues streams associated with significant new framework agreements have been appropriately recognised in the relevant accounting period and in accordance with IFRS15 The Committee has concluded that revenues have been appropriately recognised in the financial year.
The Committee considered the extent to which software development costs should continue to be capitalised and the appropriate amortisation period in accordance with criteria in IAS 38 Intangible Assets.	The Committee reviewed and discussed with management and the external auditor as to whether: · Development costs continue to meet 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 carrying value of these intangible assets is supported by the recoverable amount based on management's discounted cash flow forecasts · The useful economic life of these digital assets is extended to 5 years, subject to annual review 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 FY24 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 FY24 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 2023.

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, employment tax advice and company secretarial services in Singapore. The fees for this work are detailed in Note 6 to the Group Financial Statements. During the year, the Committee continued to keep the nature, extent and cost of non-audit services under review. EY's provision of tax services to the Company has reduced the amount of non-audit work undertaken by the external auditor (BDO) in the current financial year.

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 51 to 54. 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.

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 has implemented periodic testing of internal financial controls during the 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
12 June 2023

Remuneration report

The report is split into three main areas:

Membership

The members of the Remuneration Committee and meetings attended are:

Director	Meetings Attended
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 the Directors' Remuneration Report for the year ended 31 March 2023.

In what has been another busy and focused year which has seen not only a return to profitability, but also double-digit revenue growth for the Company against a backdrop of continued economic uncertainty, I have continued to observe first-hand the passion, resilience and focus that our team has demonstrated. 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 87 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 the 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

Looking forward, the Committee is pleased to note that merit-based pay awards have been made to members of the Executive Committee as well as the wider workforce in the year ending 31 March 2024; the annual bonus plan will continue to operate as normal and employees will once again 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. Whilst there has undoubtedly been an increase in in-person delivery post COVID, the Group still saw steady digital growth supported by the launch of our Performa Precision Coaching product and delivery of our newly refreshed eWorkouts.

As the Company continuously evolves to operate in an increasingly digitally connected way, we plan to launch a new suite of organisational and individual diagnostic tools during FY24, hosted on our newly acquired diagnostics platform, which will enable clients to experience a fully integrated digital journey from diagnosis, to solution and evaluation. This takes us another step closer on our journey to become a fully integrated Behavioural Change Platform ('BCP').

Having navigated through the ongoing economic uncertainty caused by the global cost of living crisis, we have continued to closely manage costs, whilst making significant progress with our strategy and expanding our digital products and people leadership capabilities.

At the start of the year, we set ourselves ambitious annual bonus targets and, despite strong revenue and profit performance against a backdrop of continued economic uncertainty, we did not manage to meet the targets we set and this is reflected in this year's annual bonus performance outcomes, with no payment being made against the Company financial performance metric.

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 digital revenue growth has reinforced the Board's commitment to the Group's digital strategy and investment, with digital revenues now making up 13% of the Group's revenue in FY23 (FY22: 11%).

Remuneration policy during the year

Over the course of the year ended 31 March 2023, 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. With a strong focus on a return to profitability for FY23, and MindGym heads back to historic profitability levels, the Committee took a simple approach to the annual bonus scheme, aligning all eligible employees, with 50% of the bonus being based on a Group Revenue target with a minimum PBT underpin.

Annual bonus for the year ended 31 March 2023

For FY23, for the Executive Committee, including Dominic Neary, 50% of the Annual bonus was measured against a Group revenue target, with a minimum PBT underpin to trigger any payments under the bonus plan. The remaining 50% was measured against personal performance targets.

Despite our strong revenue performance in the year resulting in revenue performance of £55m and the benefits of actual currency FX rates delivering double-digit revenue growth at a constant currency FX rate, we did not meet the stretching financial performance targets that we set for ourselves at the start of the year and the threshold revenue performance hurdle was not met.

This has meant that the financial metric under the Annual Bonus Scheme was not met for members of the Executive Committee, including Dominic Neary or any other eligible employees for the year ended 31 March 2023 and, as a result, no bonus payments were due against the 50% of the bonus linked to financial performance.

Personal performance metrics made up the remaining 50% of the bonus scheme, however, with performance against these producing a total bonus achievement of 45% of maximum for Dominic Neary, resulting in a total bonus payment of £49,500 for the year.

Remuneration policy for the year ending 31 March 2024

The Remuneration Committee is aware of ongoing developments in corporate governance and best practice in executive remuneration, such as an increased focus on ESG metrics, 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 81 to 85 and details of how this policy will be implemented for the financial year ahead is set out on pages 86 to 89.

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 Company, its employees and our shareholders.

I look forward to your support at our AGM on 19 July 2023 and encourage you to submit any questions you may have regarding the work of the Committee in advance.

Key Messages for 2022-23

01 Retention of key talent

02 Creating a new Executive Leadership Team

Our Priorities for 2023-24

01 Review of Executive Remuneration metrics

02 Analysis of MindGym's Gender Pay Gap

03 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

Trevor Phillips
Chair of the Remuneration Committee
12 June 2023

The Group's ongoing vision is to be the leading global provider of corporate human performance and business improvement solutions.

Trevor Phillips
Chair of the Remuneration Committee

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 therefore 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) and
- 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 and PBT. · 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 June 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 under normal circumstances, but can be increased to up to 75% in instances of exceptional performance (as determined by the Committee).
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 it necessary, including in the event of gross misconduct or a material misstatement.	· Vesting of LTIP awards is subject to 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 90 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.

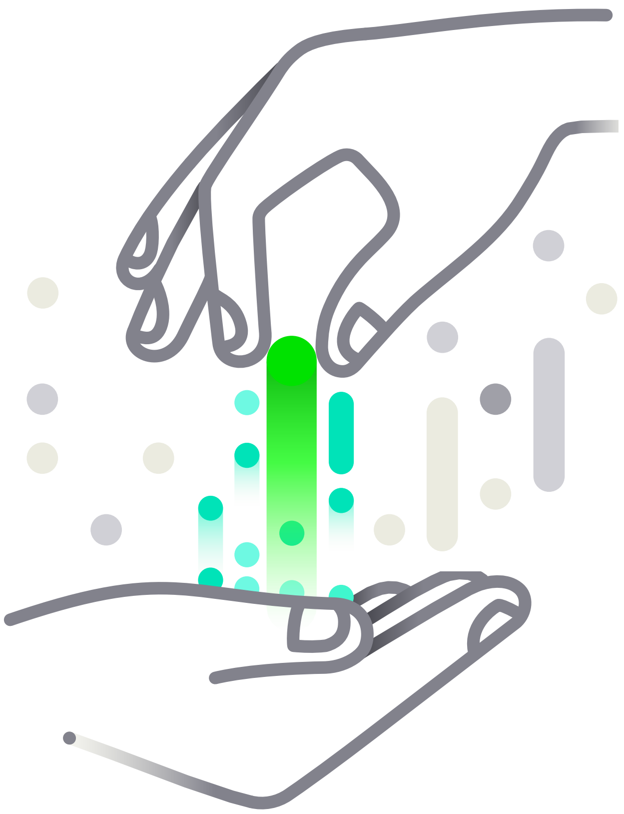
Remuneration policy for internal promotions. When an existing employee of the Group is promoted internally to the role of Executive Director, the Remuneration Committee will align the remuneration package with the Remuneration Policy stated previously, including the factors it considers for new hires. 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 Directors comprise only fees. 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 one-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 92. The fees for the Chair and Non-Executive Directors are set out on page 91 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.

