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FY19 Financial Results Presentation

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ASX:LME

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Agenda

With Limeade, every employee knows their company cares

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- Company Overview and Operating Highlights
- FY19 Financial Results
- Strategy and Outlook
- Q&A
- Appendix

FY19 operational highlights

Headcount Expansion

Headcount up 18% on FY19 to 258

ASX Listing

Raised US$68.4 million (A$100 million) and listed on ASX in December 2019

Awards & Recognition

Top 100 HR Tech Influencers, Inc. 5000 List, Seattle Magazine's 100 Best Companies, Entrepreneur 360 Best Company, Certified Great Place to Work

Customer Contracts

30 new customers, 23 direct contracts across 7 industries

Continued Innovation

18 major platform initiatives and 100 product enhancements launched

Environment, Social & Governance (ESG)

Focus on Board, employee diversity and product capabilities

Company overview

Limeade is a provider of employee experience solutions that are designed to improve organisational culture, employee well-being and engagement to deliver quantifiable ROI for customers

Limeade

A platform that elevates the employee experience

258 Employees
across 3 countries including the United States, Canada and Germany

2.6m+ users
globally in medium to large enterprises that operate across a diverse range of industries

Science and **data driven** integrated employee experience platform. US$77m+ invested into the business since inception in 2006

5-Year revenue CAGR[1] of 30%
from FY14 to FY19 primarily off a single solution; potential to accelerate growth with new solutions

Note: 1. **CAGR –** compound annual growth rate

The Limeade value proposition

The Limeade Platform is an integrated employee experience solution that assists organisations to solve a number of critical employee challenges

Attracting and retaining talent

- **Reduce turnover**, with Limeade customers having reported up to **3x** higher turnover for employees who do not participate in Limeade solutions

Engage employee base

- Surveys have indicated **85%** of Limeade users have reported feeling engaged at work
- Customers have reported significantly fewer actively disengaged employees
- Limeade mobile app has a 4.7 out of 5 Apple AppStore rating

Single access point

- **Engage modern workforce** by providing access to an integrated solution for all employees regardless of their function or station

Measurably improve employee well-being

- Drive **measurable improvements in employee well-being** through the Limeade Platform

Platform integrations

1. The Limeade Platform integrates across third-party applications that it believes can enhance the employee experience
2. Applications can be made available to employees based on specific customer preferences and employee needs
3. Limeade has a range of integrations already available, further differentiating its solutions

Note: statistics refer to select Limeade customer outcomes

The Limeade solution

Continued growth in Limeade Well-Being solution, with expanding cross-sell and upsell opportunities across Limeade Engagement and Inclusion, supported by robust Communications capabilities

Limeade Platform

Available as individual solutions or as an integrated employee experience platform

Limeade platform integrates well-being, engagement, inclusion and communications solutions into a connected, mobile-first experience

Well-Being

- As the company's core solution offering, Limeade Well-Being seeks to improve physical, emotional, financial and work well-being with whole-company and whole ecosystem support.
- Sales of Limeade Well-Being accounted for c.94% of FY19 revenue and presents significant new customer and expansion opportunities.

Engagement

- Released during 2018, Limeade Engagement helps customers to increase employee engagement by turning insights into meaningful actions that may lead to improved performance.
- The Limeade Engagement solution offers a range of new customer and upsell opportunities.

Inclusion

- Released during 2018, Limeade Inclusion seeks to build and sustain an inclusive workplace with habit-building activities.
- During 2019, Limeade observed growing interest in its Inclusion solution which presents a range of new customer and upsell opportunities.

Communications

- Limeade Advanced Communications capabilities support its core business Well-Being customer base with upsell opportunities
- Limeade Communications enables organisations to reach and mobilise local, national and global workforces with relevant communications.

