



ASX / MEDIA RELEASE

Limeade Reports Results for First Half 2021; Reiterates Full-Year Guidance

Highlights:

- Reiterating full-year 2021 guidance of \$50 to \$53 million in revenue; EBITDA loss of \$5 to \$8 million; and net loss after tax of \$7 to \$10 million
- Strong financial position with pro-forma cash balance of \$19.6 million, post-TINYpulse acquisition, and zero debt
- Six new customer contracts
- Gross margins remain healthy at 76%

SYDNEY, Australia and Bellevue, Washington. – 26 August 2021 – [Limeade](#) (ASX: LME, or the Company), the immersive employee well-being company, today announces the Appendix 4D half year financial results for six months ended 30 June 2021.

Limeade Founder and CEO Henry Albrecht said, “Limeade is well-positioned for growth in the second half of 2021, fueled by the TINYpulse acquisition, the Microsoft Viva partnership and increasing demand for well-being and listening software overall. We’re winning deals by leveraging our strengths in the North American enterprise market, and we’re confident in our prospects with direct access to the mid-market gained through the TINYpulse acquisition. The acquisition also gives Limeade a significant competitive advantage with our new Vietnam-based development center, which will help us cost-effectively accelerate innovation that differentiates the Limeade platform.”

Revenue

In the first half of 2021, Limeade recorded revenue of \$26.9 million, down 4% from the first half of 2020. Subscription revenue represented 94% of total revenue in the first half, compared to 98% in the first half of 2020. Limeade signed six new customer contracts in the first half of 2021, bringing its total number of customers to 149, down from 175 compared to the prior corresponding period.

Half of the \$1.2 million revenue decrease and 24 of the 26 net decrease in customer count came from customers in the mid-market reseller channel, which represents just 10.7% of total revenue. Net Revenue Retention (NRR) was 93% as at 30 June 2021, compared to 98% during the same time period in 2020. Limeade is shifting its indirect sales channel strategy to focus primarily on enterprise-level partners for which Limeade is a complementary solution. This is intended to increase revenue and retention in this channel over the long-term.

In the first half of 2021, the largest Limeade customer represented 10% of total CARR and the next four largest represented just 18%. Average CARR per customer was up 9% in the first half of 2021 compared to the same period in 2020.

Pipeline

The Company's total pipeline was \$156 million as at 30 June 2021. The vast majority of new contract signings occur in the second half of the year, with most services launching the following year. Limeade expects to finalize a high percentage of current contracts under negotiation.

With less than 1% share of the estimated \$22 billion employee experience software market, Limeade has significant capacity for growth via market-share gains.

Gross Profit Margins, Operating Expenses, and Cash Flows

Limeade held gross profit margins steady at 76%, down just 1% relative to pcp. Total operating expenses were \$22.7 million, up 2% from \$22.3 million in the pcp.

Research and Development (R&D) expenses of \$9.3 million were up 8% from \$8.6 million in the pcp. This is primarily due to investments in the performance of the Limeade platform for existing and new customers. Sales and Marketing expenses were down 18% from the first half of 2020 to \$7.8 million, driven by reduced headcount. General and Administration expenses increased 38% to \$5.6 million due to one-time costs for leadership transitions and acquisition transaction costs.

First-half 2021 Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) loss was \$2.3 million, compared to \$0.6 million in the first half of 2020.

Operating cash flows were -\$1.4 million, compared to -0.5 million in the pcp. The Company's cash balance as at 30 June 2021 was \$28.7 million. The pro-forma cash balance as of that date was \$19.6 million after the acquisition of TINYpulse. The company remains debt-free.

Business Highlights

- Acquired leading employee listening company TINYpulse to complement the Limeade immersive well-being platform, making Limeade the only company that offers leading employee listening *and* well-being solutions to enterprise and mid-level market.
- Announced Limeade integration with Microsoft Viva, an employee experience platform that works directly with two flagship Microsoft properties, Office 365 and Microsoft Teams. Microsoft Viva is slated to launch in the fall of 2021. Restructured the executive leadership team, adding two new world-class executives, chief financial officer Todd Spartz, and chief people officer Liz Carver.
- Added a new Vietnam-based development center and a team of approximately 40 software development professionals, which will help us cost-effectively accelerate innovation that differentiates the Limeade platform.
- Focused research and development investment on increasing the speed, efficiency, and flexibility of the Limeade platform for existing and new customers.
- Promoted former Limeade VP of product Padmashree Koneti to chief operating officer and Larry Colagiovanni to chief product and technology officer.

Outlook

The Company is optimistic about its growth and retention strategy, which focuses on North American enterprise customers, the newly accessible mid-market, European expansion and a shift in the reseller mix to focus on larger, more profitable strategic reseller relationships.

Limeade expects an increase in new contract signings in the second half of the year based on historical trends in the business.

Third-party research show that companies worldwide are increasing investments in employee sentiment and well-being. In its most recent market forecast, [IDC reported¹](#) that 44% of organizations worldwide, and 47% in the United States, plan to increase spending on employee experience technology. Additionally, the report projects both the listening and well-being software categories to grow at a rate of 22% per year from 2021 to 2025.

Limeade 2021 financial guidance is as follows:

- Revenue of \$50 to \$53 million
- EBITDA loss of \$5 to \$8 million
- Net loss after tax of \$7 to \$10 million

Webcast / Conference Call Details

Mr Henry Albrecht, CEO and Mr Todd Spartz, CFO will host the conference call commencing today 9.00am Australian Eastern Standard Time (AEST) on Friday, 27 August (4.00pm PDT on Thursday, 26 August), 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/10014983-f5l2s9.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: **10014983**

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

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

<https://services.choruscall.com.au/webcast/limeade-210827.html>

This release dated 27 August 2021 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

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