



Limeade, Inc.
ARBN 637 017 602

PROSPECTUS

Initial Public Offering

Joint Lead Managers and Underwriters



MACQUARIE



MOELIS
AUSTRALIA

Australian Legal Advisor

CLAYTON UTZ

US Legal Advisor

K&L GATES

limeade®

IMPORTANT NOTICES

Offer of CDIs

The Offer contained in this Prospectus is an invitation to acquire CHES Depositary Interests (**CDIs**) over shares of common stock (**Shares**) in Limeade, Inc. a Washington corporation (ARBN 637 017 602) (**Company** or **Limeade**) (the **Offer**). This Prospectus is issued by Limeade and Limeade Holdings, Inc. (**SaleCo**), a Washington corporation, for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**). Refer to Section 7 for further information.

Lodgement and Listing

This Prospectus is dated 2 December 2019 (**Prospectus Date**) and a copy of this Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

Limeade will apply to the Australian Securities Exchange (**ASX**) within seven days after the Prospectus Date for admission of the Company to the Official List of ASX and quotation of its CDIs on ASX. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

As set out in Section 7, it is expected that the CDIs will be quoted on ASX. Limeade, SaleCo, the Registry, and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade CDIs before receiving their holding statements.

Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No CDIs will be issued on the basis of this Prospectus after the Expiry Date.

Note to applicants

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. Neither Limeade nor SaleCo is licensed to provide financial product advice in respect of Limeade's securities or any other financial products.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in Limeade. In particular, you should consider the assumptions underlying the Financial Information (as defined in section 4.1) and the risk factors (refer to Section 5) that could affect the business, financial condition and financial performance of Limeade.

You should carefully consider these risks in light of your personal investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in CDIs. There may be risks in addition to these that should be

considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of Limeade, the repayment of capital by Limeade or any return on investment in CDIs made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Limeade, SaleCo, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus.

No offer where offer would be illegal

This Prospectus does not constitute an offer or invitation to apply for CDIs in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the CDIs or the Offer or to otherwise permit a public offering of the CDIs, in any jurisdiction outside Australia.

The Offer is not being extended to any investor outside Australia, other than to certain institutional and sophisticated investors as part of the institutional offer in certain jurisdictions as described in Section 7. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Notice to United States residents

The CDIs being offered pursuant to this Prospectus have not been registered under the *United States Securities Act of 1933*, as amended (**US Securities Act**) or any US state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the CDIs or distribution of this Prospectus or other offering material or advertisement in connection with the Offer in any state or other jurisdiction in which such offer, solicitation, distribution or sale would be unlawful under applicable law, including the US Securities Act and applicable state securities laws. In addition, any hedging transactions involving the CDIs or any Shares into which the CDIs may be converted may not be conducted unless in compliance with the US Securities Act.

FOR US Restrictions

The CDIs being offered pursuant to this Prospectus are being made available to investors in reliance on the exclusion from registration

contained in Regulation S of the US Securities Act for offers which are made outside of the United States to persons that are not, and are not acting for the account or benefit of, US Persons. As a result of relying on the Regulation S exclusion, the CDIs which are issued under Regulation S and the Offer will be "restricted securities" under Rule 144 of the US Securities Act. This means that investors in the Offer will not be able to sell the CDIs issued to them under the Offer into the United States or to a US Person for a Distribution Compliance Period of 12 months from the date of issue of the CDIs under the Offer, unless the resale of the CDIs is registered under the US Securities Act or an exemption is available (including resales to Qualified Institutional Buyers (**QIBs**) under Rule 144A). The Distribution Compliance Period may be extended. Please refer to Section 7.6 for further information.

To enforce the above transfer restrictions, Limeade has requested that all CDIs issued under the Offer, or any Shares into which the CDIs have been converted prior to the end of the restriction period, contain a legend to the effect that transfer is prohibited except in accordance with Regulation S of the US Securities Act, or pursuant to an available exemption from registration (including resales to QIBs under Rule 144A) and that hedging transactions involving the CDIs, or any Shares into which CDIs may be converted, may not be conducted unless in compliance with the US Securities Act.

In addition, Limeade has requested that all CDIs issued under the Offer bear a designation on ASX that prevents any CDIs from being sold on the ASX to, or to the account or benefit of, US Persons (that are not QIBs). However, assuming a liquid market develops and is maintained, investors will still be able to freely transfer their CDIs on ASX to any person other than a US Person who is not a QIB. Please refer to Section 7.6 for further information on the "FOR US" restrictions which will be placed on Limeade's CDIs. Finally, all investors subscribing for CDIs under the Offer will be required to make certain representations and warranties regarding their non-US status in their Application for CDIs under the Offer. Please refer to Section 7.6 for further information.

Financial information and amounts

Section 4 of this Prospectus sets out in detail the Financial Information referred to in this Prospectus and the basis of

preparation of that information. The Financial Information included in Section 4 has been prepared and presented in accordance with US Generally Accepted Accounting Principles (**US GAAP**) except where otherwise stated.

The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Sections 2, 3 and 5. All financial amounts contained in this Prospectus are expressed

in United States dollars and rounded to the nearest thousand unless otherwise stated. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding. An exchange rate of AUD1:USD0.68 has been used throughout this Prospectus except where expressly noted otherwise.

Forward looking statements

This Prospectus may contain forward-looking statements concerning Limeade's business, operations, financial performance and condition as well as Limeade's plans, objectives and expectations for its business, operations, financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

The Forecast Financial Information included in Section 4 is an example of forward-looking statements. These forward-looking statements speak only as at the Prospectus Date. Unless required by law, Limeade does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks Limeade describes in the reports to be filed from time to time with ASX after the Prospectus Date.

These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors, many of which are in some cases beyond Limeade's control. As a result, any or all of Limeade's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 5. Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements set out in this Prospectus and are cautioned not to place undue reliance on such forward-looking statements.

Past performance.

This Prospectus includes information regarding the past performance of Limeade. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Exposure period

The Corporations Act prohibits Limeade from processing Applications for CDIs under the Offer in the seven-day period after the Prospectus Date (**Exposure**

Period). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose Period is to enable this Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Offer. This Prospectus will be made generally available to Australian residents during the Exposure Period without the application form by being posted on the following website: events.miraqle.com/limeade-ipo.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Obtaining a copy of the Prospectus

During the Exposure Period, an electronic version of this Prospectus (without an application form) will be available in electronic form at events.miraqle.com/limeade-ipo to persons who are Australian residents only. Application forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus is available in electronic form at events.miraqle.com/limeade-ipo. The Offer constituted by this Prospectus in electronic form is available only to persons within Australia. It is not available to persons in any other jurisdiction (including the US) without the prior approval of Limeade and the Joint Lead Managers. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety. You may, before the Closing Date, obtain a paper copy of this Prospectus (free of charge) by telephoning the Limeade Offer Information Line on 1800 550 560 (within Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday.

Applications for CDIs may only be made during the Offer Period on an application form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the application form on to another person unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus. Refer to Section 7 for further information.

No cooling-off rights

Cooling-off rights do not apply to an investment in CDIs issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your application form once it has been accepted.

Defined terms and time

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time.

References to Securities (Shares and CDIs) and Options

Limeade intends to split each share of its outstanding common stock above into 8 shares of common stock prior to Completion. A similar adjustment will take place in relation to Options. Further, immediately prior to Completion, all of the shares of preferred stock will be converted into common stock such that on Completion Limeade will have issued and outstanding only one class of Shares, common stock. Unless otherwise indicated, references in this Prospectus to number of Securities (or Shares and CDIs) or Options assume that this stock split and conversion has occurred. Refer to Section 9.4.

Securities refers to CDIs or Shares. When referring to a number or percentage of Securities, a CDI and its underlying Share are only counted once to avoid double counting. For simplicity, this Prospectus is drafted on the basis that all Shares at Completion will be deposited with CDN and a CDI issued in respect of that Share. While this is expected to be the case for almost all Shares, it may not ultimately occur in all cases. Final numbers of CDIs (and Shares) will be advised to ASX on or about admission of the Company to the Official List.

Rounding

Any discrepancies between totals and the sum of components in tables contained in this Prospectus are due to rounding. References to minimum application amounts, and similar amounts may vary slightly compared to actual amounts due to rounding.

Privacy

Limeade, SaleCo, the Registry on its behalf, and the Joint Lead Managers may collect, hold, use and disclose personal information provided by investors to allow them to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that Limeade will need to collect your personal information (for example, your name, address and details of the Securities that you hold). Under the Corporations Act some of this information must be included in Limeade's securities register, which will be accessible by the public.

Limeade and SaleCo will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, Limeade and the Registry may not be able to process your Application.

Limeade, SaleCo and the Registry may also share your personal information with agents and service providers of Limeade or others who provide services on Limeade's behalf, some of which may be located outside of Australia where personal information may not receive the same level of protection as that afforded under Australian law.

For more details on how Limeade collects, stores, uses and discloses

your information, please read Limeade's Privacy Policy located at limeade.com/privacy.aspx. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing an application form or authorising a broker to do so on your behalf, or by providing Limeade with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and Limeade's Privacy Policy. Limeade aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact Limeade or the Registry if any of the details you have provided change.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by Limeade. Diagrams and maps used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Disclaimer

Macquarie Capital (Australia) Limited and Moelis Australia Advisory Pty Ltd are jointly managing and underwriting the Offer. Neither Macquarie Capital (Australia) Limited nor Moelis Australia Advisory Pty Ltd have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by either of them or by any of their respective affiliates, officers or employees. To the maximum extent permitted by law, the Joint Lead Managers and each of their respective affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their respective names and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Third Party Reports

Any statements, data or other contents referenced or attributed to reports by a third party (each a **Third Party Report**) in this Prospectus represent research opinions or viewpoints only of that third party, and are in no way to be construed as statements of fact. While the views, opinions, forecasts and information contained in a Third Party Report is based on information believed by the third party author in good faith to be reliable, that third party author is not able to make any representation or guarantee as to the accuracy or completeness of

any information upon which a view, opinion or forecast or information contained in any Third Party Report is based. Any views, opinions or predictions contained in a Third Party Report is subject to inherent risks and uncertainties, and third parties do not accept responsibility for actual results or future events.

Any statement made in a Third Party Report is made as at the date of that Third Party Report and any forecasts or expressions of opinion are subject to future change without notice by any respective third party author of such reports. As such, investors are cautioned not to place undue reliance on such information. A third party is not obliged to, and will not, update or revise any content of a Third Party Report, other than where required by law, irrespective of any changes, events, conditions, availability of new information or other factors which may occur subsequent to the date of that Third Party Report. The Third Party Reports do not represent investment advice nor do they provide an opinion regarding the merits of the Offer.

Consent not sought for certain statements

Unless specifically noted in Section 9.14, statements made by, attributed to or based on statements by third parties have not been consented to for the purpose of section 729 of the Corporations Act and are included in this Prospectus on the basis of ASIC Corporations (Consents to Statements) Instrument 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

Regulation of Limeade

As Limeade is not established in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are regulated by the Washington Business Corporation Act (**WBCA**) and applicable US law.

Company website

Any references to documents included on Limeade's website are for convenience only, and none of the documents or other information available on Limeade website are incorporated into this Prospectus by reference.

Questions

If you have any questions about how to apply for CDIs, call your Broker or the Limeade Offer Information Line on 1800 550 560 (within Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday. Instructions on how to apply for CDIs are set out in Section 7 of this Prospectus and on the back of the application form. If you have any questions about whether to invest in Limeade, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in CDIs.

This document is important and should be read in its entirety.

KEY OFFER DETAILS

IMPORTANT DATES

Lodgement of Prospectus with ASIC	2 December 2019
Offer opens (Broker Firm Offer and Priority Offer)	10 December 2019
Offer closes (Broker Firm Offer and Priority Offer)	16 December 2019
Settlement of the Offer	18 December 2019
Completion. Issue of CDIs	19 December 2019
Expected commencement of trading on ASX	20 December 2019
Expected dispatch of holding statements	20 December 2019

Note:

This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in AEDT. The Company, in consultation with the Joint Lead Managers, reserve the right to vary any and all of the above dates and times without notice (including, subject to ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before settlement, in each case without notifying any recipient of this Prospectus or any Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as early as possible after the Offer opens.

CURRENCY IN THIS PROSPECTUS

All financial amounts contained in this Prospectus are expressed in United States dollars (USD or US\$). An exchange rate of AUD1:USD0.68 has been used to convert Australian dollar amounts (for example in relation to the Offer Price and Offer proceeds) to United States dollars.

HOW TO INVEST

Applications for CDIs can only be made by completing and lodging the application form attached to or accompanying this Prospectus.

Instructions on how to apply for CDIs are set out in Sections 7.3 and 7.4 of this Prospectus and on the back of the application form.

QUESTIONS

Please call the Offer Information Line on 1800 550 560 (within Australia) from 8:30am to 5:30pm (Sydney Time) Monday to Friday (excluding public holidays). If you are unclear in relation to any matter or are uncertain as to whether we are a suitable investment for you, you should seek advice from your accountant, financial adviser, stockbroker, lawyer or other independent professional adviser before deciding whether to invest in Shares.

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KEY OFFER STATISTICS

Ratio of CDIs ¹ per Share	1 for 1
Total number of CDIs available under the Offer ¹	54.1 million
Offer Price	A\$1.85 per CDI
Gross proceeds from the Offer	A\$100.0 million
Total number of Securities to be held by existing shareholders at Completion (undiluted) ²	190.1 million
Total number of Securities on issue at Completion (undiluted) ²	244.1 million
Total number of Securities on issue at Completion (fully diluted) ²	265.3 million
Indicative market capitalisation at Completion (undiluted) ³	A\$452.9 million
Indicative market capitalisation at Completion (fully diluted) ³	A\$490.8 million
Pro forma net cash (as at 30 June 2019) ⁴	A\$36.9 million
Enterprise value ⁵	A\$453.9 million
Enterprise value/ FY19 forecast revenue ^{5,6}	6.6x
Enterprise value/ FY20 forecast revenue ^{5,6}	5.5x

Notes:

1. An exchange rate of AUD1:USD0.68 has been used to convert United States dollars into Australian dollars. CDIs are CHESS Depository Interests over underlying Shares. When referring to a number or percentage of Securities, a CDI and its underlying Share are only counted once to avoid double counting. Refer to Section 9.6 for further information on CDIs. Securities refers to CDIs or Shares. All investors under the Offer will receive CDIs. Existing Shareholders may also elect to hold CDIs (or to retain Shares). For simplicity, this Prospectus is drafted on the basis that all Shares at Completion will be deposited with CDN and a CDI issued in respect of that Share. Final numbers of CDIs (and Shares) will be advised to ASX on or about admission of the Company to the Official List. Limeade intends to split each share of its outstanding common stock above into 8 shares of common stock prior to Completion. A similar adjustment will take place in relation to Options. References in this Prospectus to number of Securities (or Shares and CDIs) or Options (including in the table above) assume that this stock split has occurred. Refer to Section 9.4. The Offer comprises an offer of approximately 27.1 million CDIs over new Shares to be issued by Limeade and approximately 27.0 million CDIs over existing Shares to be sold by SaleCo as described further in Section 7.1.
2. Undiluted refers to the number of Securities on issue, and fully diluted refers to the number of Securities and options (each over one Share) on issue. Assumes no Shares are issued before Completion as a consequence of the exercise of vested Options.
3. Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Securities on issue at Completion.
4. Represents US\$25.2 million Pro forma net cash as at 30 June 2019 is calculated as actual cash and cash equivalents as at 30 June 2019, plus the cash proceeds raised under the Offer, less the costs of the Offer and the repayment of the Comerica Credit Facility including accrued interest. See Section 4.6 for further details.
5. Enterprise value at the Offer Price is defined as market capitalisation at the Offer Price, less pro forma net cash of \$25.2 million as at 30 June 2019. There is no difference between pro forma and statutory revenue for FY19F and FY20F.
6. This table contains Forecast Financial Information and information derived from the Forecast Financial Information. The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4 and Appendix A and is subject to the key risks set out in Section 5. There is no guarantee that the forecasts will be achieved. Certain financial information in this Prospectus is described as pro forma for the reasons described in Section 4. Forecasts have been included in this Prospectus for FY19F and FY20F. The Forecast Financial Information is based on the Offer described in Section 7.1. As detailed in Section 4, pro forma forecast revenue in FY19F and FY20F is expected to equal the statutory forecast revenue in each corresponding period.

CHAIR'S LETTER

Dear investor,

On behalf of the Directors, I am pleased to offer you the opportunity to become an investor in Limeade.

Incorporated and headquartered in Washington State, Limeade was founded in 2006 and is a leading employee experience software as a service (SaaS) provider. Through the Limeade platform and its integrated software solutions, Limeade helps organisations better care for their employees, with the goal of driving higher employee engagement and well-being, and lower employee turnover. Limeade currently has a customer base of more than 175 companies with over 2.4 million users in more than 100 countries.

Our solutions are provided under a subscription-based revenue model, typically charged on a per employee per year basis. We have had strong historical growth and have high quality recurring revenue, comprising 96% of FY20 forecast revenue. We expect to drive continued company growth by selling Limeade solutions to new and existing customers. We are proud of recent large new customer wins, including a top five global airline, a top five global technology company and a global manufacturing company.

We have a long track record of capital efficiency and cultural excellence. We expect to make a pro forma EBITDA loss of \$10.7 million in FY20 as we use proceeds from the Offer to increase our investments in sales & marketing and research & development in FY20, by 40% and 23% respectively. The Offer will also enable the repayment of an existing loan facility, allow for some of our existing shareholders to realise part of their investment and provide a liquid market for our quoted securities, known as CDIs.

Limeade was co-founded by CEO Henry Albrecht and has a highly experienced and talented management team. On listing Henry and other existing shareholders will hold approximately 78% of our securities on an undiluted basis which will be voluntarily escrowed as described in this document.

This Prospectus contains detailed information about the Offer, as well as key risks associated with an investment in Limeade. These include risks associated with retaining existing customers and attracting new customers, operating in a competitive industry, maintaining and developing our software, launching new solutions, unanticipated costs or delays and data security breaches. I encourage you to read this document carefully in its entirety before making an investment decision.

On behalf of the Directors, I look forward to welcoming you as a Shareholder.

Yours sincerely,



Elizabeth Bastoni
Chair, Limeade



LIMEADE HELPS ORGANISATIONS BETTER CARE FOR THEIR EMPLOYEES, WITH THE GOAL OF DRIVING HIGHER EMPLOYEE ENGAGEMENT AND WELL-BEING, AND LOWER EMPLOYEE TURNOVER.

CEO LETTER

Dear investor,

The future of work is here.

At Limeade, we believe that employees have more voice, power and career mobility than ever before. Many actively reject toxic, discriminatory, fixed-mindset or command-and-control company cultures. They demand cultures that, put simply, *care*.

Building great companies, from our research, is in many ways about how employees feel. Do they feel prepared? Supported? Valued? Included? Connected? Inspired? Engaged? *Cared for*? Do they feel a pervasive sense of well-being at work and in life? According to Limeade Institute research, employees who feel that their companies *care* are *ten times* more likely to recommend their companies as great places to work, and *nine times* more likely to plan to stay at their companies three or more years¹.

Among C-Suite executives, HR leaders and managers, there is a growing recognition of the need to focus on organisational culture. Often, HR functions are tired of patching together a complex mishmash of uncoordinated technologies across organisational silos – and ready for a systematic, data-driven, *simple* way to attract, retain, support and inspire people to be their best. Without real-time insights into the well-being, engagement, retention and performance of their people across the entire employee experience, HR and company leaders may be left to make critical decisions based on limited data. Limeade empowers leaders, managers and employees with the insights and action plans to drive improvement.

At Limeade we believe that employees, HR and company leaders and shareholders all benefit from a coordinated, technology-enabled, caring employee experience. Our employee experience platform and solutions are designed to help scale company strategy and values to every employee, every day.

In other words, a great employee experience is great for business. In Microsoft CEO Satya Nadella's words: *"The CEO is the curator of an organization's culture. Anything is possible for a company when its culture is about listening, learning, and harnessing individual passions and talents to the company's mission. Creating that kind of culture is my chief job as CEO"*².

About Limeade

In 2006, we set out on a mission: "Improve well-being in the world." Our values guide everything we do. *Delight our customers. Speak plainly. Be it. Own it. We're a team. Anything is possible.*

Headquartered in Bellevue, Washington, USA, with offices in Germany and Canada, Limeade serves some of the biggest and best companies in the world with modular solutions for employee Well-Being, Engagement, Inclusion and Communications. We generate recurring, enterprise-wide, software-as-a-service revenue from customers across a wide array of industries and geographies. We have grown from an idea in a Bellevue basement to a 230-person company focused not just on what we do, but how we do it. Limeade has won numerous awards for its own culture, including the #1 Large Employer in Washington State³.

To fulfil our mission, we must grow in both reach and capability. Proceeds of the Offer received by Limeade are intended to fuel the creation and continued adoption of Limeade solutions, further international expansion, intensified sales & marketing efforts and unrelenting investment in the powerful and innovative Limeade platform.

No business, however, is without some risks. We are careful and diligent about how we manage risk. Nonetheless, we operate in a competitive and at times volatile global economy, with customers continuously looking for the best solutions for their businesses. We also face competition when recruiting and retaining staff.



AT LIMEADE WE BELIEVE THAT EMPLOYEES, HR AND COMPANY LEADERS AND SHAREHOLDERS ALL BENEFIT FROM A COORDINATED, TECHNOLOGY-ENABLED, CARING EMPLOYEE EXPERIENCE.

Our Chair has referred to key risks that we face in her letter, and Section 5 of this Prospectus contains a detailed description of the risks we face, which I too encourage you to read carefully before applying for CDIs.

With gratitude

Limeade is committed to creating sustainable value for all of our stakeholders – employees, customers and investors. Thank you for evaluating whether ours is a mission you want to join.

Onward,

Henry Albrecht
Limeade CEO

1. Limeade Institute, "The Science of Care" (2019).
2. Ajit Mathur, "Organizational Culture - What Why How: A Quick Primer for Practicing Managers" (2019).
3. Washington's Best Workplaces, Large Company category, 2015.

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INVESTMENT OVERVIEW

1

1 / INVESTMENT OVERVIEW

1.1 INTRODUCTION

Topic	Summary
Who is Limeade?	<p>Limeade is a leading provider of employee experience software solutions to enterprise customers. Limeade has over 230 employees and is headquartered in Bellevue, Washington State, US, with offices in Canada and Germany.</p> <p>Employee experience represents the totality of circumstances, events, interactions and personal moments that impact employees' relationships with, and performance within, their organisations.</p> <p>Through its software solutions, Limeade helps organisations better care for their employees. Limeade believes 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.</p> <p>For further information, see Sections 2.1 and 3.1.</p>
What industry does Limeade operate in?	<p>Limeade operates in the employee experience software industry.</p> <p>Employee experience software providers provide software to assist organisations to simplify and improve their employee experience.</p> <p>Employee experience providers provide solutions in a number of categories, which include employee Well-Being, Engagement, Diversity & Inclusion, Communications, Learning Experiences, Goals & Feedback, Rewards & Recognition, Strategic Consulting and Corporate Social Responsibility.</p> <p>For further information, see Section 2.2.</p>
What is an employee experience platform?	<p>An employee experience platform integrates a number of separate employee experience solutions, programs, applications and services into a common user interface or interaction model.</p> <p>The solutions that can contribute to a positive employee experience have often been fragmented across departments and technology platforms, which can create challenges for organisations and employee experience.</p> <p>These challenges have led industry experts to advocate for companies to consider an employee experience platform as part of their broader corporate strategies.</p> <p>An integrated platform can enhance ease of use, employee satisfaction with HR solutions and the employee experience by providing employers and employees with a single point of access for a wide range of valuable and previously disconnected services.</p> <p>Key benefits of employee experience platforms over individual solutions can include factors such as simplicity, consolidation, efficiency, accessibility and relevance.</p> <p>For further information, see Section 2.3.</p>

Topic	Summary
What are the organisational benefits of investing in employee experience?	<p data-bbox="477 367 1458 495">Organisations face a number of challenges and factors which they may seek to address through an improved employee experience. These include factors related to attracting and retaining talent, the cost of work-related stress and injury and the impacts of employee disengagement.</p> <p data-bbox="477 517 1445 611">Strong employee experiences can provide organisations with a competitive advantage by positively affecting an organisation's ability to attract and retain talent, boost engagement, improve productivity and reduce absenteeism.</p> <p data-bbox="477 633 1426 728">These effects can have material financial impacts on organisations. For example, studies have shown that companies with high levels of employee engagement have 20% higher productivity, 40% lower employee turnover and 41% lower absenteeism.</p> <p data-bbox="477 750 1461 844">A focus on employee experience can also lead to a range of other direct and indirect non-financial improvements such as improved customer outcomes, addressing culture risk and addressing environmental, social and governance (ESG) requirements.</p> <p data-bbox="477 866 1082 898">For further information, see Sections 2.2.3 and 2.4.</p>
What is the history of Limeade?	<p data-bbox="477 936 1430 1028">Limeade was founded by CEO Henry Albrecht in 2006. Henry and his co-founders, Laura Hamill, Ph.D. (Chief Science Officer and Chief People Officer) and Erick Rivas (CTO), established the business with the company mission: <i>Improve well-being in the world.</i></p> <p data-bbox="477 1050 1442 1178">Between 2007 and 2017, Limeade combined concepts of holistic employee well-being and employee engagement in a common platform and solution. In 2018, in addition to its Limeade Well-Being solution, Limeade added Limeade Engagement, Limeade Inclusion and Limeade Communications solutions to its platform.</p> <p data-bbox="477 1200 1417 1424">Limeade has operated a capital efficient business model, having only raised \$34 million in equity financing since inception. As at 30 September 2019, Limeade has invested approximately \$74 million in product development since 2006. Limeade believes investments in its technology platform and sales and customer success capabilities enhance its potential to achieve further growth within the broad global employee experience software platform market, and the specific markets for individual employee experience categories (refer to Section 2.2.1).</p> <p data-bbox="477 1447 979 1478">For further information, see Section 3.1.2.</p>
Who are the key competitors of Limeade?	<p data-bbox="477 1516 1362 1574">Competitors range from large global enterprises to small companies that focus on particular geographical areas, industry sectors or solution categories.</p> <p data-bbox="477 1597 1455 1789">In the employee experience industry, many software providers' core business competencies are focused within a specific solution category, meaning that significant competition can exist for solutions within a specific solution category. However, few businesses offer employee experience solutions across multiple solution categories, which may present a competitive advantage for providers which provide the key elements of employee experience through a single platform.</p> <p data-bbox="477 1812 959 1843">For further information, see Section 2.5.</p>

1 / INVESTMENT OVERVIEW

1.2 KEY FEATURES OF THE LIMEADE BUSINESS MODEL

Topic	Summary
What is the Limeade platform and what are the key solutions offered by Limeade?	<p>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.</p> <p>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.</p> <p>The solutions offered within the Limeade platform are:</p> <ul style="list-style-type: none"> • Limeade 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. • Limeade 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. • Limeade 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. • Limeade Communication: Provides a centralised and integrated solution for employees to read and share important company news, send social recognitions, chat live with peers and access relevant documents and employee services. <p>For further information, see Section 3.2.</p>
Who are the customers of Limeade?	<p>Limeade offers its software solutions to organisations, with users of the software consisting of leaders, managers and employees within the organisation.</p> <p>Limeade solutions are able to scale up to millions of eligible users per customer and are available in up to 14 languages (with varying amounts of translation features currently available under different solutions). Limeade solutions are also industry agnostic and suitable for use by customers that operate across a diverse range of industries. As of 30 September 2019, Limeade provides its software to 176 customers, with over 2.4 million employees and other users across approximately 100 countries.</p> <p>Historically, Limeade has focused on US headquartered enterprise customers (defined by Limeade as large organisations with thousands of employees) and expanded further into Europe in 2018. Following Completion, Limeade intends to continue to progressively expand its presence to customers headquartered in the European Union (EU), Asia Pacific and other regions.</p> <p>Current customers include:</p> <ul style="list-style-type: none"> • A top 5 global tech company; • 2 of the top 5 global airlines; • ABB; • Enterprise Holdings; • Keurig; • Kindred Healthcare; and • State of Washington. <p>For further information, see Sections 3.3.3 and 3.5.1.</p>

Topic	Summary
How does Limeade generate revenue?	<p data-bbox="477 367 1453 495">Limeade generates revenue through the sale of its software solutions to customers, which are provided via the cloud under a subscription-based revenue model. Typically, customer contracts have three-year terms (the remainder having terms of one, two or five years) with customers paying Limeade fees in advance based on their number of employees.</p> <p data-bbox="477 517 1453 611">In FY18, 97% of revenue was subscription-based, software revenue. Other revenue was generated from the sale of third-party products such as While, Zipongo and Amazon gift cards, as well as third-party services such as biometric screening.</p> <p data-bbox="477 633 979 663">For further information, see Section 3.4.1.</p>
How does Limeade sell its products?	<p data-bbox="477 698 1453 857">Limeade acquires customers through direct sales efforts (referred to as Direct customers) as well as partner sales channels (referred to as Partner customers). Direct customers are sourced via Limeade internal sales and marketing resources, who typically target large enterprises with thousands of employees. Partner customers may include corporate health & well-being providers and managed service providers.</p> <p data-bbox="477 880 1453 974">Limeade focuses its efforts on acquiring Direct customers and utilises an integrated go-to-market approach in which internal teams work collaboratively on a data-driven go-to-market strategy for software sales:</p> <ul data-bbox="477 996 1453 1205" style="list-style-type: none"> • Marketing: Generate and drive interest in Limeade through content development (including leveraging the thought leadership of the Limeade Institute, the research department of Limeade), customer events and brand building; • Sales: Global teams responsible for converting opportunities to new business; and • Customer Success: Provide support to existing customers to maximise customer satisfaction and identify solution upsell and expansion opportunities. <p data-bbox="477 1227 979 1256">For further information, see Section 3.4.3.</p>
What are the competitive strengths of Limeade?	<p data-bbox="477 1292 1453 1386">Providers of employee experience software solutions typically compete on a broad range of factors including functionality, user experience, flexibility, customer service and potential return on investment.</p> <p data-bbox="477 1408 1453 1568">Limeade utilises a solution design strategy which incorporates leading organisational science insights from its Limeade Institute as well as significant employee data generated from its 2.4 million users. This creates a continuous feedback loop for product development and enhancement of solutions and allows Limeade to continually refine its products to ensure they address the critical needs of organisations.</p> <p data-bbox="477 1590 1098 1619">Other core competitive strengths of the business include:</p> <ul data-bbox="477 1641 1177 1872" style="list-style-type: none"> • Ability to serve complex global organisations; • Breadth of solutions with a single integrated platform offering; • Solutions offered at scale with a strong customer base; • Broad integration capabilities and third-party applications; • Infrastructure in place to scale globally; and • Strong investment in Limeade culture. <p data-bbox="477 1895 1104 1924">For further information, see Sections 3.2.2 and 3.3.2.</p>

1 / INVESTMENT OVERVIEW

Topic	Summary
What is the growth strategy of Limeade?	<p>Historically, Limeade has experienced strong and consistent revenue growth, which has grown at a CAGR of 33% between FY14 and FY18.</p> <p>Limeade intends to leverage this growth and the historic investment into its platform, infrastructure and reputation to continue growing the business.</p> <p>The key pillars of the business' growth strategy include:</p> <ul style="list-style-type: none">• Acquiring new customers, including additional investment in core market and expansion into key strategic markets;• Expansions (of users) and upsells (of new solutions) to the existing customer base;• Continuing to expand platform and solution offerings with internal development; and• Growth through strategic acquisition. <p>Limeade is already seeing traction in its growth strategy, with a number of successful expansions and upsells (described below), a growth in its qualified pipeline of potential transactions compared to the previous comparable period, strong growth in the Engagement, Inclusion and Communications pipeline, as well as growth in its global pipeline. See Section 4.9.2.1 for more detail.</p> <p>Limeade intends to use proceeds of the Offer to invest further in research & development (R&D) to continue developing the Limeade platform (including solutions offered and geographic reach), sales & marketing (S&M) to pursue additional pipeline opportunities (domestically and internationally) and increasing brand awareness of the new Limeade solutions, and general & administrative (G&A) functions to support the continued expansion of Limeade.</p> <p>For further information, see Sections 3.5 and 4.9.2.1.</p>

1.3 BUSINESS HIGHLIGHTS AND KEY STRENGTHS

Topic	Summary
Large and growing addressable market with favourable industry tailwinds	<p>The current market opportunity for the employee experience software market in organisations with 500 or more employees in the United States (US) is estimated to be \$8.0 billion (approximately double that globally including the US) in total and \$5.7 billion for the solutions that Limeade currently offers.¹</p> <p>It is estimated that approximately 10% of all current spend on employee experience software is on integrated solutions such as the Limeade platform, with the remaining 90% spread across the multiple, independent categories, including the separately available Limeade solutions. It is predicted that the majority of employee experience spend will eventually shift from multiple independent solutions towards integrated platforms.</p> <p>Limeade believes there is potential for it to participate in growth in the employee experience software market, driven by uptake by enterprise customers of employee experience software offerings, a shift from multiple independent solutions towards integrated platforms, related factors such as software becoming a higher proportion of the total employee experience software and services market over time, and a number of important industry trends, including:</p> <ul style="list-style-type: none"> • Expectations of a long term imbalance between talent supply and demand; • Attracting, retaining and engaging talent becoming a top strategic priority; • Changing employee expectations driven by ongoing workplace generational change; • Ongoing challenges and costs of global well-being; and • Growing board and leadership level recognition of the need to focus on corporate culture. <p>For further information, see Sections 2.2.2 and 2.4.</p>
Contracted revenues with a high degree of visibility and strong revenue retention	<p>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. Revenue visibility is also supported by its strong net revenue retention rates (98% in FY18).</p> <p>Limeade monitors its growth in contracted customers through CARR (or contracted annual recurring revenue), which represents the total value of contracted subscription revenue at a point in time, expressed on an annualised basis. As at 30 September 2019, Limeade had CARR of \$53.4 million.</p> <p>Limeade is forecasting \$56.1 million revenue in FY20F, \$54.1 million of which relates to subscription revenue, and as at 30 September 2019 approximately 92% of this FY20F subscription revenue is already contracted (after taking into account the impact of expected revenue churn).</p> <p>For further information, see Sections 3.4.1 and 4.9.2.1. Refer also to key assumptions underpinning forecast financial information in section 4.9 and risks as summarised in Section 5.</p>

1. Bret Starr, "Independent Market Report: Employee Experience Market" (2019). These numbers exclude Strategic Consulting which is a service not software. Other statements in this row are also attributed to Starr (unless expressed to be those of Limeade).