Employee experience market opportunity

The employee experience market is large and growing, within which Limeade is a leading solution provider

Global market opportunity

US$18.2 billion
Global employee experience software market

US$9.1 billion
US employee experience software market

Revenue model

96% recurring revenue

Market trends

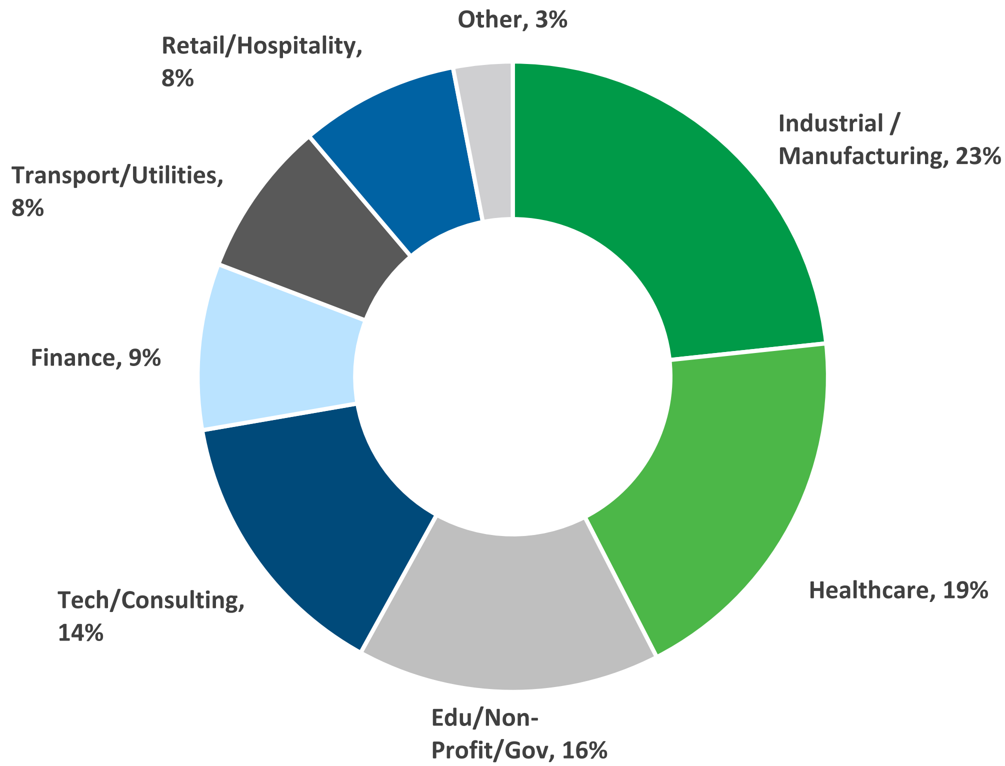
Software is expected to make up a **higher proportion** of the employee experience market over time

Global Market is estimated based on the number of employees in all global organisations, of which Limeade only services organisations with 500+ employees and for solutions Limeade currently offers. The US market is estimated at $9.1 billion. Source: Bret Starr, 'Independent Market Report: Employee Experience Market' (2019), commissioned by Limeade

Diversified blue chip customer base

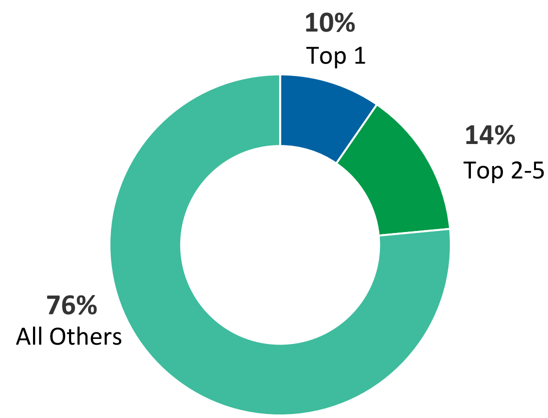
Limeade has invested substantial time and resources to develop the compliance, security and solutions infrastructure needed to meet the requirements of large, complex global organisations

Highly diversified customer base[1]

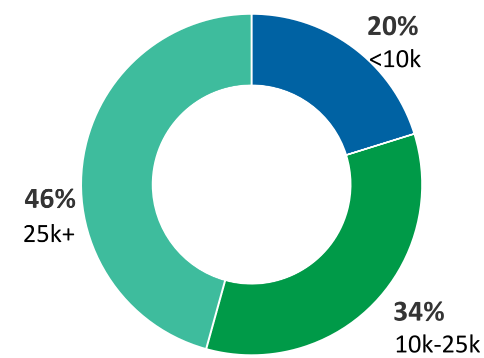


Limeade has a highly diversified customer base with minimal reliance on any single customer or industry

Customer CARR concentration FY19



>75% of customers have >10k employees[2]



Notes: **CARR** - Contracted annual recurring revenue represents the total value of contracted subscription revenue at a point in time, expressed on an annualised basis. 1. CARR balance by industry as at December 2019. 2. As measured by CARR.

