



ASX / MEDIA RELEASE

Quarterly Activities Report and Appendix 4C

Highlights¹:

- FY21 financial guidance maintained; \$50-53 million in revenue; EBITDA loss of \$5-8 million, and net loss after tax of \$7 to \$10 million
- FY21 CARR² of \$56.8 million, up 3% on FY20
- Six new Limeade Well-Being enterprise contracts signed during the quarter, generating \$3.6 million in additional CARR
- 59 new Limeade Advanced Listening (TINYpulse) mid-market and SME customer signings, generating \$0.5 million in additional CARR
- Q4 2021 net cash receipts of \$17.0 million, operating cash outflows of \$0.2 million
- FY21 net cash receipts of \$56.6 million, operating cash outflows of \$6.2 million
- Cash position of \$13.9 million as at 31 December 2021 and no drawn debt
- FY22 sales pipeline of \$47 million, including \$14.7 million in finalist & verbal stages
- Continued improvement in business conditions into FY22 anticipated

SYDNEY, Australia and Bellevue, Washington. – 21 January 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 December 2021.

Limeade CEO Henry Albrecht commented “We are pleased with the conversion of our late-stage pipeline in Q4 2021 to new customer contracts. Coupled with the continued outperformance of Limeade Advanced Listening (TINYpulse) relative to our internal expectations at the time of the acquisition, Limeade is well positioned to continue its momentum as we commence the 2022 financial year.”

During the quarter, the Company recorded cash receipts from customers of \$22.0 million, up 55% versus the prior corresponding period (pcp), reflecting the contribution of Limeade Advanced Listening (TINYpulse) and the timing effect of a large annual subscription payment from a significant enterprise customer collected during the quarter (versus Q3 in 2020).

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

² CARR – Contracted Annual Recurring Revenue

Net cash receipts from customers after adjusting for payments made in relation to the sale of third-party products and services was \$17.0 million, up 42% versus the pcp. Third party payments of \$5.0 million were up 117% versus the pcp and sequentially up 24% when compared to Q3 2021, reflecting an increase in demand for biometric screenings and well-being incentives.

Cash payments during the quarter were directed towards the following costs: staff (\$9.9 million), administration & corporate (\$3.8 million), operating (\$1.0 million), marketing (\$0.8 million) and research & development (\$1.7 million).

The 10% increase in quarterly staff costs versus the pcp reflects the additional headcount from the TINYpulse acquisition. The increase in Limeade R&D versus the pcp reflects the acquisition of the TINYpulse R&D center in Vietnam and additional contract development investments into the Limeade Well-Being platform during the quarter.

The Company recorded operating cash outflows of \$0.2 million for the quarter, a decrease of 89% versus the pcp and a decrease of 96% on Q3 2021. Investing cash flows for the quarter were \$0.85 million, reflecting Limeade capitalized software development costs incurred.

The Company made related third-party payments of \$91 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 \$13.9 million, with the Company remaining debt-free and well-positioned to capitalize on both organic and inorganic growth opportunities in 2022. In addition, the Company maintains a \$15 million undrawn debt facility credit facility with Comerica Bank.

Cash and recurring subscription revenue from the existing customer base remains strong with the top 20 customers on average having 20 months remaining on their contracts (up from 19 months at Q3 2021).

Limeade ended FY21 with CARR of \$56.8 million, up 3% on FY20. 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 top 10 customer American Airlines previously disclosed), a misaligned indirect Limeade Well-Being mid-market channel and a new contract win rate reflective of the challenging economic climate. As at 31 December 2021, indirect Limeade Well-Being CARR represented 3.1% of total Company CARR, versus 10.3% as at FY20.

Overall year to date Net Revenue Retention (NRR)³ was 80% as at 31 December 2021. Limeade direct customer NRR was 85%, a decline of 5% versus the pcg and 1% on Q3 2021, while indirect (partner) NRR was 31% (versus 66% in Q3 2021). The decline in the direct channel was driven broadly across the customer base with retail, transportation and other vulnerable sectors accounting for the majority of the decline. Limeade is now focused on building healthier and more strategic indirect channel partnerships in FY22.