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Topic	Summary
Strong and diverse customer base	<p>Limeade solutions are offered to a customer base of 176 organisations as at 30 September 2019, including several significant and established enterprise customers. These include 2 of the top 5 global airlines and a top 5 global technology company.</p> <p>Limeade sees its capability to serve large, complex global customers as a key competitive advantage. The size of customer contracts has continued to grow over time, with average CARR per Direct Limeade Well-Being solution having grown by 86% to over \$630,000 between FY14 and 30 September 2019. Currently, over 90% of customers (measured by CARR, as at 30 September 2019) have more than 5,000 employees on one or more Limeade solutions.</p> <p>Further, Limeade has a diverse revenue base with low reliance on any single industry or customer. No single industry contributes greater than 25% of Limeade total CARR, and as of 30 September 2019, the largest Limeade customer represents approximately 11% of CARR, while the next four largest customers collectively represent 15% of CARR.</p> <p>For further information, see Section 3.3.3</p>
Sophisticated, integrated and scalable platform	<p>Limeade has invested significant financial resources since July 2006 to build out its software capabilities to cover a broader range of employee experience solution categories. Over this period Limeade invested approximately \$74 million, and an expected \$44 million between FY17 and FY19F, into developing Limeade technology with a focus on expanding the number of solutions it offers, building out its fully integrated Limeade platform and continuing to enhance features, functionality and overall user experience based on a research and data driven design strategy.</p> <p>The ability to support an integrated employee experience across a number of categories represents a significant value add for many customers.</p> <p>Further, the Limeade platform's flexible and modern architecture is adaptable and requires limited additional development for Limeade to launch new solutions and integrate newly acquired solutions.</p> <p>This development to date means that infrastructure is in place to scale globally, with relevant compliance, security and data hosting capabilities across its key strategic target markets creating the ability to serve large, complex global organisations, and solutions available to employees in up to 14 languages and over 100 countries.</p> <p>For further information, see Sections 3.2.4 and 3.3.2</p>
Science and data-based product development strategy	<p>Limeade solutions and embedded content are based on scientific research, combining user generated data as well as primary and secondary research conducted through the Limeade Institute.</p> <p>The Limeade Institute is a research-focused department within Limeade that conducts and publishes research on key trends in workplace culture and the global employee experience.</p> <p>Since this time, Limeade has used the deep expertise and research of the Limeade Institute to develop and continually refine its solutions. Customer-generated data from over 2.4 million users is used in combination with primary and secondary research from the Limeade Institute to create a "continuous feedback loop" for product development, which allows Limeade to continually refine its products to address the critical needs and wants of organisations.</p> <p>For further information, see Sections 3.2.2 and 3.3.2</p>

Topic	Summary
Strong growth profile with ongoing investment into growth	<p data-bbox="477 367 1442 495">Historically, Limeade has experienced strong and consistent revenue growth, including a CAGR of 33% between FY14 and FY18. This revenue growth has been conducted with efficient customer acquisition, with the business recording an LTV/CAC ratio of 7.7x in the 12 months to 30 September 2019.</p> <p data-bbox="477 517 1458 645">The business has a track record of delivering results to customers that help drive retention and new customer acquisition. Further, Limeade leverages its existing customer base to pursue upsells of new solutions and expansions of existing and new solutions to a larger set of the organisation's employees (including in other countries).</p> <p data-bbox="477 667 1442 795">As examples, Limeade recently contracted as customers a top five global technology company and another top five global airline company, and a number of recent successful expansions and upsells to existing customers have been in the range of 37% to 95% of original CARR.</p> <p data-bbox="477 817 1406 976">Going forward, Limeade intends to use the proceeds of the Offer to invest further into growing the business. This will include a focus on driving sales, increasing its brand awareness, investment in general and administrative expenses to support scaling and growth and expanding the solutions offered and geographic reach of the Limeade platform.</p> <p data-bbox="477 999 1453 1158">In FY20F the business is forecasting an additional spend on S&M, R&D and G&A of \$12.6m over FY19F. This investment will impact the financial performance of the business, with a pro forma EBITDA loss of 10.7 million forecast for FY20F, but the potential impact on revenue is not expected to be realised during the forecast period given the length of the Limeade sales and implementation cycle.</p> <p data-bbox="477 1180 1414 1274">For further information, see Sections 3.4.3, 3.4.4, 3.5 and 4.10.2.1. Refer also to the key assumptions underpinning forecast financial information set out in section 4.9 and the risks as summarised in Section 5</p>
Founder-led business with deep industry experience	<p data-bbox="477 1308 1406 1402">Led by CEO and founder Henry Albrecht, the Limeade management team brings substantial technology and employee experience industry expertise along with a deep understanding of the Limeade business and its products and clients.</p> <p data-bbox="477 1424 1414 1552">The management team includes two additional co-founders, Laura Hamill, Ph.D., and Erick Rivas. The current management team has successfully overseen the growth and transformation of the business from a provider of Well-Being solutions to an employee experience platform solution through the Limeade platform.</p> <p data-bbox="477 1574 1406 1637">The management team is supported by the highly qualified and experienced Board of Limeade.</p> <p data-bbox="477 1659 1131 1693">For further information, see Sections 3.1.2, 6.1 and 6.2.</p>

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1.4 KEY FINANCIAL INFORMATION

Topic	Summary																																																																						
What is the pro forma historical and forecast financial performance of Limeade?	<p>A condensed version of the pro forma historical and forecast income statements and reconciliation of the pro forma income statements to the statutory income statements of Limeade is set out below. The information presented below contains measures which are not recognized under US GAAP, IFRS or Australian Accounting Standards and should be read in conjunction with the more detailed financial overview set out in Section 4, including the assumptions, management discussion and analysis and sensitivity analysis, as well as the key risks set out in Section 5.</p> <p>The financial information included in this Prospectus has been prepared on the basis described in Section 4 of this Prospectus.</p> <p>Further detail on the reconciliation of the pro forma historical and forecast income statements to the statutory historical and forecast income statements is provided in Section 4.3.4.</p> <table><tr><th></th><th colspan="2">Pro forma historical</th><th colspan="2">Pro forma forecast</th></tr><tr><th>\$ millions</th><th>FY17</th><th>FY18</th><th>FY19F</th><th>FY20F</th></tr><tr><td>Subscription</td><td>33.8</td><td>38.8</td><td>45.2</td><td>54.1</td></tr><tr><td>Other</td><td>1.1</td><td>1.3</td><td>1.8</td><td>2.0</td></tr><tr><td>Total revenue</td><td>34.9</td><td>40.1</td><td>47.0</td><td>56.1</td></tr><tr><td>EBITDA</td><td>(2.8)</td><td>(3.5)</td><td>(4.8)</td><td>(10.7)</td></tr><tr><td>EBIT</td><td>(4.0)</td><td>(4.7)</td><td>(6.2)</td><td>(12.4)</td></tr><tr><td>Net profit/(loss) after tax</td><td>(4.1)</td><td>(4.7)</td><td>(6.2)</td><td>(12.4)</td></tr></table> <table><tr><th></th><th colspan="2">Statutory historical</th><th colspan="2">Statutory forecast</th></tr><tr><th>\$ millions</th><th>FY17</th><th>FY18</th><th>FY19F</th><th>FY20F</th></tr><tr><td>Statutory profit/(loss) after tax</td><td>(2.5)</td><td>(3.2)</td><td>(4.9)</td><td>(12.4)</td></tr><tr><td>Public company costs</td><td>(1.6)</td><td>(1.6)</td><td>(1.5)</td><td>-</td></tr><tr><td>Line of credit expense</td><td>-</td><td>0.1</td><td>0.2</td><td>-</td></tr><tr><td>Pro forma profit/(loss) after tax</td><td>(4.1)</td><td>(4.7)</td><td>(6.2)</td><td>(12.4)</td></tr></table> <p>For further information, see Section 4.</p>		Pro forma historical		Pro forma forecast		\$ millions	FY17	FY18	FY19F	FY20F	Subscription	33.8	38.8	45.2	54.1	Other	1.1	1.3	1.8	2.0	Total revenue	34.9	40.1	47.0	56.1	EBITDA	(2.8)	(3.5)	(4.8)	(10.7)	EBIT	(4.0)	(4.7)	(6.2)	(12.4)	Net profit/(loss) after tax	(4.1)	(4.7)	(6.2)	(12.4)		Statutory historical		Statutory forecast		\$ millions	FY17	FY18	FY19F	FY20F	Statutory profit/(loss) after tax	(2.5)	(3.2)	(4.9)	(12.4)	Public company costs	(1.6)	(1.6)	(1.5)	-	Line of credit expense	-	0.1	0.2	-	Pro forma profit/(loss) after tax	(4.1)	(4.7)	(6.2)	(12.4)
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Pro forma profit/(loss) after tax	(4.1)	(4.7)	(6.2)	(12.4)																																																																			
What is the dividend policy of Limeade?	<p>Given the strong potential growth opportunity Limeade has identified for its employee experience software solutions, it does not have any present plan to pay dividends.</p> <p>The payment of a dividend by Limeade, if any, is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of Limeade and its directors and management, and are not reliably predictable), including the operating results, the general business environment, cash flows and the financial condition of Limeade, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by Limeade, and any other factors the Directors may consider relevant.</p> <p>For further information, see Section 4.12.</p>																																																																						

1.5 KEY RISKS

Topic	Summary
Failure to retain existing customers and attract new customers	<p>The current and forecast financial performance of Limeade depends on the ability to retain existing customers, attract further business from existing customers and attract new customers.</p> <p>The ability of Limeade to retain existing customers, and attract new customers and new business from existing customers, depends on many factors including the adequacy of its software service with respect to matters such as functionality, reliability, pricing, customer support and ability to demonstrate superior value when compared to competing products and services.</p> <p>If Limeade is unable to retain or attract customers, it may negatively impact the business' operating and financial performance, position and prospects.</p> <p>For further information, see Section 5.1.1.</p>
Inability to execute on a successful growth strategy	<p>The future financial performance of Limeade is largely contingent upon its ability to execute its proposed growth strategy.</p> <p>Failure of part or all of the growth strategy may cause Limeade to fail to achieve its financial forecasts and jeopardise its financial position or prospects.</p> <p>Further, combining solutions into a single platform is a relatively new business model. This makes it more difficult to fully and accurately evaluate the market opportunity and business prospects, and to comprehensively assess the risks and challenges Limeade may be exposed to, than would be the case for a long-established market or business.</p> <p>For further information, see Section 5.1.2.</p>
Limeade operates in a competitive industry	<p>The performance of Limeade is influenced by a number of competitive factors including the success and awareness of its brand, the performance and innovation of the Limeade platform and solutions and the willingness of enterprise customers to purchase its solutions over those of its competitors.</p> <p>The employee experience industry is subject to domestic and global competition across the range of solution categories which may increase or change over time and impact the ability of Limeade to execute its business and growth strategies. Competition may require Limeade to lower pricing or incur additional costs (e.g. R&D or marketing) to remain competitive.</p> <p>Further, the reputation of Limeade could be adversely impacted by a number of factors. Damage to the Limeade reputation may have an adverse impact on the Limeade business and financial performance and position.</p> <p>For further information, see Section 5.1.3.</p>

1 / INVESTMENT OVERVIEW

Topic	Summary
Reliance on the Limeade software platform and solutions and failure to adequately maintain and develop them	<p>There is a risk that a range of factors may cause Limeade to fail to adequately maintain the Limeade platform and solutions, causing customers' satisfaction with the Limeade platform and solutions to fall. This may result in reduced sales and usage, loss of customers, damage to reputation, an inability to attract new clients and potentially claims for breach of contract.</p> <p>The future revenue and growth of Limeade also depends on its ability to develop enhancements and new features and products for the Limeade platform and solutions. The failure to develop successfully new solutions, products or features may materially adversely impact the future operations and financial performance, position and prospects of Limeade.</p> <p>Further, Limeade relies on contracts with third party suppliers to maintain and support its IT infrastructure. If these contracts are terminated or suffer a disruption in the future and Limeade is not able to replace or accommodate those events in a timely and cost-effective manner, its operations and financial performance, position and prospects may be adversely impacted.</p> <p>For further information, see Section 5.1.4.</p>
Launch and adoption of new solutions	<p>Developing compelling solutions and the adoption of these solutions by new and existing customers may take longer than Limeade expects, or competitors could provide products which are more compelling, more advanced or provided more quickly to customers, which would have a corresponding impact on the development and maturity of new revenue sources.</p> <p>Even with an appropriate and predictable period for development and adoption, there is a risk that new solutions or features are not well received by customers, which could result in a corresponding lack of adoption.</p> <p>Further, the launch of new solutions also carries operational risks which could have an adverse impact on the financial performance, position and prospects of Limeade.</p> <p>For further information, see Section 5.1.5.</p>
Significant unanticipated costs or delays may arise in relation to the Limeade business	<p>Cost and revenue estimates are made in advance of the formal launch of a Limeade solution with a customer, the timing of which is dependent upon assumptions, estimates and judgments which may ultimately prove to be inaccurate, unreliable or outside the control of Limeade. There is a risk that unanticipated costs or delays arise in the Limeade business. Should significant unanticipated costs arise, this could have a material adverse impact on margins and, ultimately, the Limeade business, financial performance and operations.</p> <p>For further information, see Section 5.1.6.</p>
Failure to realise benefits from product development	<p>Innovative product development is critical to the growth of Limeade. Although developing software is expensive, Limeade believes it must continue to dedicate resources to remain an innovative software company. Limeade may not, however, receive significant revenue from these investments for several years, or may not realise such benefits at all.</p> <p>Further, Limeade capitalises certain development costs, which are amortised over their useful economic lives, in accordance with US GAAP. Any decrease in the amount of costs capitalised over time by Limeade, or impairment of assets required to be made by Limeade, may directly impact its operating costs and EBITDA and/or have an adverse impact on the financial position or financial performance of Limeade.</p> <p>For further information, see Section 5.1.7.</p>

Topic	Summary
Failure or disruptions in the performance of the Limeade platform or solutions	<p>The business and reputation of Limeade depends on the real-time performance, reliability and availability of the Limeade platform and solutions. These may fail to perform as expected or be adversely impacted by several factors, some of which may be outside the control of Limeade. The Limeade operational processes and contingency plans may not adequately address every potential event, which may impact relationships with customers or users and may adversely impact business, financial performance and reputation. Further, continued increases in the number of users on the Limeade platform and solutions may require the expanded usage of cloud computing resources. This could adversely impact the financial performance of Limeade, its position or prospects.</p> <p>For further information, see Section 5.1.8.</p>
Disruption or failure of technology systems and data security breaches	<p>There is a risk that the Limeade platform and solutions become the subject of a system failure that renders them unavailable for a period of time or results in the loss, theft or corruption of sensitive data. Such circumstances could materially negatively impact the ability of Limeade to achieve its financial and operational performance positions or prospects.</p> <p>In addition, the solutions provided by Limeade and its third-party partners depend on Limeade handling information that is confidential, proprietary and commercially sensitive. There is a risk that the measures Limeade takes to protect such information will not be sufficient to prevent unauthorised access or disclosure of such information which could have a material adverse impact on the reputation of Limeade and its financial performance, position and prospects.</p> <p>While Limeade has effected an insurance policy for cyber risks, it is subject to a policy limit which may not be adequate to cover all exposure arising from cyber security breaches. If insurance (including cyber insurance) is not available to cover a claim or the quantum of a claim exceeds policy limits, Limeade will itself be exposed to the financial impact of the event which could have an adverse impact on the Limeade business, its financial performance, position or prospects.</p> <p>Further, certain third-party suppliers used by Limeade may receive and store information provided by Limeade, Limeade customers or the end users of a Limeade service. If third-party suppliers fail to adopt or adhere to effective security practices, or there is a breach of their security systems, confidential information may be improperly accessed, used or disclosed, which could have an adverse impact on the reputation of Limeade and its financial performance, position and prospects.</p> <p>For further information, see Section 5.1.9.</p>

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Topic	Summary
Compliance with relevant laws, regulations and industry compliance standards	<p>Limeade and its products are subject to various laws, regulations and industry compliance requirements, including in relation to privacy, data protection and data processing. Limeade collects, processes and discloses personally identifiable information and is therefore subject to complex and evolving local, national and foreign laws and regulations.</p> <p>For example, the EU General Data Protection Regulation (GDPR) imposes stringent requirements on the security, protection and disclosure of EU personal data, including on cross-border restrictions outside of the EU and imposes significant penalties for non-compliance. In addition, in the US, Limeade is required to comply with the Health Insurance Portability and Accountability Act (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITEC), which provide data privacy and security provisions for safeguarding medical information.</p> <p>Compliance costs with respect to the foregoing laws, and any future laws and regulations, may become onerous and any failure to comply may result in fines, litigation, investigations or significant reputational damage or divert management's attention from the day-to-day operation of the business. Any such results could have a material adverse effect on the Limeade business and its financial performance, position and prospects.</p> <p>For further information, see Section 5.1.10.</p>
Limeade may be exposed to other risks	<p>Section 5.1 outlines additional risks, including risk relating to:</p> <ul style="list-style-type: none"> • Country / region specific risk in new and / or unfamiliar markets; • Future government regulation and local requirements; • Inability to protect intellectual property; • Breach of third-party IP rights; • Risk of litigation, claims, disputes and regulatory investigations; • Reputation; • Ability to retain or attract key personnel; • Loss making history; and • Large customer contracts. <p>In addition, Section 5.2 outlines some general investment risks.</p> <p>For further information, see Sections 5.1 and 5.2.</p>

1.6 BOARD AND MANAGEMENT

Topic	Summary
Who are the Directors of the Company?	<p><i>The Directors of the Company are:</i></p> <ul style="list-style-type: none"> • Elizabeth Bastoni; • Henry Albrecht; • Steven Hamerslag; • Chris Ackerley; • Mia Mends; • Lisa MacCallum; and • Cameron Judson <p>For further information, see Section 6.1.</p>

Topic	Summary
Who are the senior management team of the Company?	<p>The senior management team includes:</p> <ul style="list-style-type: none"> • Henry Albrecht (Founder and Chief Executive Officer); • Toby Davis (Chief Financial Officer); • Erick Rivas (Chief Technology Officer); • Laura Hamill, Ph.D. (Chief Science Officer and Chief People Officer); • Lee Rossini (VP of Marketing); • Mitch Risner (Chief Growth Officer); and • Daniel Kraft (VP of Product and Strategy). <p>For further information, see Section 6.2.</p>

1.7 SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

Topic	Summary						
Who are the existing shareholders and what will be their interest in Limeade at Completion?	Existing Shareholders	As at the Prospectus Date (undiluted)		Immediately following the Offer (undiluted)¹		Immediately following the Offer (fully diluted)¹	
		Securities	%	Securities	%	Securities	%
	Henry Albrecht	40,311,485	18.5%	40,311,485	16.5%	40,511,485	15.3%
	Erick Rivas	8,544,000	3.9%	8,544,000	3.5%	9,124,000	3.4%
	TVC Capital II LP and TVC Capital Partners II LP	44,715,839	20.5%	36,658,282	15.0%	36,658,282	13.8%
	Oak HC/FT Partners LP	43,646,948	20.0%	27,380,178	11.2%	27,380,178	10.3%
	Other Board, management & employees	6,533,402	3.0%	6,254,024	2.6%	12,980,360	4.9%
	Other employees	722,626	0.3%	706,752	0.3%	12,660,720	4.8%
	Other shareholders	73,268,160	33.6%	70,893,893	29.0%	71,940,293	27.1%
	Investors in the Offer	-	-	54,054,054	22.1%	54,054,054	20.4%
	Total	217,742,460	100.0%	244,802,668	100.0%	265,309,372	100.0%

Differences between “As at the Prospectus Date (undiluted)” and “Immediately following the Offer (undiluted)” represent the Securities being sold to SaleCo, and then by SaleCo to investors under the Offer. These underlying Security holders are referred to as Selling Shareholders. The Offer comprises an offer of approximately 27.0 million CDIs over existing Shares from Selling Shareholders to be sold by SaleCo (and approximately 27.1 million CDIs over new Shares to be issued by Limeade) as described further in Section 7.1.

Undiluted refers to the number of Securities on issue, and fully diluted refers to the number of Securities and options (each over one Share) on issue. Securities refers to CDIs or Shares. Securities on Completion (on an undiluted basis) may differ from the amounts in this table, in particular if vested Options are exercised and Shares are issued in respect of those Options before that time. The table does not reflect any CDIs which the Existing Shareholders may subscribe for under the Offer. The table assumes that the Limeade Series A, Series B and Series C preferred stock has been converted to common stock as described in Section 9.4 of the Prospectus and that the stock split described in Section 9.4 of the Prospectus has occurred.

For further information, see Section 6.5.

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Topic	Summary			
What significant benefits and interests are payable to Directors and other persons connected with Limeade or the Offer?	Directors and senior management are entitled to remuneration and fees on commercial terms as disclosed in Section 6.4.2. The Directors will hold interests as follows:			
	Director	Securities as at the Prospectus Date	Options as at Prospectus Date ²	Percentage of Securities immediately after Completion (undiluted) ²
	Elizabeth Bastoni	-	-	-
	Chris Ackerley ¹	4,395,738	660,000	2.0%
	Steve Hamerslag ¹	-	-	-
	Lisa MacCallum	-	-	-
	Mia Mends	-	-	-
	Cameron Judson	-	-	-
	Henry Albrecht	40,311,485	200,000	18.5%
	Total	44,707,223	860,000	20.5%
<p>1. Chris' holdings include Securities held by Chris personally, and Securities held by Chris and his spouse, Diana, jointly. 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 43,461,315 Securities at the Prospectus Date) and may indirectly benefit economically from those activities. He may also indirectly benefit from TVC Capital's holding of 1,254,524 Securities. These entities are selling Securities to SaleCo as referred to in the first table in this Section 1.7.</p> <p>2. Fully diluted refers to the number of Securities and options (each over one Share) on issue. Securities refers to CDIs or Shares.</p> <p>Directors may apply for additional CDIs under the Offer. Any such Securities will not be subject to escrows.</p> <p>For further information, see Section 6.4.2.8.</p>				

Topic	Summary		
Will any Shares be subject to restrictions on disposal following Completion?	Yes. The Securities referred to below will be escrowed under voluntary escrow agreements.		
	Escrowed Party	Escrow Period ¹	Number of Securities escrowed (undiluted) at Completion ⁵ Percentage of Securities (undiluted) ^{5,6} on Completion
	Henry Albrecht	100% - FY20 Results Release Time 50% - FY21 Results Release Time	40,311,485 16.5%
	Erick Rivas	100% - FY20 Results Release Time 50% - FY21 Results Release Time	8,544,000 3.5%
	TVC Capital II LP and TVC Capital Partners II LP	100% - FY20 Results Release Time	36,658,282 15.0%
	Oak HC/FT Partners LP	100% - FY20 Results Release Time	27,380,178 11.2%
	Other Board and management ²	100% - FY20 Results Release Time 50% - FY21 Results Release Time	6,254,024 2.6%
	Other employees ³	At least 92.8% - FY20 Results Release Time	656,177 0.3%
	Other Shareholders ⁴	At least 96.6% FY20 Results Release Time	68,457,839 28.0%
Total			188,261,985 76.9%

Notes:

1. **FY20 Results Release Time** means 4.15pm (Sydney time) on the date on which Limeade releases its preliminary final report for the fiscal year ending 31 December 2020 to the ASX.
FY21 Results Release Time means 4.15pm (Sydney time) on the date on which Limeade releases its preliminary final report for the fiscal year ending 31 December 2021 to the ASX.
2. Directors and members of management listed in Section 6.2 who will hold Securities on Completion (excluding Henry Albrecht).
3. Employees of Limeade on the Prospectus Date who will hold Securities on Completion (excluding those listed in rows above). All but the first 2,703 Securities held by each of these employees on Completion will be subject to escrow.
4. Shareholders of Limeade (other than those listed above) who enter into a voluntary escrow agreements with the Limeade. Maximum number and percentage shown. All but the first 2,703 Securities held by each of these employees on Completion will be subject to escrow.
5. Number of Securities (undiluted basis) at Completion may differ from the amounts in this table, in particular if further escrow agreements are entered into by other employees or Shareholders prior to Completion, or if vested Options are exercised and Shares are issued in respect of those Options before that time. Such Shares/ corresponding CDIs are expected to be subject to voluntary escrow restrictions as for the respective period(s) identified in this table.
6. Percentage of Securities (undiluted) refers to the number of Securities of the holder divided by the total number of Securities.

Existing Shareholders may apply for additional CDIs under the Offer. Any such CDIs will not be subject to escrows.

Further, under Rule 144 of the US Securities Act, the CDIs and underlying Shares will be 'restricted securities' that will be subject to an initial one-year Distribution Compliance Period from the date of issue of the CDIs, which period may be extended. This means that, during the Distribution Compliance Period, Shareholders will not be permitted to sell the CDIs or the underlying Shares into the United States or to, or for the account or benefit of, a US Person, unless the resale of the CDIs or the underlying Shares is registered under the US Securities Act (which Limeade is not obligated to do) or an exemption from such registration is available (including resale to QIBs pursuant to Rule 144A).

For further information, see Sections 6.6, 9.6 and 9.9.

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Topic	Summary
Are there any other related party transactions?	No, there are no related party transactions. For further information, see Section 6.8

1.8 PROPOSED USE OF FUNDS AND KEY TERMS AND CONDITIONS OF THE OFFER

Topic	Summary																																																			
Who is the issuer of this Prospectus?	Limeade and SaleCo																																																			
What is SaleCo?	SaleCo is a special purpose vehicle, established to enable Selling Shareholders to sell part of their investment in Limeade in connection with the IPO. For further information, see Section 7.1.4.																																																			
What is the Offer?	The Offer comprises an offer of approximately 27.1 million CDIs over new Shares to be issued by Limeade, and approximately 27.0 million CDIs over existing Shares to be sold by SaleCo, through the Broker Firm Offer, Institutional Offer and Priority Offer. For further information, see Section 7.1.																																																			
What is the proposed use of funds raised under the Offer?	<p>Funds raised from the issue and transfer of Shares under the Offer (totalling approximately \$68.1 million) will be applied as follows:</p> <table><tr><th>Sources</th><th>US\$</th><th>A\$</th></tr><tr><td>Limeade</td><td></td><td></td></tr><tr><td>Offer proceeds received by Limeade</td><td>34.1</td><td>50.1</td></tr><tr><td>SaleCo</td><td></td><td></td></tr><tr><td>Offer proceeds received by SaleCo from the sale of existing shares</td><td>34.0</td><td>49.9</td></tr><tr><td>Total sources</td><td>68.1</td><td>100.0</td></tr><tr><td>Uses</td><td>US\$</td><td>A\$</td></tr><tr><td>Limeade</td><td></td><td></td></tr><tr><td>Offer costs</td><td>4.0</td><td>5.9</td></tr><tr><td>Sales and marketing</td><td>14.4</td><td>21.2</td></tr><tr><td>Research and development</td><td>7.5</td><td>11.1</td></tr><tr><td>General and administrative</td><td>5.4</td><td>7.9</td></tr><tr><td>Repayment of existing Comerica Credit Facility</td><td>2.8</td><td>4.0</td></tr><tr><td>SaleCo</td><td></td><td></td></tr><tr><td>Offer proceeds received by SaleCo from the sale of existing shares</td><td>33.0</td><td>48.4</td></tr><tr><td>Offer costs</td><td>1.0</td><td>1.5</td></tr><tr><td>Total uses</td><td>68.1</td><td>100.0</td></tr></table> <p>The above tables are a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above tables may change depending on a number of factors, including the outcome of sales performance, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied. In addition, as the proceeds of the Offer will be received in Australian dollars and, as the expenditure will be in US dollars, the actual amount of the proceeds used for each of the items above will depend on the AUD:USD exchange rate at the time that the funds are converted to US dollars, as discussed in Section 5.2.2.</p> <p>Limeade intends to apply the net cash from the Offer to achieve these business objectives, as set out in the “uses” table above. Limeade will continue to assess opportunities to provide further support to existing sales efforts in new customer acquisitions across the EU and increase its existing focus on expansion opportunities into new markets.</p> For further information, see Section 7.1.3.	Sources	US\$	A\$	Limeade			Offer proceeds received by Limeade	34.1	50.1	SaleCo			Offer proceeds received by SaleCo from the sale of existing shares	34.0	49.9	Total sources	68.1	100.0	Uses	US\$	A\$	Limeade			Offer costs	4.0	5.9	Sales and marketing	14.4	21.2	Research and development	7.5	11.1	General and administrative	5.4	7.9	Repayment of existing Comerica Credit Facility	2.8	4.0	SaleCo			Offer proceeds received by SaleCo from the sale of existing shares	33.0	48.4	Offer costs	1.0	1.5	Total uses	68.1	100.0
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Topic	Summary
Will the Shares be quoted on the ASX?	<p>Limeade will apply within seven days of the Prospectus Date to the ASX for admission to the Official List and quotation of Shares on the ASX under the code LME.</p> <p>Completion is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>For further information, see Section 7.2.</p>
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> • the Broker Firm Offer, which is open to Australian retail clients of Brokers who have received a firm allocation from their Broker; • the Priority Offer, which is only open to investors nominated by Limeade; and • the Institutional Offer, which consists of an offer to Institutional Investors in Australia. <p>For further information, see Section 7.</p>
Is the Offer underwritten?	<p>Yes. The Offer is fully underwritten by the Joint Lead Managers.</p> <p>For further information, see Section 9.5.</p>
What is the allocation policy?	<p>The allocation of CDIs between the Broker Firm Offer, the Priority Offer and the Institutional Offer was determined by Limeade and the Joint Lead Managers having regard to the allocation policies outlined in Sections 7.3.6, 7.4.6 and 7.5.2.</p> <p>For Broker Firm Offer applicants, the relevant Broker will decide how they allocate CDIs among their retail clients.</p> <p>The Joint Lead Managers and Limeade have absolute discretion regarding the allocation of CDIs to applicants under the Offer and may reject an Application, or allocate a lesser number of CDIs than applied for. The Joint Lead Managers, Limeade and SaleCo also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.</p> <p>For further information, see Sections 7.3.6, 7.4.6 and 7.5.2.</p>
Is there any brokerage, commission or stamp duty payable by applicants?	<p>No brokerage, commission or stamp duty is payable by applicants on acquisitions of CDIs under the Offer.</p> <p>For further information, see Section 7.2.</p>
What are the tax implications of investing in the CDIs?	<p>You may be subject to Australian income tax on any future dividends paid. The tax consequences of any investment in CDIs will depend upon your particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.</p> <p>For further information, see Section 9.10.</p>
What is the minimum and maximum application size under the offer?	<p>The minimum Application size for investors in the Broker Firm Offer, Institutional Offer and the Priority Offer is 1,352 CDIs (approximately A\$2,500).</p> <p>There is no maximum value of CDIs that may be applied for under the Offer.</p> <p>For further information, see Section 7.2.</p>

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Topic	Summary
When will I receive confirmation that my Application has been successful?	<p>It is expected that initial holding statements will be dispatched by standard post on or about 20 December 2019.</p> <p>Refunds (without interest) to applicants who make an Application and receive an allocation of CDIs, the value of which is smaller than the amount of the application monies, will be made as soon as practicable after Completion.</p> <p>For further information, see Section 7.2.</p>
How can I apply for CDIs?	<p>Broker Firm Offer: If you have received an allocation of CDIs from your Broker and wish to apply for those CDIs under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer application form and for payment instructions.</p> <p>Priority Offer: If you have received a personalised invitation to apply for CDIs under the Priority Offer and you wish to apply for CDIs, you should follow the instructions on your personalised invitation to complete and lodge your Application.</p> <p>To the extent permitted by law, an Application under the Offer is irrevocable.</p> <p>For further information, see Sections 7.3 and 7.4.</p>
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue of CDIs to successful applicants.</p> <p>If the Offer does not proceed, application monies will be refunded to applicants. No interest will be paid on any application monies refunded as a result of the withdrawal of the Offer.</p> <p>For further information, see Section 7.2.</p>
When can I sell my CDIs on ASX?	<p>It is expected that the dispatch of the holding statements will occur on 20 December 2019 and trading of the CDIs on ASX will commence on or about 20 December 2019.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in CDIs. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p> <p>For further information, see Section 7.2.</p>
Where can I find more information about this Prospectus or the Offer?	<p>Please call the Limeade Offer Information Line on 1800 550 560 (toll free within Australia) from 8.30am until 5.30pm (AEST) Monday to Friday. If you are unclear about any matter or are uncertain as to whether Limeade is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p> <p>For further information, see Section 7.2.</p>



INDUSTRY OVERVIEW

2

2 / INDUSTRY OVERVIEW

2.1 INTRODUCTION AND BACKGROUND

Limeade is a leading provider of employee experience software solutions to enterprise customers. Employee experience software solutions are designed to help organisations improve the lives of employees, both personally and professionally.

The employee experience is a concept covering every interaction employees have with their organisation, and can impact an organisation's ability to attract, retain and engage talent, with positive effects on business performance (see Sections 2.2.1 and 2.2.3).

Limeade provides employee experience software solutions through its employee experience platform. An employee experience platform serves as a foundation to unify, connect and deliver employee experience software solutions (and related communications and activities) to all employees through a common online user interface. This integrative approach can serve organisational leadership and a variety of departments or functions, including human resources (**HR**), compensation/remuneration & benefits, communications, diversity & inclusion, information technology (**IT**) and accounting & finance.

Limeade has a platform that is built on scalable cloud-based infrastructure and is industry-agnostic, allowing it to deliver solutions to customers across a range of industries including manufacturing, healthcare, transportation, financial services and technology.

This section provides an overview of:

- The employee experience industry and key benefits;
- Employee experience platforms, their key benefits and the market opportunity;
- Key sector trends in employee experience;
- Competitors and key industry competitive dynamics; and
- Key regulatory considerations.

2.2 OVERVIEW OF THE EMPLOYEE EXPERIENCE INDUSTRY

2.2.1 Employee experience overview

Employee experience represents the totality of circumstances, events, interactions and personal moments that impact employees' relationships with, and performance within, their organisations. Intentionally managed and coordinated culture, strategy and work processes, supported by streamlined, connected and user friendly technology platforms and solutions result in better employee experiences.

Organisations may improve employee experience through the use of software, such as that provided by Limeade and its competitors (as discussed in Section 2.5.1), or services, such as those provided by consultants, to develop and assist implement plans or processes.

Actions taken by organisations to improve employee experience include:¹

- Having a **single point of contact** for the complete employee experience, focused on employee journeys, experiences, engagement, and culture;
- Providing an **integrated program** for employee well-being focused on the employee and his or her entire experience at life and work;
- **Balancing financial and nonfinancial benefits** to make employees' lives better through the thoughtful design of compensation, benefits, rewards and recognition structures;
- Providing an **employee experience platform** that is well designed and integrated across mobile and desktop devices to deliver prescriptive solutions based on employee journeys, and ongoing communications that support and inspire employees; and
- Using **tools and services** to measure, align and improve culture.

1. Deloitte, "The employee experience: Culture, engagement and beyond" (2017).

A strong employee experience may enhance an organisation's culture, improving its ability to attract talent, reduce absenteeism and boost workforce engagement, productivity and retention.^{2,3} Despite these benefits, in a recent global survey, 59% of leaders reported that they did not have the necessary infrastructure or resources to address adequately the complexities of the employee experience.⁴ A deficit of this nature, combined with a range of other trends impacting labour markets and employer and board considerations (outlined in Section 2.4), represents an opportunity for employee experience providers to provide solutions which support leaders in simplifying and improving the employee experience.

The employee experience market is a large and growing market, within which Limeade is a leading software provider.⁵ Solution categories within the market include:

TABLE 1: SELECTION OF EMPLOYEE EXPERIENCE SOLUTION CATEGORIES AND SOLUTION EXAMPLES⁶

Solution Category	Summary of solution objectives	Solution example(s)	Limeade Solution Presence
Well-Being	Drive individual and organisational action to improve employees' physical, emotional, financial and work well-being (see below)	Well-being assessments, with results used to provide personalised well-being improvement action plans	✓
Engagement	Measure employee engagement within an organisation and provide actionable insights to improve engagement	Regular engagement surveys to identify key employee trends such as retention risks and disengagement, and to deliver actions to increase engagement	✓
Diversity & Inclusion	Measure and improve a company's actual and perceived levels of organisational inclusion	Enables measurement of employee perceptions of inclusion, using results to enable focused improvement activities and support employee resource groups	✓
Employee Communications	Enable organisations to communicate efficiently and effectively with their employees	Deliver communications to all employees via mobile apps in targeted ways, and to inform or solicit feedback	✓
Learning Experiences	Provide job specific and general learning opportunities for employees	Delivery of online learning videos for valued and relevant skills, with quizzes to confirm comprehension	Growth area ⁷
Goals & Feedback	Track objectives and collaboratively improve employee performance	Platform for employees and managers to measure performance toward personal and organisational goals	Partial coverage currently ⁸

2. Accenture Strategy, "Employee Experience Reimagined", citing Gallup report (2016).

3. Harvard Business Review, "Employee engagement does more than boost productivity" (2013).

4. Sodexo, "2018 Global Workplace Trends" (2018).

5. Bret Starr, "Independent Market Report: Employee Experience Market" (2019).

6. Bret Starr, "Independent Market Report: Employee Experience Market" (2019).

7. Learning functionality is already offered through the Limeade platform, but a dedicated solution for this market is not currently sold separately.

8. Limeade offers surveys to gather employee feedback, but does not currently track employee business goals for all clients.

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Solution Category	Summary of solution objectives	Solution example(s)	Limeade Solution Presence
Rewards & Recognition	Provide financial and non-financial recognition to employees beyond base salary and other employment benefits	Tools to publicly and privately recognise employees and facilitate the provision of associated monetary or non-monetary rewards	Growth area ⁹
Corporate Social Responsibility	Organise and integrate employees' and employers' efforts to have a beneficial impact on society	Software to make participation in social responsibility programs easier and tracking their impact on the company and society	Growth area ¹⁰
Strategic Consulting	Deliver strategic management consulting on organising and implementing employee experience programs and software	Define strategy, conduct research and make recommendations for improving employee experience	See footnote below ¹¹

Note: Well-being is a multifaceted concept that can be broadly summarised as:

- **Physical well-being:** An individual's physical health and lifestyle. Examples include self-care, exercise & fitness, nutrition and health conditions such as diabetes;
- **Emotional well-being:** An individual's mental and emotional health and mindset. Examples include an individual's ability to manage stress, anxiety and depression, be mindful and resilient, have positive relationships and believe in one's abilities (self-efficacy);
- **Financial well-being:** An individual's ability to control finances, handle expenses, understand and cope with financial stressors and reach financial goals; and
- **Work well-being:** An individual's interactions at and perceptions of work. Examples include perceptions of support, sense of purpose and meaning, engagement and job satisfaction.

2.2.2 Market Opportunity

Limeade is an employee experience software provider which focuses primarily on enterprise organisations as its target market, which is defined as organisations employing more than 5,000 employees. However, Limeade also provides solutions to mid-market organisations with 500 – 5,000 employees, largely through its channel partners. Organisations employing over 500 employees represent the target market of Limeade although its solutions are currently implemented for smaller organisations as well.

According to Bret Starr¹² the current market opportunity is estimated to be:

- \$9.1 billion for the employee experience software market for all organisations in the US;
- within that, \$8.0 billion for organisations with 500 or more employees in the US; and
- within that, \$5.7 billion for solutions Limeade currently offers.

Starr estimates that the current market opportunity for the global (including the US) employee experience software market for all organisations, and for organisations with 500 or more employees, is estimated to be approximately twice that of the US.

9. Rewards & Recognition functionality is already offered through the Limeade platform, but a dedicated solution for this market is not currently sold separately.

10. Corporate Social Responsibility functionality is already offered through the Limeade platform, but a dedicated solution for this market is not currently sold separately.

11. Limeade focuses on software solutions and so does not currently have an intention to directly expand into the strategy/consulting category. This is not included in Section 2.2.2 "Market Opportunity" below.

12. Bret Starr, "Independent Market Report: Employee Experience Market" (2019). These numbers exclude Strategic Consulting which is a service not software.

