

# LifeSpeak Inc. Announces First Quarter 2022 Results

- Completed the acquisition of Wellbeats, Inc. ("Wellbeats"), a market-leading U.S. B2B SaaS-based physical wellbeing platform
- Total Number of Clients<sup>1</sup> increased by 283% to 873 as at March 31, 2022, compared to 228 in the same period in 2021
- First quarter 2022 revenue of \$8.7 million, an increase of 77% compared to the same period in 2021
- ARR<sup>2</sup> as at March 31, 2022, reached \$51.1 million, a 144% increase over the same period in 2021
- Annualized acquisition synergies realized through Q1-2022 of \$3.3 million; additional annualized cost reductions of \$2.5 million expected during Q2-2022

March 12, 2022 07:00 AM Eastern Standard Time

TORONTO--(BUSINESS WIRE)--LifeSpeak Inc. ("LifeSpeak" or the "Company") (TSX: LSPK), the leading SaaS based mental health and total wellbeing platform for employers, health plans, and insurance companies, today announced its financial and operational results for the three-month period ended March 31, 2022. All references to dollar values in this press release are in Canadian dollars, unless otherwise indicated.

**"The first quarter of 2022 marked a period of significant transition for LifeSpeak as we evolved into a more diverse company on the strength of our recent acquisitions and the ongoing contributions from our core business."**

"The first quarter of 2022 marked a period of significant transition for LifeSpeak as we evolved into a more diverse company on the strength of our recent acquisitions and the ongoing contributions from our core business," said Michael Held, CEO and Founder of LifeSpeak. "The integration of our four recent, strategic acquisitions is proceeding as anticipated, and while we experienced an isolated delay in a renewal with an embedded solutions client, our underlying first quarter financial results were consistent with the strength and resilience of the business. As we look ahead, we anticipate continued organic growth supported by our enterprise and embedded business, as well as accelerated cross-sell opportunities within our large existing portfolio of clients."

## Consolidated Business Highlights for the Three-Months Ended March 31, 2022

*(All capitalized terms not defined herein shall have the meaning ascribed to them in the Management's Discussion and Analysis for the three-months and fiscal year ended March 31, 2022, unless otherwise stated)*

- First quarter 2022 revenue reached \$8.7 million, an increase of 77% compared to the same period in 2021, representing a continuing trend of growth in the adoption of the Company's platform.
- Annual Recurring Revenue (ARR) of \$51.1 million as at March 31, 2022, an increase of 144% over the same period in 2021. Of the \$51.1 million of ARR, 65% originated from clients outside of Canada.
- First quarter 2022 net loss of \$16.4 million, an increase of \$16.4 million compared to the same period in 2021, largely due to the cost incurred in relation with the Wellbeats acquisition, as well as increased stock-based compensation expense, financing expense and additional Depreciation and Amortization associated with the Wellbeats business.
- First quarter 2022 Adjusted EBITDA<sup>3</sup> of \$0.4 million, a decrease of \$1.5 million compared to the same period in 2021. This includes approximately \$0.7 million of cost savings in Q1 2022 identified by a comprehensive expense review of the Company's acquisitions and operations. The initial set of cost synergies are expected to be approximately \$3.3 million on an annualized basis. In the first quarter 2022, the Company identified additional synergies and will continue to do so through further integration efforts, which are anticipated to provide an additional \$2.5 million of annualized synergies in 2022.
- First quarter 2022 Adjusted Net Loss<sup>4</sup> of \$2.3 million, an increase of \$4.2 million over the same period in 2021.

