



ASX / MEDIA RELEASE

Chair Address to Annual Meeting of Stockholders

SYDNEY, Australia and Bellevue, Washington. – 15 June 2023– [Limeade](#) (ASX: LME, or the Company), an immersive employee well-being company that creates healthy employee experiences, today provides the Chair Address to today's Annual Meeting of Stockholders to be held as a fully virtual meeting today at 10.00 am, Australian Eastern Standard Time (Wednesday, 14 June 2023, at 5.00 pm Pacific Daylight Time).

Chair Address

Good afternoon for our US Investors and good morning for our Australian Investors. My name is Elizabeth Bastoni, and it is my honor to hold the role of Chair for Limeade. It is my pleasure to welcome all of you to our Annual General Meeting. Today, we are holding our AGM as a fully virtual, online event for shareholders. Those of you online can participate through our virtual meeting platform provided by our share registrar, Link Market Services.

Before I proceed with the business of the Meeting, I would like to introduce my fellow Directors:

- Henry Albrecht, our Chief Executive Officer,
- Mr Deven Billimoria
- Mr Steve Hamerslag
- Ms Mia Mends,
- Ms Lisa Nelson, and

Ms Lisa MacCallum, who will be retiring as a Non-Executive Director of the Company at the conclusion of today's meeting.

Also attending today is Limeade VP of Finance, Paul Crick and General Counsel and Company Secretary, Sarah Visbeek, along with LiseMarie Kurda from the Company's Auditor, Deloitte.

The 2022 Annual Report has previously been lodged with the SEC and ASX. General questions or comments about the Reports or any questions for the Auditor on the audit or the Auditor's report can be asked via the virtual platform. Any questions asked during the meeting will be addressed at the end of the Meeting.

On behalf of the Board, it is my pleasure to address you, the security holders of Limeade, at our Annual Meeting of Shareholders, our fourth as a publicly listed Company on the ASX. It is now 5:00pm in Seattle, Washington on 14 June 2023 and correspondingly 10.00am in Sydney, Australia

on 15 June 2023. I have been advised that a quorum is present for the matters to be considered at this meeting. I therefore declare this AGM open and welcome each of you to the virtual platform.

The agenda for the Meeting today will be as follows:

I will start by providing a brief overview of Limeade, our key highlights from 2022 and governance initiatives, and the recently announced corporate transaction with WebMD Health Services. Our CEO, Henry Albrecht, will then give a short presentation of the Limeade operating and financial performance for the 2022 year and our financial outlook for the 2023 financial year. I will then outline the Meeting procedures and continue to the formal item of business.

I want to start by highlighting our mission at Limeade, which is to transform work into a source of positivity, energy, humanity, and purpose. We are a leader in our markets with world-class employee Well-Being and Listening solutions and 17 years of experience. In this regard, we are a pioneer of holistic, workplace well-being.

I remind investors that all numbers presented today are expressed in US dollar terms, unless otherwise stated.

The financial year that ended 31 December 2022 (FY22) highlighted the resilience of Limeade and the Company's focus during a challenging year. Pleasingly, despite these challenges, we met our FY22 guidance, with revenue of \$56 million, an adjusted EBITDA loss of \$7.7 million and a net loss after tax of \$13.2 million recorded.

Our total FY22 contracted annual recurring revenue (or CARR) of \$59.5 million was up 5% on the prior year with Limeade Well-Being CARR of \$52.2 million, up 5% on the prior year and Limeade Listening CARR of \$7.3 million, down 1% on the prior year.

The primary drivers of CARR changes during the year were increased customer retention and large new enterprise sales of the Limeade Well-Being platform, including those announced in FY22 with UPMC Health Plan, Marsh McLennan and Tyson Foods. We are deeply engaged with these large new customers, building long term relationships.

