

LifeSpeak To Acquire Wellbeats – A U.S.-Based On-Demand B2B Physical Wellbeing Platform – for up to US\$92.5 Million

- *Elevates Product Offering with the Addition of Leading SaaS-Based Physical Wellbeing Platform*
- *Accelerates Geographic Expansion and Scale with 800+ Pro Forma Enterprise Clients and Over \$54 million of Pro Forma ARR, 52% of Which Is Generated by U.S. and International Clients*
- *Acquisition Supported by Committed \$97.5 million Senior Debt Financing Facility from Scotiabank's Technology and Innovation Banking Group, and Concurrent \$22 million Private Placement of Common Shares Led by Beedie Capital*

February 14, 2022 04:15 PM Eastern Standard Time

TORONTO--([BUSINESS WIRE](#))--[LifeSpeak](#) (TSX: LSPK) the leading mental health and total wellbeing platform for employers, health plans, and insurance companies, today announced that it has signed a definitive agreement to acquire U.S.-based Wellbeats Inc. ("Wellbeats") for up to US\$92.5 million. Wellbeats, a Minnesota-based market-leading provider of an on-demand, software-as-a-service ("SaaS") physical wellbeing platform, serves a diverse client base of 400+ U.S. and international enterprise clients. With a combined 30 years of experience as respective leaders in digital health education and physical wellbeing, the acquisition supercharges LifeSpeak's ability to meet rapidly growing demand from organizations for a comprehensive, single-vendor solution to meet mental and physical health support needs.

"Both Wellbeats and LifeSpeak are category leaders with impressive global partners and clients, and this partnership will accelerate our combined growth dramatically. We are excited to be part of the LifeSpeak family and look forward to continuing to deliver on our mission for our clients, their employees, and shareholders."

Effective corporate wellness solutions are in high demand, driven by increasing expectations from employers to provide total wellbeing support to employees and the rapidly changing nature of the work environment. According to Global Wellness Institute, corporate wellness is expected to reach a total addressable market of US\$58.4 billion by 2025. A comprehensive suite of wellbeing solutions is paramount for organizations seeking to support their employees' mental health and physical wellbeing. Solutions supporting the inextricable link between mental health and physical wellbeing, effectively address employee total wellbeing and may serve to improve employee productivity, engagement, and [retention](#).

"The acquisition of Wellbeats significantly expands and diversifies the SaaS-based behavioral health and physical wellbeing solutions LifeSpeak can offer its customers and partners. Wellbeats brings an exceptional on-demand wellbeing platform to millions of users worldwide and provides

us with additional growth opportunities via channel partners," said Michael Held, CEO, LifeSpeak. "Many organizations have expressed a strong desire to streamline their wellbeing support to a smaller number of proven brands focusing on longer-term, preventive solutions. This makes the addition of Wellbeats highly complementary to LifeSpeak's growing lineup of digital health offerings and allows us to further extend our offering to new enterprise and embedded solutions clients. Through this acquisition, we are excited to have the opportunity to cross-sell this extraordinary physical wellbeing platform around the world, as well as increase the prevalence of our industry-leading mental health and total wellbeing education platform."

The transaction demonstrates continued disciplined execution of LifeSpeak's strategy in several key areas and is well aligned with LifeSpeak's core acquisition criteria, including acquiring assets with:

- **A best-in-class and complementary B2B SaaS-based product offering:** Wellbeats' award-winning solution represents a strategic extension and enhancement of LifeSpeak's digital, B2B-focused wellbeing platform and

enables LifeSpeak to further address the critical needs of its client base with additional on-demand access to large and scalable physical wellbeing, health, and nutrition virtual resources.

- **A large, sticky, and non-overlapping enterprise client base with a diverse geographic presence:** Wellbeats will significantly increase LifeSpeak's client count with the addition of 400+ net new global enterprise clients, bringing total LifeSpeak clients to 800+. Substantial cross-sell opportunities within LifeSpeak's existing and net new client base, as well as additional paths to market, including new channel partners, augment LifeSpeak's sales strategy while enhancing revenue opportunities across the client portfolio.
- **A strong team with complementary skillsets and long-term strategic alignment:** The Wellbeats team joins LifeSpeak with decades of experience and long-term strategic alignment in its core mission. Wellbeats' international experience and presence accelerates LifeSpeak's global growth efforts through the addition of strong senior management and an experienced U.S. salesforce. LifeSpeak is pleased to announce that upon the completion of the transaction, Jason Von Bank, President & CEO of Wellbeats, will assume the role of Chief Operating Officer of LifeSpeak.
- **A similar financial profile:** Wellbeats maintains comparable fundamental financial metrics to LifeSpeak and is expected to accelerate LifeSpeak's overall growth strategy and enhance financial performance into 2022 and beyond.

