

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 8-K**

Current Report Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

April 29, 2021

Date of Report (Date of earliest event reported)

**CASTLIGHT HEALTH, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation)

**001-36330**

(Commission File Number)

**26-1989091**

(I.R.S. Employer  
Identification Number)

150 Spear Street, Suite 400  
San Francisco, CA 94105  
(Address of principal executive offices)  
(415) 829-1400  
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)  
Not applicable

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                                | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Class B Common Stock, par value \$0.0001 per share | CSLT              | New York Stock Exchange                   |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02. Results of Operations and Financial Condition.**

*The information in Item 2.02 of this Current Report, including the accompanying Exhibit 99.1, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of Section 18. The information in Item 2.02 of this Current Report shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language contained in such filing.*

On April 29, 2021, Castlight Health, Inc. (the "Company") issued a press release announcing its financial results for the three months ended March 31, 2021. A copy of the press release is furnished herewith as Exhibit 99.1.

The Company's senior management will host a conference call to discuss its first quarter 2021 results and business outlook on Thursday, April 29, 2021, at 2:00 p.m. Pacific Time (5:00 p.m. Eastern Time). A live audio webcast of the conference call, together with detailed financial information, can be accessed through the Company's Investor Relations website at <http://ir.castlighthealth.com>. An archive of the webcast can also be accessed through the same link. The live conference call can be accessed by dialing (833) 238-7953 and the replay will be available for one week at (800) 585-8367. The conference ID number for the live call and replay is 2847469.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

**Exhibit      Description**

[99.1 Press Release, dated April 29, 2021, entitled "Castlight Health Announces First Quarter 2021 Results"](#)  
104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 29, 2021

**CASTLIGHT HEALTH, INC.**

By: /s/ Will Bondurant

Will Bondurant

Chief Financial Officer



## Castlight Health Announces First Quarter 2021 Results

*Company Demonstrates Sequential Increase in ARR and Increases 2021 Outlook*

**SAN FRANCISCO - April 29, 2021** - Castlight Health, Inc. (NYSE:CSLT), a leading health navigation platform provider, today announced results for its first quarter ended March 31, 2021.

“We executed well in the first quarter and made meaningful progress against each of our three priorities for 2021 while delivering strong financial results, including sequential ARR growth and our fourth straight quarter of non-GAAP profitability,” said Maeve O’Meara, chief executive officer of Castlight Health. “We were pleased with our pipeline generation activity in the quarter, reported our lowest churn quarter since 2016, and expanded a key health plan partnership. We demonstrated our commitment and ability to innovate in the category of next generation navigation with the launch of our market-leading vaccine navigation solution. Finally, we expanded and extended our work with Boston Children’s Hospital to support the nation’s ongoing COVID-19 vaccination effort. Our progress in the first quarter allows us to increase our financial guidance for 2021.”

Financial performance for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 includes:

- Total revenue of \$35.1 million, compared to \$39.0 million
  - GAAP gross margin of 63.6%, compared to 62.9%
  - Non-GAAP gross margin of 66.8%, compared to 65.1%
  - GAAP operating loss of \$3.1 million, compared to \$56.6 million
  - Non-GAAP operating income of \$1.2 million, compared to an operating loss of \$2.2 million
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- GAAP net loss per basic and diluted share of \$0.02, compared to a net loss per basic and diluted share of \$0.38
- Non-GAAP net income per basic and diluted share of \$0.01, compared to a net loss per basic and diluted share of \$0.01
- Cash provided by operations of \$7.6 million, compared to cash used in operations of \$14.4 million

Total cash was \$56.5 million as of March 31, 2021.

A reconciliation of GAAP to non-GAAP results has been provided in this press release in the accompanying tables. An explanation of these measures is also included below under the heading “Non-GAAP Financial Measures.”

### **Business Outlook**

For the full year 2021, the Company is increasing its outlook and now expects:

- Revenue in the range of \$135 million to \$140 million
- Non-GAAP operating income between income of \$1 million and a loss of \$4 million
- Non-GAAP net income per share between income of \$0.01 and a loss of \$0.03, based on approximately 160 million to 161 million shares

For the second quarter of 2021, the Company now expects:

- Revenue in the range of \$33 million to \$35 million

### **Quarterly Conference Call**

Castlight Health senior management will host a conference call to discuss its first quarter 2021 results and business outlook today at 2:00 p.m. Pacific Time (5:00 p.m. Eastern Time). A live audio webcast of the conference call, together with detailed financial information, can be accessed through the Company’s Investor Relations website at <http://ir.castlighthealth.com>. An

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archive of the webcast can also be accessed through the same link. The live conference call can be accessed by dialing (833) 238-7953 and the replay will be available for one week at (800) 585-8367. The conference ID number for the live call and replay is 2847469.

