



ASX / MEDIA RELEASE

## March Quarterly Cash Flow Report and Business Update

### Highlights:

- FY20 financial guidance maintained <sup>1</sup>
- \$1.9 million in operating cash flows for the three months ended 31 March 2020
- 5 new contracts signed during the quarter, including one large enterprise customer within the financial services sector
- Strong cash position of \$32.4 million to fund strategic initiatives, and no debt (compared to \$34.2 million raised at IPO)
- Registrations up 258% for Limeade Engage customer and prospect virtual conference versus prior corresponding period (pcp)

SYDNEY, Australia and Bellevue, Washington. – 30 April 2020 – [Limeade](#) (ASX: LME, or the Company), an employee experience software company, today announces a business update and Appendix 4C quarterly cash flow report for the three months ended 31 March 2020.

Limeade CEO Henry Albrecht said “I am pleased with the first quarter financial performance of the Company. Against the backdrop of the COVID-19 pandemic, Limeade demonstrated financial and strategic discipline resulting in a strong operating cashflow result. We are in a strong financial position with over \$32 million in cash and no debt. This crisis accentuates the need for digital and cultural transformation in the world of work. Companies who show care with a commitment to well-being, engagement, inclusion and culture-building communications will emerge as the leaders of the future.”

During the quarter, the Company recorded cash receipts from customers of \$25.4 million. Net cash receipts from customers after adjusting for payments made in relation to the sale of third-party products and services was \$18.6 million. This significant improvement over Q4 2019 was driven by a 72.4% increase in net cash receipts from customers resulting from a 33.9% increase in customer receipts and a 16.7% decrease in third party payments.

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All amounts are expressed in US\$ unless otherwise stated

<sup>1</sup> Pro-forma and statutory revenue of US\$56.1m, EBITDA loss of US\$10.7m and Net loss after tax of US\$12.4m

Cash payments during the quarter were primarily directed towards staff costs (\$12.7 million), administration & corporate costs (\$2.9 million), along with advertising & marketing (\$0.8 million) and research & development (\$0.2 million). Staff costs increased 53.1% over Q4 2019, reflecting the payment of staff bonuses from the prior financial year. Net operating cash inflow for the quarter was \$1.9 million (Q4 2019: -\$2.2 million). During the quarter the Company made related party payments of \$28 thousand representing fees paid to non-executive directors for performance of their required duties as disclosed in the prospectus and annual report.

The Company's closing cash balance was \$32.4 million as at 31 March 2020.

During the quarter, Limeade signed an additional 5 new contracts (Q4 2019: 13), including a single enterprise customer who is a leading player in the financial services sector. Limeade is a seasonal business, with most deals typically closing in the second half of the calendar year, with services typically launching in the following year.

The COVID-19 pandemic has resulted in a substantial change to the workplace environment, and particularly the employee experience. More than ever, employees need to feel valued, informed and supported by their employer. Limeade has responded decisively to the COVID-19 pandemic.

As recently announced, Limeade is promoting over 160 activities designed specifically to navigate employees through crisis, including many new COVID-19-specific activities. Additionally, during the quarter, the Company has launched innovative tools such as the Limeade Care in Crisis Edition. This is a free subset of Limeade platform capabilities focused on helping large companies who are not yet Limeade customers stay in touch with and show care for all employees, including remote and deskless frontline workforces.

Numerous governments throughout the world have implemented 'shelter in place' directives, directly affecting millions of employees. As a result, traditional business functions at many organizations has been significantly impacted. Limeade predicts that the COVID-19 crisis will have significant and lasting effects on the employee experience software industry. The long-heralded **digital and cultural transformations** of work are projected to accelerate in the aftermath of COVID-19.

Despite the unprecedented impacts seen on most sectors globally, the Company has not experienced a material increase in customer terminations or non-renewals (i.e. churn) as a result of COVID-19. Limeade has experienced some delays in finalizing contracts with some new customers in advanced contract discussions during the latter part of the quarter; however, it is still early in the selling season to determine the potential impact to future sales and customer upsells and expansions. The Company is continually monitoring numerous short-term scenarios and has various plans in place to maintain financial stability and preserve capital, if required to do so.

Limeade is committed to a long-term growth strategy focused on providing solutions to large enterprise employers globally that contribute to a positive employee experience. The Company continues to evaluate market opportunities and remains open to pursuing strategic, technologically aligned and culturally compatible acquisitions to accelerate growth. Limeade maintains its 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.

The Company listed on ASX on 20 December 2019, raising \$68.4 million (A\$100 million) of which \$34.2 million was received by Limeade to fund the Company's stated objectives in the prospectus relating to delighting customers, selling Limeade solutions to new and existing customers globally and investing in the Limeade platform and solution innovation. The Limeade platform unifies employee well-being, engagement and inclusion solutions with robust communications capabilities.

Limeade has provided investors a snapshot on the use of funds as stated in the IPO prospectus during the quarter in the table shown in Appendix 1.

*This release dated 30 April 2020 has been authorised for lodgement to ASX by the Board of Directors 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](#).