"By joining LifeSpeak, we are advancing on our mission to provide all people the opportunity to live a healthier life, regardless of age, interest or ability. We've also delivered on bringing the two halves of the wellbeing equation together for our customers, who have sought mental health solutions to complement our physical wellbeing resources," said Jason Von Bank, President & CEO, Wellbeats. "Both Wellbeats and LifeSpeak are category leaders with impressive global partners and clients, and this partnership will accelerate our combined growth dramatically. We are excited to be part of the LifeSpeak family and look forward to continuing to deliver on our mission for our clients, their employees, and shareholders."

Transaction Details, Financing, and Concurrent Private Placement

An upfront payment of US\$80 million is payable in cash on closing, with the remaining US\$12.5 million payable in cash in the form of an earnout on the achievement of predetermined 2022 milestones. The transaction is expected to close in March 2022 and is subject to customary closing conditions for a transaction of this nature.

The transaction will be funded through cash on hand and a committed \$97.5 million credit facility to be entered into with Scotiabank's Technology Innovation and Banking Group. The credit facility will be a revolving facility, bearing interest at an annual rate determined based upon a Net Debt-to-Adjusted Bank EBITDA1 multiple. An additional \$30 million will be available through an accordion facility. Minimum availability is 5.00x Net Debt-to-Adjusted Bank EBITDA through 2022, and the credit facility will contain customary terms and conditions for a senior secured facility of this nature. At the closing of the transaction, LifeSpeak expects to have Net Debt of approximately \$91 million excluding the proceeds of the Private Placement described below and a Net Debt-to-Adjusted Bank EBITDA multiple of 4.4x2. Such Net Debt will be used to partially fund the transaction and to repay all amounts owing under LifeSpeak's current credit facility in the amount of approximately \$16 million.

Concurrent to the acquisition of Wellbeats, LifeSpeak has entered into subscription agreements with a group of investors led by Beedie Capital, and Scotia Capital Inc. and Roth Canada, ULC as agents, whereby the investors will purchase 2,953,020 common shares at a price of \$7.45 per common share for gross proceeds of approximately \$22 million, through a private placement (the "Private Placement"). The net proceeds of the Private Placement will be used to fund a portion of the purchase price of the transaction. The completion of the Private Placement is subject to applicable regulatory approval of the Toronto Stock Exchange and to the completion of the acquisition. At the closing of the transaction, Net Debt, including the net proceeds of the Private Placement, is expected to be approximately \$70 million with a Net Debt-to-Adjusted Bank EBITDA multiple of 3.4x2, and this multiple is expected to be reduced to approximately 2.5x one year after the closing.

Financial and Operational Highlights

Wellbeats brings a compelling financial profile with a strong base of revenue and Annual Recurring Revenue ("ARR"). In 2021, Wellbeats is expected to have generated approximately \$17.4 million of revenue derived from 400+ enterprise clients and achieved a 41%+ year-over-year growth in the Number of Clients for the twelve-month period ending September 30, 2021 (see "Financial Estimates" below). Wellbeats' ARR is expected to have been approximately \$19.2

million as at December 31, 2021 (see “Financial Estimates” below). In addition, Wellbeats achieved a Net Dollar Retention rate of 108%+ for the twelve-month period ending September 30, 2021.

The acquisition of Wellbeats, once complete, will be LifeSpeak’s fourth acquisition following its IPO in July of 2021. On a pro forma basis, LifeSpeak is expected to have 800+ enterprise and embedded solutions clients and approximately \$54.4 million of ARR as at December 31, 2021 (see “Financial Estimates” below). This compares to 225+ clients and ARR of approximately \$21.0 million at the time of IPO3, representing a significant increase in the opportunity set for the overall LifeSpeak product and platform.

“LifeSpeak continues to aggressively build its solution offerings to meet global demand through strategic acquisitions,” said Nolan Bederman, Executive Chair, LifeSpeak. “Wellbeats fits synergistically with our platform, allowing us to enhance and expand our mental health and wellness support capabilities. With the addition of Wellbeats’ incredible virtual physical wellbeing platform to our Company, we have a tremendous opportunity to cross-sell additional valuable solutions to our clients and partners, adding significant value to their health and wellbeing investments.”