### **About Castlight Health**

Castlight is on a mission to make it as easy as humanly possible for people to navigate the healthcare system and live happier, healthier, more productive lives. As a leader in healthcare navigation, we provide a world-class digital platform with a team of clinical and benefits experts to help members easily connect and engage with the right programs and care, at the right time. Castlight partners with Fortune 500 companies and health plans to transform employee and member benefits into one comprehensive health and wellbeing experience to deliver better health outcomes and maximize returns on healthcare investments.

For more information visit [www.castlighthealth.com](http://www.castlighthealth.com). Follow us on [Twitter](#) and [LinkedIn](#) and Like us on [Facebook](#).

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## **Non-GAAP Financial Measures**

To supplement Castlight Health's financial statements presented in accordance with generally accepted accounting principles (GAAP), we also use and provide investors and others with non-GAAP measures of certain components of financial performance, including non-GAAP gross profit and margin, non-GAAP operating expense, non-GAAP operating income (loss), non-GAAP net income (loss) and non-GAAP net income (loss) per share. Non-GAAP gross profit and margin, non-GAAP operating expense, non-GAAP operating income (loss), and non-GAAP net income (loss) exclude goodwill impairment, stock-based compensation, certain legal expenses, amortization of intangibles, restructuring charges, capitalization and amortization of internal-use software, and lease exit and related charges.

We believe that these non-GAAP financial measures provide useful supplemental information to investors and others, facilitate the analysis of the company's core operating results and comparison of operating results across reporting periods, and can help enhance overall understanding of the company's historical financial performance. However, these non-GAAP financial measures should be considered in addition to, not as a substitute for or in isolation from, measures prepared in accordance with GAAP.

The non-GAAP measures we provide may differ from the non-GAAP information used by other companies, including peer companies, and therefore comparability may be limited. Castlight Health encourages investors and others to review the Company's financial information in its entirety and not rely on a single financial measure.

We have provided a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure, except that we have not reconciled our non-GAAP operating loss and net loss per share guidance for the full year 2021 to comparable GAAP

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measures because we do not provide guidance for stock-based compensation expense, and capitalization and amortization of internal-use software, which are reconciling items between GAAP and non-GAAP. The factors that may impact our future stock-based compensation expense, and capitalization and amortization of internal-use software, are out of our control and/or cannot be reasonably predicted, and therefore we are unable to provide such guidance without unreasonable effort. Factors include our market capitalization and related volatility of our stock price and our inability to project the cost or scope of internally produced software.

### **Safe Harbor for Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Words such as "anticipates," "expects," "intends," "plans," "projects," "believes," "seeks," "estimates," "can," "may," "will," "would" and similar expressions identify such forward-looking statements. These statements are not guarantees of results and should not be considered as an indication of future activity or future performance. The forward-looking statements about Castlight Health's expectations, plans, intentions, and strategies include, but are not limited to, statements regarding certain 2021 financial projections, and our expectations for our future business and financial performance. These forward-looking statements involve risks and uncertainties, as well as assumptions, which, if they do not fully materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The risks and uncertainties include those described in Castlight Health's documents filed with or furnished to the Securities and Exchange Commission, including the risks set forth in our annual report on Form 10-K for the year ended December 31, 2020 as filed with the SEC on February 24, 2021, and our quarterly reports on Form 10-Q, including the quarterly report for the three months ended March 31, 2021, when filed with the SEC. All forward-looking statements in this

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press release are expressly qualified in their entirety by these cautionary statements and are based on information available to Castlight Health as of the date hereof. Castlight Health assumes no obligation to update these forward-looking statements, except as required by law.

