



APPENDIX 4E
PRELIMINARY FINAL REPORT

LIMEADE, INC.

For the year ended 31 December 2020

Limeade, Inc.

Appendix 4E

Preliminary final report

1. COMPANY DETAILS

Name of entity:	Limeade, Inc.
ABN:	637 017 602
Financial year ended (reporting period)	31 December 2020
Financial year ended (previous period)	31 December 2019

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET (NOTE: ALL AMOUNTS IN USD)

	Up/(down) \$USD '000	% change	31 December 2020 \$USD '000	31 December 2019 \$USD '000
Revenue from ordinary activities	9,142	19.3%	56,585	47,443
(Loss) from ordinary activities after tax attributable to shareholders	1,752	86.9%	(265)	(2,017)
Net (Loss) attributable to shareholders	1,552	76.6%	(473)	(2,025)

3. DIVIDEND

The Company has not declared, and does not propose to pay, any dividends for the year ended 31 December 2020. There are no dividend or dividend reinvestment plans in operation.

4. NET TANGIBLE ASSETS PER SECURITY

	31 December 2020 \$USD	31 December 2019 \$USD
Net tangible assets per security	0.08	0.08

Net tangible assets are defined as the net assets of Limeade, Inc., less intangible assets.

5. PRINCIPAL ACTIVITIES

The principal activity of Limeade, Inc. is the development and sale of enterprise employee experience software. On 20 December 2019 Limeade, Inc. listed on the ASX by means of issuing CHES Depositary Interests (CDIs).

6. COMMENTARY ON RESULTS**Business summary and key performance indicators**

The key performance indicators of the financial results are as follows:

- An increase in revenue from \$47.4 million for the year ended 31 December 2019 ("2019") to \$56.6 million for the year ended 31 December 2020 ("2020") which is an 19.3% improvement.

- The revenue increase of \$9.1 million reflects the growth of new customers and increased sales to existing customers.
- The net loss for the year ended 31 December 2020 is \$0.3 million compared to a loss of \$2.0 million for the year ended 31 December 2019.
- The net cash provided by operating activities for year ended 31 December 2020 is \$3.8 million compared to \$2.8 million for the year ended 31 December 2019

The 2020 financial year presented some challenges for Limeade following the declaration of coronavirus COVID-19 global pandemic by the World Health Organization on 11 March 2020 (the “Pandemic”), with various ‘shelter in place’ directives across a number of states within the US, and partial to full lockdowns in other countries that followed. Domestic and international travel was significantly impacted, which resulted in changes to the way the Company interacted with current and prospective customers and a shift to virtual sales and marketing mediums during the year. This global uncertainty and the impact on enterprise budgeting and decision-making resulted in Limeade experiencing some delays in finalizing contracts during the year. Financial discipline, a strong balance sheet, our award-winning culture and the core Limeade value proposition carried us through the challenges of 2020.

Despite this, Limeade continued to execute on its growth strategy with investment in sales and marketing. Sales and marketing expenses increasing 14% from \$15.8 million for the year ended 31 December 2019 to \$17.9 million for the year ended 31 December 2020. Due to the Pandemic, the type of investments in sales and marketing shifted from in-person events to webinars and virtual events which proved to be a more cost-effective way of reaching customers. This was evident by an increase of 120% in the number of webinar registrants in 2020 compared with 2019.

Continued development of the Limeade platform resulted in an increase of research and development expenses by 13% from \$15.0 million for the year ended 31 December 2019 to \$17.0 million for the year ended 31 December 2020. In FY20, the Company released 560 new activities to support employee well-being and COVID-19 along with additional engagement, and inclusion activities. Additionally, 25+ key platform upgrades and global support capabilities were delivered. New capabilities focused on reaching dispersed workforces, employee listening, recognition and more. Limeade also delivered additional key partnerships highlighted by the Microsoft Teams integration.

Limeade met its IPO prospectus guidance for revenue for the year ended 31 December 2020 and materially exceeded prospectus guidance for EBITDA with a gain of \$1.2 million compared to prospectus forecast of a \$10.7 million loss. In addition, Limeade materially exceeded the prospectus forecast net loss after tax, with a loss of \$0.3 million for the year ended 31 December 2020 versus prospectus forecast of a \$12.4 million loss. In response to the uncertainty of the COVID-19 pandemic, Limeade took a more conservative approach to spending, delaying certain hiring and shifting sales and marketing spend to remote and virtual channels resulting in reduced operating expenses while maintaining revenue.

The cash balance was \$31.5 million as at 31 December 2020 with no debt compared to a \$32.0 million cash balance as at December 2019 with no debt. Limeade continues to manage cash that will be used for future growth investments in the business to improve and enhance the product and build pipeline and, ultimately, the customer base.

6. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

There are no entities over which control has been gained or lost during the period.

7. ASSOCIATES AND JOINT VENTURE ENTITIES

There are no associate or joint venture entities.

8. FOREIGN ENTITY ACCOUNTING STANDARDS

The financial statement contained within the Preliminary Financial Report have been prepared in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP").

9. FINANCIAL REPORT

The following financial report included in this Appendix 4E should be read in conjunction with any public announcements made by Limeade, Inc. in accordance with the continuous disclosure obligations of the ASX listing Rules.

This Appendix 4E and the included financial information are based on the Consolidated Financial Statements and Notes of Limeade, Inc. which have been audited by Deloitte & Touche LLP with an unqualified opinion issued.

SIGNED



Toby Davis
Chief Financial Officer

25 February 2021

An overhead photograph of a group of people sitting around a white, round table on a wooden floor. The people are engaged in collaborative work, with some writing in notebooks and others looking at documents. The scene is brightly lit, and the wooden floor has a natural, light-colored grain. A green semi-transparent banner is overlaid on the right side of the image, containing the company's name and logo.

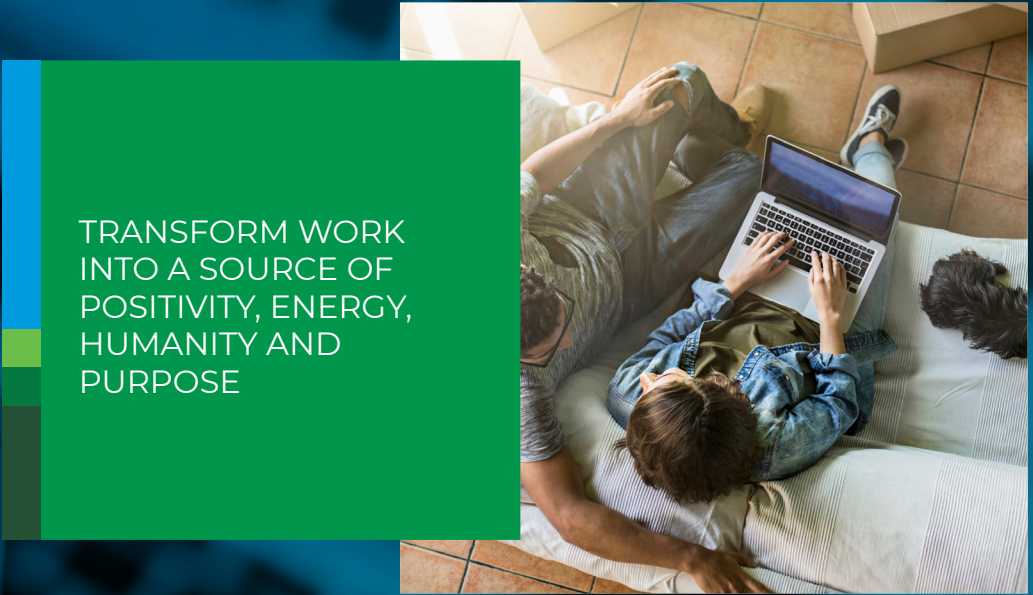
Annual Report 2020

Limeade, Inc.
ARBN 637 017 602

limeade®

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Chair and CEO Letter

Dear Fellow Investor,

We hereby present the Annual Report for the financial year ended 31 December 2020 (FY20), our first full financial year as a publicly listed Company on ASX. Although 2020 presented unique challenges for most businesses across the globe, we are pleased with our 2020 business performance.

Limeade delivers an integrated suite of mobile-first employee experience software solutions for well-being, engagement, inclusion and communications to many of the biggest and best companies in the world. We added 18 enterprise customers in 2020, ending the year with a total of 150.

COVID-19 Response

As we have shared with investors throughout the year, our response to the global COVID-19 pandemic was swift and decisive. We organized our internal operations and already largely distributed global workforce to meet the moment – going above and beyond to serve our valued customers. We maintained our own strong culture, and delivered when it mattered most on our brand promise:

“With Limeade, every employee knows their company cares.”

According to Limeade Institute research, employees who perceive organisational care are 10 times more likely to recommend their company as a great place to work and 4 times less likely to feel burned out.

We are also observing increases in longer-term demand for solutions that empower more effective communication with increasingly remote and distributed global workforces; that support employees’ physical, emotional and financial well-being; and that drive increased employee engagement, connection, inclusion, safety and performance.

Limeade was proud to deliver “Care in Crisis” solutions to over 200,000 people in North America in late March 2020 – at no cost – to help populations struggling in the face of COVID-19.

Comprehensive actions to protect and serve our customers and their employees included:

- Created and shared over 160 COVID-19-relevant activities available through the Limeade platform. 100% of our Well-Being customers have COVID-19 activities in their Limeade experiences, and we have seen significant increases in employee participation

- Hosted and attracted record audiences for several webinars featuring science from our Limeade Institute
- Re-imagined our annual conference, Limeade Engage, to be 100% virtual, with a 258% increase in customer and prospect attendance
- Worked with our partners to deliver free emotional health, stress management, sleep and resilience training.

Industry Recognition

We were pleased to once again receive industry recognition for our company culture. Limeade was certified by Great Place to Work for the fourth time, named one of Washington’s 2020 Best Workplaces by the Puget Sound Business Journal for the seventh time and honoured as one of Washington’s 2020 Best Companies to Work For by Seattle Business Magazine for the fourth time. Creating a world-class employee experience for our own employees establishes credibility and authority with the customers we serve.

FY20 Results

Despite the uncertainty resulting from COVID-19, we are pleased to report that we delivered strong financial results, exceeding key 2020 financial targets, including:

- Revenues up 19.3% on the previous corresponding period (pcp) to US\$56.6 million and 0.9% ahead of our IPO Prospectus forecast
- Gross margins of 78% up 1.3% on the pcp and 2.6% ahead of IPO Prospectus forecast
- EBITDA of US\$1.2 million, a US\$1.8 million improvement from the pcp, a US\$11.9 million improvement on the IPO Prospectus forecast and an improvement from the range of market guidance provided (US\$0-2 million)
- Net Loss After Tax of US\$0.3 million, a US\$1.8 million improvement from the pcp, a US\$12.1 million improvement on the IPO Prospectus forecast and an improvement from the range of market guidance provided (US\$1.5-3.5 million)

Our Direct Customer retention remains consistently high at 90.1% and was within budget expectations despite COVID-19. We closed the financial year with US\$31.5 million cash at bank and no debt. We believe this strong financial position, our innovative product and our amazing people and purpose-driven culture positions the Company well for both organic and inorganic growth.

Why Culture Matters

During the year the Limeade Institute published the Caring Cultures Study based on quantitative surveys across nearly 1,400 respondents across over 20 industries. The results of this study showed that employees working in Caring Cultures felt more committed to that organization (94% of respondents versus 35% in non-Caring Cultures), more included in that organization (96% vs. 22%), more engaged in their work (96% vs. 53%), higher well-being (95% vs. 68%) and more manageable stress (57% vs. 35%).

Unique Limeade technology rooted in scientific research, provides the tools necessary for organisations to connect and show care for their employees, and the beneficial effects this has on culture.

FY21

As we commence the 2021 financial year, we have witnessed significant developments in the fight against COVID-19 with several vaccine candidates now approved by the US Food and Drug Administration. Although the development of a vaccine within 12 months of a pandemic is unheralded in the field of medicine, the impacts associated with the pandemic have continued to manifest into 2021 with soaring case numbers and deaths. Therefore, within our key markets of the US and Europe business activity has not yet completely returned to normal.

The uncertain business environment that persisted during 2020 coupled with rolling shutdowns and shelter in place orders, particularly in the United States and Europe, did delay contract signings with new, large customers during 2020 that would have expected to be executed in the ordinary course of business for commencement in 2021. This has impacted growth in closing Contract Annual Recurring Revenue (CARR) as at 31 December 2020 and therefore our revenue outlook for 2021.

LIMEADE DELIVERED STRONG FINANCIAL PERFORMANCE IN FY20, OUTPACING GUIDANCE DESPITE THE CHALLENGES OF COVID-19.



Chair and CEO Letter

The Future of Work

Limeade predicts that the COVID-19 crisis will have significant and lasting effects on the employee experience software industry that will support Limeade growth.

The long-heralded digital and cultural transformations of work are accelerating. As we stated in our Prospectus: Today's workforces increasingly "demand cultures that, put simply, care." Companies all over the world are re-evaluating strategies to support remote work, bi-directional employee communications, meaningful social connection, preventive care and

financial and emotional resilience. Their C-Suite executives and Boards of Directors are demanding dashboard insights into key culture health and ESG metrics like employee engagement, burnout, turnover, well-being and inclusion.

Limeade is a clear leader in employee experience software. We have spent 15 years and invested over US\$97 million in R&D into the Limeade platform to be ready for this moment. Limeade is committed to making work better for millions of employees worldwide and delivering value to all stakeholders. We thank you for your belief and support.



Elizabeth Bastoni
Chair, Limeade Board of Directors

26 February 2021



In Closing

The team overcame significant disruption this year to deliver financial results ahead of expectations. We are grateful for our LimeMates, customers and investors for their commitment and confidence as we continue our journey to transform the future of work. With this support, anything is possible. On behalf of our fellow Directors, we can assure you that we are committed to focusing on our growth agenda in order to create value for all of the stakeholders in the Limeade business.

Onward



Henry Albrecht
Limeade CEO

26 February 2021



Limeade at a Glance

Limeade provides employee experience solutions that improve employee well-being, employee engagement and organisational culture. Doing so generates better people and business results, delivering the quantifiable ROI customers require.

Enterprise organisations, defined as employers of five-thousand or more employees, represent the primary target market for Limeade. However, Limeade also provides solutions to mid-market organisations with 500 – 5,000 employees, largely through its channel partners.

Limeade solutions scale to serve millions of eligible users and are available in up to 14 languages (with varying amounts of translation features currently available under different solutions). Limeade solutions are industry agnostic and suitable for use by customers that operate across a diverse range of industries. Moreover, Limeade solutions reach desked and deskless employees, enabling Limeade customers to reach their entire workforce regardless of location.

Under its subscription-based revenue model, Limeade generates consistent revenue from customers over the term of the contract providing a degree of visibility over future revenue.

Limeade has over 264 employees and is headquartered in Bellevue, Washington State, US, with offices in Canada and Germany.

Through its software solutions, Limeade helps organisations better care for their employees. Limeade research shows that when organisations invest in their employees, it is easier for them to attract, retain, engage and enable them to perform better. Limeade solutions are designed to elevate the employee experience and infuse care across all levels of an organisation.



100+ countries
2.6M+ users

Based in Bellevue, WA, USA
Offices in Canada, Germany

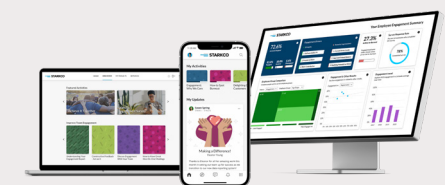


We invest in our employee experience so you can elevate yours



“Shines for its holistic focus on employee well-being”

Employee Experience (EX)
Management Platforms For Large Enterprises, Q1 2020



Employee Experience (EX) provider to 150 of the world's best companies

\$56.6M USD¹
97% recurring revenue²

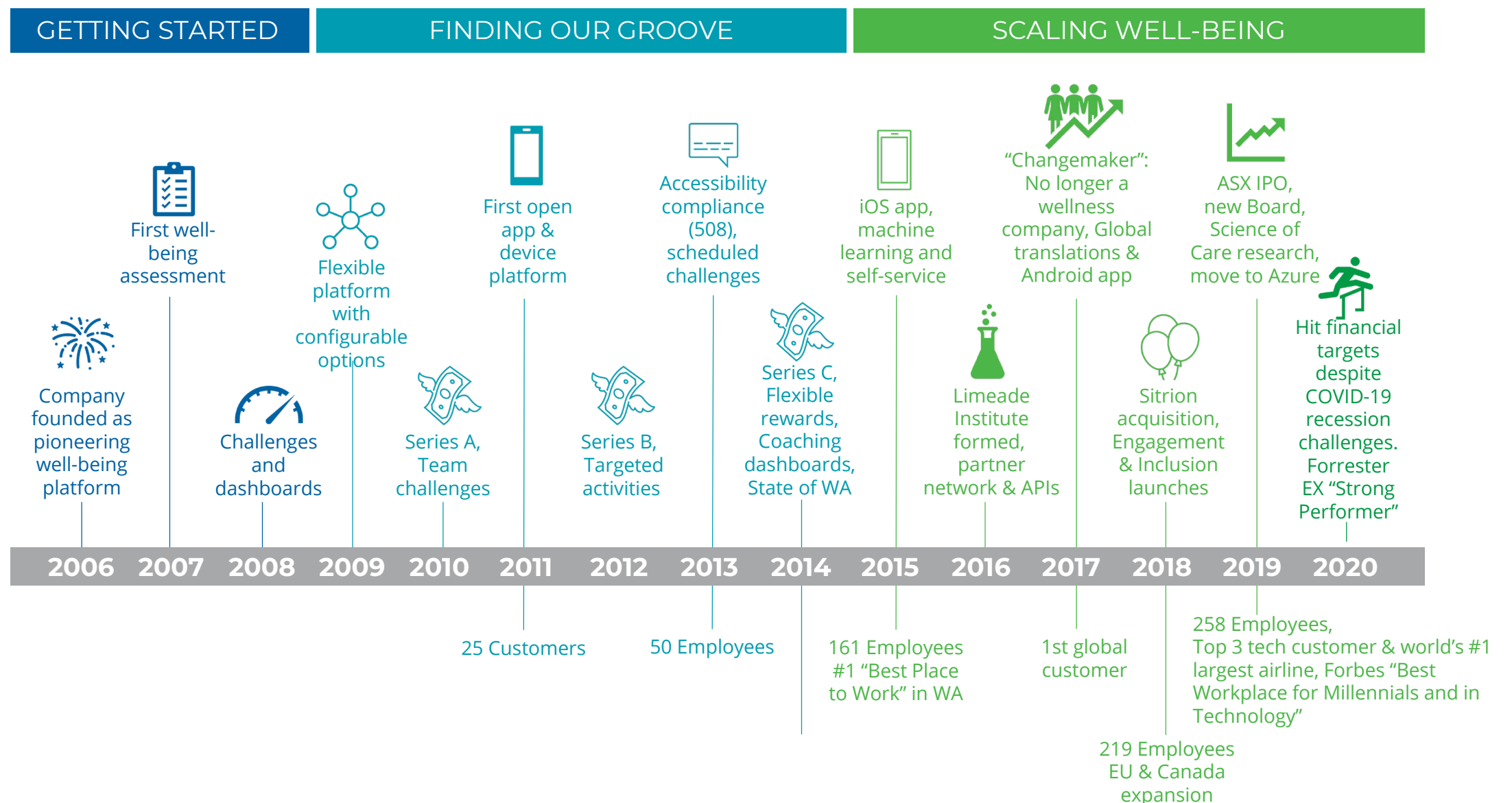
NOTE:

1. FY20 revenue.
2. FY20 revenue.

Company History

Well-Being and Much More

PIONEER IN THE EMPLOYEE EXPERIENCE (EX) MARKET, ROOTED IN THE SCIENCE OF CARE.