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 that 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 2023 and how the Group plans to implement the policy for the year ending 31 March 2024.

Remuneration Committee activities in the year ended 31 March 2023

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 four times over the course of the year.

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

Approval of the FY22 Directors' remuneration report

Review of remuneration for members of the Executive leadership team

Review and approve the measures and targets for the FY23 Annual Bonus Scheme for the Executive leadership team, including the introduction of a PBT margin underpin

Review and approve the measures and targets for the FY23 LTIP awards

Single total figure of remuneration

The table below details the total remuneration earned by each Director in respect of the year ended 31 March 2023.

Executive Director	Year	Base Pay[1] £'000	Taxable Benefits[2] £'000	Pension[3] £'000	Bonus[4] £'000	Share options £'000	Total £'000
Octavius Black	**2023**	**425**	**8**	**21**	**–**	**–**	**454**
	2022	200	7	10	–	–	217
Sebastian Bailey	**2023**	**313**	**6**	**16**	**–**	**–**	**335**
	2022	200	5	10	–	–	215
Dominic Neary[5]	**2023**	**220**	**10**	**11**	**50**	**–**	**291**
	2022	72	3	4	–	–	79
Total emoluments	**2023**	**958**	**24**	**48**	**50**		**1,080**
	2022	472	15	24	–		511

[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 families.

[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] 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 2023

Over the course of the year, the Committee reviewed the remuneration packages of all members of the Executive Committee, including the two founders, who had received no uplift to their remuneration since the IPO.

As a result of this review, Octavius Black received an increase in his base pay to £500,000, effective from 1st July 2022, which the Board believes is reflective of the significant contribution he makes as CEO. In addition, Sebastian Bailey's salary was increased to the same level, although pro-rated down to £350,000 to reflect this part-time working arrangement. In determining the appropriate level of increase, the Committee took into consideration the fact that neither Octavius nor Sebastian participate in any short-term or long-term incentive plan.

Year ending 31 March 2024

As a result of the aforementioned review of Executive remuneration, the Committee agreed to increase Dominic Neary's salary to £250,000 from 1 April 2023, to reflect both his performance in his role since joining the Company in December 2021 and his increased responsibility for MindGym's Human Resources and Operations functions.

Pension contributions

Year ended 31 March 2023

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 Dominic Neary were made by the Group at 5% of their total base pay. Dominic Neary takes his pension contribution in the form of a cash in lieu of pension payment.

Year ending 31 March 2024

For the year ending 31 March 2024, 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 2023

For the year ended 31 March 2023, 50% of the Annual Performance bonus was assessed against financial metrics (Revenue and PBT) and 50% was assessed against personal objectives for Dominic Neary and other members of the Executive Committee. In addition to a minimum PBT threshold of £1.88m to trigger any payment under the bonus plan, the Committee were keen to maintain a strong focus on profitability and therefore also introduced a PBT margin underpin of at least 3.5%, which would need to be maintained for bonuses to be paid out at 100% of target. Despite delivering strong double-digit revenue growth, the Company failed to meet the threshold revenue performance set at the start of the year and, as a result, the financial metric of the bonus scheme was not met, and no payments were due against the 50% of the bonus linked to financial performance.

Personal performance metrics made up the remaining 50% of the bonus scheme however, with performance against these producing a total bonus achievement of 45% of maximum for Dominic Neary, resulting in a total bonus payment of £49,500 for the year.

Annual bonus for the year ending 31 March 2024

The Board has determined that the disclosure of performance targets for the year ending 31 March 2024 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 2023

An award of 183,333 nil priced options, with a face value of £220,000 on the date of award, was made under the Group's Long Term Incentive Plan (LTIP) to Dominic Neary on 21 July 2022. A five-day average share price of £1.20 was used to calculate awards.

This award will vest 50% three years after grant, 25% four years after grant, with the remaining 25% vesting five years after grant.

Vesting of these awards is subject to two financial performance conditions, with 75% of the award being based on a Revenue CAGR target and the remaining 25% based on an EBITDA target.

The Company considers the specific targets to be commercially sensitive and these will be disclosed on vesting.

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

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

Scheme interests vesting in the year ended 31 March 2023

No awards under the Long-Term Incentive Plan vested in the year ending 31 March 2023.

Year ending 31 March 2024

As the Group continues to evolve and mature, the Committee understands 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 2024, 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 2024, 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.

Dominic Neary participated in the 2022 invitation, subscribing to 17,649 shares at a discounted option price of £1.02. The 2022 SAYE scheme has a contract start date if 1 August 2022 and the scheme will reach maturity on, and shares will be exercisable from, 1 August 2025.

Further details of the features and operations of the SAYE Scheme can be found in Note 22 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 MindGym 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.

No Executive Directors participate in this Plan.

Payments for loss of office and payments to past Directors made in the year ended 31 March 2023

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 2023 are set out below for Executive Directors and associated persons:

Ordinary shares of 0.1p

Executive Director	Actual Holding	Actual ownership as a % of base pay[1]
Octavius Black[2]	55,712,500	7633%
Sebastian Bailey	9,516,373	1862%
Dominic Neary[3]	10,000	3%

[1] Share price on 31 March 2023 of £[0.685] 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 is building his shareholding in the Company over a period of time

There have been no changes to the shareholdings of Executive Directors between 31 March 2023 and 12 June 2023.

