



ASX / MEDIA RELEASE

Limeade Reports FY21 Results and Achieves CARR Growth for the Year

Highlights¹:

- FY21 CARR² of \$56.8 million, up 3% on prior corresponding period (pcp)
- FY21 revenue of \$55.2 million, down 2%; statutory EBITDA loss of \$7.9 million; statutory net loss after tax of \$10.0 million
- Total customer count of 832, representing 91 Well-Being and EX enterprise and 741 Limeade Advanced Listening (TINYpulse) mid-market/SME customers
- Cash position of \$13.9 million as at 31 December 2021 and no drawn debt
- FY22 Guidance:
 - Proforma revenue: \$55-58 million
 - Proforma adjusted EBITDA loss: \$6-8 million
 - Proforma net loss after tax: \$8-11 million

SYDNEY, Australia and Bellevue, Washington. – 25 February 2022 – [Limeade](#) (ASX: LME, or the Company), an immersive employee well-being company that creates healthy employee experiences, today announces the Appendix 4E full year financial results for the twelve months ended 31 December 2021 (FY21).

Limeade CEO Henry Albrecht said, "In FY21, Limeade delivered innovation and CARR growth in the face of ongoing market headwinds in our core North American well-being platform market. During the year, we successfully acquired and integrated TINYpulse, which has delivered strong customer and CARR growth in the second half, well ahead of our expectations at the time the transaction was completed in July."

Mr Albrecht continued: "We enter the year in a solid position, with a strong portfolio of solutions for Well-Being, EX and Advanced Listening and momentum in our enterprise markets. Our investments in our purpose-driven people, strategy and innovation in challenging times are starting to pay off."

CARR & NRR

Total FY21 CARR of \$56.8 million was up 3% on FY20. The constituents of Limeade CARR and contribution to the FY21 CARR result are as follows:

¹ All amounts are expressed in US\$ unless otherwise stated.

² CARR – Contracted Annual Recurring Revenue

- Well-Being CARR of \$45 million, down 12% on the pcp
- Advanced Listening CARR of \$7.3 million, up 8% on the pcp on a proforma basis
- EX CARR of \$4.5 million, up 16% on the pcp

The primary drivers of CARR changes during the year were the acquisition of TINYpulse, large enterprise Limeade Well-Being sales, the non-renewal or loss of several key customer contracts including American Airlines, a misaligned indirect mid-market channel and a new contract win rate reflective of the challenging economic climate.

Overall year to date Net Revenue Retention (NRR)³ was 79% as at 31 December 2021. Limeade Well-Being NRR was 78%, down 12% from FY20, EX NRR was 98% up 33% from pcp & Limeade Advanced Listening NRR was 93% up 6% from pcp.

Revenue

Limeade total revenue for FY21 declined 2% to \$55.2 million. The decrease is due primarily to lower FY20 CARR vs FY19 leading to lower revenue growth for the FY21 period. Limeade recorded FY21 subscription revenue of \$52.2 million, or 94% of total revenue, representing a decline of 5% versus the pcp. Other revenue grew to \$3.0 million, related to third party transactions for gift cards and biometric screenings.

Gross Profit Margins, Operating Expenses, and Cash Flows

Gross profit margins declined by 3% from the pcp to 75%. The decrease in gross margin was driven by decreased revenues and increased resources needed to implement customer upgrades to Limeade ONE, the technology platform that powers Limeade Well-Being and Limeade EX. Limeade expects gross margins to improve once all upgrades are completed at the end of FY22.

Total operating expenses were \$49.3 million, up 15% on the pcp. The increase in operating expenses compared to pcp was driven by the increase in the average headcount from 271 in FY20 to 312 in FY21, largely originating from the TINYpulse acquisition.

Sales and Marketing expenses were down 5% versus the pcp to US\$17.0 million, which represents 31% of revenue, down from 32% in the pcp. The decrease is due to a reduction in travel and conference expenditures as the Company moved to fully virtual platforms wherever possible.

