



ASX / MEDIA RELEASE

Limeade Reports First Half 2022 Financial Results

Highlights¹:

- FY22 proforma revenue and proforma adjusted EBITDA guidance maintained with new guidance for net loss after tax: proforma revenue of \$55-58 million, proforma adjusted EBITDA loss of \$6-8 million, proforma net loss after tax of \$11-14 million
- Focused on achieving adjusted EBITDA breakeven for the full year 2023 and sustainable cash flow breakeven by Q4 2023
- Late-stage (finalist and verbal award) pipeline CARR of \$18.0 million as at 30 June 2022
- Total statutory revenue of \$26.7 million, a 1% decline versus the pcp
- Total proforma revenue of \$27.1 million, a 1% increase versus the pcp, which includes the write-down of acquired TINYpulse deferred revenue
- Statutory subscription services revenue of \$25.7 million, up 2% on the pcp
- Proforma adjusted EBITDA loss of \$7.2 million, which excludes one-time items related to SEC filing costs and non-cash stock-based compensation expense
- Improved revenue, EBITDA and cash flow anticipated in second half

SYDNEY, Australia and Bellevue, Washington. – 30 August 2022 – [Limeade](#) (ASX: LME, or the Company), an immersive employee well-being company that creates healthy employee experiences, today announces the Appendix 4D half year financial results for six months ended 30 June 2022 (1H FY22).

Limeade CEO Henry Albrecht said, "Our first half results highlight healthy net revenue retention and a late-stage sales pipeline twice as big as last year's, despite a challenging macroeconomic environment. We also continue to focus on cash management and operating efficiencies on our path to EBITDA break even. Given these factors, we remain confident in our ability to return to organic CARR growth and are reiterating guidance for proforma revenue and adjusted EBITDA in 2022."

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

Revenue

In the first half of 2022, Limeade recorded total revenue of \$26.7 million, down 1% from the first half of 2021 reflecting lower FY21 year-end CARR. Subscription revenue represented 96% of total revenue in 1H FY22, compared to 94% in 1H FY21.

During the half, Limeade signed 107 new customer contracts during the half, including two new enterprise customers. Total customer count as at 1H FY22 was 846.

Net Revenue Retention (NRR) was 99% as at 30 June 2022, compared to 93% during the same time period in 2021. Investments in R&D and a focus on developing a healthier indirect channel have begun to yield tangible benefits.

In 1H FY22, the largest Limeade customer represented 10% of total CARR and the next four largest represented 18% of total CARR. Average CARR per enterprise customer was up 2% in 1H FY22 to \$509 thousand across 98 primarily Limeade Well-Being customers while mid-market average CARR was \$9.6k across 748 primarily Limeade Advanced Listening customers.

Pipeline

The Company's finalist and verbal stage sales pipeline at 1H FY22 was \$18.0 million, compared to the pcp of \$9.0 million in finalist & verbal stages.

The majority of new contract signings occur in the fourth quarter of the year, due to the customers' buying cycle. Most new services launch after January 1, of the following year.

Gross Profit Margins, Operating Expenses, and Cash Flows

Limeade reported gross profit margins were 70%, representing a 6% percentage point decrease driven by an expected increase in resources needed to implement customer upgrades to the technology platforms supporting Limeade Well-Being and EX solutions.

Research and Development (R&D) expenses of \$12.1 million were up 31% from \$9.3 million in the pcp. The increase is due to increased investment into the Limeade platform and the addition of the TINYpulse development team. Sales and Marketing expenses were up 19% from the pcp to \$9.3 million, driven by the addition of TINYpulse sales and marketing headcount and an increase in marketing consulting fees. General and Administration expenses increased 25% to \$7.1 million, reflecting one-time legal and accounting fees associated with the preparation and subsequent filing of the Form 10 Registration Statement with the U.S. Securities and Exchange Commission (SEC), which was completed in early August.

First half 2022 reported Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) loss was \$9.6 million, compared to \$2.3 million in the first half of 2021. This is driven by the increased investment in R&D and the acquisition of TINYpulse.

Operating cash flows were -\$8.2 million, compared to -\$1.4 million in the pcp. The Company's cash balance as at 30 June 2022 was \$2.6 million compared to \$28.4 million in the pcp prior to the TINYpulse acquisition. The company has also implemented expense management initiatives.

Outlook

Limeade expects an increase in new contract signings in the second half of the year based on historical trends in the business and a strong late-stage sales pipeline. In addition, net revenue retention is expected to remain strong. Taken together, these factors are anticipated to deliver organic CARR growth in FY22 versus the pcp.

Limeade reconfirms guidance for proforma revenue and proforma adjusted EBITDA but amends guidance for statutory net loss after tax to account for one-time charges, including SEC filing costs:

- Proforma revenue of \$55-58 million²
- Proforma adjusted EBITDA loss of \$6-8 million³
- Statutory net loss after tax of \$11-14 million⁴

Webcast / Conference Call Details

Mr Henry Albrecht, CEO and Mr Todd Spartz, CFO will host the conference call and webcast commencing today 9.00am Australian Eastern Standard Time (AEST) on Tuesday, 30 August (4.00pm PDT on Monday, 29 August), followed by a question and answer session.

The presentation and audio can be accessed via the webcast link:

<https://ccmediaframe.com/?id=a60Xic9b>

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/10024197-4mak5g.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: **10024197**

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

² Proforma revenue includes the adjustment to TINYpulse deferred revenue which was required as part of the purchase accounting under US GAAP.

³ Proforma adjusted EBITDA loss includes the deferred revenue adjustment above and excludes stock-based compensation expense.

⁴ Proforma net loss after tax includes deferred revenue adjustment.

Japan: 006 633 868 000
China: 108 001 401 776
Singapore: 800 101 2702
United Kingdom: 0800 0511 453

This release dated 30 August 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

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

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