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FY19 financial highlights

Limeade has met or exceeded pro-forma prospectus forecasts

$57.1m

CARR

Up 20% vs. FY18 ($47.5m)

$47.4m

Revenue

Up 1% vs. prospectus forecast ($47.0m) and up 18% on FY18 ($40.1m)

$45.5m

Subscription revenue

Up 1% vs. prospectus forecast ($45.2m) and up 17% On FY18 ($38.8m)

($2.1m)

Pro forma EBITDA

Up 57% vs. prospectus forecast ($4.8m) and up 40% on FY18 ($3.5m)

($3.5m)

Pro forma NPAT

Up 44% vs. prospectus ($6.2m) and up 26% on FY18 ($4.7m)

76.6%

Gross Margin

Up 1.2% vs. prospectus (75.4%) and up 3.0% on FY18 (73.6%)

$32.0m

Cash

$1.4m

Pro forma operating cash flow

Up 180% vs. prospectus forecast $0.5

FY19 key operating metrics snapshot

Limeade is seeing strong momentum with continued improvement across its key operating metrics

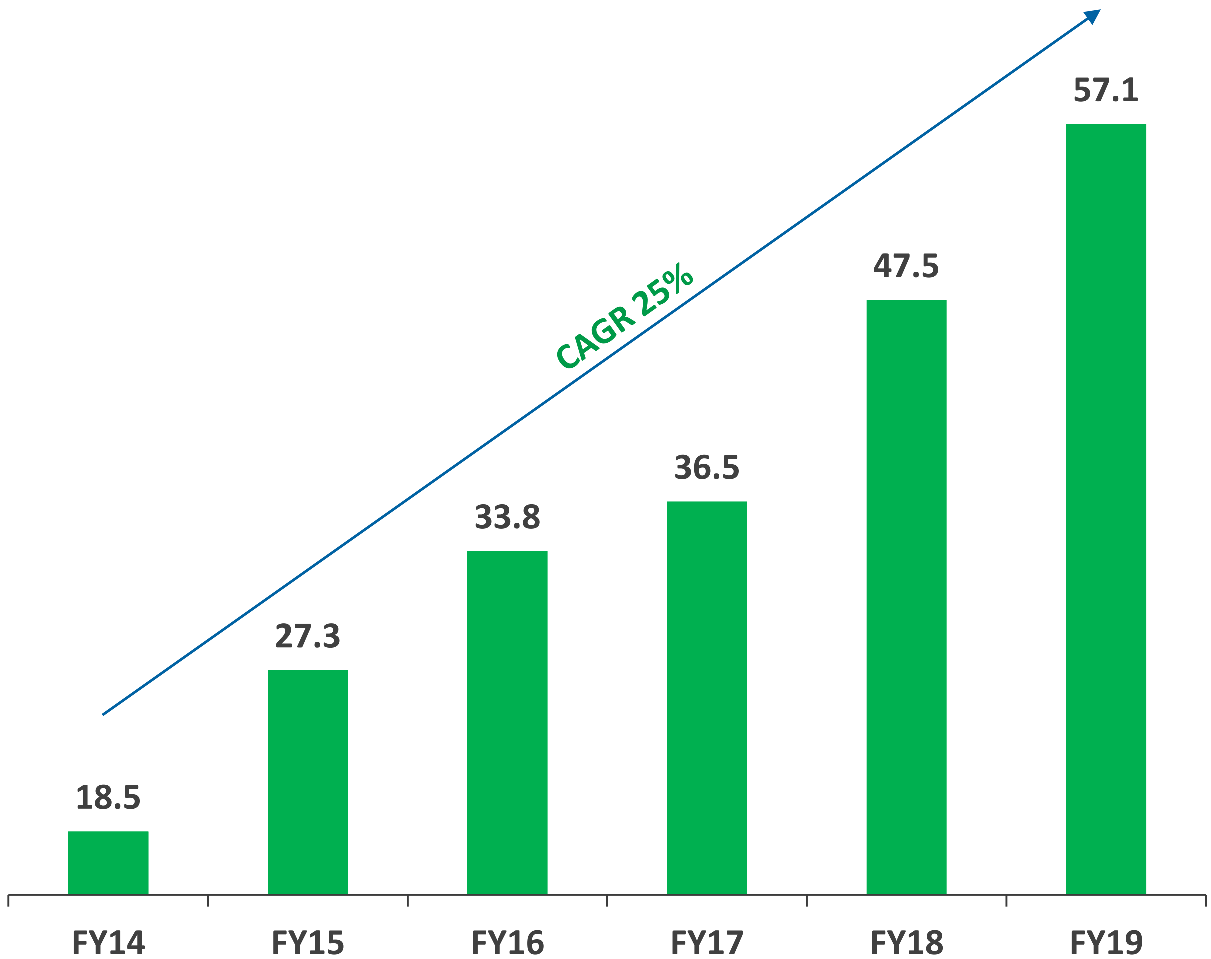
5.7x LTV[1] / CAC[2] — In line with FY18	**97%** NRR[3] — In line with prospectus forecast (97%) and down 1% on FY18	**96%** Recurring revenue — In line with prospectus forecast and down 1% on FY18	**$639k** Average CARR per Direct well-being customer — Up 6% vs. prospectus forecast ($605k) and up 22% on FY18 ($526k)
$330k Average CARR per customer — Up 9% vs. prospectus forecast ($302k) and up 30% ($254k) on FY18	**173** Total customers	**30** New customer contracts	**258** Total headcount — In line with prospectus forecast and up 18% on FY18 219