Limeade Market Size

Business model

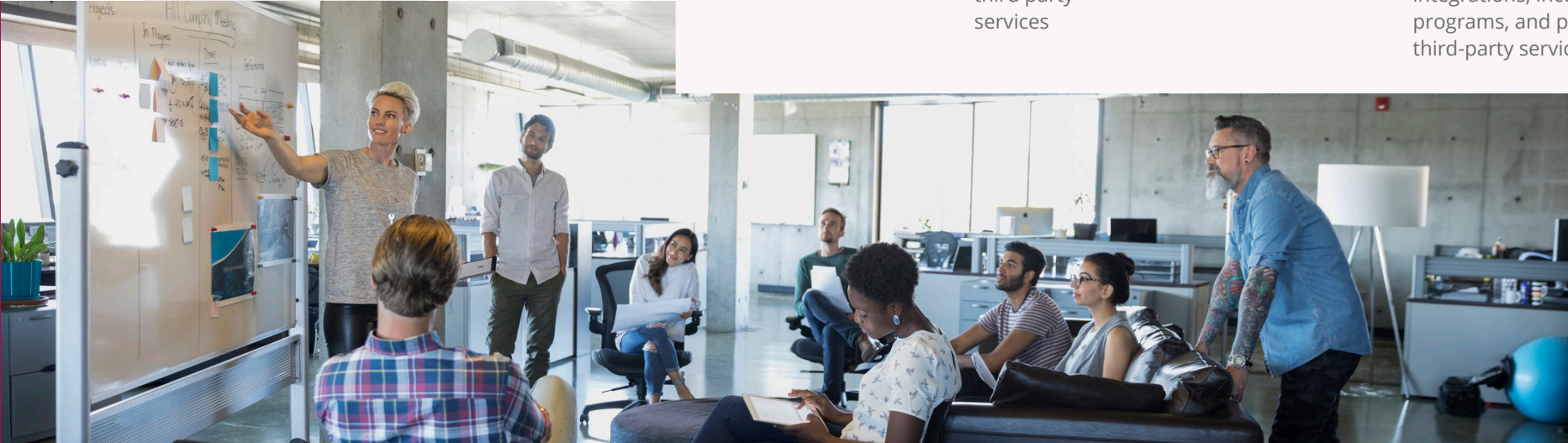
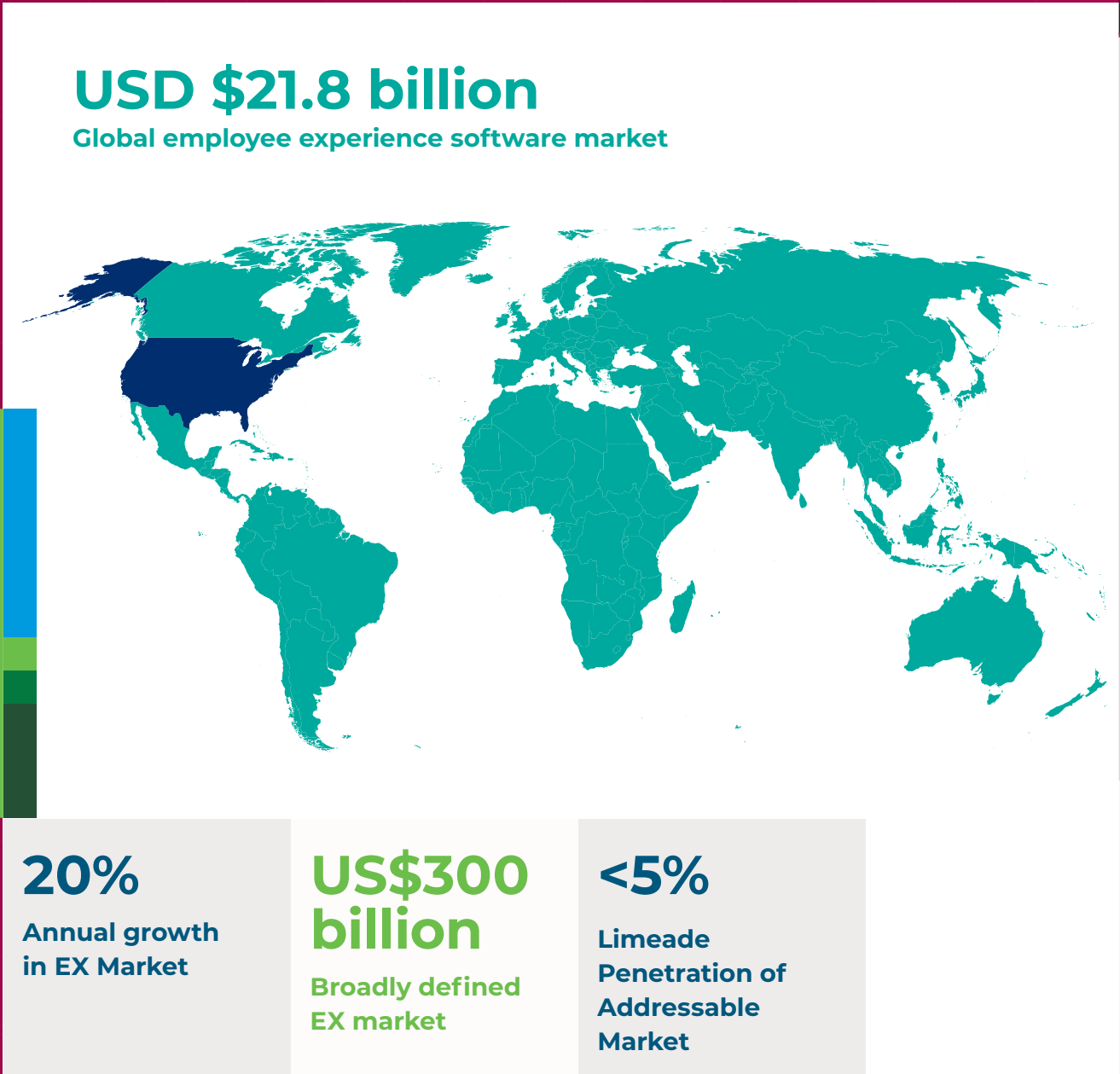
Limeade provides employee experience solutions that improve employee well-being, employee engagement and organisational culture. Doing so generates better people and business results, delivering the quantifiable ROI customers require.

WITH LIMEADE,
EVERY EMPLOYEE
KNOWS THEIR
COMPANY CARES.

Enterprise organisations, defined as employers of five-thousand or more employees, represent the primary target market for Limeade. However, Limeade also provides solutions to mid-market organisations with 500 – 5,000 employees, largely through its channel partners.

Limeade solutions scale to serve millions of eligible users and are available in up to 14 languages (with varying amounts of translation features currently available under different solutions). Limeade solutions are industry agnostic and suitable for use by customers that operate across a diverse range of industries. Moreover, Limeade solutions reach desked and deskless employees, enabling Limeade customers to reach their entire workforce regardless of location.

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Service	% of FY20 statutory revenue	Revenue model	Revenue recognition policy	Description
Subscription services	~97%	SaaS subscription fees and third party subscription fees	Limeade subscription revenue is recognised ratably over the life of the subscription agreement beginning when the customer first has access to the cloud-based software. The balance of the revenue received in advance is categorised as a liability (referred to as deferred revenue). Limeade third-party subscription revenue is recognised net of costs charged to Limeade by third party providers ratably over the contract period.	<p>Limeade subscription services allow customers to access the Company's software during a contractual period and are typically invoiced in advance on an annual, quarterly or monthly basis. The Company generates revenue through the sale of its software solutions to customers, which are provided via the cloud under a subscription-based revenue model.</p> <p>Limeade offers customers a variety of third-party services including health coaching and content subscription services. These services are delivered by third parties but are typically contracted for and billed to the customer by Limeade.</p>
Other services	~3%	Other fees including fees for onsite client program managers, custom integrations, and per-use third party services	Other revenue is recognised by Limeade when performance obligations are satisfied. Services delivered by third parties are recognised net of costs charged to Limeade as the services are performed.	Limeade invoices some customers for client personnel who directly manage Limeade programs on-site. Other fees are billed for one-time services to support the customers' ongoing programs including custom integrations, incentives programs, and per-use third-party services.

FY20 Financial Highlights

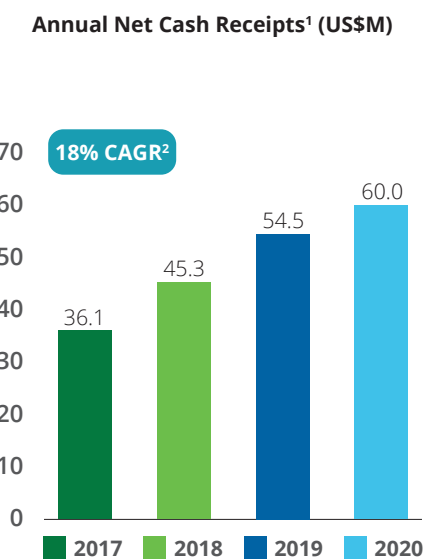
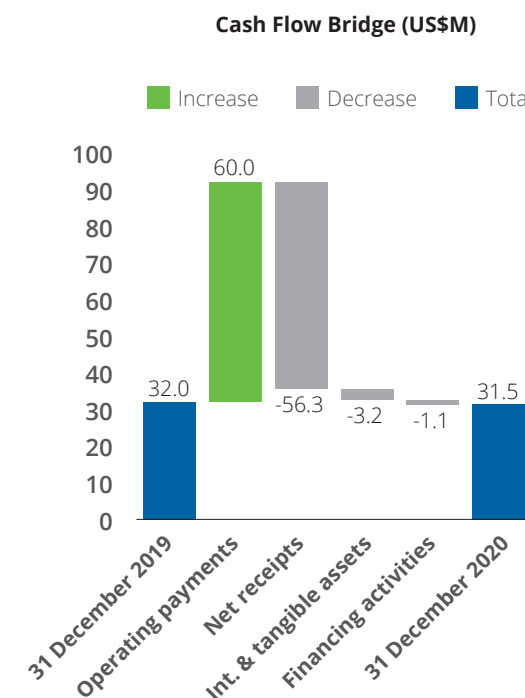
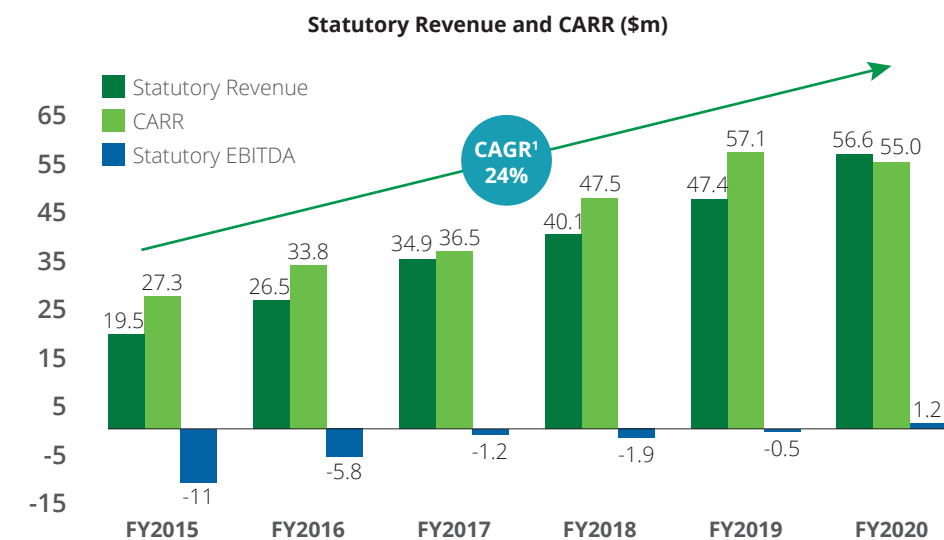
In FY20, Limeade made solid progress across all areas of the business, despite the business uncertainty caused by the COVID-19 pandemic on large enterprise decision making and budgets. Our pipeline of opportunities is large and continues to grow. Limeade anticipates that the COVID-19 crisis will have significant and lasting positive effects on the employee experience software industry. The long-heralded digital and cultural transformations of work are expected to accelerate in the aftermath of COVID-19.

\$651k Per Direct Well-Being Customer Average CARR Up 2% vs. FY19 (\$639k)	87% NRR¹ Down 11% vs FY19 (97%) Direct NRR 90% Indirect NRR 66%	\$56.6m Revenue Up 19% vs. FY19 (\$47.4m)
77.9% Gross Margin Up 1.3% vs. FY19 (76.6%)	\$367k Per Customer Average CARR Up 11% vs. FY19 (\$330k)	150 Total Customers Direct – 102 Indirect – 48
97% Recurring Revenue Up 1% vs FY19 (96%)	18 New Customer Contracts (FY20) 30 new customer contracts in FY19	\$226m Total Pipeline Up 20% vs FY19 (\$188m)

NOTE:

- Net revenue retention (NRR): defined as CARR at the beginning of the period plus any CARR added in that period through sale of new solutions to customers who were customers at the beginning of the period (existing customers) or expansion in the number of employees of existing customers; less any reduction in CARR in that period through existing customers who terminate, decide not to renew their subscription or reduce usage of Limeade solutions amongst their employee population, divided by CARR at the beginning of the period.

IN FY20 LIMEADE EXCEEDED MARKET GUIDANCE FOR REVENUES, EBITDA AND NET LOSS AFTER TAX.



NOTE:

- Annual cash receipts from customers after adjusting for payments made in relation to the sale of third-party products and services.
- Net cash receipts CAGR from FY2017 – FY2020.

The Limeade Platform

Limeade provides cloud-based employee experience software solutions which are delivered through an integrated technology platform (Limeade platform). Each solution is deployable either individually as a standalone offering or in combination with other solutions to support a unified, consistent, technology-enabled employee experience.



The unified and integrated Limeade platform allows Limeade to utilise data from a broad range of sources to provide content, recommendations, activities and actionable insights in order to assist leaders, managers and employees learn and improve.

The solutions offered within the Limeade platform are:



Well-Being

Enables employees and their organisations to assess, track and act to improve holistic employee well-being by leveraging data from a range of sources to provide customised action plans for organisation leaders, managers and employees.



Inclusion

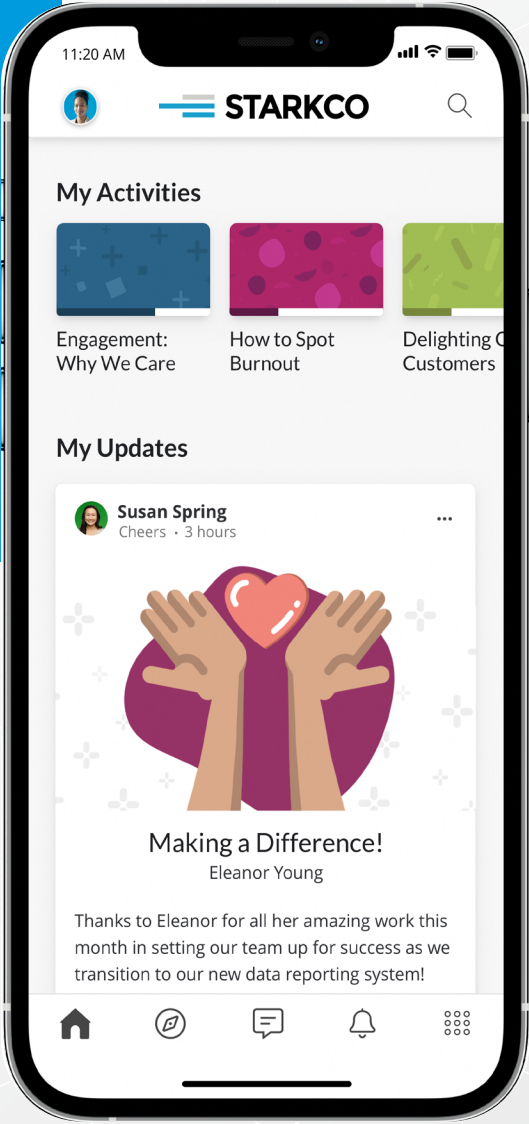
Provides organisations with tools to measure and analyse workplace inclusion data, generate action plans and activity recommendations, and provide learning and development activities designed to improve inclusion at all levels of the organisation.

Engagement

Includes research-based surveys to gather and analyse employee data, allowing organisations to measure engagement and create focused action plans for organisation leaders, managers and employees.



All solutions include cutting-edge employee communications capabilities. In addition, Limeade offers its' employee experience platform, comprised of these solutions, to CHROs, CXOs and other corporate leaders seeking a holistic approach to elevate their company's employee experience.



Response to COVID-19

The COVID-19 pandemic has resulted in a substantial change to the workplace environment, and particularly the employee experience. More than ever, employees need to feel valued, informed and supported by their employers.