In August 2022, the Company filed its Form 10 with the Securities and Exchange Commission (SEC), which became effective in October 2022 and as such Limeade became a U.S. public reporting company; however, our securities are not traded on any U.S. stock exchange. In addition, during the year, Limeade applied for and received waivers from the ASX Listing Rules relating to the release of quarterly, half year and full year financial reporting. This allows Limeade to comply with all ASX and SEC required financial and non-financial reporting to the market in an efficient and effective manner.

In November 2022, the ASX Removed Limeade from the Schedule 1 Foreign Ownership Restriction (FOR) Financial Products list. In essence, this designation, which we held since IPO on the ASX, prohibited the sale or transfer to U.S. persons of the Company's Chess Depository Interests. Limeade is now open to a much broader investor universe in the United States.

As of 31 December 2022, we had 323 employees, of whom 320 were full-time employees. We also employ a small number of contract employees and third-party contractors. We have continued to focus on diversity in all aspects of our company as part of our ongoing commitment to diversity, equity and inclusion. Rare in the technology sector, 50% of the Limeade workforce identify as women. Our dedicated and diverse employees are the foundation of our success and we possess a highly intentional culture that provides opportunities for professional and personal growth.

During the year, we were pleased to make a number of important executive appointments to the Company, including Dave Smith as President and Chief Operating Officer, Alan Saporta as Chief Technology Officer, Kathy Xanthos as Chief Information Security Officer and Sarah Visbeek who is on today's call as General Counsel in addition to retaining her role as Corporate Secretary. Finally, Limeade CFO, Todd Spartz resigned as Chief Financial Officer of the Company and Paul Crick was appointed as VP Finance, taking on those responsibilities formerly with Todd Spartz.

Shortly after the close of the financial year, we announced a company-wide restructure to lower our worldwide headcount by approximately 15% through restructuring of our R&D, Product, Customer Operations, Customer Success, Marketing and Sales teams. At the time of announcement, we expected one-time costs of approximately \$1.3 million and annualized savings of approximately \$7.0 million. This was a difficult and necessary step on our path to profitability. Leadership decided, with the Board's full support, to focus resources on the most strategic and impactful customer initiatives that deliver healthy employee experiences and increase our operational efficiency to improve future financial performance while carefully managing our cash on the balance sheet.

On 28 April, we informed our shareholders that Lisa MacCallum had decided not to seek reelection at today's meeting. Ms. MacCallum has been an integral part of our board, joining at the time of our IPO. She has contributed significantly to Limeade during her tenure, specifically in supporting the work to redefine our mission and providing strategic insights. Ms. MacCallum's dedication, expertise and guidance have been invaluable to the board, to the company, and to me personally. I speak for the board and the company in expressing our deepest gratitude to Lisa MacCallum for her outstanding service and contributions. Her leadership and commitment have helped shape the company's direction and strategic vision and we are grateful. Thank you, Lisa.

I will now make a few comments on the proposed acquisition of Limeade by WebMD Healthcare Services announced to the market on 9 June 2023.

Limeade has entered into a definitive merger agreement pursuant to which WebMD will acquire Limeade. Under the terms of the merger agreement, which was unanimously approved by the Limeade board of directors, WebMD will acquire all outstanding shares of Limeade common stock, including shares underlying Limeade outstanding CDIs for cash consideration of 0.425A\$ per share and CDI subject to shareholder approval. The offer price represents a 325% premium to the last traded price of Limeade securities on ASX prior to the announcement of the transaction on 9 June and a 217% premium to the 30-day volume-weighted average price (or VWAP) to 7 June 2023.

Offer price implies a fully diluted market capitalisation for Limeade of approximately 111.5 million Australian dollars and an enterprise value of approximately 112 million Australian dollars.

In addition, Binding Voting and Support Agreements have been signed with major shareholders Henry Albrecht, TVC Capital Partners II LP, Oak HC/FT Partners LP and others representing approximately 42% of the issued capital of Limeade.

Australian investors should note that the Merger is governed by Washington State Law (not Australian Corporations Act) and is subject to approval by holders of a majority of Limeade shares/CDIs and other conditions stipulated in the Merger Agreement.