Notes: 1. **LTV** represents the lifetime value of $1 in new customer CARR. LTV is calculated by Limeade as its gross profit margin (using the average over the last 12 months) divided by gross revenue churn (using the average over the pervious four years). 2. **CAC** is a measure of the cost to acquire $1 of CARR and is calculated by the total amount spent on customer acquisition through sales and marketing activities in a period, divided by the total new customer CARR acquired in that period. 3. **Net revenue retention (NRR)**: 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.

Significant growth trajectory

Limeade has a long history of maintaining strong and consistent growth with predominantly US-based customers and has invested in a range of growth accelerators

CARR growth (US$m)



Commentary

25% CAGR (of CARR) since FY14

- CARR has exhibited strong growth since FY14 driven by a focus on higher value customers

High proportion of Enterprise customers

- Customers with >10,000 employees account for a significant proportion of CARR and CARR growth over time

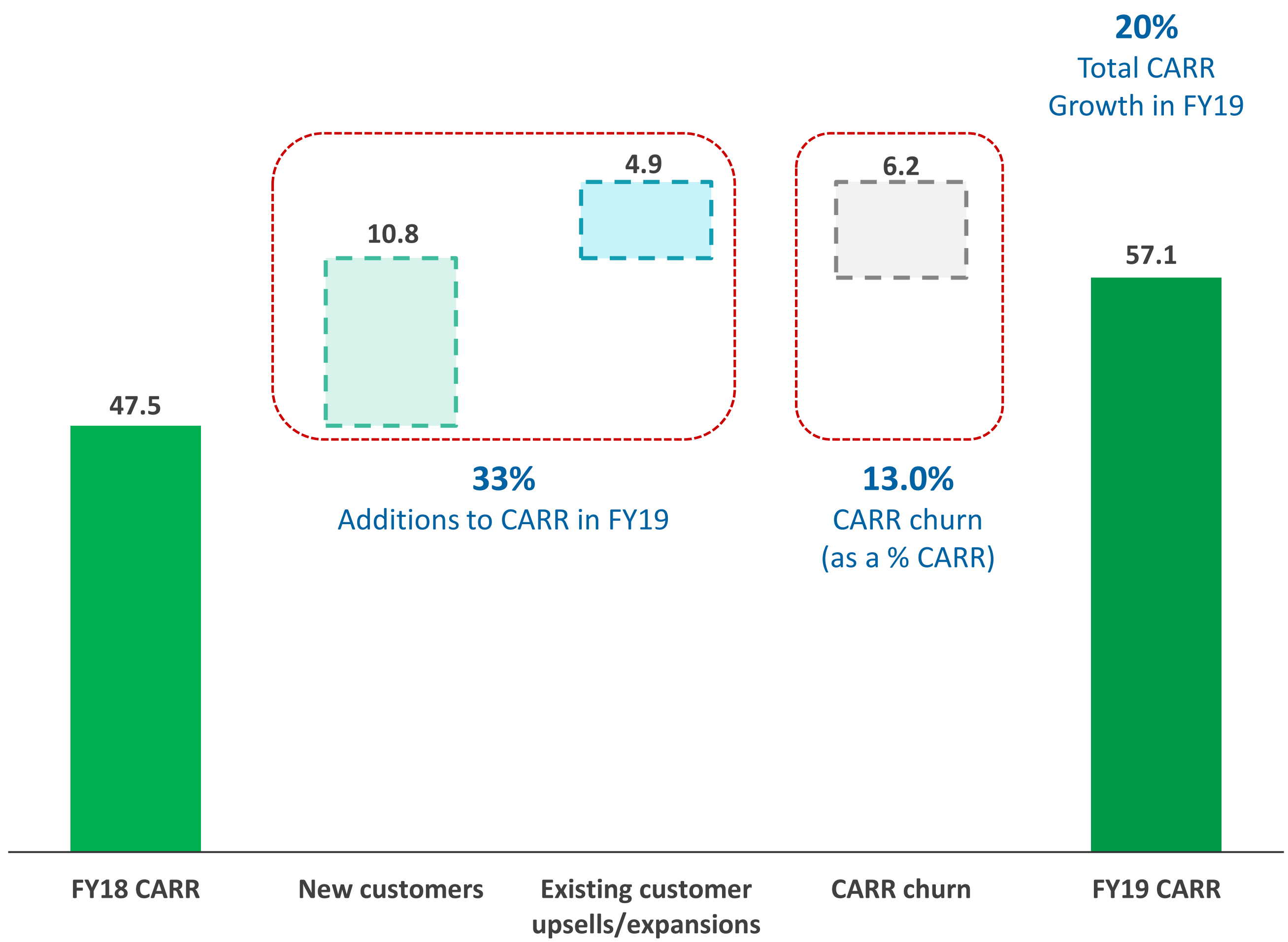
