

LifeSpeak Inc. Announces Fourth Quarter and Fiscal 2024 Results

2025-03-31

- Fiscal 2024 revenue of \$48.4 million
- Adjusted EBITDA¹ for Fiscal 2024 of \$11.5 million, representing an Adjusted EBITDA Margin¹ of 24%
- Total Number of Clients² of 841 as at December 31, 2024

TORONTO, March 31, 2025 /CNW/ - LifeSpeak Inc. ("**LifeSpeak**" or the "**Company**") (TSX: LSPK), the leading whole-person wellbeing solution for employers, health plans and other organizations, announced today its financial and operational results for the three and twelve months ended December 31, 2024. All references to dollar values in this press release are in Canadian dollars, unless otherwise indicated.

"We continue to experience headwinds with this challenging macro-economic climate but are remaining steadfast in our ability to generate substantial Adjusted EBITDA," said Michael Held, CEO and Founder of LifeSpeak.

"LifeSpeak's Adjusted EBITDA has increased over the past three quarters despite our declining revenue as a result of our highly optimized cost structure. We are actively engaged in discussions with our senior lenders regarding a formal extension of the term loan and we are working collaboratively with both senior and junior lenders to address our existing defaults under the respective credit agreements".

Consolidated Business Highlights for the Three and twelve Months Ended December 31, 2024

(All capitalized terms not defined herein shall have the meaning ascribed to them in the Management's Discussion and Analysis for the three and twelve months ended December 31, 2024, unless otherwise stated)

- Fourth quarter 2024 revenue reached \$11.8 million, a decrease of 9% compared to the same period in 2023.
- ARR³ of \$45.0 million as at December 31, 2024, representing a decrease of 12% over the same period in 2023. Of the \$45.0 million of ARR², approximately \$38.5 million, or 86%, originated from enterprise clients. Of the

\$45.0 million of ARR2, approximately 68% originated from clients outside of Canada.

- ARR2 is reported on a constant currency basis using a 1.300 USD:CAD exchange rate. When adjusting for the exchange rate at the end of the fourth quarter 2024 of 1.4389 USD:CAD, ARR2 would be approximately \$48.1 million.
- Fourth quarter 2024 Adjusted EBITDA1 of \$3.2 million, an increase of \$0.5 million compared to the same period in 2023, and 4% higher compared to fourth quarter 2024 Adjusted EBITDA1.
- Fourth quarter 2024 Adjusted EBITDA1 Margin of 27%.
- Fourth quarter 2024 net loss of \$17.0 million, a decrease from a net loss of \$17.7 million in the fourth quarter of 2023.
- Notable new clients for the fourth quarter of 2024 and shortly thereafter included Allstate, Owensboro Health, Varsity Brands, Cenovus Energy and ADP Canada.
- The multi-product agreement with GreenShield, a leading Canadian integrated health and benefits organization, is highly significant to LifeSpeak in its scale, and continues to ramp up with meaningful financial contributions towards LifeSpeak's business.
- The Term Loan Commitment matured on February 28, 2025 but was not repaid at this time. The Company also breached financial covenants throughout 2024 triggering an event of default on all of its borrowings. The Company's lenders have not demanded repayment, have not commenced liquidation proceedings against the Company and the Company is actively working with its lenders to renegotiate the existing agreements.

1 See "Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators" for a definition of "Adjusted EBITDA" and "Adjusted EBITDA Margin"
2 See "Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators" for a definition of "Number of Clients"
3 See "Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators" for a definition of "ARR"

ARR, Number of Clients, Consolidated Net Dollar Retention Rate and Logo Retention Rate

ARR3 was approximately \$45.0 million as at December 31, 2024, with core enterprise client ARR3 of approximately \$38.5 million.

ARR3 was broken down as follows over the last five quarters:

(In thousands of Canadian dollars)	Q4-2023	Q1-2024	Q2-2024	Q3-2024	Q4-2024	Q4-2024 YoY Growth
Enterprise Client ARR	43,447	41,717	41,281	39,368	38,548	(11 %)

Embedded Solutions Clients & Other ARR	7,585	6,717	7,044	6,515	6,427	(15 %)
Total ARR	51,032	48,434	48,325	45,883	44,975	(12 %)

Total Number of Clients² was 841 as at December 31, 2024, compared to 956 as at December 31, 2023.