2022 Projected Financial Performance

The combined companies are expected to deliver strong core organic revenue and ARR growth, enhanced through the significant revenue synergies and cross-sell opportunities across the pro forma client base. The strong revenue growth and profitable nature of the pro forma company supports LifeSpeak’s ability to fund future growth internally while tactically managing debt levels and continuing to execute on its global expansion and growth via acquisition strategy.

Based on current sales pipeline visibility, the successful integration of the LIFT, ALAViDA and Torchlight, and the anticipated closing and integration of Wellbeats, LifeSpeak expects 2022 revenue growth to be in the range of 180% – 200% for the year ending December 31, 2022. This assumes estimated preliminary revenue of \$23.4 million for the year ending December 31, 2021 (see “Financial Estimates” below).

LifeSpeak expects ARR to be in the range of \$75 million – \$85 million as at December 31, 2022 and expects Adjusted EBITDA Margin to be in the range of 30% – 40% for the year ending December 31, 2022. This guidance is being provided to give context to the effect of the acquisition on LifeSpeak and LifeSpeak does not intend to provide such guidance on an ongoing basis.

The Company expects to file its audited fiscal 2021 MD&A and financial statements and plans to host a conference call and webcast to discuss its fourth quarter 2021 and 2021 annual results on or about March 22, 2022.

Financial Estimates

In order to provide context to the information provided in this press release prior to the release of the Company’s financial results for the year-ended December 31, 2021, the Company is providing preliminary financial estimates with respect to its revenue and ARR. The Company does not intend to provide such estimates in the future. The Company expects revenue for year-ended December 31, 2021 to range from \$22.6 million to \$24.5 million, with a midpoint of \$23.4 million; the Company expects ARR as at December 31, 2021 for LifeSpeak (including LIFT session and ALAViDA) to range from \$27.9 million to \$30.2 million, with a midpoint of \$29.0 million; the Company expects ARR as at December 31, 2021 for Torchlight (a company acquired by LifeSpeak on December 13, 2021) to range from \$6.0 million to \$6.4 million, with a midpoint of \$6.2 million; the Company expects revenue for the year-ended December 31, 2021 for Wellbeats to range from \$16.7 million to \$18.1 million, with a midpoint of \$17.4 million and the Company expects ARR as at December 31, 2021 for Wellbeats to range from \$18.4 million to \$20.0 million, with a midpoint of \$19.2 million. All of these figures are preliminary, have not been reviewed by the Company’s or Wellbeats’ auditors and are subject to change as the Company’s and Wellbeats’ financial results are finalized. Additional discussion around the Company’s year-end results will be addressed following the release of the financial results for the year ended December 31, 2021.

Advisors

Scotiabank and Roth Canada, ULC are acting as financial advisors to LifeSpeak. Pillsbury Winthrop Shaw Pittman LLP and Fasken Martineau DuMoulin LLP are serving as legal counsel to LifeSpeak. Stifel is acting as financial advisor to Wellbeats, and Lathrop GPM is serving as legal counsel to Wellbeats.

Additional Materials & Conference Call Notification

Please refer to LifeSpeak's Investor Relations website at <https://investors.lifespeak.com> for more information about Wellbeats and the transaction.

LifeSpeak will hold a conference call to discuss the transaction on February 14, 2022, at 5:30 p.m. ET, hosted by:

- Nolan Bederman, Executive Chairman
- Michael Held, CEO
- Michael McKenna, CFO
- Jason Von Bank, President & CEO of Wellbeats

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

CONFERENCE CALL DETAILS

DATE: February 14, 2022

TIME: 5:30 p.m. ET

DIAL-IN NUMBERS: 1-226-828-7575 or toll-free at 1- 833-950-0062

REFERENCE NUMBER: 898574

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

<https://event.on24.com/wcc/r/3643730/65491A7B809070BEC904010ECAECCFBA>

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

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the "1933 Act") and may not be offered or sold to, or for the account or benefit of, persons in the United States or "U.S. persons" (as such term is defined in Regulation S under the 1933 Act) absent registration or an applicable exemption from the registration requirements of the 1933 Act any application state securities laws.

About Wellbeats

Wellbeats is the premier provider of on-demand, virtual wellness content, and programming for use in corporate wellbeing initiatives. With more than 1,000 fitness, nutrition, and mindfulness classes and programs available anytime and anywhere, Wellbeats allows employers to support employees with wellness resources that fit their needs, lifestyle, and schedule. Wellbeats provides best-in-class content that appeals to people of all ages, interests, and ability levels. Wellbeats content is easily accessible through apps for iOS, Android, Windows, and Apple T.V.; any modern Web browser, Chromecast, Airplay, and Roku. To learn more, visit www.Wellbeats.com, follow on LinkedIn or check out a sampling of the company's fitness classes during a [Facebook](#) Live session.