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	**2023**	**40**	**–**	**–**	**40**
	2022	29	–	–	29
Sally Tilleray	**2023**	**50**	**–**	**–**	**50**
	2022	52	–	–	52
David Nelson	**2023**	**40**	**–**	**–**	**40**
	2022	42	–	–	42
Trevor Phillips	**2023**	**50**	**–**	**–**	**50**
	2022	47	–	–	47
Ruby McGregor-Smith[1]	**2023**	**100**	**–**	**–**	**100**
	2022	83	–	100	183
Aggregate emoluments	**2023**	**280**	**–**	**–**	**280**
	2022	**253**	**–**	**100**	**353**

[1]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.

Fees for Non-Executive Directors have remained unchanged, save for new appointments or increased responsibility, since IPO.

The fee structure for the Non-Executive Directors in respect of FY23 is set out in the table below:

Non-Executive Director	Fee as at 31 March 2023	% increase
Base Fee		
Chair	100	0%
Non-Executive Directors	40	0%
Additional Fees		
Committee Chair	10	0%

For the year ending 31 March 2024, the base fee for Non-Executive Directors will increase from £40,000 to £42,500, effective from 1 April 2023. In addition, Sally Tilleray will receive a fee for her role as Senior Independent Director, of £4,500 per annum.

It is intended that Non-Executive Director fees will be increased over the next financial year to become more closely aligned to the external market.

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 55,712,500 shares in the Group with Octavius Black. Ruby McGregor-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 2023, 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:

Group:	OPC
Nature of Service:	Remuneration Matters, Long Term Incentive Design
2023 (£'000):	7

Trevor Phillips
Chair of the Remuneration Committee
12 June 2023

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 March 2023. The corporate governance statement on pages 65 to 66 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 03833448. 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 9 and the CEO's review on pages 13 to 16 provides a review of the business, the Group's trading for the year ended 31 March 2023, 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 profit before taxation for the year was £3.0m. More information about the Group's financial performance can be found in the financial review on pages 25 to 32 and in the financial statements on page 109.

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 12.

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
David Nelson
Sally Tilleray
Trevor Phillips

The Directors' biographies can be found on pages 61-64. 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 page 92.

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 page 90.

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 2023, the Company's issued share capital was 51,001.68 divided into 100,167,584 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 24 April 2023, 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
  **Octavius Black and Joanne Cash** (jointly)	55,712,055	55.62%
LIONTRUST	11,785,681	11.77%
 **Sebastian Bailey**	9,516,373	9.50%
Canaccord Genuity	5,304,160	5.30%
BAILLIE GIFFORD	3,896,775	3.89%
J O Hambro Capital Management Group	3,086,847	3.08%
RIVER AND MERCANTILE ASSET MANAGEMENT	2,647,130	2.64%
BGF	2,483,314	2.48%
Cazenove Capital	1,424,645	1.42%
UBS Global Asset Management	1,085,140	1.08%

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 20 to the financial statements on pages 131 to 132.

Political donations

The Company made no political donations in the year.

Authority to purchase own shares

At the Company's AGM held on 14 July 2022, 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 10,016,758 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 2023 AGM. A resolution will be proposed to renew the authority at the 2023 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 47 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 46 to 50 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 means that we will continue to make improvements to the level of our emissions reductions (as further detailed within our Sustainability section on pages 33 to 40).

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 2023, the Group had £7.6 million of cash and £3.1m of lease liabilities. Cash conversion in the year ended 31 March 2023 was 83% (2022: 95%).

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 global cost of living challenges 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's£10m debt facility (£6m RCF, £4m accordion) secured on 30 September 2021 and which matures after three years, therefore providing additional flexibility if required, remains undrawn as at 12 June 2023.

As a result of these assessments performed, 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 19th July 2023 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 2023, 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

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 IFRS 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 also required to prepare financial statements in accordance with the rules of the London Stock Exchange.

Dominic Neary

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 12 June 2023.

Dominic Neary
Chief Financial Officer
12 June 2023

Financial Statements


03

Independent auditor's report to the members of Mind Gym 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 2023 and of the Group's profit 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 2023 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, the Parent Company statement of financial position, the Parent Company statement of changes in equity and notes to the 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 for any changes in structure, third party information 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.
- 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 twelve 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]	99% (2022: 96%) of Group profit before tax 99% (2022: 99%) of Group revenue 98% (2022: 98%) of Group total assets		
Key audit matters		2022	2023
	Revenue recognition	☐	☐
Materiality	Group financial statements as a whole £500,000 (2022: £400,000) based on 0.9% (2022: 0.8%) of revenue.		

[1] These are areas which have been subject to a full scope audit by the group engagement team.

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 other significant component based in the US. 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 prior year.

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 in the non-significant components.

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. These matters were 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 these matters.

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 included 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 considered the appropriateness of recognition, including understanding performance obligations, payment terms and future obligations with a focus on significant licencing and development revenue to check that it was recognised either on delivery or over a period. • For a sample of year end accrued income, we identified the performance obligation and obtained evidence this had been met prior to year-end to check that the basis for recognition is correct and the balances have been correctly accounted for. We also obtained evidence of subsequent billing and cash receipt post year end where available to assess the recoverability thereof. **Key observations:** • Based on the procedures performed we found that revenue was recognised in line with the performance obligations 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:

	Group financial statements		Parent company financial statements	
	2023 £’000	2022 £’000	2023 £’000	2022 £’000
Materiality	500	400	345	290
Basis for determining materiality	0.9% of revenue	0.8% of revenue	1.5% of revenue	
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. Revenue therefore remains the focus of how the Group measures its performance.		We considered revenue to be the most appropriate measure of the basis of materiality for a trading entity.	
Performance materiality	375	300	259	218
Basis for determining performance materiality	75% of materiality			
Rationale for the percentage applied for 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

For the purposes of our Group audit opinion, we set materiality for the significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of 80% (2022: 75%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality was £400,000 (2022: £300,000). In the audit of the component, we further applied a performance materiality level of 75% (2022: 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 £20,000 (2022: £16,000). 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, 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:

Non-compliance with laws and regulations

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:

- Reviewing the adequacy and appropriateness of tax provisioning by agreeing the data used in the calculations to audited schedules and ensuring that the provisioning was calculated in line with relevant tax laws and regulations;
- Agreeing the financial statement disclosures to underlying supporting documentation; and
- 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 review of board minutes and regulatory inquiries that we have obtained from the Group's Compliance Officer.