Number of Clients² was broken down as follows over the last five quarters:

	Q4- 2023	Q1- 2024	Q2- 2024	Q3- 2024	Q4- 2024	Q4-2024 YoY Growth
Total Enterprise Clients	942	902	881	839	833	(12 %)
Total Embedded Solutions Clients	14	12	12	8	8	(43 %)
Total Number of Clients	956	914	893	847	841	(12 %)

Consolidated Net Dollar Retention Rate⁴ for the quarter was 81%, a 6% decrease from the same period in 2023. Net Dollar Retention⁴ for Enterprise Clients was approximately 81% as at December 31, 2024, as compared to 87% for the comparative period in 2023. Enterprise Net Dollar Retention⁴ is lower primarily due to an increase in overall Enterprise Client churn, counteracted by cross-sell and multi-product opportunities within the existing Enterprise Client base.

Logo Retention Rate⁵ was 75% as at December 31, 2024 compared to 79% for the comparable period in 2023. The lower Logo Retention Rate⁵ is primarily attributable to the loss of smaller enterprise client logos within the portfolio of customers. Despite the decrease in Number of Clients⁴, the relative contribution to ARR³ of new clients is, on average, larger than that of lost clients.

⁴ See "Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators" for a definition, "Net Dollar Retention Rate".

⁵ See "Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators" for a definition, "Logo Retention Rate".

Financial Results for the Three and Twelve Months Ended December 31, 2024:

Selected Consolidated Financial Information
(In thousands of Canadian dollars)

Three Months Ended December 31,		Fiscal Years Ended December 31,	
2024	2023	2024	2023

Revenue	11,780	12,949	48,403	52,407
Content development costs	1,625	1,590	5,517	5,391
	10,155	11,359	42,886	47,016
Operating expenses:				
Sales and marketing	2,566	2,747	10,607	10,870
General and administrative	5,030	6,350	22,942	25,726
Share-based compensation	313	532	918	4,138
Foreign exchange loss (gain)	(4,509)	1,657	(5,984)	1,924
Amortization and depreciation	3,487	3,976	14,059	16,033
	6,887	15,262	42,542	58,691
Gain (loss) from operations	3,268	(3,903)	344	(11,675)
Changes in fair value of on contingent consideration	-	-	-	(3,533)
Finance expense, net	2,345	3,188	11,282	10,398
Impairment	18,000	12,673	18,000	12,673
Loss before income taxes	(17,077)	(19,764)	(28,938)	(31,213)
Income taxes recovery	(86)	(2,089)	(2,398)	(4,952)
Net Loss	(16,991)	(17,675)	(26,540)	(26,261)
Loss per share - basic	(0.29)	(0.35)	(0.46)	(0.52)
Loss per share - diluted	(0.29)	(0.35)	(0.46)	(0.52)
Non-IFRS Measures and Non-IFRS Ratios				
EBITDA(2)	(11,245)	(12,599)	(3,597)	(4,782)
Adjusted EBITDA(3)	3,164	2,717	11,501	12,985
Adjusted Net Loss(4)	(2,582)	(2,358)	(11,442)	(8,493)
Adjusted loss per share – basic(5)	(0.04)	(0.05)	(0.20)	(0.17)
Adjusted loss per share – diluted(6)	(0.04)	(0.05)	(0.20)	(0.17)

Notes:

- (1) Acquisition and other costs are comprised costs and expenses in connection with the Company's acquisitions and business integration costs. "EBITDA" has the meaning ascribed herein under "Cautionary Note Regarding Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators".
- (2) Indicators". "Adjusted EBITDA" has the meaning ascribed herein under "Cautionary Note Regarding Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators".
- (3) Performance Indicators". "Adjusted Net Loss" has the meaning ascribed herein under "Cautionary Note Regarding Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators".
- (4) Performance Indicators". "Adjusted loss per share – basic" has the meaning ascribed herein under "Cautionary Note Regarding Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators".
- (5) Ratios and Key Performance Indicators". "Adjusted loss per share – diluted" has the meaning ascribed herein under "Cautionary Note Regarding Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators".
- (6) Ratios and Key Performance Indicators".

Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators

LifeSpeak supplements its results of operations determined in accordance with IFRS with certain non-IFRS financial measures, non-IFRS ratios 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, non-IFRS ratios 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, non-IFRS ratios and key performance indicators in the evaluation of issuers. These non-IFRS measures, non-IFRS ratios 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, Non-IFRS Ratios and Reconciliation of Non-IFRS Measures

The Company uses non-IFRS measures, including "EBITDA", "Adjusted EBITDA", "Adjusted Net Loss", and the non-IFRS ratios, including "Adjusted loss per share – basic", "Adjusted loss per share – diluted" and "Adjusted EBITDA Margin". This press release also makes reference to "Annual Recurring Revenue" or "ARR", "Net Dollar Retention Rate", "Number of Clients" and "Logo Retention Rate", which are key performance indicators used in our industry.

EBITDA and Adjusted EBITDA

"EBITDA" is defined as net loss before income tax recovery, finance expenses, net and amortization and depreciation.

"Adjusted EBITDA" is defined as EBITDA before acquisition and other costs, share based compensation, foreign exchange loss (gain), impairment, changes in fair value of contingent consideration, synergies realized and additional one time items. These non-cash and/or non-recurring costs are independent events and incurred over several financial periods.

"Adjusted EBITDA Margin" is calculated as Adjusted EBITDA divided by revenue for the relevant period.

(In thousands of Canadian dollars)	Three Months Ended December 31,		Fiscal Years Ended December 31,	
	2024	2023	2024	2023
Net loss	(16,991)	(17,675)	(26,540)	(26,261)
Add:				
Amortization and depreciation expense	3,487	3,976	14,059	16,033
Finance expense	2,345	3,188	11,282	10,398
Income tax recovery	(86)	(2,089)	(2,398)	(4,952)
EBITDA(1)	(11,245)	(12,600)	(3,597)	(4,782)
Add:				
Share-based compensation	313	532	918	4,138
Foreign exchange loss (gain)	(4,509)	1,657	(5,984)	1,924
Changes in fair value of contingent consideration	-	-	-	(3,533)
Impairment	18,000	12,673	18,000	12,673

Synergies realized(3)	194	33	473	631
Additional one-time costs (4)	411	421	1,691	1,934
Adjusted EBITDA (5)	3,164	2,716	11,501	12,985
Adjusted EBITDA Margin(6)	27 %	21 %	24 %	25 %

Notes:

"EBITDA" has the meaning ascribed herein under "Cautionary Note Regarding Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators".

(2) Acquisition and other costs are comprised costs and expenses in connection with the Company's acquisitions and business integration costs. 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, acquisitions specific adjustments and transition costs related to the Wellbeats acquisition.

"Adjusted EBITDA" has the meaning ascribed herein under "Cautionary Note Regarding Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators".

"Adjusted EBITDA Margin" has the meaning ascribed herein under "Cautionary Note Regarding Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators".

Adjusted Net Loss / Adjusted Loss

"Adjusted Net Loss" is defined as net loss before acquisition and other costs, share based compensation, foreign exchange loss (gain), impairment, changes in fair value of contingent consideration, synergies realized and additional one-time items. These non-cash and/or non-recurring costs are independent events and incurred over several financial periods.

"Adjusted loss per share – basic" is defined as Adjusted Net Loss divided by the weighted average number of shares outstanding – basic for the relevant period.

"Adjusted loss per share – diluted" is defined as Adjusted Net Loss divided by the weighted average number of shares outstanding – diluted for the relevant period.