Starr also notes that:

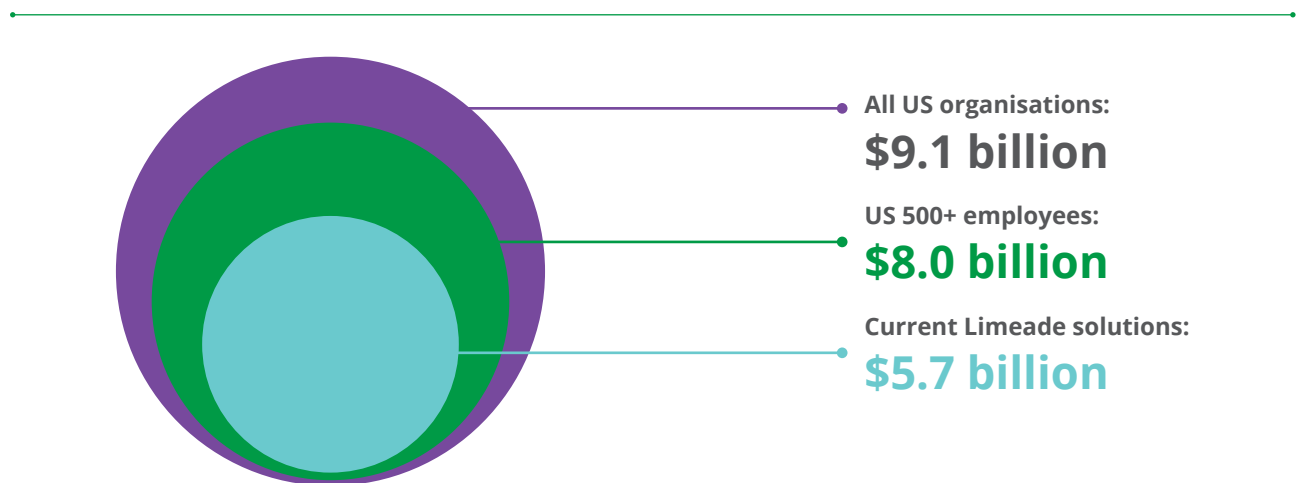
- Globally, the current estimated market opportunity of employee experience software and services is expected to grow by approximately 20% in 2020 and 25% per annum in 2021-2023, as the employee experience industry moves further into mainstream adoption;
- In the global employee experience market there is currently a movement from services to software, with software expected to make up a higher proportion of the market over time; and
- Within the employee experience software market there is a distinction between:
 - the total market opportunity as comprised of multiple independent solution categories, and;
 - the specific market opportunity for integrated employee experience solutions which offer many of the solution categories in a single platform (such as Limeade).

It is estimated that approximately 10% of all current spend on employee experience software is on integrated solutions such as Limeade, with the remaining 90% spread across the multiple, independent solution categories (including the solutions provided by Limeade), and that, as with most developing software markets observed since the 1990s, it is predicted that the majority of employee experience spend will eventually shift from multiple independent solution categories towards integrated platforms.

Limeade believes there is potential for it to participate in growth in the employee experience software market, driven by uptake by enterprise customers of employee experience software offerings, a shift from multiple independent solutions toward integrated platforms, related factors such as software becoming a higher proportion of the total employee experience software and services market over time (as referred to above) and the trends described in Section 2.4 below.

FIGURE 1: ESTIMATED EMPLOYEE EXPERIENCE SOFTWARE MARKET IN THE UNITED STATES (\$)¹³

Estimated market opportunity (\$US)



Note: The figure above represents estimates of annual transaction values in the US for employee experience software, and does not imply that Limeade will achieve 100% penetration of this market.

2.2.3 Organisational benefits of investing in employee experience

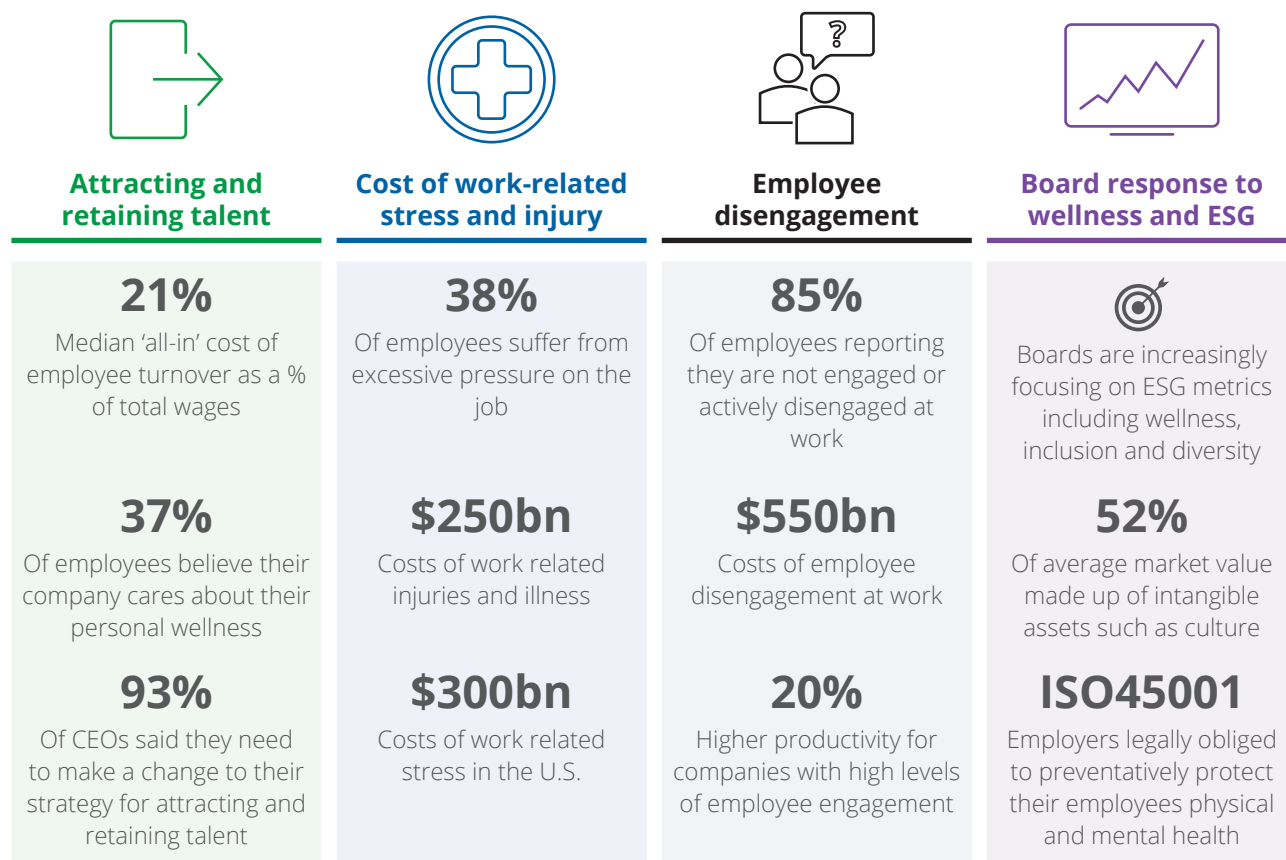
Strong employee experiences can provide organisations with a competitive advantage by positively affecting an organisation's ability to attract and retain talent, boost engagement, improve productivity and reduce absenteeism.¹⁴ Some of the challenges and factors that an improved employee experience can address include those listed in Figure 2.

13. Bret Starr, "Independent Market Report: Employee Experience Market" (2019).

14. Accenture Strategy, "Employee Experience Reimagined", citing Gallup report (2016).

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FIGURE 2: EXAMPLES OF CHALLENGES AND FACTORS ORGANISATIONS SEEK TO ADDRESS THROUGH AN IMPROVED EMPLOYEE EXPERIENCE¹⁵



A strong employee experience can lead to improvements in employee engagement levels. A 2016 study by Gallup found that companies with high levels of employee engagement outperform companies with low levels of employee engagement across a range of relevant employee-related statistics, for example:¹⁶

- 40% lower employee turnover;
- 20% higher productivity; and
- 41% lower absenteeism.

These effects can have material financial impacts on organisations. For example, reducing staff turnover can significantly reduce an organisation's spending on hiring, recruitment and training, and reduce the loss of sources of revenue-generating innovation.

A focus on employee experience can also lead to a range of other direct and indirect non-financial improvements such as:

- Improved customer outcomes (such as customer service, customer satisfaction and customer loyalty);¹⁷
- Addressing "culture risk" (where a weak or broken culture creates serious risks to brand, reputation, and the overall organisation, see Section 2.4.7); and
- Addressing environmental, social and governance (ESG) requirements (see Section 2.4.8).

For further detail on the range of benefits enabled by employee experience solutions, refer to Sections 2.4.2 and 2.4.5.

15. Center for American Progress, "There are significant costs to replacing employees" (2012); Global Wellness Institute, "The future of wellness at work" (2016); PwC, "The talent challenge: Harnessing the power of human skills in the machine age" (2017); Gallup, "The relationship between engagement at work and organisational outcomes" (2016); EY, "Five ways to enhance board oversight of culture" (2019); ESG refers to environmental, social and governance.

16. Gallup, "The relationship between engagement at work and organisational outcomes" (2016), based on a meta analysis across 82,000 business/work units and 1.8m employees which shows the outperformance of top quartile over bottom quartile. Employee turnover based on the average turnover improvement for high and low turnover companies.

17. Limeade Institute, "Employee Engagement White Paper" (2018).

2.3 EMPLOYEE EXPERIENCE PLATFORMS

2.3.1 Overview and benefits of employee experience platforms

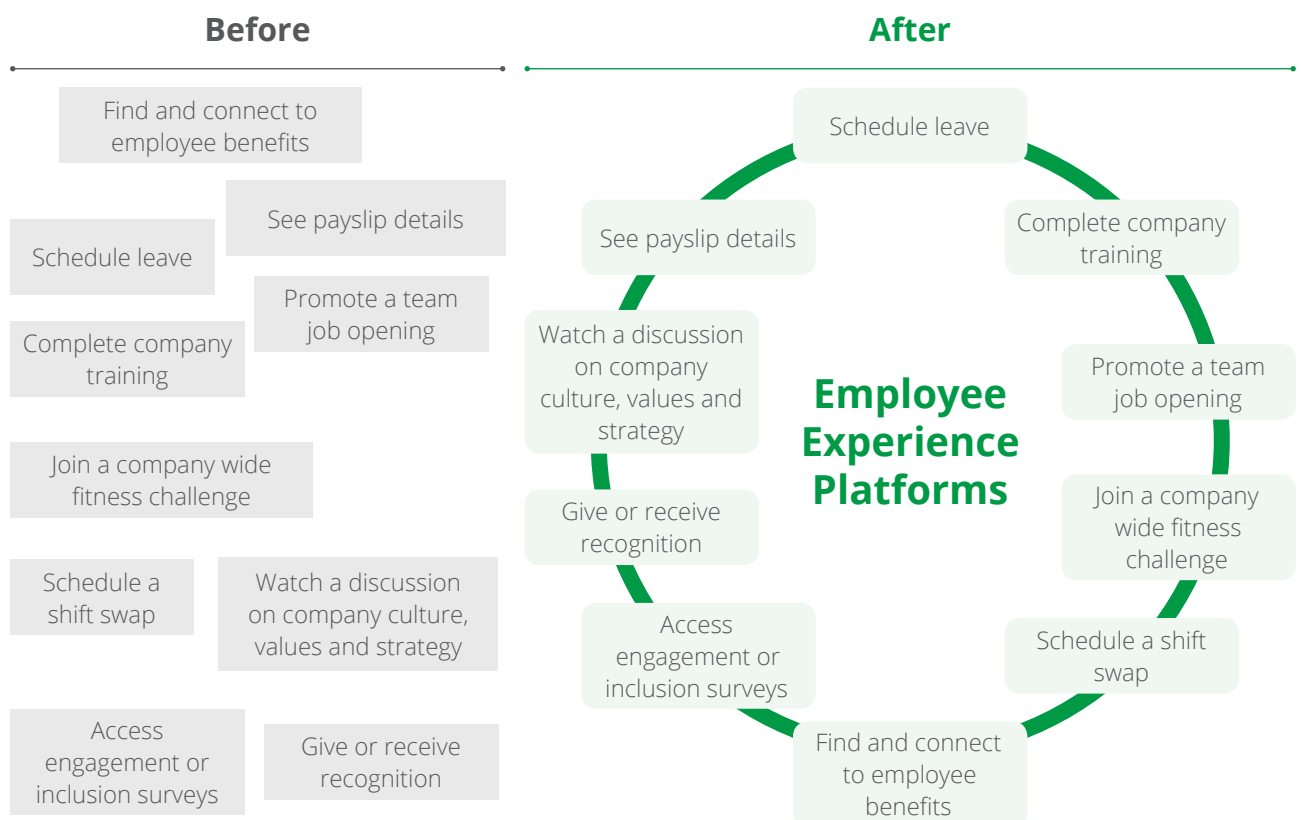
In a recent survey by Sodexo, nearly 80% of executives rated employee experience as very important or important.¹⁸ Despite this, the solutions that can contribute to a positive employee experience have often been fragmented across departments and technology platforms.

This dispersion can create many challenges for organisations which impact employers and employee experience. For example, this can make it difficult for the leaders of an organisation to obtain a whole-company picture of their employees' perceptions of and interactions with the organisation. For employees, dissatisfaction with disparate solutions can lead to lack of use and impact. A recent global study by Sierra Cedar found that overall user satisfaction with existing HR solutions was low, with only 17% of respondents believing that their core HR solutions met company needs, and that the average user experience rating among more than 1,000 talent software companies was only 3.1 out of 5.¹⁹

These challenges have led some industry experts to advocate for companies to consider an employee experience platform as part of their broader corporate strategies. Executed correctly, an employee experience platform integrates a number of separate employee experience solutions, programs, applications and services into a common user interface or interaction model. This can enhance ease of use and employee satisfaction with HR solutions, as well as the employee experience by providing employers and employees with a single point of access for a wide range of valuable and previously disconnected services.

The figure below illustrates examples of capabilities which can be integrated into an employee experience platform.

FIGURE 3: EXAMPLES OF CAPABILITIES WHICH CAN BE INTEGRATED INTO AN EMPLOYEE EXPERIENCE PLATFORM



Key benefits of employee experience platforms over individual or point solutions can include the following:

- **Simplicity:** Improve employee experience by eliminating the need for employees to learn to navigate several different and widely dispersed systems/user interfaces;

18. Sodexo, "2018 Global Workplace Trends" (2018).

19. Sierra Cedar, "2018-2019 HR Systems Survey White Paper".

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- **Consolidation:** Enable leaders to see a whole-company picture of their employees' perceptions of and interactions with the organisation, analyse timely and consolidated data insights and take appropriate action;
- **Efficiency:** Foster cross-departmental collaboration (for example, between HR and IT) to improve departmental efficiency and reduce the cost and time spent developing and integrating multiple solutions, programs, applications and services;
- **Accessibility:** Improve employee experience by allowing employees to access systems at any time and location, on a variety of devices, facilitating workplace flexibility and remote working; and
- **Relevance:** Improve employee experience by providing a solution tailored for each employee, inspiring confidence that organisations understand employees and their needs. Personalised information and actions can be delivered to employees on a confidential basis (where management can only view measured results in aggregate).

2.4 KEY TRENDS IMPACTING THE EMPLOYEE EXPERIENCE INDUSTRY

The employee experience industry is supported by a series of trends relating to attracting, retaining and engaging employees, the financial costs of disengaged employees, increased organisational complexity and organisational focus on ESG issues. Limeade believes that a continuation of these trends will push organisations toward a greater and more innovative focus on employee experience and related platforms and solutions that promote positive interactions with their employees. The following key trends are explored in this section, along with their expected implications for the employee experience industry:

- Expectations of a long term imbalance between talent supply and demand;
- Attracting, retaining and engaging talent becoming a top strategic priority;
- Changing employee expectations driven by ongoing workplace generational change;
- Ongoing challenges and costs of global well-being;
- Increasing number of often separate technology systems used in the workplace;
- Rising importance of timely and actionable insights for employers;
- Growing board and leadership level recognition of the need to focus on corporate culture; and
- Increasing board and leadership level focus on ESG and evolving community expectations of boards.

2.4.1 Expectations of a long term imbalance between talent supply and demand

In the US, where the majority of Limeade current revenue is generated, expectations exist of a long term imbalance between talent supply and demand in the longer term. A study by the American Action Forum has estimated that employers will face a significant shortage of workers over the next decade with a skill shortage that could reach 8.6 million, or 5.6% of the US workforce, by 2029.²⁰

In particular, the increasing automation of unskilled work is expected to contribute to the skilled worker shortage being more severe than the unskilled worker shortage.²¹ A recent study by PwC has shown that 77% of CEOs globally see the lack of availability of key employee skills as the biggest threat to their business and already struggle to find the creativity and innovation skills they need. Further, identified key soft skills such as problem-solving and adaptability were also seen as difficult to find by more than 60% of surveyed CEOs.²²

This trend is consistent with a recent imbalance between talent supply and demand. Since 2010, the growth in job openings in the US has outstripped the growth of hires, and as at Q1 2019, the average job openings rate was 22% higher than the average hires rate. This has been reflected in a more difficult hiring environment for employers, with a recent survey finding that 83% of organisations in the US had difficulty finding suitable candidates in the past 12 months.²³

Limeade believes that if a talent supply-demand imbalance continues in the US, it will drive an increased focus on competition to attract and retain talent, which will provide competitive advantages to companies with superior cultures and employee experiences.

20. American Action Forum, "Projecting future skills shortages through 2029" (2019).

21. The Starr Conspiracy, "Employee Experience Research" (2018).

22. PwC, "The talent challenge: Harnessing the power of human skills in the machine age" (2017).

23. SHRM, "The global skills shortage" (2019).

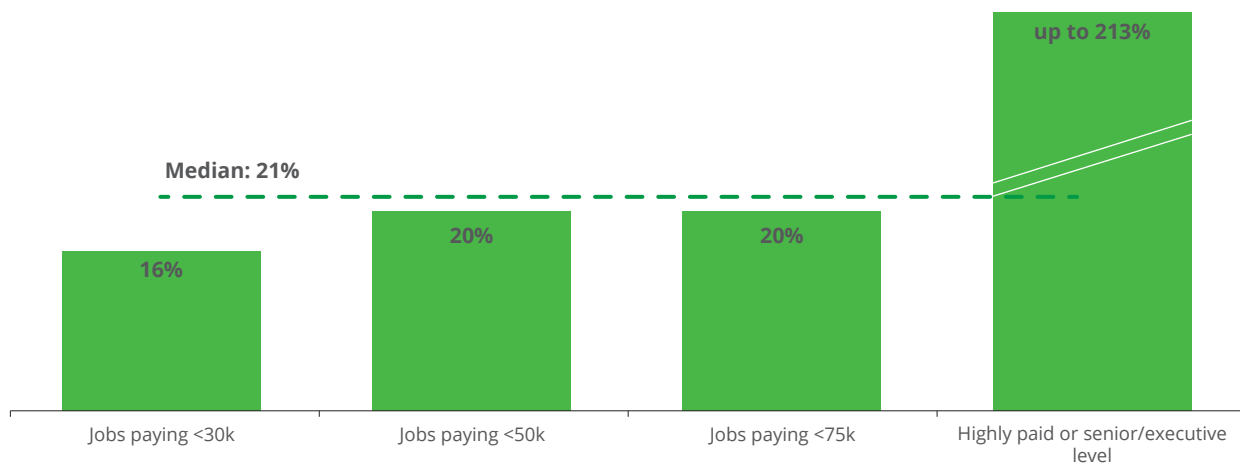
2.4.2 Attracting, retaining and engaging talent becoming a top strategic priority

Business performance can materially benefit from hiring the right talent, with a recent study by McKinsey showing that superior talent can be up to eight times more productive than average talent.²⁴ Access to talent is a key consideration for organisational leaders: in one survey, failure to attract and retain talent was the number one issue for global CEOs – before economic growth and competitive intensity.²⁵

Limeade expects attracting and retaining talent to continue to be a high priority for leaders, particularly in more complex jobs as evolving technology demands more sophisticated skills and as the workforce continues to adjust to long-tenured baby boomers (those born between 1946 and 1964) leaving the workforce²⁶ (discussed in Section 2.4.3 below).

Many organisations have also identified a lack of ability to engage and retain talent at scale. In a 2017 study, Gallup noted that 85% of employees were disengaged at work,²⁷ and in the same year only 7% of Fortune 500 executives believed that they would be able to retain high performers.²⁸ Many organisations spend significant resources to acquire talent or replace lost talent, with the Centre for American Progress reporting in 2012 that the median cost of turnover was 21% of wages (and was significantly higher for highly paid or senior/executive staff) as illustrated in Figure 4:²⁹

FIGURE 4: MEDIAN COST OF TURNOVER ACROSS DIFFERENT PAY LEVELS (AS A PERCENTAGE OF ANNUAL WAGE)³⁰



Failing to retain key talent can have direct financial impacts for an organisation, including replacement costs and loss of productivity for individual roles. Higher turnover can also reduce morale and productivity and potentially increase burnout for remaining employees, which can lead to further financial and non-financial impacts and it is possible for a cycle to develop where this reduced morale and productivity and increased burnout can lead to further talent retention issues.

The effects of a failure to engage employees extend beyond retention related issues. A failure to keep employees engaged can have negative impacts on productivity and absenteeism: disengaged employees in the US were estimated in 2015 to cost their employers \$450-550 billion per year.³¹

Limeade believes that organisations that invest in the employee experience will enhance their ability to attract and retain top talent, with potentially high financial and non-financial rewards from doing so, and that such organisations will continue to consider the solutions offered by the employee experience industry.

24. McKinsey, "Attracting and retaining the right talent" (2017).

25. McKinsey, "Attracting and retaining the right talent" (2017).

26. McKinsey, "Attracting and retaining the right talent" (2017).

27. Gallup, "State of the global workplace" (2017).

28. McKinsey, "Attracting and retaining the right talent" (2017).

29. Center for American Progress, "There are significant costs to replacing employees" (2012), based on 30 case studies taken from 11 relevant research papers published between 1992 and 2007.

30. Center for American Progress, "There are significant costs to replacing employees" (2012), based on 30 case studies taken from 11 relevant research papers published between 1992 and 2007.

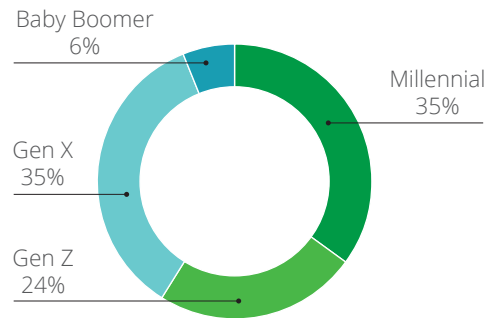
31. Gallup, "State of the American workplace" (2013).

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2.4.3 Changing employee expectations driven by ongoing workplace generational change

The global talent market is undertaking a generational change as the millennial and Gen Z generations enter the workplace and replace retiring baby boomers. Millennials, defined as those born between 1981 and 1996, now comprise more of the workforce than any other generation, and by 2020 are forecast to comprise 35% of the global workforce.³²

FIGURE 5: EXPECTED GLOBAL WORKFORCE BY GENERATION IN 2020³³



Note: Typical generational definitions are as follows: Baby boomers born between 1946 and 1964, generation X born between 1965 and 1980, millennials born between 1981 and 1996, and generation Z born after 1997.

As this transition takes place, companies can face significant challenges in retaining and engaging talent where they find that younger generations are less “loyal” to their organisations than prior generations were. In 2017 it was estimated that workers in the US stay at each job on average for 4.4 years, but the average expected tenure of the youngest workers is about half that.³⁴

Importantly, PwC noted in 2019 that millennial employees were more willing to speak up about their dissatisfaction and leave an organisation when their concerns were not addressed.³⁵

This generational shift is also leading to shifts in the ways in which organisations seek to attract talent. The rise of the “information age” often means that potential employees have access to a wide range of information sources from which to research employers before applying or joining. As a result, in order to compete for and retain talent (the benefits of which are discussed in Section 2.4.2), employers may seek to structure their workplaces to meet employee experience expectations in order to influence how employees think and talk about their employers.

Research has indicated that key expectations of employers listed by the millennial and Generation Z generations include:

- Clear goals and real time feedback to help them advance;³⁶
- Modern workplace technology that meets the digital generation’s expectations;³⁷
- Recognition and respect from colleagues and managers;³⁸
- An inclusive and diverse workplace and positive working culture;³⁹ and
- Alignment to a primary purpose which allows them to use their skills to benefit a cause;⁴⁰

Limeade believes that the challenge of attracting, engaging and retaining millennial and Gen Z employees will continue to lead organisations towards innovative solutions to improve the employee experience.⁴¹

32. PwC, “The impact of millennials on the workplace” (2019).

33. ManpowerGroup, “Millennial Careers: 2020 Vision” (2016).

34. McKinsey, “Attracting and retaining the right talent” (2017) citing The Bureau of Labor Statistics.

35. PwC, “The impact of millennials on the workplace” (2019).

36. Kronos, “The next generation is here: Hopeful, anxious, hardworking and searching for inspiration” (2019).

37. Kronos, “The next generation is here: Hopeful, anxious, hardworking and searching for inspiration” (2019).

38. Kronos, “The next generation is here: Hopeful, anxious, hardworking and searching for inspiration” (2019).

39. Network of Executive Women and Deloitte LLP, “Welcome to Gen Z” (2019).

40. Korn Ferry Institute, “Millennials: The Purpose Generation” (2019).

41. Network of Executive Women and Deloitte LLP, “Welcome to Gen Z” (2019).

2.4.4 Ongoing challenges in and costs of global well-being

The global workforce is facing a range of well-being challenges. The Global Wellness Institute (GWI) reported that:

- 52% of adults were overweight or obese, 38% suffered from excessive pressure at work, and 76% were 'struggling or suffering' in their physical well-being; and
- At the same time, the workforce was growing older, with 18% of the labour force estimated to be over the age of 55 by 2030, which is likely to lead to further declining physical well-being in the workforce.⁴²

These challenges are resulting in significant costs to organisations and the economy as a whole: the economic burden of unwell workers, in terms of both medical expenses and lost productivity, has been estimated by GWI to reach 10-15% of global economic output, and the costs of chronic disease, work-related injuries and illness, stress and disengagement has been estimated by GWI to be more than \$2.2 trillion each year in the US.

In the face of these significant costs, many governments and organisations are focusing on reversing the trend of declining well-being. GWI expects the "work wellness" movement to gain momentum over the next five to ten years, with governments expected to become more aggressive in mandating wellness/well-being programs and employers expected to adopt cultures more supportive of employee well-being to attract and retain talent.⁴³

2.4.5 Increasing number of often separate technology systems used in the workplace

A contemporary workforce will often require employees to take on new roles and be on-boarded to their associated software systems. This, when combined with an expanding portfolio of technologies and applications used by organisations, can bring complexity to the workdays of employees who are required to learn new sets of systems and processes. This can adversely impact employee productivity: despite the proliferation of digital workplace tools, productivity in most developed countries is only increasing at a modest pace.⁴⁴ At an employee level, research in 2019 found that 27% of employees believed they wasted an entire day a week on irrelevant emails and messages.⁴⁵

This "productivity and experience" challenge can be exacerbated by the use of multiple "siloed" employee experience solutions which add to the burden on employees to learn multiple systems and can lead to low employee awareness, discovery and use of products.

Limeade believes the challenges presented by "siloed" solutions, including employees needing to navigate multiple disparate systems, can drive employee dissatisfaction and hinder decision making for leaders, and will support a shift in the employee experience industry towards a preference for more integrated platforms, with a common user interface for employees and their employers. See Section 2.3.1 for an outline of the benefits of integrated employee experience platforms.

2.4.6 Rising importance of timely and actionable insights for employers

Organisations can benefit from actionable, timely information to help them react to and proactively manage the employee experience. A Deloitte study found that 79% of organisations survey their employees only once a year or less frequently,⁴⁶ which can lead to responses and actions that occur based on limited data and with low frequency.

As technology continues to evolve, advanced analytics can help employers proactively manage the employee experience at both a company and individual level. For example, employers may identify groups of employees at risk of burnout (a feature pioneered by Limeade) and be prompted to act to reduce this risk and the associated health and turnover risks, and to monitor these risks over time.

Further, while *identifying* employee issues is important, a failure to *address* the identified issues can have negative impacts on employee engagement and experience. Conducting engagement surveys can be perceived as a promise to take action on the trends which emerge, and failing to react can lead to employees feeling betrayed or believing their leaders do not care for their opinions.⁴⁷ As a result, employers can benefit from employee experience platforms and solutions that help them respond to identified issues in a timely and effective manner.

42. Global Wellness Institute, "The future of wellness at work" (2016).

43. Global Wellness Institute, "The future of wellness at work" (2016).

44. Josh Bersin, "The employee experience platform market has arrived" (2019).

45. Josh Bersin, "The employee experience platform market has arrived" (2019), based on a survey of 2,049 business professionals including employees from Europe, Australia, India, Singapore and Hong Kong.

46. Deloitte University Press, "Rewriting the rules for the digital age: 2017 Deloitte Global Human Capital Trends" (2017).

47. Forbes, "This mistaken belief is ruining most employee engagement surveys" (2018).

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2.4.7 Growing board and leadership level recognition of the need to focus on corporate culture

The market is also shifting to greater governance and board focus on corporate culture,⁴⁸ which can be a fundamental source of company value. Today, company value is defined less by industrial-era physical assets like plant and equipment and more by information-age human capital. Intangible assets generated from sources such as talent and culture now average 52% of an organisation's market value (and in some sectors as much as 90%), which is higher than any point in modern history and is likely to continue to increase.⁴⁹ Employers see strong, positive corporate culture as a key asset, and a weak or broken culture as one that puts at risk brand, reputation and other factors which can cause direct and indirect financial damage to the organisation.⁵⁰ This increasing market focus is reflected in the opinions of proxy advisors, who have recently released statements stressing the importance of corporate culture and the role of the board in assessing and monitoring their organisation's culture.⁵¹

In Australia, the final report of the recent Financial Services Royal Commission highlighted the importance of culture and recommended that all financial institutions should take proper steps to assess, identify and adequately address problems with culture and governance (as often as reasonably possible).⁵² In the US, the National Association of Corporate Directors (**NACD**) has labelled culture as a powerful source of competitive advantage. The NACD has also stated that, because of its significant interdependencies with strategy and risk, active monitoring of culture is a full board responsibility, and that directors should take a forward-looking, proactive approach to culture oversight that is comparable to leading practices in the management and oversight of risk.⁵³

For these reasons, board oversight of culture is a growing priority in many boardrooms. Boards are seen by investors and the general public as playing a critical oversight role for culture risk, and are being held accountable for problematic company cultures which have created dysfunction throughout organisations, risk to critical assets and destruction of shareholder value.⁵⁴

Limeade believes that a fundamental shift in governance to focus more on positive, sustainable, fair, inclusive, caring and engaging corporate culture will drive greater consideration by organisations of the solutions offered by employee experience solution providers.

2.4.8 Increasing board and leadership level focus on ESG and evolving community expectations of boards

Experts have noted that companies and those traditionally viewed as their key stakeholders (employees, customers and shareholders) are increasingly focusing on ESG (environmental, social and governance) metrics with the underlying belief that ESG drives business results.⁵⁵

- **Environmental criteria** consider how actions of an organisation impact the environment;
- **Social criteria** examine how the organisation manages relationships with employees, suppliers, customers and communities; and
- **Governance criteria** measure the strength of an organisation's governance including internal controls, audits, leadership structure and shareholder rights.

Further, global governance experts believe that the responsibility of listed company boards is changing to consider the interests of a broader group of stakeholders to optimise for longer-term value delivery. Boards in more countries are expected by investors and the general public to have employee-appointed directors (which is a model favoured in Germany and some Nordic countries), and communities are now often expecting boards to consider the needs of employees, customers, suppliers, the public and other stakeholders, many of whom do not have equity or voting rights in the organisation.⁵⁶

Limeade believes that an expansion of those commonly considered as company stakeholders and the increasing board and leadership level focus on ESG will increase focus on the employee experience.

48. EY, "Five ways to enhance board oversight of culture" (2019).

49. EY, "Five ways to enhance board oversight of culture" (2019).

50. Deloitte, "Corporate culture risk and the board" (2018).

51. State Street Global Advisors, "Aligning corporate culture with long term strategy" (2019).

52. Financial Services Royal Commission Final Report.

53. National Association of Corporate Directors, "Culture as a Corporate Asset" (2017).

54. Deloitte, "Corporate culture risk and the board" (2018).

55. Robert Eccles (Professor of management practice at the University of Oxford), "Why it's time to finally worry about ESG", Harvard Business Review (2019).

56. Australian Institute of Company Directors, "ESG shaping future of governance model" (2018), citing Head of Corporate Governance, Institute of Directors UK.

2.5 COMPETITIVE LANDSCAPE

2.5.1 Market Overview

As discussed in Section 2.2.1, employee experience market participants include both software and service providers. In addition to this, competitors can range from large global enterprises to small companies that focus on particular geographical areas, industry sectors or solution categories.

Many software providers' core business competencies are focused within a specific solution category, meaning that significant competition can exist for solutions within a specific solution category. However, few businesses offer employee experience solutions across multiple solution categories, which may present a competitive advantage for providers which provide the key elements of employee experience through a single platform.⁵⁷

A range of key US participants in each solution category,⁵⁸ with varying ability to deliver the differentiators listed at the end of this section, are presented below:

FIGURE 6: EXAMPLE MARKET PARTICIPANTS

Solution Category	Example Companies
Well-Being	<ul style="list-style-type: none"> • Castlight • Evive • Virgin Pulse
Engagement	<ul style="list-style-type: none"> • Gallup • Glint • SAP Qualtrics
Diversity & Inclusion	<ul style="list-style-type: none"> • N/A⁵⁹
Communications	<ul style="list-style-type: none"> • Dynamic Signal • SocialChorus • Staffbase
Learning Experiences	<ul style="list-style-type: none"> • Cornerstone OnDemand • Degreed • Udacity
Goals & Feedback	<ul style="list-style-type: none"> • 15Five • Betterworks • Reflektive
Rewards & Recognition	<ul style="list-style-type: none"> • BI Worldwide • O.C. Tanner • WorkHuman

The above list does not purport to be complete, representative, global or prioritised. Other providers operate in each category. Some of the above may operate or be seeking to operate across more than one category or be involved in other industries.

57. Bret Starr, "Independent Market Report: Employee Experience Market" (2019).

58. Note participants may operate in more than one solution category.

59. Limeade has observed that it primarily competes with training and consulting providers in the Diversity & Inclusion market.

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Participants can seek to differentiate themselves in a number of ways, including:⁶⁰

- **Focus on a specific solution category or niche** and deliver point solutions, leaving employers to coordinate and integrate them;
- **Offer breadth of coverage** *within* a solution category (for example, covering physical, emotional, financial and workplace aspects of well-being, and how organisations can systematically support employees);
- **Offer breadth of coverage** *across* solution categories (for example, covering well-being, engagement, diversity & inclusion and communications). This includes the **integration of** data and user interfaces across employee experience solutions;
- **Deliver value through insights** provided to employees, managers and leadership from employee feedback and interaction information;
- **Ability to deliver targeted actions** to employees, managers and leadership based on factors such as extensive applied science, industry research, machine learning, business strategy or employee choice; and
- **Ability to handle large, complex, global clients** which can include considerations such as global IT infrastructure, data privacy compliance and language availability.

2.5.2 Competitive dynamics

Participants in the various solution categories which collectively make up the employee experience industry compete on a range of factors. These factors can also affect the ability of new market participants to enter the employee experience industry. These factors include:

- **Reputation and demonstrated client value:** Demonstrating previous product success, customer satisfaction and material improvements in key engagement, retention, cost saving and other business metrics for a range of previous clients to help potential customers understand the potential value from the solutions offered;
- **Platform integration capabilities:** Integrating seamlessly with an organisation's software and IT infrastructure, across a range of employee experience categories, and with a wide number of third-party products and services for employees (which may reduce setup costs and improve employee use);
- **Insight and analytics capabilities:** Providing timely, actionable, data-driven insights and recommending actions to improve the ability of organisations to take both proactive and reactive measures to improve the employee experience;
- **Product/user experience (UX) design:** Providing a seamless user experience with high uptake, ongoing participation and satisfaction levels amongst employees;
- **Research capabilities and employee expertise:** Possessing strong internal research capabilities (for example in organisational psychology, behavioural economics, health & well-being, employee engagement, inclusion and employee experience) to support high-quality, research-based employee experience insights and solutions;
- **Leveraging proprietary research and large data sets to understand and drive employee actions:** Using a combination of user data, scientific research, machine learning and experience (all of which can take time to develop) to continually refine solutions and provide valuable insights and action plans for organisations and their employees;
- **Length of customer relationships:** Long-term customer relationships allow providers to build a strong track record with organisations, and present an opportunity to offer additional products over time; and
- **High switching costs:** The cost of switching between providers, both in terms of integrating new platforms into company systems and encouraging employees to adopt new, unfamiliar systems can deter companies from regularly switching between providers.

60. This list may not be mutually exclusive or collectively exhaustive.

2.6 REGULATION

Limeade is subject to certain laws and regulations in the US and around the world that involve matters central to its business, particularly laws and regulations relating to data security, personally identifiable information, protected health data, privacy, anti-corruption, intellectual property and taxation. Many of these laws and regulations are still evolving and being tested in courts and their interpretation and application are therefore subject to uncertainty.