Organisations have been severely impacted by stay-at-home orders, which created structural constraints on organizations as to how they would manage and support their employees and retain their cultures in a remote work environment.

Limeade responded swiftly and decisively during the early stages of the pandemic to communicate essential information to globally dispersed, deskless workforces. Limeade has developed a number of critical tools to enable companies to serve, support and care for their employees in a time of urgent need. Limeade itself moved to a work-from-home in early March, and at the same time established a task force to create pandemic strategies for employees, customers and the community.

Limeade has promoted over 100 activities designed specifically to navigate employees through crisis, including many new COVID-19-specific activities. These activities have increased awareness about the COVID-19 virus itself, provided COVID-19 prevention tips, taught proper self-care techniques and guided employees on how to stay socially connected in times of important physical distancing. These activities were provided to both new and existing Limeade customers.

To support large companies who were not yet Limeade customers, Limeade also announced the launch of the new Limeade Care in Crisis Edition – a free version of the Limeade platform that provided bi-directional employee communication. This was a direct result of the Company's COVID-19 task force initiatives. The app allowed laser-focused, topical communications to help companies show care for their employees immediately.

The Company moved all face-to-face meetings, conferences and events to virtual meetings and webinars, including the industry leading Limeade Engage Conference, which went fully virtual for the first time in 2020. The event proved more popular with Limeade customers and prospects than ever, with registrations up 258% versus the prior year.

Limeade predicts that the COVID-19 crisis will have significant and lasting effects on the employee experience software industry. The long-heralded digital and cultural transformations of work are projected to accelerate in the aftermath of COVID-19.



100+

Limeade developed and promoted specific COVID-19 activities

2.5X

Increase in Limeade Engage 2021 attendance registration under as HR leaders seek Well-Being and EX support

100%

Limeade well-being customers with COVID-19 activities in their experiences

2X

percentage of workers around the world permanently working from home expected to double in 2021

Environmental, Social and Governance

Limeade is an employee experience software company that helps build great places to work. Limeade has operations in the United States, Germany and Canada. Our business model is built on the premise that stronger bonds between employees and their employers, based on care, create better experiences for employees, deliver better business results for companies and their stakeholders and as a result, build stronger communities.



We call our dedicated and diverse employees LimeMates, who are the foundation of our success and development as a Company. Across every employee, including the Board of Directors, Limeade endeavours to build a values-driven, highly intentional culture that provides opportunities for professional and personal growth across all aspects of the organization.



Intentional, Values-Based Culture

At Limeade, our values guide our actions every day. Our Company's values are a valuable organizational asset – **Anything Is Possible, Be It, Own It, Listen Well, Speak Plainly and We're a Team**. They help us articulate the culture of growth we need to fulfill our purpose: Transform work into a source of positivity, energy, humanity and purpose. We operationalize values for leaders, managers and all LimeMates to define expected behaviors, guide strategic decisions and drive aligned execution.

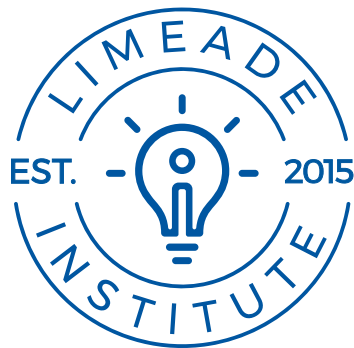
LIMEADE INVESTS IN CREATING A CULTURE WHERE PEOPLE CAN FEEL ENGAGED, INCLUDED AND INSPIRED. WE KNOW THAT THIS ENERGY WILL RADIATE OUT TO OUR CUSTOMERS, THEIR EMPLOYEES AND THE WORLD.



Award-Winning Culture

In 2020, Limeade was certified by Great Place to Work for the fourth time, named one of Washington's 2020 Best Workplaces by the Puget Sound Business Journal for the seventh time, and honoured as one of Washington's 2020 Best Companies to Work For by Seattle Business Magazine for the fourth time. By creating a world-class employee experience for its own employees, Limeade is well suited to deliver software that helps other companies create great places to work.

Environmental, Social and Governance



Leading Scientific Research from The Limeade Institute

The Limeade Institute researches culture, employee engagement, inclusion and well-being, delivering points-of-view that shape industry standards. This scientific approach means Limeade is a pioneer in the research we undertake via the Institute. We work with customers, partners and Limeade employees to translate research into strategies and product enhancements that deliver new ways to improve the employee experience.

For the last decade, Limeade has explored the science of well-being and engagement — and how the two are closely connected — leading to pioneering innovations like the first-ever Limeade Well-Being Assessment, the Limeade Results Model and more.

Led by Chief Science Officer Laura Hamill, Ph.D., the Limeade Institute consists of researchers and advisors with deep expertise and advanced degrees in the areas of organizational psychology, talent and organizational development, psychometrics, data science, and employee experience research. The Institute works across Limeade to translate research, models, and methodologies into actionable strategies and product enhancements that strengthen, evolve and measure the impact of employee experience programs.

The team also collaborates with advisors from a variety of fields — including medicine, cognitive behavioral therapy, sociology and behavioral economics — to develop new, cutting-edge research that pushes the market forward. Our research is ground in these beliefs:

- We believe in whole-person well-being
- We use evidence-based practices to deliver well-being improvement solutions that work
- We succeed when our customers achieve measurable well-being and business results
- True engagement at work requires well-being
- We build trust between individuals and their organizations
- We help our customer amplify organization support for employee well-being
- We seek customers who invest in being great places to work
- We know the only way to fulfil our mission is by delighting our customers

During the year, the Limeade Institute published a number of pivotal research studies in the area of organizational culture, along with key drivers and outcomes of a positive employee experience. The Institute has proven invaluable for Limeade employees and our customers with the research it consistently delivers in well-being and engagement, as well. This year, we continued to focus on the science of care and the research that is the foundation of our strategy.

Employee Well-Being, Engagement and Inclusion

As a global leader in the delivery of innovative employee experience solutions for well-being, engagement and inclusion, Limeade practices what it preaches with respect to its own dedicated and loyal employees.

Limeade uses the Great Company Index (GCI) as an internal climate and culture measurement tool focused on employee engagement, well-being and turnover. Our CEO reports GCI the Board of Directors every quarter. We achieved 8.4/10 on this index in 2020, compared to a score of 8.4/10 achieved in 2019.

TeamLimeade is our own internal version of our Employee Experience technology platform. We strive to make our internal program the gold standard, and routinely achieve a 100th percentile rank in our book of business for Monthly Active Users (MAU) and other user metrics.

We use TeamLimeade to measure employee engagement, well-being and inclusion – and, more importantly, to drive action for employees, managers and leaders to achieve the people and business results we seek. We also use TeamLimeade to onboard employees, share essential business updates, deliver e-Learning, sponsor volunteering and philanthropic campaigns, deliver rewards and recognition and provide integrated access to benefits. During the year, we made a number of significant

additions to TeamLimeade in light of COVID-19; addition of COVID-19 well-being content, Weekend Challenges, Care in Crisis communication campaigns to support our employees' whole person experience, Office Visit and Benefits Wallet extensions, custom recognition badges and TeamLimeade Learning and Conversations, an internal education campaign providing development opportunities for our employees. As a Company we are very proud of how our employees have adapted to the altered working environment for a significant portion of the year, which is expected to continue in 2021. Their commitment has been admirable.

LimeMates bring diverse skills, values, experiences, backgrounds and attributes including those gained on account of their gender, age, physical ability, race, ethnicity, marital or family status, religion, cultural or socioeconomic background, sexual orientation, perspective and experience. Our Diversity Policy is consistent with and supports the Company's values. This policy is therefore foundational to Limeade.

Limeade is committed to the principles of employing people with a broad range of experiences, skills and views. All executives, managers and employees are responsible for promoting workplace diversity.

Limeade employed 264 employees as at 31 December 2020, 2% more than the prior corresponding period. Our workforce consists of 52% women and 48% men versus 49% women and 51% men in 2019.

The majority of Limeade employees are full-time employees. Limeade does also employ a small number of contract employees and third-party contractors to assist the Company in the achievement of its strategic objectives.

The Board considers that it has the necessary knowledge to identify the skills missing and required to complement the Board composition. The Directors of Limeade all bring to the Board diverse experiences and relevant skills, including industry and global business knowledge, financial management and corporate governance, which the members of the Board believe is appropriate to ensure that it can carry out its obligations in accordance with its Charter and the requirements of good governance.

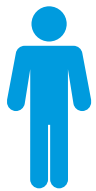
During the year the Board completed a Board skills matrix that sets out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

43% of Limeade Board members, including Board Chair Elizabeth Bastoni, are women, and 57% are men. Two Directors are based in Australia, three in Seattle (including the CEO) and one each in San Diego and Houston.



Women
52%

Men
48%



Environmental, Social and Governance

Kaleidoscope Council is our internal diversity and inclusion council formed by volunteer LimeMates. The mission of the Kaleidoscope Council is to drive intentional action on topics related to Diversity, Equity and Inclusion, including the sponsorship of popular Limeade Employee Resource Groups (ERG): Limeade Womxn, Developing Professionals, BLKQ (Black LimeMate Kings and Queens) and Working Parents and Caregivers. With campaigns like the Limeade Anti-Racism series and Black Lives Matter Movie Club, Limeade is dedicated to creating an employee experience fueled by care and purpose.

Limeade has committed to designing, implementing and maintaining a number of programs and initiatives to assist with improving diversity and inclusion within the organization, including: (a) mentoring programs and coaching circles; (b) career opportunity and targeted professional development programs; (c) work life balance policies including flexible work options and parental leave; (d) networking opportunities.

Ethics and Responsibility

Limeade is committed to instilling and continually reinforcing a culture of always acting lawfully, ethically and responsibly, documented in the Limeade Code of Conduct policy.

This policy applies to all Directors and employees of the Company, and where relevant and to the extent possible, consultants, secondees and contractors of the Company. These standards are reflected in our values, which are published on our public website. Limeade expects all employees and third parties to commit to upholding values, which include but go beyond compliance with laws and regulations and are consistent with the reasonable expectations of investors and the broader community.

The Limeade Anti-Bribery and Corruption Policy strictly prohibits the offer, provision or acceptance of Bribes. The Company has zero tolerance for bribery and corruption and is committed to ensuring the Limeade corporate culture actively discourages corrupt conduct in the strongest possible terms.

Limeade is committed to lawful and ethical behavior in all of its activities and has adopted a Whistleblower Policy to encourage employees to raise any concerns and report instances of illegal or unethical behavior without fear of reprisal. This policy establishes mechanisms and procedures for employees to report unethical or illegal conduct in a manner that protects the individual and provides the

necessary information for Limeade to investigate the report and act appropriately.

Limeade prohibits and will not tolerate any retaliation against a Whistleblower. This means that the employee will not be discharged, demoted, threatened, or harassed, or otherwise discriminated against in any way with respect to compensation, promotion, work assignments, or any other terms, conditions, or privileges of employment at Limeade for raising legitimate concerns under this policy.

Corporate Social Responsibility

Limeade is committed to supporting charitable causes within the community in which we operate, and also across the globe. In 2020 Limeade and LimeMates made 820 individual donations to over 300 charities and 34 different states.

Limeade Cares, an employee giving initiative, is a technology-enabled social giving program inspired by Limeade Institute research on the science of care; but at its core — it's a program centered around helping people help others.

Each quarter, LimeMates are awarded Limeade Cares Foundation credits. Through the platform, employees then direct their credits to the 501c3 charity of their choice with a single click. Each donation can be viewed and liked by colleagues.



“WE CREATED LIMEADE CARES TO SHOW HOW CARE EXTENDS PAST THE FOUR WALLS OF THE OFFICE. WHEN COMPANIES AMPLIFY A GREAT EMPLOYEE EXPERIENCE OUTWARD — TO THEIR COMMUNITY AND THROUGHOUT THE WORLD — THEY BUILD A SENSE OF MUTUAL CARE AND COMMITMENT.”

– Henry Albrecht, Limeade CEO

We are pleased this year to provide investors with our first remuneration report, which sets out our policies on executive remuneration and details the short- and long-term remuneration arrangements for Limeade key management personnel (KMP), the CEO and Non-Executive Directors (NEDs).

Occupational Health and Safety

Limeade is committed to maintaining a safe and healthy workplace for all our employees. Our Occupational Health and Safety (OH&S) policies and procedures are reviewed at least annually, and all new employees to the organization are required to familiarize themselves with these practices. The prevention of occupational illness and injury across our global workforce is a priority for the Limeade leadership team. During the 2020 financial year, not a single workplace related injury occurred at any of the Company's offices.

Remuneration

The remuneration policies of Limeade are designed to attract, retain and motivate senior managers and employees who are integral to the long-term growth and success of the business.

Limeade rewards employees through cash and non-cash incentives for meeting or exceeding individual and corporate performance indicators, depending on role. The Company offers competitive pay and differentiating benefits, which are illustrated below/across



COMPETITIVE
HEALTHCARE PLANS



FLEXIBLE WORK
ENVIRONMENT



EMPLOYEE
DEVELOPMENT FUNDS



ON-SITE GYM



4 WEEKS PTO



SUBSIDIZED
COMMUTING OPTIONS



MANAGER SUPPORT
FOR WELL-BEING



LIMEMATES WELL-
BEING PROGRAM



8 WEEKS FULLY PAID
PARENTAL LEAVE



FREE FITNESS DEVICE



FUN COMPANY EVENTS



10 PAID HOLIDAYS



GENEROUS
COMPREHENSIVE
COMPENSATION
PACKAGE



INCLUSION AT
LIMEADE



HEALTHY SNACKS



SMALL DELIGHTS

Environmental, Social and Governance

Environment

As a technology-based software-as-a-service (SaaS) organization, the Limeade environmental footprint is minimal, consisting predominately of the energy consumed by our various offices, 3rd-party cloud-based computing datacenters and the typical consumables of an office-based business, including travel and paper, cardboard and plastic waste.

Within each of the Limeade offices, employees are encouraged to recycle paper, cardboard and plastic waste through dedicated collection points throughout the office. In addition, Limeade has implemented sustainability guidelines with our merchandise vendors to provide recyclable or sustainable rewards to our employees.

Limeade considers environmental sustainability in its office rental decisions. Our largest office, our headquarters office in Bellevue, Washington is Leadership in Energy and Environmental Design (LEED) Platinum certified. We use the Limeade platform to promote environmental sustainability both at Limeade and for our customers, including new Limeade activities like "How to Practice Sustainability in Quarantine."

Prior to COVID-19, we extensively use videoconferencing to minimize the need for travel to multiple sites, reducing our reliance on commercial air travel. Since COVID-19 we have further enhanced our videoconferencing activity with customers but also our distributed employees who have been, with few exceptions, required to work from home during the pandemic. This has resulted in material reductions to the Company's annual travel expenditure

and the environmental footprint associated with that decline.

In addition, our annual conference, Limeade Engage was held 100% virtually for the first time in 2020 and again in March 2021, with attendances up strongly each year.

At Limeade, our environmental practices are reviewed at least annually, and we always recognize the need for continued improvement.

Privacy and Security

Limeade takes Privacy and Security very seriously. Limeade currently complies with GDPR (and, although impacted by the Schrems II case, Privacy Shield), HIPAA, GINA, COBRA and other US and international governance and privacy requirements. The Company's Chief Technology Officer manages a team that regularly produces reports related to privacy and security to the Limeade Board of Directors.

Limeade proactively considers data security risks and has an Information Security Council that meets regularly to discuss new developments and ways to improve awareness and security.

Additionally, Limeade receives an annual data management and protection audit (SOC2) by a third-party firm. The most recent audit did not identify any areas of concern during the reporting period.

Limeade is committed to ensuring it has the right policies, procedures and risk infrastructure in place to mitigate cybersecurity risk. The Company continually updates new security measures to protect against unauthorized access or disclosure of confidential or other proprietary information.

The Company is insured against certain cyber risk and security incidents. In 2020, Limeade was

subject to attacks involving credential stuffing which caused it to notify its insurance carrier and to mitigate with end customers. The investigation is ongoing, but Limeade believes that is taking all appropriate steps to mitigate and resolve the attacks.

Governance

The Limeade Board is committed to strong and effective governance. The Board of Directors are responsible for ensuring that Limeade has an appropriate corporate governance framework in place to ensure the creation, protection and building long-term shareholder value for the organization is paramount.

This year Limeade adopted and substantially complies with the *ASX Corporate Governance Principles and Recommendations (4th Edition)*. The 2020 Corporate Governance Statement along with copies of all Board Charters and Policies can be found on the Limeade website at <https://investors.limeade.com/investor-relations/>.

The Limeade Board maintains oversight of compliance with all company policies. All breaches that are considered material must be reported to the Board, who will monitor the handling and outcomes of these breaches. All Company Charters and Policies are reviewed at least annually in order to ensure they are still appropriate for the current legal, ethical and governance environment.