(In thousands of Canadian dollars)	Three Months Ended December 31,		Fiscal Years Ended December 31,	
	2024	2023	2024	2023
Net loss	(16,991)	(17,675)	(26,540)	(26,261)
Add:				
Share-based compensation	313	532	918	4,138
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Synergies realized(2)	194	33	473	631
Additional one-time costs (3)	411	421	1,691	1,934
Adjusted Net Loss (4)	(2,582)	(2,359)	(11,442)	(8,494)
Adjusted loss per share – basic(5)	(0.04)	(0.05)	(0.20)	(0.17)
Adjusted loss per share – diluted(6)	(0.04)	(0.05)	(0.20)	(0.17)

Notes:

- (1) Acquisition and other costs are comprised costs and expenses in connection with the Company's acquisitions and business integration costs. 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.
- (2) One-time costs related to IPO specific adjustments, acquisitions specific adjustments and transition costs related to the Wellbeats acquisition. "Adjusted Net Loss" has the meaning ascribed herein under "Cautionary Note Regarding Non-IFRS Measures and Key Performance Indicators."
- (3) "Adjusted loss per share – basic" has the meaning ascribed herein under "Cautionary Note Regarding Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators".
- (4) "Adjusted loss per share – diluted" has the meaning ascribed herein under "Cautionary Note Regarding Non-IFRS Measures, Non-IFRS Ratios and Key Performance Indicators".
- (5) Ratios and Key Performance Indicators".
- (6) Ratios and Key Performance Indicators".

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.

"Enterprise client ARR" is ARR at a particular date attributable to enterprise clients.

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 the Company is negotiating contract renewal and which meet a minimum revenue threshold.

Logo Retention Rate

"Logo Retention Rate" for a period is defined by considering a cohort of clients at the beginning of the period, and dividing the Number of Clients from that cohort at the end of the period, by the Number of Clients from that cohort at the beginning of the period. Logo Retention Rate provides a consolidated measure by which the Company can monitor the percentage of contracted clients retained every year.

About LifeSpeak Inc.

Celebrating 20 years of supporting employee wellbeing, LifeSpeak Inc. is the leading provider of mental, physical, and family wellbeing solutions for employers, health plans, and other organizations across the globe. With a suite of digital solutions, LifeSpeak enables organizations to deliver best-in-class content and human expertise at scale, catering to individuals throughout their wellbeing journeys. The LifeSpeak Inc. portfolio of solutions spans every pillar of wellbeing, including LifeSpeak Mental Health & Resilience, Wellbeats Wellness, Torchlight Parenting & Caregiving, ALAViDA Substance Use, and LIFT session Fitness. Insights from LifeSpeak Inc.'s digital and data-driven solutions empower organizations and individuals to take impactful action to strengthen wellbeing and maximize workplace performance. To learn more, follow LifeSpeak Inc. on LinkedIn (<http://www.linkedin.com/company/lifespeak-inc>), or visit www.LifeSpeak.com. Because wellbeing can't wait.

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, EBITDA, adjusted EBITDA margin, adjusted EBITDA, adjusted Net Income (Loss), adjusted Earnings (Loss), Number of Clients, Net Dollar Retention Rate, Logo Retention Rate, performance, synergies, achievements, prospects, industry trends, advancement of its strategy and acceleration of its growth,

amortization, contribution of new clients to ARR, the amortization schedule and loan repayments, the among of senior indebtedness remaining, 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 maintain its existing client base; the Company's ability to continue maintaining and enhancing its technological infrastructure and functionality of its platform; to the Company's ability to obtain financing on acceptable terms; the Company's ability to meet its amortization schedule in the future; decisions made by the Company's lenders; the ability to come to an agreement with its lenders to remedy the event of default and breach of financial covenants; ; the ability of the Company to satisfy its obligations in the form anticipated when due; our ability to satisfy the TSX with respect to continued listing criteria; the average contract sizes in respect of future enterprise clients and embedded solutions clients will align with our recent historical experiences; the size of clients we continue to pursue will be similar in size or larger than our historical clients; the impact of competition; the changes and trends in our 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 the Company serves; general market performance including capital market conditions and availability and cost of credit; foreign currency and exchange risk; impact of factors such as increased pricing pressure and possible margin compression; the regulatory and tax environment; that expected cost and revenue synergies are not realized within the expected timeframe or at all; that revenue, ARR, EBITDA margin and cash flow expectations are not met for any number of reasons; political, labour or supplier disruptions; that our clients face recessionary pressures, 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 2024. 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.

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