In particular, compliance with data protection and privacy laws is important for Limeade in light of the sensitive and confidential nature of information which its platform and services process, including the personally identifiable information and in some cases protected health data of the users of the Limeade platform, solutions and services.

In the US, when Limeade is providing its services to a customer that is a Covered Entity (as that term is defined in the US Health Insurance Portability and Accountability Act HIPAA), such as a health plan, Limeade is considered a Business Associate of the Covered Entity and HIPAA limits the permissible uses and disclosures of user-protected health information by Limeade.

In addition, in the European Union, Limeade must comply with the General Data Protection Regulation, (**GDPR**) which became effective in May 2018, with respect to its processing of the personal data of users of its services who are residents of the European Union. In this instance, Limeade is typically a processor of data acting upon the instructions of a data controller. The GDPR subjects Limeade to a range of compliance obligations.

Given the global operations of the business, Limeade is also required to comply with anti-corruption laws, including the US Foreign Corrupt Practices Act of 1977, as amended, and the UK Bribery Act 2010.

Proposed and new legislation may significantly affect the Limeade business or impose new obligations in areas affecting the Limeade business. For example, the California Consumer Privacy Act, (**CCPA**) is expected to become effective on 1 January 2020 and imposes numerous obligations relating to the protection of consumer data.

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COMPANY OVERVIEW

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3.1 OVERVIEW OF LIMEADE

3.1.1 Overview

Limeade is a leading provider of cloud-based employee experience software solutions (Limeade Well-Being, Limeade Engagement, Limeade Inclusion and Limeade Communications) which are delivered through a single, integrated technology platform (**Limeade platform**). Limeade has over 230 employees and is headquartered in Bellevue, Washington State, US, with offices in Canada and Germany.

The Limeade software solutions are sold under a subscription-based revenue model to organisations. Limeade had CARR (being “contracted annual recurring revenue” which represents the total value of contracted revenue at a point in time, expressed on an annualised basis. See Section 4.2.4) of \$53.4 million as at 30 September 2019. Limeade has 176 organisations as customers (as at 30 September 2019), with over 2.4 million users located in the US and approximately 100 other countries. While its target market includes enterprises with 500 or more employees, Limeade targets its sales and marketing efforts towards larger enterprise customers who have thousands of employees.

Through its software solutions, Limeade helps organisations better care for their employees. Limeade believes that, when organisations invest in their employees, it is easier for them to attract, retain and engage employees and enable employees to perform better. According to Limeade Institute research, employees who perceive that their employers care are ten times more likely to recommend their companies as great places to work than employees who do not.¹ Limeade solutions are designed to elevate the employee experience and infuse care across all levels of an organisation.

Limeade solutions incorporate leading organisational science insights from its Limeade Institute, led by Chief Science Officer, Laura Hamill, Ph.D. (see Section 3.2.2). The Limeade Institute is a department of Limeade that conducts primary and secondary research² into a number of focus areas related to enhancing the employee experience, including performance, culture, well-being, employee engagement, inclusion, care, rewards psychology and burnout. As discussed in Section 3.2.3, Limeade also integrates with numerous third-parties to offer their products to customers and their employees in order to provide a holistic range of solutions to address a variety of individual and organisational needs (refer to Section 3.2.3).

Limeade generates revenue through the sale of its software solutions to customers via the cloud under a subscription-based revenue model, as well as the sale of third-party products and services (as discussed further in Section 3.4).

3.1.2 Company history

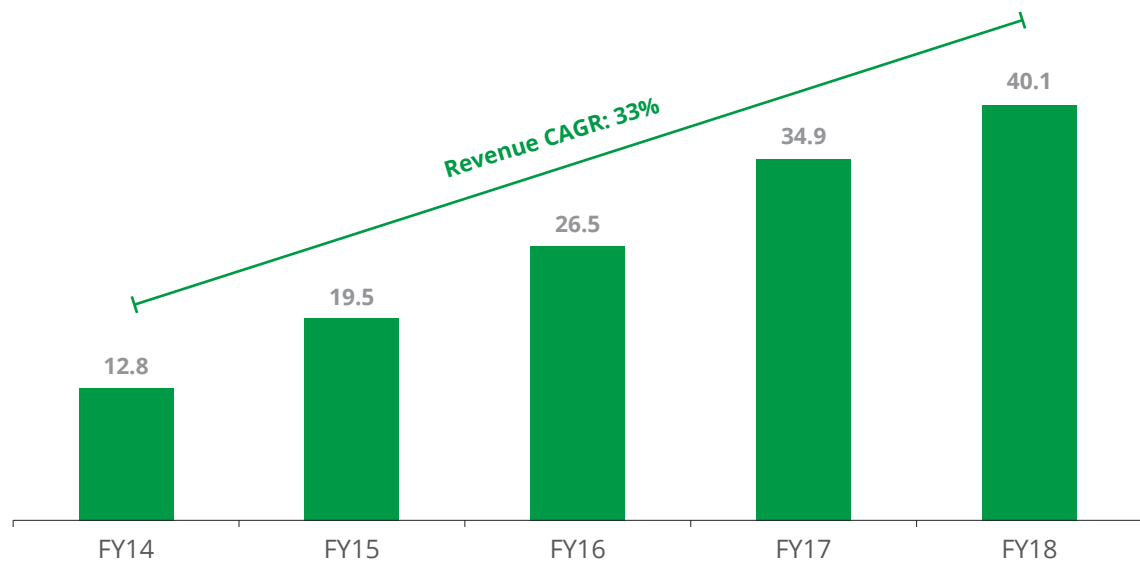
Limeade was founded by CEO Henry Albrecht. Henry and his co-founders, Laura Hamill, Ph.D. and Erick Rivas, established the company with the mission: Improve well-being in the world. Between 2007 and 2017, Limeade combined concepts of holistic employee well-being and employee engagement in a common platform and solution, called Limeade. In 2018, after years of planning and development, Limeade renamed its original solution Limeade Well-Being and added three new solutions: Limeade Engagement, Limeade Inclusion and Limeade Communications. This was undertaken to acknowledge the scientific, statistical, cultural, organisational and technical connections between these related domains, and observed market demand for a more integrated employee experience technology platform (refer to Section 2.2.1).

To further this strategy, in 2018 Limeade acquired Germany-based Sitrion. The Sitrion team brought significant expertise to Limeade along with its employee communications platform which provided additional capabilities to enhance the employee experience, including benefits search, social recognition, communications and chat. Sitrion capabilities complemented the existing Limeade platform and solution and expanded the Limeade global customer footprint further into Europe. Limeade has experienced strong and consistent revenue growth to date, which has grown at a CAGR of 33% between FY14 and FY18.

1. Science of Care, Limeade Institute (2019).

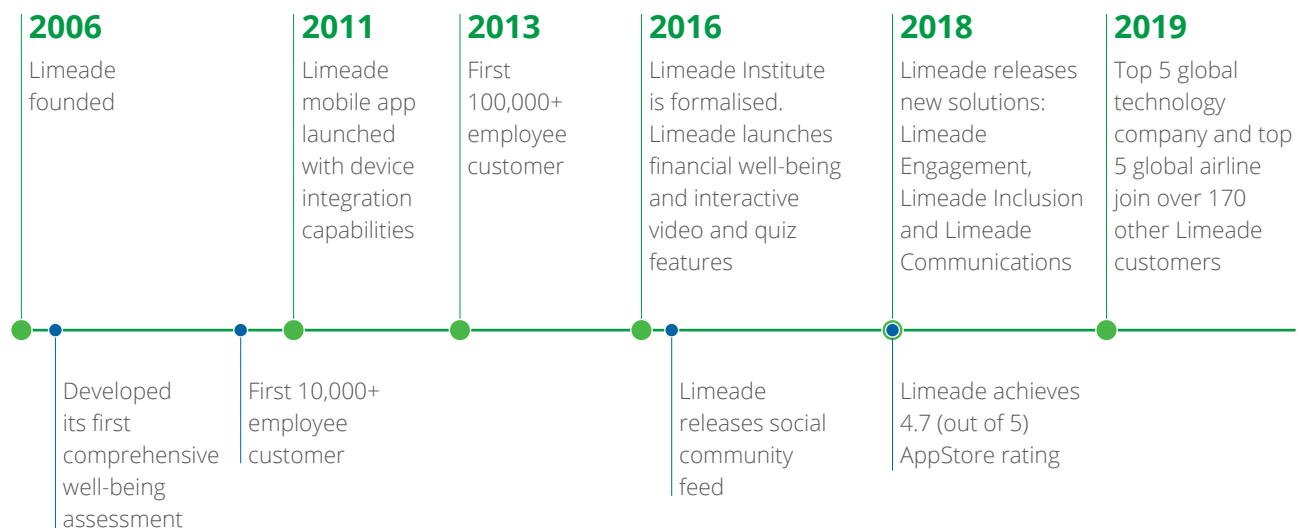
2. Primary research involves the collection and analysis of primary data. Secondary research involves the summary, collation and/or synthesis of existing research.

FIGURE 7: LIMEADE HISTORICAL REVENUE GROWTH (\$ MILLIONS)



Limeade has operated a capital-efficient business model, having only raised \$34 million since inception. As at 30 September 2019, Limeade has invested approximately \$74 million in product development since 2006. A total of \$44 million is expected to have been invested since 1 January 2017 to the end of FY19, a portion of which includes investment to integrate Sitrion capabilities into the Limeade platform, allowing Limeade to provide a connected user experience across its entire suite of software solutions. Limeade believes investments in its technology platform and sales and customer success capabilities enhance its potential to achieve further growth within the broad global employee experience software platform market, as well as the specific markets for individual employee experience categories (refer to Section 2.2.1).

FIGURE 8: TIMELINE OF SELECT LIMEADE MILESTONES



Limeade invests in its own organisational culture, which has been recognised through a number of awards, including:

- #1 Best Workplace in Washington by Puget Sound Business Journal (2015)
- 425 Magazine's "Best Medium Business" (2014)
- Deloitte Technology Fast 500 – Fastest Growing Technology Companies in North America (2017 and 2018)
- Entrepreneur's Top Company Cultures (2015)
- Great Place to Work and Fortune 100 Best Small & Medium Workplaces (2017)
- Great Place to Work and Fortune 100 Best Workplaces in Technology (2018)
- Great Place to Work and Fortune 100 Best Workplaces for Women (2015)

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- Greatist's "Healthiest Workplaces" (2014)
- Finalist for EY Entrepreneur of the Year, Henry Albrecht (2015, 2016 and 2019)
- HR Tech Top 100 Influencers, Laura Hamill (2019)
- Inc. 5000 List of America's Fastest Growing Companies (2015, 2016, 2017, 2018 and 2019)
- Seattle Business Magazine's 100 Best Companies (Hall of Fame for five consecutive years) (2015-2019)

3.2 LIMEADE SOLUTIONS

3.2.1 Overview

Limeade offers an integrated employee experience platform that connects its purpose-built solutions to address employee well-being, engagement, inclusion and communications needs. 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 Limeade platform provides employees with common interfaces to access a wide range of personal and professional services and applications. All solutions have been designed to provide a mobile app, mobile web and desktop web end-user experience that are device-agnostic and able to connect organisations and their employees in a variety of ways.

Limeade solutions have been designed on the premise that organisations struggle not only to measure the employee experience, but also to apply data-driven insights to assist them in attracting, retaining, engaging and developing their employees. Limeade solutions measure and analyse key data collected through employees' interactions with its software to help organisations proactively enhance workplace culture, and drive employee retention and performance. Limeade anonymises employee data that is presented to managers and leaders to respect employee data protection and privacy and to encourage employee participation.

Limeade sold and marketed "Limeade" – its previous standalone well-being and engagement solution until September 2018. It subsequently released Limeade Engagement, Limeade Inclusion and Limeade Communication, which were integrated into the Limeade platform in 2019. In 2019, it also rebranded what had been called "Limeade" to Limeade Well-Being, adding new features and capabilities on an ongoing basis.

As a provider of well-being solutions since 2007, Limeade has accumulated an extensive data set on the factors that impact employees' emotional, physical, financial and workplace well-being (including employee engagement, burnout, turnover likelihood and other factors). This data has informed the research underpinning the ongoing development and delivery of the Limeade platform and solutions.

Limeade is able to integrate its platform with customers' existing HR systems and other third-party programs and applications through a variety of application programming interfaces (APIs), providing end-users with a seamless, single access point for many aspects of the employee experience and interactions within their organisation.

Certain Limeade solutions are currently available in up to 14 different languages (with varying amounts of translation features currently available under different solutions) and have employee users in over 100 countries.

FIGURE 9: LIMEADE PLATFORM SOLUTIONS

Solution	Objective	Select Features
 Well-Being	<ul style="list-style-type: none"> Improve whole-person (physical, emotional, financial and work) well-being and provide whole-company and whole-ecosystem support 	<ul style="list-style-type: none"> Limeade Well-Being assessment Well-Being activities and challenges Predictive analytics and dashboards Personalised employee experience
 Engagement	<ul style="list-style-type: none"> Measure employee engagement and drive action to improve it 	<ul style="list-style-type: none"> Flexible, research-based surveys Real-time dashboards providing leaders and managers with actionable insight reports Evidence-based activities to improve engagement Tools to indicate employee burnout levels
 Inclusion	<ul style="list-style-type: none"> Build and sustain an inclusive workplace environment 	<ul style="list-style-type: none"> Baseline and check-in surveys to gauge employee perceptions of culture and inclusion Targeted activities designed to build inclusive habits across the workplace Insights dashboard to measure employee perceptions and track progress over time
 Communications	<ul style="list-style-type: none"> Reach every employee with relevant communications 	<ul style="list-style-type: none"> Intuitive authoring environment for generating communications Secure chat and integrated communications at the company, division, team and group levels Human resources self-service tools and integrations Employee recognition tools

3.2.1.1 Limeade Well-Being

As discussed in Section 2.4.4, employee well-being is an increasing focus area for businesses seeking to improve the employee experience and drive retention, engagement and performance.

Limeade defines well-being as a state of feeling good and living with purpose. The Limeade Well-Being solution enables customers and their employees to measure well-being in a holistic way. This includes measuring a select set of statistically valid predictors of well-being in an aggregate index or score. Examples of such predictors include resilience, the ability to manage stress, positive relationships, mindfulness, exercise & fitness, nutrition, job satisfaction, personal growth and self-care. Using these insights, Limeade Well-Being empowers employees and managers to better understand and act on the key factors influencing physical, emotional, financial and workplace well-being.

The Limeade Institute has conducted extensive research, which has found that that an employee's level of individual well-being is a key driver of engagement at work. For example, data from Limeade Institute research and Limeade customers has shown that, in the US:

- employees who report higher levels of well-being are four times less likely to be disengaged than the US average:³
- customers' employees who do not use Limeade are three times more likely to turn over than employees who are active users⁴ (defined as users who interact electronically with the Limeade platform on a given day and participate in either direct or third-party activities); and
- employees who report having a high level of well-being and engagement on average miss 70% fewer work days because of poor health over the course of a year.⁵

3. Based on Limeade customers self-reporting 4% of employees as being disengaged (based on responses to survey questions), relative to the US average of 16% as reported by Gallup. The study sample included responses from over 474,000 employees eligible to participate in a well-being program that was offered by organisations with more than 1,000 eligible employees (n=176). Final analysis conducted on over 155,000 employee participants. Sandhu, R., Tillmann, J. & Hamill, L. S. (April, 2019).

4. Based on a sample from existing customers that included over 539,000 employees eligible to participate in a well-being program. Organisations represents in the analyses ranged in size from 1,000 to over 20,000 eligible employees and belonged to a range of industries across healthcare, retail and technology. Program participation was measured by the number of challenges that employees accepted, and employees were grouped according to their overall participation. Smith, A., Maykovich, K., Tillmann, J., Lopez, S., Sandhu, R., & Hamill, L. (April, 2018).

5. Gallup (October 2015).

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The Limeade Well-Being solution enables employees and their organisations to assess, track and act to improve well-being by leveraging data from regular assessments, fitness device trackers, blood-derived biometric health indicators (with tests delivered through third parties such as Quest Diagnostics) and other factors. Limeade Insights dashboards analyse, interpret and present data collected to provide customers with insights into well-being drivers, employee engagement and turnover risk.

The Limeade Institute has designed a proprietary library of over 700 activities, which are complemented by third-party activities provided by partners and content providers, to build recommended employee action plans. Examples of the types of activities that the Limeade Well-Being solution provides to customers include:

- personal activities to boost emotional morale, including breaks from technology devices and group and individual volunteering;
- financial well-being content and activities, helping users to better manage their personal finances;
- team and personal fitness challenges such as step tracking and positive sleeping habits; and
- professional action plans and techniques to boost motivation at work.

FIGURE 10: EXAMPLE OF LIMEADE WELL-BEING ACTIVITIES AND DASHBOARD USER INTERFACES



Encompassing a whole-person, whole-company and whole-ecosystem approach (as described in Table 2 below), the Limeade Well-Being solution focuses upon improving many aspects of employee well-being through a variety of features as outlined below.

TABLE 2: LIMEADE WELL-BEING FEATURES

	Feature	Description
Whole Person	Assessments, pulse surveys and integrated insights	<ul style="list-style-type: none"> • Limeade Well-Being Assessment: a comprehensive survey to measure a range of statistically significant predictors of human well-being. • Pulse surveys: shorter surveys to help employers see employee and culture insights.
	Activities and challenges	<ul style="list-style-type: none"> • Activities and challenges: customers receive access to the Limeade activity library that features hundreds of personal and social activities, challenges and interactive learning. Limeade can also integrate customer-specific content as required. • Points and rewards: employees earn points and rewards by completing activities and challenges. Gamification⁶ of activities is designed to assist in improving employee adoption and workplace engagement outcomes. • Device integration: Limeade Well-Being aggregates data from multiple wearable devices to allow individual tracking of steps, exercise minutes, sleep and other factors. This also allows employers to facilitate company-wide activity challenges.
Whole Company	Company-wide activities	<ul style="list-style-type: none"> • Featured activities: highlights company-wide initiatives and provides sign-up/participation details to employees. • Company-wide activities: ability to create featured activities around key HR initiatives (e.g. manager training on inclusion) or executive led initiatives (e.g. company giving campaign, volunteerism, safety). • Communications and outreach: provide push notifications to employees, and flexible tools for customers to send tailored and targeted communications, including activities targeting managers and champion networks.⁷
	Predictive insights and analytics	<ul style="list-style-type: none"> • Engagement dashboard: a set of engagement measurement tools that provides real-time analysis of data (for example, overall levels of employee engagement, year-over-year changes, heat maps by group and burnout indicators). • Turnover dashboard: organisations can review and manipulate interactive charts in the dashboard to understand population turnover trends in different departments and offices across multiple countries. • Program summary dashboard: view and measure daily metrics related to participation, achievement, well-being and satisfaction.

6. Gamification is the application of game-design elements and game principles in non-game contexts.

7. Network of employees within an organisation who take the lead in driving internal, organisational change initiatives.

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Feature	Description
Third-party networks	<ul style="list-style-type: none"> • Limeade third-party network: services of selected third parties are offered through the Limeade platform. These include mindfulness, resilience, lifestyle coaching, health concierge services, fitness tracking, financial counselling, biometric measurement, vaccinations, self-care and employee rewards. Examples include Fitbit, Whil, Quest Diagnostics and Zipongo. • Third-party APIs: Limeade has developed APIs to enable integration with the Limeade platform by a range of third-parties and programs which can be then be accessed by organisations and their employees. APIs support integrations with a wide variety of HR and other systems at the authentication, data and user interface levels.⁸ • Integration center: integration center expedites the third-party product provider onboarding process. • Activity Center: allows customers and Limeade service employees to launch activities to customer's employees.

Whole Ecosystem

3.2.1.2 Limeade Engagement

Limeade defines employee engagement as a deep connection and sense of purpose at work that creates extra energy and commitment. Employee engagement is a significant driver of employee performance, productivity and turnover,⁹ with the potential for meaningful impact on overall business performance.¹⁰ Research by the Limeade Institute has found that engaged employees are more likely to exhibit additional:¹¹

- Persistence: working harder over longer periods of time, with increased commitment to overcome challenges that may arise;
- Initiative: employees acting in advance of manager's instructions;
- Adaptability: being dynamic in changing work and team environments through adaptability, creativity, learning and an ability to deal with unpredictable situations; and
- Role expansion and understanding: putting greater effort into finding solutions for issues that fall outside of an employee's traditional scope of work.

Aon reports that for every 1% increase in employee engagement (as reported by employees through relevant engagement surveys), based on the above and other factors, employers have experienced a 0.6% increase in company revenue.¹²

The Limeade Engagement solution uses insights and data collected from 58 research-based survey items (survey questions) to create engagement-focused action plans for organisation leaders, managers and employees. These evidence-based action plans are comprised of activities designed to help employees develop a connection to their workplace that may lead to higher overall levels of commitment. Examples of the types of activities that the Limeade Engagement solution provides to customers include:

- Activities to support managers and leaders, helping to encourage innovation and providing tips on identifying team members at risk of burnout; and
- Activities to support individuals, including content on how to better understand professional and workplace expectations and tips on relaxation, how to de-stress and how to be more productive at work.

8. Refers to critical employee data such as name, date of birth, hire date, role and title, employment status (e.g. contractor, part-time or full-time employee), department, office location and other information relevant to the employee and employer.

9. SHRM Research Quarterly, Leveraging Employee Engagement for Competitive Advantage: HR's Strategic Role.

10. Macey, Schneider, Barbera and Young (2009).

11. Aon Hewitt, Limeade Institute – Employee Engagement (2017).

12. Aon Hewitt, Limeade Institute – Employee Engagement (2017).

FIGURE 11: EXAMPLE OF LIMEADE ENGAGEMENT REAL-TIME DASHBOARD AND USER INTERFACE



The Limeade Engagement solution offers a real-time dashboard that highlights overall levels of employee engagement across the organisation, based on employee survey results, burnout risk indicators for employees subject to high levels of stress and a range of other insights. For example, Limeade provides a measure predicting what percentage of employees within a group or department is likely to turn over within the next 12 months. Additional examples of the key features of the Limeade Engagement solution are detailed in Table 3 below.

TABLE 3: LIMEADE ENGAGEMENT FEATURES

Feature	Description
Measurement	<ul style="list-style-type: none"> Employee engagement measured via annual surveys, quarterly employee check-ins and employee feedback collection. May include employee net promoter score (eNPS), which measures employees' willingness to recommend their organisation to others.
Insights	<ul style="list-style-type: none"> Real-time dashboard to visualise employee engagement results, with the ability to filter and manage data outputs (see Figure 12 above). Results and recommendations delivered via reports to workplace managers and leaders.
Action	<ul style="list-style-type: none"> Specific activities are recommended based on survey results to employees, managers and leaders to improve overall employee engagement.
Ongoing Support	<ul style="list-style-type: none"> A communication playbook with templates for program and survey launch in addition to follow-up emails to ensure employees understand program execution and progress. Limeade customer success teams are available to assist with survey strategy, results interpretation and creating a strategic action plan.

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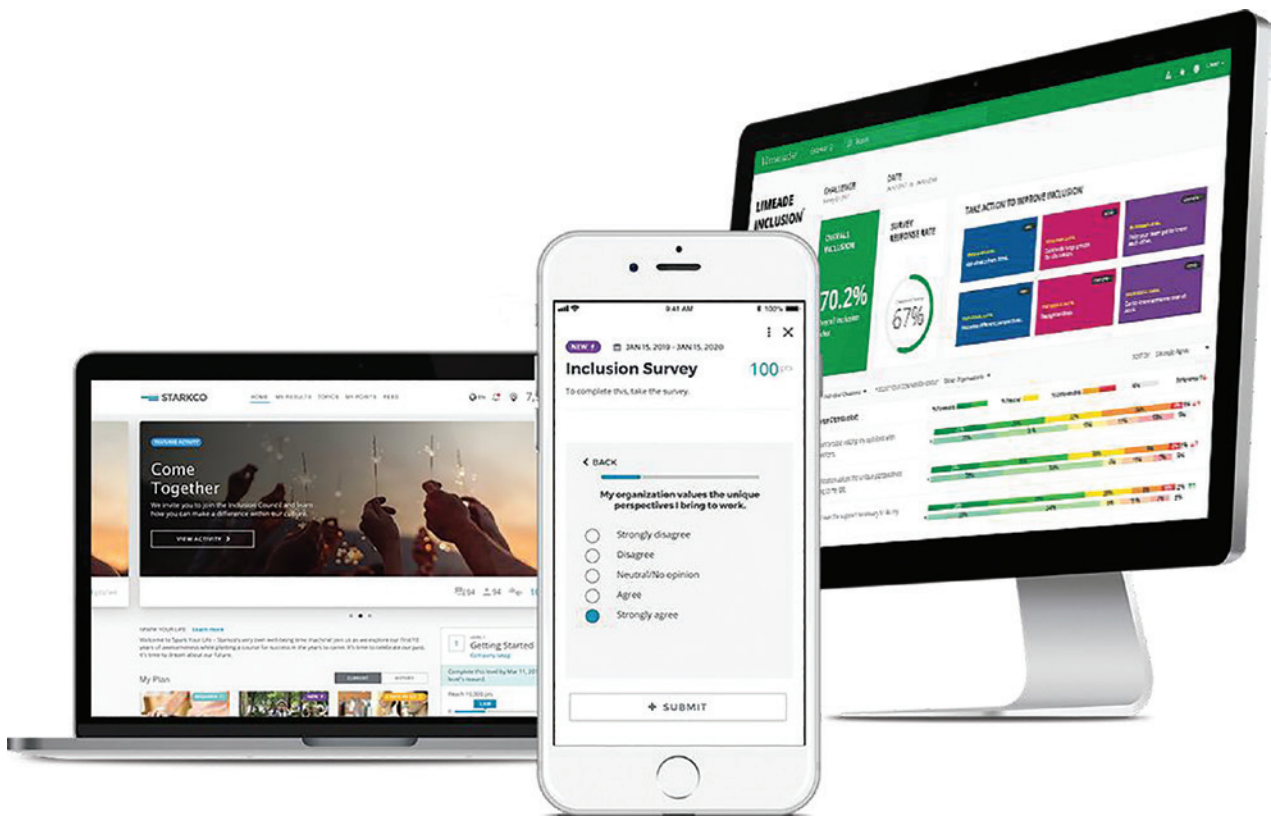
3.2.1.3 Limeade Inclusion

Limeade defines inclusion as a feeling of being known, welcomed, valued and able to bring your whole, unique self to work. Inclusion is viewed by many organisations as critical to workplace and employee well-being, since employees working in more inclusive organisations tend to feel more valued and respected. Research illustrates that this may lead to greater levels of overall employee commitment and innovation and better financial and operational outcomes.¹³ For example, a 2018 study by the Limeade Institute (see Section 3.2.2) observed that, compared to employees who did not feel a sense of inclusion at work, employees who did feel included were 28% more engaged and intended to stay three times longer at their organisation.¹⁴

The Limeade Inclusion solution provides organisations with tools to measure and analyse workplace inclusion data, and to provide learning and development activities designed to improve inclusion at all levels of the organisation. Insights gained from survey data are used to formulate action plans and activity recommendations to employees, managers and leaders to drive meaningful action. Examples of the types of activities that the Limeade Inclusion solution provides to customers include:

- activities to support managers and leaders, including how to bridge gaps between leadership and other team members and support for how to be a role model and positive voice within an organisation; and
- activities to support individuals, including tips on how to ask for help when employees are struggling at work or at home, getting to know new people within your team or organisation and how to be more inclusive of both local and remote employees.

FIGURE 12: EXAMPLE OF LIMEADE INCLUSION REAL-TIME DASHBOARD AND INTERFACE



The Limeade Inclusion solution was built to ensure employees have a voice, are strategically aligned with their employer, feel valued and have equal access to the training and development resources necessary to support their personal and professional development.

13. Bersin by Deloitte, 2017.

14. Limeade Institute, 2018. Inclusion was measured on the basis of two items, a sense of belonging at work and employees feeling they can be themselves at work. If the aggregate scores fell above 4 out of 5 (which would correspond in a Limeade quiz to an "agree" or "strongly agree"), it was coded as "feel included". All others under this study fell into "do not feel included".

The Limeade Inclusion solution comprises the features set out in Table 4 below.

TABLE 4: LIMEADE INCLUSION PRODUCT FEATURES

Feature	Description
Measurement	<ul style="list-style-type: none"> • Research-backed inclusion survey that measures employee perception of inclusion at their workplace. • Surveys can be repeated multiple times a year in order to maintain the relevance of data insights and reflect on progress. • Customers maintain the ability to add bespoke questions, videos and training.
Insights	<ul style="list-style-type: none"> • Real-time dashboard for visualisation of survey results across the organisation. • Ability to filter survey data in a number of ways in order to better understand underlying inclusion trends.
Action	<ul style="list-style-type: none"> • Based on survey results, the Limeade Inclusion dashboard provides insights designed to drive employee, manager and leader activities to target identified inclusion-related issues. • Limeade provides advisory services to customers to assist with survey strategy, results interpretation and strategic action plans.
Ongoing Support	<ul style="list-style-type: none"> • Includes a communication playbook that features templates for program and survey launch, in addition to follow-up notifications to ensure employees are aligned and understand how to build an inclusive environment.

3.2.1.4 Limeade Communication

Effective communication allows organisations to actively manage and engage with its employees. It also facilitates targeted communication channels amongst departments, teams, peers and social networks that create more collaborative working environments.

The Limeade Communication solution enables employees to read and share important company news, send social recognitions in the form of cheers, photos and badges, chat live with peers and access relevant documents and employee services, including employee benefits. The Limeade Communication solution allows organisations to reach every employee, even field-based and desk-less employees without access to corporate email.

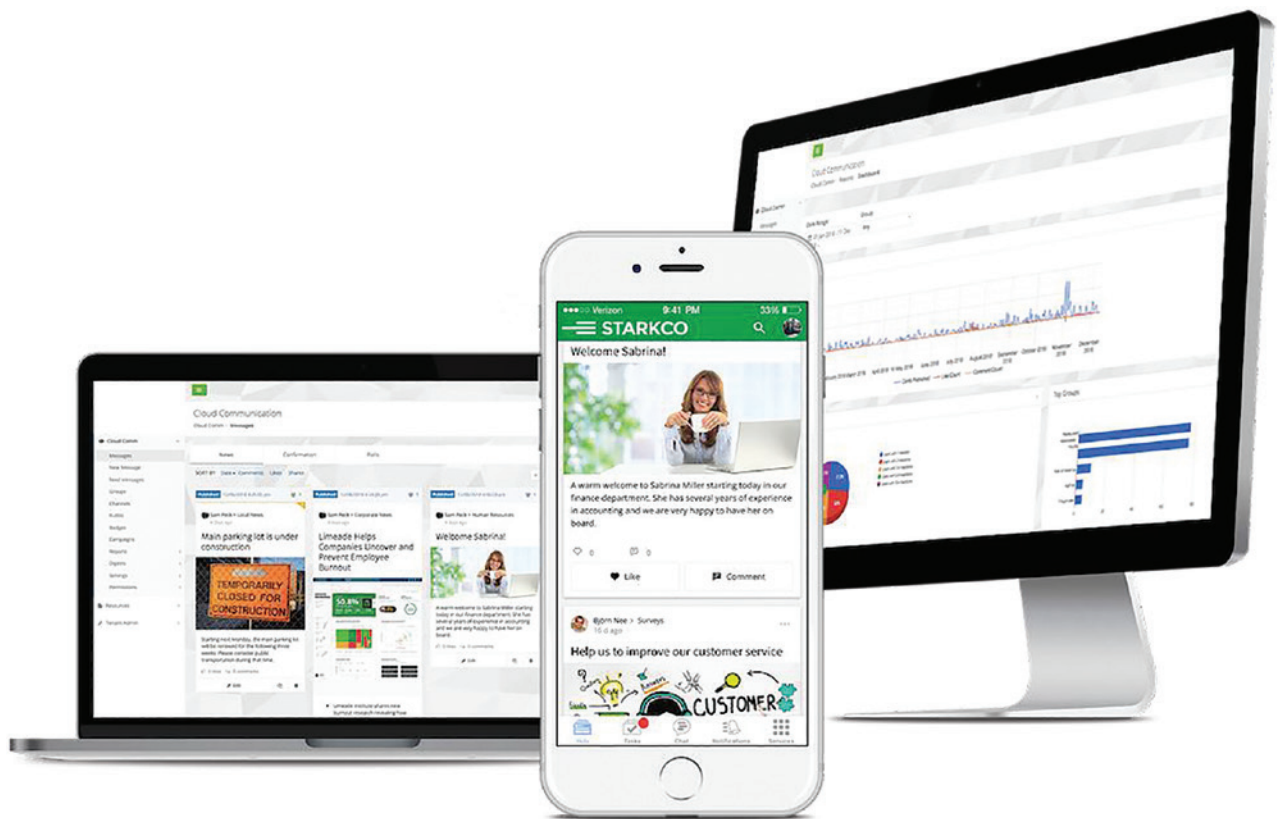
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The solution provides organisations an environment for creating, formatting, scheduling and publishing internal communications. All communications to employees can be tailored and the solution includes analytics and adoption reports that track employee interaction with delivered content. The solution features are further described in Table 5 below.

TABLE 5: LIMEADE COMMUNICATION FEATURES

Feature	Description
Create	<ul style="list-style-type: none"> • Create and edit communications using authoring tools with options for social sharing, scheduling, push notifications, confirmations, message lifetime control and priority flagging. • Ability to compose unique messages or access ready-to-use templates for corporate announcements, town hall meetings, events surveys, polls and employee recognition. • Includes multi-language authoring and localisation.
Target	<ul style="list-style-type: none"> • Target and deliver relevant communications to specific channels and audiences based upon geography, department and other employee attributes.
Schedule and publish	<ul style="list-style-type: none"> • Includes functionality to schedule messages to be published immediately or at a future date and time. • For high importance messages, communications can be flagged as important and delivered as a push notification.
Interact and communicate	<ul style="list-style-type: none"> • Media feed to view organisation or team-specific news, interact with content and provide recognition for employee and team achievements. • Chat functionality to communicate in various team or peer-to-peer channels • Search for any communication or employee program or benefit.
Manage	<ul style="list-style-type: none"> • Organisations can view all messages, confirmations and polls/quizzes/surveys that have been published. • Ability to filter messages by channel, groups, author and date. • Customisation by employee to facilitate the delivery / promotion of communications received by factors or interests relevant to the employee.
View reports	<ul style="list-style-type: none"> • Real-time data is provided to organisations for measuring the impact and effectiveness of communications. • Available impact analysis includes user activity tracking, active user metrics, time-of-day usage, social engagement, survey and poll results, social cheers and badging activities and video viewing statistics.

FIGURE 13: EXAMPLE OF LIMEADE COMMUNICATIONS DASHBOARD AND USER INTERFACE



3.2.2 Solution design strategy and the Limeade Institute

Limeade solutions and embedded content are based on scientific research, combining user-generated data as well as primary and secondary research conducted through the Limeade Institute. Limeade also conducts usability testing, accessibility verification and other forms of user experience research.

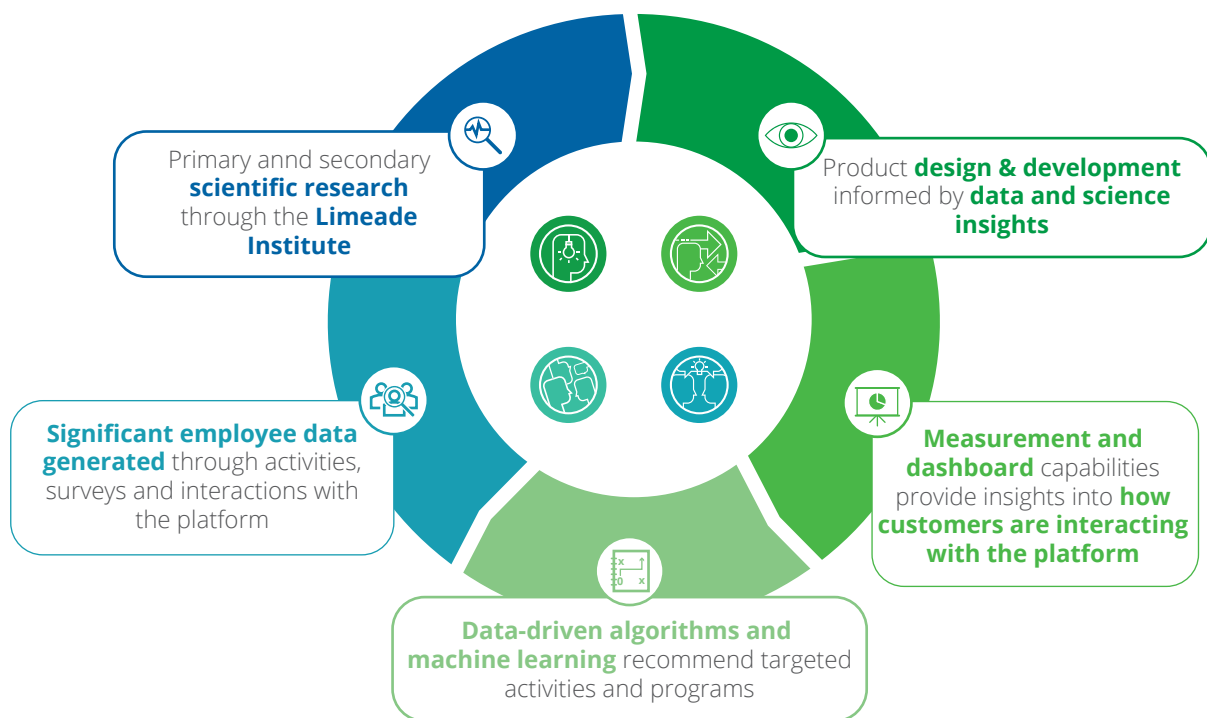
Established in 2016, the Limeade Institute is a research-focused department within Limeade that conducts and publishes research on key trends in workplace culture and the global employee experience. Led by Chief Science Officer (and Chief People Officer), Laura Hamill, Ph.D., the Limeade Institute team consists of organisational psychologists, psychometricians, business insights experts and data scientists. The Limeade Institute also collaborates with advisors from a variety of fields, including medicine, cognitive psychology, sociology and behavioural economics to develop research to advance the overall understanding of the employee experience.