Risk Management

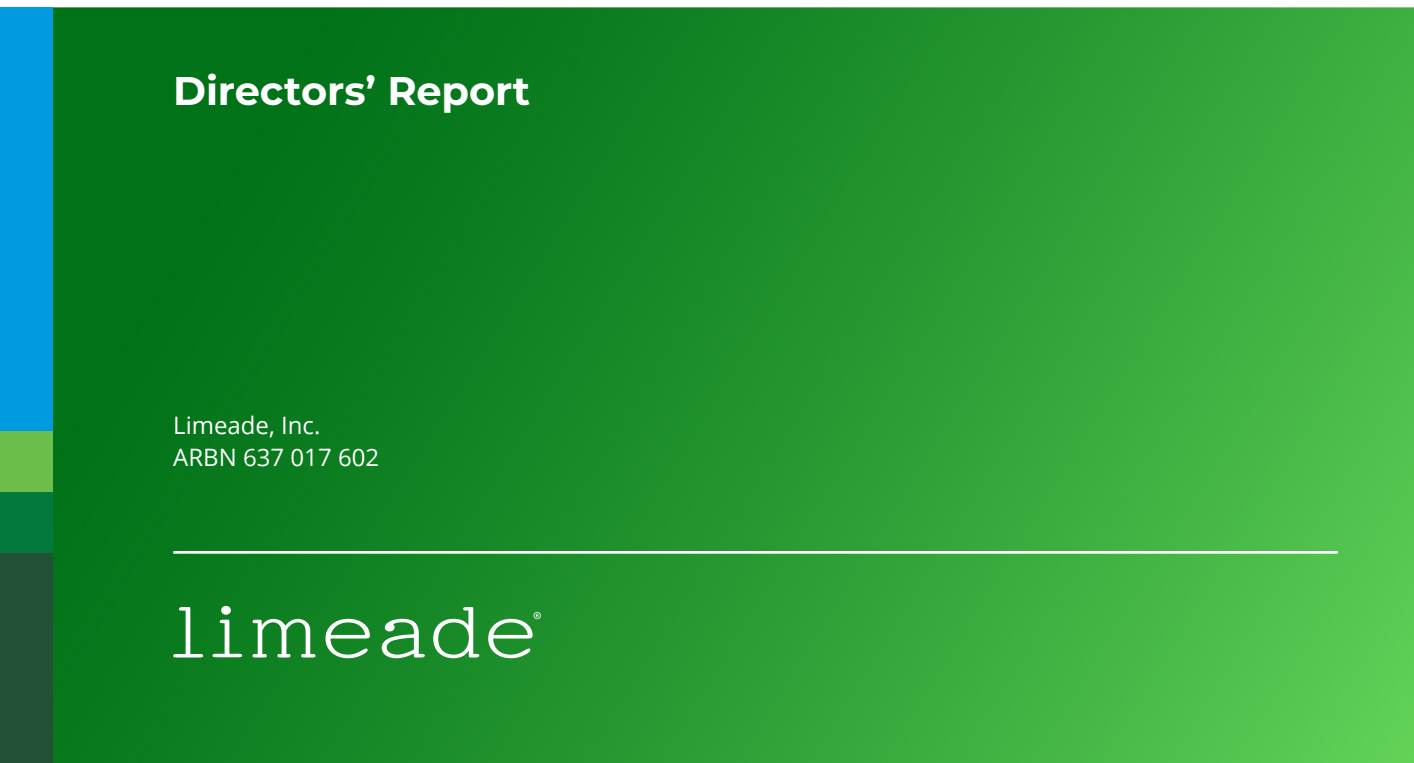
Risk recognition and management are integral to the Company and its objectives of creating and maintaining shareholder value, and the successful execution of the Company's strategies.

The effective management of risk is a fundamental to our strategic plan. The strategy for managing risk is to protect our business, our customers and our employees. The Limeade Board is responsible for risk oversight and the management and internal control of the processes by which risk is considered for both ongoing operations and future endeavors. The effectiveness of the Company's risk management system is reviewed at least once each reporting period.

The Limeade Risk Management Policy was adopted to ensure appropriate systems are in place to identify to the extent reasonably practicable all material risks that may impact the Company's business.

Specifically, Limeade ensures the financial and non-financial impact of identified risks is understood and that appropriate internal control systems are in place to limit the Company's exposure to such risks. Appropriate responsibilities are then delegated to control the identified risks effectively and any material changes to the Company's risk profile are disclosed in accordance with the Company's Continuous Disclosure Policy.





Directors' Report

for the year ended 31 December 2020

The Directors present their report on the consolidated entity (referred to as “the Group”) consisting of Limeade, Inc. and the entities it controlled at the end of, or during, the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES AND REVIEW OF THE PERFORMANCE OF THE BUSINESS DURING THE FINANCIAL YEAR.

The principal activities of Limeade, Inc. is the development and sale of enterprise employee experience software. On 20 December 2019 Limeade, Inc. listed on the Australian Securities Exchange (ASX) by means of issuing CHESS Depositary Interests (CDIs).

BUSINESS SUMMARY AND KEY PERFORMANCE INDICATORS

The key performance indicators of the financial results are as follows:

- An increase in revenue from \$47.4 million for the year ended 31 December 2019 (“2019”) to \$56.6 million for the year ended 31 December 2020 (“2020”) which is an 19.3% improvement.
- The revenue increase of \$9.1 million reflects the growth of new customers and increased sales to existing customers.
- The net loss for the year ended 31 December 2020 is \$0.3 million compared to a loss of \$2.0 million for the year ended 31 December 2019.
- The net cash provided by operating activities for year ended 31 December 2020 is \$3.8 million compared to \$2.8 million for the year ended 31 December 2019.

The 2020 financial year presented some challenges for Limeade following the declaration of a coronavirus COVID-19 global pandemic by the World Health Organization on 11 March 2020 (the “Pandemic”), with various ‘shelter-in-place’ directives across a number of states within the US, and partial to full lockdowns in other countries that followed. Domestic and international travel was significantly impacted, which resulted in changes to the way the Company interacted with current and prospective customers and a shift to virtual mediums during the year. This global uncertainty and the impact on enterprise budgeting and decision-making resulted in Limeade experiencing some delays in finalizing contracts during the year. Financial discipline, a strong balance sheet, our award-winning culture and the core Limeade value proposition carried us through the challenges of 2020.

Despite this, Limeade continued to execute on its growth strategy with investment in sales and marketing. Sales and marketing expenses increasing 14% from \$15.8 million for the year ended 31 December 2019 to \$17.9 million for the year ended 31 December 2020. Due to the Pandemic, the type of investments in sales and marketing shifted from in-person events to webinars and virtual events which proved to be a more cost-effective way of reaching customers. This was evident by an increase of 120% in the number of webinar registrants in FY2020 compared with FY2019.

Continued development of the Limeade platform resulted in an increase of research and development expenses by 13% from \$15.0 million for the year ended 31 December 2019 to \$17.0 million for the year ended 31 December 2020. In FY20, the Company released 560 new activities to support employee well-being and COVID-19 along with engagement and inclusion. Additionally, product teams delivered 25+ key platform upgrades and global support capabilities. New capabilities focused on reaching dispersed and global workforces, employee listening, recognition and more. Limeade also delivered additional key partnerships highlighted by the Microsoft Teams integration, whereby Limeade will deliver well-being activity content to Microsoft Teams users.

Limeade met its IPO prospectus guidance for revenue for the year ended 31 December 2020 and exceeded prospectus guidance for EBITDA by \$11.9 million with a gain of \$1.2 million compared to prospectus forecast of a \$10.7 million loss. In addition, Limeade exceeded the prospectus forecast net loss after tax by \$12.1 million, with a loss of \$0.3 million for the year ended 31 December 2020 versus prospectus forecast of a \$12.4 million loss. In response to the uncertainty of the COVID pandemic, Limeade took a more conservative approach to spending, delaying certain hiring and shifting sales and marketing spend to remote and virtual channels resulting in reduced operating expenses while maintaining revenue.

The cash balance was \$31.5 million at 31 December 2020 with no debt compared to a \$32.0 million cash balance at December 2019 with no debt. Limeade continues to manage cash that will be used for future organic and inorganic growth investments in the business to improve and enhance the product and build pipeline and, ultimately, the customer base.

Directors’ Report

for the year ended 31 December 2020

Directors and Secretary

Board of Directors

Elizabeth Bastoni, Chair
Cameron Judson
Lisa MacCallum
Chris Ackerley
Henry Albrecht
Steve Hamerslag
Mia Mendis

Elizabeth Bastoni, Cameron Judson, Lisa MacCallum, and Mia Mendis were appointed as a member of the board on 2 December 2019.

THE LIMEADE BOARD AND MANAGEMENT TEAM MAINTAIN HIGH STANDARDS OF CORPORATE GOVERNANCE AS PART OF OUR COMMITMENT TO MAXIMIZE SHAREHOLDER VALUE THROUGH EFFECTIVE STRATEGIC PLANNING, RISK MANAGEMENT, TRANSPARENCY AND CORPORATE SOCIAL RESPONSIBILITY.

Audit & Risk Management Committee

Chris Ackerley, Chair
Lisa MacCallum
Steve Hamerslag

Remuneration & Nomination Committee

Elizabeth Bastoni, Chair
Cameron Judson
Mia Mendis

Company Secretary

Toby Davis (resigned 16 November 2020)
Scott Fletcher (appointed 16 November 2020)



Information on Directors

Elizabeth Bastoni
Chair, Non-executive Director

Based in Seattle, Elizabeth has over 20 years serving Boards in executive, advisory and independent director roles. Elizabeth joined the Limeade Board in December 2019 and brings expertise in establishing governance boundaries, enabling strategy development and leading effective oversight. She is an experienced Board Chair and former CHRO with a history of working successfully across the consumer goods, tech and hospitality industries.

Elizabeth also holds board roles with French consumer products company Société Bic as Chair of the Remuneration and the Nomination Committees, and Portuguese food distribution and specialty retail company Jerónimo Martins as a member of the Audit Committee. Elizabeth has also previously held a range of other board roles in Europe.

In her career as an executive, Elizabeth held C-Suite roles in HR and Communications with BMGI and Carlson. Earlier in her career she held global leadership positions with The Coca-Cola Company and Thales. Elizabeth began her career in the International Tax Practice with KPMG in Europe.

Elizabeth holds a BA degree with a concentration in Accounting from Providence College, Rhode Island. She has a degree from Paris Sorbonne Université (Paris IV) in French Civilization and studied Art History at the Ecole du Louvre in Paris.

Henry Albrecht
Chief Executive Officer, Executive Director

Based in Seattle, Henry has led Limeade as CEO since 2006 and joined the Limeade Board in 2006. Henry has over two decades of senior management experience in the software industry.

Prior to founding Limeade, Henry served as VP of Product Management at Bocada, an enterprise software company. He was a product, brand and business manager at Intuit, a financial software vendor, where he launched several successful new businesses.

Henry holds an MBA from Northwestern's Kellogg School of Management with an emphasis in technology and marketing and a BA in economics and literature with honours from Claremont McKenna College.

Steve Hamerslag
Non-executive Director

Based in San Diego, Steve joined the Limeade Board in 2012. Steve has over 35 years' experience starting, growing and leading high tech enterprises. His knowledge of enterprise

technology solutions is further leveraged by his extensive sales, marketing and general management experience, having started and acted as CEO of two publicly held companies.

Steve is a Managing Director and co-founder of TVC Capital. Prior to founding TVC Capital, Steve was President and CEO of J2 Global Communications, a provider of communication services, and founded MTI Technology, a provider of enterprise storage solutions.

Steve was recognized as the Ernst and Young National Entrepreneur of the Year and the Orange County High Technology Entrepreneur of the Year. Steve is on the board of directors of publicly held CorVel Corporation (NASDAQ: CRVL) as well as privately held BitTitan, Celigo, CreatorIQ, eVisit, LiquidPlanner, and Perspectium.

Mr. Hamerslag holds a BA in Economics from the University of California, Berkeley.

Chris Ackerley
Non-executive Director

Based in Seattle, Chris joined the Limeade Board in 2007. Chris has over 20 years' experience both as a board member and in managing enterprises across the media, entertainment and investment sectors.

Chris is a co-founder and Managing Director of Ackerley Partners, a private investment company focused on the media and entertainment sectors. Prior to this, Chris served in a variety of roles, including as President and Director, for over 15 years at The Ackerley Group, where he oversaw the daily operations of the national media and entertainment company and ultimately successfully led the merger of the business with Clear Channel Communications. Through Ackerley Partners, LLC, Chris has completed portfolio company dispositions to enterprises including Amazon, Paramount, CBS and Yahoo.

Chris currently serves on a number of boards including Washington Trust Bank, The Four Seasons Hotel & Residences (Seattle), Concore Oncology, Solius and Space Needle Corporation. Chris holds a BA in Political Science from the University of Arizona.

Mia Mendis
Non-executive Director

Based in Houston, Mia joined the Limeade Board in December 2019. Mia is an experienced executive with over 20 years' experience working in marketing and employee benefits.

Mia is currently Chief Administrative Officer in North America of Sodexo, one of the world's largest multinational corporations where she is responsible for driving critical transformation initiatives in support of growth goals. Mia

previously held a number of executive roles with Sodexo Benefits & Rewards, including as CEO of Inspirus. Mia has also served in executive roles at Novartis (formerly PreCash) and United Airlines Loyalty Services.

Mia co-founded the organization Seven Sisters to Sisters and serves on the boards of Girls Inc. and EMERGE, a nationally-recognised program that helps first-generation and low-income students attend and graduate from top colleges and universities. Mia holds an MBA from Harvard Business School and a BA in Economics from Wellesley College.

Lisa MacCallum
Non-executive Director

Based in Melbourne, Lisa joined the Board in December 2019. Lisa has worked for over 20 years across a range of sectors including consumer goods, media and education, telecommunications and international development.

Lisa is the founder of Inspired Companies, a brand strategy and purposeful business focused enterprise. Before this, Lisa served at Nike for 13 years, including in executive and leadership roles in commercial and brand strategy and as VP of Nike's Corporate Philanthropy and Global Community Investments. Prior to joining Nike, Lisa co-founded a Tokyo-based multi-media and executive education company, Business Breakthrough, Inc.

Lisa is a non-executive Director of Bond University Australia Limited, a Global Ambassador for World Benchmarking Alliance for the United Nations Sustainable Development Goal and served on the board of British Telecom Committee for Sustainable Business.

Lisa has completed studies at Bond University, Harvard Business School and Oxford University.

Cameron Judson
Non-executive Director

Based in Sydney, Cameron joined the Board in December 2019. Cameron is an experienced board member and executive with over 30 years of experience across a range of industries including HR, real estate and logistics.

Cameron is CEO and Managing Director at Angus Knight Group. He previously held CEO roles with ASX-listed McGrath Estate Agents and Chandler Macleod Group. Prior to these roles, he held a range of leadership roles with Chandler Macleod, UTC Fire & Security and TNT. Cameron currently serves on the board of QANTM IP and is a member of the Australian Institute of Company Directors. He holds an MBA from the Australian Graduate School of Management and a Bachelor of Arts from UNSW.

Directors’ Report (cont.)

for the year ended 31 December 2020

DIRECTORS’ INTERESTS

The Directors who held office at the end of the year had the following interests at the end of the financial year, 31 December 2020.

	Securities Held as at the Reporting Date	Options held as at the Reporting Date
Elizabeth Bastoni	—	—
Henry Albrecht	40,311,485	571,000
Cameron Judson ¹	50,000	—
Lisa MacCallum	10,000	—
Chris Ackerley ²	4,116,360	660,000
Steve Hamerslag ³	—	—
Mia Mends	—	—

1. Cameron does not have a direct interest in Securities, however, he may indirectly benefit from C & T Judson PTY LTD holdings of 50,000 Securities at 31 December 2020.
2. Chris’ holdings include Securities held by Chris personally, and Securities held by Chris and his spouse, Diana, jointly.
3. Steve does not have a direct interest in Securities, however he is a Managing Partner of TVC Capital which manages TVC Capital II LP (which holds 35,618,770 at 31 December 2020) and may indirectly benefit economically from those activities. He may also indirectly benefit from TVC Capital’s holding of 1,039,512 Securities.

DIRECTOR REMUNERATION

Under Limeade Bylaws, the Board may decide the total amount paid to each non-executive Director as remuneration for their services. However, under the ASX Listing Rules, the total amount paid to all non-executive Directors for their services (excluding, for these purposes, the salary of any Executive Director) must not exceed in aggregate in any financial year the amount fixed by Limeade’s general meeting. This amount has been fixed at \$650,000 per annum. Any increase to the aggregate amount will be approved by Shareholders.

This aggregate annual sum does not include any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of Limeade, which may be made in addition to or in substitution for the Director’s fees.

The Directors’ fees currently agreed to be paid by Limeade for the year ending December 2020 are as set out below.

Director	Annual cash Director’s Fees
Elizabeth Bastoni	\$110,000
Cameron Judson	\$70,000
Lisa MacCallum	\$70,000
Chris Ackerley	NIL
Henry Albrecht	NIL
Steve Hamerslag	NIL
Mia Mends	\$70,000

In addition, the Chair of the Audit and Risk Management Committee and the Chair of the Remuneration and Nomination Committee will each receive \$10,000 per annum, and each other member of those committees will receive \$5,000 per annum, for their service on those committees. All non-executive Directors’ fees are inclusive of superannuation contributions where required by law.

OTHER INFORMATION ABOUT DIRECTOR’S INTERESTS AND BENEFITS

Directors may be reimbursed for travel and other expenses incurred in attending to Limeade business affairs, including attending and returning from meetings of the Board or committees of the Board or general meetings. Any Director who devotes special attention to the business of Limeade or who performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of Limeade. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions as applicable.

AUDITORS

The included 2020 Consolidated Financial Statements and Notes have been audited by Deloitte & Touche LLP with an unqualified opinion issued.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has sought to bring proceedings on behalf of the consolidated entity, and the consolidated entity is not a party to any proceedings, for the purpose of taking responsibility on behalf of the consolidated entity for any such proceedings, or for a particular step in any such proceedings.

INSURANCE OF DIRECTORS AND OFFICERS

During the year, Limeade paid a premium for a Directors and Officers Liability Insurance Policy (D&O Insurance). This policy covers Directors and Officers of the Company and the consolidated entity. In accordance with normal commercial practices under the terms of the insurance agreements, the disclosure of the nature of the liabilities insured against and the amount of the premiums are prohibited by the policy.

INDEMNIFICATION OF AUDITORS

To the extent of the law, Limeade has agreed to indemnify its auditors, Deloitte and Touche LLP as part of the terms of its audit engagement agreement. No payment has been made in relation to this agreement during or after the financial year.

Remuneration Report

for the year ended 31 December 2020

REMUNERATION REPORT (UNAUDITED)

Limeade is a Washington domiciled company that is listed on the Australian Securities Exchange and as such is not subject to remuneration disclosure requirements as part of the Directors' Report. Limeade is self-reporting unaudited figures using materially relevant policies and decisions with respect to compensation of the 300A of the *Australian Corporations Act 2001* (Cth) to determine the contents that the Board has chosen to report.

The Report details the remuneration arrangements for Limeade key management personnel (KMP), Chief Executive Officer (CEO) & Executive Director Henry Albrecht and Non-Executive Directors (NEDs). KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company. For the financial year ended 31 December 2020, the designated Limeade KMPs included in the remuneration report are:

- (1) Toby Davis, Chief Financial Officer
- (2) Dr Laura Hamill, Chief People Officer and Chief Science Officer
- (3) Larry Colagiovanni, Chief Technology Office
- (4) Mitch Risner, Chief Growth Officer

REMUNERATION PRINCIPLES

The Limeade remuneration framework is designed to support and reinforce its principal strategic objectives and goals. The overall purpose is to facilitate the Board to set remuneration outcomes which: (i) are competitive, equitable and designed to attract and retain high quality executives; (ii) motivate executives to pursue the long-term growth Limeade; (iii) establish a clear relationship between executive performance and remuneration; and (iv) are aligned with corporate performance and shareholder interests and (v) ensure total remuneration is competitive by market standards.