- Total Number of Clients of 873 as at March 31, 2022, a 283% increase when compared to 228 at the same date in 2021.
  - Notable enterprise client additions for the quarter included Chartwell Master Care LLP, Fujifilm Holdings America Corporation, Santander Holdings USA, S&P Global and Loblaw's Inc.
  - Embedded solution segment momentum continued through the first quarter with the launch of new embedded partnerships with Unum Group and the AARP in the U.S., and an expanded relationship with Humana Inc., bringing the Company's total embedded Number of Clients to 15 at the end of Q1 2022.
- Cross-selling initiatives across the platform are well underway, and during the first quarter of 2022 LifeSpeak successfully closed cross-sale deals including with Laurentian Bank – a net new customer launching with a multi-product solution – as well as with several existing clients including CIBC, Questrade Financial Group and McGill University Health Centre, among others. The Company is encouraged by this progress given the short time frame that it has been pursuing its cross-sale strategy.
- On February 28, 2022, LifeSpeak completed its previously announced acquisition of Minnesota-based Wellbeats, a market-leading provider of an on-demand, B2B SaaS-based physical wellbeing platform. The acquisition of Wellbeats accelerates LifeSpeak's geographic expansion and scale, contributing 400+ net new clients.
- Concurrent with the acquisition of Wellbeats, the Company entered into a \$97.5 million revolving credit facility and completed a \$22 million private placement.

## Renewal Discussions and Financial Outlook

The first quarter 2022 was positively impacted by the addition of new enterprise clients and clients of LifeSpeak's embedded solutions. However, the quarter was adversely impacted by significantly reduced recognizable revenue related to one client of the Company's embedded solutions. The contract with that client, which, at its peak, represented the largest client in LifeSpeak's embedded solutions platform, has been extended to August 31, 2022, with the client's customers maintaining access to the platform during this period.

A substantial portion of the revenue for this client was recognized in 2021 and the remainder of revenue for the contract was primarily recognized in the first quarter of 2022. The remaining revenue will be recognized over the duration of the extended term. This extended period is intended to facilitate ongoing renewal discussions with this client. During such period, the revenue from this client is anticipated to be lower than during the initial term of the same customer group accessing LifeSpeak's platform. The Company anticipates that the impact of this delay will result in LifeSpeak being at or near the lower end of its 2022 outlook ranges as previously disclosed on February 14, 2022.

Despite the impact of the extended renewal period on LifeSpeak's overall financial position, the underlying fundamentals of the business remain strong. LifeSpeak's consolidated Net Dollar Retention Rate (NDR)<sup>5</sup> for the period ended March 31, 2022, was approximately 81% when including the impact of the client renewal extension. However, excluding this client the NDR for the consolidated LifeSpeak business was 97%. This demonstrates the continued strength and resilience of the underlying LifeSpeak customer portfolio.

## Financial Results for the Three-Months Ended March 31, 2022

Selected Consolidated Financial Information <i>(In thousands of Canadian dollars)</i>	Three Months Ended March	
	31, 2022	2021
Revenue	8,710	4,922
Less:		
Product Development and Content	1,282	405
Gross Profit	7,428	4,517

<b>Gross Profit Margin <sup>(1)</sup></b>	<b>85%</b>	<b>92%</b>
Gross Profit Margin		
<i>Deduct Expenses:</i>		
Sales and marketing	3,469	1,689
General and administrative	4,895	1,559
Share-based compensation	2,946	932
Foreign exchange loss (gain)	1,694	38
Depreciation	2,566	14
	15,570	4,232
Income (loss) before restructuring and other costs and finance expense	(8,142)	284
Restructuring and other costs <sup>(2)</sup>	8,780	189
Revaluation gain on contingent		
Consideration	(694)	--
Finance expense, net	1,236	6
Income (loss) before income taxes	(17,465)	90
Income taxes (recovery)	(1,110)	--
<b>Net income (loss)</b>	<b>(16,354)</b>	<b>90</b>
<b>Non-IFRS Measures</b>		
EBITDA <sup>(3)</sup>	(13,662)	110
Adjusted EBITDA <sup>(4)</sup>	382	1,869
Adjusted Net Income (Loss) <sup>(5)</sup>	(2,310)	1,848

Notes:

(1) Gross profit margin is calculated as gross profit divided by revenue for the relevant period.