To learn more about the response of Limeade to COVID-19 please visit:  
<https://www.limeade.com/en/care-in-crisis-actions-you-can-take/>

## 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](http://www.limeade.com).

Limeade, Inc. Australian Registered Business Number 637 017 602, a public limited company registered under the Washington Business Corporation Act (UBI Number: 602 588 317).

## 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.

## Appendix 1 – Use of Funds<sup>1</sup>

Use of Funds	Prospectus <sup>2</sup>	1Q 2020 <sup>3</sup>	Cumulative Expenditure	Comment
Sales & Marketing	\$14.4m	\$2.0m	\$2.0m	Slightly under plan as we moved our largest annual marketing event from in-person to virtual environment. Additionally, lower travel expenses related to working from home restrictions
Research & Development	\$7.5m	\$0.5m	\$0.5m	On track according to plan but slightly behind in hiring
General & Administrative	\$5.4m	\$0.7m	\$0.7m	On track according to plan but slightly behind in hiring
Repayment of existing credit facility	\$2.8m	N/A	\$2.8m	Paid in Q4 2019
Offer Costs	\$4.0m	\$0.8m	\$3.9m	Majority of fees paid in Q4 2019
<b>Total Uses</b>	<b>\$34.1m</b>	<b>\$4.1m</b>	<b>\$9.9m</b>	

<sup>1</sup> All amounts are expressed in US\$; <sup>2</sup> A copy of the Limeade prospectus is available at: <https://www.asx.com.au/asxpdf/20191220/pdf/44crz46wm71wlh.pdf>. <sup>3</sup> The expenditure relating to S&M, R&D and G&A represents the additional expenditure into these functions resulting from the funds raised at IPO compared to the pcg.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Limeade, Inc.

**ABN**

637 017 602

**Quarter ended ("current quarter")**

31 March 2020

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	25,444	25,444
1.2 Payments for		
research and development	(158)	(158)
product manufacturing and operating costs	(106)	(106)
advertising and marketing	(803)	(803)
leased assets	(48)	(48)
staff costs	(12,655)	(12,655)
administration and corporate costs	(2,891)	(2,891)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	—	—
1.5 Interest and other costs of finance paid	(10)	(10)
1.6 Income taxes paid	—	—
1.7 Government grants and tax incentives	—	—
1.8 Other - third-party payments	(6,861)	(6,861)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,913</b>	<b>1,913</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
entities	—	—
businesses	—	—
property, plant and equipment	(73)	(73)
investments	—	—
intellectual property	—	—
other non-current assets	—	—

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
2.2	Proceeds from disposal of:		
	entities	—	—
	businesses	—	—
	property, plant and equipment	—	—
	investments	—	—
	intellectual property	—	—
	other non-current assets	—	—
2.3	Cash flows from loans to other entities	—	—
2.4	Dividends received (see note 3)	—	—
2.5	Other (provide details if material)	—	—
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(73)</b>	<b>(73)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	—	—
3.2	Proceeds from issue of convertible debt securities	—	—
3.3	Proceeds from exercise of options	6	6
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(829)	(829)
3.5	Proceeds from borrowings	—	—
3.6	Repayment of borrowings	—	—
3.7	Transaction costs related to loans and borrowings	—	—
3.8	Dividends paid	—	—
3.9	Other (provide details if material)	(571)	(571)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(1,394)</b>	<b>(1,394)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	31,962	31,962
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,913	1,913
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(73)	(73)

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,394)	(1,394)
4.5	Effect of movement in exchange rates on cash held	(3)	(3)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>32,405</b>	<b>32,405</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	32,405	31,962
5.2	Call deposits	—	—
5.3	Bank overdrafts	—	—
5.4	Other (provide details)	—	—
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>32,405</b>	<b>31,962</b>

**6. Payments to related parties of the entity and their  
associates**

- 6.1 Aggregate amount of payments to related parties and their  
associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their  
associates included in item 2

Current quarter \$US'000
(28)
—

Item 6.1 includes cash compensation paid to Board Directors & Chair

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments



## Quarterly cash flow report for entities subject to Listing Rule 4.7B

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

		<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
7.1	Loan facilities	15,000	—
7.2	Credit standby arrangements	—	—
7.3	Other (please specify)	—	—
7.4	<b>Total financing facilities</b>	<b>15,000</b>	<b>—</b>

7.5	<b>Unused financing facilities available at quarter end</b>	15,000
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- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Limeade has a credit facility with Comerica Bank of \$15M with an interest rate of LIBOR plus 3% per annum.

<b>8. Estimated cash available for future operating activities</b>	<b>\$US'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	1,913
8.2 Cash and cash equivalents at quarter end (Item 4.6)	32,405
8.3 Unused finance facilities available at quarter end (Item 7.5)	15,000
8.4 Total available funding (Item 8.2 + Item 8.3)	47,405
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	N/A

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: .....30 April 2020.....

Authorised by: Mr Toby Davis, Chief Financial Officer.....

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.