Research and Development (R&D) expenses of \$20.3 million, were up 21% on the pcp. The increase reflects the addition of the TINYpulse team in the US and Vietnam. During the year, Limeade capitalised \$3.7 million in development costs (FY20: \$3.0 million).

³ 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.

The Company recorded a statutory FY21 EBITDA loss of \$7.9 million versus positive EBITDA of \$1.2 million in the pcp. The decline in EBITDA was attributable to the increase in operating expenditures and a small decline in reported revenues for the period.

The statutory net loss after tax was \$10.0 million, within Company guidance issued.

Limeade recorded negative operating cash flows of \$5.2 million in FY21 and a negative total change in the Company's net cash position of \$17.6 million. The difference includes investments in the TINYpulse acquisition of \$9.1 million, capitalised software of \$3.7 million, purchases of property & equipment of \$0.2 million and cash from stock option exercises of \$0.6 million.

Limeade closed the financial year with \$13.9 million cash at bank and no debt.

Mid-Market Segment Gathers Pace

During the year, the Company launched Limeade Well-Being, Limeade EX and Limeade Advanced Listening (TINYpulse) solutions to the mid-market segment. Although most "mid-market" companies are between 500 to 5,000 employees, Limeade defines enterprise as customers with over \$100,000 of CARR and mid-market as under \$100,000.

The Company ended FY21 with 832 customers, of which 91 were Enterprise customers and 741 mid-market customers, the majority relating to the acquisition of TINYpulse during the year. The Company added 13 enterprise customers and 88 mid-market customers. The top 20 Limeade customers on average have 20 months remaining on their contracts as at 31 December 2021.

Outlook

Limeade is focused on returning its core business in North American Well-Being to growth, creating healthy channel partnerships, accelerating the growth of its EX and Advanced Listening businesses, investing in its pioneering technology platform to reduce customer churn and further the Company's purpose.

Limeade is pleased to provide guidance for FY22 as follows:

- Proforma revenue of US\$55-58million (note proforma revenue includes the adjustment to TINYpulse deferred revenue which was required as part of the purchase accounting under US GAAP)
- Proforma adjusted EBITDA loss of US\$6-8 million (proforma adjusted EBITDA loss includes the deferred revenue adjustment above and excludes stock-based compensation expense)
- Proforma net loss after tax of US\$8-11 million (proforma net loss after tax includes deferred revenue adjustment)

Investor Call

Mr Henry Albrecht, CEO and Mr Todd Spartz, CFO will host the conference call commencing at 9.00am Australian Eastern Daylight Time (AEDT) today (2.00pm PT on Thursday, 24 February), followed by a question and answer session.

Details of the webcast and conference call are set out below.

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

<https://s1.c-conf.com/diamondpass/10018599-3mal56.html>

An audio dial-in facility has been established for the purposes of the meeting, as set out below. Due to high demand for operator moderated calls, investors are advised to register for the conference in advance by using the Diamond Pass link above to avoid delays in joining the call directly through the operator. Alternatively, investor can elect to dial-in (noting the delays above) on the morning of the meeting. Please allow up to 5-10 minutes for this process.

Conference ID: **10018599**

Participant Dial-in Numbers:

Australia Toll Free: 1800 908299

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:

<https://ccmediaframe.com/?id=pt4oyZFf>

This release dated 25 February 2022 has been authorised for lodgement to ASX by the Board of Directors of Limeade and lodged by Mr Danny Davies, the Limeade ASX Representative.

– ENDS –

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About Limeade

Limeade is an immersive employee well-being company that creates healthy employee experiences. Limeade Institute science guides its industry-leading software and its own award-winning culture. Today, millions of users in over 100 countries use Limeade solutions to navigate the future of work. By putting well-being at the heart of the employee experience, Limeade reduces burnout and turnover while increasing well-being and engagement — ultimately elevating business performance. To learn more, visit www.limeade.com (ASX listing: LME).

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

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