Limeade shareholders do not need to take any action at this time. As indicated in the ASX release, Limeade intends to call and hold a special meeting of shareholders for the purpose of voting on the Transaction and other matters related to the Transaction. For the purposes of soliciting proxies for the special meeting of shareholders, Limeade is preparing a Proxy Statement, including additional details about the merger agreement, the background and reasons for the Directors' recommendation, information regarding interests of directors and executive officers in the Transaction, and details of the shareholders meeting.

We will provide information about the background of the transaction, including the history of our negotiations with WebMD and how we arrived at the price, in our Proxy Statement, which we expect to file with the SEC in the next few weeks. The Proxy Statement is subject to review by the U.S. Securities Exchange Commission.

The shareholder meeting is anticipated to occur in mid to late August 2023, with the transaction to close shortly thereafter.

On behalf of my fellow Directors, we can assure you of our commitment to maximize value for all shareholders.

It is my pleasure to now hand over the Meeting to the Chief Executive Officer, Henry Albrecht, who will present a brief overview of Limeade in 2022, along with an update on the Company's strategy and our outlook for the remainder of the 2023 financial year.

Elizabeth Bastoni
Chair, Limeade

This release dated 15 June 2023 has been authorised for lodgement to ASX by the Board of Directors 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

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.



ASX: LME

Annual Meeting of Shareholders

June 14, 2023 (PDT)

June 15, 2023 (AEST)





Elizabeth Bastoni

Board Chair

Welcome & Introductions
Address to Shareholders



Henry Albrecht

CEO

Presentation to Shareholders

Notice & Disclaimers

This document dated 14 June 2023 has been prepared by Limeade, Inc. (ARBN 637 017 602) (Company) and is provided for information purposes only. It contains summary information about the Company and its activities and is current as at the date of this document. It should be read in conjunction with the Company's periodic and continuous disclosure announcements filed with the Australian Securities Exchange, available at www.asx.com.au.

This document does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any security in the Company nor does it constitute financial product advice. This document is not a prospectus, product disclosure statement or other offer document under Australian law or under any other law. This document has not been filed, registered or approved by regulatory authorities in any jurisdiction.

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Certain statements in this document constitute forward looking statements and comments about future events, including the Company's expectations about the performance of its business. Such forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Given these uncertainties, recipients are cautioned to not place undue reliance on any forward-looking statement. Subject to any continuing obligations under applicable law the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in this document to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

Investors should note that this document may contain unaudited financial information for the Company that has been prepared by the Company's management. The Company's results are reported under US-GAAP. Investors should be aware that certain financial data included in this presentation including CARR, NRR, LTV and CAC is "non-IFRS information" under Regulatory Guide 230 (Disclosing non-IFRS financial information) published by ASIC or "non-GAAP financial measures" within the meaning of Regulation G of the US Securities exchange Act of 1934. Note that the Company is not required to comply with Regulation G, and it does not provide a reconciliation and other disclosures about its non-IFRS information or non-GAAP financial measures that would be required by Regulation G. All values are stated in US dollars unless otherwise stated.

FY22 financial highlights

\$56.0M ▲
 Revenue
 up 1% from FY21

69% ▼
 Gross Margin
 down 4% from FY21

(\$7.7M) ▼
 Adjusted EBITDA¹
 down \$2.1M from FY21

\$59.5M ▲
 CARR²
 up 5% from FY21

86% ▲
 NRR³
 up 7% from FY21

187 ▲
 New Customers
 13 new Well-Being customers
 174 new Listening customers

1,060 ▲
 Total Customers⁴
 100 Well-Being customers
 960 Listening customers

\$524K ▲
 Well-Being Average CARR⁵

\$10K
 Listening Average CARR⁵

NOTE 1: Adjusted earnings before interest, taxes, and depreciation (EBITDA) excludes one-time expenses and non-cash stock comp expense. See Slide 9 for reconciliation and more details. Adj EBITDA is an unaudited value.

