



ASX / MEDIA RELEASE

## Quarterly Activities Report and Appendix 4C

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

- Overall year-to-date Net Revenue Retention (NRR)<sup>2</sup> of 99%
- Q2 2022 sales pipeline of \$43.4 million, including \$18.0 million in finalist & verbal stages (99% over Q2 2021)
- 47 new contracts signed during the quarter, generating \$0.6 million in new CARR<sup>3</sup>
- Q2 2022 net cash receipts of \$10.9 million, operating cash outflows of \$4.8 million
- Cash position of \$2.5 million as at 30 June 2022, with \$15 million debt facility available
- Positive operating cash flow in 2H 2022 anticipated
- FY22 financial guidance maintained: proforma revenue of \$55-58 million, proforma adjusted EBITDA loss of \$6-8 million, proforma net loss after tax of \$8-11 million

**SYDNEY, Australia and Bellevue, Washington. – 29 July 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 30 June 2022 (Q2 2022).

Limeade CEO Henry Albrecht commented “We’re thrilled with our customer and revenue retention and are confident in our late-stage sales pipeline and therefore our potential for organic year-over-year CARR growth in 2022. During the quarter we continued to invest into our core platform technology, while diligently managing our operating costs. We have reduced our overall spending, which should lead to an improved cash position in the second half. We remain committed to achieving sustainable cash flow breakeven by year-end 2023.”

During the quarter, the Company recorded cash receipts from customers of \$13.0 million, down 5% versus the prior corresponding period (pcp), reflecting a decrease in payments due to customer churn.

Net cash receipts from customers after adjusting for payments made in relation to the sale of third-party products and services was \$10.9 million, up 5% versus the pcp. Third party payments of \$2.1 million were down 38% versus the pcp and sequentially down 32% when compared to Q1 2022 (\$3.1 million).

Cash payments during the quarter were directed towards the following costs: staff (\$10.0 million), administration & corporate (\$3.0 million), operating (\$0.94 million), marketing (\$0.64 million) and research & development (\$0.99 million).

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

<sup>2</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.

<sup>3</sup> CARR is Contracted Annual Recurring Revenue.

The 16% increase in quarterly staff costs versus the pcp reflects the additional headcount from the TINYpulse acquisition. On a sequential basis from Q1 2022, staff costs were down 17%. The increase in R&D of 87% versus the pcp reflects the acquisition of the TINYpulse R&D center of excellence in Vietnam. On a sequential basis from Q1 2022, R&D expenses were down 45% due to insourcing and centralization of third-party services.

Overall, the Company recorded operating cash outflows of \$4.8 million for the quarter, versus \$2.0 million in operating cash outflows in Q2 2021. Investing cash flows for the quarter were \$1.4 million, an increase of 79% over the pcp of \$0.8 million reflecting Limeade capitalized software development costs incurred for the consolidated Company (i.e. including TINYpulse).

The Company's cash balance as at 30 June 2022 was \$2.5 million, down from Q1 2022 (\$8.7 million). At the quarter-end, the Company remains debt-free. In addition, the Company maintains a \$15 million debt facility with Comerica Bank. Limeade has taken several steps to manage cash flow *en route* to a higher forecasted year-end cash position, more details of which will be outlined at the presentation of our first-half results. Also, seasonality and advance annual payments from large enterprise customers lead to high quarterly cash variations.

Cash and recurring subscription revenue from the existing customer base remains strong with the top 20 enterprise customers on average having 16 months remaining on their contracts, a one month decrease from 17 months at Q1 2022.

Overall year-to-date Net Revenue Retention (NRR) was 99% as at 30 June 2022 (100% at 30 March 2022).

During Q2 2022 Limeade signed 47 new customer agreements for \$0.6 million of CARR (Q1 2022: 60 customers; \$0.7 million of CARR). The majority of these were Limeade Advanced Listening solutions sold to mid-market customers. As a reminder, Limeade Well-Being is a seasonal business, with the majority of deals historically closing in the second half of the year.

During the quarter, Limeade strengthened its leadership team with the appointment of Kathy Xanthos, Chief Information Security Officer (CISO). Kathy is a highly experienced technology, healthcare and cybersecurity expert and a welcome addition to the Limeade team.

The Company's sales pipeline at Q2 2022 was \$43.4 million, including \$18.0 million in finalist & verbal stages, compared to the pcp (Q2 2021) sales pipeline of \$42.6 million with \$9.0 million in finalist & verbal stages. The finalist & verbal pipeline was up 10% on Q1 2022 due to pipeline progression and was significantly higher than Q2 2021, recording an increase of 99%.

Limeade is pleased to re-confirm guidance for FY22 as follows:

- Proforma revenue of \$55-58 million<sup>4</sup>
- Proforma adjusted EBITDA loss of \$6-8 million<sup>5</sup>
- Proforma net loss after tax of \$8-11 million<sup>6</sup>

<sup>4</sup> Proforma revenue includes the adjustment to TINYpulse deferred revenue which was required as part of the purchase accounting under US GAAP.

<sup>5</sup> Proforma adjusted EBITDA loss includes the deferred revenue adjustment above and excludes stock-based compensation expense.

<sup>6</sup> Proforma net loss after tax includes deferred revenue adjustment.

## Investor Call

Mr. Henry Albrecht, CEO and Mr. Todd Spartz, CFO will host the conference call commencing today at 9.00am Australian Eastern Standard Time (AEST) (4.00pm PDT on Thursday, 28 July), 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.

<https://s1.c-conf.com/diamondpass/10023166-9sugz6.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: **10023167**

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 29 July 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](http://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 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")**

30 June 2022

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	13,005	32,122
1.2 Payments for		
(a) research and development	(985)	(2,786)
(b) product manufacturing and operating costs	(935)	(1,915)
(c) advertising and marketing	(638)	(1,321)
(d) leased assets	(24)	(48)
(e) staff costs	(10,033)	(22,183)
(f) administration and corporate costs	(3,083)	(7,153)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	—	—
1.5 Interest and other costs of finance paid	—	(3)
1.6 Income taxes paid	—	—
1.7 Government grants and tax incentives	—	—
1.8 Other - third-party payments	(2,087)	(5,139)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,779)</b>	<b>(8,426)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	—	—
(b) businesses	—	—
(c) property, plant and equipment	(9)	(45)
(d) investments	—	—
(e) intellectual property	(1,434)	(3,104)
(f) other non-current assets	—	—

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

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 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>(1,443)</b>	<b>(3,149)</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	67	184
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>67</b>	<b>184</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	8,745	13,939
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,779)	(8,426)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,443)	(3,149)

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

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	67	184
4.5	Effect of movement in exchange rates on cash held	(42)	(2)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,547</b>	<b>2,547</b>

5.	Reconciliation of cash and cash equivalents	Current quarter \$US'000	Previous quarter \$US'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	2,547	2,547
5.2	Call deposits	—	—
5.3	Bank overdrafts	—	—
5.4	Other (provide details)	—	—
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,547</b>	<b>2,547</b>

**6. Payments to related parties of the entity and their associates**

- |   | Current quarter<br>\$US'000 |
|---|-----------------------------|
| 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 | —                           |

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)		
<b>7.4 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)	(4,779)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,547
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)	17,547
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>4</b>

*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: .....29 July 2022 (AEST) / 28 April 2022 (PDT)

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.