Fraud

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:

- Obtaining 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;
- Considering 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;
- Performing 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
- In response to the risk of fraud in revenue recognition, we have performed the procedures set out in the key audit matters section of our report.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were deemed to have the appropriate competence and capabilities, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

12 June 2023

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

Company financial statements

Consolidated statement of comprehensive income

	Note	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Continuing operations			
Revenue	4	55,011	48,668
Cost of sales		(6,360)	(6,284)
Gross profit		**48,651**	**42,384**
Administrative expenses		(45,568)	(42,733)
Operating profit/(loss)	**4,5**	**3,083**	**(349)**
Finance income	8	55	19
Finance costs	8	(174)	(152)
Profit/(loss) before tax		**2,964**	**(482)**
Tax on profit/(loss)	9	(29)	2,084
Profit for the financial period from continuing operations attributable to owners of the parent		**2,935**	**1,602**
Items that may be reclassified subsequently to profit or loss			
Exchange translation differences on consolidation		297	192
Other comprehensive income for the period attributable to the owners of the parent		**298**	**192**
Total comprehensive income for the period attributable to the owners of the parent		**3,232**	**1,794**
Earnings per share (pence)			
Basic	10	2.93	1.60
Diluted		2.84	1.59

Consolidated statement of financial position

	Note	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Non-current assets			
Intangible assets	12	12,320	8,175
Property, plant and equipment	13	3,691	2,815
Deferred tax assets	9	3,229	2,846
Other receivables	15	230	217
		19,470	**14,053**
Current assets			
Inventories	14	53	7
Trade and other receivables	15	9,527	10,063
Current tax receivable		779	494
Cash and cash equivalents		7,587	10,021
		17,964	20,585
Total assets		**37,416**	**34,638**
Current liabilities			
Trade and other payables	16	11,423	12,729
Lease liability	17	1,121	856
Redeemable preference shares	18	50	50
Current tax payable		20	28
		12,614	**13,663**
Non-current liabilities			
Lease liability	17	1,988	1,349
Total liabilities		**14,602**	**15,012**
Net assets		**22,814**	**19,626**
Equity			
Share capital	21	1	1
Share premium		242	213
Share option reserve		496	608
Retained earnings		22,075	18,804
Equity attributable to owners of the parent company		**22,814**	**19,626**

The financial statements were approved and authorised for issue by the Board of Directors on 12 June 2023 and were signed on its behalf by:

Dominic Neary
Chief Financial Officer

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 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		–	56	(407)	407	56
Credit to equity for share-based payments	22	–	–	341	–	341
Tax relating to share-based payments	9	–	–	–	(17)	(17)
At 31 March 2022		**1**	**213**	**608**	**18,804**	**19,626**
Profit for the period		–	–	–	2,935	2,935
Other comprehensive income:						
Exchange translation differences on consolidation		–	–	–	297	297
Total comprehensive income for the period		**–**	**–**	**–**	**3,232**	**3,232**
Exercise of options		–	29	(39)	39	29
Debit to equity for share-based payments	22	–	–	(73)	–	(73)
At 31 March 2023		**1**	**242**	**496**	**22,075**	**22,814**

Consolidated statement of cash flows

	Note	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Cash flows from operating activities			
Profit for the financial period		2,935	1,602
Adjustments for:			
Amortisation of intangible assets	12	743	325
Depreciation of property, plant and equipment	13	1,468	1,252
Net finance costs	8	119	133
Taxation (credit)/charge	9	29	(2,084)
(Increase) in inventories		(46)	(7)
Decrease in trade and other receivables		524	686
(Decrease) in payables and provisions		(1,306)	(1,084)
Share-based payment (credit)/charge	22	(73)	341
Cash generated from operations		**4,393**	**1,164**
Net tax (paid)/received		(766)	(812)
Net cash generated from operating activities		**3,627**	**352**
Cash flows from investing activities			
Purchase of intangible assets	12	(4,888)	(5,623)
Purchase of property, plant and equipment	13	(240)	(514)
Interest received	8	54	12
Net cash used in investing activities		**(5,074)**	**(6,125)**
Cash flows from financing activities			
Cash repayment of lease liabilities		(1,298)	(1,226)
Issuance of ordinary shares		29	56
Interest paid		(52)	(27)
Net cash used in financing activities		**(1,321)**	**(1,197)**
Net decrease in cash and cash equivalents		**(2,768)**	**(6,970)**
Cash and cash equivalents at beginning of period		10,021	16,833
Effect of foreign exchange rate changes		334	158
Cash and cash equivalents at the end of period		**7,587**	**10,021**
Cash and cash equivalents at the end of period comprise:			
Cash at bank and in hand		7,587	10,021

Notes to the group financial statements

01. 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, Mind Gym (USA) Inc., Mind Gym Performance (Asia) Pte. Ltd, and Mind Gym (Canada) Inc. (together 'the Group').

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

02. Summary of significant accounting policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with UK adopted international accounting standards and within 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 within 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 Pounds 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 2023, the Group had £7.6 million of cash and £3.1m of lease liabilities.

The Group prepares cash flow forecasts and re-forecasts regularly as part of the business planning process. The Directors have reviewed forecasted 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 inflationary pressure and other medium-term macro-economic impacts and subjected to stress testing and scenario modelling which the Directors consider sufficiently robust. The impact of these 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 forecasted 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 its 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 did not adopt any new or amended IFRSs and IFRIC interpretations from 1 April 2022.

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 for periods starting on or after
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
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024

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 at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions, and from the translation at exchange rates 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 16 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 15 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.

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
Trademarks	10 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 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 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.

03. 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 £4.8 million incurred on developing software and new digital products have been capitalised in the year (see Note 12). 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 2023 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:

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. Initially management assessed the useful economic life of Performa as 3 years, however, following a detailed review of the underlying code base management have determined that a 5-year useful economic life is more appropriate. The policy has been amended accordingly and implemented from 1 April 2022. The useful economic lives have been benchmarked against the market and are deemed reasonable. A 3 or 4 year useful economic life would have increased the amortisation charge for the year ending 31 March 2023 by £501,000 or £317,000 respectively.

Recognition of deferred tax asset

The availability of future taxable profits against which tax losses carried forward can be used is an estimation uncertainty. Management has determined that it is likely that the carried forward losses of £21 million (generating a £5.3 million deferred tax asset) will be utilised against future taxable profits. Based on latest management forecasts, the Group is expecting to generate taxable profits over the next 5 years. There is no expiration date on the losses. These losses have mainly arisen on enhanced deductions arising from claims under the UK Research and Development regime for small and medium-sized companies, and not from day-to-day operations. Supporting this assertion is the existence of a deferred tax liability on the associated intangible assets of £2.4 million and new business opportunities and framework agreements which have been secured.

