



ASX / MEDIA RELEASE

## Quarterly Activities Report and Appendix 4C

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

- FY21 financial guidance (excluding the TINYpulse acquisition) maintained<sup>2</sup>
- 3 new enterprise contracts signed during the quarter, including a large US-based integrated healthcare provider
- Cash position \$28.7 million (no debt) as at 30 June 2021
- Q2 2021 operating cash outflows of \$2.0 million, an improvement of 18% versus the prior corresponding period (pcp)
- New senior management appointments, including CFO & Chief People Officer
- Appointment of Deven Billimoria to the Board of Directors

SYDNEY, Australia and Bellevue, Washington. – 22 July 2021 – [Limeade](#) (ASX: LME, or the Company), an employee experience (EX) software company, today announces the quarterly activities report and Appendix 4C quarterly cash flow report for the three months ended 30 June 2021.

Limeade CEO Henry Albrecht commented “During the quarter we saw a solid progression of our Limeade ONE platform and our sales pipeline. We are delighted to have also announced this week the acquisition of TINYpulse, a leader in employee listening, which will help deliver a world-class well-being experience that leads to better business results for our customers. In addition, our recent collaboration with Microsoft Viva demonstrates the ever-growing importance of well-being in the flow of work. We remain excited by the opportunities ahead of us for 2021.”

During the quarter, the Company recorded cash receipts from customers of \$13.7 million, down 21% versus the pcp, reflecting lower cash receipts related to third-party services. Net cash receipts from customers after adjusting for payments made in relation to the sale of third-party products and services was \$10.4 million, down just 1% versus the pcp. Third party payments of \$3.3 million were down 51% versus the pcp and declined 48% when compared to Q1 2021,

<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 an overall reduction in third party biometric screening and customer funded employee incentive receipts during the quarter.

Cash payments during the quarter were primarily directed towards the following costs: staff (\$8.7 million), administration & corporate (\$1.7 million), operating (\$0.8 million), marketing (\$0.6 million) and research & development (\$0.5 million).

Staff costs increased 2% versus the pcp and were down 18% versus Q1 2021. In May, Limeade appointed Mr Todd Spartz as Chief Financial Officer (CFO) and Ms Elizabeth "Liz" Carver as Chief People Officer (CPO). Both are accomplished, high-calibre individuals with strong track records in public companies driving organisational performance and improvement. Their contribution to the Company since joining has been pleasing.

The Company recorded operating cash outflows of \$2.0 million for the quarter, an improvement of 18% versus the pcp. The improvement was mainly the result of decreased administrative & corporate expenditures. In the six months to 30 June 2021, net cash outflows from operations was \$1.4 million, as the Company continues to carefully manage its cash position with a focus on sales execution and R&D.

Investing cash flows for the quarter of -\$0.8 million reflect software development costs incurred during the quarter, which increased 4% on Q1 2021.

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. On 18 June 2021, Mr Deven Billimoria joined the Board of Limeade as a Non-Executive Director, following the retirement of Mr Cameron Judson at the Company's Annual Meeting of Stockholders. Mr Billimoria is the former Chief Executive Officer and Managing Director of Smartgroup Limited and its predecessor Smartsalary Proprietary Limited, retiring in February 2020 having led company growth from less than \$1 million in revenue in 2002 to \$250 million in 2019.

The Company's cash balance as at 30 June 2021 was \$28.7 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 17 months remaining on their contracts.

Overall year to date Net Revenue Retention (NRR)<sup>3</sup> was 93% as at 30 June 2021. Limeade direct customer NRR was 94%, a decline of 4% versus the pcp, while indirect (partner) NRR was 82%. The indirect channel, which tends to focus on midmarket / small to medium enterprises continues to experience persistent customer churn.

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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.

During Q2 2021, Limeade signed 3 new enterprise contracts (Q2 2020: 2), which included a large integrated healthcare provider and medical device company based in the US and a European enterprise contract.

The Company's total sales and marketing pipeline at Q2 2021 recorded a decline of 14% versus Q1 2021, to \$156 million, driven predominately by a decline in the early stage qualifying (marketing) pipeline. The Company's finalist and verbal pipeline was \$9.4 million, down 19% compared to Q1 2021.

Limeade maintains guidance for FY21 (excluding the TINYpulse acquisition announced on 20 July 2021) as follows:

- Revenue of US\$50-53 million
- Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) loss of US\$5-8 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 a conference call commencing today at 9.00am Australian Eastern Standard Time (AEST), (4.00pm PDT on Wednesday, 21 July), 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/10014982-4fm0zg.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: **10014982**

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 22 July 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](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.

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## Appendix 1 – Use of Funds<sup>1</sup>

Use of Funds	Prospectus <sup>2</sup>	Q2 2021 <sup>3</sup>	Cumulative Expenditure	Comment
Sales & Marketing	\$14.4m	(\$0.6m)	\$0.3m	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	\$0.5m	\$2.7m	Under plan due to delay in hiring
General & Administrative	\$5.4m	\$0.8m	\$3.2m	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>\$0.7m</b>	<b>\$12.9m</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")**

30 June 2021

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	13,748	37,321
1.2 Payments for		
(a) research and development	(528)	(1,320)
(b) product manufacturing and operating costs	(813)	(1,577)
(c) advertising and marketing	(644)	(1,529)
(d) leased assets	(30)	(60)
(e) staff costs	(8,664)	(19,226)
(f) administration and corporate costs	(1,748)	(5,256)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	—	—
1.5 Interest and other costs of finance paid	—	(12)
1.6 Income taxes paid	—	—
1.7 Government grants and tax incentives	—	—
1.8 Other - third-party payments	(3,342)	(9,766)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,020)</b>	<b>(1,425)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	—	—
(b) businesses	—	—
(c) property, plant and equipment	(13)	(41)
(d) investments	—	—
(e) intellectual property	(792)	(1,552)
(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>(805)</b>	<b>(1,593)</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	219	261
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>219</b>	<b>261</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	31,336	31,497
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,020)	(1,425)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(805)	(1,593)

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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
4.4	Net cash from / (used in) financing activities (item 3.10 above)	219	261
4.5	Effect of movement in exchange rates on cash held	(7)	(16)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>28,724</b>	<b>28,724</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	28,724	31,336
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>28,724</b>	<b>31,336</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(89)
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.

	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)		
<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)	(2,020)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	28,724
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)	43,724
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>22</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: .....21 July 2021 (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.