



ASX / MEDIA RELEASE

## Quarterly Activities Report and Appendix 4C

### Highlights<sup>1</sup>:

- Overall year-to-date Net Revenue Retention (NRR)<sup>2</sup> of 100%
- 60 new contracts signed during the quarter, generating \$0.7 million in new CARR<sup>3</sup>
- Q1 2022 net cash receipts of \$16.1 million, operating cash outflows of \$3.6 million
- Cash position of \$8.7 million as at 31 March 2022 and no drawn debt
- Q1 2022 sales pipeline of \$50.1 million, including \$16.3 million in finalist & verbal stages
- Limeade Engage Conference attracts >2,000 registrations and 113 new enterprise leads
- FY22 financial guidance maintained: proforma revenue of \$55-58 million, proforma adjusted EBITDA loss of \$6-8 million proforma net loss after tax of \$8-11 million

**SYDNEY, Australia and Bellevue, Washington. – 22 April 2022** – [Limeade](#) (ASX: LME, or the Company), an immersive employee well-being company that creates healthy employee experiences, today announces the quarterly activities report and Appendix 4C quarterly cash flow report for the three months ended 31 March 2022 (Q1 2022).

Limeade CEO Henry Albrecht commented “The 2022 market landscape looks very different from the last two years – in a positive way. Our late-stage sales pipeline for large enterprise Limeade Well-Being contracts is strong, we are delivering valuable innovations to our customers and we expect both a return to growth in our core well-being business and continued growth in our EX and Advanced Listening businesses. These positive factors, coupled with operational discipline, keep us on our path to cash-flow breakeven by year-end 2023.”

During the quarter, the Company recorded cash receipts from customers of \$19.1 million, down 19% versus the prior corresponding period (pcp), reflecting a delay in collecting two large customer invoices and lower indirect channel billings and collections.

Net cash receipts from customers after adjusting for payments made in relation to the sale of third-party products and services was \$16.1 million, down 6% versus the pcp. Third party

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<sup>1</sup> All amounts are expressed in US\$ unless otherwise stated.

<sup>2</sup> 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.

<sup>3</sup> CARR is Contracted Annual Recurring Revenue

payments of \$3.1 million were down 52% versus the pcq and sequentially down 39% when compared to Q4 2021.

Cash payments during the quarter were directed towards the following costs: staff (\$12.1 million), administration & corporate (\$4.1 million), operating (\$0.98 million), marketing (\$0.68 million) and research & development (\$1.8 million).

The 15% increase in quarterly staff costs versus the pcq reflects the additional headcount from the TINYpulse acquisition. The increase in R&D of 127% versus the pcq reflects the acquisition of the TINYpulse R&D center of excellence in Vietnam and additional contract development investments during the quarter.

The Company recorded operating cash outflows of \$3.6 million for the quarter, versus \$0.6 million in positive operating cash flows in Q1 2021. There was a timing effect that impacted collections with \$2.3million invoiced but not collected from two enterprise customers. Investing cash flows for the quarter were \$1.7 million, an increase of 116% over the pcq reflecting Limeade capitalized software development costs incurred for the consolidated company (i.e. including TINYpulse).

The Company made related third-party payments of \$89 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 cash balance as at 31 December 2021 was \$8.7 million a decrease of 37% on Q4 2021 (\$13.9 million), with the Company remaining debt-free. In addition, the Company maintains a \$15 million undrawn debt facility with Comerica Bank. The cash balance at the end of the quarter was per plan and while the Company anticipates some lumpy cash flows through the end of the year, it has no plans to access the credit facility and further, remains focused on achieving Q4 2023 breakeven cash-flow as noted above.

Cash and recurring subscription revenue from the existing customer base remains strong with the top 20 enterprise customers on average having 17 months remaining on their contracts (down from 20 months at Q4 2021).

Overall year-to-date Net Revenue Retention (NRR)<sup>4</sup> was 100% as at 31 March 2022.

During Q1 2022 Limeade signed 60 new customer agreements for \$0.7 million of CARR. The majority of these were Limeade Advanced Listening solutions sold to mid-market customers. As a reminder, Limeade Well-Being is a seasonal business, with the majority of deals historically closing in the second half of the year.

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<sup>4</sup> 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.

During the quarter, Limeade strengthened its leadership team across multiple business functions, with the appointments of Dr. Patti Fletcher as Chief Marketing Officer (CMO), Maria Rowcliffe as VP Chief of Staff and Andrew Jacobus as VP of Limeade Institute.

The Company's sales pipeline at Q1 2022 was \$50.1 million, including \$16.3 million in finalist & verbal stages, compared to the pcq (Q1 2021) sales pipeline of \$56.0 million with \$11.2 million in finalist & verbal stages. On a sequential basis compared to Q4 2021, the sales pipeline was up 6% due to pipeline progression: finalist and verbal stages increased 11%.

Limeade is pleased to re-confirm guidance for FY22 as follows:

- Proforma revenue of \$55-58 million<sup>5</sup>
- Proforma adjusted EBITDA loss of \$6-8 million<sup>6</sup>
- Proforma net loss after tax of \$8-11 million<sup>7</sup>

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.

## Investor Call

Mr Henry Albrecht, CEO and Mr Todd Spartz, CFO will host the conference call commencing today at 9.00am Australian Eastern Standard Time (AEST) (4.00pm PDT on Thursday, 21 April), followed by a question and answer session.

Details of the 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/10021264-amdfs33.html>

An audio dial-in facility has been established for the purposes of the meeting, as set out below. 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: **10021264**

Participant Dial-in Numbers:

Australia Toll Free: 1800 908299

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<sup>5</sup> Proforma revenue includes the adjustment to TINYpulse deferred revenue which was required as part of the purchase accounting under US GAAP

<sup>6</sup> Proforma adjusted EBITDA loss includes the deferred revenue adjustment above and excludes stock-based compensation expense

<sup>7</sup> Proforma net loss after tax includes deferred revenue adjustment

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*This release dated 22 April 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](http://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

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>	Q1 2022 <sup>3</sup>	Cumulative Expenditure	Comment
Sales & Marketing	\$14.4m	\$0.7m	\$0.9m	Under plan due to a reduction in COVID-19 related travel expenses and transition to fully virtual Limeade marketing & customer events
Research & Development	\$7.5m	\$1.0m	\$4.2m	Under plan due to delay in hiring
General & Administrative	\$5.4m	\$0.6	\$4.3m	Under plan due to delay in hiring and lower travel expenditure
Repayment of existing credit facility	\$2.8m	N/A	\$2.8m	Paid in Q4 2019
Offer Costs	\$4.0m	N/A	\$3.9m	Majority of fees paid in Q4 2019 & balance in Q1 2020
<b>Total Uses</b>	<b>\$34.1m</b>	<b>\$2.3m</b>	<b>\$16.0m</b>	

Any discrepancies between totals and sums of components in tables are due to rounding

<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 pcpl\