The Limeade Institute works with Limeade customers, product and service teams, employees and third-party product providers to translate the research into actionable strategies and product enhancements that seek to strengthen, evolve and measure the impact of employee engagement programs. Since 2016, Limeade has used the deep expertise and research of the Limeade Institute to develop and continually refine its solutions, including through reference to the latest science-backed insights.

This research undertaken by the Limeade Institute, including the Limeade proprietary library of content and activities and the significant volume of employee data generated through the Limeade platform is a key competitive advantage for Limeade. As shown in Figure 14 below, customer-generated data is used in combination with primary and secondary research from the Limeade Institute to create a “continuous feedback loop” for product development. Limeade believes this product design process represents a differentiating factor for Limeade in the employee experience market and enables Limeade to meet the needs of customers and compete for new customers (refer to section 2.5.2 for detail on competitive dynamics). Limeade will continue to leverage the insights gained from its design process to support a data-driven product development strategy, helping to ensure that its solutions are purpose-built and designed to address the critical requirements of organisations and their employees.

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FIGURE 14: DATA-DRIVEN PRODUCT DESIGN STRATEGY



3.2.3 Third-party applications and integrations

Limeade integrates products and services offered by select third parties into the Limeade platform to broaden its offering and further support customer requirements. These products, services and their integrations can be made available to employees in accordance with specific customer preferences or needs.

The Limeade platform today integrates with a range of content, program device and benefits administration partners. Examples of select Limeade third-party product providers include Fitbit, Quest Diagnostics, Whil, Workplace Options and Livongo. Limeade also allows customers to utilise third-party services through its platform, which include offering biometric screening and professional coaching services.

Along with third parties that complement existing employee experience solutions, Limeade also integrates with a range of customer programs and applications including eligibility files (containing employee-specific data such as name, age, date of hire etc.), payroll systems, leave management and other human resources functions. This enables employees to receive additional information relating to their employment directly through the Limeade platform and allows organisations to serve their employee base through a single, integrated interface.

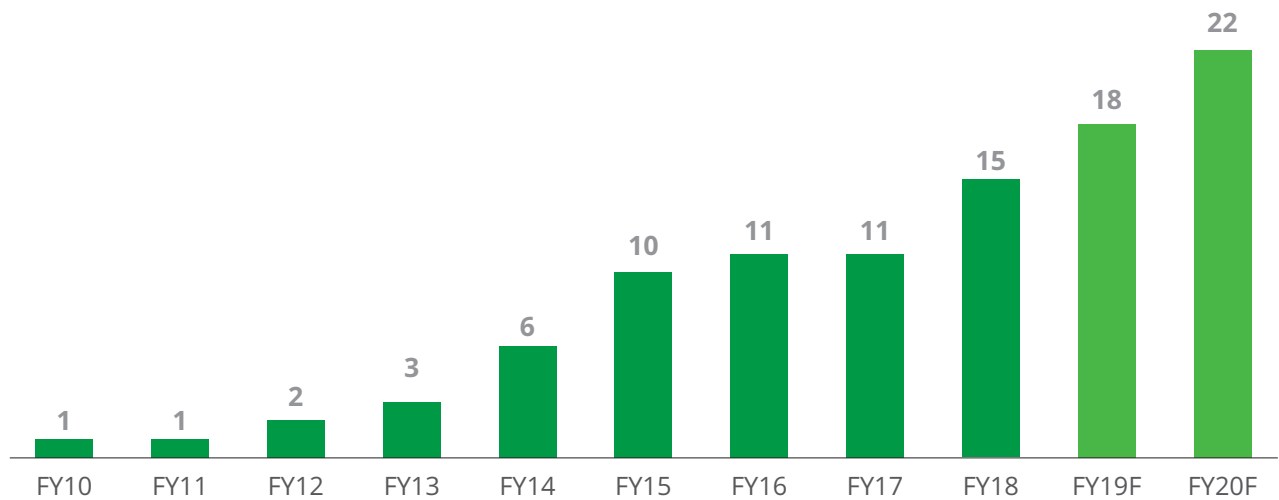
These integrated products allow Limeade to tailor programs to the needs of each of its customers, helping to provide a more holistic and tailored employee experience solution. Limeade believes that the breadth of its integrations with third-party products help it to retain its existing customers and acquire new customers.

3.2.4 Platform and solution development

3.2.4.1 Research and development

Limeade has invested significant financial resources since July 2006 to offer solutions covering a broader range of employee experience solutions categories. As referred to in Section 3.1.2, over this period Limeade has invested approximately \$74 million, and an expected \$44 million between FY17 and FY19F, into developing the Limeade solutions, with a focus on expanding the number of solutions it offers, building out its fully integrated Limeade platform and continuing to enhance features, functionality and overall user experience. The Limeade platform's flexible and modern architecture is adaptable and requires limited additional development for Limeade to launch new solutions and integrate newly acquired solutions.

FIGURE 15: R&D INVESTMENT OVER TIME (\$ MILLIONS)



Note: FY19F and FY20F represent forecast research and development expenses. Refer to Section 4 and Section 5 (Risks).

3.2.4.2 Product development and updates

Limeade designs, develops and maintains the majority of its software in-house. Limeade uses an agile development methodology, an iterative approach to software development, in developing its software to ensure quality, reduce development risk and allow faster time-to-market for new solutions and new features.

In addition to full-time employees, Limeade works with select contractors to provide additional development capacity and support in product areas usually outside of the core Limeade platform (such as product integrations). As part of onboarding, each development contractor must abide by and goes through the same information security policy training as all Limeade developers.

Limeade releases new product features and enhancements as frequently as once per week as a rolling update which generally does not require any downtime in its software solutions. All customers have immediate access to new updates or features upon release and can control and customise which new features they require.

3.3 CUSTOMERS

3.3.1 Customer value proposition

Organisations can lack the tools and resources necessary to measure how connected employees feel to their work, teams and workplace environment. Limeade provides its customers with a technology platform that assists organisations to evaluate employee experience and apply data-driven insights to develop actionable programs, support networks and processes that may help to enrich the personal and professional lives of employees. Limeade solutions assist customers in providing personalised action plans which recommend targeted activities and programs to meet identified user requirements.

Investing in a more care-focused employee experience, specifically through well-being, engagement, inclusion and communications solutions, is intended to create not just employee benefits, but also drive positive operational and financial results.

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The key customer outcomes Limeade focuses on include:

Attracting and retaining talent



- **Reduce turnover**, with limeade customers having reported up to **3x** higher turnover for employees who do not participate in Limeade solutions

Engage employee base



- Surveys have indicated that **85%** of Limeade users feel **engaged at work**
- Limeade customers have reported significantly fewer actively disengaged employees
- The Limeade mobile app has a **4.7 out of 5** apple AppStore rating

Measurably improve employee well-being



- Drive measurable **improvements in employee well-being** through the Limeade Platform

Single access point



- **Engage modern workforce** by providing access to an integrated solution for all employees regardless of their function or station

3.3.1.1 Case studies

The below case study represents a successful Limeade customer outcome, where the customer, a global manufacturer with a US employee population of over 17,000 employees, has acknowledged and reported a number of substantial improvements across a range of relevant employee outcomes that resulted from the use of the Limeade solutions from 2017 to 2018.

Customer



A global manufacturing company

Issues facing the customer

- Pre-existing employee experience solutions are scattered across multiple vendor log-ins
- No easy, scalable way to measure, communicate and improve holistic employee well-being, engagement, safety and burnout levels






Limeade Solution

- Implemented Limeade Well-Being to connect well-being, health and safety, benefits, finance and excellence
- Used Limeade Well-Being insights and dashboard analytics to specifically target employees in offices that were identified as having lower levels of engagement to drive better employee outcomes, reduce turnover and increase overall employee well-being

Customer-reported outcomes

- Customer saw aggregate improvements in 29 of the 36 dimensions of well-being that were being measured through the Limeade Well-Being solution
- Employees not participating in Limeade Well-Being activities saw three times higher turnover
- Employee engagement amongst employees who participated in Limeade Well-Being activities year-over-year increased by 4%
- Employees participating in Limeade activities showed a 23% decrease in total recordable injury frequency rates

The below case studies represent three specific examples where customers continued to find value in the Limeade solution, renewing their subscriptions despite difficult business or economic conditions.

	 US Department Store	 US Healthcare Services	 Global Pharmaceutical Company
 Customer Challenges	<ul style="list-style-type: none"> Industry and company facing material headwinds Stock decline of >35% since 2015 	<ul style="list-style-type: none"> Company facing heavy cost cutting measures after taken private and split into two Workforce subject to high stress and burnout 	<ul style="list-style-type: none"> Industry and company facing material headwinds
 Customer Response	<ul style="list-style-type: none"> Limeade customer since June 2013 Renewed twice for 3 year terms (in 2016 and 2018) Continue to see strong value in investing 	<ul style="list-style-type: none"> Limeade customer since October 2012 Renewed twice for 3 year terms (in 2015 and 2018) Added new partner integrations & resources and expanded eligible population by ~67% 	<ul style="list-style-type: none"> Limeade customer since September 2016 Renewed for a 3 year term in December 2018

3.3.2 Competitive strengths

Providers of employee experience software solutions typically compete on a broad range of factors including software functionality, user experience, flexibility, customer service and potential return on investment as discussed in Section 2.5.2.

The Limeade platform has a number of core strengths which help attract customers. These are summarised in Table 6 below:

TABLE 6: LIMEADE COMPETITIVE STRENGTHS

Competitive strength	Descriptions
Science-backed insights inform development strategy	<ul style="list-style-type: none"> Primary and secondary scientific research conducted through the Limeade Institute informs product design and marketing strategies. Significant data from over 2.4 million users is continuously accumulated through the Limeade platform, providing deep insights on how customers interact with the platform and the relevant factors impacting the employee experience. Customer generated data is used in combination with primary and secondary research from the Limeade Institute to create a continuous feedback loop for product development and enhancement (refer to Section 3.2.4). The Limeade product development strategy assists Limeade to develop solutions that are purpose-built and designed to address the critical requirements being experienced by organisations and their employees.
Technology capabilities	<ul style="list-style-type: none"> Integrated technology platform comprised of four solutions with a broad range of features and functionality. Scalable platform technology available in multiple languages and regions. Personalised, targeted activities selected through machine learning and delivered to employees on a confidential basis.

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Competitive strength	Descriptions
Solutions offered with many significant and established customers	<ul style="list-style-type: none"> • Limeade solutions are offered to a customer base of 176 organisations, including several significant and established enterprise customers (refer to Section 3.3.3). • Track record of delivering results to customers that help drive new customer acquisition. • Limeade leverages its existing customer base to pursue upsells of new solutions, and sales of existing and new solutions in other countries.
Breadth of solutions with a single integrated platform offering	<ul style="list-style-type: none"> • The ability to support an enhanced employee experience across well-being, engagement, communication and inclusion capabilities represents a significant value-add for many customers. The integrated Limeade platform provides the ability to connect employers and employees through a single access point and encourages higher rates of employee participation with the platform.
Integration capabilities and third-party products	<ul style="list-style-type: none"> • Broad range of program, content and device integrations strengthens the value proposition of the Limeade platform. • Ability to integrate with many customer software programs and applications engrains Limeade solutions within organisational habits and processes.
Infrastructure in place to scale globally	<ul style="list-style-type: none"> • Limeade investment in infrastructure allows it to scale its platform globally, with relevant compliance and data hosting capabilities across its key strategic target markets including GDPR compliance and Privacy Shield certification.¹⁵
Internal culture	<ul style="list-style-type: none"> • Limeade invests in its own employees and culture, which it believes provides a competitive advantage through alignment to its purpose, vision and growth strategies.

3.3.3 Customer profile

3.3.3.1 Overview

Limeade solutions are suitable for use by customers that operate across a diverse range of industries. The Limeade solutions are able to scale up to millions of eligible users per customer and may be available in up to 14 languages (with varying levels of translation functionality currently available across the solutions). As of 30 September 2019, Limeade provides its software to 176 customers, with over 2.4 million employee and other users (including health plan members and spouses of employees) across 100 countries.

Limeade has focused on US headquartered enterprise customers (defined by Limeade as large organisations with thousands of employees), and expanded further into Europe in 2018. Following Completion, Limeade intends to continue to progressively expand its presence to customers headquartered in the European Union, Asia Pacific and other regions (see Section 3.5.1 for further detail).

An example of some of the 176 Limeade customers:

- Top 5 Global Tech Company
- 2 of the Top 5 Global Airlines
- ABB
- Enterprise Holdings
- Keurig
- Kindred Healthcare
- State of Washington
- Wabash

Adding to the momentum of its growing customer base, Limeade recently contracted as customers a top five global technology company¹⁶ and another top five global airline company.¹⁷

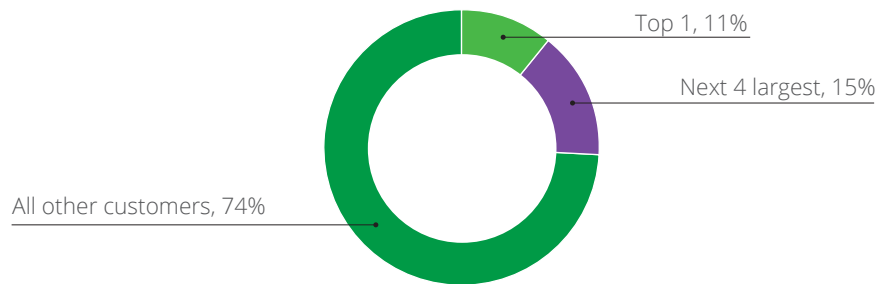
15. Privacy Shield is a framework for regulating transatlantic exchanges of personal data for commercial purposes between the European Union and the United States.

16. As measured by revenue in 2018.

17. As measured by revenue in 2018.

Limeade has a diverse and growing revenue base with low reliance on any single customer. As of 30 September 2019, the largest Limeade customer represents approximately 11% of CARR, while the next four largest customers collectively represent 15% of CARR (as at 30 September 2019).

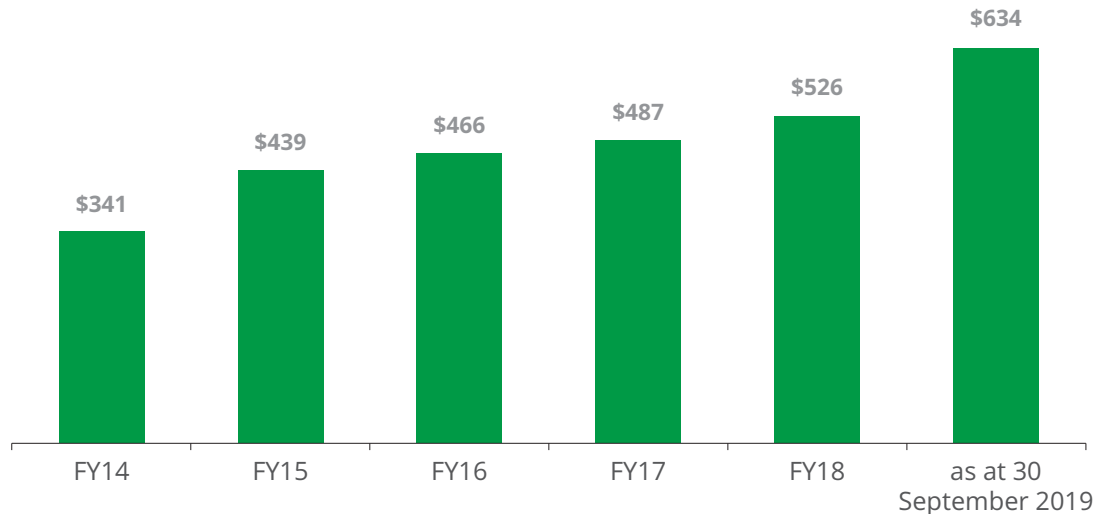
FIGURE 16: CARR BY CUSTOMER (AS AT 30 SEPTEMBER 2019)



Limeade acquires customers both through direct sales efforts, as well as through its partner channels (who are referred to as Direct and Partner customers respectively. See Section 3.4.3.1). New customer growth (by number, not by CARR or revenue) is expected to be lower in FY19 than FY18 as a result of 29 new customers that were acquired in FY18 as part of the Sitrion acquisition, as well as a focus in FY19 by Limeade on targeting higher value enterprise customers with higher average CARR and pursuing upsell and expansion opportunities with existing customers.

The average CARR value per Direct Limeade Well-Being solution has grown from FY14 to 30 September 2019 by approximately 86% to over \$630,000 per Direct customer (see Figure 18 below).

FIGURE 17: AVERAGE LIMEADE WELL-BEING CARR VALUE – DIRECT CUSTOMERS (\$'000'S)



Over this same period, average CARR per customer (Direct and Partner) across all solutions has grown by 117% to over \$300,000. Over this period, the total number of customers has grown by over 33%. Direct customers have grown

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by 180% and average CARR per Direct customer (across all solutions) has grown by 40% to approximately \$475,000. The increase in average CARR value is largely driven by investments made by Limeade to support larger, global customers, leading to growth in the number of contracts with CARR value in excess of \$750,000.

The number of such contracts has grown from 4 in FY14 to 21 as at 30 September 2019 and now accounts for the largest portion of total CARR (see Figure 18 below).

FIGURE 18: CARR BY DEAL SIZE OVER TIME

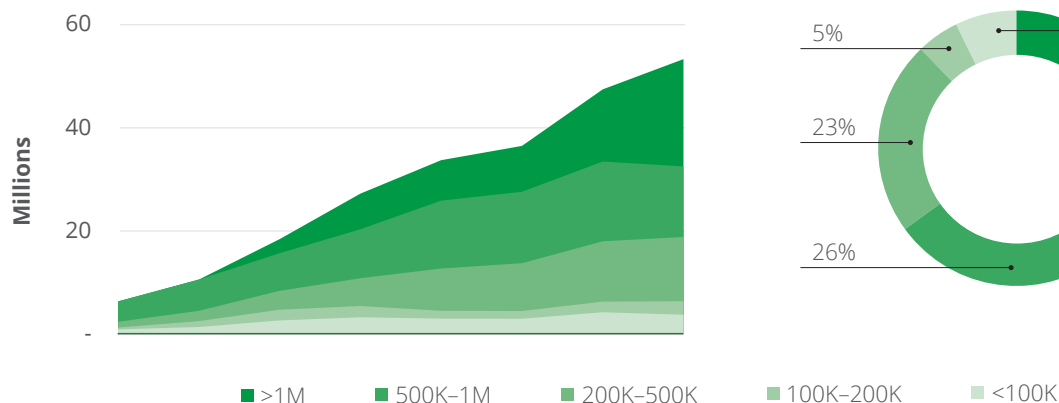
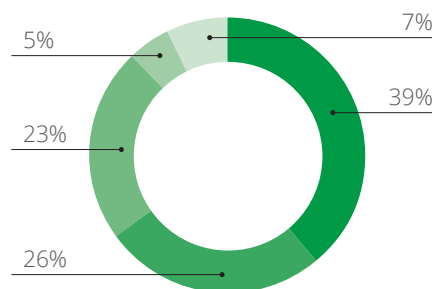


FIGURE 19: CARR BY DEAL SIZE (AS OF 30 SEPTEMBER 2019)



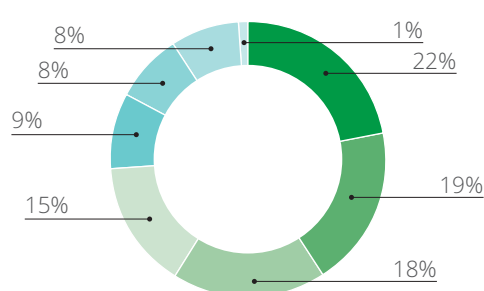
Note: 2019 figures represent CARR balance as at 30 September 2019. All other years represent balances as at 31 December.

Limeade is actively expanding its customer base, which affords Limeade with added benefits of industry and customer diversification, including through reducing impacts from sector-specific cyclicalities. No single industry contributes greater than 25% of total Limeade CARR.

FIGURE 20: PROPORTION OF CARR BY INDUSTRY OVER TIME



FIGURE 21: CARR BY INDUSTRY (AS AT 30 SEPTEMBER 2019)



Note: 2019 figures represent CARR balance as at 30 September 2019. All other years represent balances as at 31 December.

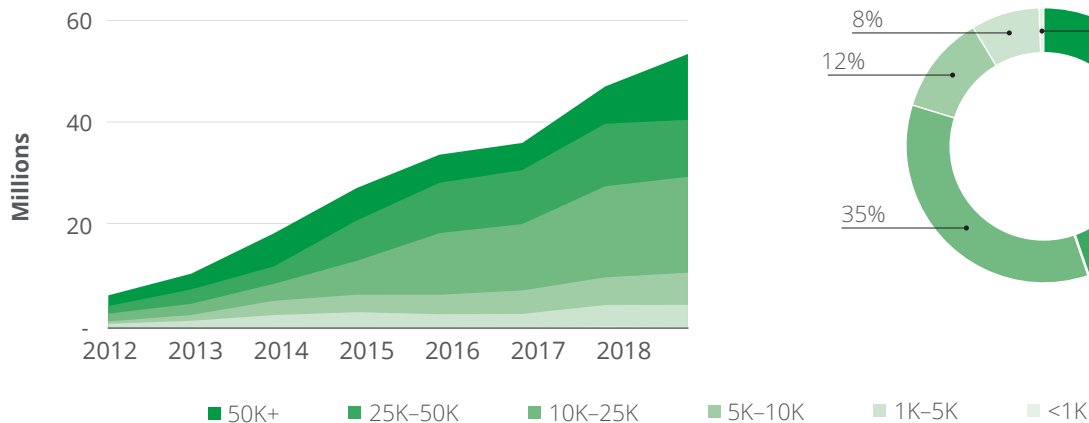
The processes that Limeade undertakes to win new customers is described in Section 3.4.

3.3.3.2 Customer Size

Limeade generally targets its sales efforts towards companies with thousands of employees. Many customers with large employee populations are attracted to Limeade as they have previously struggled to measure and quantify the employee experience or may have used individual employee experience solutions across multiple vendors.

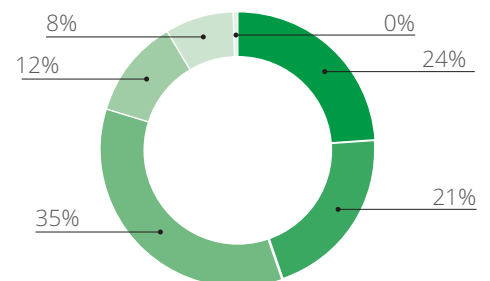
Currently, over 90% of customers (measured by CARR, as at 30 September 2019) have more than 5,000 employees on one or more than one Limeade solution. Customers with over 10,000 users have consistently accounted for a significant portion of CARR and overall CARR growth, driven primarily by growth in the customers' employee populations.

FIGURE 22: CARR BY USER POPULATION SIZE OVER TIME



Note: 2019 figures represent CARR balance as at 30 September 2019.

FIGURE 23: CARR BY EMPLOYEE POPULATION SIZE (AS AT 30 SEPTEMBER 2019)

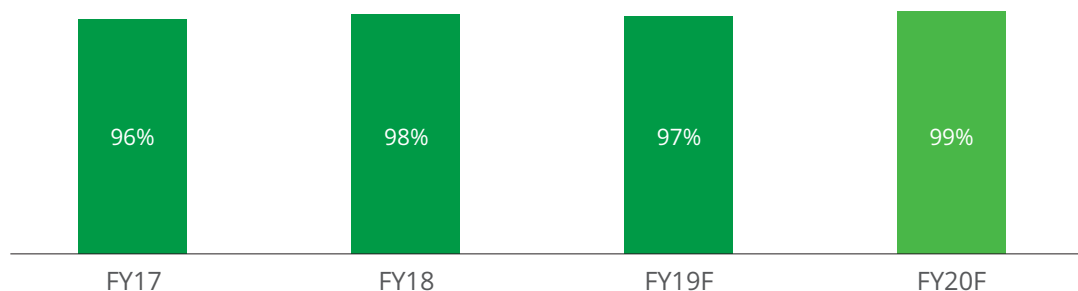


3.3.3.3 Customer Retention

Maintaining strong, long-term relationships with customers who exhibit higher lifetime values is key to the overall strategy of Limeade. In order to support high customer retention rates, Limeade has a dedicated customer success team whose role is to maximise retention and customer satisfaction through active dialogue with customers. Limeade takes customer feedback into account when developing regular software updates, feature enhancements and the development of new solutions. Limeade also promotes to customers thought leadership through research conducted by the Limeade Institute.

Limeade enjoys, and will continue to focus on, high net revenue retention¹⁸ of Direct customers, reflecting high levels of customer satisfaction and strong upsell opportunities from existing customers (see Figure 24 below).

FIGURE 24: HISTORICAL AND FORECAST NET REVENUE RETENTION (DIRECT AND PARTNER CUSTOMERS)



Customers acquired through Direct channels exhibit lower rates of churn than those acquired through Partner channels. For example, net retention of Partner revenue was 88% in FY18 whereas net retention of Direct customer revenue was 100% during the same period. Net revenue retention (across both Direct and Partner customers) was 98% for FY18.

Limeade attributes its high rates of retention to the value that employees place on Limeade solutions and the business value they deliver.

18. Net revenue retention: 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.

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The top five customers by CARR, as at September 2019, which on average have been customers of Limeade for approximately three years, are shown below in Table 7.

TABLE 7: RELATIONSHIP AND CONTRACT SNAPSHOT OF LARGEST CUSTOMERS (BY CARR, AS AT SEPTEMBER 2019)

Customer rank	Length of relationship (months)	Term remaining on contract (months)	% of FY18 revenue	% of FY19F revenue	% of CARR
Customer 1	63	63	7%	8%	11%
Customer 2	9	27	– ¹	2%	6%
Customer 3	– ²	40	– ¹	– ²	4%
Customer 4	51	16	3%	3%	3%
Customer 5	45	15	3%	3%	2%

1. Represents customers who were signed in FY19 and contributed no revenue in FY18.

2. Represents a customer who was signed in FY19 and will start to contribute revenue in FY20.

A portion of the proceeds of the Offer will be used to invest in people, process and technology to serve and deliver increasing value to existing customers, with a focus on increasing satisfaction, retention, upsell, and expansion rates.

3.3.4 Onboarding and customer support

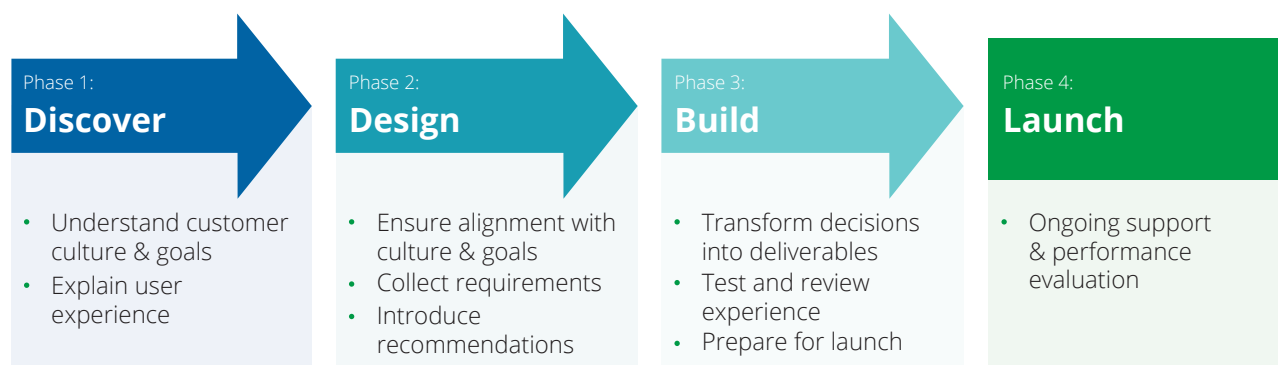
3.3.4.1 Onboarding process for new customers

Following a successful tender process where Limeade is selected by a customer (as described in Section 3.4.3.3), Limeade works closely with the new customer on strategy and design to ensure the solution supports and drives the organisation's business goals and culture. Limeade solutions are delivered as a white-label offering using the customer's branding. Limeade may integrate its software with a customer's existing IT ecosystem across HR and other core functions to provide a streamlined employee and customer experience. Limeade also collaborates with the customer to develop a communication plan that is rolled out to all employees.

Typically, the onboarding and integration processes for new customers takes approximately 90 days to allow proper coordination and communication and early program success.

A summary of the onboarding process is described in Figure 25 below.

FIGURE 25: NEW CUSTOMER ONBOARDING PROCESS



3.3.4.2 Alterations and customer support

Limeade provides ongoing support for customers through its customer success team, which is responsible for active dialogue with existing customers to assist them to derive maximum value from the Limeade solutions. In particular, while the Limeade platform is designed for customer operation, Limeade may work with the customer on the design and rollout of organisation-wide campaigns to assist in delivering specific employee outcomes. Limeade also provides technical support, program strategy and assistance in interpreting and presenting key data insights that are generated through the platform.

Limeade provides customer service both through automated and self-service functionality as well as third-party service providers who provide dedicated account managers to assist with the servicing of basic Limeade customer requests. Limeade typically engages these third-party customer service providers on three-year contracts. For all major technical and software related support, Limeade provides service directly to its customers.

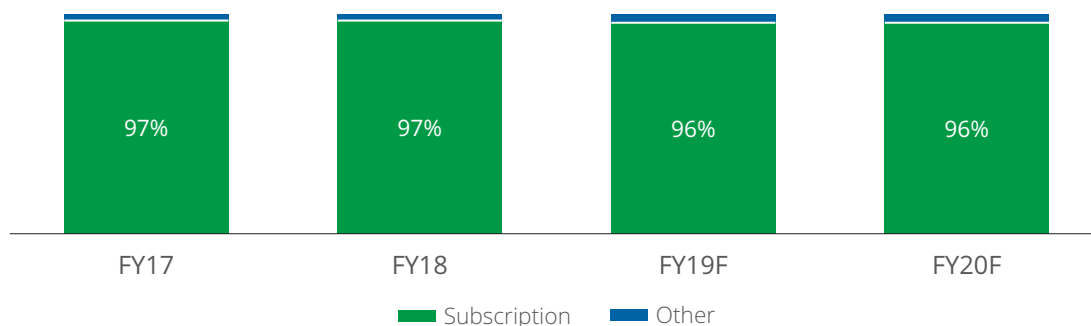
3.4 BUSINESS MODEL

3.4.1 Revenue model

Limeade generates revenue through the sale of its software solutions to customers, which are provided via the cloud under a subscription-based revenue model. Typically, customer contracts have three-year terms (the remainder having terms of one, two or five years) with customers paying Limeade fees annually in advance based on their number of employees.

In FY18 97% of revenue was subscription-based, software revenue from the sale of software solutions (including both Limeade and third-party products and services, which includes subscription coaching revenue). Other revenue was generated from the sale of third-party products such as Whil, Zipongo and Amazon gift cards, as well as third-party services such as biometric screening (refer further to Section 3.2.3).

FIGURE 26: HISTORICAL AND FORECAST REVENUE COMPOSITION



Note: See Section 4.10.1 for further detail on the historical and forecast revenue of Limeade.

3.4.2 Key operating costs

The key operating costs of Limeade are:

- **Employees:** expenses relating to the salaries, payroll taxes, benefits and sales commissions of Limeade staff as well as insurance, travel and accommodation, leave and recruitment expenses. The majority of Limeade employee expenses relate to those associated with R&D, sales, marketing and customer success (refer to Figure 28: Employees by function (as at 30 September 2019) for breakdown of employees by function); and
- **Cost of sales:** comprises a portion of the wages, salaries and allocated facilities costs of employees in the customer operations and customer success teams who implement and configure Limeade software for new customers and provide critical implementation and ongoing account management services, the costs of infrastructure hosting the platform as well as payments to Partners for sales to Partner customers.

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3.4.3 Integrated sales approach

Limeade utilises an integrated go-to-market approach wherein marketing, sales and customer success work collaboratively on a data-driven go-to-market strategy for software sales. Importantly, Limeade attempts to bring together the historically disparate functions of HR, benefits, IT, finance and others at target customers, helping the collective value proposition become known among different departments within an organisation.

A key pillar of the Limeade growth strategy is to increase its sales, marketing and customer success capabilities to continue to grow software sales with both new and existing customers.

The roles of the various groups within the sales process are detailed in Table 8 below.

TABLE 8: INTEGRATED SALES APPROACH AND HEADCOUNT GROWTH

Description		Historical and forecast headcount growth (refer to Section 4.10 for further detail)			
Marketing	<ul style="list-style-type: none">• Perform multi-channel, online and offline marketing to increase brand awareness• Generate and drive new pipeline growth through thought leadership, original content and customer events• Focus on customers with thousands of employees that are aligned with the Limeade promise of showing care for their employees• Account-based marketing approach scores prospects to allow a more effective use of marketing resources• Meet prospects and send qualified opportunities to sales				
		FY16	FY17	FY18	FY19F
Sales	<ul style="list-style-type: none">• Responsible for converting qualified opportunities into new business• Leads tender processes for new customers• Encourages customer purchase and utilisation of additional product solutions and features				
		FY16	FY17	FY18	FY19F
Customer success	<ul style="list-style-type: none">• Provides strategy guidance and best practices to existing customers to reinforce product capabilities and value• Monitors customer behaviour and how they are interacting with/using the software• Focuses on driving product renewals and building expansion and upsell pipeline				
		FY16	FY17	FY18	FY19F

3.4.3.1 Customer acquisition channels

Limeade sources its customers through direct and partner channels (referred to as Partners). Direct customers are sourced via Limeade internal sales and marketing resources, who typically target large enterprises with thousands of employees. Limeade also utilises select Partners that include a number of corporate health and well-being providers as well as managed services providers (**MSPs**). Partners include a range of health insurers, onsite facility providers and other organisations who offer the Limeade platform as a white-labelled solution to enhance their own offering to their customers. In these instances, the MSP will take responsibility for servicing the contract and customers directly.

Since 1 July 2016, Limeade focuses primarily on expanding its Direct customer acquisition capabilities, as Direct customers have typically generated higher lifetime value and exhibited lower rates of customer churn.

3.4.3.2 Sales and marketing KPIs

Limeade seeks to maintain strong returns on customer acquisition through efficient sales and marketing teams. It measures this by calculating a lifetime value (**LTV**) to customer acquisition costs (**CAC**) ratio or **LTV/CAC** (as explained below), which was 7.7x in the 12 months to 30 September 2019, up from 5.7x in FY18. Limeade seeks to maintain or even increase its LTV/CAC ratio by growing the LTV of customers through the addition of new features, solutions and third-party products, and expanding to non-US global populations, reducing gross revenue churn and reducing CAC through more efficient sales and marketing teams as the business scales.

Table 9 below provides a breakdown of the customer value metrics tracked by Limeade.

TABLE 9: DIRECT CUSTOMER VALUE METRICS

	Last twelve months, as of	
	FY18	30 September 2019
CAC	1.3	0.98
LTV	7.2	7.5
LTV/CAC	5.7x	7.7x

1. CAC is a measure of the cost to acquire \$1 of CARR, and is calculated by the total amount spent on customer acquisition through sales and marketing activities in a period, divided by the total new customer CARR acquired in that period.
2. LTV represents the lifetime value of \$1 in new customer CARR. LTV is calculated by Limeade as its gross profit margin (using the average over the last 12 months) divided by gross revenue churn (using the average over the same historical period). LTV is based on historical metrics and is not a forecast of revenues that any particular customer will generate from Limeade. It is a measure to evaluate the potential financial benefit of acquiring a customer and does not purport to be a forecast of the value that any particular customer or customers may deliver in the future.

Through additional investments to scale its marketing and content generation capabilities, Limeade has increased the number of qualified²⁰ marketing leads of potential new customers from over 1,200 in FY17 to 1,400 in FY18 and approximately 3,000 in the year to 30 September 2019. There has also been strong growth in the number of people who attend Limeade webinars that are qualified potential customers, which has increased from 280 in FY17, to 533 in FY18 and 835 in the year to 30 September 2019.

3.4.3.3 Sales cycle

Following identification of potential new customer leads through its sales and marketing team, Limeade may be invited by the potential new customer to participate in a tender process that involves an evaluation of its software capabilities and the breadth of its solutions. This often involves a number of product demonstrations, a technical due diligence period and review of internal data control procedures and necessary compliance requirements (for example GDPR and physical and cybersecurity measures). The potential new customer usually evaluates these relevant software capabilities against potential competitors in determining the outcome of a tender process (refer to Section 4.9.2.1 for further detail on the Limeade pipeline). If Limeade is successful in the tender process, there is a standard implementation period which typically takes approximately 90 days (refer to Section 3.3.4 for further detail on customer onboarding and implementation).