04. 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 2023

Segment result	EMEA £'000	US £'000	Total £'000
Revenue	23,742	31,269	55,011
Cost of sales	(2,740)	(3,620)	(6,360)
Administrative expenses	(23,092)	(22,476)	(45,568)
(Loss)/profit before inter-segment charges	(2,090)	5,173	3,083
Inter-segment charges	5,067	(5,067)	–
Operating profit – segment result	2,977	106	3,083
Finance income			55
Finance costs			(174)
Profit before taxation			**2,964**

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

Segment results for the year ended 31 March 2022

Segment result	EMEA £'000	US £'000	Total £'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 2023 is set out below.

	EMEA	US	Group
Delivery	60.2%	60.6%	60.3%
Design	19.0%	15.7%	17.2%
Digital	13.4%	12.8%	13.1%
Licensing and certification	3.3%	7.5%	5.6%
Other	2.4%	2.3%	2.4%
Advisory	1.7%	1.1%	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.

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

	EMEA	US	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.

05. Operating profit

Operating profit/(loss) is stated after charging:

	31 March 2023 £'000	31 March 2022 £'000
Coach costs	4,960	5,025
Staff costs (Note 7)	34,962	32,977
Amortisation of intangible assets	743	325
Depreciation of property, plant and equipment	1,468	1,252
Short-term and low-value lease expense	18	23
Write-back of trade receivables	(106)	(11)

06. Auditor remuneration

	31 March 2023 £'000	31 March 2022 £'000
Fees for audit of the Company and consolidated financial statements	134	97
Fees for audit of the Company's subsidiaries pursuant to legislation	24	16
Total audit fees	158	113
Tax compliance services	20	69
Tax advisory services	–	6
Other services	15	11
Total fees payable to the auditor	**193**	**199**

07. Employees

Staff costs were as follows:

	31 March 2023 £'000	31 March 2022 £'000
Wages and salaries	31,036	28,828
Social security costs	2,944	2,825
Pension costs – defined contribution plans	1,055	983
Share-based payments	(73)	341
	34,962	**32,977**

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

	31 March 2023	31 March 2022
Delivery	218	196
Support	79	86
Digital	44	50
	341	**332**

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

	31 March 2023	31 March 2022
Delivery	241	206
Support	86	88
Digital	46	41
	373	**335**

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 2023 £'000	31 March 2022 £'000
Salaries, bonuses and other short-term employee benefits	2,624	2,955
Post-employment benefits	72	130
Termination benefits	–	311
Share-based payments	(109)	111
Total compensation	**2,587**	**3,507**

Details of Directors' remuneration and share options are set out in the Annual Report on Remuneration on pages 87 to 92.

08. Net finance costs

	31 March 2023 £'000	31 March 2022 £'000
Finance income		
Bank interest receivable	54	12
Finance lease income	1	7
	55	**19**
Finance costs		
Bank interest payable	(52)	(27)
Lease interest	(122)	(125)
	(174)	**(152)**
	(119)	**(133)**

09. Tax

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

	31 March 2023 £'000	31 March 2022 £'000
UK current tax	–	–
UK adjustment in respect of prior periods	–	(42)
Withholding tax	8	–
Foreign current tax	73	326
Foreign adjustment in respect of prior periods	322	19
Total current tax charge	**403**	**303**
Deferred tax – current year	(131)	(1,317)
Deferred tax – adjustment in respect of prior periods (R&D claims)	(154)	(429)
Effect of changes in tax rates	(89)	(641)
Total deferred tax credit	**(374)**	**(2,387)**
Total tax (credit)/charge	**29**	**(2,084)**

Tax on items credited to equity:

	31 March 2023 £'000	31 March 2022 £'000
Current tax credit on share-based payments	–	–
Deferred tax (credit)/charge on share-based payments	–	17
Total tax credit in equity	**–**	**17**

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

	31 March 2023 £'000	31 March 2022 £'000
Profit/(loss) before tax	2,964	(482)
Expected tax charge/(credit) based on the standard rate of tax in the UK of 19% (2022: 19%)	563	(91)
Differences in overseas tax rates	11	91
Expenses not deductible for tax purposes	846	717
Adjustments to tax in respect of prior periods (2022: R&D claims)	168	(452)
Enhanced R&D deduction	(1,466)	(1,722)
Tax rate changes	(89)	(641)
Other tax adjustments	(4)	14
Total tax (credit)/charge	**29**	**(2,084)**

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

	Tax losses £'000	Intangible assets £'000	Other £'000	Total £'000
At 1 April 2021	**–**	**–**	**230**	**230**
Credited to income	4,049	(1,526)	103	2,626
Credited to equity	–	–	(17)	(17)
Exchange differences	–	–	7	7
At 31 March 2022	**4,049**	**(1,526)**	**323**	**2,846**
Credited to income	1,205	(848)	15	372
Credited to equity	–	–	–	–
Exchange differences	–	–	11	11
At 31 March 2023	**5,254**	**(2,374)**	**349**	**3,229**

The standard rate of corporation tax in the UK is 19% until 31 March 2023. The March 2022 Budget Statement announced an increase in the main corporation tax rate to 25%, which will take effect from 1 April 2023. This increase was substantively enacted at the balance sheet date.

The Group has recognised £5.3 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.

The Group has recognised a corresponding £2.4 million of deferred tax liabilities relating to timing differences on intangible assets.

Other deferred tax assets includes deferred tax on shared based payments in the UK and other temporary timing differences.

10. 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).

	31 March 2023	31 March 2022
Weighted average number of shares in issue	100,143,571	100,009,727
Potentially dilutive shares (weighted average)	3,141,506	442,548
Diluted number of shares (weighted average)	**103,285,077**	**100,452,275**

	31 March 2023			31 March 2022		
	£'000	pence	pence	£'000	pence	pence
Net profit/(loss) attributable to shareholders	2,935	2.93	2.84	1,602	1.60	1.59

11. Dividends

No dividends have been paid or proposed for the year ended 31 March 2023 (2022: nil).

12. Intangible assets

	Patents £'000	Development costs £'000	Total £'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**
Additions	58	4,830	4,888
Disposals	–	(41)	(41)
At 31 March 2023	**121**	**15,173**	**15,294**
Amortisation			
At 1 April 2021	63	1,884	1,947
Amortisation charge	–	325	325
At 31 March 2022	**63**	**2,209**	**2,272**
Amortisation charge	3	740	743
Disposals	–	(41)	(41)
At 31 March 2023	**66**	**2,908**	**2,974**
Net book value			
At 31 March 2022	–	8,175	8,175
At 31 March 2023	**55**	**12,265**	**12,320**

Development cost additions in the year to 31 March 2023 include software development costs directly incurred in the creation of new digital assets.