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 17+ 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" or "LIFT session"), ALAViDA Health Ltd. ("ALAViDA"), and EnCompass Education Solutions ("Torchlight"). To learn more, follow LifeSpeak on LinkedIn (<http://www.linkedin.com/company/lifespeak-inc>), or visit www.LifeSpeak.com.

Non-IFRS Measures

This press release may make reference to certain non-IFRS financial measures and key performance indicators. These measures are not recognized measures under IFRS as issued by the IASB and do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures 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. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. We use non-IFRS measures, including "EBITDA" and "Adjusted EBITDA." The Company defines "EBITDA" as net profit or loss before income tax expenses, finance costs and depreciation and amortization; and defines "Adjusted EBITDA" or "Adj. EBITDA" 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 acquisition and related matters, share-based compensation, foreign exchange loss (gain) and shareholders distributions.

This press release also makes reference to "Annual Recurring Revenue" or "ARR," "Net Dollar Retention Rate" or "NDR," "Number of Clients" and "Adjusted EBITDA Margin," which are key performance indicators used in the Company's industry. The Company calculates "Annual Recurring Revenue" or "ARR" as being equal to the annualized value of contracted recurring revenue from all clients of its platform at the date being measured. The Company's calculation of ARR assumes that active clients will renew their contracts at the time of renewal. Based on the Company's 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 the Company's existing clients or distributed through its channel partners). ARR provides a consolidated measure by which the Company can monitor the longer-term trends in its business. The Company calculates "Net Dollar Retention Rate" for a period 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 the Company can monitor the percentage of recurring ARR retained from existing 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 the Company's embedded solutions for which the term of services has not ended, or with which the Company is negotiating contract renewal. "Adjusted EBITDA Margin" is defined as Adjusted EBITDA divided by revenue.

These non-IFRS measures and key performance indicators are used to provide investors with supplemental measures of the Company's operating performance and liquidity and thus highlight trends in the Company's business that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that securities analysts, investors, and other interested parties frequently use non-IFRS measures and key performance indicators in the evaluation of issuers. The Company's management also uses non-IFRS measures and key performance indicators in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to determine components of management and executive compensation. The key performance indicators used by the Company may be calculated in a manner different than similar key performance indicators used by other companies.

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, performance, achievements, prospects or opportunities 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 includes, among other things, statements relating to: completion of and timing for completion of the acquisition, funding of the acquisition, expectations for deleveraging, expectations relating to impact on the Company's revenues, ARR, and margins, expectations regarding industry trends, and the Company's growth rates and growth strategies; addressable markets for the Company's platform; the Company's ability to use its technology to enhance and expand its products and services; the opportunity to cross-sell Wellbeats' physical wellbeing platform around the world, as well as increase the prevalence of our industry-leading mental health and total wellbeing education platform; the Company's business plans, objectives, strategies; the Company's future financial outlook and anticipated events or results; the intent, belief or current expectations of management with respect to the consolidated results of operations and financial condition; and the Company's competitive position in its industry.

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; 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 closing is delayed due regulatory approvals or other closing conditions; that expected cost and revenue synergies are not realized within the expected timeframe or at all; that revenue, ARR, margin expectations and cash flow expectations are not met for any number of reasons, including those stated above; political, labour or supplier disruptions; 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 (final) long form prospectus dated June 28, 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.

1 Net Debt is all of the Company's borrowings under its credit facilities less cash on hand; and Adjusted Bank EBITDA is a specific calculation of the Company's adjusted earnings before interest, income tax, depreciation and amortization expenses used by the Company's lenders under our financing arrangements to calculate leverage ratios for the purposes of covenant compliance. The Company does not intend to report Adjusted Bank EBITDA, nor does it intend to disclose Net Debt / Adjusted Bank EBITDA metrics on a go-forward basis. Calculated based on pro forma 2021 last quarter annualized, including Wellbeats

2 Calculated under our financing arrangement based on pro forma 2021 last quarter Adjusted Bank EBITDA annualized, including Wellbeats. The Company does not intend to report this multiple on a go-forward basis.

3 As at March 31, 2021, as disclosed in the IPO Prospectus dated June 28, 2021

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