The Board believes the remuneration framework to be appropriate and effective in attracting and retaining the best KMP to operate and manage the Company. The KMP remuneration framework is designed to support the Company's reward philosophies and to underpin the Company's growth strategy. The framework comprises the following components: Base salary appropriate to the position and experience and is competitive in the market; short term incentives against a set of measurable objectives specifically tailored for each KMP and overall company CARR growth. Long term incentives are aligned to delivery of long-term performance and are equity-based grants.

ROLE OF THE BOARD AND REMUNERATION AND NOMINATION COMMITTEE

The Board and its Remuneration and Nomination Committee is established by the Board of Directors. The key purpose of the Committee is to ensure the Board is effective and high performing, making sure for example that there is an appropriate number of independent non-executive directors that represent the best interests of the Company and its shareholders, that formal and transparent renewal processes are in place and that directors are being remunerated fairly and responsibly.

The Remuneration and Nomination Committee will assist the Board by reviewing and making recommendations to the Board in relation to, *inter alia*:

- Establishes processes for the identification of suitable candidates for appointment to the Board;
- Establishes processes for reviewing the performance of individual Directors, the Board as a whole, and Board committees;
- Determines the size and composition of the Board;
- Determines executive remuneration packages and Non-Executive Director remuneration packages;
- Reviews all equity-based incentive plans and makes recommendations to the Board regarding their adoption and implementation; and
- Ensures that the remuneration policies of Limeade are balanced and do not reward behaviour that is inconsistent with its values.

The Remuneration and Nomination Committee comprises three independent Non-Executive Directors: Elizabeth Bastoni (Chair), Cameron Judson and Mia Mends. All Committee members served the full financial year.

The Nomination and Remuneration Committee has a formal charter which can be viewed on the Company's website <https://investors.limeade.com/investor-relations/?page=corporate-governance>

USE OF EXTERNAL REMUNERATION ADVISORS

From time to time the Remuneration and Nomination Committee may, at its discretion, appoint external advisors or instruct management to compile information as an input to decision making.

During the year the Committee appointed HR Ascent Pty Ltd to provide remuneration benchmarking services used in determining the remuneration framework for 2020. These services were provided to the Remuneration and Nomination Committee free independent of management. The total amount paid to HR Ascent Pty Ltd in 2020 was \$6,994.

2020 REMUNERATION STRUCTURE

The Limeade executive compensation packages include a mix of fixed and variable compensation, and short and long-term performance-based incentives.

FIXED COMPONENT

Fixed remuneration consists of a base salary, matching 401k pension contributions of up to 3% or statutory pension contributions where applicable, and other non-monetary benefits that aims to provide a competitive fixed compensation with reference to the role, market and experience of the individual. The performance of the Company and the individual are considered during the annual remuneration review.

SHORT-TERM INCENTIVE COMPONENT

The Company allocates cash bonuses linked to annual performance targets determined by the Board. These targets are established to promote and reward performance.

The target STI opportunity is set as a percentage of fixed remuneration. For 2020 the maximum target opportunity was 70% for the CEO, Henry Albrecht, 40% for the CFO, Toby Davis, 31% for the CPO and CSO, Dr. Laura Hamill, 31% for the CTO, Larry Colagiovanni, and 92% for the CGO, Mitch Risner. Performance targets determined by the Board in relation to 2020, were based on total Company CARR achieved, specific metrics related to each role, and leadership performance while displaying Limeade values and culture.

LONG-TERM INCENTIVES COMPONENT

The Limeade 2019 Omnibus Incentive Plan purpose is to attract and retain the best available personnel for the Company and its Affiliates, to provide additional incentives to such personnel and to create a sense of ownership by employees in our company to incentivize long-term company performance to drive increased shareholder value. The Plan provides for the grant of the following Grants: (a) Incentive Stock Options, (b) Nonstatutory Stock Options, (c) Stock Appreciation Rights, (d) Restricted Stock Grants, (e) Restricted Stock Unit Grants, (f) Performance Grants, and (g) Other Grants.

Options granted under the 2019 Omnibus Incentive Plan during the year had time-based vesting conditions only. All vesting is subject to continuous service and options expire 10 year following the grant date and had an exercise of no less than the Fair Market Value on the date of grant. Options granted typically vest over 4 years with 25% vesting on the 1-year anniversary of the vesting commencement date and the remaining 75% vesting each month or quarter thereafter for the next 3 years.

The 2019 Omnibus Incentive Plan replaced the 2016 Amended Stock Plan, with the Company ceasing to grant new awards under the 2016 Plan in February 2019. The predecessor to the 2016 Plan was the Amended and Restated 2006 Stock Plan. The rules of all plans were released to the ASX on 20 December 2019 and copies are available on the ASX Announcements section of the Company's website at: <https://investors.limeade.com/investor-relations/?page=asx-announcements>

OTHER INFORMATION ABOUT DIRECTOR'S INTERESTS AND BENEFITS

Directors may be reimbursed for travel and other expenses incurred in attending to Limeade business affairs, including attending and returning from meetings of the Board or committees of the Board or general meetings. Any Director who devotes special attention to the business of Limeade or who performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of Limeade. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions as applicable.

Remuneration Report (cont.)

for the year ended 31 December 2020

SHARE OPTIONS AND RESTRICTED STOCK UNITS

The following options and restricted stock units were granted post the Company's IPO and prior to 31 December 2020:

Executive Director/KMP	Award Type	Grant Date	Expiry Date	Vesting Start Date	Exercise Price	Number of Options/ RSUs
Henry Albrecht	Option	6/12/2020	6/11/2030	6/12/2020	\$0.8897	371,000
Toby Davis	Option	5/26/2020	5/25/2030	4/1/2020	\$0.8975	260,000
Laura Hamill	Option	5/26/2020	5/25/2030	4/1/2020	\$0.8975	260,000
Larry Colagionvanni	Option	5/26/2020	5/25/2030	3/30/2020	\$0.8975	1,200,000
Larry Colagionvanni	RSU	12/29/2020	12/29/2030	11/1/2020	N/A	102,250
Mitch Risner	Option	5/26/2020	5/25/2030	4/1/2020	\$0.8975	260,000

Awards were issued under the 2019 Ominbus Incentive Plan and are subject to time-based vesting. Awards vest over 4 years with with 25% vesting on the anniversary of the vesting start date and the remaining 75% vesting in equal monthly or quarterly installments over the remaining 3 years.

SHARES ISSUED ON EXERCISE OF OPTIONS

Post IPO through 31 December 2020 the Company has not issued any Shares to the Executive Director or any KMP as a result of the exercise of options.

EXECUTIVE DIRECTOR/KMP REMUNERATION DURING THE YEAR

The remuneration of key management personnel in respect of the financial year ended 31 December 2020 (including remuneration yet to be paid) is summarised below.

	Short Term		Long Term	
	Cash Salary (US\$)	Incentives ¹	Retirement Benefits	Incentives ⁴
Executive Directors				
Henry Albrecht	\$425,000 ²	\$0	\$8,550	\$187,500
KMP				
Toby Davis	\$300,000	\$0	\$8,550	\$140,841
Laura Hamill	\$312,000	\$0	\$5,286	\$140,841
Larry Colagiovanni	\$212,532 ³	\$0	\$7,135	\$800,036 ⁵
Mitch Risner	\$280,000	\$0	\$2,003	\$140,841

1. No cash bonuses were awarded for the 2020 period.
2. Includes Director Fees of NIL in 2020
3. Larry Colagiovanni was hired on 30 March 2020 as the Vice President of Development and promoted to Chief Technology Officer on 1 November 2020. Cash salary paid in 2020 represents the prorated amount. A one-time signing bonus of \$25,000 was also paid during 2020 and is not included in the cash salary above. Larry Colagiovanni's current salary effective 1 November 2020 is \$300,000.
4. The Remuneration & Nomination Committee and Board determined that the number of options would be calculated using the Black-Scholes formula and the following variables: 30 day volume weighted average price for both the value of the underlying CDI and the exercise price; the annualised historical volatility of Limeade's CDI; a risk-free interest rate equal to the current 10 year US treasury yield; and an expiration equal to the term of the option grant, 10 years. As the issue of Options is not based on performance criteria, the valuation using a 30 day VWAP was deemed to be an appropriate method. The value of RSUs are valued using the 30 day volume weighted average price for CDI. Awards vest over 4 years with with 25% vesting on the anniversary of the vesting start date and the remaining 75% vesting in equal monthly or quarterly installments over the remaining 3 years.
5. Awards for Larry Colagiovanni consisted of two awards: one for new hire as VP, Product Development and one for promotion to Chief Technology Officer.

EXECUTIVE DIRECTOR/KMP REMUNERATION & EMPLOYMENT RELATIONSHIP

Remuneration and other terms of employment for the KMP are formalized in offer letters that are terminable by either party at will. KMP receive health care coverage, life insurance, matching 401k retirement contributions up to 3%, and other customary employee benefits. All have entered into standard confidentiality, noncompetition, and invention assignment agreement, which imposes non-solicitation of employees and customers, and restraint of trade (non-competition) covenants during employment and for one year following termination of their employment with Limeade. Details of agreements are as follows:

Name	Henry Albrecht
Title	CEO / Executive Director
Effective Date	1 January 2020
2020 Salary	\$425,000
2020 Target Cash Bonus	\$297,500

Name	Toby Davis
Title	Chief Financial Officer
Effective Date¹	1 January 2020
2020 Salary	\$300,000
2020 Target Cash Bonus	\$120,000

1. Toby Davis resigned as Chief Financial Officer effective March 2021.

Name	Laura Hamill
Title	Chief People Officer and Chief Science Officer
Effective Date	1 January 2020
2020 Salary	\$312,000
2020 Target Cash Bonus	\$96,436

Name	Larry Colagiavanni
Title	Chief Technology Officer
Effective Date	1 November 2020
2020 Salary	\$300,000 ¹
2020 Target Cash Bonus	\$93,000 ¹

1. Larry Colagiovanni was hired on 30 March 2020 as the Vice President of Development and promoted to Chief Technology Officer on 1 November 2020. Figure represents annualized salary and target cash bonus. Actual payments were pro-rated.

Name	Mitch Risner
Title	Chief Growth Officer
Effective Date	1 November 2020
2020 Salary	\$280,000
2020 Target Cash Bonus	\$257,600

Remuneration Report (cont.)

for the year ended 31 December 2020

SHARE-BASED COMPENSATION

Other than as set out in this report, there were no shares issued to KMP as part of compensation during the year ended 31 December 2020.

Common Stock / CDIs

The number of common shares/CDIs in the Company during the year ended 31 December 2020 reporting period held by each of the Company's KMP, including their related parties, is set out below:

Executive Director/KMP	Balance at Start of Year	Granted as Remuneration	Other Changes	Issued at End of Reporting Period
Henry Albrecht	40,311,485	—	—	40,311,485
Toby Davis	265,664	—	—	265,664
Laura Hamill	1,872,000	—	—	1,872,000
Larry Colagiovanni	—	—	—	—
Mitch Risner	—	—	—	—

Options Held by KMP

The number of options in the Company during the year ended 31 December 2020 reporting period held by each of the Company's KMP, including their related parties, is set out below:

Executive Director/KMP	Balance at Start of Year	Granted as Remuneration	Other Changes	Issued at End of Reporting Period	Vested at End of Reporting Period	Unvested at End of Reporting Period
Henry Albrecht	200,000	371,000	—	571,000	195,833	375,167
Toby Davis	830,336	260,000	—	1,090,336	609,164	481,172
Laura Hamill	880,000	260,000	—	1,140,000	641,665	498,335
Larry Colagiovanni	—	1,200,000	—	1,200,000	—	1,200,000
Mitch Risner	1,980,000	260,000	—	2,240,000	1,853,842	386,158

Restricted Stock Units Held by KMP

The number of restricted stock units in the Company during the year ended 31 December 2020 reporting period held by each of the Company's KMP, including their related parties, is set out below:

Executive Director/KMP	Balance at Start of Year	Granted as Remuneration	Other Changes	Issued at End of Reporting Period	Vested at End of Reporting Period	Unvested at End of Reporting Period
Henry Albrecht	—	—	—	—	—	—
Toby Davis	—	—	—	—	—	—
Laura Hamill	—	—	—	—	—	—
Larry Colagiovanni	—	102,250	—	102,250	—	102,250
Mitch Risner	—	—	—	—	—	—

NON-EXECUTIVE DIRECTORS

The Limeade Board seeks to set Non-Executive Directors' fees at a level that provides the Company with the ability to attract and retain Non-Executive Directors of high caliber with relevant professional expertise and reflects the demands that are made on, and the responsibilities of, the Non-Executive Directors, while incurring a cost that is acceptable to stockholders of the Company.

Under Limeade's Bylaws, the Board may decide the total amount paid to each non-executive Director as remuneration for their services. However, under the ASX Listing Rules, the total amount paid to all non-executive Directors for their services (excluding, for these purposes, the salary of any Executive Director) must not exceed in aggregate in any financial year the amount fixed by Limeade's general meeting. This amount has been fixed at \$650,000 per annum. Any increase to the aggregate amount will be approved by Shareholders.

This aggregate annual sum does not include any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of Limeade, which may be made in addition to or in substitution for the Director's fees.

The Directors' fees currently agreed to be paid by Limeade for the financial year ending December 2020 are as set out below.

Non-Executive Directors	Short Term	
	Cash Salary and Fees (US\$)	Non-Monetary
Elizabeth Bastoni (Chair)	\$110,000	—
Cameron Judson	\$70,000	—
Lisa MacCallum	\$70,000	—
Chris Ackerley	—	—
Steve Hamerslag	—	—
Mia Mends	\$70,000	—

In addition, the Chair of the Audit and Risk Management Committee and the Chair of the Remuneration and Nomination Committee will each receive \$10,000 per annum, and each other member of those committees will receive \$5,000 per annum, for their service on those committees. All non-executive Directors' fees are inclusive of superannuation contributions where required by law.

SHARES HELD BY NON-EXECUTIVE DIRECTORS

The number of common shares/CDIs in the Company during the year ended 31 December 2020 reporting period held by each of the Company's Non-Executive Directors, including their related parties, is set out below:

Director	Balance at Start of Year	Granted as Remuneration	Received on Exercise	Other Changes	Held at End of Reporting Period
Elizabeth Bastoni	—	—	—	—	—
Cameron Judson ¹	50,000	—	—	—	50,000
Lisa MacCallum	10,000	—	—	—	10,000
Chris Ackerley ²	4,116,360	—	—	—	4,116,360
Steve Hamerslag ³	—	—	—	—	—
Mia Mends	—	—	—	—	—

Notes:

- Cameron Judson does not have a direct interest in Securities, however, he may indirectly benefit from C & T Judson PTY LTD holdings of 50,000 Securities at 31 December 2020.
- Chris Ackerley's holdings include Securities held by Chris personally, and Securities held by Chris and his spouse, Diana, jointly.
- Steve Hamerslag does not have a direct interest in Securities, however he is a Managing Partner of TVC Capital which manages TVC Capital II LP (which holds 35,618,770 at 31 December 2020) and may indirectly benefit economically from those activities. He may also indirectly benefit from TVC Capital's holding of 1,039,512 Securities.

Remuneration Report (cont.)

for the year ended 31 December 2020

OPTIONS HELD BY NON-EXECUTIVE DIRECTORS

The number of options in the Company during the year ended 31 December 2020 reporting period held by each of the Company's Non-Executive Directors, including their related parties, is set out below:

Director	Balance at Start of Year	Granted as Remuneration	Other Changes	Held at End of Reporting Period	Vested at End of Reporting Period	Unvested at End of Reporting Period
Elizabeth Bastoni	—	—	—	—	—	—
Cameron Judson	—	—	—	—	—	—
Lisa MacCallum	—	—	—	—	—	—
Chris Ackerley	660,000	—	—	660,000	586,600	73,400
Steve Hamerslag	—	—	—	—	—	—
Mia Mends	—	—	—	—	—	—

LOANS TO KMP

There were no loans made during the year to any Key Management Personnel.

LOANS TO NON-EXECUTIVE DIRECTORS

There were no loans made during the year to any Non-Executive Directors.

Report of Independent Auditors and Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

Limeade, Inc.
ARBN 637 017 602

limeade®

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Independent Auditors’ Report



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INDEPENDENT AUDITORS’ REPORT

To the Board of Directors and Shareholders of Limeade, Inc.