Industry Diversification

- Diversification of CARR by industry over time has reduced sector specific cyclicality effects

Efficient pipeline conversion driving CARR growth

Limeade continues to focus on organic growth in CARR via new customer acquisitions, existing customer expansion and upsell opportunities and reducing CARR churn

FY18 CARR to FY19 CARR bridge (US$m)



Commentary

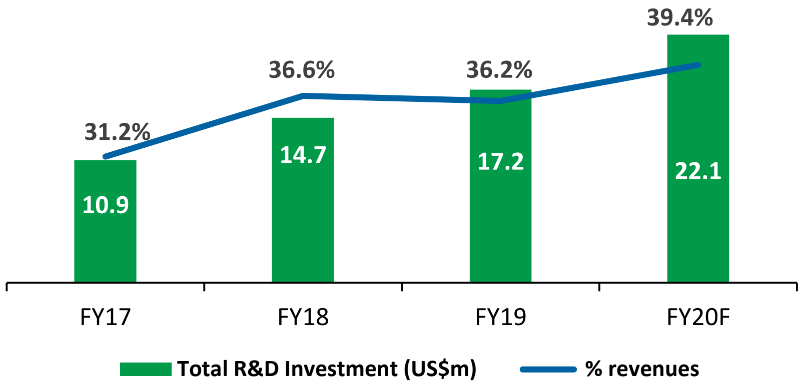
- Limeade sales cycle is approximately 12 months
- Large enterprise contracts typically awarded in the second half of the calendar year, for commencement in the proceeding year
- Customer churn can occur at any point throughout each calendar year
- Dedicated customer success team whose role is to maximise retention and customer satisfaction to reduce churn, coupled with thought leadership through research conducted at the Limeade Institute

Investing in R&D and S&M for future growth

Building on its success and strength in well-being, Limeade has invested resources to develop its comprehensive suite of solutions and expand its sales and marketing and R&D capabilities to support current and future growth