20. Qualified leads are defined as potential new customers with thousands of employees, and the title/role of the potential lead's direct contact indicates they have the relevant authority to purchase a Limeade solution.

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3.4.4 Customer expansions and upsells

Until 2018, Limeade primarily made available its solutions to US employees of US-based customers. As at the Prospectus Date, Limeade has employees of its customers in approximately 100 countries using the Limeade platform and solutions. A key component of the Limeade growth strategy is predicated on further global expansion through new customer acquisitions and expanding the solutions footprint to the global employee populations of existing customers. Focus will be on existing customers with a global presence who are yet to deploy the Limeade platform to their employees outside the US. Limeade will also pursue new customer acquisitions, initially in Europe and the Asia-Pacific.

Limeade has identified expansion opportunities to attempt to complete tender processes and serve approximately 1 million non-US employees at 30 existing Direct customers where Limeade currently only serves their US employees.

Until September 2018, Limeade Well-Being was the only active solution offered by Limeade. The addition of Limeade Engagement, Limeade Inclusion Limeade Communication (together with enhancements to the Limeade platform) represent a significant upsell opportunity for customers to purchase additional solutions. Expansions (selling to new populations of existing customers) and upsells (selling new solutions to existing customers) have grown at a CAGR of 178% between FY15 and FY18. This will continue to be a focus of Limeade and is expected to continue to contribute to additional growth in new CARR.

Examples of recent customer upsells to new features, solutions and additional users are provided in Table 10 below:

TABLE 10: EXAMPLES OF RECENT CUSTOMER EXPANSIONS AND UPSELLS

	Customer 1	Customer 2	Customer 3	Customer 4
Close date	September, 2019	October, 2019	June, 2019	June, 2019
Industry	Technology	Manufacturing	Government	Technology
Upsell type	Additional solutions	Additional solutions	Expansion of user population	Global employee expansion
Initial CARR	\$350k	\$110k	\$3.0 million	\$710k
Upsell CARR	\$200k	\$90k	\$2.9 million	\$260k
Total CARR	\$550k	\$200k	\$5.9 million	\$970k

3.4.5 Contracts

3.4.5.1 Customers

Limeade and prospective customers often negotiate the proposed terms of contracts to address customer-specific goals, requirements or approaches. Therefore, terms may vary among customer contracts. However, Limeade generally proposes standard desired commercial and legal terms in each negotiation, and therefore terms typically reflect certain features which are outlined in the table immediately below:

TABLE 11: SUMMARY CONTRACT TERMS

Item	Summary of Item
Term	Most Limeade customer contracts (measured by contribution to CARR as at 30 September 2019) have three-year terms, with the remainder having terms of one, two or five years (refer to Section 5.1.1 for further information on contract terms).
Extension/termination	Generally, automatically renew for successive one-year or three year terms unless the customer provides prior written notice of termination or contracts provide for a shorter period.
Change of control	With limited exceptions, customer contracts do not terminate, or give the customer a right to terminate, on the occurrence of a change of control of Limeade.
Limeade liability	The standard Limeade contract includes provisions limiting its liability. For certain types of losses (e.g. losses relating to the disclosure by Limeade of customer confidential information, a data breach or intellectual property infringement), Limeade may accept greater liability.
Licensing terms	Contain non-transferable, non-exclusive licenses to use the Limeade software.
IP ownership	Limeade owns all intellectual property rights in the license software and deliverables and any modifications made to them by either party. Limeade rights relating to software that has been developed for individual customers may be limited in certain cases.
Escrow	Generally, none for Limeade software.

3.4.5.2 Suppliers and infrastructure

The global software infrastructure for the Limeade platform is hosted primarily on Microsoft Azure. Limeade uses cloud services and replicated data stored in various Microsoft Azure data centre regions, including western US, eastern US, western Europe, southeast Asia and southeast Australia. In addition, select Limeade business intelligence software functions are hosted by Amazon Web Services (**AWS**). The terms and conditions used by these cloud providers (and other IT suppliers) are the standard terms and conditions utilised by these suppliers. Given the stature of the suppliers with whom Limeade is contracting, the terms are generally favourable to the IT supplier, with the supplier seeking to limit its liability generally and reserving the right to amend its charges.

While the Limeade platform and solutions are designed and built internally, Limeade also embeds software from a variety of other suppliers and sources in its solutions (e.g. database software and other technology libraries). Some of the relevant third-party software is open source software. Limeade has policies and procedures in place which are designed to ensure that open source software is incorporated in such a way that it does not breach the terms of the relevant open source licenses or give rise to a risk that Limeade proprietary source code must be disclosed.

3.4.6 Confidentiality and data protection

Limeade collects and processes the personal data and, in some cases, protected health data of the users of its services. As such, in the US, when Limeade is providing its services to a customer that is a Covered Entity (as that term is defined in the Health Insurance Portability and Accountability Act (**HIPAA**), such as a health plan, then Limeade is considered a Business Associate of the Covered Entity and HIPAA limits the permissible uses and disclosures of user protected health information by Limeade. Limeade has in place information security policies and procedures to facilitate its compliance with HIPAA.

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The GDPR applies to the processing of personal data within the EU. Under the GDPR, an individual or undertaking that processes personal data will do so as a controller or a processor. Limeade operates as a “processor” in respect of personal data received from employees and other end users (e.g. spouses) associated with its customers and as such its primary obligation is to act in accordance with the instructions of the relevant customer (the “controller”) and to ensure it has in place appropriate technical and organisational measures (some of which are detailed in Table 12 below) to ensure an adequate level of security against potential risks when processing personal data. Limeade became GDPR-compliant in 2018 and has in place information security policies and procedures to facilitate its compliance with its data security obligations under the GDPR.

TABLE 12: SUMMARY OF LIMEADE DATA PROTECTION MEASURES

Data protection measures	Description
Risk infrastructure	<ul style="list-style-type: none"> • Security structure in place overseen by internal “Information Security Council” (chaired by the Limeade CTO), managers appointed through key roles including Data Protection Officer, Director of Security and Compliance Manager • Cybersecurity, HIPAA and GDPR awareness training program for all staff • Published information security policies and procedures • Cyber insurance • Risk, vulnerability and threat management training
Data encryption and access restrictions	<ul style="list-style-type: none"> • Full customer data encryption at rest and in transit • General Limeade staff have no access to customer production data (including personally identifiable information of users) outside of a small group of people in certain roles that have been through extended data protection and access training (known as “Limeade Black Belt”) • Customers manage user password policies and permissions through Single Sign-On (SSO) integration
Standards	<ul style="list-style-type: none"> • Core software hosted on Azure platform • Privacy shield and National Committee for Quality Assurance (NCQA) certification • Annual data management and protection audit (SOC 2)
Monitoring and testing	<ul style="list-style-type: none"> • Limeade software is regularly monitored by an ethical hacking specialist company • Ongoing vulnerability management and altering

3.5 GROWTH STRATEGY

Limeade aims to deliver innovative and valuable employee experience software solutions via the Limeade platform, building on its long track record of strength in well-being and engagement. Limeade aims to increase awareness of the benefits of its employee experience platform and solutions. Limeade intends to invest heavily in the essential functions that are expected to help further its strong growth to date, including roles related to product, R&D, the Limeade Institute, strong leadership (including general & administrative), sales, marketing, customer success and customer operations.

To execute on its growth initiatives, Limeade has developed a four-point growth strategy that is primarily based around, but not limited to, the following.

3.5.1 Acquire new customers, including additional investment in its core market and expansion into key strategic markets

Limeade intends to accelerate new customer acquisition by increasing investment in sales and marketing capabilities and increasing awareness of the Limeade brand, platform, solutions and customer benefits.

In the near term, the customer profile of new acquisitions is focused on high-quality enterprise customers. The majority of the Limeade sales and marketing investments will target US-based opportunities, given the size and maturity of that market, and the number of large global enterprises headquartered or with large employee populations there. Limeade intends to maintain high customer value ratios, primarily measured by LTV/CAC.

Additionally, while Limeade currently focuses its marketing in the US (with limited marketing in Germany) the management team has identified a significant pipeline of new customer opportunities in Europe and APAC. Limeade intends to use a portion of the proceeds from the Offer to provide further support to the existing sales efforts in new customer acquisitions across the EU and increase its existing focus on expansion opportunities into new markets.

The Limeade platform is designed and built on globally scalable infrastructure that enables global, multi-language deployments. Limeade management believes that its efficient sales and marketing approach combined with the significant market opportunity provide a compelling opportunity to pursue international expansion.

3.5.2 Expansions and upsells to the existing customer base

Since the Limeade Well-Being solution was released in 2007, Limeade has established a customer base of 176 customers, many of which are multinational organisations with operations across a number of geographies. Limeade sees a significant expansion and upsell opportunity from expanding use of its solutions by existing Direct customers' global employee bases located in other Limeade-supported regions. Limeade is focused on growing the use of its solutions among the existing customer base by expanding their availability and use across multiple geographies (refer to section 3.4.4 for further information).

In addition, Limeade has identified a significant upsell opportunity of additional Limeade solutions to existing customers who see value in already-purchased Limeade solutions. For example, in September 2019, an existing Limeade Well-Being customer renewed its existing contract for an additional three-year term and also purchased two additional solutions, Limeade Engagement and Limeade Communications, representing a 57% increase in the customer's previous CARR value.

To support this strategy, Limeade intends to expand and continue to invest in training its customer success team to deliver value to existing customers. This allows active dialogue about expanding geographically and upselling new solutions. Limeade expects to grow significantly the headcount of its customer success team from 37 as at the Prospectus Date to 48 in FY20F (see Section 4.10.2 for further detail on forecast headcount increases).

3.5.3 Continue to expand platform and solutions offerings with internal development

As detailed in Section 3.2.4, the Limeade platform was built on a \$74 million investment in a flexible and modern architecture which Limeade believes will require limited additional development in order to launch new solutions and expand the platform offering. Limeade product and R&D leaders continue to research and implement cutting-edge technologies to serve employees, managers and leaders.

With full integration capabilities in the Limeade platform, Limeade intends to continue to invest in features and capabilities for well-being, engagement, diversity & inclusion and employee communications. Limeade also intends to expand to incorporate new solutions in one or more adjacent employee experience markets. In addition to the employee experience solutions categories described above (see Section 2.2.1) for which Limeade does not currently sell standalone or add-on solutions, Limeade will continue to invest in a broader set of capabilities which may include employee onboarding, offboarding and other life events, HR self-service tools, benefits organisation and corporate social responsibility.

Limeade believes that increasing the range of solutions available on the Limeade platform will expand its addressable market size and contracted revenue base and increase the competitive strength and value proposition of the platform. This will help to support higher retention rates with existing customers and enhance the offering to new customers.

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3.5.4 Accelerating growth through strategic acquisition

Limeade intends to remain open to pursuing strategic, technologically aligned and culturally compatible acquisitions to accelerate its growth. Limeade may also make acquisitions to obtain complementary technology solutions and skilled employees that would enable Limeade to expand its platform offerings and create additional upsell opportunities with existing customers.

3.6 EMPLOYEES

As at 30 September 2019, Limeade employs over 230 full-time employees. Limeade maintains offices in Bellevue, US, Gatineau, Canada and Oldenburg, Germany. In addition, approximately 30% of Limeade US employees work remotely. 65% of Limeade employees work from its Bellevue office. The number of Limeade employees has grown by 113% since FY14 as Limeade has continued to scale operations and grow its overall customer base and software platform.

FIGURE 27: LIMEADE EMPLOYEES OVER TIME

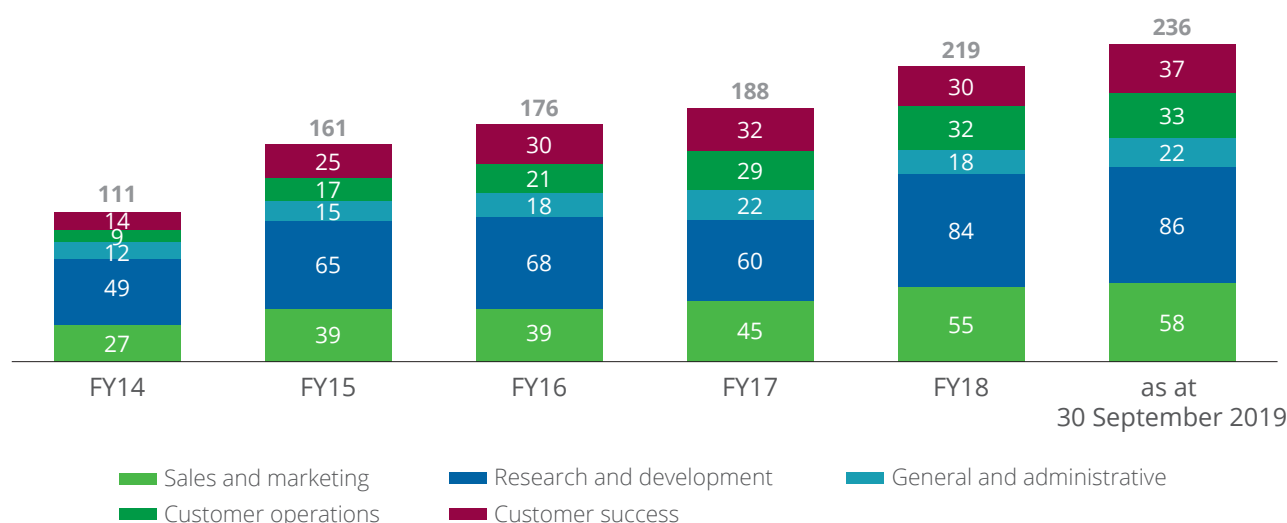


Figure 28 and Figure 29 below provide a breakdown of the employee base by function and geography.

FIGURE 28: EMPLOYEES BY FUNCTION
(AS AT 30 SEPTEMBER 2019)

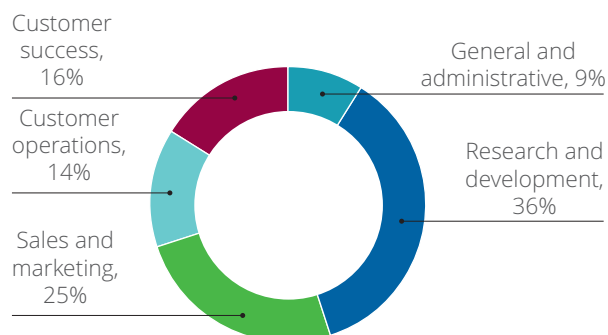
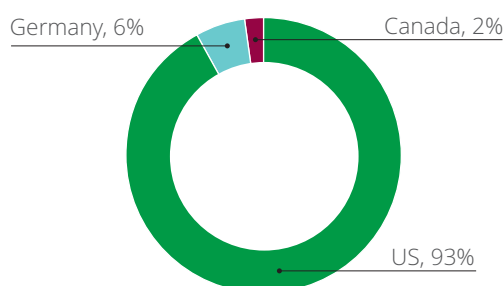


FIGURE 29: EMPLOYEES BY REGION
(AS AT 30 SEPTEMBER 2019)



As a leading employee experience provider, Limeade strives to ensure that the experience of its own employees serves as a model to other participants in its industry as well as to its own customers. Limeade endeavours to promote a strong, values-driven, highly intentional culture and provides opportunities for professional development and personal growth in a competitive market for talent.

3.6.1 Employee and Contractor/Consultant Contracts

The majority of the Limeade workforce are employed as either full-time or part-time at-will employees on standard form employment contracts. These contracts differ by jurisdiction according to legal requirements however they generally contain provisions assigning intellectual property to the relevant Limeade group company. These contracts also generally contain during- and post-employment restrictive covenants related to non-solicitation of Limeade employees and customers, confidentiality and, where permitted by law, non-competition.

Third-party consultants and contractors are generally used by Limeade under standard form template contracts, which contain provisions that intellectual property created by the consultant or contractor as part of the services performed for Limeade belongs to Limeade.

3.7 INTELLECTUAL PROPERTY

The primary intellectual property asset of Limeade is its proprietary Limeade platform and solutions. Limeade takes affirmative steps to protect all of its intellectual property, including steps to maintain the confidentiality and security of its software and its other trade secrets. The various employee experience solutions developed by Limeade also reflect the significant amount of proprietary knowledge Limeade has accumulated and developed with respect to the employee experience market. In addition to its proprietary software and knowledge, Limeade maintains a registered US copyright of its well-being assessment and a US trademark in the Limeade mark within the industries in which it operates. The vast majority of Limeade intellectual property has been developed in-house without reliance on outside development, licensed software or acquisitions. While Limeade has predominantly developed its intellectual property in-house, where Limeade uses third-party developers, it retains ownership of all intellectual property it develops in connection with Limeade, regardless of type or category.

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FINANCIAL OVERVIEW

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4.1 INTRODUCTION

4.1.1 Financial information

The financial information of Limeade contained in Section 4 includes historical financial information for the years ended 31 December 2017 (**FY17**) and 31 December 2018 (**FY18**); the six months ended 30 June 2018 (**1H18**); the six months ended 30 June 2019 (**1H19**); the balance sheet as at 30 June 2019; and forecast financial information for the year ending 31 December 2019 (**FY19F**) and the forecast financial information for the year ending 31 December 2020 (**FY20F**).

TABLE 13: OVERVIEW OF THE LIMEADE FINANCIAL INFORMATION

	Statutory Financial Information	Pro Forma Financial Information
Historical Financial Information	<p>Statutory Historical Financial Information comprises the:</p> <ul style="list-style-type: none"> statutory historical consolidated income statements for FY17 and FY18 (Statutory Historical Annual Income Statements) and 1H18 and 1H19 (Statutory Historical Half Year Income Statements) (together Statutory Historical Income Statements); statutory historical consolidated cash flows for FY17 and FY18 (Statutory Historical Annual Cash Flows) and 1H18 and 1H19 (Statutory Historical Half-Year Cash Flows) (together Statutory Historical Cash Flows); and statutory historical consolidated statement of financial position as at 30 June 2019 (Statutory Historical Statement of Financial Position). 	<p>Pro Forma Historical Financial Information comprises the:</p> <ul style="list-style-type: none"> pro forma historical consolidated income statements for FY17 and FY18 (Pro Forma Historical Annual Income Statements) and 1H18 and 1H19 (Pro Forma Historical Half Year Income Statements) (together Pro Forma Historical Income Statements); pro forma historical consolidated cash flows for FY17 and FY18 (Pro Forma Historical Annual Cash Flows) and 1H18 and 1H19 (Pro Forma Historical Half-Year Cash Flows) (together Pro Forma Historical Cash Flows); and pro forma historical consolidated statement of financial position as at 30 June 2019 (Pro Forma Historical Statement of Financial Position).
Forecast Financial Information	<p>Statutory Forecast Financial Information comprises the:</p> <ul style="list-style-type: none"> statutory forecast consolidated income statements for FY19F and FY20F (Statutory Forecast Annual Income Statements); and statutory forecast consolidated cash flows for FY19F and FY20F (Statutory Forecast Annual Cash Flows). 	<p>Pro Forma Forecast Financial Information comprises the:</p> <ul style="list-style-type: none"> pro forma forecast consolidated income statements for FY19F and FY20F (Pro Forma Forecast Annual Income Statements); and pro forma forecast consolidated cash flows for FY19F and FY20F (Pro Forma Forecast Annual Cash Flows).

Also summarised in Section 4 are:

- the basis of preparation and presentation of the Financial Information (refer to Section 4.2);
- an explanation of certain Non-US GAAP financial measures used (refer to Section 4.2.4);
- a summary of key pro forma operating and financial metrics (refer to Section 4.3.3);
- pro forma adjustments and reconciliations of the Statutory Historical Financial Information and the Statutory Forecast Financial Information, and reconciliations to the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information respectively (refer to Sections 4.3.4, 4.4.2 and 4.5);
- details of the cash and cash equivalents of Limeade and its pro forma cash position at the assumed date of Completion (refer to Section 4.6);
- information regarding liquidity, capital resources and indebtedness (refer to Section 4.7);
- information regarding the contractual obligations, commitments and contingent liabilities of Limeade (refer to Section 4.8);
- general and specific assumptions underlying the Forecast Financial Information (refer to Section 4.9);

- management discussion and analysis of the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information (refer to Section 4.10);
- an analysis of the sensitivity of the Pro Forma Forecast Financial Information to changes in certain key assumptions (refer to Section 4.11);
- a summary of the proposed dividend policy of Limeade (refer to Section 4.12); and
- reconciliation of financial results prepared under US GAAP to results had they been prepared under AAS (refer to Section 4.13).

The Financial Information presented in this Prospectus has been reviewed by Deloitte Corporate Finance Pty Limited (Investigating Accountant) in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Investigating Accountant's Report on the Financial Information. Investors should note the scope and limitations of the Investigating Accountant's Report on the Financial Information (see Section 8).

The information in Section 4 should also be read in conjunction with the risk factors set out in Section 5, the significant accounting policies of Limeade as set out in Appendix A, and the other information contained in this Prospectus.

All amounts disclosed in Section 4 and the Appendices are presented in the functional currency of Limeade, USD, unless otherwise noted, are rounded to the nearest \$0.1 million. Some numerical tables included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in tables contained in this Prospectus are due to rounding.

4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

4.2.1 Overview and preparation and presentation of the Financial Information

The Financial Information included in the Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flows and financial position of Limeade, together with the forecast financial performance and cash flows for FY19F and FY20F.

The Financial Information has been prepared in accordance with the recognition and measurement principles of US Generally Accepted Accounting Principles (**GAAP**) and the significant accounting policies of Limeade as summarised in Appendix A.

A reconciliation between US GAAP and Australian Accounting Standards (**AAS**) of select items applicable to the Limeade business which are considered to be significant has been set out in Section 4.13. AAS, issued by the Australian Accounting Standards Board, are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board.

This reconciliation has been prepared for informational purposes only and has not been subject to audit or review. Going forward, the Financial Information of Limeade will continue to be prepared in accordance with US GAAP. Limeade will prepare financial statements also in accordance with AAS only if required by Australian law. Limeade may apply for a modification of the Corporations Act by ASIC so as not to be required to prepare financial statements in accordance with AAS under the Corporations Act.

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus and does not reflect the actual financial results and cash flows of Limeade for the periods indicated. Limeade believes that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis with the Pro Forma Forecast Financial Information.

This Prospectus includes Forecast Financial Information based on the specific and general assumptions of Limeade.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information required by US GAAP (nor AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act).

In addition to the Financial Information, Section 4 describes certain Non-US GAAP financial measures that are used to manage and report on the business of Limeade that are not defined under or recognised by US GAAP nor IFRS (or Australian Accounting Standards).

Limeade is responsible for the preparation and presentation of the Financial Information.

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4.2.2 Preparation of Historical Financial Information

The Statutory Historical Financial Information has been extracted from the consolidated financial statements of Limeade for FY17 and FY18 and the half-year financial statements for 1H19.

The financial statements for Limeade for FY17 and FY18 were audited by Moss Adams LLP in accordance with the United States Generally Accepted Auditing Standards (USGAAS). Moss Adams LLP issued an unqualified audit opinion relating to those financial statements and its audit report on those periods includes an emphasis of matter paragraph that highlights the revised and reissued financial report in respect of those periods. Limeade restated their consolidated financial statements in November 2019 after determining that the accounting and reporting for capitalized software was omitted in the FY17 and FY18 consolidated financial statements.

The condensed half-year financial statements of Limeade for 1H19 were subject to review by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards applicable to Review Engagements. Deloitte Touche Tohmatsu issued an unmodified review conclusion. However, its report states that it did not audit, and it does not express an opinion on the financial statements of Limeade for the 1H18 or 1H19. Accordingly, the degree of reliance on its report on such information should be restricted in light of the limited nature of the review procedures applied.

The consolidated financial statements of Limeade for FY17 and FY18 and the condensed half-year financial statements for 1H19 will be lodged with ASX following Completion and are available at events.miraql.com/limeade-ipo.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information adjusted for the effects of certain pro forma adjustments. Refer to the notes to Table 21 for details of the following adjustments:

- inclusion of incremental costs associated with operating as a listed public company as if they were incurred from 1 January 2017; and
- changes to the capital structure reflecting the planned \$2.75 million repayment of the existing Comerica Credit Facility availed to Limeade with part of the IPO proceeds (see Section 4.6 below).

Limeade has not been profitable and therefore no adjustments relating to the tax impact of the above adjustments have been made.

Section 4.3.4, Table 18 and Table 19 sets out the pro forma adjustments made to the Statutory Historical Income Statements and a reconciliation of the Statutory Historical Income Statements to the Pro Forma Historical Income Statements.

Pro forma adjustments were also made to the statutory forecast net cash flows to reflect:

- the cash impact of the pro forma adjustments to the Statutory Historical Cash Flows; and
- the cash impact of costs and proceeds associated with the Offer.

Section 4.4.2, Table 24 sets out the pro forma adjustments to the Statutory Historical Cash Flows and a reconciliation of the Statutory Historical Cash Flows to the Pro Forma Historical Cash Flows.

Section 4.5, Table 25 sets out the pro forma adjustments to the Statutory Historical Statement of Financial Position, and a reconciliation of the Statutory Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position. Pro forma adjustments were made to the Statutory Historical Statement of Financial Position to reflect the impact of the Offer as if it had occurred as at 30 June 2019.

In preparing the Historical Financial Information, Limeade's accounting policies have been consistently applied throughout the periods presented.

Investors should note that past results are not a guarantee of future performance.

4.2.3 Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for the inclusion in this Prospectus. The Forecast Financial Information is presented on both a statutory and pro forma basis for FY19F and FY20F.

The Forecast Financial Information has been prepared by Limeade based on an assessment of current economic and operating conditions and on the general and specific assumptions regarding future events and actions set out in Section 4.9. The disclosure of these assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and the effect on the Forecast Financial Information if they do not occur, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information is subject to the risk factors as set out in Section 5.

The Statutory Forecast Financial Information represents Limeade best estimate of the financial performance and cash flows that it expects to report in its consolidated financial statements in FY19F and FY20F.

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for pro forma adjustments to reflect the operating and capital structure of Limeade following Completion. As Limeade does not expect to make a profit in FY19F or FY20F, no adjustments relating to the tax impact of these adjustments have been made.

The Forecast Financial Information is based on various specific and general assumptions for FY19F and FY20F, including those set out in Section 4.9. The Forecast Financial Information for FY19F includes the actual results of Limeade for the eight months to 31 August 2019 comprising six months reviewed and two months of unaudited actual financial information and a further four months of forecast financial results.

Section 4.3.4, Table 18 sets out a reconciliation of statutory forecast NPAT to pro forma forecast NPAT for FY19F and FY20F. Section 4.4.2, Table 24 set out a reconciliation of statutory forecast free cash flow to pro forma forecast free cash flow for FY19F and FY20F.

Limeade believes the general and specific assumptions set out in section 4.9, when taken as a whole, to be reasonable at the time of preparing the Prospectus. However, the information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that this may have a material positive or negative effect on Limeade's actual financial performance, cash flows and financial position. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of Limeade and SaleCo, and their respective directors and management, and are not reliably predictable. Accordingly, none of Limeade or SaleCo, their respective directors or management or any other person can give investors any assurance that the outcomes disclosed in the Forecast Financial Information will arise. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The Forecast Financial Information should be read in conjunction with the general and specific assumptions set out in Section 4.9, the sensitivity analysis described in Section 4.11, the risk factors described in Section 5, the significant accounting policies set out in Appendix A, and the other information in this Prospectus. Limeade does not intend to update or revise the Forecast Financial Information or other forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or regulation.

Due to its nature, the Pro Forma Forecast Financial Information does not represent the actual or prospective financial performance or cash flows for the respective periods of Limeade.

4.2.4 Explanation of certain non-US GAAP (and non-IFRS) financial measures

Limeade uses measures to manage and report on its business that are not recognised under US GAAP, IFRS or Australian Accounting Standards. These measures are collectively referred to in this Section 4 and under Regulatory Guide 230 *Disclosing Non-IFRS Financial Information* published by ASIC as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- **Contracted annual recurring revenue (CARR)** represents the total value of contracted subscription revenue at a point in time, expressed on an annualised basis. Upon signing a new customer or when an existing customer contractually commits to additional spend (either through new solutions or expansion of existing solutions to additional employees), twelve months of the contract's subscription value is added to CARR. This does not represent accounting revenue in accordance with US GAAP or IFRS.

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- **Net revenue retention** represents CARR at the beginning of the period plus any CARR added in that period through the 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.
- **Subscription revenue** is contracted revenue generated from the sale of software solutions, (including both Limeade and third-party solutions, which includes subscription coaching revenue) to customers (refer to section 3.4.1).
- **Other revenue** is revenue generated from the sale of third-party products and services which includes biometric screening, margins earned on rewards offered to employees of customers and other product and services (refer to section 3.2.2).
- **Cost of sales** comprises the wages, salaries and allocated facilities costs of employees in the customer operations and customer success teams who implement and configure Limeade software for new customers and provide ongoing account management services, as well as the costs of infrastructure hosting the platform (refer to section 4.10.2).
- **Gross profit margin** is gross profit expressed as a percentage of revenue.
- **Research and development expense** is personnel and related costs (including salaries, benefits, payroll tax and allocated facilities costs) associated with product design and development inclusive of product maintenance expenses (excluding capitalised development costs) (refer to section 4.10.2).
- **Sales and marketing expense** is personnel and related costs (including salaries, commissions, benefits, payroll tax and allocated facilities costs) associated with content generation, lead generation, sales and other marketing activities (refer to section 4.10.2).
- **General and administrative expense** is personnel and related costs (including salaries, benefits, payroll tax and allocated facilities costs) for finance, legal, human resources and administration employees, as well as employees who sit within the Limeade Institute (refer to section 4.10.2).
- **EBITDA** is earnings or losses before interest, taxation, depreciation and amortisation and **EBITDA margin** is EBITDA expressed as a percentage of total revenue. Limeade uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation, amortisation and before interest and taxation. EBITDA can be useful to help understand the cash generation potential of the business. EBITDA and EBITDA margin should not be considered as an alternative to measures of cash flow under US GAAP or IFRS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of Limeade operations.
- **EBIT** is earnings before interest and taxation.
- **Operating cash flow** is EBITDA after the removal of non-cash items in EBITDA (e.g. share-based payment expenses, movements in provisions and changes in working capital). Limeade uses operating cash flow as a measure to indicate the level of operating cash flow generated from EBITDA.
- **Free cash flow** is operating cash flow less capitalised development costs and other capital expenditure. Limeade uses free cash flow as a measure of the net cash generated by Limeade before tax, interest and other investing cash flows.
- **Operating cash flow conversion ratio** is operating cash flow expressed as a percentage of EBITDA.
- **Free cash flow conversion ratio** is free cash flow expressed as a percentage of EBITDA.
- **Working capital** is trade and other receivables and other current assets less trade and other payables, accruals, deferred revenue and other current liabilities.
- **Net debt** represents total loans and borrowings and bank overdrafts, less cash and cash equivalents.
- **Capital expenditure** is a combination of capitalised development costs and other costs primarily related to property, plant and equipment.
- **Capitalised development costs** are related to significant enhancements to products that are expected to derive a future benefit to Limeade and are capitalised in accordance with US GAAP.
- **Total research and development costs (R&D)** are research and development expense plus capitalised development costs, which Limeade uses as a measure of its total R&D investment. Total R&D costs expressed as a percentage of total revenue is a ratio which Limeade calculates and uses to consider the total investment in R&D relative to the total revenue of the business from period to period and in comparison to other similar businesses.

Although Limeade believes that these measures provide useful information about the financial performance of the business, they should be considered as supplements to the financial information measures that have been presented in accordance with US GAAP and not as a replacement for them. As these financial measures are not based on US GAAP, IFRS or Australian Accounting Standards, they do not have standard definitions, and the way Limeade calculates these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non-US GAAP and non-IFRS financial measures.

4.3 HISTORICAL AND FORECAST INCOME STATEMENTS

4.3.1 Pro Forma Income Statements

TABLE 14: SUMMARY OF PRO FORMA HISTORICAL AND FORECAST CONSOLIDATED INCOME STATEMENTS AND STATUTORY FORECAST CONSOLIDATED INCOME STATEMENTS

\$ millions	Notes	Pro forma historical		Pro forma forecast		Statutory forecast	
		FY17	FY18	FY19F	FY20F	FY19F	FY20F
Subscription revenue	1	33.8	38.8	45.2	54.1	45.2	54.1
Other revenue	2	1.1	1.3	1.8	2.0	1.8	2.0
Total revenue		34.9	40.1	47.0	56.1	47.0	56.1
Cost of sales	3	(9.6)	(10.6)	(11.5)	(13.9)	(11.5)	(13.9)
Gross profit		25.3	29.5	35.5	42.2	35.5	42.2
Sales and marketing		(11.1)	(11.5)	(16.7)	(23.4)	(16.7)	(23.4)
Research and development		(10.1)	(13.5)	(15.2)	(18.6)	(15.2)	(18.6)
General and administrative	4	(6.9)	(8.1)	(8.6)	(11.1)	(7.1)	(11.1)
Operating expenses		(28.1)	(33.1)	(40.5)	(53.2)	(39.0)	(53.2)
Operating income		(2.8)	(3.6)	(5.0)	(10.9)	(3.5)	(10.9)
Other income		0.0	0.1	0.2	0.2	0.2	0.2
EBITDA		(2.8)	(3.5)	(4.8)	(10.7)	(3.3)	(10.7)
Depreciation and amortisation	5	(1.2)	(1.2)	(1.4)	(1.6)	(1.4)	(1.6)
EBIT		(4.0)	(4.7)	(6.2)	(12.4)	(4.7)	(12.4)
Net interest expense		(0.0)	(0.0)	(0.0)	-	(0.2)	-
Profit/(loss) before tax		(4.1)	(4.7)	(6.2)	(12.4)	(4.9)	(12.4)
Income tax expense		-	-	-	-	-	-
Net profit/(loss) after tax		(4.1)	(4.7)	(6.2)	(12.4)	(4.9)	(12.4)

Notes:

- Subscription revenue is contracted revenue generated from the sale of software solutions (including both Limeade solutions and third-party applications) to customers (refer to section 3.4.1).
- Other revenue represents revenue generated from third-party products and services such as biometrics screening, margins earned on rewards offered to employees of customers and other products and services.
- Cost of sales comprises a portion of the wages, salaries and allocated facilities costs of employees in the customer operations and customer success teams who implement and configure Limeade software for new customers and provide critical implementation and ongoing account management services, the costs of infrastructure hosting the platform as well as payments to Partners for sales to Partner customers.
- General and administrative expense relates to the general management of Limeade as well as the Limeade Institute and include personnel-related expenses, professional fees, travel costs and allocated facilities costs. The pro forma historical and pro forma forecast also includes estimated listed public company costs of \$1.6 million in FY17 to FY20F. These costs are not directly attributable to research and development or sales and marketing. See Section 4.10.3 for a reconciliation including the Pro forma adjustments.
- Depreciation reflects the depreciation of property, plant and equipment. Amortisation predominantly relates to amortisation of capitalised development costs and patents.

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4.3.2 Pro Forma Historical Half Year Income Statements

TABLE 15: SUMMARY OF PRO FORMA HISTORICAL CONSOLIDATED INCOME STATEMENTS FOR 1H18 AND 1H19

\$ millions	Notes	Pro forma historical	
		1H18	1H19
Subscription	1	18.5	21.8
Other	2	0.6	0.8
Total Revenue		19.1	22.6
Cost of sales	3	(5.5)	(5.4)
Gross profit		13.6	17.1
Sales and marketing		(5.9)	(7.6)
Research and development		(6.3)	(7.3)
General and administrative	4	(3.9)	(3.8)
Operating expenses		(16.1)	(18.7)
Operating income		(2.5)	(1.6)
Other income		0.0	0.1
EBITDA		(2.5)	(1.5)
Depreciation and amortisation	5	(0.6)	(0.7)
EBIT		(3.1)	(2.2)
Net interest expense		(0.0)	(0.0)
Profit/(loss) before tax		(3.1)	(2.2)
Income tax expense		-	-
Net profit/(loss) after tax		(3.1)	(2.2)

Notes: refer to notes to Table 14

4.3.3 Key operating and financial metrics

TABLE 16: PRO FORMA HISTORICAL AND FORECAST OPERATING AND FINANCIAL METRICS FOR FY17 TO FY20

		Pro forma historical		Pro forma forecast	
	Notes	FY17	FY18	FY19F	FY20F
Key operating metrics					
Net revenue retention	1	95.9%	98.2%	97.0%	98.8%
Average CARR per Direct Limeade Well-Being customer (\$ thousands)	2	487.0	525.7	604.6	634.3
Average CARR per customer (\$ thousands)	3	224.4	254.3	301.6	350.9
Customer success – headcount (period end)	4	32	30	45	48
Sales and marketing – headcount (period end)	4	45	55	72	81
Research and development – headcount (period end)	4	60	84	100	110
Total headcount (period end)	4	188	219	281	313
Key financial metrics					
Subscription revenue growth (% increase YoY)			15.1%	16.4%	19.7%
Gross profit growth (% increase YoY)			16.6%	20.2%	19.0%
Gross profit margin		72.6%	73.6%	75.4%	75.3%
Sales and marketing expense (as % of revenue)		31.9%	28.8%	35.6%	41.7%
Research and development expense (\$ millions)		(10.1)	(13.5)	(15.2)	(18.6)
Capitalised development cost (\$ millions)		(0.8)	(1.1)	(2.8)	(3.5)
Total research and development costs (\$ millions)		(10.9)	(14.7)	(18.0)	(22.1)
Research and development expense (as % of revenue)		28.9%	33.7%	32.2%	33.2%
Total research and development costs (as % of revenue)		31.2%	36.6%	38.2%	39.5%

Notes:

1. Net revenue retention: defined as CARR at the beginning of the period plus any CARR added in that period through the 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.
2. Average CARR per Direct Limeade Well-Being customer is calculated based on total CARR generated by Direct Well-Being customers divided by total number of Direct Well-Being customers.
3. Average CARR per customer is calculated based on total CARR divided by total number of customers.
4. Headcount refers to total full time equivalent (FTE) employees at the close of the corresponding financial period.