We have audited the accompanying consolidated financial statements of Limeade, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive loss, statement of shareholders' (deficit) equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Limeade, Inc. and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
February 25, 2021

Consolidated Balance Sheets

(In US Dollars, in thousands)

	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 31,497	\$ 31,962
Accounts receivable, net of allowance for doubtful accounts of \$117 and \$80, respectively	8,624	7,300
Prepaid expenses and other current assets	3,388	4,326
Total current assets	43,509	43,588
Non-current assets		
Property and equipment - net	590	855
Capitalized software development costs - net	6,302	3,966
Operating lease right-of-use assets - net	2,324	3,738
Goodwill	1,435	1,435
Intangible assets - net	1,001	1,377
Other non-current assets	361	452
Total assets	\$ 55,522	\$ 55,411
Liabilities and shareholders' equity		
Current liabilities		
Trade payables	\$ 4,127	\$ 3,748
Accrued compensation	2,879	3,892
Accrued expenses and other current liabilities	5,603	5,648
Operating lease right-of-use liabilities	566	1,287
Finance lease liabilities	—	4
Deferred revenue	10,089	8,315
Customer deposits	2,499	2,094
Acquisition holdback	—	571
Income taxes payable	17	23
Total current liabilities	25,780	25,582
Non-current liabilities		
Operating lease right-of use liabilities	1,806	2,602
Deferred tax liability	5	2
Total non-current liabilities	1,811	2,604
Total liabilities	27,591	28,186
Commitments and contingencies (Note 13)		
Shareholders' equity		
Common stock (\$0.0001 par value, 550,000,000 shares authorized, 247,420,156 and 244,849,004 shares issued and outstanding as of December 31, 2020 and 2019, respectively)	—	—
Additional paid-in capital	67,586	66,407
Accumulated deficit	(39,655)	(39,182)
Total shareholders' equity	27,931	27,225
Total Liabilities and shareholders' equity	\$ 55,522	\$ 55,411

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations

(In US Dollars, in thousands, except per share data)

	For the Twelve Months Ended December 31	
	2020	2019
Revenue:		
Subscription services	\$ 54,926	\$ 45,464
Other	1,659	1,979
Total revenues	56,585	47,443
Cost of revenue	13,268	11,689
Gross profit	43,317	35,754
Operating expenses		
Sales and marketing	17,901	15,758
Research and development	16,978	15,038
General and administrative	9,056	7,121
Total operating expenses	43,935	37,917
Operating loss	(618)	(2,163)
Other income, net	369	21
Loss before income taxes	(249)	(2,142)
Income tax (expense) benefit	(16)	125
Net loss	\$ (265)	\$ (2,017)
Basic and diluted loss per common share (Note 9)		
Net loss	\$ (0.00)	\$ (0.02)
Inducement of convertible preferred stock	—	(0.41)
Net loss per share attributable to common shareholders, basic and diluted	\$ (0.00)	\$ (0.43)
Weighted average shares of common stock outstanding, basic and diluted	245,520	80,942

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Loss

(In US Dollars, in thousands)

	For the Twelve Months Ended December 31	
	2020	2019
Net loss	\$ (265)	\$ (2,017)
Other comprehensive loss—Foreign currency translation	(208)	(8)
Total comprehensive loss	\$ (473)	\$ (2,025)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Shareholders' (Deficit) Equity

(In US Dollars, in thousands), except share data

	Series C Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series A Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital		Accumulated Deficit		Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Equity		
BALANCE, December 31, 2018	4,339,675	\$ 24,961	4,363,606	\$ 5,546	5,471,813	\$ 2,997	74,496,992	\$ 492	\$ 1,607	\$ (37,120)	\$ (1,517)		
Conversion of preferred shares to common	(4,339,675)	(25,000)	(4,363,606)	(5,564)	(5,471,813)	(3,005)	113,400,752	—	33,569	—	—	—	
Inducement of convertible preferred stock	—	—	—	—	—	—	26,993,844	—	—	—	—	—	
Common stock converted to zero par value	—	—	—	—	—	—	(492)	492	—	—	—	—	
Proceeds from initial public offering, net of underwriting fees	—	—	—	—	—	—	27,060,208	—	32,979	—	—	32,979	
Initial public offering costs	—	—	—	—	—	—	—	—	(2,817)	—	—	(2,817)	
Exercise of stock options	—	—	—	—	—	—	2,897,208	—	278	—	—	278	
Stock-based compensation	—	—	—	—	—	—	—	—	299	—	—	299	
Accretion of redeemable convertible preferred stock issuance costs	—	39	—	18	—	8	—	—	—	(65)	—	—	
Cumulative effect of implementation of ASC 842 - Leases	—	—	—	—	—	—	—	—	—	28	—	28	
Loss on translation adjustments	—	—	—	—	—	—	—	—	—	(8)	—	(8)	
Net loss	—	—	—	—	—	—	—	—	—	(2,017)	(2,017)	(2,017)	
BALANCE, December 31, 2019	—	—	—	—	—	—	244,849,004	—	\$ 66,407	\$ (39,182)	\$ 27,225		
Initial public offering costs	—	—	—	—	—	—	—	—	(59)	—	—	(59)	
Exercise of stock options	—	—	—	—	—	—	2,571,152	—	316	—	—	316	
Stock-based compensation	—	—	—	—	—	—	—	—	922	—	—	922	
Loss on translation adjustments	—	—	—	—	—	—	—	—	—	(208)	—	(208)	
Net loss	—	—	—	—	—	—	—	—	—	(265)	(265)	(265)	
BALANCE, December 31, 2020	—	—	—	—	—	—	247,420,156	—	\$ 67,586	\$ (39,655)	\$ 27,931		

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(In US Dollars, in thousands)

	For the Twelve Months Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (265)	\$ (2,017)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	1,489	1,413
Amortization of operating lease-right-of-use assets	1,212	1,137
Stock-based compensation	922	299
Change in assets and liabilities		
Accounts receivable	(1,323)	1,569
Prepaid expenses and other current assets	937	(1,450)
Other non-current assets	294	(96)
Trade accounts payable	471	(1,708)
Accrued compensation	(1,013)	(199)
Accrued expenses and other current liabilities	634	147
Income taxes payable	(6)	23
Deferred revenue	1,774	2,936
Deferred tax liability	3	(175)
Customer deposits	405	2,094
Operating lease liabilities	(1,517)	(1,201)
Foreign currency gains	(236)	—
Net cash provided by operating activities	3,781	2,772
CASH FLOWS FROM INVESTING ACTIVITIES		
Capitalized software development costs	(2,987)	(2,489)
Purchases of property and equipment	(197)	(601)
Net cash used in investing activities	(3,184)	(3,090)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from initial public offering, net of underwriters' discounts and commissions	—	32,969
Payments of initial public offering transaction costs	(829)	(2,047)
Payments on principal of capital leases	(4)	(141)
Payments on acquisition holdbacks	(571)	—
Proceeds from credit facility	—	2,000
Principal payments on credit facility	—	(4,500)
Proceeds from exercise of stock options	316	289
Net cash (used in) provided by financing activities	(1,088)	28,570
Foreign currency effect on cash and cash equivalents	26	(11)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(465)	28,241
CASH AND CASH EQUIVALENTS		
Beginning of year	31,962	3,721
End of year	\$ 31,497	\$ 31,962

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows (cont.)

(In US Dollars, in thousands)

	For the Twelve Months Ended December 31	
	2020	2019
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Cash paid for interest	—	187
Cash paid for taxes	3	27
NON-CASH OPERATING, INVESTING, AND FINANCING ACTIVITIES		
Accretion of redeemable convertible preferred stock issuance costs	—	65
Property and equipment included in accounts payable	25	17
Acquisition of right-of-use asset under operating lease	—	53
Initial public offering transaction costs, accrued not yet paid	—	770
Inducement of convertible preferred stock	—	33,128

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION

Description of Business

Limeade, Inc. (the “Company”, “Limeade”, “Management”, or “we”) was incorporated in the state of Washington on February 23, 2006, and is headquartered in Bellevue, Washington. The Company provides software solutions that elevate the employee experience and help build great places to work. The Limeade platform offers employee well-being, engagement, inclusion and communications solutions in one seamless user experience. The Company generates revenue through the sale of its software solutions to customers, which are provided via the cloud, under a subscription-based revenue model.

The Company has wholly owned subsidiaries in Canada and Germany, and a branch registered in Australia. These entities provide business development, software development, and support services.

Certain Significant Risks and Uncertainties

The Company operates in a dynamic industry and accordingly, can be affected by a variety of factors. For example, management believes that changes in any of the following areas could have a significant negative effect on the Company in terms of our future financial position, results of operations or cash flows: the need for continued growth in the demand for the Company’s products and services, reliance on key personnel including the ability to attract and retain qualified employees and key personnel, competition from other companies with greater financial, technical, and marketing resources, scaling and adaptation of existing technology and network infrastructure, management of the Company’s growth, and protection of our brand and intellectual property, among other things.

The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. In view of the rapidly changing business environment, unprecedented market volatility and heightened degree of uncertainty resulting from COVID-19, we are currently unable to fully determine its future impact on our business. However, we are monitoring the progression of the pandemic and its potential effect on our financial position, results of operations, and cash flows.

Initial Public Offering

On December 20, 2019, Limeade successfully completed its Initial Public Offering (“IPO”) of securities and was admitted to the official list of the Australian Securities Exchange. As part of the IPO, the Company issued 27,060,208 shares of its common stock or 27,060,208 CHESS Depositary Interests (“CDI”) shares, with the ratio of CDI shares to the Company’s common stock of 1:1. The CDI shares were issued at AUD1.85 per CDI, for gross proceeds of approximately AUD50.1 million, or US\$34.2 million. The IPO proceeds, net of transaction costs of approximately AUD6.0 million, or US\$4.1 million, are being used to support the Company’s operations and growth.

Conversion of Series Preferred Stock

In addition to the shares issued as part of the IPO, all outstanding shares of preferred stock were converted into 14,175,094 shares of the Company’s common stock. These shares were then split on a 1-to-8 basis, resulting in 113,400,752 shares of common stock. As an incentive to convert their preferred shares to common stock, Series Preferred shareholders were offered 26,993,844 additional shares of common stock at an aggregate value of \$34.0 million, equivalent to what their liquidation preferences would have been in a liquidation event. These 26,993,844 additional shares of common stock were sold as part of the IPO for AUD49.9 million or US\$34.2 million, with the proceeds going to the selling shareholders.

Stock Split

Immediately before the IPO, the Company amended its Articles of Incorporation and effected a 1-to-8 stock split of all issued and outstanding common stock, including outstanding stock options. All common shares and per common share amounts for all periods presented in these consolidated financial statements and notes thereto, have been adjusted retrospectively, where applicable, to reflect the stock split. Series Preferred Stock amounts have been adjusted retrospectively only where the conversion to common stock is presented.

Total common shares issued from the following sources during the year ended December 31, 2019 are summarized as follows:

Shares issued in primary offering	27,060,208
Shares issued upon conversion of redeemable convertible preferred stock	113,400,752
Shares issued as inducement to convert preferred shares to common	26,993,844
Shares issued upon exercise of stock options	2,897,208
Total shares issued as of December 31, 2019	170,352,012

Notes to Consolidated Financial Statements (cont.)

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Specifically, third party services revenue was separately disclosed on the income statement in the prior year financial statements and has been combined with subscription revenues under the “Subscription services” line on the income statement in the current year financial statements to conform with the current year presentation. This reclassification had no impact on the previously disclosed 2019 revenue, net loss, or loss per share.

Correction of Errors

In connection with the preparation of our consolidated financial statements, we determined that we did not properly identify a deferred tax liability related to certain acquired intangible assets associated with the acquisition of Sitrion in 2018. While we believe the amounts are immaterial to the consolidated financial statements, we have restated the amounts previously reported to record the deferred tax liability, the related impact on goodwill, and the subsequent tax benefit in the provision for income taxes. The affected balances presented in these financial statements are reflected in the below tabular reconciliation:

	Year Ended December 31, 2019		
(in thousands)	As Previously Reported	Adjustment	As Restated
Goodwill	\$ 1,153	\$ 282	\$ 1,435
Other non-current assets	449	3	452
Total assets	55,126	285	55,411
Accumulated deficit	(39,467)	285	(39,182)
Total shareholders’ equity	26,940	285	27,225
Provision for income taxes	52	(177)	(125)
Net loss	(2,194)	177	(2,017)
Net loss per share	\$ (0.44)	\$ 0.00	\$ (0.43)

In addition to the changes above, accumulated deficit and total shareholders’ equity (deficit) for the year ended December 31, 2018 were adjusted by \$108 thousand, resulting in restated balances as of January 1, 2019 of \$37.1 million and \$(1.5) million, respectively, in the Statement of Shareholders’ Equity. We also restated other deferred tax assets, other deferred tax liabilities, the associated valuation allowance, and the reconciliation of provision (benefit) for income taxes to reflect the adjustments shown above within Note 8 – Income Taxes.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include those of the Company and its subsidiaries after elimination of all intercompany accounts and transactions. These consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The significant estimates include revenue recognition, allowances for doubtful accounts, useful lives of property and equipment and capitalized software development costs, assumptions used in stock-based compensation, estimates of fair value of common stock, measurement of the valuation allowance for deferred tax assets and estimates of fair value of acquired assets and liabilities. Actual results could differ from management’s estimates and assumptions.

The COVID-19 pandemic has introduced significant additional uncertainty with respect to estimates, judgments and assumptions, which may materially impact the estimates previously listed, among others.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalents. The Company generally places its cash and cash equivalents and short-term investments with high-credit-quality counterparties to make sure the financial institutions are stable when the Company’s deposits exceed Federal Deposit Insurance Corporation limits, and by policy, limit the amount of credit exposure to any one counterparty based on the Company’s analysis of the counterparty’s relative credit standing. The Company maintains its cash accounts with financial institutions where, at times, deposits exceed federal insurance limits.

Credit risk with respect to accounts receivable is dispersed based on the number of our customers. Two customers represented 25% and 29% of net accounts receivable as of December 31, 2020, and 2019, respectively. During the years ended December 31, 2020 and 2019, no customers accounted for 10% or more of total revenue.

Foreign Currency Translation

The Company’s consolidated financial statements are reported in U.S. dollars. The financial statements of our foreign subsidiaries with a functional currency other than U.S. dollars have been translated into U.S. dollars. Assets and liabilities of these subsidiaries are translated at the exchange rates in effect at each period-end. Income statement amounts are translated at the average exchange rate during the period. Translation adjustments resulting from this process are included in other comprehensive income.

Cash and Cash equivalents

The Company considers all short-term cash equivalents with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded net of an allowance for doubtful accounts and are generally due within 30 to 75 days. The allowance for doubtful accounts reflects the Company’s best estimate of losses inherent in the gross accounts receivable balance. The Company considers accounts outstanding longer than the contractual payment terms as past due. The Company determines the allowance by considering a number of factors, including the length of time accounts receivable are past due, previous loss history, a specific customer’s ability to pay its obligations, and the condition of the general economy and industry as a whole. Accounts receivable ultimately deemed uncollectible are written off against their allowance in the period in which they are deemed uncollectible.

Accounts receivable include outstanding invoices issued to customers according to the terms of the Company’s contractual arrangements. The Company reviews accounts receivable regularly to determine if any receivable will be potentially uncollectible.

Internally Developed Software

All costs related to the development of internal use software, other than those incurred during the application development stage, are expensed as incurred. Costs incurred during the application development stage are capitalized and amortized over the estimated useful life of the software, which is typically seven years. The estimated useful lives of internally developed software are reviewed frequently and adjusted as appropriate to reflect upcoming development activities that may include significant upgrades and/or enhancements to the existing functionality. Capitalized internally developed software costs are amortized on a straight-line basis over their expected economic lives. Amortization of these costs begins once the product is ready for its intended use. The amount of costs capitalized within any period is dependent on the nature of software development activities and projects in each period.

The Company capitalized \$3.0 and \$2.5 million of internally developed software costs for the years ended December 31, 2020 and 2019, respectively. Amortization expense related to capitalized software was \$0.7 million and \$0.3 million for the years ended December 31, 2020 and 2019, respectively.

Goodwill

Goodwill represents the excess of the cost of an acquired business over the fair value of the assets acquired at the date of acquisition and is not amortized. The Company reviews goodwill for impairment at least annually, or more frequently, if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. The Company has elected to first assess qualitative factors to determine whether it is more likely than not that the fair value of the Company’s single reporting unit is less than its carrying value as a basis for determining whether we need to perform the quantitative two-step impairment test. Only if we determine, based on qualitative assessment, that it is more likely

Notes to Consolidated Financial Statements (cont.)

than not that a reporting unit’s fair value is less than its carrying value will we calculate the fair value of the reporting unit. We would then test goodwill for impairment by first comparing the book value of net assets to the fair value of the reporting unit. As December 31, 2020 and December 31, 2019, no impairment of goodwill has been identified and there were no impairment charges for the years ended December 31, 2020 and 2019, respectively.

Intangible Assets

Intangible assets consist of acquired customer relationships. Acquired finite-lived intangible assets are amortized over their estimated useful lives. The Company evaluates the recoverability of its intangible assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If such review indicates that the carrying amount of intangible assets is not recoverable, the carrying amount of such assets is reduced to fair value. Management has determined that there was no impairment for the years ended December 31, 2020 and 2019.

Long-Lived Assets

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. An impairment is recognized in the event the carrying value of such assets is not recoverable. If the carrying value is not recoverable, the fair value is determined, and an impairment is recognized for the amount by which the carrying value exceeds the fair value. Management has determined that there was no impairment for the years ended December 31, 2020 and 2019.

Revenue Recognition

The Company derives its revenues from two primary sources: (1) subscription revenues, which are comprised of fees from customers for access to the Company's software platform and fees from customers for value-add services provided by third parties and (2) other revenues, which are comprised of fees from customers for implementation services and onsite client program managers.

Subscription Revenue

Subscription revenues are cloud-based subscriptions which allow customers to access the Company's software during a contractual period without taking possession of the software. The Company's subscription arrangements typically contain a contract period of one year, and can be billable in annual, quarterly, or monthly invoices. Payments received in advance of customers being provided access to the software are deferred. The Company recognizes revenue related to these cloud- based subscriptions ratably over the life of the subscription agreement beginning when the customer first has access to the software. Revenues from cloud-based subscriptions are included in subscription services revenues.

Subscription revenues also include third party services such as health coaching and content subscription services, which are often contracted for and billed to the customer by the Company. Revenue associated with these arrangements is recognized net of costs charged to the Company by the third party providers and is generally recognized on a ratable basis over the contract period.

Other Revenue

Other revenue includes implementation fees for subscription software and related programs, as well as other services such as onsite client program managers, biometric data collection, and onsite screenings. Payments received in advance of other revenue service performance are deferred and are recognized as the services are performed, or ratably over the contract period, depending on the service.

Performance Obligations

The Company identifies performance obligations in its contracts with customers, which primarily include software subscription licenses, implementation costs, onsite management fees. The Company determines the transaction price based on the amount of consideration it expects to receive in exchange for transferring the promised goods or services to the customer. It allocates the transaction price in the contract to each distinct performance obligation in an amount that depicts the relative amount of consideration it expects to receive in exchange for satisfying each performance obligation. Revenue is recognized when performance obligations are satisfied.

Judgments and Estimates

Contracts with customers often include promises to transfer multiple products and services. Determining whether products and services are considered distinct performance obligations that should be accounted for separately from one another sometimes requires judgment. The Company's contracts often require it to perform certain setup and implementation services so that its customers can appropriately utilize its subscription products. These services are not treated as distinct performance obligations. Instead, they are combined with our subscription services and recognized ratably over the term of the customer contract. In future periods, these services may qualify as distinct performance obligations which may require further transaction price allocation and earlier recognition of revenue for a portion of customer contracts.