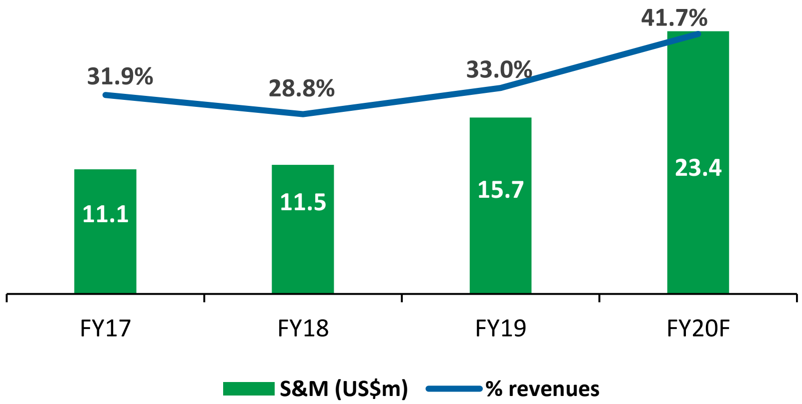
Research and Development (R&D)

- Over US$77 million invested in R&D since inception in 2006
- Total R&D investment of $17.2m in FY19 ($14.7m expensed, $2.5m capitalised)
- Driven by headcount expansion to further enhance integration capabilities and user interface (UI) of the Limeade platform



Sales and Marketing (S&M)

- +70 staff in sales & marketing functions across US, Germany and Canada
- Sales and Marketing expense grew 36% to $15.7m driven by headcount expansion and re-classification of 20% Limeade success team expense from cost of sales
- Increased capability to generate future sales & growth



Pro forma income statement

Summary of pro forma historical, prospectus forecast consolidated income statements

US$ millions	FY19A	FY18A	% Change v FY18A	Prospectus FY19F	% Change v FY19 Prospectus
Subscription revenue	45.5	38.8	17%	45.2	1%
Other revenue	2.0	1.3	54%	1.8	7%
Total revenue	**47.4**	**40.1**	**18%**	**47.0**	**1%**
Cost of sales	(11.1)	(10.6)	5%	(11.5)	4%
Gross profit	**36.4**	**29.5**	**23%**	**35.5**	**2%**
Sales and marketing	(15.7)	(11.5)	36%	(16.7)	-6%
Research and development	(14.7)	(13.5)	9%	(15.2)	-3%
General and administrative	(8.3)	(8.1)	3%	(8.6)	-3%
Operating expenses	**(38.7)**	**(33.1)**	**17%**	**(40.5)**	**-5%**
Operating income	**(2.3)**	**(3.6)**	**35%**	**(5.0)**	**54%**
Other income	0.3	0.1	98%	0.2	21%
EBITDA	**(2.1)**	**(3.5)**	**40%**	**(4.8)**	**57%**
Depreciation and amortisation	(1.4)	(1.2)	19%	(1.4)	3%
EBIT	**(3.5)**	**(4.7)**	**25%**	**(6.2)**	**43%**
Net interest expense	(0.0)	(0.0)	0%	(0.0)	0%
Profit/(loss) before tax	**(3.5)**	**(4.7)**	**26%**	**(6.2)**	**44%**
Income tax expense	(0.1)	-	0%	-	0%
Net profit/(loss) after tax	**(3.5)**	**(4.7)**	**26%**	**(6.2)**	**44%**

Commentary

- Revenue, EBITDA and net loss after tax ahead of prospectus targets
- Smaller EBITDA loss driven by timing effect of headcount expansion (258 actual v 281 prospectus forecast) and higher sales

Pro forma cash flow

Summary of pro forma historical and forecast cash flows

US$ millions	FY19A	FY18A	% Change v FY18A	Prospectus FY19F	% Change v FY19 Prospectus
EBITDA	**(2.1)**	**(3.5)**	**40%**	**(4.8)**	**57%**
Change in working capital	3.5	3.2	11%	5.3	-34%
Operating cash flow	**1.4**	**(0.3)**	593%	**0.5**	**180%**
Capitalised development costs	(2.5)	(1.1)	117%	(2.8)	-11%
Business combinations	-	(1.9)	-100%	-	-
Other capital expenditure	(0.6)	(0.4)	49%	(1.1)	-45%
Free cash flow	**(1.7)**	**(3.8)**	**56%**	**(3.4)**	**50%**