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TABLE 17: PRO FORMA HISTORICAL OPERATING AND FINANCIAL METRICS FOR 1H18 AND 1H19

		Pro forma historical	
	Notes	1H18	1H19
Key operating metrics			
Net revenue retention	1	99.3%	101.7%
Average CARR per Direct Limeade Well-Being customer (\$ thousands)	2	477.3	605.5
Average CARR per customer (\$ thousands)	3	226.6	287.3
Customer success – headcount (period end)	4	26	34
Sales and marketing – headcount (period end)	4	49	61
Research and development – headcount (period end)	4	67	85
Total Headcount (period end)	4	190	230
Key financial metrics			
Subscription revenue growth (% increase YoY)		17.8%	17.5%
Gross profit growth (% increase YoY)		18.7%	26.0%
Gross profit margin		71.2%	75.9%
Sales and marketing expense (as % of revenue)		31.1%	33.7%
Research and development expense (\$ millions)		(6.3)	(7.3)
Capitalised development cost (\$ millions)		(0.5)	(1.4)
Total research and development costs (\$ millions)		(6.8)	(8.7)
Research and development expense (as % of revenue)		33.2%	32.4%
Total research and development costs (as % of revenue)		35.8%	38.6%

Notes: refer to notes to Table 16

4.3.4 Pro forma adjustments to the Statutory Historical Income Statements and Statutory Forecast Income Statements

TABLE 18: PRO FORMA ADJUSTMENTS TO THE STATUTORY HISTORICAL CONSOLIDATED INCOME STATEMENTS AND THE STATUTORY FORECAST INCOME STATEMENTS

\$ millions	Notes	FY17	FY18	FY19F	FY20F
Statutory profit/(loss) after tax		(2.5)	(3.2)	(4.9)	(12.4)
Public company costs	1	(1.6)	(1.6)	(1.5)	-
Line of credit expense	2	-	0.1	0.2	-
Pro forma profit/(loss) after tax		(4.1)	(4.7)	(6.2)	(12.4)

Notes:

- Reflects an estimate of the incremental annual costs that Limeade will incur as a result of being a listed public company. These costs include Director's fees, listing fees, share registry costs, audit and legal fees, Directors' and officers' insurance premiums, investor relations costs, annual general meetings costs, annual report costs and other public company costs. The adjustment for FY19F reflects the inclusion of estimated costs on a pro rata basis for 11 months, being such period before Limeade expects to be a listed public entity.
- Reflects the pro forma impact of the new capital structure that Limeade will have at Completion where the current drawn debt (refer to Section 4.6) will be repaid in full at shortly following Completion and prior to 31 December 2019.

TABLE 19: PRO FORMA ADJUSTMENTS TO THE STATUTORY HISTORICAL CONSOLIDATED INCOME STATEMENTS

\$ millions	Notes	1H18	1H19
Statutory profit/(loss) after tax		(2.3)	(1.5)
Public company costs	1	(0.8)	(0.8)
Line of credit expense	2	-	0.1
Pro forma profit/(loss) after tax		(3.1)	(2.2)

Notes: refer to notes to Table 18

TABLE 20: STATUTORY HISTORICAL CONSOLIDATED INCOME STATEMENTS FOR FY17, FY18, 1H18 AND 1H19

\$ millions	Notes	Statutory historical		Statutory historical	
		FY17	FY18	1H18	1H19
Subscription revenue	1	33.8	38.8	18.5	21.8
Other revenue	2	1.1	1.3	0.6	0.8
Total Revenue		34.9	40.1	19.1	22.6
Cost of sales	3,6	(9.6)	(10.6)	(5.5)	(5.4)
Gross profit		25.3	29.5	13.6	17.1
Sales and marketing		(11.1)	(11.5)	(5.9)	(7.6)
Research and development		(10.1)	(13.5)	(6.3)	(7.3)
General and administrative	4,6	(5.3)	(6.5)	(3.1)	(3.0)
Operating expenses		(26.5)	(31.5)	(15.3)	(17.9)
Operating income		(1.2)	(2.0)	(1.8)	(0.8)
Other income		0.0	0.1	0.0	0.1
EBITDA		(1.2)	(1.9)	(1.7)	(0.7)
Depreciation and amortisation	5	(1.2)	(1.2)	(0.5)	(0.7)
EBIT		(2.4)	(3.1)	(2.3)	(1.4)
Net interest expense		(0.0)	(0.1)	(0.0)	(0.1)
Profit/(loss) before tax		(2.5)	(3.2)	(2.3)	(1.5)
Income tax expense		-	-	-	-
Net profit/(loss) after tax		(2.5)	(3.2)	(2.3)	(1.5)

Notes: refer to notes to Table 14

6. Cost of sales and each of the items under operating expenses includes depreciation and amortisation for presentation in Limeade's statutory financial statements. In the table above, depreciation and amortisation has been excluded from these expenses and reported at an aggregate level below EBITDA.

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4.4 HISTORICAL AND FORECAST CASH FLOWS

4.4.1 Pro Forma Historical and Forecast Cash Flows and Statutory Forecast Cash Flows

TABLE 21: SUMMARY PRO FORMA HISTORICAL AND FORECAST CONSOLIDATED CASH FLOW INFORMATION AND STATUTORY FORECAST CONSOLIDATED CASH FLOW INFORMATION

\$ millions	Notes	Pro forma historical		Pro forma forecast		Statutory forecast	
		FY17	FY18	FY19F	FY20F	FY19F	FY20F
EBITDA		(2.8)	(3.5)	(4.8)	(10.7)	(3.3)	(10.7)
Change in working capital	1	0.9	3.2	5.3	2.7	5.3	2.7
Operating cash flow		(1.9)	(0.3)	0.5	(8.0)	2.0	(8.0)
Capitalised development costs	2	(0.8)	(1.1)	(2.8)	(3.5)	(2.8)	(3.5)
Business combinations	3	-	(1.9)	-	(0.6)	-	(0.6)
Other capital expenditure	4	(0.8)	(0.4)	(1.1)	(0.3)	(1.1)	(0.3)
Free cash flow		(3.5)	(3.8)	(3.4)	(12.3)	(1.9)	(12.3)
Line of credit	5			-	-	(2.5)	-
Lease payments				(0.1)	-	(0.1)	(0.0)
Net interest payments				(0.0)	-	(0.2)	-
Net proceeds from other	6			0.2	-	0.2	-
Net cash flow before Offer impacts				(3.4)	(12.3)	(4.6)	(12.3)
Net proceeds from IPO	7				-	30.0	-
Net cash flow					(12.3)	25.4	(12.3)

Notes:

1. Change in working capital comprises changes in trade and other receivables, trade and other payables, accrued expenses and provisions, and deferred revenue. Limeade's working capital movements (inflows) reflect the receipts in advance for subscription revenue from customers who are billed on an annual basis and have continued to grow year on year. Limeade has experienced an increasing shift towards customers with annual upfront billing. Of the total Direct customer base, customers with annual upfront billing increased from 25% in FY17 to 49% in FY18 and to 53% in FY19F and has been forecast to remain at the same level in FY20F. The lower net cash flow in FY20F is reflective of the number of customers with annual upfront billing remaining consistent between FY19F and FY20F.
2. Capitalised development costs reflect the cash impact of capitalised development costs. These expenses are capitalised in accordance with US GAAP and include direct labour and associated on-costs.
3. Business combinations refers to Limeade's acquisition of Sitron GmbH in August 2018 for a total purchase price of \$2.5 million of which \$1.9 million was paid at the time of acquisition and the remainder \$0.6 million is to be paid in February 2020. The deferred payment is not subject to any conditions precedent or earnings hurdles.
4. Other capital expenditure in FY19F includes leasehold improvements of approximately \$0.3 million at the Bellevue office and other capital expenditure. Other capital expenditure in FY20F represents purchase of computers / laptops for new headcount additions and replacement / upgrades for existing employees.
5. Line of credit relates to plans to repay the drawn Comerica Credit Facility in full shortly following Completion and prior to 31 December 2019 (refer to section 4.6).
6. Net proceeds from other reflects the cash received in relation to the exercise of stock options.
7. Net proceeds from IPO comprises estimated proceeds of the Offer of \$68.1 million which will be used to fund the payment of \$33.0 million (net of the sell down and proportional offer costs of \$1.0 million) to SaleCo (which in turn, will pay this amount on to the Selling Shareholders) for the transfer of the Sale Shares under the Sale Agreements, with proceeds to Limeade of \$34.1 million from the issue of new Shares. Part of the proceeds of the Offer to Limeade will be used to fund payment of the Company's share of Offer costs of approximately \$4.0 million.

TABLE 22: SUMMARY HISTORICAL CONSOLIDATED CASH FLOW INFORMATION

\$ millions	Notes	Statutory Historical Cashflows	
		FY17	FY18
EBITDA		(1.2)	(1.9)
Change in working capital	1	0.9	3.2
Operating cash flow		(0.4)	1.3
Capitalised development costs	2	(0.8)	(1.1)
Business combinations	3	-	(1.9)
Other capital expenditure	4	(0.8)	(0.4)
Free cash flow		(1.9)	(2.2)

Notes: refer to notes to Table 21

TABLE 23: SUMMARY PRO FORMA AND STATUTORY HISTORICAL CONSOLIDATED CASH FLOW INFORMATION

\$ millions	Notes	Pro Forma Historical		Statutory Historical	
		1H18	1H19	1H18	1H19
EBITDA		(2.5)	(1.5)	(1.7)	(0.7)
Change in working capital	1	4.2	1.0	4.2	1.0
Operating cash flow		1.6	(0.5)	2.4	0.3
Capitalised development costs	2	(0.5)	(1.4)	(0.5)	(1.4)
Business combinations	3	-	-	-	-
Other capital expenditure	4	(0.1)	(0.5)	(0.1)	(0.5)
Free cash flow		1.0	(2.4)	1.8	(1.6)

Notes: refer to notes to Table 21

4.4.2 Pro Forma Adjustments to the Historical and Forecast Cash Flows

TABLE 24: PRO FORMA ADJUSTMENTS TO THE STATUTORY HISTORICAL AND STATUTORY FORECAST CONSOLIDATED FREE CASH FLOWS

\$ millions	Notes	FY17	FY18	FY19F	FY20F
Statutory free cash flow		(1.9)	(2.2)	(1.9)	(12.3)
Public company costs	1	(1.6)	(1.6)	(1.5)	-
Line of credit expense	2	-	-	-	-
Pro forma free cash flow		(3.5)	(3.8)	(3.4)	(12.3)

Notes: refer to notes for Table 18

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4.5 CONSOLIDATED HISTORICAL BALANCE SHEET

TABLE 25: PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019

\$ millions	Notes	Statutory Historical 30-Jun-19	Impact of the Offer	Repayment of Line of Credit	Pro forma Historical 30-Jun-19
Cash	1	2.3	30.1	(2.8)	29.6
Accounts receivable		6.8	-	-	6.8
Prepaid expenses		1.5	-	-	1.5
Rewards prepaid		2.5	-	-	2.5
Other		0.1	-	-	0.1
Total current assets		13.1	30.1	(2.8)	40.4
Fixed assets, net		1.0	-	-	1.0
Intangible assets & Other		10.5	-	-	10.5
Total non-current assets		11.5	-	-	11.5
Total Assets		24.6	30.1	(2.8)	51.9
Accounts payable		(3.0)	-	-	(3.0)
Line of Credit	2	(2.8)	-	2.8	-
Accrued expenses		(4.8)	-	-	(4.8)
Deferred revenue		(7.2)	-	-	(7.2)
Rewards Liability		(4.3)	-	-	(4.3)
Other current liabilities		(0.9)	-	-	(0.9)
Leases payable (short term)		(1.2)	-	-	(1.2)
Total current liabilities		(24.2)	-	2.8	(21.5)
Leases payable (long term)		(3.2)	-	-	(3.2)
Total liabilities		(27.5)	-	2.8	(24.7)
Common stock	3	2.4	63.6	-	66.0
Preferred stock	4	33.5	(33.5)	-	-
Retained earnings		(38.8)	-	-	(38.8)
Total Equity		(2.8)	30.1	-	27.2

Notes:

1. Estimated proceeds of the Offer of \$68.1 million of which \$34.0 million will be paid to existing shareholders, \$2.8 million will be used to repay the current debt drawdown in full (refer to Section 4.6) and \$5.1 million will go towards Offer costs (\$1.0 million borne by existing shareholders and the remainder by Limeade). Limeade will have cash of \$29.6 million from the Offer proceeds after the repayment of the debt based on 30 June 2019 position.
2. Reflects the repayment of the credit facility post Completion.
3. Reflects the net increase in equity from the Offer which includes \$33.5 million of preferred stock conversion to ordinary stock by Completion and \$34.1 million of new shares being issued less capitalised Offer costs of \$4.0 million (after adjusting for costs to be paid by Selling Shareholders).
4. Immediately prior to Completion, all of the preferred stock in Limeade will convert to common stock (refer to Section 9.4).

4.6 CASH AND CASH EQUIVALENTS

The net cash position of Limeade at 30 June 2019 on a statutory basis (prior to Completion) is \$2.3 million, and is expected to be \$25.2 million (being \$29.6 million of cash less \$1.2 million of leases payable (short term) and \$3.2 million of leases payable (long term)) on a pro forma basis adjusted for receipt of the net proceeds of the Offer and repayment of the Comerica Credit Facility as if these actions took place on 30 June 2019.

The pro forma balance of net cash and cash equivalents as at 30 June 2019 does not reflect the change in cash position between 30 June 2019 and Completion, which will occur as a result of various anticipated cash requirements of the business over this period.

Limeade, Inc. and Limeade Technologies Canada, Inc. (**Borrowers**) are party to a credit facility agreement with Comerica Bank dated 10 May 2019 (**Comerica Credit Facility**) pursuant to which the Borrowers may negotiate and procure loans, letters of credit and other credit or financial accommodations from Comerica Bank, up to an amount not exceeding \$15 million. Interest is payable on the credit facility equal to no less than the daily adjusting LIBOR rate (London Inter-Bank Offered Rate) plus 3.00% per annum.

The statutory indebtedness of Limeade as at 30 June 2019 was \$2.75 million on a gross basis. Limeade intends to repay the drawn balance on the Comerica Credit Facility of \$2.75 million from Offer proceeds shortly following Completion and prior to 31 December 2019. Following repayment of the Comerica Credit Facility, Limeade's net cash position on a pro forma basis following Completion is expected to be \$25.2 million after adjusting for leases payable (short-term and long-term).

4.7 LIQUIDITY AND CAPITAL RESOURCES

Following Completion, the principal sources of funds for Limeade are expected to be cash on hand. Net cash raised from the Offer will be used in part to repay the existing Comerica Credit Facility as discussed in Section 4.6.

Limeade will use the remainder of the cash raised from the Offer to fund operations, working capital and capital expenditure to support its growth initiatives, as referred to Section 7.1.3. Historical and forecast operating expenditure are described further in Sections 4.10.2. Following Completion, Limeade expects that it will have sufficient cash to meet its operational and working capital requirements and stated business objectives during the forecast period.

The ability of Limeade to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond its control, including general economic, financial and competitive conditions. Over time, Limeade may seek additional funding from a range of sources to diversify its funding base.

4.8 CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENT LIABILITIES

Table 26 sets out the contractual obligations, commitments and contingent liabilities as at 30 June 2019, which primarily relate to leases. As per US GAAP, the lease commitments listed in Table 26 are recorded on the Consolidated Historical Balance Sheet (refer to Section 4.5).

Limeade has no material contingent liabilities or other off-balance sheet arrangements as at 30 June 2019 other than those described in this section.

TABLE 26: CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENT LIABILITIES

\$ million	Note	< 1 year	1 - 5 years	> 5 years	Total
Lease commitments		1.2	3.2	-	4.5

4.9 FORECAST FINANCIAL INFORMATION

The Forecast Financial Information is based on various specific and general assumptions, including those set out in this Section 4.9. In preparing the Forecast Financial Information, Limeade has undertaken an analysis of historical performance and applied assumptions where appropriate in order to forecast future performance for FY19F and FY20F. Limeade believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions, when taken as a whole, to be reasonable at the time of preparing the Prospectus. However, actual results are likely to vary from those forecasts and any variation may be materially positive or negative.

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The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of Limeade and SaleCo, and their respective directors and management, and are not reliably predictable. Accordingly, none of Limeade, SaleCo, their respective directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.11, the risk factors set out in Section 5 and the Independent Limited Assurance Report on Forecast Financial Information set out in Section 8. A reconciliation of the Pro Forma Forecast Annual Income Statements to the Statutory Forecast Annual Income Statements is set out in Section 4.3.4.

4.9.1 General assumptions

The following general assumptions are relevant to the Forecast Financial Information:

- no material change in the competitive environment in which Limeade operates;
- no significant deviation from current market expectations of economic conditions relevant to the industry in which Limeade operates, including business confidence, consumer sentiment, economic growth, inflation, fiscal and taxation policies throughout the countries in which Limeade operates (including, but not limited to the United States, Germany and Canada);
- no significant interruptions, disturbances, disruptions or departures from expectations in relation to the Limeade platform, or operations or solutions;
- no material industrial actions or other disturbances, litigation legal claims or environmental costs;
- no material changes in key personnel, including key management personnel, and Limeade being able to continue to recruit and retain personnel who will be required to support the future growth of Limeade;
- no material industry disturbances, disruptions to the continuity of operations of Limeade or other material changes in its business, including acquisitions, disposals, restructurings or investments or change in the corporate or funding structure of Limeade other than as contemplated by this Prospectus;
- the Offer proceeds are received in accordance with the timetable set out in the Key Offer Details section of this Prospectus;
- no material change in applicable US GAAP or other mandatory professional reporting requirements which have a material effect on the financial performance or cash flows of Limeade, its financial position, accounting policies, or financial reporting or disclosures other than those set out in Section 4;
- no material changes in government regulation and policy that impact Limeade; and
- none of the key risks listed in Section 5 occur, or if they do, none of them has a material adverse impact on the operations, financial position or performance of Limeade.

4.9.2 Specific assumptions

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, Limeade has analysed historical performance, including the current rates of revenue and expenses, and applied assumptions, where appropriate, across the business. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.11, the risk factors set out in Section 5, the Independent Limited Assurance Investigating Accountants Report set out in Section 8 and other information contained in this Prospectus.

4.9.2.1 Revenue assumptions

Limeade generates revenue through the sale of its software under subscription-based contracts, of which the majority (based on percentage of CARR as at 30 September 2019) have a contract length of approximately three years with the remainder having terms of one, two or five years. Once executed, the full annual value of the contract is included in CARR.

Limeade continuously monitors trends in the underlying customer base and pipeline (including the effects of churn, sales of additional modules to, and increases in the number of users by, existing customers, and new customer contracts) for the impact they may have on CARR and revenue. Limeade also has regular discussions with customers, including those under shorter-term contracts, to understand their future contracting intentions and the impact that may have on CARR and revenue, and to reduce the risk of unexpected revenue churn (as defined below).

At the end of a financial period, CARR is a lead indicator of potential revenue for the following period. CARR reflects the amount of annual contracted revenue at a point in time, whereas revenue is only recognised from the launch date

(being the date on which the customer goes live on the Limeade platform) over the following 12 months and there may be an extended period between contract signing and launch date. Limeade forecasts its revenue based on the following:

- previous period's closing subscription revenue generated from existing customers; plus
- CARR relating to customers who have signed contracts but not completed implementation with expected launch dates commencing in the forecast period; plus
- new CARR expected from sales to existing customers through solution upsells and expansions (see below), forecast based on current dialogue with existing customers through the Limeade customer success team, taking into consideration the likelihood of proceeding to execution and the potential launch date to determine whether revenue is expected to be generated within a given period. Additional sales to existing customers may include the sale of new Limeade solutions or expanding use of Limeade solutions to additional user populations; plus
- new customer acquisitions, which are forecast using a customer relationship management (**CRM**) platform through which Limeade actively tracks and manages all potential new revenue opportunities. New customer acquisition pipeline is classified in terms of the maturity of the opportunity, timing, customer profile and other related metrics (see Table 27 below for further detail). Variability may exist in actual revenue achieved depending on factors like the ability to finalise the contract, its ultimate terms and timing of the launch date; offset by
- expected revenue churn, (i.e. revenue expected to be lost during the period as a percentage of revenue at the beginning of the period) based on analysis of contracts that are due to be renewed in the forecast period and communication with customers to evaluate those that are likely to terminate or not to renew within a given period, as well as an allowance based on historical run-rate for unexpected customers losses.

Forecasts of new customer acquisitions and additional sales to existing customers referred to above are based on opportunities derived from the pipeline of Limeade. The value of all pipeline opportunities identified by Limeade was approximately \$136 million as at 30 September 2019. This includes unqualified leads and qualified leads (as defined below).

Limeade classifies a lead as qualified once it has established the potential customer's budget, need and expected timing of the opportunity, and the contact person at the customer has the relevant authority to execute the opportunity. Limeade classifies potential revenue from qualified opportunities into four categories, together comprising its qualified pipeline (**Qualified Pipeline**):

TABLE 27: QUALIFIED PIPELINE (AS AT 30 SEPTEMBER 2019)

Stage	Description	Value
Develop	<ul style="list-style-type: none"> • Limeade has advanced the dialogue with the prospective customer to ascertain their specific requirement and determine the budget, authority, need and timing of the opportunity. 	\$51 million
Prove	<ul style="list-style-type: none"> • Limeade has provided information and had a number of interactions with the prospective customer to demonstrate the value proposition of Limeade, including pricing, product demonstrations and requests for proposal. 	
Finalist	<ul style="list-style-type: none"> • Limeade has been selected as a finalist in a tender process. During the finalist stage, Limeade typically competes against two to four other solutions providers. • In the nine months to 30 September 2019, Limeade converted Finalist stage pipeline customers to full contracted customers at a rate of 30% (by number). 	\$19 million
Verbal	<ul style="list-style-type: none"> • The contract has been verbally awarded to Limeade and commercial negotiations have commenced. • In the nine months to 30 September 2019, Limeade converted Verbal stage pipeline customers to full contracted customers at a rate of 93% (by number). 	
Total value of Qualified Pipeline		\$70 million

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The value that has been added to the Qualified Pipeline in the nine months to 30 September 2019 has increased by 31% compared to the previous corresponding period. Growth in pipeline has been driven by a range of factors, including:

- **ability to service large, complex customers:** more than 45 specific opportunities identified in the pipeline with individual CARR value over \$750,000 (as at 30 September 2019), representing a total of \$81 million in potential opportunities (\$43 million of which is currently in the Qualified Pipeline), at an average CARR value per opportunity of \$1.7 million;
- **growing pipeline for new solutions:** potential opportunities for the sale of Limeade Communications, Limeade Inclusion and Limeade Engagement solutions of \$28 million (as at 30 September 2019), up from \$11 million in the same period in FY18. As discussed in Section 3.1.2, the Limeade Engagement, Limeade Inclusion and Limeade Communications solutions were only made available at the beginning of FY19F, so do not contribute significantly to FY20F pipeline revenue; and
- **pipeline for international opportunities:** identified opportunities with non-US customers of \$22 million (as at 30 September 2019) since the commencement of global sales efforts in early 2019.

Limeade believes that its investments in global sales, marketing and customer success team capabilities (see Section 4.10.2.3 below) will further enhance its ability to grow its pipeline of new customer, solution upsell and expansion opportunities.

Limeade monitors its pipeline to determine how much new pipeline is required, based on historical rates at which pipeline has converted to CARR, in order to meet forecast revenue. FY19F revenue is forecast to be \$47.0 million, and comprises revenue achieved for the year to 31 August 2019, plus existing contracted revenue which is yet to be recognised. No new sales are expected to be required to meet the FY19F revenue forecast.

FY20F revenue is forecast to be \$56.1 million, \$53.4 million of which is currently contracted and included in CARR as at 30 September 2019. Of the total \$56.1 million forecast revenue in FY20F, \$54.1 million relates to subscription revenue, and as at 30 September 2019 approximately 92% of this FY20F subscription revenue is contracted (after taking into account impact of expected revenue churn), approximately 6% is supported by well progressed opportunities in either the finalist or verbal stages of the Qualified Pipeline and only 3% is expected to be derived from potential wins in other stages of the Qualified Pipeline.

In assessing its forecast revenues, Limeade notes that the conversion of pipeline opportunities is impacted by the decision of third-parties which Limeade does not control so there is no guarantee that its pipeline opportunities will convert into CARR or revenue and/or as to the impact that actual implementation dates would have on the forecast revenue or CARR.

4.9.2.2 Cost of sales

The Forecast Financial Information is based on the following cost of sale assumptions:

- cost of sales relating to cloud hosting costs is expected to increase directly in proportion to revenue growth over the forecast period with no assumed benefits derived from scale in the number of customers; and
- cost of sales relating to software implementation and account management is expected to increase in proportion to revenue growth, reflecting growth in the number of new contract wins and a focus on maintaining existing customer relationships in order to further enhance the ability of Limeade to pursue additional sales to existing customers.

4.9.2.3 Operating expenses

The Forecast Financial Information is based on the following operating expense assumptions. To the extent that these assumptions relate to employee costs, the additional cost for the relevant functions is based on bottom-up assumptions for new employees, including anticipated start dates, wage inflation and salary requirements. All new hires have been assumed to be brought on at the average salary for the function within that region and based on the experience, skillset and profile:

- **Sales and marketing expense** is expected to increase reflecting the growth in headcount expected across sales and marketing teams (refer to Section 4.10.2.3 below), as well as the full-year impact of various employees hired in these roles during FY18 and FY19F year-to-date to support the growth of the business;
- **Research and development expense** is expected to increase reflecting additional headcount in the R&D team (refer to Section 4.10.2.4 below) to execute on the software-related strategies of Limeade, its global security team, cloud infrastructure costs associated with increased development activities and the full-year impact of employees hired in these roles during FY18 and FY19F to support the growth of the business; and

- **General and administrative expense** is expected to increase reflecting headcount additions relating to legal, compliance and HR and associated general office expenses, as well as growth in headcount associated with the Limeade Institute (refer to Section 4.10.2.5 below). Limeade has not included any foreign exchange gains or losses in its forecasts, as the majority of its customers are currently billed in USD. As Limeade continues to grow its international presence, exposure to movements in foreign currencies may increase over time.

4.9.2.4 Depreciation and amortisation

The Forecast Financial Information is based on the following operating depreciation and amortisation assumptions:

- **Depreciation** is based on the current property, plant and equipment's depreciation schedules and includes depreciation for planned capital expenditure; and
- **Amortisation** is based on the current intangible assets' amortisation schedules and includes amortisation for planned development relating to Limeade software (refer to the notes to Table 14).

4.9.2.5 Net finance expense

The Forecast Financial Information includes the statutory net finance expense based on the Comerica Credit Facility up until Completion. The current amount drawn on the line of credit is expected to be repaid with Offer proceeds shortly following Completion and prior to 31 December 2019. No other net finance expense is assumed in FY19F or FY20F.

4.9.2.6 Income tax expense

In FY17 and FY18, Limeade incurred a net operating loss and Limeade expects to be loss making in FY19F and FY20F. As such, no income tax expense has been recorded by Limeade in the Historical or Forecast period.

4.9.2.7 Changes in working capital

The Forecast Financial Information is based on the following key working capital assumptions:

- **Trade receivables and other receivables** are forecast to increase at the same rate as forecast revenue (refer to the notes to Table 21); and
- **Deferred income** relates to the receipt of subscription fees paid in advance, which is expected to increase with a shift towards customers with annual upfront billing (refer to the notes to Table 21).

4.9.2.8 Capital expenditure

The Forecast Financial Information is based on the following key capital expenditure assumptions:

- Forecast expenditure is expected to increase based on investments in further development and enhancement of the Limeade platform and solutions; and
- Investment in property, plant and equipment is expected to slightly decrease over the forecast period, reflecting leasehold improvements in FY19F and other capital expenditure required to support the growth of the Limeade business throughout the forecast period and beyond (refer to the notes to Table 21).

4.10 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION AND PRO FORMA FORECAST FINANCIAL INFORMATION

This Section 4.10 is a discussion of key factors that affected Limeade operations and relative financial performance over FY17 to FY18 and 1H18 to 1H19, and a discussion of key factors and assumptions which Limeade expects may continue to affect Limeade during the period of the Forecast Financial Information in FY19F and FY20F.

The discussion of these general factors is intended to provide a summary only and does not detail all factors that have affected the historical operating and financial performance of Limeade, nor everything that may affect its operations and financial performance in the future. The information in this Section 4.10 should be read in conjunction with the basis of preparation of the Forecast Financial Information in Section 4.2.3 which in particular refers to key forecast assumptions set out in Section 4.9 and the risk factors set out in Section 5.

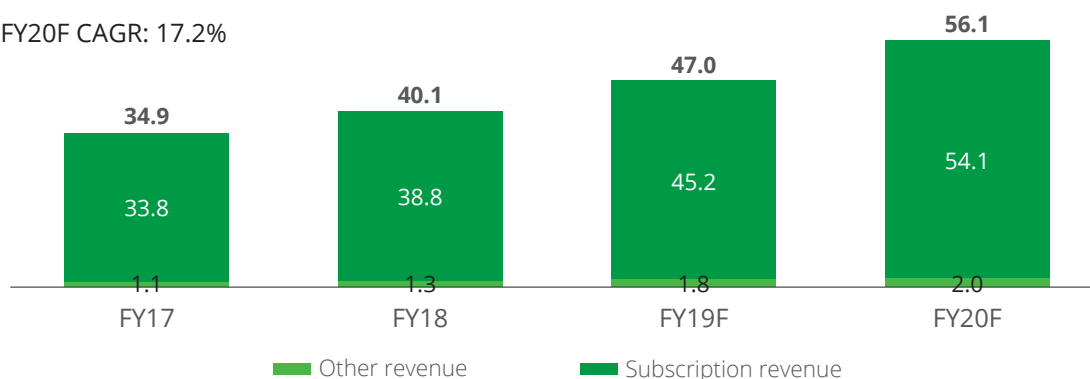
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4.10.1 Revenue

Figure 30 below illustrates the historical and forecast revenue of Limeade over FY17 to FY20F for subscription revenue and other revenue. The majority of historical and forecast revenue of Limeade comprises subscriptions, which accounted for approximately 97% of total revenue in FY18.

FIGURE 30: PRO FORMA REVENUE – FY17 – FY20F (\$ MILLIONS)

FY17-FY20F CAGR: 17.2%



Total revenue is forecast to increase from \$34.9 million in FY17 to \$56.1 million in FY20F, representing a CAGR of 17.2%. This forecast revenue growth is expected to be driven by:

- the acquisition of new customers; and
- additional sales to existing customers who expand their use to additional Limeade solutions, or increase their use through additional employees across multiple regions.

From FY17 to FY18, Limeade reported an increase in total revenue of \$5.2 million, from \$34.9 million to \$40.1 million, driven by:

- additional sales to existing customers (\$1.4 million) and \$0.5 million of revenue attributed to the Sitrion acquisition offset by revenue churn (\$2.8 million); and
- the full year impact of new customer contracts won in FY17 (\$3.0 million) and new customer wins in FY18 (\$3.0 million).

From FY18 to FY19F, Limeade revenue is expected to increase by \$6.9 million, from \$40.1 million to \$47.0 million, driven by:

- increased revenue from existing customers of approximately \$2.3 million; and
- the full year impact of new customer wins in FY18 (\$2.8 million) and new customer wins in FY19F (\$6.4 million); offset by
- customers lost or expected to be lost in FY19F, with a \$5.2 million impact on FY19F revenue; and
- increase in other revenue of \$0.6m.

From FY19F to FY20F, Limeade revenue is expected to increase by \$9.1 million, from \$47.0 million to \$56.1 million, driven by a combination of:

- revenue growth from existing customers of \$2.7 million, including through new solution upsells and expansions that have either closed or are expected to close in FY20;
- full year impact of new customer wins in FY19F (\$4.7 million), which include one large enterprise customer, (top five global technology company). This customer will begin generating the full value of their annual contracted revenue in FY20F (\$3.0 million) compared to \$1.0 million recognised in FY19F;
- new customer wins expected to generate \$7.4 million in FY20F which include a top five global airline which is expected to contribute \$1.7 million in FY20F. No revenue from this customer has been recognised in FY19F; and
- revenue churn (\$5.8 million), comprising the full year impact of customers lost in FY19F and additional customers known or anticipated to churn in FY20F, as well as an allowance for unexpected customer losses based on historical rates of revenue churn.

Other revenue, which includes revenue from the sale of third-party products and services such as Amazon Gift Cards and biometric screening, is expected to continue to increase in line with historical trends, reflecting growth in the number of underlying customers.

From 1H18 to 1H19 revenue increased by \$3.5 million, from \$19.1 million to \$22.6 million, an increase of 18.1%, driven primarily by a 17.5% increase in subscription revenue of \$3.2 million from \$18.5 million to \$21.8 million.

4.10.2 Expenses

4.10.2.1 Overview

Limeade presents expense categories within the consolidated statement of profit or loss on a functional basis. The categories used are outlined in Table 28 below:

TABLE 28: LIMEADE COST OF SALES AND OPERATING EXPENSE CATEGORIES

Cost of sales	Description
Cost of sales	Personnel and related costs (including salaries, benefits, related payroll tax and allocated facilities costs) associated with the implementation and ongoing provision of Limeade solutions and the cloud infrastructure costs associated with hosting its software. This includes the salaries for customer success and customer operations personnel who are critical to the business model of Limeade and its ability to provide its software and premium service to its customers.
Operating expenses	Description
Research and development	Personnel and related costs (including salaries, benefits, payroll tax and allocated facilities costs) and third-party costs associated with product development, business intelligence and analytics, user experience, software research, design and development.
Sales and marketing	Personnel and related costs (including salaries, commissions, benefits, payroll tax and allocated facilities costs) associated with content generation, lead generation, sales and other marketing activities undertaken by Limeade. A portion of customer success team salaries and wages (75% of total costs in FY19F and FY20F) are included in cost of sales, with 5% included in general and administrative expense and 20% included in sales and marketing expense. Travel and related expenses for sales and marketing personnel are also included. General trends in headcount relating to the customer success team are discussed separately in Section 4.10.2.2 below.
General and administrative	Personnel and related costs (including salaries, benefits, payroll tax and allocated facilities costs) for finance, legal, human resources and administration employees, as well as employees who sit within the Limeade Institute. These expenses also include professional fees for legal, accounting, tax and other services and occupancy, travel, administration and board costs as well as foreign exchange gains/losses.
Total expenses	Sum of cost of sales and total operating expenses.

Employee-related expenses such as salaries, payroll taxes and benefits and sales commissions are allocated across these expense categories according to the functions on which personnel spend their time. Employee-related costs are the largest individual cost by nature, comprising 75% (net of capitalised development costs) of total expenses for FY18, or 76% including the capitalised portion of these costs.

When the activities of Limeade staff are directly attributable to the application development stage and can be reliably measured, and where future economic benefits from the development are probable, the costs related to that activity are capitalised (see Section 4.10.3).

Set out in Figure 31 below is the historical and forecast headcount (comprising both full-time and part-time employees) by department from FY17-FY20F.

