



ASX / MEDIA RELEASE

Limeade FY19 Results Ahead of Prospectus Forecasts

SYDNEY, Australia and Bellevue, Washington. – 28 February, 2020 – [Limeade](#) (ASX: LME, or the Company), an employee experience software company today announces the Appendix 4E full year financial results for 12 months ended 31 December 2019.

Highlights:

- Listed on the Australian Securities Exchange (ASX) on 20 December 2019
- Contracted annual recurring revenue (CARR¹) as at 31 December up 20% on the prior corresponding period (pcp) to \$57.1 million
- Revenues up 18% on the pcp to \$47.4 million and 1% ahead of prospectus forecast
- Gross margins of 76.6% up 3% on the pcp and 1% ahead of prospectus forecast
- Pro forma EBITDA loss of \$2.1 million, a \$1.4 million improvement from pcp and \$2.7 million improvement from prospectus forecasts
- External awards and internal “Great Company Index” goal achievement underscore company’s commitment to strong culture
- Company on track to deliver FY20 prospectus forecast

Limeade Founder and CEO Henry Albrecht said “Limeade is proud to serve the hardworking employees of some of the biggest and best companies in the world. We take our responsibilities to our customers, shareholders, employees and mission very seriously. Through another year of significant innovation and growth, Limeade demonstrated financial, operational and strategic discipline. We are thrilled to be an ASX listed company and affirm that we are on track to deliver our FY20 prospectus guidance.”

All amounts are expressed in US\$ unless otherwise stated

¹ CARR represents the total value of contracted subscription revenue at a point in time, expressed on an annualised basis.

Customer, Revenue and CARR Growth

Contracted annual recurring revenue (CARR) as at 31 December up 20% on the prior corresponding period (pcp) to \$57.1 million. Limeade recorded solid growth in new customer acquisitions, with 30 new customers signed during the year. The fourth quarter was in line with seasonality expectations with 13 new customers signed, including a leading enterprise customer that is a global supplier of technology and services. The CARR growth in FY19 reflects organic growth attributable to new customer acquisitions, existing customer upsells and expansions, partially offset by customer churn.

Limeade recorded FY19 subscription revenue growth of 17% to \$45.5 million and 1% ahead of prospectus forecasts. Recurring revenue represents 96% of total revenue recorded in FY19 and was in line with the prospectus forecast.

Net Revenue Retention (NRR)² was 97%, in line with the prospectus forecast and down 1% on the pcp of 98%. Limeade values strong, long-term customer relationships and continues to offer new features, solutions and global capabilities to its diverse customer base. Limeade customer success professionals focus on delighting customers and helping them expand user populations and adopt additional solutions.

Limeade continues to diversify its customer base, with low reliance on any single industry or customer. No single industry contributes greater than 25% of Limeade total CARR, and as at 31 December 2019, the largest Limeade customer represents approximately 10% of CARR (30 September: 11%), while the next four largest customers collectively represent 14% of CARR (30 September: 15%).

Gross Profit Margins, Operating Expenses, and Cash Flows

Gross profit margins improved by 3% relative to pcp to 76.6% and was 1.2% ahead of prospectus guidance. The increase in gross margins reflects improved customer mix, higher value contracts and operational efficiencies.

Total operating expenses were \$38.7 million (82% of revenue), up 17% on the pcp and 5% lower than prospectus forecasts.

Sales and Marketing expenses were up 36% versus the pcp to \$15.7 million, which represents 33% of revenue. The increase is attributed to the growth in headcount (71 v 55 in the pcp) to support the growth of the business.

² Defined as CARR at the beginning of the period plus any CARR added in that period through sale of new solutions to customers who were customers at the beginning of the period (existing customers) or expansion in the number of employees of existing customers; less any reduction in CARR in that period through existing customers who terminate, decide not to renew their subscription or reduce usage of Limeade solutions amongst their employee population, divided by CARR at the beginning of the period.

Research and Development (R&D) expenses of \$14.7 million, were up 9% on the pcg and 3% below prospectus forecasts. During the year, Limeade capitalised \$2.5 million in development costs. The increase in R&D expenditure was consistent with the Company's strategy of continued investment in innovation. The company developed and delivered to customers several new features and platform capabilities designed to improve employee well-being, engagement, inclusion and employee communications.

Pro forma EBITDA loss of \$2.1 million was a \$1.4 million decrease from pcg and \$2.7 million decrease from prospectus forecasts. The narrower EBITDA loss was due to an increase in revenue and lower costs associated in headcount. Headcount was 258 employees as at 31 December 2019 versus 281 under the prospectus.

Pro forma operating cash flows were \$1.4 million, driven by a better EBITDA result than prospectus forecasts, partially offset by lower working capital benefits versus the pcg. Overall, pro forma free cash flow improved by \$2.1 million in FY19.

Culture, Diversity and Environmental, Social and Governance (ESG)

The company won several awards for its own culture again in 2019, including Top 100 HR Tech Influencers, Inc. 5000 List, Seattle Magazine's 100 Best Companies, Entrepreneur 360 Best Company and Certified Great Place to Work. The company's "Great Company Index" – an ESG metric combining measures of employee engagement, well-being, values alignment, meaning and turnover – achieved its target for the year, as reported to its diverse ASX Board of Directors.

Outlook

Limeade is hosting its annual conference, [Limeade Engage](#), from 30 March 2020 through 1 April 2020 in San Diego, California, USA, to share new research and insights about well-being, engagement and the science of care with record numbers of registered employee experience professionals.

Limeade is pleased to re-affirm FY20 pro forma and statutory guidance of \$56.1 million in revenue, an EBITDA loss of \$10.7 million and a Net Loss after Tax of \$12.4 million, consistent with the Company's stated strategies and objectives.

Webcast / Conference Call Details

Mr Henry Albrecht, CEO and Mr Toby Davis, CFO will host the webcast / investor conference call commencing today at 9.00am Australian Eastern Daylight Time (AEDT) on Friday, 28 February (2.00pm PST on Thursday, 27 February), followed by a question and answer session.

Details of the call and webcast are set out below.

In order to pre-register for the conference call, please follow the link [here](#). You will be given a unique pin number to enter when you call, providing immediate access to the event.

Alternatively, you may dial in with the following details, shortly before the scheduled start time and provide the Conference ID to an operator.

Conference ID: **10004304**

Participant Dial-in Numbers:

Australia Toll Free: 1800 908 299
Australia Local: +61 2 9007 8048
New Zealand: 0800 452 795
Canada/USA: 1855 624 0077
Hong Kong: 800 968 273
Japan: 006 633 868 000
China: 108 001 401 776
Singapore: 800 101 2702
United Kingdom: 0800 0511 453

The presentation and audio can also be accessed via the webcast link [here](#).

This release dated 28 February 2020 has been authorised for lodgement to ASX by Mr Toby Davis, Chief Financial Officer of Limeade and lodged by Mr Todd Richards, the Limeade ASX Representative.

– ENDS –

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To subscribe to the Limeade Email Alert Service please click [here](#).

About Limeade

Limeade is an employee experience software company that helps build great places to work. The Limeade platform unifies employee well-being, engagement and inclusion solutions with robust communications capabilities. Recognized for its own award-winning culture, Limeade helps every employee know their company cares. To learn more, visit www.limeade.com.

Disclosure

This ASX release does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of any securities referred to herein in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. Any securities referred to herein have not been registered under the US Securities Act of 1933, as amended (the "US Securities Act") and may not be offered or sold in the United States or to US persons absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. In addition, any hedging transactions involving the securities referred to herein may not be conducted unless in compliance with the US Securities Act.