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**CASTLIGHT HEALTH, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands)  
(unaudited)

|   | As of             |                   |
|---|-------------------|-------------------|
|   | March 31, 2021    | December 31, 2020 |
| <b>Assets</b>                                     |                   |                   |
| <b>Current assets:</b>                            |                   |                   |
| Cash and cash equivalents                         | \$ 56,501         | \$ 49,242         |
| Accounts receivable and other, net                | 25,035            | 31,740            |
| Prepaid expenses and other current assets         | 6,772             | 3,800             |
| <b>Total current assets</b>                       | <b>88,308</b>     | <b>84,782</b>     |
| Property and equipment, net                       | 4,966             | 5,321             |
| Restricted cash, non-current                      | 1,144             | 1,144             |
| Deferred commissions                              | 8,190             | 9,556             |
| Deferred professional service costs               | 4,205             | 4,462             |
| Intangible assets, net                            | 6,872             | 7,930             |
| Goodwill  | 41,485            | 41,485            |
| Operating lease right-of-use assets, net          | 9,131             | 10,238            |
| <b>Other assets</b>                               | <b>1,838</b>      | <b>1,855</b>      |
| <b>Total assets</b>                               | <b>\$ 166,139</b> | <b>\$ 166,773</b> |
| <b>Liabilities and stockholders' equity</b>       |                   |                   |
| <b>Current liabilities:</b>                       |                   |                   |
| Accounts payable                                  | \$ 4,383          | \$ 5,145          |
| Accrued expenses and other current liabilities    | 7,057             | 7,898             |
| Accrued compensation                              | 4,755             | 8,633             |
| Deferred revenue                                  | 13,135            | 6,848             |
| Operating lease liabilities                       | 5,939             | 5,789             |
| <b>Total current liabilities</b>                  | <b>35,269</b>     | <b>34,313</b>     |
| Deferred revenue, non-current                     | 122               | 663               |
| Operating lease liabilities, non-current          | 5,907             | 7,446             |
| Other liabilities, non-current                    | 480               | 485               |
| <b>Total liabilities</b>                          | <b>41,778</b>     | <b>42,907</b>     |
| <b>Stockholders' equity</b>                       | <b>124,361</b>    | <b>123,866</b>    |
| <b>Total liabilities and stockholders' equity</b> | <b>\$ 166,139</b> | <b>\$ 166,773</b> |

**CASTLIGHT HEALTH, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)  
(unaudited)

|  | <b>Three Months Ended March 31,</b> |                    |
|--|-------------------------------------|--------------------|
|  | <b>2021</b>                         | <b>2020</b>        |
| <b>Revenue:</b>  |                                     |                    |
| Subscription   | \$ 32,110                           | \$ 38,383          |
| Professional services and other  | 2,949                               | 662                |
| <b>Total revenue, net</b>  | <b>35,059</b>                       | <b>39,045</b>      |
| <b>Cost of revenue:</b>  |                                     |                    |
| Cost of subscription <sup>(1)</sup>  | 8,099                               | 10,232             |
| Cost of professional services and other <sup>(1)</sup>                       | 4,657                               | 4,241              |
| <b>Total cost of revenue</b>   | <b>12,756</b>                       | <b>14,473</b>      |
| <b>Gross profit</b>  | <b>22,303</b>                       | <b>24,572</b>      |
| <b>Operating expenses:</b>   |                                     |                    |
| Sales and marketing <sup>(1)</sup>   | 6,913                               | 10,472             |
| Research and development <sup>(1)</sup>                                      | 12,113                              | 13,822             |
| General and administrative <sup>(1)</sup>                                    | 6,366                               | 6,576              |
| Goodwill impairment  | —                                   | 50,300             |
| <b>Total operating expenses</b>  | <b>25,392</b>                       | <b>81,170</b>      |
| <b>Operating loss</b>  | <b>(3,089)</b>                      | <b>(56,598)</b>    |
| <b>Other income, net</b>   | <b>93</b>                           | <b>263</b>         |
| <b>Net loss</b>  | <b>\$ (2,996)</b>                   | <b>\$ (56,335)</b> |
| <b>Net loss per share, basic and diluted</b>                                 | <b>\$ (0.02)</b>                    | <b>\$ (0.38)</b>   |
| Weighted-average shares used to compute basic and diluted net loss per share | 156,781                             | 148,872            |

(1) Includes stock-based compensation expense as follows:

|   | <b>Three Months Ended March 31,</b> |              |
|---|-------------------------------------|--------------|
|   | <b>2021</b>                         | <b>2020</b>  |
| <b>Cost of revenue:</b>                 |                                     |              |
| Cost of subscription                    | \$ 257                              | \$ 169       |
| Cost of professional services and other | 236                                 | 116          |
| <b>Sales and marketing</b>              | <b>350</b>                          | <b>672</b>   |
| <b>Research and development</b>         | <b>1,069</b>                        | <b>1,163</b> |
| <b>General and administrative</b>       | <b>1,195</b>                        | <b>1,066</b> |