Commentary

- Positive operating cash flow of $1.4m reflected lower than forecast EBITDA loss, partially offset by a $1.8m change in working capital versus prospectus forecast
- Negative free cash flow of $1.7m versus $3.4m prospectus forecast resulted from lower capitalised development costs and other capital expenditure

Statutory consolidated balance sheet

Summary of statutory balance sheet at as 31 December 2019

US$ millions	31-Dec-19
Cash	32.0
Accounts receivable	7.0
Prepaid expenses	1.7
Rewards prepaid	2.6
Other	0.3
Total current assets	**43.6**
Fixed assets, net	0.9
Intangible assets & Other	10.7
Total non-current assets	**11.6**
Total assets	**55.1**
Accounts payable	3.7
Line of Credit	-
Accrued expenses	8.6
Deferred revenue	8.3
Rewards Liability	2.7
Other current liabilities	0.9
Leases payable (S/T)	1.3
Total current liabilities	**25.6**
Leases payable (L/T)	2.6
Total liabilities	**28.2**
Common stock	66.4
Preferred stock	-
Retained earnings	(39.5)
Total Equity	**26.9**

Commentary

- Conservative balance sheet
- $32.0m cash (no debt)
- Line of credit repayment in the amount of $2.8m from IPO proceeds

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Growth Strategies

To execute on its growth initiatives, Limeade remains committed to its four-point growth strategy

1	New customer acquisition and expansion into key markets	• Investing in sales and marketing to accelerate pipeline growth and new customer acquisition including in key markets across APAC and Europe • Ability to acquire new customers enhanced with potential release of new solutions • Leverage Limeade scalable solutions that are available in up to 14 different languages and 100 countries
2	Expansions and upsells with existing customers	• Increase number of solutions through upsells to existing customers • Expand solutions footprint to additional geographies and populations of existing customers
3	Expand platform offering	• Expand platform offering through investment in additional solutions, features and capabilities to expand into new adjacent market opportunities • Increasing the range of capabilities available on the Limeade platform will expand addressable market and support continued growth in the contracted revenue base
4	Accelerating growth through acquisitions	• Limeade remains open to pursuing strategic, technology aligned and culturally compatible acquisitions to accelerate its growth or obtain complementary technology solutions and skilled employees

Outlook

Forecasts

- Limeade reaffirms FY20 prospectus forecasts for revenue, EBITDA and NPAT

Limeade Mission

- Limeade continues to focus on elevating the employee experience for the largest companies in the world, leveraging its core data and science pertaining to well-being and employee engagement

Limeade Engage Conference

- Limeade Engage Conference is 30 March 2020 through 1 April 2020 in San Diego, California, USA. Current estimates indicate it will be the largest and best-attended company conference in the Company's history

Pro Forma FY20F

REVENUE
$56.1m

EBITDA
($10.7m)

NPAT
($12.4m)

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Thank you

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Pro forma key operating and financial metrics

Summary of pro forma key operating and financial metrics

	FY17	FY18	FY19	FY20F
Key operating metrics				
Net revenue retention	95.9%	98.2%	97.4%	98.8%
Average CARR per Direct Limeade Well-Being customer (US$000's)	487.0	525.7	638.8	634.3
Average CARR per customer (US$000's)	224.4	254.3	329.9	350.9
Customer success - headcount (period end)	32	30	39	48
Sales and marketing - headcount (period end)	45	55	71	81
Research and development - headcount (period end)	60	84	94	110
Total headcount (period end)	188	219	258	313

	FY17	FY18	FY19	FY20F
Key financial metrics				
Subscription revenue growth (% increase YoY)		15.1%	17.1%	19.7%
Gross profit growth (% increase YoY)		16.6%	23.1%	19.0%
Gross profit margin	72.6%	73.6%	76.6%	75.3%
Sales and marketing expense (as % of revenue)	31.9%	28.8%	33.0%	41.7%
Research and development expense ($ millions)	(10.1)	(13.5)	(14.7)	(18.6)
Capitalised development cost ($ millions)	(0.8)	(1.1)	(2.5)	(3.5)
Total research and development costs ($ millions)	(10.9)	(14.7)	(17.2)	(22.1)
Research and development expense (as % of revenue)	28.9%	33.7%	31.0%	33.2%
Total research and development costs (as % of revenue)	31.2%	36.6%	36.2%	39.5%