(2) Restructuring and other costs are costs related to the entry into of the Company's credit agreement and recapitalization distributions and expenses related to the investment by the Institutional Investors and costs and expenses in connection with the Company's IPO and related matters.

(3) See "Non-IFRS Measures and Key Performance Indicators" for a definition of "EBITDA" and a reconciliation to the nearest comparable measurement under IFRS.

(4) See “Non-IFRS Measures and Key Performance Indicators” for a definition of “Adjusted EBITDA” and a reconciliation to the nearest comparable measurement under IFRS.

(5) See “Non-IFRS Measures and Key Performance Indicators” for a definition of “Adjusted Net Income (Loss)” and a reconciliation to the nearest comparable measurement under IFRS.

## **Conference Call Notification**

The Company will hold a conference call to provide a business update on Thursday, May 12, 2022, at 8:00 a.m. ET hosted by:

- Nolan Bederman, Executive Chairman
- Michael Held, CEO
- Michael McKenna, CFO

A question-and-answer session will follow the business update.

## **CONFERENCE CALL DETAILS**

DATE:	Thursday, May 12, 2022
TIME:	8:00 a.m. ET
DIAL-IN NUMBERS:	Toll free at 1.833.950.0062 or 1.833.927.1758
REFERENCE NUMBER:	647064

This live call is also being webcast and can be accessed by going to:

<https://event.on24.com/wcc/r/3727428/3EA503F1F8E6E8883E17843C7D2EFFC3>

An archived replay of the webcast will be available for two weeks by clicking the link above.

## **Non-IFRS Measures and Key Performance Indicators**

LifeSpeak supplements its results of operations determined in accordance with IFRS with certain non-IFRS financial measures and key performance indicators that the Company believes are useful to investors, lenders and others in assessing its performance and which highlight trends its core business that may not otherwise be apparent when relying solely on IFRS measures. LifeSpeak management also uses non-IFRS measures and key performance indicators for purposes of comparison to prior periods, to prepare annual operating budgets, for the development of future projections and earnings growth prospects, to measure the profitability of ongoing operations and in analyzing our financial condition, business performance and trends. As such, these measures and indicators are provided as additional information to complement those IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective, including how it evaluates its financial performance and how it manages its capital structure. LifeSpeak also believes that securities analysts, investors and other interested parties frequently use these non-IFRS measures and key performance indicators in the evaluation of issuers. These non-IFRS measures and key performance indicators are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and may include or exclude certain items as compared to similar IFRS measures, and such measures may not be comparable to similarly-titled measures reported by other companies. Accordingly, these measures and indicators should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

## **Non-IFRS Measures and Reconciliation of Non-IFRS Measures**

## EBITDA and Adjusted EBITDA

“EBITDA” is defined as net profit or loss before income tax expenses, finance costs and depreciation and amortization.

“Adjusted EBITDA” is defined as EBITDA before non-recurring restructuring and other costs related to the entry into of the Company’s credit agreement and recapitalization distributions, expenses related to the investment by the Institutional Investors, costs and expenses in connection with the Company’s IPO and related matters, share-based compensation, foreign exchange loss (gain) and shareholders distributions. These non-recurring costs are independent events which are non-recurring in nature and occurred over several financial periods.

<b><u>Selected Consolidated Financial Information (In thousands of Canadian dollars) Three Months Ended March 31,</u></b>		
	<b>2022</b>	<b>2021</b>
Net income (loss)	(16,354)	90
<i>Add:</i>		
Amortization and depreciation expense	2,566	14
Finance expense	1,236	6
Income tax expense (recovery)	(1,110)	--
<b>EBITDA</b>	<b>(13,662)</b>	<b>110</b>
<i>Add:</i>		
Restructuring and other costs <sup>(1)</sup>	8,780	189
Share-based compensation	2,946	932
Foreign exchange loss (gain)	1,694	38
Revaluation gain on contingent		
Consideration	(694)	--
Shareholders distributions <sup>(2)</sup>	--	600
Synergies realized <sup>(3)</sup>	720	--
Additional one-time costs <sup>(4)</sup>	598	--
<b>Adjusted EBITDA</b>	<b>382</b>	<b>1,869</b>
Adjusted EBITDA Margin <sup>(5)</sup>	4%	38%

### Notes:

(1) Restructuring and other costs are costs related to the entry into of the Company’s credit agreement and recapitalization distributions and expenses related to the investment by the Institutional Investors and costs and expenses in connection with the Company’s IPO and related matters.