**CASTLIGHT HEALTH, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(unaudited)

|   | Three Months Ended March 31, |             |
|---|------------------------------|-------------|
|   | 2021                         | 2020        |
| Operating activities:   |                              |             |
| Net loss  | \$ (2,996)                   | \$ (56,335) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: |                              |             |
| Depreciation and amortization   | 1,623                        | 1,535       |
| Goodwill impairment   | —                            | 50,300      |
| Stock-based compensation  | 3,107                        | 3,186       |
| Amortization of deferred commissions  | 1,340                        | 2,383       |
| Amortization of deferred professional service costs                                       | 580                          | 925         |
| Non-cash operating lease expense  | 1,107                        | 1,400       |
| Accretion and amortization of marketable securities                                       | —                            | 2           |
| Changes in operating assets and liabilities:  |                              |             |
| Accounts receivable and other, net  | 6,705                        | (6,676)     |
| Deferred commissions  | 26                           | (318)       |
| Deferred professional service costs   | (300)                        | (416)       |
| Prepaid expenses and other assets   | (2,955)                      | (494)       |
| Accounts payable  | (759)                        | (7,462)     |
| Operating lease liabilities   | (1,389)                      | (1,516)     |
| Accrued expenses and other liabilities  | (382)                        | 19          |
| Deferred revenue  | 5,746                        | 3,573       |
| Accrued compensation  | (3,878)                      | (4,465)     |
| Net cash provided by (used in) operating activities                                       | 7,575                        | (14,359)    |
| Investing activities:   |                              |             |
| Purchase of property and equipment  | (212)                        | (1,264)     |
| Purchase of marketable securities   | —                            | (1,989)     |
| Maturities of marketable securities   | —                            | 12,400      |
| Net cash (used in) provided by investing activities                                       | (212)                        | 9,147       |
| Financing activities:   |                              |             |
| Proceeds from exercise of stock options   | 128                          | 155         |
| Proceeds from ESPP offering   | 233                          | 186         |
| Principal payments on long-term debt  | (465)                        | (465)       |
| Net cash used in financing activities   | (104)                        | (124)       |
| Net increase (decrease) in cash, cash equivalents and restricted cash                     | 7,259                        | (5,336)     |
| Cash, cash equivalents and restricted cash at beginning of period                         | 50,386                       | 44,342      |
| Cash, cash equivalents and restricted cash at end of period                               | \$ 57,645                    | \$ 39,006   |
| Reconciliation of cash, cash equivalents and restricted cash:                             |                              |             |
| Cash and cash equivalents   | \$ 56,501                    | \$ 37,681   |
| Restricted cash included in Prepaid expenses and other current assets                     | —                            | 181         |
| Restricted cash, non-current  | 1,144                        | 1,144       |
| Total cash, cash equivalents and restricted cash  | \$ 57,645                    | \$ 39,006   |

**CASTLIGHT HEALTH, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**  
(In thousands, except per share data)  
(unaudited)