During Q4 2021, Limeade signed 6 new enterprise contracts for \$3.6M in CARR (Q4 2020: 7 contracts for \$4.5M CARR) with one European Union and five North American customers across the healthcare, financial services and retail sectors.

During the quarter, Limeade successfully launched Limeade Well-Being to the mid-market, significantly expanding the total addressable market in the 500-5,000 employee market segment.

The Company's sales pipeline (including TINYpulse) at Q4 2021 was \$47 million, including \$14.7 million in finalist & verbal stages, compared to the pcg (Q4 2020) sales pipeline of \$60.3 million, including \$12.9 million in finalist & verbal stages. As Limeade early-stage (marketing) pipeline has proven to be a poor indicator of growth during the COVID-19 era due to budget uncertainties, delays and freezes, Limeade has elected to report later-stage pipeline to reflect the Company's more predictable later-stage finalist/verbal pipeline.

Limeade is pleased to re-confirm financial guidance for FY21 as follows:

- Revenue of \$50-53 million
- Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) loss of \$5-8 million
- Net loss after tax of \$7-10 million

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 at 9.00am Australian Eastern Daylight Time (AEDT) today (2.00pm PT on Thursday, 20 January), 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.

³ 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.

<https://s1.c-conf.com/diamondpass/10018598-kzv2en.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: **10018598**

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 21 January 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 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 Funds¹

Use of Funds	Prospectus ²	Q4 2021 ³	Cumulative Expenditure	Comment
Sales & Marketing	\$14.4m	\$0.5m	\$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	\$1.4m	\$4.2m	Under plan due to delay in hiring
General & Administrative	\$5.4m	\$1.0m	\$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
Total Uses	\$34.1m	\$2.9m	\$16.0m	

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

¹ All amounts are expressed in US\$; ² A copy of the Limeade prospectus is available at: <https://www.asx.com.au/asxpdf/20191220/pdf/44crz46wm71wlh.pdf>

³ 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 December 2021

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	22,043	75,447
1.2 Payments for		
(a) research and development	(1,748)	(3,891)
(b) product manufacturing and operating costs	(966)	(3,562)
(c) advertising and marketing	(751)	(2,936)
(d) leased assets	(19)	(104)
(e) staff costs	(9,881)	(39,286)
(f) administration and corporate costs	(3,786)	(12,415)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	—	—
1.5 Interest and other costs of finance paid	(22)	(34)
1.6 Income taxes paid	—	—
1.7 Government grants and tax incentives	—	—
1.8 Other - third-party payments	(5,027)	(18,834)
1.9 Net cash from / (used in) operating activities	(158)	(5,615)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	—	—
(b) businesses	—	(8,893)
(c) property, plant and equipment	(69)	(130)
(d) investments	—	—
(e) intellectual property	(1,299)	(3,633)
(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 (12 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)	—	—
2.6	Net cash from / (used in) investing activities	(1,369)	(12,655)

3.	Cash flows from financing activities		
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	318	685
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)	—	—
3.10	Net cash from / (used in) financing activities	318	685

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,077	31,497
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(158)	(5,615)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,369)	(12,655)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	318	685
4.5	Effect of movement in exchange rates on cash held	55	12
4.6	Cash and cash equivalents at end of period	13,924	13,924

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	13,924	15,077
5.2	Call deposits	—	—
5.3	Bank overdrafts	—	—
5.4	Other (provide details)	—	—
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,924	15,077

**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
(91)
—

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.

	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1 Loan facilities	15,000	—
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	15,000	—

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.

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(158)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	13,924
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)	28,924
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	183

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

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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:21 January 2022 (AEDT) / 20 January 2022 (PT)

Authorised by:Todd Spartz, Chief Financial Officer
(Name of body or officer authorising release – see note 4)

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.