13. Property, plant and equipment

	Right-of-use asset £'000	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 April 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**
Additions	1,937	2	238	2,177
Disposals	–	–	–	–
Exchange differences	164	17	46	227
At 31 March 2023	**6,189**	**538**	**1,793**	**8,520**
Depreciation				
At 1 April 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**
Depreciation charge	1,013	86	369	1,468
Disposals	–	–	–	–
Exchange differences	38	1	21	60
At 31 March 2023	**3,235**	**374**	**1,220**	**4,829**
Net book value				
At 31 March 2022	1,904	232	679	2,815
At 31 March 2023	**2,954**	**164**	**573**	**3,691**

14. Inventories

	31 March 2023 £'000	31 March 2022 £'000
Finished goods	53	7

Write-back of inventory amounted to £32,000 (2022: £nil).

The cost of inventories recognised as an expense and included in cost of sales amounted to £392,000 (2022: £112,000).

15. Trade and other receivables

	31 March 2023 £'000	31 March 2022 £'000
Non-current		
Prepayments in respect of property deposits	230	217
	230	**217**
Current		
Trade receivables	6,730	7,999
Less provision for impairment	(102)	(212)
Net trade receivables	6,628	7,787
Net investment in sub-lease	–	81
Other receivables	80	82
Prepayments	1,125	1,170
Accrued income	1,694	943
	9,527	**10,063**

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

	31 March 2023 £'000	31 March 2022 £'000
Not past due	6,282	7,274
Past due 0–30 days	336	401
Past due 31–60 days	74	109
Past due 61–90 days	12	25
Past due more than 90 days	26	190
	6,730	**7,999**

The movement in the allowance for impairment losses was:

	31 March 2023 £'000	31 March 2022 £'000
At the beginning of the period	212	227
Write-back	(110)	(14)
Utilisation of provision	(5)	(7)
Foreign exchange adjustment	5	6
At the end of the period	**102**	**212**

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.

16. Trade and other payables

	31 March 2023 £'000	31 March 2022 £'000
Trade payables	1,257	1,401
Other taxation and social security	744	663
Other payables	396	690
Accruals	4,606	5,257
Deferred income	4,420	4,718
	11,423	**12,729**

17. Lease liability

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

	31 March 2023 £'000	31 March 2022 £'000
Current	1,121	856
Non-current	1,988	1,349
	3,109	**2,205**

The related right-of-use asset is disclosed in Note 13.

The movements in the lease liability were as follows:

	31 March 2023 £'000	31 March 2022 £'000
At the beginning of the year	2,205	3,166
Lease payments	1,948	(1,226)
Finance cost	122	121
Additions	(1,298)	39
Exchange differences	132	105
At the end of the year	**3,109**	**2,205**

The maturity analysis of the contractual undiscounted cash flows is:

	31 March 2023 £'000	31 March 2022 £'000
Less than one year	1,227	934
Between one and five years	2,094	1,412
Total future lease payments	3,321	2,346
Total future interest payments	(212)	(141)
Total lease liability	**3,109**	**2,205**

18. 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.

19. 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 12 June 2023.

20. 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 2023 £'000	31 March 2022 £'000
Net trade receivables	6,628	7,787
Other receivables	80	82
Prepayments in respect of property deposits	230	217
Cash and cash equivalents	7,587	10,021
Financial assets at amortised cost	**14,525**	**18,107**
Trade payables	1,257	1,401
Other payables	396	690
Lease liabilities	3,109	2,205
Financial liabilities at amortised cost	**4,762**	**4,296**

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 15 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 2023 £'000	31 March 2022 £'000
Trade receivables	6,628	7,787
Other receivables	80	82
Prepayments in respect of property deposits	230	217
Cash and cash equivalents	7,587	10,021
At the end of the period	**14,525**	**18,107**

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 19). 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 17.

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 2023					
Net trade receivables	2,981	3,070	351	226	6,628
Cash and cash equivalents	4,659	2,631	136	161	7,587
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

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

21. Share capital

	31 March 2023 Number	31 March 2023 Cost £'000	31 March 2022 Number	31 March 2022 Cost £'000
Ordinary shares of £0.00001 at 1 April	100,105,660	1	99,791,784	1
Issue of shares to satisfy options	61,924	–	313,876	–
Ordinary shares of £0.00001 at 31 March	**100,167,584**	**1**	**100,105,660**	**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 2023 Number	31 March 2023 Cost £'000	31 March 2022 Number	31 March 2022 Cost £'000
As at 1 April	111,655	–	119,875	–
Issue of new shares to EBT	–	–	(8,220)	–
Ordinary shares of £0.00001 at 31 March	111,655	–	111,655	–
Market value at 31 March		**76**		**151**

22. 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 for 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 2023 £'000	31 March 2022 £'000
Equity settled share-based payments	(73)	341

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

	31 March 2023		31 March 2022	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at the beginning of the period	2,246,912	0.66	2,287,024	0.66
Granted during the period	2,517,268	0.13	2,448,318	0.14
Forfeited during the period	(1,110,690)	0.44	(2,166,334)	0.14
Exercised during the period	(61,924)	0.67	(322,096)	0.17
Outstanding at the end of the period	**3,591,566**	**0.36**	**2,246,912**	**0.66**
Exercisable at the end of the period	**3,461**		**4,110**	
Weighted average fair value of awards granted (£)	**1.09**		**1.69**	

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

	31 March 2023 £'000	31 March 2022 £'000
£ nil	1,061,246	428,770
£0.00001	1,437,007	584,580
£0.77000	277,000	316,987
£1.02000	248,317	–
£1.04000	20,768	201,981
£1.44500	50,418	217,784
£1.46000	496,810	496,810
	3,591,566	**2,246,912**
Weighted average remaining contractual life (years)	**7.2**	**5.8**

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 years	Expected volatility %	Dividend yield %	Risk-free rate %	Fair value £
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
LTIP (3-year vesting)	21 July 22	1.20	Nil	3	36%	0%	0.15%	1.20
LTIP (4-year vesting)	21 July 22	1.20	Nil	4	36%	0%	0.23%	1.20
LTIP (5-year vesting)	21 July 22	1.20	Nil	5	36%	0%	0.31%	1.20
SAYE	1 Aug 22	1.20	1.02	3	36%	0%	0.31%	0.38
ESPP	1 Aug 22	1.20	1.02	1	34%	0%	0.15%	0.26

* 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.