(2) Shareholders distributions includes private company legacy profit sharing payment to shareholders.

(3) Synergies realized relates to the impact of the full period of cost synergies related to the reduction of employees and professional services in relation to acquisitions.

(4) One-time costs related to IPO specific adjustments related to salaries and benefits.

(5) Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by revenue for the relevant period.

### Adjusted Net Income (Loss)

“Adjusted Net Income (Loss)” is defined as net income (loss) before non-recurring restructuring and other costs related to the entry of the Company’s credit agreement and recapitalization distributions, expenses related to the investment by the Institutional Investors and costs and expenses in connection with the Company’s IPO and related matters, share-based compensation, foreign exchange loss (gain). These non-recurring costs are independent events which are non-recurring in nature and occurred over several financial periods.

Selected Consolidated Financial Information ( <i>In thousands of Canadian dollars</i> )	Three Months Ended March	
	2022	2021
Net income (loss)	(16,354)	90
Add:		
Restructuring and other costs <sup>(1)</sup>	8,780	189
Share-based compensation	2,946	932
Foreign exchange loss (gain)	1,694	38
Revaluation gain on contingent		
Consideration	(694)	--
Shareholders distributions <sup>(2)</sup>	--	600
Synergies realized <sup>(3)</sup>	720	--
Additional one-time costs <sup>(4)</sup>	598	--
<b>Adjusted Net Income (Loss)</b>	<b>(2,310)</b>	<b>1,848</b>

Notes:

(1) Restructuring and other costs are costs related to the entry into of the Company’s credit agreement and recapitalization distributions and expenses related to the investment by the Institutional Investors and costs and expenses in connection with the Company’s IPO.

(2) Shareholders distributions includes private company legacy profit sharing payment to shareholders.

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(4) One-time costs related to IPO specific adjustments related to salaries and benefits.

### Key Performance Indicators

#### Annual Recurring Revenue

“Annual Recurring Revenue” or “ARR” is equal to the annualized value of contracted recurring revenue from all clients of our platform at the date being measured. Contracted recurring revenue is revenue generated from clients who are, as of the date being measured, party to contracts with LifeSpeak. Such revenue is annualized by: (i) in the case where a contract was in existence for the entire month, multiplying recognized revenue in the calendar month of the date measured by 12; and (ii) in the case where a contract was entered into mid-month, extrapolating recognized revenue at the date measured for the entire calendar month, and then multiplying by 12. Contract lengths typically range from one to three years and, based on our past experience, the vast majority of clients renew their contracts upon expiry. ARR is mainly comprised of revenue from enterprise and embedded solutions and includes revenue from small business and ancillary services (comprised of portals, kits and events purchased by our existing clients or distributed through our channel partners). ARR provides a consolidated measure by which we can monitor the longer-term trends in our business.

## **Net Dollar Retention Rate**

“Net Dollar Retention Rate” for a period is defined by considering a cohort of clients at the beginning of the period, and dividing the ARR from enterprise and embedded solutions attributable to that cohort at the end of the period, by the ARR from enterprise and embedded solutions attributable to that cohort at the beginning of the period. Net Dollar Retention Rate provides a consolidated measure by which we can monitor the percentage of recurring ARR retained from existing clients

## **Number of Clients**

“Number of Clients” is defined as the number of clients at the end of any particular period as the number of enterprise clients and clients of our embedded solutions for which the term of services has not ended, or with which we are negotiating contract renewal.