Judgment is also required to determine the standalone selling price (“SSP”) for each distinct performance obligation. The Company typically has more than one SSP for each of its products and services based on customer stratification, which is based on the size of the customer, their geographic region and market segment. For cloud-based subscriptions, SSP is generally observable using standalone sales and/or renewals. The Company evaluates contracts with customers that include options to purchase additional goods or services to determine whether the options give rise to a material right, which is a separate performance obligation. If the Company determines the options give rise to a material right, the revenue allocated to such right is not recognized until the option is exercised or the option expires.

Finally, the Company's contracts with customers generally include performance or service level guarantees, which obligate the Company to certain service performance deliverables such as minimum engagement rates, minimum scores on customer satisfaction surveys and web-site uptime requirements. These guarantees are treated as variable consideration, which reduces the total transaction price for individual contracts. The Company monitors compliance with performance guarantees throughout the duration of each contract and has a history of meeting contract performance guarantees.

Reserves for estimated contract performance guarantees are established based on historical performance and are recognized as a reduction of revenue and accrued liabilities on the balance sheet. The reserve liability is \$1.6 million and \$1.1 million as of December 31, 2020 and 2019, respectively.

Assets Recognized from the Costs to Obtain a Contract with a Customer

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the benefit of those costs to be longer than one year. The Company's commission plans include substantive service conditions that need to be met before a commission associated with a contract (or group of contracts) is actually earned by the salesperson. In such cases, some or all of the sales commission may not be incremental costs incurred to obtain a contract with the customer since the costs were not actually incurred solely as a result of obtaining a contract with a customer. Rather, the costs were incurred as a result of obtaining a contract with a customer and the salesperson's providing ongoing services to the entity for a substantive period. As such, these commissions are not capitalized. The Company did not have any costs that met the requirements for capitalization for the years ended December 31, 2020 and December 31, 2019.

Contract Assets

Contract assets represent the portion of the transaction price from a contract with a customer where control has transferred, but for which the company currently does not have the contractual right to invoice. The Company reduces the gross contract asset balance for any impairments identified based on its consideration of a combination of factors including past collection experience, credit quality of the customer, age of other receivables balances due from the customer and current economic conditions. The Company did not have any contract assets as of December 31, 2020 or December 31, 2019.

Deferred Revenue

Deferred revenue represents billings or payments received in advance of revenue recognition from subscription and third-party services. Deferred revenue is recognized as the revenue recognition criteria are met. The Company generally invoices customers monthly, semi-annually, or annually in advance of providing services. Deferred revenue recorded at December 31, 2020, is expected to be recognized within the next 12 months as the related services are provided.

Customer Deposits

Customer deposits represents payments received in advance of revenue recognition from subscription and third-party services that are subject to cancellation and refund provisions.

Notes to Consolidated Financial Statements (cont.)

Income Taxes

The Company accounts for income taxes under the asset and liability method. The Company's deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and income tax basis of assets and liabilities and are measured using the enacted tax rates expected to apply in the years when the differences are expected to reverse. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. The Company assesses its income tax positions and records income taxes based upon management’s evaluation of the facts, circumstances, and information available at the reporting date.

The Company determines whether its uncertain tax positions are more likely than not to be sustained upon examination based on the technical merits of the position. For tax positions not meeting the more likely than not threshold, the tax amount recognized in the consolidated financial statements is reduced by the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant taxing authority. The Company does not have any uncertain tax positions as of December 31, 2020 or December 31, 2019.

Share-based Compensation

The Company accounts for stock-based payment awards made to employees and directors under Accounting Standards Codification (“ASC”) Share-Based Payments (“ASC 718”), which requires measurement and recognition of compensation expense for all share-based payment awards based on fair value. The Company estimates the fair value of share-based payment awards using the Black-Scholes option-pricing model. The Black-Scholes model incorporates various assumptions, including expected volatility, dividend yields, risk-free interest rates, weighted-average expected lives, and estimated forfeitures of options.

Under ASC 718, share-based compensation expense is recognized based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. The Company recognizes compensation expense for all share-based payment awards made to employees and directors using a straight-line method, generally over a service period of four years.

Effective 1/1/2020 the Company adopted ASU 2018-7, *Compensation-Stock Compensation; Improvements to Nonemployee Share-Based Payment Accounting* (“Topic 718”) which conforms the accounting for non-employees to the accounting treatment for employees. The new standard replaces using a fair value as of each reporting date with the use of the calculated fair value as of the grant date. The implementation of Topic 718 provides for the use of the fair market value as of the adoption date, rather than using the value as of the original grant date. The Company utilizes the Black-Sholes option pricing model and uses the simplified method to determine expected term because of lack of sufficient exercise history.

Share-based compensation cost for RSUs is recognized on a straight-line basis in the consolidated statements of operations over the period during which the participant is required to perform services in exchange for the award, based on the fair value of the underlying common stock on the date of grant. The vesting period of each RSU grant is generally four years and share based compensation is adjusted for the impact of estimated forfeitures.

Initial Public Offering Transaction Costs

Initial public offering transactions costs of \$2.8 million and \$0.1 million in 2019 and 2020, respectively, primarily consisting of legal, accounting, and other fees related to the IPO, were offset against proceeds upon the closing of the IPO on December 20, 2019.

Research and Development Expenses

Research and development expenses include payroll, employee benefits, and other headcount-related costs associated with product development. Research and development costs are expensed as incurred.

Leases

The Company determines if an arrangement is a lease at inception, and leases are classified at commencement as either operating or finance leases. Right-of-use (“ROU”) assets and lease liabilities are recognized at commencement date based on the present value of the future minimum lease payments over the lease term. Operating lease ROU assets are presented separately in long-term assets and finance lease ROU assets are included in property and equipment, net on the consolidated balance sheets. As most of the Company's operating leases do not provide an implicit rate, management uses its incremental borrowing rate in determining the present value of future payments.

This rate is an estimate of the collateralized borrowing rate it would incur on our future lease payments over a similar term based on the information available at commencement date. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. At December 31, 2020 the Company included an option to extend the lease for our German office in the lease term. The impact to the consolidated financial statements was not considered material.

The Company utilizes certain practical expedients and policy elections available under the lease accounting standard. For example, it does not record right-of-use assets or lease liabilities for leases with terms of 12 months or less, and it combines lease and non-lease components for contracts containing real estate leases. Right-of-use assets are subject to evaluation for impairment or disposal on a basis consistent with other long-lived assets.

Contingencies

A loss contingency is recorded if it is probable and the amount of the loss can be reasonably estimated. The Company assesses, among other factors, the probability of an adverse outcome and its ability to make a reasonable estimate of the ultimate loss.

Recently Adopted Accounting Pronouncements

The Company adopted ASU 2018-15, *Intangibles - Goodwill and Other-Internal-Use Software* (“ASU 2018-15”), which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software, effective January 1, 2020. ASU 2018-15 did not have a material impact on the consolidated financial statements.

Effective 1/1/2020 the Company adopted ASU 2018-7, *Compensation-Stock Compensation; Improvements to Nonemployee Share-Based Payment Accounting* (“Topic 718”) which conforms the accounting for non-employees to the accounting treatment for employees. The new standard replaces using a fair value as of each reporting date with the use of the calculated fair value as of the grant date. The implementation of Topic 718 provides for the use of the fair market value as of the adoption date, rather than using the value as of the original grant date. The Company utilizes the Black-Sholes option pricing model and uses the simplified method to determine expected term because of lack of sufficient exercise history.

Effective January 1, 2019 the Company adopted ASC 842, *Leases* (“ASC 842”) using the optional transition method described in ASU 2018-11, *Leases - Targeted Improvements*. Under the optional transition method, the Company recognized the cumulative effect of initially applying the guidance as an adjustment to the operating lease right-of-use assets and operating lease liabilities on our consolidated balance sheet on January 1, 2019 without retrospective application to comparative periods.

The new lease standard requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for operating leases, and also requires additional quantitative and qualitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. In adopting ASC 842, we utilized certain practical expedients available under the standard. These practical expedients include waiving reassessment of conclusions reached under the previous lease standard as to whether contracts contain leases and not recording right-of-use assets or lease liabilities for leases with terms of 12 months or less.

The cumulative effect of the changes made to the consolidated January 1, 2019 balance sheet resulting from the adoption of ASC 842 was as follows (in thousands):

	December 31, 2018		January 1, 2019	
(in thousands)	As Reported	Adjustment	As Adjusted	
Assets				
Prepaid expenses	\$ 2,881	\$ (6)	\$ 2,875	
Operating lease right-of-use assets – net	—	4,822	4,822	
Liabilities and shareholders’ equity				
Operating lease right-of-use liabilities, current	—	1,203	1,203	
Operating lease right-of-use liabilities, non-current	—	3,834	3,834	
Accrued expenses	5,072	(249)	4,823	
Accumulated deficit	\$ (37,228)	\$ 28	\$ (37,200)	

Notes to Consolidated Financial Statements (cont.)

NOTE 3 – FAIR VALUE MEASUREMENTS

U.S. GAAP has established a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets and liabilities

Level 2 – Observable inputs other than quoted prices included in Level 1

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets or liabilities

The Company's cash and cash equivalents are classified as Level 1.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

<i>(in thousands)</i>	2020		2019	
Computer equipment and software	\$	4,126	\$	4,247
Furniture and equipment		660		646
Leasehold improvements		604		604
Total		5,390		5,497
Less accumulated depreciation and amortization		(4,800)		(4,642)
Total property and equipment, net	\$	590	\$	855

Depreciation and amortization expense for property and equipment was \$0.5 million and \$0.7 million, respectively, for the years ended December 31, 2020 and 2019.

NOTE 5 – INTANGIBLE ASSETS

Finite-lived intangible assets consisted of the following:

<i>(in thousands)</i>	Average Useful Life (Years)	December 31, 2020			
		Gross		Accumulated Amortization	
Customer relationships	5	\$	1,878	\$	(877)
				\$	1,001

<i>(in thousands)</i>	Average Useful Life (Years)	December 31, 2019			
		Gross		Accumulated Amortization	
Customer relationships	5	\$	1,878	\$	(501)
				\$	1,377

Amortization expense for finite-lived intangible assets for the years ended December 31, 2020 and 2019 was \$0.4 million and \$0.4 million, respectively.

NOTE 6 – EMPLOYEE SAVINGS PLAN

In September 2011, the Company adopted a retirement plan (the “Plan”) under Section 401(k) of the Internal Revenue Code. The Plan covers substantially all employees of the Company who meet minimum age and service requirements and allows for participants to defer a portion of their annual compensation on a pre-tax basis subject to annual regulatory contribution limitations. Plan assets are held separately from those of the Company in funds under the control of a third-party trustee.

In October of 2020 the Company amended the 401(k) Plan to include an employer matching contribution retroactive to January 1, 2020, with 100% immediate vesting. The Company will make matching contributions of 50% to each participant's before-tax and Roth elective contributions, limited to 3% of the participant's compensation each pay period for each employee who has met the match contribution eligibility criteria. The amount accrued related to the Company matching contribution was \$0.7 million and included in Accrued Compensation as of December 31, 2020.

NOTE 7 – DEFERRED REVENUE

Timing may differ between the satisfaction of performance obligations and the invoicing and collection of amounts related to contracts with customers. Liabilities are recorded for amounts that are collected in advance of the satisfaction of performance obligations. To the extent a contract exists, as defined by Topic 606, these liabilities are classified as current and non-current deferred revenue. To the extent that a contract does not exist, these liabilities are classified as contract liabilities. Contract liabilities are transferred to deferred revenue at the point in time when the criteria that establish the existence of a contract are met. As of December 31, 2020 and 2019, the Company had no contract liabilities.

A summary of the activity impacting deferred revenue balances during the year ended December 31, 2020 is presented below:

<i>(in thousands)</i>	December 31			
	2020		2019	
Beginning balance	\$	8,315	\$	5,379
Revenue recognized		(56,585)		(47,443)
Additional amounts deferred		58,359		50,379
Ending balance	\$	10,089	\$	8,315

Notes to Consolidated Financial Statements (cont.)

NOTE 8 – INCOME TAXES

Domestic and foreign components of loss before income tax are as follows:

(in thousands)	December 31			
	2020		2019	
Domestic	\$	1,316	\$	(1,631)
Foreign		(1,565)		(511)
Total	\$	(249)	\$	(2,142)

Major components of the income tax provision are as follows:

(in thousands)	December 31			
	2020		2019	
Current				
Federal	\$	—	\$	—
State		13		47
Foreign		—		3
Total current income tax provision		13		50
Deferred				
Federal		3		2
State		—		—
Foreign		—		(177)
Total deferred income tax provision (benefit)		3		(175)
Total	\$	16	\$	(125)

Reconciliation of Provision (Benefit) for Income Taxes:

(in thousands)	December 31			
	2020		2019	
Tax at statutory rate	\$	(77)		(624)
State taxes		10		37
Stock based compensation		140		59
Federal Tax Credits		(352)		433
Foreign Rate Differential		(123)		35
Deferred		(86)		123
Change in Valuation Allowance		505		(236)
Other		(1)		48
Total	\$	16	\$	(125)

Operating Loss Carryforwards

At December 31, 2020 and 2019, the Company had federal net operating loss carryforwards of approximately \$32.6 million and \$31.9 million, respectively, which may be used to offset future taxable income. The carryforwards, excluding \$4.7 million of operating loss carryforwards that are indefinite-lived, will expire starting in 2028. The Company's ability to utilize its carryforwards is dependent on generating sufficient taxable income prior to their expiration. A full valuation allowance has been established to reflect the uncertainty of generating future taxable income necessary to realize the Company's tax loss carryforwards and other deferred tax assets.

Current tax laws impose substantial restrictions on the utilization of net operating loss carryforwards in the event of an ownership change, as defined by Section 382 of the Internal Revenue Code. Since the losses incurred are fully reserved by valuation allowance, any limitation related to Section 382 will not have a material impact on the financial statement. The limitation on net operating loss carryforwards could impact the deferred tax asset and corresponding valuation allowance above.

Deferred Tax Assets and Liabilities

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

(in thousands)	December 31			
	2020		2019	
Deferred tax assets:				
Net operating loss	\$	8,191	\$	7,512
Nondeductible reserves		685		574
Research and development credit carryforward		2,451		2,050
Lease liabilities		472		826
Other		(28)		384
Total deferred tax assets		11,771		11,346
Deferred tax liabilities:				
Software development costs		(1,406)		(905)
Right-of-use assets		(460)		(792)
Other		(291)		(388)
Total deferred tax liabilities		(2,157)		(2,085)
Net deferred tax assets before valuation allowance		9,614		9,261
Valuation allowance		(9,619)		(9,263)
Net deferred tax liability	\$	(5)	\$	(2)
Net operating loss carryforward		32,624		31,947

The Company adheres to requirements for uncertain tax positions, which had no financial statement impact to the Company upon adoption due to the existing valuation allowance on deferred tax assets. The Company files income tax returns in the U.S. federal and several state jurisdictions. As of December 31, 2020 and 2019, there is no accrued interest or penalties recorded in the consolidated financial statements.

Due to the Company's net operating loss and tax credit carryforwards, all federal and state tax returns are subject to tax examinations since the Company's inception.

Notes to Consolidated Financial Statements (cont.)

NOTE 9 – NET LOSS PER SHARE

Net loss per share is computed by dividing the net loss for the years ended December 31, 2020 and 2019 by the weighted-average number of shares outstanding during the years. The Company excluded the effect of stock options from the computation of the net loss per share because including them would have had an anti-dilutive effect.

The following table presents the losses and the shares used in calculating the net loss per share for the years ended December 31:

<i>(in thousands)</i>	2020	2019
Numerator:		
Net loss	\$ (265)	\$ (2,017)
Inducement of convertible preferred stock	-	(33,128)
Net loss attributable to common shareholders	\$ (265)	\$ (35,145)
Denominator:		
Weighted-average common shares outstanding-basic	245,520	80,942
Dilutive effect of share equivalents resulting from stock options, common stock warrants and convertible preferred shares (as converted)	—	—
Weighted-average common shares outstanding-diluted	245,520	80,942
Net loss	\$ (0.00)	\$ (0.02)
Inducement of convertible preferred stock	—	(0.41)
Net loss per common share, basic and diluted	\$ (0.00)	\$ (0.43)

NOTE 10 – SHAREHOLDERS’ EQUITY

The Company is authorized to issue two classes of stock designated as common stock and preferred stock. On December 19, 2019, immediately prior to the IPO, the Board of Directors approved the Amended and Restated Articles of Incorporation, which increased the authorized capital stock from 42,467,357 shares, consisting of 28,000,000 shares of common stock, \$0.0001 par value per share, and 14,467,357 shares of convertible preferred stock, \$0.0001 par value per share, to authorized capital stock of 560,000,000 shares, consisting of 550,000,000 shares of common stock with no par value per share, and 10,000,000 shares of preferred stock with no par value per share.

Immediately prior to the completion of the IPO, all outstanding shares of preferred stock were converted into 14,175,094 shares of the Company's common stock. These shares were then split on a 1-to-8 basis, resulting in 113,400,752 shares of common stock. As an inducement to convert their shares to common stock, Series Preferred shareholders were offered 26,993,844 additional shares of common stock at an aggregate value of \$34.0 million, equivalent to what their liquidation preferences would have been in a liquidation event as defined in the Company's Articles of Incorporation. No shares of preferred stock were outstanding as of December 31, 2019.

Common stock

As of December 31, 2020, there were 247,420,156 shares of common stock issued and outstanding. At December 31, 2019, there were 244,849,004 shares of common stock issued and outstanding.

Common stock of the Company has no preferences or privileges and is not redeemable. Holders of common stock of the Company are entitled to one vote for each share of common stock held.

Common Shares Reserved for Future Issuance

The following shares of common stock have been reserved for future issuance as of December 31, 2020 and December 31, 2019.

	2020	2019
Common stock options and restricted stock units outstanding	22,541,749	19,433,408
Common stock and restricted stock units available for grant	39,340,211	46,822,211
Total common shares reserved for future issuance	61,881,960	66,255,619

NOTE 11 – SHAREHOLDERS’ EQUITY AND SHARE-BASED COMPENSATION

Effective December 20, 2019 the Company adopted the 2019 Omnibus Incentive Plan (the “2019 Plan”) and terminated the Company's authority to grant new awards under the 2006 Stock Plan (the “2006 Stock Plan”) and the 2016 Stock Plan (the “2016 Plan”). The 2019 Plan has a total of 46,822,211 shares reserved and available for issuance to employees, directors, and consultants through incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock grants, restricted stock unit grants, performance grants, and other grants, of which 39,340,211 and 46,822,211 shares remained available for grant as of December 31, 2020 and 2019, respectively.