NOTE 2: Contracted Annual Recurring Revenue. CARR is an unaudited value.

NOTE 3: Net revenue retention, 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. NRR is an unaudited value.

NOTE 4: Total Customers refers to the number of unique logo customers

NOTE 5: Average CARR is calculated by total CARR divided by number of Customers (see note 3)

Income Statement (GAAP)

US\$ in millions	FY2022	FY2021	\$ Change	% Change
Subscription Revenue	\$ 54.0	\$ 52.2	\$ 1.8	3%
Other Revenue	2.0	3.0	(1.0)	-33%
Revenue	56.0	55.2	0.8	1%
Cost of revenue	17.2	15.0	2.2	15%
Gross profit	38.8	40.2	(1.4)	-3%
<i>Gross profit %</i>	69%	73%		-4%
Sales and marketing	16.9	17.7	(0.8)	-5%
Research and development	22.1	20.4	1.7	8%
General and administrative	14.0	11.9	2.1	18%
Total operating expenses	53.0	50.0	3.0	6%
Net operating income (loss)	(14.2)	(9.8)	(4.4)	45%
Other income (expense)	1.0	(0.2)	1.2	NM
Net loss after tax	\$ (13.2)	\$ (10.0)	\$ (3.2)	32%
EBITDA	(10.2)	(8.0)	(2.2)	28%
Stock-based compensation	2.4	1.9	0.5	26%
Earnout write-off	(0.9)	-	(0.9)	NM
One-time expense	1.2	0.5	0.7	140%
Other income (expense)	(0.1)	0.1	(0.2)	NM
Adjusted EBITDA	(7.7)	(5.5)	(2.1)	38%

NM = not meaningful

Commentary

- 1% revenue increase due to FY21 CARR, partially offset by lower revenue from third-party biometric events and coaching services
- Decrease in Gross Margin driven by headcount increases and hosting costs
- Decrease in Sales & Marketing primarily driven by decreases in headcount
- Increase in Research & Development spend primarily related to the headcount to support investments in product and technology to drive scale and value in FY23 and beyond
- Increases in General & Administrative largely driven by increased legal and accounting fees incurred to support SEC filing activities. These expenses represent \$1.1M of the one-time expense adjustment from EBITDA to Adj EBITDA in FY22

FY22 results within guidance

\$55-58M Revenue

(\$6-8M) Adjusted EBITDA¹

(\$11-14M) Net Profit After Tax

Commentary

- FY22 Revenue of \$56.0M was achieved through focused efforts to retain and attract customers who value creating healthy employee experiences
- FY22 Adjusted EBITDA of (\$7.7M) represents investments into Well-Being and Listening solutions and financial compliance, marked by successful SEC registration in 2H FY22
- FY22 Net Loss After Tax of \$13.2M reflects SEC registration expenses, increased stock-based compensation and capitalization of software development costs

NOTE 1: Adjusted EBITDA excludes one-time expenses and non-cash stock comp expense.

FY23 guidance reaffirmed

\$57-59M Revenue ▲

\$0.5-2.5M Adjusted EBITDA¹ ▲

(\$5-7M) Net Profit After Tax ▲

Commentary

- FY23 Revenue benefits from strong Q4 FY22 new sales growth in Well-Being, coupled with investments in innovation and customer service for Well-Being customers
- FY23 Adjusted EBITDA reflects the impact of a strategic restructuring plan announced Jan FY23 that decreases OPEX by \$7.0M. The Company has implemented additional cost saving measures and is committed to careful cost management towards its Adjusted EBITDA target
- FY23 Net Loss After Tax improvements from focus on operational efficiencies and decreased expenditures
- Management believes the investments made in FY22 and the strategic restructuring actions taken in early FY23 have laid the groundwork for the company to be cashflow positive in the second half of FY23
- Gross Margin is expected to return to historical percentage levels – in the low-to-mid-70s

NOTE 1: Adjusted EBITDA excludes one-time expenses and non-cash stock comp expense.