23. 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 7.
- 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 £1,538 in the year ended 31 March 2023.

24. Events after the reporting period

There were no post balance sheet events.

Mind Gym plc parent company statement of financial position

	Note	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Non-current assets			
Intangible assets	4	12,320	8,175
Property, plant and equipment	5	1,899	497
Investments in subsidiaries		50	50
Deferred tax assets	7	3,101	2,681
		17,370	**11,403**
Current assets			
Inventories	8	29	7
Trade and other receivables	9	6,176	4,808
Current tax receivable		–	83
Cash and cash equivalents		4,856	6,900
		11,061	11,798
Total assets		**28,431**	**23,201**
Current liabilities			
Trade and other payables	10	8,684	8,213
Lease liability	11	373	133
Redeemable preference shares		50	50
		9,107	**8,396**
Non-current liabilities			24
Lease liability	11	1,252	
Total liabilities		**10,359**	**8,420**
Net assets		**18,072**	**14,781**
Equity			
Share capital	12	1	1
Share premium		242	213
Share option reserve		496	608
Retained earnings		17,333	13,959
Equity attributable to owners of the parent Company		**18,072**	**14,781**

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 £3,335,000 (2022: profit of £757,000).

The Accounting Policies and Notes on pages 113 to 120 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 12 June 2023 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 2021	**1**	**157**	**674**	**12,812**	**13,644**
Profit 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**
Profit for the period	–	–	–	3,335	3,335
Total comprehensive income for the period	**–**	**–**	**–**	**3,335**	**3,335**
Credit to equity for share-based payments	–	–	(73)	–	(73)
Exercise of options	–	29	(39)	39	29
At 31 March 2023	**1**	**242**	**496**	**17,333**	**18,072**

Mind Gym plc notes to the parent company financial statements

01. 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 6 (Auditor remuneration), Note 11 (Dividends), Note 18 (Redeemable preference shares), Note 21 (Share capital) and Note 22 (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 at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at exchange rates 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.

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 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
Trademarks	Ten 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.

02. Employees and auditor's remuneration

Staff costs were as follows:

	31 March 2023 £'000	31 March 2022 £'000
Wages and salaries	13,542	13,907
Social security costs	1,799	1,814
Pension costs – defined contribution plans	467	455
Share-based payments	(73)	341
	15,735	**16,517**

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

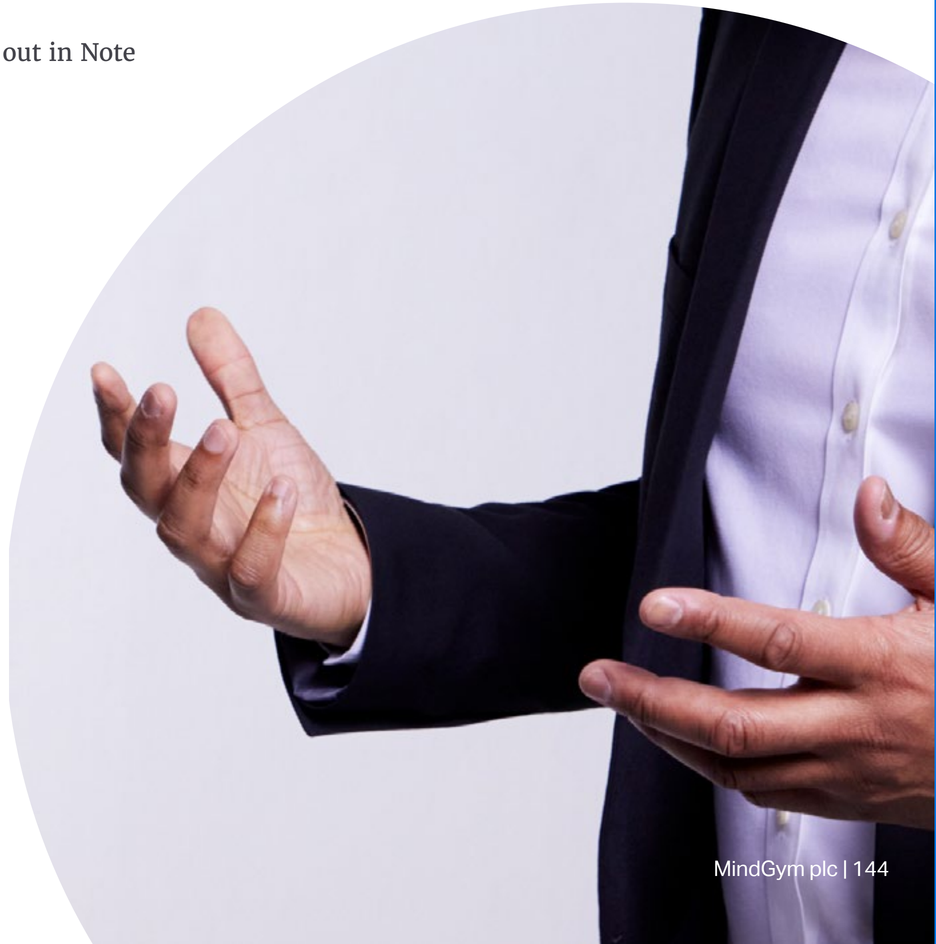
	31 March 2023	31 March 2022
Delivery	139	88
Support	58	71
Digital	29	44
	226	**203**

Details of Directors' remuneration and share options are set out in the Annual Report on Remuneration on pages 87 to 92.

Fees payable to the auditor for the audit of the Company's Financial Statements are set out in Note 6 of the Group Financial Statements.

03. Dividends

Details of the Company's dividends are set out in Note 11 of the Group Financial Statements.



