



ASX / MEDIA RELEASE

## Quarterly Activities Report and Appendix 4C

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

- Limeade Engage fully virtual conference held, with registrations up 275% versus 2020 and new customer prospects up 268%
- Cash position \$31.3 million (no debt) as at 31 March 2021
- Q1 2021 positive operating cash inflows of \$0.6 million, down 69% versus the prior corresponding period (pcp) due to lower FY20 contract signings during COVID-19
- Recruitment for open CFO position well-advanced
- 3 new enterprise contracts signed during the quarter, including a significant US retailer
- FY21 finance guidance maintained<sup>2</sup>

SYDNEY, Australia and Bellevue, Washington. – 23 April 2021 – [Limeade](#) (ASX: LME, or the Company), an employee experience (EX) software company, today announces a quarterly activities report and Appendix 4C quarterly cash flow report for the three months ended 31 March 2021.

Limeade CEO Henry Albrecht commented "We continue to invest in the Limeade ONE platform, to ensure strong momentum as the global economy recovers following the COVID-19 pandemic. The success of Limeade Engage indicates pent up demand for 'future of work' EX solutions, and specifically excitement around Limeade and our proven well-being approach."

During the quarter, the Company recorded cash receipts from customers of \$23.6 million. Net cash receipts from customers after adjusting for payments made in relation to the sale of third-party products and services was \$17.1 million, down 8% versus the pcp. Third party payments of \$6.4 million were down 6% versus Q1 2020 but increased 177% when compared to Q4 2020.

Cash payments during the quarter were primarily directed towards the following costs: staff (\$10.6 million), administration & corporate (\$3.5 million), operating (\$0.8 million), marketing (\$0.9 million) and research & development (\$0.8 million). Staff costs decreased 17% versus the pcp,

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

<sup>2</sup> Revenue of \$50-53 million; Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) loss of \$5-8 million

reflecting a reduction in staff cash bonuses paid following the FY20 result. Overall Limeade headcount continued to track at a lower rate than prospectus forecasts due to Company efficiencies and reduction in hiring associated with general business uncertainty during the COVID-19 pandemic.

The Company recorded operating cash flows of \$0.6 million for the quarter, down 69% versus the pcp. This reflected the cash impact resulting from a reduced number of contract signings in FY20 on upfront annual subscription payments typically received in Q1 of each year.

Investing cash flows for the quarter of -\$0.8 million reflect software development costs incurred during the quarter and remained consistent with prior quarters.

During the quarter, 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 March 2021 was \$31.3 million, with the Company remaining debt-free and well-positioned to capitalize on both organic and inorganic growth opportunities during 2021. Cash and recurring subscription revenue from the existing customer base remains strong with the top 20 customers on average having 18 months remaining on their contracts.

Overall year to date Net Revenue Retention (NRR)<sup>3</sup> was 98% as at 31 March 2021.

During Q1 2021, Limeade signed 3 new enterprise contracts (Q1 2020: 5), representing two new US enterprise Well-Being solution customers, including a large US retailer and one in Europe for the Limeade Engagement solution.

On 9 March 2021, the fifth annual Limeade Engage conference was held virtually. Limeade Engage provides leaders in well-being, employee experience, human resources, talent management, DEI, benefits and related fields the tools and inspiration they need to infuse care into the employee experience. Limeade Engage represents an important event that generates new customer and business leads for the Company.

The number of registrations in 2021 exceeded 2,300 representing growth of 275% versus the prior year Limeade Engage event, which was also held virtually. In addition, 545 registrants were employed by new business prospects with 5,000 or more employees. This represents growth of 268% compared to the pcp. On demand videos from the Limeade Engage conference are available to view at: <https://events.limeade.com/limeade-engage>.

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<sup>3</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.

The Company's total sales and marketing pipeline at Q1 2021 recorded a decline of 19% versus Q4 2020, to \$182.4 million, driven predominately by a decline in the early stage qualifying (marketing) pipeline.

In March, the Company launched new content and activities to help our customer employees improve their physical and emotional well-being. In 2020, similar multi-modal, sequenced well-being content courses were completed by 85% of employees starting them, with 86% saying they were likely to put their new skills into practice.

Limeade maintains guidance for FY21 as follows:

- Revenue of US\$50-53 million
- Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) loss of US\$5-8 million

Limeade looks forward to a sustained recovery in its growth profile, which has exhibited five-year annual revenue compound annual growth rate (CAGR) of 24% and CARR CAGR of 15%.

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 will host an investor conference call commencing at 9.00am Australian Eastern Standard Time (AEST) today (4.00pm PDT on Thursday, 22 April), followed by a question and answer session.

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/10013321-5pr1t3.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: **10013321**

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

*This release dated 23 April 2021 has been authorised for lodgement to ASX by the Board of Directors of Limeade and lodged by Mr Kobe Li, the Limeade ASX Representative.*

– ENDS –

## Contact Information

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## 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>	Q1 2021 <sup>3</sup>	Cumulative Expenditure	Comment
Sales & Marketing	\$14.4m	(\$1.2m)	\$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	\$0.1m	\$2.2m	Under plan due to delay in hiring
General & Administrative	\$5.4m	\$0.7m	\$2.4m	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>(\$0.4m)</b>	<b>\$12.2m</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 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 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (3 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	23,572	23,572
1.2 Payments for		
(a) research and development	(792)	(792)
(b) product manufacturing and operating costs	(764)	(764)
(c) advertising and marketing	(885)	(885)
(d) leased assets	(30)	(30)
(e) staff costs	(10,562)	(10,562)
(f) administration and corporate costs	(3,508)	(3,508)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	—	—
1.5 Interest and other costs of finance paid	(12)	(12)
1.6 Income taxes paid	—	—
1.7 Government grants and tax incentives	—	—
1.8 Other - third-party payments	(6,424)	(6,424)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>595</b>	<b>595</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	—	—
(b) businesses	—	—
(c) property, plant and equipment	(27)	(27)
(d) investments	—	—
(e) intellectual property	(761)	(761)
(f) other non-current assets	—	—

## 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
2.2	Proceeds from disposal of:		
	(a) entities	—	—
	(b) businesses	—	—
	(c) property, plant and equipment	—	—
	(d) investments	—	—
	(e) intellectual property	—	—
	(f) 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)	—	—
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(788)</b>	<b>(788)</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	42	42
3.4	Transaction costs related to issues of equity securities or convertible debt securities	—	—
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)	—	—
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>42</b>	<b>42</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	31,497	31,497
4.2	Net cash from / (used in) operating activities (item 1.9 above)	595	595
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(788)	(788)



## 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)	42	42
4.5	Effect of movement in exchange rates on cash held	(9)	(9)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>31,336</b>	<b>31,336</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	31,336	31,497
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>31,336</b>	<b>31,497</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**

(89)

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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 Unused financing facilities available at quarter end**

15,000

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)	595
8.2 Cash and cash equivalents at quarter end (Item 4.6)	31,336
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)	46,336
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	N/A

*Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5*

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

8.6.1 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:

8.6.2 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:

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

Answer:

*Note. where item 8.5 is less than 2 quarters, all questions 8.6.1, 8.6.2, and 8.6.3 above must be answered*

**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: 23 April 2021.....

Authorised by: Scott Fletcher, General Counsel & Company Secretary...

**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.