## **About LifeSpeak Inc.**

LifeSpeak is a leading software-as-a-service provider of a platform for mental health and total wellbeing education for organizations committed to taking care of their employees and customers. With 18+ years of experience creating and curating thousands of expert-led micro-learning videos and other digital content, LifeSpeak's proprietary library's depth and breadth of easily consumable content helps companies around the world support their people anytime and anywhere. LifeSpeak serves a diverse global client base across many industries and sectors, including Fortune 500 companies, government agencies, insurance providers, and other health technology firms. LifeSpeak is the parent company of Lift Digital Inc. ("LIFT session"), ALAViDA Health Ltd. ("ALAViDA"), EnCompass Education Solutions ("Torchlight") and Wellbeats Inc. ("Wellbeats"). To learn more, follow LifeSpeak on LinkedIn (<http://www.linkedin.com/company/lifespeak-inc>), or visit [www.LifeSpeak.com](http://www.LifeSpeak.com).

## **Forward-Looking Information**

This press release may contain "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking information may relate to the Company's future business, financial outlook and anticipated events or results and may include information regarding the Company's financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, and the Company's plans and objectives. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Particularly, information regarding the Company's expectations of future results, revenue growth, ARR, EBIDTA, adjusted EBITDA, adjusted Net

Income (Loss), Number of Clients, Net Dollar Retention Rate, performance, synergies, achievements, prospects, industry trends, or opportunities, including for cross-selling, or the markets in which the Company operates is forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding possible future events or circumstances.

This forward-looking information and other forward-looking information are based on opinions, estimates and assumptions in light of the Company's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company currently believes are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. These opinions, estimates and assumptions include, but are not limited to, the following: the Company's ability to build its market share and enter new geographies; the total available market for its products; the Company's ability to retain key personnel; the Company's ability to maintain and expand geographic scope; the Company's ability to execute on its expansion plans; the Company's ability to continue investing in infrastructure to support its growth and brand recognition; the Company's ability to continue maintaining and enhancing its technological infrastructure and functionality of its platform; the Company's ability to obtain financing on acceptable terms; the Company's ability to effectively integrate its recent acquisitions; the Company's ability to generate sufficient cash to deleverage, the impact of competition; the changes and trends in the Company's industry or the global economy; and changes in laws, rules, regulations, and global standards.

The risks and uncertainties that may affect forward-looking statements include, among others: performance of the market sectors that Wellbeats and the Company serve; that revenue, ARR, and cash flow expectations are not met for any number of reasons; and other risks detailed from time to time in the Company's filings with Canadian provincial securities regulators, including the risk factors which are described in greater detail under "Risk Factors" in the Company's annual information form for the fiscal year ended December 31, 2021. Although the Company has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not currently known to the Company or that the Company currently believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information.

Accordingly, prospective investors should not place undue reliance on forward-looking information. The forward-looking information contained in this press release represents the Company's expectations as of the date of this press release (or as the date it is otherwise stated to be made) and is subject to change after such date. However, the Company disclaims any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable Canadian securities laws.

All of the forward-looking information contained in this press release is expressly qualified by the foregoing cautionary statements. Prospective investors should read this entire press release and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of an investment in the Company.

Source LifeSpeak Inc.

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<sup>1</sup> See "Non-IFRS Measures and Key Performance Indicators" for a definition of "Number of Clients"

<sup>2</sup> See "Non-IFRS Measures and Key Performance Indicators" for a definition of "ARR"

<sup>3</sup> See "Non-IFRS Measures and Key Performance Indicators" for a definition of "Adjusted EBITDA" and a reconciliation to the nearest comparable measurement under IFRS.

<sup>4</sup> See "Non-IFRS Measures and Key Performance Indicators" for a definition of "Adjusted Net Loss" and a reconciliation to the nearest comparable measurement under IFRS

<sup>5</sup> See "Non-IFRS Measures and Key Performance Indicators" for a definition of "Net Dollar Retention Rate"



## **Contacts**

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