04. Intangible assets

	Patents £'000	Development costs £'000	Total £'000
Cost			
At 1 April 2022	63	10,384	10,447
Additions	58	4,830	4,889
Disposals	–	(41)	(41)
At 31 March 2023	**121**	**15,173**	**15,294**
Amortisation			
At 1 April 2022	63	2,209	2,272
Amortisation charge	3	740	743
Disposals	–	(41)	(41)
At 31 March 2023	**66**	**2,908**	**2,974**
Net book value			
At 31 March 2022	–	8,175	8,175
At 31 March 2023	55	12,265	12,320

05. Property, plant and equipment

	Right-of-use asset £'000	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 April 2022	1,196	228	648	2,072
Additions	1,825	–	104	1,929
Disposals	–	–	–	–
At 31 March 2023	**3,021**	**228**	**752**	**4,001**
Depreciation				
At 1 April 2022	978	228	369	1,575
Depreciation charge	346	–	181	527
Disposals	–	–	–	–
At 31 March 2023	**1,324**	**228**	**550**	**2,102**
Net book value				
At 31 March 2022	218	–	279	497
At 31 March 2023	**1,697**	**–**	**202**	**1,899**

06. 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
Mind Gym (USA) Inc	USA	475 Park Avenue South, Floor 2, New York, NY 10016 USA
Mind Gym Performance (Asia) Pte. Ltd	Singapore	PWC Building, #28-63, 8 Cross Street, Singapore 048424
Mind Gym (Canada) Inc	Canada	145 King Street West, Toronto, Ontario, Canada, M5H 4G2

07. Deferred tax assets

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

	Tax losses £'000	Intangible assets £'000	Other £'000	Total £'000
At 1 April 2021	–	–	112	112
Credited/(charged) to income	4,049	(1,526)	63	2,586
Credited/(charged) to equity	–	–	(17)	(17)
At 31 March 2022	**4,049**	**(1,526)**	**158**	**2,681**
Credited/(charged) to income	1,205	(849)	64	420
At 31 March 2023	**5,254**	**(2,375)**	**222**	**3,101**

The standard rate of corporation tax in the UK is 19% until 31 March 2023. The March 2022 Budget Statement announced an increase in the main corporation tax rate to 25%, which will take effect from 1 April 2023. This increase was substantively enacted at the balance sheet date.

The entity has recognised £5.3 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 entity 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.

The entity has recognised a corresponding £2.4 million of deferred tax liabilities relating to timing differences on intangible assets.

Other deferred tax assets includes deferred tax on shared based payments and other temporary timing differences.

08. Inventories

	31 March 2023 £'000	31 March 2022 £'000
Finished goods	29	7

Write-back of inventory amounted to nil. (2022: £nil).

09. Trade and other receivables

	31 March 2023 £'000	31 March 2022 £'000
Trade receivables	3,658	3,187
Less provision for impairment	(48)	(91)
Net trade receivables	3,610	3,096
Amounts owed by group undertakings	332	220
Other receivables	43	20
Prepayments	873	877
Accrued income	1,318	595
	6,176	**4,808**

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.

10. Trade and other payables

	31 March 2023 £'000	31 March 2022 £'000
Trade payables	807	963
Amounts owed to group undertakings	2,150	1,390
Other taxation and social security	745	663
Other payables	183	376
Accruals	2,467	2,861
Deferred income	2,332	1,960
	8,684	**8,213**

Amounts owed to group undertakings relates to recharges and intercompany adjustments.

11. Leases

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

	31 March 2023 £'000	31 March 2022 £'000
Current	373	133
Non-current	1,252	24
	1,625	**157**

The related right-of-use asset is disclosed in Note 5.

The movements in the lease liability were as follows:

	31 March 2023 £'000	31 March 2022 £'000
At the beginning of the year	157	482
Additions	1,839	39
Lease payments	(407)	(378)
Finance cost	36	14
At the end of the year	**1,625**	**157**

The maturity analysis of the contractual undiscounted cash flows is:

	31 March 2023 £'000	31 March 2022 £'000
Less than one year	429	135
Between one and five years	1,339	26
Total future lease payments	1,768	161
Total future interest payments	(143)	(4)
Total lease liability	**1,625**	**157**

12. Share capital and redeemable preference shares

Details of the Company's redeemable preference shares and share capital are set out in Notes 18 and 21 to the Group Financial Statements.

13. Share-based payments

Details of the Company's share-based payment plans are set out in Note 22 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 7 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 £1,538 in the year ended 31 March 2023.

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 19 July 2023 commencing at 9.00am.

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

01. To receive the Company's financial statements for the year ended 31 March 2023 together with the reports of the Directors and auditor thereon.

Directors' Remuneration Report

02. To approve the Directors' Remuneration Report for the year ended 31 March 2023.

Directors

03. To re-elect Ruby McGregor-Smith as a Director of the Company.

04. To re-elect Sebastian Bailey as a Director of the Company.

05. To re-elect Joanne Black as a Director of the Company.

06. To re-elect Octavius Black as a Director of the Company.

07. To re-elect David Nelson as a Director of the Company.

08. To re-elect Sally-ann Tilleray as a Director of the Company.

09. To re-elect Trevor Phillips as a Director of the Company.

10. To re-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 12 June 2023, 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 close of business on the 31st October 2024 or if earlier at the conclusion of the next Annual General Meeting of the Company, 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 12 June 2023, being the latest practicable date prior to publication of this notice of meeting, such authorities to expire at close of business on the 31st October 2024 or if earlier at the conclusion of the next Annual General Meeting of the Company, 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 authorities to expire at close of business on the 31st October 2024 or if earlier at the conclusion of the next Annual General Meeting of the Company, 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
12 June 2023

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 2023.

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 2023 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 2023 is set out on pages 77 to 92 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 re-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 2023 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 12 June 2023 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 12 June 2023.

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 close of business on the 31st October 2024 or if earlier at the conclusion of the next Annual General Meeting of the Company,

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 12 June 2023.

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 12 June 2023, 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 to expire at close of business on the 31st October 2024 or if earlier at the conclusion of the next Annual General Meeting of the Company,

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 12 June 2023. The authority requested would expire at close of business on the 31st October 2024 or if earlier at the conclusion of the next Annual General Meeting of the Company.

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 17 July 2023 (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 +44 (0)371 384 2030 (please use the country code when calling from outside the UK. 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 17 July 2023 (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 17 July 2023 (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 17 July 2023 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.

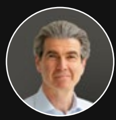
xiii. As at 12 June 2023 (being the last practicable date before the publication of this notice), the Company's issued share capital consists of 100,167,584 ordinary shares of 0.00001 pence each, carrying one vote each. As the Company does not hold any shares in treasury, in respect of which it cannot exercise any votes. The total voting rights in the Company as at 12 June 2023 are 100,167,584.

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

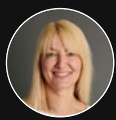


Octavius Black
Chief Executive Officer

Sebastian Bailey
Executive Director

Octavius Black
Chief Financial Officer

Joanne Cash
Non-Executive Director



Sally Tilleray
Non-Executive Director

David Nelson
Non-Executive Director

Trevor Phillips
Non-Executive Director

Advisors

Company registration
Registered in England and Wales No. 03833448

Registered office
160 Kensington High Street,
London, W8 7RG, UK

Company secretary
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30-33 Minories,
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Auditors
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Nominated advisor and broker
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Registrars
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