

24 December 2024

Mindflair plc

("Mindflair" or the "Company")

**Placing, Re-profile of Loan Notes, Related Party Transaction, Warrant repricing
and Portfolio Update**

Mindflair plc (AIM: MFAI), the company investing in next generation technology focused on AI, announces a placing to raise gross proceeds of £490,000 through the issue of equity with attached warrants and the re-profiling of its outstanding loan notes (the "Loan Notes"), including the repricing of its outstanding warrants.

Placing

The Company has raised gross proceeds of £490,000 (the "Placing") through the issue of 81,666,666 new ordinary shares of 0.25 pence in the Company (the "Placing Shares") at a price of 0.6 pence per share (the "Placing Price"). Placees will also receive one warrant for every two shares issued as part of the Placing (the "Placing Warrants"), on the same terms as the Repriced Warrants (as defined below), subject to the approval of an increase in share issue headroom which will be sought at the Company's next general meeting.

The Placing Price represents a 11.1% discount to the closing mid-market price of 0.675 pence on 23 December 2024.

Loan Note Re-profile

On 22 December 2022, the Company issued Loan Notes amounting to £1,235,000, in aggregate. The Company has now agreed with the holders of the Loan Notes to re-profile the Loan Notes which were due for repayment in December 2024 ("Re-profile"). The principal elements of this re-profile comprise:

- a payment to redeem £185,250 of Loan Notes to reduce part of the principal owed
- the issue of 78,238,798 new shares in the Company at a price of 0.6 pence to the Loan Note holders to redeem part of the principal owed and settle accrued interest and costs to date (the "Loan Note Shares"). In aggregate, £69,433 will be redeemed from the Loan Notes through the issuance of Loan Note Shares
- the exercise price of the warrants issued as part of the original issue of the Loan Notes in December 2022 (the "Repriced Warrants") has been reduced to 1.6 pence (from 4 pence), the vesting hurdle for the Repriced Warrants has been reduced to 2.5 pence (from 5.16 pence) and the exercise period of the Repriced Warrants has been extended to 31 December 2026
- 50% of the remaining balance due on the Loan Notes plus future accrued interest is to be repaid by 31 December 2025 and 50% of the remaining balance plus future accrued interest is to be repaid by 31 December 2026.

The Re-profile will reduce the amount due under the Loan Notes to circa £800,000.

Background to the Placing and Re-profile of the Loan Notes

Whilst the Company expects certain of its investments to be sold in the short to medium term which would be expected to generate sufficient proceeds to repay the Loan Notes, the precise timing of this may vary and therefore the combination of a placing now, along with the re-profile of the Loan Notes will provide the Company with additional flexibility and enable it to preserve additional cash for investment purposes.

Portfolio update

As previously announced, the first Sure Valley Ventures ("SVV") fund, SVV1, is in the realisation phase of its investment cycle. Activity in this regard has increased significantly in recent months with certain companies in this fund actively pursuing either sales or exploring alternative forms of liquidity for their shareholders. Such activity includes the hiring of advisers to manage sale processes, the holding of discussions with potential buyers and the possible provision of other forms of liquidity. We expect to be able to provide a further update on how these activities are progressing in due course.

In addition, SVV2, the second SVV fund, corner-stoned by the British Business Bank, is continuing to actively invest in AI focused businesses. This portfolio now comprises eight exciting AI-driven companies that are all making good progress in developing their operations. These businesses span a number of sectors including education, e-commerce, transport, and robotics. Additionally, the SVV team is increasingly recognised as a thought leader in the AI sector and has recently published a paper on AI Predictions for 2025. In addition, SVV has partnered with Imperial College in London to help AI researchers commercialise their research and with NVIDIA to present an AI masterclass for researchers and venture capitalists.

Related Party Transaction

Following the issue of the Loan Notes on 22 December 2022, a Loan Note holder disposed of their Loan Note to Riverfort Global Opportunities PLC ("RGO") which has an existing interest over 38,228,393 ordinary shares in the Company, representing 10.4% of the Company's issued share capital and, as such, is a substantial shareholder as defined in the AIM Rules for Companies ("AIM Rules"). Nicholas Lee, a director of the Company, is also the Investment Director of RGO. Accordingly, the Re-profile of the Loan Note held by RGO is a related party transaction ("Transaction") pursuant to Rule 13 of the AIM Rules.

David Palumbo, the director of the Company independent of the Transaction, having consulted with the Company's nominated adviser, Cairn Financial Advisers LLP, consider the terms of the Transaction to be fair and reasonable insofar as the Company's shareholders are concerned.

Admission

Application will be made to the London Stock Exchange to admit the Placing Shares and the Loan Note Shares to trading on AIM ("Admission"). Admission of the new ordinary shares is expected to occur on or around 2 January 2025. The Placing Shares and Loan Note Shares will rank *pari passu* with the existing ordinary shares.

Total Voting Rights

For the purpose of the Disclosure and Transparency Rules, following Admission, the enlarged issued share capital of the Company will comprise 526,662,106 ordinary shares of 0.25 pence each. The above figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company, under the Disclosure and Transparency Rules.

Nicholas Lee, Director of Mindflair, commented:

"We believe that the Placing and Re-Profile is a good solution for all parties and provides the Company with additional flexibility, notwithstanding the proximity of potential realisations from our portfolio. We firmly believe that we are at a very exciting time in the development of the Company."

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement. The person who arranged for the release of this information is Nicholas Lee, a director of the Company.

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Notes to Editors

About Mindflair plc

Mindflair plc (AIM: MLAI) is an investment company providing investors with access to a portfolio of next generation technology businesses focused on AI with significant growth potential.

The Company is building an investment portfolio of high-tech businesses across areas such as Artificial Intelligence, Internet of Things, Cyber Security, Machine Learning, Immersive Technologies and Big Data, which the Board believes demonstrate evidence of traction and the potential for exponential growth, due to increasing global demand for development in these sectors.

For further information, visit is <http://www.mindflair.tech/>.

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envise", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

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