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# MINDBODY Announces Pricing of Upsized \$270 Million Convertible Senior Notes Offering

SAN LUIS OBISPO, Calif., June 08, 2018 (GLOBE NEWSWIRE) -- MINDBODY, Inc. (NASDAQ:MB), the leading technology platform for the fitness, wellness and beauty services industries, today announced the pricing of \$270 million aggregate principal amount of 0.375% convertible senior notes due 2023 in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The aggregate principal amount of the offering was increased from the previously announced offering size of \$200 million. MINDBODY also granted the initial purchasers of the notes a 13-day option to purchase up to an additional \$40.5 million principal amount of notes. The sale of the notes is expected to close on June 12, 2018, subject to customary closing conditions.

The notes will be senior unsecured obligations of MINDBODY and bear interest at a rate of 0.375% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2018. The notes will mature on June 1, 2023, unless earlier converted, redeemed or repurchased. The initial conversion rate will be 20.1898 shares of MINDBODY's Class A common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$49.53 per share of Class A common stock). The initial conversion price of the notes represents a premium of approximately 30% over the last reported sale price of

MINDBODY's Class A common stock on the NASDAQ Global Market on June 7, 2018. Prior to the close of business on the business day immediately preceding December 1, 2022, the notes will be convertible at the option of the holders of the notes only upon the satisfaction of specified conditions and during certain periods. Thereafter, until the close of business on the second scheduled trading day preceding the maturity date, the notes will be convertible at the option of the holders of notes at any time regardless of such conditions. The notes will be convertible into cash, shares of MINDBODY's Class A common stock or a combination of cash and shares of MINDBODY's Class A common stock, at MINDBODY's election.

MINDBODY may redeem, for cash, all or any portion of the notes, at its option, on or after June 6, 2021 if the last reported sale price of MINDBODY's Class A common stock has been at least 130% of the conversion price for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which MINDBODY provides notice of redemption, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest. If MINDBODY undergoes a "fundamental change," holders of the notes may require MINDBODY to repurchase for cash all or any portion of their notes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the redemption date. In addition, upon certain corporate events or upon redemption, MINDBODY will, under certain circumstances, increase the conversion rate for holders who convert notes in connection with such a corporate event or redemption.

MINDBODY estimates that the net proceeds from the offering will be approximately \$261.5 million (or \$300.9 million if the initial purchasers exercise their option to purchase additional notes in full), after deducting the initial purchasers' discounts and commissions and estimated expenses payable by MINDBODY. MINDBODY intends to use a portion of the net proceeds from the offering to pay the cost of the capped call transactions described below. MINDBODY intends to use the remainder of the net proceeds for working capital and general corporate purposes. MINDBODY may also use a portion of the net proceeds from this offering for the acquisition of, or investment in, technologies, solutions or businesses that complement its business, although it has no commitments or agreements to enter into any such acquisitions or investments at this time. If the initial purchasers exercise their option to purchase additional notes, MINDBODY expects to use a portion

of the net proceeds from the sale of the additional notes to enter into additional capped call transactions as described below. MINDBODY intends to use the remainder of the net proceeds from sale of the additional notes as described above.

In connection with the pricing of the notes, MINDBODY entered into capped call transactions with one of the initial purchasers and other financial institutions (the "option counterparties"). The capped call transactions are expected generally to reduce potential dilution to MINDBODY's Class A common stock upon any conversion of notes and/or offset any cash payments MINDBODY is required to make in excess of the principal amount of converted notes, as the case may be, with such reduction and/or offset subject to a cap initially equal to \$76.20 per share (which represents a premium of 100% over the last reported sale price of MINDBODY's Class A common stock on the NASDAQ Global Market on June 7, 2018).

In connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates expect to purchase shares of MINDBODY's Class A common stock and/or enter into various derivative transactions with respect to MINDBODY's Class A common stock concurrently with or shortly after the pricing of the notes. This activity could increase (or reduce the size of any decrease in) the market price of MINDBODY's Class A common stock or the notes at that time.

In addition, MINDBODY expects that the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to MINDBODY's Class A common stock and/or purchasing or selling MINDBODY's Class A common stock or other securities of MINDBODY in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during any observation period related to a conversion of notes). This activity could also cause or avoid an increase or a decrease in the market price of MINDBODY's Class A common stock or the notes, which could affect a noteholder's ability to convert its notes and, to the extent the activity occurs during any observation period related to a conversion of notes, it could affect the number of shares and value of the consideration that a noteholder will receive upon conversion of its notes.

Neither the notes, nor any shares of MINDBODY Class A common stock issuable upon conversion of the notes, have been registered under the Securities Act or any state securities laws, and unless so registered, such securities may not be offered or sold in the United States absent registration or an

applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

This press release is neither an offer to sell nor a solicitation of an offer to buy any securities, nor shall it constitute an offer, solicitation or sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

### **About MINDBODY**

MINDBODY, Inc. (NASDAQ:MB) is the leading technology platform for the fitness, wellness and beauty services industries. Local entrepreneurs worldwide use MINDBODY's integrated software and payments platform to run, market and build their businesses. Consumers use MINDBODY to more easily find, engage and transact with providers in their local communities.

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### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the federal securities laws. These statements include, but are not limited to, statements concerning the expected closing of the offering and the capped call transactions and the anticipated use of the net proceeds from the offering. Forward-looking statements include all statements that are not historical facts. In some cases, forward-looking statements can be identified by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "will," or similar expressions and the negatives of those words. Forward-looking statements involve substantial risks and uncertainties that may cause actual results to differ materially from those that we expect. These risks and uncertainties include market risks, trends and conditions. These and other risks are more fully described in our filings with the Securities and Exchange Commission, including in the section titled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017 and in the section titled "Risk

Factors” in our subsequent Quarterly Report on Form 10-Q for the quarter ended March 31, 2018. In light of these risks, you should not place undue reliance on such forward-looking statements. Forward-looking statements represent our beliefs and assumptions only as of the date of this press release. We disclaim any obligation to update forward-looking statements.



Source: MINDBODY, Inc.

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