|   | Three Months Ended |                   |                   |
|---|--------------------|-------------------|-------------------|
|   | March 31, 2021     | December 31, 2020 | March 31, 2020    |
| <b>Gross profit:</b>                            |                    |                   |                   |
| GAAP gross profit subscription                  | \$ 24,011          | \$ 26,487         | \$ 28,151         |
| Stock-based compensation                        | 257                | 215               | 169               |
| Amortization of internal-use software           | 79                 | 80                | 26                |
| Amortization of intangibles                     | 530                | 530               | 530               |
| Non-GAAP gross profit subscription              | <u>\$ 24,877</u>   | <u>\$ 27,312</u>  | <u>\$ 28,876</u>  |
| GAAP gross margin subscription                  | 74.8 %             | 77.0 %            | 73.3 %            |
| Non-GAAP gross margin subscription              | 77.5 %             | 79.4 %            | 75.2 %            |
| <b>GAAP gross loss professional services</b>    |                    |                   |                   |
| GAAP gross loss professional services           | \$ (1,708)         | \$ (2,322)        | \$ (3,579)        |
| Stock-based compensation                        | 236                | 219               | 116               |
| Non-GAAP gross loss professional services       | <u>\$ (1,472)</u>  | <u>\$ (2,103)</u> | <u>\$ (3,463)</u> |
| GAAP gross margin professional services         | (58)%              | (87)%             | (541)%            |
| Non-GAAP gross margin professional services     | (50)%              | (79)%             | (523)%            |
| <b>GAAP gross profit</b>                        |                    |                   |                   |
| GAAP gross profit                               | \$ 22,303          | \$ 24,165         | \$ 24,572         |
| Impact of non-GAAP adjustments                  | 1,102              | 1,044             | 841               |
| Non-GAAP gross profit                           | <u>\$ 23,405</u>   | <u>\$ 25,209</u>  | <u>\$ 25,413</u>  |
| GAAP gross margin                               | 63.6 %             | 65.2 %            | 62.9 %            |
| Non-GAAP gross margin                           | 66.8 %             | 68.0 %            | 65.1 %            |
| <b>Operating expense:</b>                       |                    |                   |                   |
| GAAP sales and marketing                        | \$ 6,913           | \$ 7,713          | \$ 10,472         |
| Stock-based compensation                        | (350)              | (326)             | (672)             |
| Amortization of intangibles                     | (528)              | (528)             | (528)             |
| Non-GAAP sales and marketing                    | <u>\$ 6,035</u>    | <u>\$ 6,859</u>   | <u>\$ 9,272</u>   |
| GAAP research and development                   | \$ 12,113          | \$ 11,418         | \$ 13,822         |
| Stock-based compensation                        | (1,069)            | (1,041)           | (1,163)           |
| Certain legal expenses                          | —                  | —                 | 191               |
| Capitalization of internally developed software | —                  | —                 | 21                |
| Non-GAAP research and development               | <u>\$ 11,044</u>   | <u>\$ 10,377</u>  | <u>\$ 12,871</u>  |
| GAAP general and administrative                 | \$ 6,366           | \$ 6,405          | \$ 6,576          |
| Stock-based compensation                        | (1,195)            | (1,085)           | (1,066)           |
| Amortization of intangibles                     | —                  | —                 | (17)              |
| Non-GAAP general and administrative             | <u>\$ 5,171</u>    | <u>\$ 5,320</u>   | <u>\$ 5,493</u>   |
| GAAP goodwill impairment                        | \$ —               | \$ —              | \$ 50,300         |
| Goodwill impairment                             | —                  | —                 | (50,300)          |
| Non-GAAP goodwill impairment                    | <u>\$ —</u>        | <u>\$ —</u>       | <u>\$ —</u>       |
| GAAP operating expense                          | \$ 25,392          | \$ 25,536         | \$ 81,170         |
| Impact of non-GAAP adjustments                  | (3,142)            | (2,980)           | (53,534)          |
| Non-GAAP operating expense                      | <u>\$ 22,250</u>   | <u>\$ 22,556</u>  | <u>\$ 27,636</u>  |

**CASTLIGHT HEALTH, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**  
(In thousands, except per share data)  
(unaudited)

|   |                 |                 |                   |
|---|-----------------|-----------------|-------------------|
| <b>Operating loss:</b>  |                 |                 |                   |
| GAAP operating loss   | \$ (3,089)      | \$ (1,371)      | \$ (56,598)       |
| Impact of non-GAAP adjustments                                  | 4,244           | 4,024           | 54,375            |
| Non-GAAP operating income (loss)                                | <u>\$ 1,155</u> | <u>\$ 2,653</u> | <u>\$ (2,223)</u> |
| <b>Net loss and net loss per share:</b>                         |                 |                 |                   |
| GAAP net loss   | \$ (2,996)      | \$ (1,197)      | \$ (56,335)       |
| Total pre-tax impact of non-GAAP adjustments                    | 4,244           | 4,024           | 54,375            |
| Non-GAAP net income (loss)                                      | <u>\$ 1,248</u> | <u>\$ 2,827</u> | <u>\$ (1,960)</u> |
| GAAP net loss per share, basic and diluted                      | \$ (0.02)       | \$ (0.01)       | \$ (0.38)         |
| Non-GAAP net income (loss) per share, basic and diluted         | \$ 0.01         | \$ 0.02         | \$ (0.01)         |
| Shares used in basic and diluted net loss per share computation | 156,781         | 154,739         | 148,872           |

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