The Board of Directors determines the option exercise price and generally grants stock options at exercise prices that equal or exceed the fair value of the common stock on the date of grant. The terms of the options may not exceed ten years. Vesting terms are determined by the Board of Directors and generally vest over four years, with 25% vesting after 12 months and 75% vesting ratably over the remaining 36 months.

The 2016 Plan and 2006 Plan are shareholder approved plans that authorized shares of the Company's common stock for issuance to employees, directors, and consultants through incentive stock options, non-statutory stock options, or stock purchase right agreements. The Board of Directors determined the option exercise price and generally granted stock options at exercise prices that equal or exceed the fair value of the common stock on the date of grant. The terms of the options may not exceed ten years. Vesting terms generally vest over four years, with 25% vesting after 12 months and 75% vesting ratably over the remaining 36 months. In the first quarter of 2016, the Company terminated the authority to grant new awards under the 2006 Plan.

In determining the fair value of stock options granted to employees and directors, the following assumptions were used in the Black-Scholes option-pricing model for the years ended December 31, 2020 and 2019, respectively:

	2020	2019
Estimated per share value of common stock	\$0.89 - \$1.00	\$0.20
Risk-free interest rates	0.39% - 0.54%	1.39% - 2.44%
Expected term (in years)	5.43 - 6.08	5.47 - 6.08
Dividend rate	—%	—%
Volatility	51.69% - 52.42%	48.86% - 49.66%

The estimated per share value of common stock was based on a third-party valuation until the IPO in December 2019. The risk-free interest rates are based on the implied yield currently available in U.S. Treasury securities at maturity with an equivalent term. The Company estimates the weighted-average expected life of the options to employees based on past option exercise behavior and expectations about future behavior. Forfeiture rates were derived from historical employee termination behavior. Volatility is based on the average volatility of stock prices for a group of similar publicly traded companies. The Company has not declared or paid dividends in the past and does not currently expect to do so in the foreseeable future.

The impact on results of operations of recording stock-based compensation expense for the years ended December 31 was as follows:

<i>(in thousands)</i>	2020	2019
Cost of revenue	\$ 147	\$ 50
Sales and marketing	261	95
Research and development	318	90
General and administrative	196	64
	\$ 922	\$ 299

Notes to Consolidated Financial Statements (cont.)

The following table summarizes stock option activity under the Plan for the year ended December 31, 2020:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2020	19,433,408	\$ 0.14	7.38	\$ 21,545,992
Options granted	6,164,000	0.90		
Options forfeited	(2,347,507)	0.24		
Options exercised	(2,571,152)	0.12		
Outstanding at Dec 31, 2020	20,678,749	\$ 0.35	7.08	\$ 17,340,842
Options vested or expected to vest at December 31, 2020	18,881,241	\$ 0.32	6.91	\$ 16,496,550
Exercisable at December 2020	11,698,699	\$ 0.14	5.71	\$ 12,324,375

At December 31, 2020 total compensation cost related to stock options granted to employees under the Plan but not yet recognized was \$1.7 million, net of estimated forfeitures. This cost will be amortized on the straight-line method over a weighted-average period of approximately 1.1 years. The aggregate intrinsic value represents the difference between the exercise price of the underlying options and the fair value of our common stock for the number of options that were in-the-money at year end. The Company issues new shares of common stock upon exercise of stock options.

The following table summarizes certain information about stock options for the periods ended December 31:

	2020	2019
Weighted average grant date fair value for options granted during the period	\$ 0.43	\$ 0.10
Options in the money at period-end	20,678,749	19,433,408
Aggregate intrinsic value of options exercised	\$ 2,768,320	\$ 3,354,269

In May 2020, the Company began granting Restricted Stock Units (“RSU”) under the plan. The following table summarizes the RSU activity for the twelve months ended December 31, 2020:

	Number of Shares	Weighted Average Grant Date Fair Value
Restricted stock units outstanding as of January 1, 2020	—	\$ —
Restricted stock units granted	2,006,000	0.99
Restricted stock units vested	—	—
Restricted stock units forfeited	(143,000)	0.90
Restricted stock units unvested as of December 31, 2020	1,863,000	\$ 1.00

As of December 31, 2020, \$1.2 million of total unrecognized compensation cost related to RSU was expected to be recognized over a weighted average period of approximately 1.5 years.

NOTE 12 – LEASES

The Company's leasing arrangements are primarily for corporate offices and automobiles and these arrangements have agreements that include lease components (e.g., fixed rent) and non-lease components (e.g., common area maintenance), which are accounted for as a single component, as management has elected the practical expedient to group lease and non-lease components. Management also elected the practical expedient to keep leases with an initial term of 12 months or less off the balance sheet and recognize the associated lease payments in the consolidated statements of operations on a straight-line basis over the lease term. Our leases have remaining lease terms of 1 to 5 years, some of which include options to extend the lease term for up to an additional 5 years.

As our leases do not provide an implicit rate, management uses the Company's incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments. For those leases that existed as of January 1, 2019, we used our incremental borrowing rate based on information available at that date. The Company applies a portfolio approach for determining the incremental borrowing rate based on the applicable lease terms and the current economic environment.

	2020	2019
Weighted average remaining lease term (in years) for operating leases	2.8	3.5
Weighted average discount rate	5.9%	6.0%

The components of the Company's lease expense for the years December were as follows:

(in thousands)	2020	2019
Operating lease costs	\$ 1,849	\$ 1,849
Finance lease cost	—	133
Interest on lease liabilities	—	2
Total lease costs	\$ 1,849	\$ 1,984

Included in the operating lease expenses above are certain variable payments related to common area maintenance and property taxes. Expenses for variable payments were \$0.4 million and \$0.4 million, respectively, for the years ended December 31, 2020 and 2019.

The following table presents the Company's future lease payments for long-term operating leases as of December 31, 2020:

(in thousands)	Operating Leases
2021	\$ 686
2022	1,021
2023	868
2024	18
Thereafter	—
Total	\$ 2,593
Less: Imputed interest	(221)
Total operation lease liabilities	\$ 2,372

Cash paid for operating lease liabilities for the years ended December 31, 2020 and 2019 was \$1.5 million and \$1.5 million, respectfully. The Company recorded \$0.1 million in non-cash increases to right-of-use assets and operating leases for leases that commenced during the year ended December 31, 2020. Additionally, the Company recorded a \$0.3 million in non-cash decrease to right-of-use assets and operating leases for a lease in which we expect to receive a tenant improvement allowance in 2021.

Notes to Consolidated Financial Statements (cont.)

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company is not aware of any pending legal proceedings that individually or in the aggregate would have a material adverse effect on the Company's business, operating results, or financial conditions. The Company may in the future be party to litigation arising in the ordinary course of business. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

Guarantees and Other

The Company includes indemnification provisions in its contracts entered into with customers and business partners. Generally, these provisions require the Company to defend claims arising out of its products' infringement of third-party intellectual property rights, breach of contractual obligations, and/or unlawful or otherwise culpable conduct. The indemnity obligations generally cover damages, costs, and attorneys' fees arising out of such claims. In most (but not all) cases, the total liability under such provisions is limited to either the value of the contract or a specified, agreed-upon amount. In some cases, the total liability under such provisions is not specified. In many (but not all) cases, the term of the indemnity provision is perpetual. While the maximum potential amount of future payments the Company could be required to make under all the indemnification provisions is unlimited, the Company believes the estimated fair value of these provisions is minimal, as these provisions have never been triggered.

NOTE 14 – DEBT

Loan and Security Agreement

The Company has a loan and security agreement with Comerica Bank ("Lender") that consists of a \$15.0 million revolving credit facility (the "Credit Facility"), which is subject to borrowing base limitations, and all outstanding amounts become due and payable on the maturity date of December 31, 2022. The obligations under the Credit Facility are collateralized by substantially all assets of the Company, including intellectual property, receivables and other tangible and intangible assets. The Credit Facility includes affirmative and negative covenants. As of December 31, 2020, the Company was in compliance with all covenants of the Credit Facility.

Interest on outstanding borrowings is at Comerica Bank's Prime Rate plus 0.5% (3.75% and 5.25% at December 31, 2020 and December 31, 2019, respectively). No balance was outstanding as of December 31, 2020 and December 31, 2019.

NOTE 15 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through February 25, 2021, the date the consolidated financial statements were available to be issued.

Additional Securities Exchange Information

ADDITIONAL SECURITIES EXCHANGE INFORMATION

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 18 February 2021 (Reporting Date).

CORPORATE GOVERNANCE STATEMENT

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on Limeades' website at https://investors.limeade.com/investor-relations/?page=corporate-governance and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by Limeade and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on Limeade's website https://investors.limeade.com/investor-relations/?page=corporate-governance

SUBSTANTIAL HOLDERS

As at the Reporting Date, the names of the substantial holders of the Company and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to the Company, are as follows:

Holder of Equity Securities	Class of Equity Securities	Number of Equity Securities held	% of total issued securities capital in relevant class
Henry Albrecht	CDI's	40,311,485	16.29%
TVC Capital II LP & TVC Capital Partners II LP	CDI's	36,658,282	14.82%
Oak HC/FT Partners LP	CDI's	27,380,178	11.07%
Perennial Value Management Ltd	CDI's	20,940,340	8.46%

NUMBER OF HOLDERS AND SECURITIES

Limeade Inc. has issued the following securities:

- 246,345,248 CDI's
- 1,074,900 Fully Paid Ordinary Shares (not quoted)
- 20,142,956 Options
- 1,884,000 Restricted Stock Units

As at the Reporting Date, the number of holders in each class of equity securities is as follows:

Class of Equity Securities	Number of holders
Chess Depositary Interest (CDI)	1,852
Fully Paid Ordinary Shares (not quoted)	3
Options (unquoted)	261
Restricted Stock Units	122

Additional Securities Exchange Information (cont.)

VOTING RIGHTS OF EQUITY SECURITIES

Ordinary Shares

The voting rights attached to ordinary shares are that each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder.

CDI's

In accordance with section 9 of the Company's Prospectus dated 2 December 2019, CDI holders have the following options to attend and vote at the Company's general meeting;

- instructing CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting for the meeting and this must be completed and returned to the Registry prior to the meeting;
- informing Limeade that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their Shares underlying the CDIs for the purposes of attending and voting at the general meeting; or
- converting their CDIs into a holding of Shares and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on ASX, it would be necessary to convert the Shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting. See above for further information regarding the conversion process.

As one CDI represents one Share, a CDI holder will be entitled to one vote for every CDI they hold.

Options

Option holders do not have any voting rights on the options held by them.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

The distribution of holders of equity securities (CDIs and unquoted Fully Paid Ordinary Shares combined) on issue in the Company as at the Reporting Date is as follows:

Ranges	Investors	Securities	%
1 to 1000	683	400,423	0.16%
1001 to 5000	869	1,954,670	0.79%
5001 to 10000	104	781,476	0.32%
10001 to 100000	89	2,907,801	1.18%
100001 and Over	110	241,375,778	97.56%
Total	1855	247,420,148	100.00%

The distribution of holders of options (unquoted) on issue in the Company as at the Reporting Date is as follows:

Ranges	Investors	Securities	%
1 to 1,000	–	–	0.00%
1,001 to 5,000	9	35,166	0.17%
5,001 to 10,000	46	358,000	1.78%
10,001 to 100,000	170	5,625,280	27.93%
100,001 and Over	36	14,124,510	70.12%
Total	261	20,142,956	100%

The distribution of holders of restricted stock units on issue in the Company as at the Reporting Date is as follows:

Ranges	Investors	Securities	%
1 to 1,000	–	–	0.00%
1,001 to 5,000	9	38,500	2.04%
5,001 to 10,000	49	374,500	19.88%
10,001 to 100,000	62	1,248,750	66.28%
100,001 and Over	2	222,250	11.80%
Total	122	1,884,000	100%

LESS THAN MARKETABLE PARCELS OF ORDINARY SHARES (UMP SHARES)

The number of holders of less than a marketable parcel of CDI's based on the closing market price at the Reporting Date is as follows:

Total Shares	UMP Shares	UMP Holders	% of issued shares held by UMP holders
33,416	322	139	0.0135

TWENTY LARGEST STOCKHOLDERS OF EQUITY SECURITIES (CDIS AND UNQUOTED FULLY PAID ORDINARY SHARES COMBINED)

Rank	Name	Balance as at Reporting Date	%
1	Citicorp Nominees Pty Limited	54,827,943	22.16
2	TVC Capital II LP	35,618,770	14.40
3	Oak Hc/Ft Partners L.P	27,380,178	11.07
4	National Nominees Limited	18,029,067	7.29
5	Christopher Dickinson	10,067,600	4.07
6	Erick Rivas	8,896,499	3.60
7	J P Morgan Nominees Australia Pty Limited	7,468,587	3.02
8	Varenne LLC	3,087,896	1.25
9	Carl Albrecht + Mollie Albrecht	3,019,728	1.22
10	Wright Dickinson	2,909,568	1.18
11	Richard R Albrecht	2,585,156	1.04
12	Jonah David Reeves	2,390,921	0.97
13	Hsbc Custody Nominees (Australia) Limited	2,353,609	0.95
14	Christopher Ackerley + Diana Ackerley	2,288,616	0.92
15	Atlas Incentive Pool LLC	2,246,745	0.91
16	Daniel E Poch	2,147,712	0.87
17	Bnp Paribas Noms Pty Ltd	2,017,758	0.82
18	Hugh Reilly III	1,854,068	0.75
19	Cs Fourth Nominees Pty Limited	1,848,509	0.75
20	Christopher Ackerley	1,827,744	0.74
Top 20 Total		192,866,674	77.95
Balance		54,553,474	22.05
Total		247,420,148	100.00

Additional Securities Exchange Information (cont.)

ESCROW

Class of restricted securities	Type of restriction	Number of securities	End date of escrow period
CDI's	Voluntary escrow	164,148,874	The nest business day following release of preliminary final report for period ending 31 December 2020
CDI's	Voluntary escrow	27,731,004	The next business day following release of preliminary final report for period ending 31 December 2021

COMPANY SECRETARY

The Company's secretary is Mr Scott Fletcher.

The Company has engaged Boardroom Pty Ltd to act as its ASX Representative under Listing Rule 12.6. Mr Kobe Li has been appointed as the Company's ASX Listing Rule 12.6 Representative responsible for communication with the ASX in relation to listing rule matters.

REGISTERED OFFICE – US OFFICE & HEADQUARTERS

The address and telephone number of the Company's registered office is:

10885 NE 4th Street
Suite 400
Bellevue WA 98004
United States

Telephone: +1 888 830 9830

REGISTERED OFFICE – AUSTRALIA

c/o EAH
Suite 12, Level 12
37 Bligh Street
Sydney, NSW

SHARE REGISTRY

The address and telephone number of the Company's share registry, Link Market Services, are:

Street Address:
Level 12, 680 George St
Sydney NSW 2000
Australia

Telephone: +61 (0)2 9287 0303

STOCK EXCHANGE LISTING

The Company's ordinary shares are quoted on the Australian Securities Exchange (**ASX**). The Company was admitted to the official list of the ASX on 20 December 2019 (ASX issuer code: LME).

The Company's securities are not quoted on any exchanges other than the ASX.

OTHER INFORMATION

The Company is not currently conducting an on-market buy-back.

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

From the time of the Company's admission to the ASX until 31 December2020, the Company has used the cash and assets in a form readily convertible to cash, that it had at the time of admission, in a way that is consistent with its business objectives at that time.

The Company is incorporated in the State of Washington in the United States of America and is not subject to Chapters 6, 6A, 6B and 6C of the *Corporations Act 2001* (Cth) dealing with the acquisition of shares, including provisions that relate to the substantial holdings and takeovers.

Under the Washington General Corporation Law, shares generally are freely transferable subject to restrictions imposed by US federal or state securities laws, by the Company's certificate of incorporation or by-laws, or by an agreement signed with the holders of the shares at issue. The Company's amended and restated certificate of incorporation and amended and restated by-laws do not impose any specific restrictions on transfer. The Company's CDIs were issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers that are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. As a result of relying on the Regulation S exemption, the CDIs are “restricted securities” under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person for the foreseeable future except in very limited circumstances after the expiration of a restricted period, unless the resale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a “FOR US” designation on the ASX. This designation restricts any CDIs from being sold on ASX to US persons. However, you still may freely transfer your CDIs on ASX to any person other than a US person. In addition, hedging transactions regarding the CDIs may

Corporate Directory

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Company & Headquarters

Limeade, Inc.
10885 NE 4th Street,
Suite 400
Bellevue, Washington 98004, United States

Directors

Elizabeth Bastoni, Chair & Non-Executive Director
Cameron Judson, Non-Executive Director
Lisa MacCallum, Non-Executive Director
Chris Ackerley, Non-Executive Director
Henry Albrecht, Chief Executive Officer &
Executive Director
Steve Hamerslag, Non-Executive Director
Mia Mends, Non-Executive Director

Company Secretary

Scott Fletcher, General Counsel

ASX Representative

Kobe Li
kobe.lizheng@gmail.com

Phone: +61 402 032 515

Unites States Registered Office

Limeade, Inc.
10885 NE 4th Street,
Suite 400
Bellevue, Washington 98004, United States

Phone: +1 888 830 9830

Australian Registered Office

c/o EAH
Suite 12, Level 12
37 Bligh Street
Sydney, NSW

Phone: +61 2 4324 7711

Independent Auditor

Deloitte & Touche LLP
925 Fourth Avenue
Suite 3300
Seattle, Washington 98104, United States

Australian Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney, New South Wales 2000, Australia

Phone: +61 2 9287 0303

United States Share Registry

American Stock Transfer and Company, LLC
6201 15th. Avenue
Brooklyn, New York 11219, Unites States

Phone: +1 718 921 8300

Investor Relations

Dr Tom Duthy

Nemean Group Pty Ltd for Limeade
thomas.duthy@limeade.com

Phone: +61 402 493 727

Securities Exchange Listing

Limeade, Inc. shares are listed on the Australian Securities
Exchange (ASX code: LME)

Corporate Website

<https://www.limeade.com>

Corporate Governance Statement

<https://investors.limeade.com/investor-relations/?page=corporate-governance>