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FIGURE 31: ANNUAL HEADCOUNT – FY14-FY20F

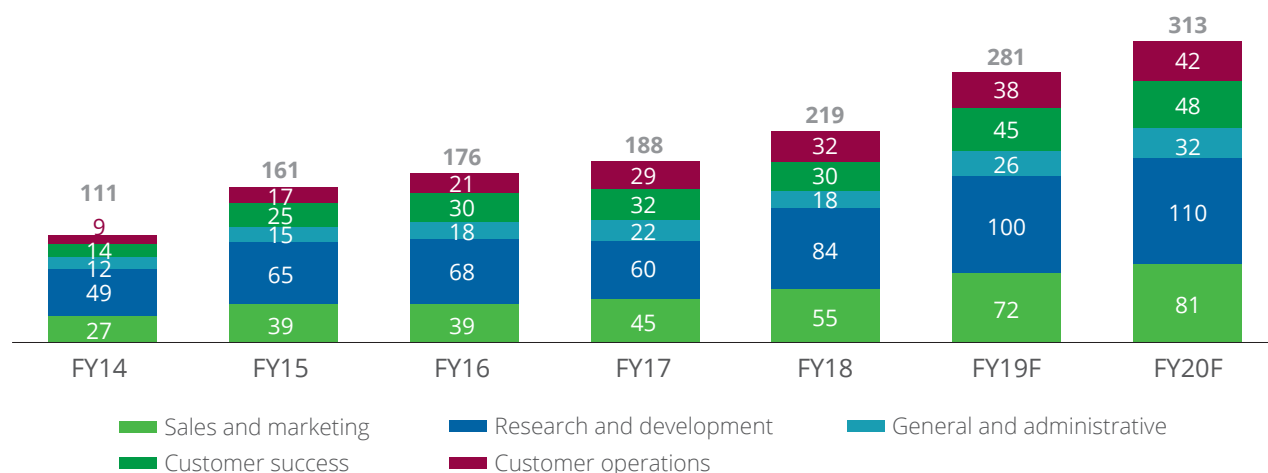
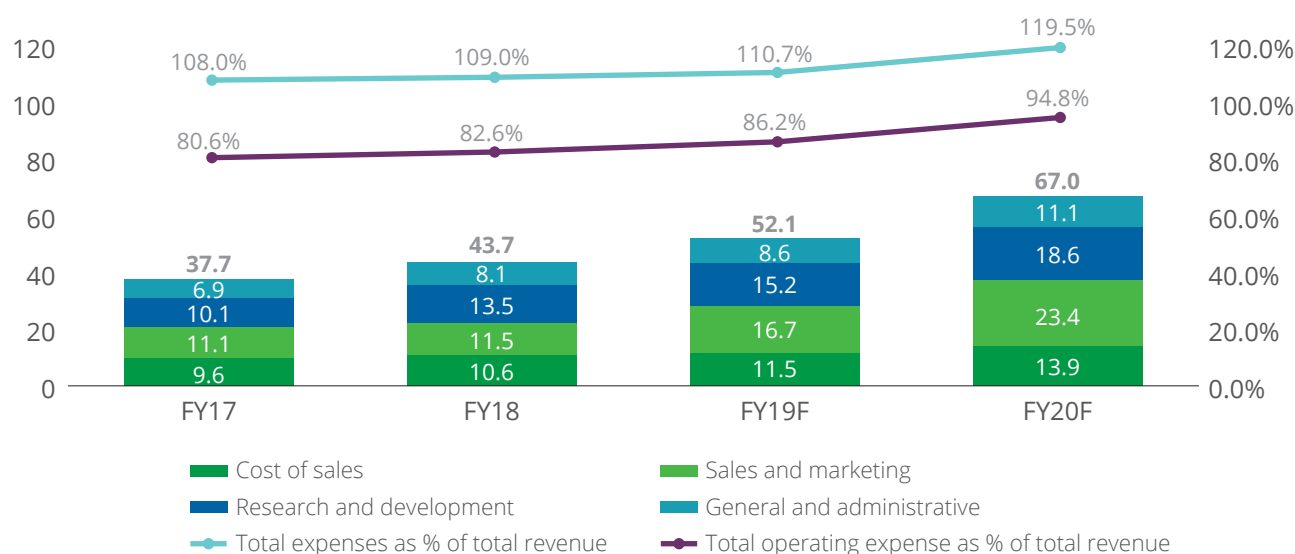


Figure 32 below illustrates total expenses, comprised of cost of sales and operating expenses, total expenses as a percentage of revenue and total operating expenses as a percentage of revenue from FY17-FY20F.

FIGURE 32: COST OF SALES AND OPERATING EXPENSES BY CATEGORY



Total operating expenses as a percentage of revenue are expected to increase from 80.6% in FY17 to 94.8% in FY20F. This reflects investments of approximately \$75 million over FY19F and FY20F intended to increase sales and marketing as well as R&D capabilities, which management expects will position the business for additional future revenue growth and operational scale.

Total expenses as a percentage of total revenue are also expected to increase from 108.0% in FY17 to 119.5% in FY20F, reflecting the additional spend mentioned above slightly offset by improvements in gross margins (see Section 4.10.2.2 below).

During the forecast period Limeade will focus on driving sales and revenue, increasing its brand awareness (particularly for its new solutions) and expanding solutions offered and the geographic reach of the Limeade platform (refer to Section 3.5). Limeade will do this by making further investment in its operating cost structure across the sales and marketing, research and development and general and administrative functions (as detailed in Figure 32 above).

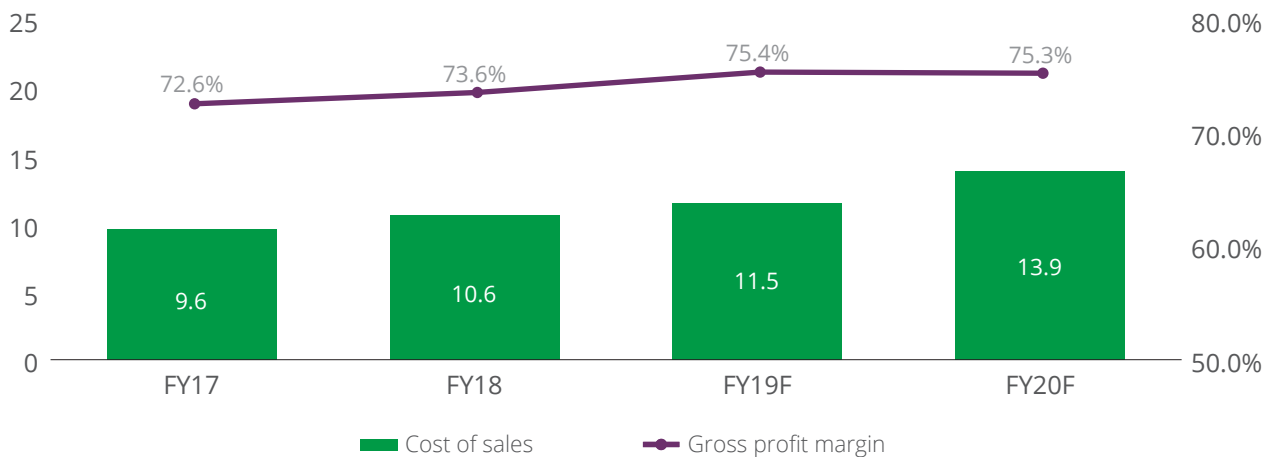
This investment will impact the financial performance of the business in FY19F and FY20F but the benefit from this investment is not expected to be realised during the forecast period given the length of Limeade's sales and implementation cycle.

Limeade is pursuing a strategy of operating expense growth through the forecast period as described above (rather than, for example, maintaining historical levels and pursuing positive EBITDA) to develop its potential to capture greater market share in the longer term.

4.10.2.2 Cost of sales

Figure 33 illustrates the total cost of sales for FY17 to FY20F.

FIGURE 33: COST OF SALES (\$ MILLIONS) AND GROSS PROFIT AS A PERCENTAGE OF REVENUE (%) – FY17 TO FY20F



Cost of sales comprises the cost of personnel and related costs (including salaries, benefits, payroll tax and allocated facilities costs) associated with the initial implementation, account management and ongoing provision of Limeade solutions and the cloud infrastructure costs associated with hosting its software. This includes the salaries relating to customer operations personnel who provide initial implementation and support services, as well as a portion of salaries relating to the customer success team, who provide account management support and are responsible for identifying potential solution upsell and expansion opportunities.

From FY17 to FY18, cost of sales increased by \$1.0 million, from \$9.6 million to \$10.6 million, driven by:

- an increase in average customer operations headcount from 22 to 30; and
- an increase in hosting, hardware and infrastructure costs, from \$0.3 million to \$0.4 million; offset by
- a reduction in average customer success headcount from 32 to 29 due to a rationalisation of internal administrative procedures in relation to managing new customers, which resulted in improved team efficiency.

From FY18 to FY19F, cost of sales is expected to increase by \$1.0 million, from \$10.6 million to \$11.5 million, driven by:

- an increase in average customer operations headcount from 30 to 33;
- an increase in cloud hosting and infrastructure costs from \$0.4 million to \$0.9 million, resulting from Limeade shifting from using its own hardware to host software services to using a scalable cloud infrastructure in Microsoft Azure in order to position the business for future growth; and
- an increase in average customer success headcount from 29 to 35.

From FY19F to FY20F, cost of sales is expected to increase by \$2.3 million, from \$11.5 million to \$13.9 million, driven by a combination of:

- an increase in average customer operations headcount from 33 to 40;
- a slight increase in cloud hosting costs in line with new customer growth; and
- an increase in average customer success headcount from 35 to 46.

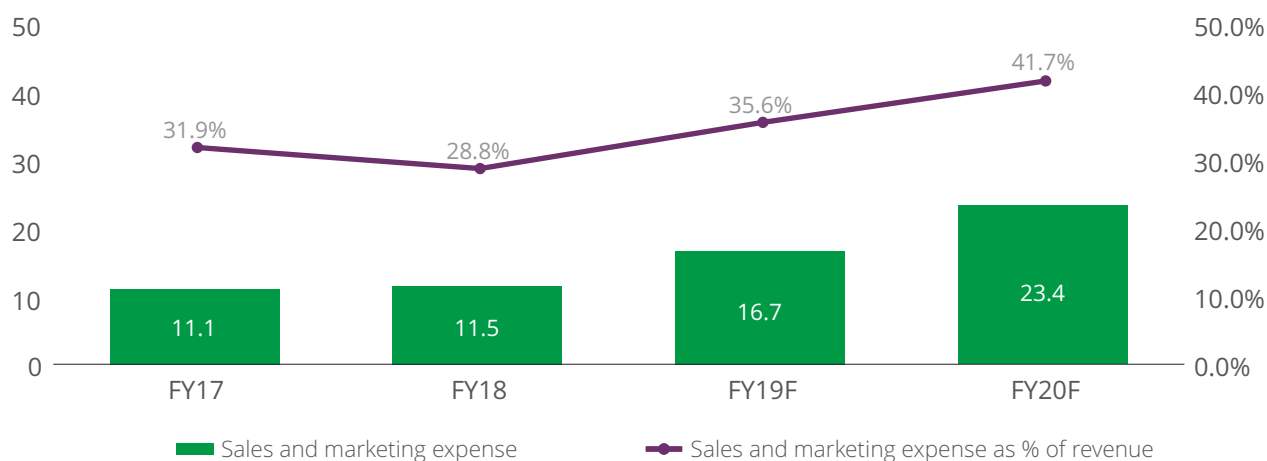
From 1H18 to 1H19, cost of sales have remained largely consistent at approximately \$5.5 million in 1H18 and 1H19.

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4.10.2.3 Sales and marketing expense

Figure 34 illustrates the sales and marketing expense for FY17 to FY20F.

FIGURE 34: SALES AND MARKETING EXPENSE (\$ MILLIONS) AND SALES AND MARKETING EXPENSE AS A PERCENTAGE OF REVENUE (%) – FY17 TO FY20F



Limeade intends to invest significant resources to enhance its sales and market capabilities, resulting in an increase in these costs over the forecast period. Limeade has identified a significant potential pipeline of opportunities for its employee experience software, and intends to invest in expanding its sales and marketing capabilities over FY19F and FY20F with the expectation of generating future sales opportunities and to position the business for future growth in this market.

From FY17 to FY18, sales and marketing expense increased by \$0.4 million, from \$11.1 million to \$11.5 million, driven by an increase in average sales and marketing headcount from 38 to 50 (31.6%).

The increase in sales and marketing expense as a percentage of revenue in the FY19F and FY20F periods is in part due to an increased proportion of expenses relating to the customer success team being classified as sales and marketing expense. This reflects a greater focus by customer success team on identifying solution upsells and expansion opportunities as opposed to the traditional account management function it had played in the past (refer to Section 4.10.2 above).

From FY18 to FY19F, sales and marketing expense is expected to increase by \$5.2 million, from \$11.5 million to \$16.7 million, driven by an expected increase in average headcount from 50 to 59 (18.0%).

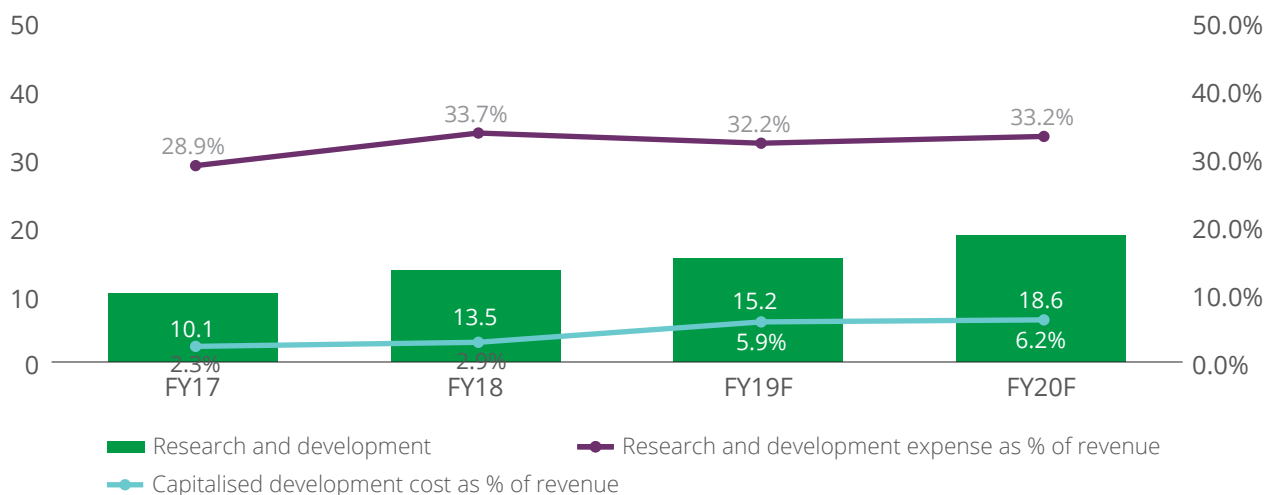
From FY19F to FY20F, sales and marketing expense is expected to increase by \$6.7 million, from \$16.7 million to \$23.4 million, an increase of 39.7% driven by an increase in average sales and marketing team headcount from 59 to 78. Limeade is also expected to increase advertising spend by \$2.5 million, part of which will be used to increase brand awareness of the new Limeade solutions, generate additional pipeline opportunities and pursue additional customer acquisition outside the US as part of its strategy for international expansion.

From 1H18 to 1H19, sales and marketing costs increased by \$1.7 million, from \$5.9 million to \$7.6 million, an increase of 28.2% driven primarily by an increase in average headcount from 48 to 58.

4.10.2.4 Research and development expense

Figure 35 illustrates the research and development expense for FY17 to FY20F.

FIGURE 35: PRO FORMA R&D EXPENSE (\$ MILLIONS), RESEARCH AND DEVELOPMENT EXPENSE AS A PERCENTAGE OF REVENUE (%) AND CAPITALISED DEVELOPMENT COSTS AS A PERCENTAGE OF REVENUE (%) – FY17 TO FY20F



From FY17 to FY18, R&D expense increased by \$3.4 million, from \$10.1 million to \$13.5 million, driven by:

- salary and related costs from an increase in average headcount from 69 to 74 (7.2%) driven by investments to develop and launch Limeade Engage and Limeade Inclusion solutions; and
- investment into integration of the Limeade Communications solution acquired from Sitrion, in addition to the onboarding of R&D staff who joined Limeade as part of the acquisition.

From FY18 to FY19F, R&D expense is expected to increase by \$1.6 million, from \$13.5 million to \$15.2 million, driven by:

- an increase in headcount from 74 to 88 (18.9%), used to further enhance the integration capabilities and UI of the Limeade platform; and
- increased software expense of \$0.6 million; offset by
- an increase in the portion of R&D costs being capitalised, from \$1.1 million to \$2.8 million.

From FY19F to FY20F, R&D expense is expected to increase by \$3.5 million, from \$15.2 million to \$18.6 million, driven by a combination of:

- an increase in headcount from 88 to 104 (18.2%) which includes the addition of 6 offshore developers who are expected to be employed at a reduced average cost; and
- forecast additional software expense of \$1.2 million; offset by
- an increase in the portion of R&D costs being capitalised, from \$2.8 million to \$3.5 million.

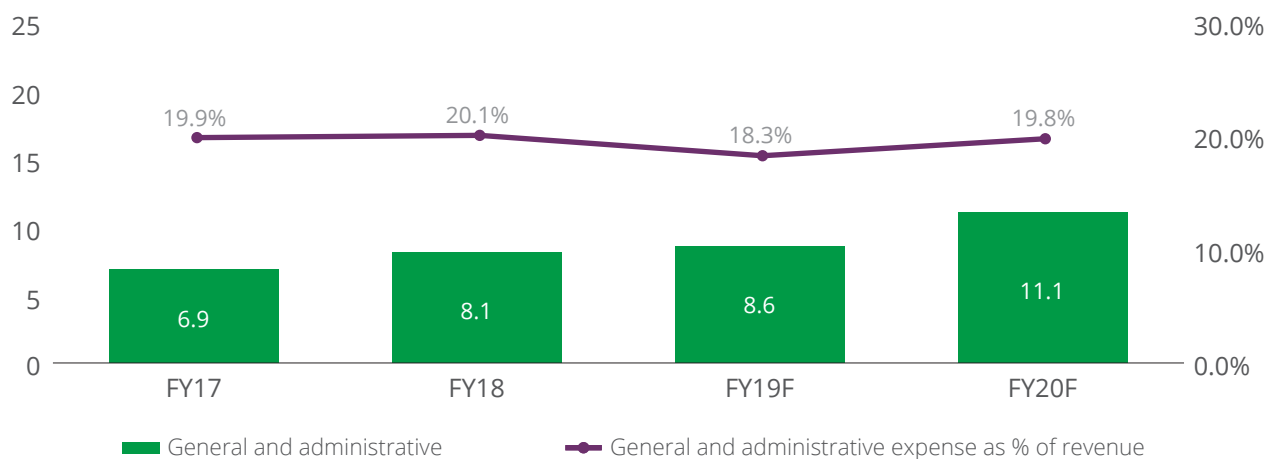
From 1H18 to 1H19, R&D costs increased by \$1.0 million, from \$6.3 million to \$7.3 million, an increase of 15.3% driven primarily by an increase in average headcount from 68 to 85.

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4.10.2.5 General and administrative expense

Figure 36 illustrates the general and administrative expense for FY17 to FY20F.

FIGURE 36: GENERAL AND ADMINISTRATIVE EXPENSE (\$ MILLIONS) AND GENERAL AND ADMINISTRATIVE EXPENSE AS A PERCENTAGE OF REVENUE (%) – FY17 TO FY20F



From FY17 to FY18, general and administrative expense increased by \$1.1 million, from \$6.9 million to \$8.1 million driven primarily by costs associated with the expansion of the Limeade global operational presence to Canada and Germany.

From FY18 to FY19F, general and administrative expense is expected to increase from \$8.1 million to \$8.6 million driven by an increase in average headcount from 19 to 20 and increased legal and professional fees.

From FY19F to FY20F, general and administrative expense is expected to increase by \$2.5 million, from \$8.6 million to \$11.1 million, driven by an increase in average headcount from 20 to 30 (50.0%), primarily in legal and compliance as well as the Limeade Institute to support the continued expansion of the Limeade business.

From 1H18 to 1H19, general and administrative expense remained relatively constant, decreasing by only (1.7%) and from \$3.9 million to \$3.8 million as average headcount reduced from 20 to 19 across the period.

4.10.3 Depreciation and amortisation

Depreciation is a non-cash expense that predominantly relates to the ongoing use of the fixed asset base of Limeade, including items such as IT equipment, furniture and leasehold improvements that have been capitalised. Amortisation is a non-cash expense that relates to both internally and externally developed intangible assets. Depreciation and amortisation expenses are based on an existing useful life profile with any new capital expenditure being depreciated over its useful life in accordance with Limeade accounting policies.

Pro forma depreciation and amortisation remained relatively stable at \$1.2 million in FY17 and FY18. These costs reflect depreciation of property, plant and equipment and amortisation of capitalised development costs which are amortised over a period of seven years.

To date, Limeade has invested substantial resources into R&D to build and integrate the solutions comprising its Limeade platform. Limeade also has a product roadmap for the expansion of its Limeade platform to include new solutions, features and functionality that will help Limeade to maintain and improve its competitiveness and allow it to expand into additional employee experience verticals.

The R&D expenditure of Limeade primarily relates to salaries.

Historical capitalised development costs include \$0.8 million (7.3%) in FY17 and \$1.1 million (7.5%) in FY18. Limeade forecasts capitalised development costs in FY19F and FY20F at a rate of 15.6% and 15.8% respectively of total research and development costs on the basis of its existing development roadmap for the Forecast Period.

Table 29 below outlines, on an annual basis for each of the years for adjustments to the Historical Period and over the Forecast Period:

- the historical and forecast research and development cash expenditure;
- the proportion of expenditure capitalised to the balance sheet and associated annual amortisation expense through the profit and loss statement from capitalised expense adjustments; and
- the proportion of expenditure expensed through the profit and loss statement and the overall impact to NPAT.

TABLE 29: HISTORICAL AND FORECAST TOTAL RESEARCH AND DEVELOPMENT COSTS

	Pro forma historical		Pro forma forecast		
\$ millions	Notes	FY17	FY18	FY19F	FY20F
Research and development cash outflow					
Research and development expense		(10.1)	(13.5)	(15.2)	(18.6)
Capitalised development cost		(0.8)	(1.1)	(2.8)	(3.5)
Total research and development costs		(10.9)	(14.7)	(18.0)	(22.1)
Research and development expense		(10.1)	(13.5)	(15.2)	(18.6)
Research and development amortisation		(0.0)	(0.1)	(0.3)	(0.7)
Impact on NPAT		(10.1)	(13.7)	(15.4)	(19.3)

4.10.4 Net finance expense

Historical finance expense includes pro forma adjustments to reflect the fact that the Comerica Credit Facility will be repaid shortly following Completion and prior to 31 December 2019. Limeade does not expect any finance expenses in the forecast periods.

4.10.5 Taxation

Limeade has tax losses which it expects to utilise when it starts generating a profit. However, its ability to utilise a portion of its carry-forward tax losses to offset future taxable income may be subject to certain limitations under section 382 of the US Internal Revenue Code due to changes in the equity ownership. As of the date of this Prospectus, Limeade has not performed an analysis to determine if an ownership change for tax purposes will occur as a result of Completion.

Income tax expense included in the Financial Information has been based on the actual and effective tax rates applicable to the relevant countries in which Limeade operates. As Limeade has been loss making historically, Limeade did not record a tax expense in the historical period and given the forecast operating losses in FY19F and FY20F no tax expense is included in the forecast period.

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4.11 SENSITIVITY ANALYSIS

The Forecast Financial Information included in Section 4 of this Prospectus is based on a number of estimates and assumptions as described in Section 4.9. These estimates and assumptions are subject to business, general economic and competitive uncertainties, many of which are beyond the control of the Limeade, SaleCo, and their respective directors and management. These estimates are also based on assumptions with respect to future business developments and decisions, which are subject to change.

Table 30 sets out a summary of the sensitivity of the Pro Forma Forecast Financial Information to changes in a number of key assumptions. The changes in key assumptions are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown, and these variances may be substantial.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely key impact on the Pro Forma Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or be additive, and it is likely that Limeade would respond to an adverse change in one assumption to seek to minimise the net effect on Limeade's earnings and cash flow.

For the purpose of the sensitivity analysis shown in Table 30, each sensitivity is presented in terms of the impact on FY20F pro forma forecast.

TABLE 30: SENSITIVITY ANALYSIS FOR FY20F

\$'000	Notes	Impact on FY20F	
		Revenue	EBITDA
One month delay in the launch of new FY20F customers	1	(1,115)	(1,115)
+ / - 5% revenue	2	+/- 2,706	+/- 2,706
+ / - 5% revenue churn	3	+/- 1,353	+/- 1,353
5 additional headcount	4	-	(547)

Notes:

1. The impact on FY20F revenue and EBITDA of a one-month delay in the expected launch date of new customers.
2. The impact on FY20F revenue and EBITDA of a 5% increase or decrease in forecast revenue.
3. The impact on FY20F revenue and EBITDA of a 5% increase or decrease in forecast churn.
4. The impact on FY20F EBITDA if the actual headcount in FY20F is five higher than the forecast.

4.12 DIVIDEND POLICY

Given the strong potential growth opportunity Limeade has identified for its employee experience software solutions, it does not have any present plan to pay dividends.

The payment of a dividend by Limeade, if any, is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of Limeade and its directors and management, and are not reliably predictable), including the operating results, the general business environment, cash flows and the financial condition of Limeade, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by Limeade, and any other factors the Directors may consider relevant.

An Australian resident company is generally able to pay franked dividends to its shareholders to the extent that Australian income tax has been paid in respect of its underlying corporate profits. However, as Limeade is not a resident of Australia for tax purposes, it should not be able to pay franked dividends to its shareholders. Further information on the tax consequences for shareholders of receiving unfranked dividends from Limeade is contained in Section 4.12.

Limeade would declare any dividends in US Dollars, being its main functional currency. In that case, Limeade expects that it would pay any such dividends in US dollars or AUD depending on the country of residence of the security holder.

4.13 US GAAP TO AAS RECONCILIATION

The tables below provide a reconciliation of financial results prepared under US GAAP to results had they been prepared under AAS. Key adjustments relate to:

- **Leases (Notes 1, 2, 3 and 4):** under US GAAP, the right-of-use asset and lease liability for leases classified as an operating lease are recognised through the income statement as an operating expense on a straight line basis (refer to Note 1 as per tables below).

However, under AAS's new IFRS 16 Leases, applicable from 1 January 2019, those leases classified as operating leases under US GAAP would be treated in the same way as finance leases. This requires that the right-of-use asset is depreciated through depreciation expense (Note 2 as per tables below) and the unwinding of the lease liability is recognised through interest expense (Note 3 as per tables below) as amortised cost using the effective interest method, which causes a front loading of interest expense under AAS.

As a result of the front loading of interest under AAS, the net income is lower throughout the periods presented (Note 4 as per tables below).

- As such, under AAS, reclassification of costs from operating expenses to interest and depreciation results in an increase to EBITDA throughout the periods presented.
- **Offer costs (Note 5):** under US GAAP, direct costs incurred in an offering for both the sale of existing and new shares may be recorded against equity. Under AAS, direct costs for the sale of existing shares must be expensed as incurred while costs for the sale of new shares can be recorded against equity. Therefore, under AAS the costs must be apportioned between new and existing shares and allocated accordingly. As a result, the net income for FY2019 on a statutory basis under AAS is \$2.5 million lower which reflects the expensed portion of the Offer costs that Limeade will incur (net impact after adjusting for a portion of the Offer costs to be borne by Selling Shareholders) (Note 5 as per the tables below).
- **Preferred stock:** Limeade has issued and sold shares of preferred stock to fund its operations. By completion, all preferred stock is expected to convert to ordinary stock. No material difference is expected for this conversion under US GAAP or IFRS.

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TABLE 31: US GAAP TO AAS RECONCILIATION

		Pro forma Historical		Pro forma forecast		Pro forma Historical		Statutory forecast	
\$ millions		FY17	FY18	FY19F	FY20F	1H FY18	1H FY19	FY19F	FY20F
Revenue									
Per US GAAP		34.9	40.1	47.0	56.1	19.1	22.6	47.0	56.1
Per AAS		34.9	40.1	47.0	56.1	19.1	22.6	47.0	56.1
EBITDA									
Per US GAAP		(2.8)	(3.5)	(4.8)	(10.7)	(2.5)	(1.5)	(3.3)	(10.7)
Add back: Lease expense (AASB 16)	1	0.4	0.8	1.4	1.4	0.2	0.7	1.4	1.4
Less: Offer costs	5							(2.5)	
Per AAS		(2.4)	(2.6)	(3.4)	(9.4)	(2.3)	(0.8)	(4.4)	(9.4)
EBIT									
Per US GAAP		(4.0)	(4.7)	(6.2)	(12.4)	(3.1)	(2.2)	(4.7)	(12.4)
Add back: Lease expense (AASB 16)	1	0.4	0.8	1.4	1.4	0.2	0.7	1.4	1.4
Add: Right of use depreciation	2	(0.4)	(0.8)	(1.3)	(1.3)	(0.2)	(0.7)	(1.3)	(1.3)
Less: Offer costs	5	-	-	-	-	-	-	(2.5)	-
Per AAS		(4.0)	(4.7)	(6.1)	(12.3)	(3.1)	(2.2)	(7.1)	(12.3)
Net income/(loss)									
Per US GAAP		(4.1)	(4.7)	(6.2)	(12.4)	(3.1)	(2.2)	(4.9)	(12.4)
Net impact of lease accounting	4	(0.1)	(0.1)	(0.2)	(0.1)	(0.0)	(0.1)	(0.2)	(0.1)
Less: Offer costs	5	-	-	-	-	-	-	(2.5)	-
Per AAS		(4.1)	(4.8)	(6.4)	(12.5)	(3.1)	(2.3)	(7.5)	(12.5)

Note: References can be found above in Section 4.13

TABLE 32: US GAAP TO AAS RECONCILIATION

\$ millions		Statutory Historical			
		FY17	FY18	1H FY18	1H FY19
Revenue					
Per US GAAP		34.9	40.1	19.1	22.6
Per AAS		34.9	40.1	19.1	22.6
EBITDA					
Per US GAAP		(1.2)	(1.9)	(1.7)	(0.7)
Add back: Lease expense (AASB 16)	1	0.4	0.8	0.2	0.7
Less: Offer costs	5	-	-	-	-
Per AAS		(0.8)	(1.1)	(1.5)	0.0
EBIT					
Per US GAAP		(2.4)	(3.1)	(2.3)	(1.4)
Add back: Lease expense (AASB 16)	1	0.4	0.8	0.2	0.7
Add: Right of use depreciation	2	(0.4)	(0.8)	(0.2)	(0.7)
Less: Offer costs	5	-	-	-	-
Per AAS		(2.5)	(3.1)	(2.3)	(1.4)
Net income/(loss)					
Per US GAAP		(2.5)	(3.2)	(2.3)	(1.5)
Net impact of lease accounting	4	(0.1)	(0.1)	(0.0)	(0.1)
Less: Offer costs	5	-	-	-	-
Per AAS		(2.5)	(3.3)	(2.4)	(1.6)

Note: References can be found above in Section 4.13

TABLE 33: US GAAP TO AAS RECONCILIATION: LEASE COSTS

\$ millions		FY17	FY18	FY19F	FY20F	1H FY18	1H FY19
Expense recorded in EBITDA	1	0.4	0.8	1.4	1.4	0.2	0.7
Depreciation component	2	(0.4)	(0.8)	(1.3)	(1.3)	(0.2)	(0.7)
Interest component	3	(0.0)	(0.1)	(0.3)	(0.2)	(0.0)	(0.1)
Net impact	4	(0.1)	(0.1)	(0.2)	(0.1)	(0.0)	(0.1)

Note: References can be found above in Section 4.13

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KEY RISKS

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This Section identifies some of the potential risks associated with an investment in Limeade and its Securities. It does not purport to list every risk to which Limeade and its investors may be exposed to now or in the future. The occurrence or consequences of some of the risks described in this section are partially or completely outside the control of Limeade. The occurrence of any single risk, or a combination of these risks, may have a material adverse impact on the business, operations, financial position, performance and prospects of Limeade. Accordingly, any investment in Limeade is subject to significant risk and uncertainty with respect to return or preservation of capital.

The selection of risks has been based on an assessment of a combination of the likelihood of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. That assessment is based on the knowledge of Limeade as at the Prospectus Date, but there is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge.

There can be no guarantee that Limeade will deliver on its business strategy, or that any forward-looking statement contained in this Prospectus will be achieved or realised. The actual results could differ materially from those anticipated in any such forward-looking statements as a result of certain factors, including the risks described below and elsewhere in the Prospectus. You should note that past performance is not a reliable indicator of future performance.

Before applying for CDIs, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Limeade CDIs are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Limeade, it is recommended that you seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

5.1 SPECIFIC RISKS

5.1.1 Failure to retain existing customers and attract new customers

The current and forecast financial performance of Limeade depends on the ability to retain existing customers, attract further business from existing customers and attract new customers.

The ability of Limeade to retain existing customers, and attract new customers and new business from existing customers, depends on many factors including the adequacy of its software service with respect to matters such as functionality, reliability, pricing, customer support and ability to demonstrate superior value when compared to competing products and services, along with many other factors discussed in this Section 5. One such factor is whether employees use the solutions: if Limeade is able to drive higher usage among employees, it can better demonstrate to customers the positive impact of its services on its customers' businesses.

The future revenue and growth of Limeade depends on the overall growth of the employee experience market and the increasing adoption and use of SaaS-based software solutions to serve that market. If the employee experience market fails to grow as expected, or if Limeade fails to persuade potential customers to adopt SaaS and cloud-based employee experience solutions like Limeade, then Limeade revenue growth may slow, which could negatively impact operating and financial performance, position and prospects.

While Limeade strives to limit the number of customers who retain the right to terminate the Limeade service at any time for convenience, some customers possess this right. This introduces risk to the ability of Limeade to maintain its current customer base. Existing customers who do not have a right to terminate for convenience may also choose to terminate their contracts at the end of their current terms. Of 176 current customers, approximately 10% have the ability to terminate their contracts for convenience. In addition, another 36% of current customers, representing approximately 14% of current CARR, can terminate their contract within one year from the date of this Prospectus by timely providing notice prior to the effectiveness of an automatic renewal provision.

5.1.2 Inability to execute on a successful growth strategy

The future financial performance of Limeade is largely contingent upon its ability to execute its proposed growth strategy. The current growth strategy is focused on:

- Acquiring new customers, including through additional investment in its core market and expansion into new markets;
- Expansions and upsells to existing customers;
- Continuing to expand the Limeade platform offering; and
- Accelerating growth through strategic acquisitions.

Failure of part or all of the growth strategy may cause Limeade to fail to achieve its financial forecasts and jeopardise its financial position or prospects.

Since it commenced operations in 2006, the Limeade core offering has been a software-based well-being and engagement solution (now called Limeade Well-Being). Most of its current revenues are generated from its Limeade Well-Being solution. Limeade believes that there is a broader and larger market opportunity in providing an employee experience platform and integrated solutions that serve both to elevate company culture and increase employee and company performance. Some providers who operate in only one of the various solution categories have seen success; combining solutions in a single platform is a relatively new business model. This newness makes it more difficult fully and accurately to evaluate the market opportunity and business prospects, and to comprehensively assess the risks and challenges Limeade may be exposed to, than would be the case for a long-established market or business. Limeade is currently loss making. No assurance can be given that Limeade will achieve its growth objectives, deliver expected returns or ultimately be profitable.

5.1.3 Limeade operates in a competitive industry

The performance of Limeade is influenced by a number of competitive factors including the success and awareness of its brand, the performance and innovation of the Limeade platform and solutions and the willingness of enterprise customers to purchase its solutions over those of its competitors.

The employee experience industry is subject to domestic and global competition across the range of solution categories (refer to Section 2.2.1) which may increase or change over time and impact the ability of Limeade to execute its business and growth strategies. Competition may require Limeade to lower pricing or incur additional costs (e.g. R&D or marketing) to remain competitive. For example, there is a risk that:

- Limeade may fail to anticipate and adapt to technology changes or customer expectations at the same rate as its competitors;
- Existing competitors could increase their competitive position through aggressive marketing, product innovation, stronger brand awareness and/or price discounting;
- Existing or new competitors could offer software at lower prices, which may affect the ability of Limeade to sustain or increase prices and attract or retain customers;
- Customers who currently utilise software systems offered by existing competitors (including local operators in specific markets or those with a greater market share in certain markets), may be satisfied with such solutions, or have onerous termination clauses, or may determine that it is prohibitively costly and/or time consuming to adopt the Limeade platform and solutions, or;
- New competitors, including large global corporations or large software vendors operating in adjacent industries, may enter the market. These corporations may have greater financial and other resources to apply to R&D and sales and marketing, which may enable them to expand in the employee experience industry more aggressively than Limeade and/or better withstand any downturns in the market.

Further, the reputation of Limeade could be adversely impacted by a number of factors, including adverse performance of its solutions, third-party actions such as disputes or litigation, actions of its employees, non-compliance with laws and other matters described in this risk section. These factors may result in adverse media or industry coverage. Damage to the Limeade reputation may encourage existing or potential clients to seek services from competitors which may have an adverse impact on the Limeade business and financial performance and position.

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5.1.4 Reliance on the Limeade software platform and solutions and failure to adequately maintain and develop them

There is a risk that Limeade may fail to adequately maintain the Limeade platform and solutions, or that updates may introduce errors and performance issues, causing customers' satisfaction with the Limeade platform and solutions to fall. Customer satisfaction may also fall as a result of real or perceived reductions in functionality, integration capability, product quality, reliability, cost-effectiveness, and customer support for the Limeade platform and solutions, or a failure to accommodate and reflect changes and developments in technology or in the commercial and regulatory environments in which Limeade operates. Any of these factors may result in reduced sales and usage, loss of customers, damage to reputation, an inability to attract new clients and potentially claims for breach of contract.

The future revenue and growth of Limeade also depends on its ability to develop enhancements and new features and products for the Limeade platform and solutions so that its customers' needs continue to be met, and so that Limeade continues to attract new customers and generate additional revenue from existing customers. There is a risk that the development and introduction of new features and modules and products do not result in a successful outcome for Limeade for various reasons, such as insufficient investment, unforeseen costs, poor performance and reliability, low customer acceptance, existing competition and economic and market conditions. The failure to successfully develop new solutions, products or features may materially adversely impact the future operations and financial performance, position and prospects of Limeade.

Further, Limeade relies on contracts with third party suppliers to maintain and support its IT infrastructure. In particular, it relies on Microsoft and Amazon for the provision of cloud infrastructure and hosting services. Some of these contracts are not long term in nature and could be terminated on notice by counterparties. If these contracts are terminated or suffer a disruption in the future and Limeade is not able to replace or accommodate those events in a timely and cost-effective manner, its operations and financial performance, position and prospects may be adversely impacted.

5.1.5 Launch and adoption of new solutions

Developing compelling solutions and the adoption of these solutions by new and existing customers may take longer than Limeade expects, which would have a corresponding impact on the development and maturity of new revenue sources. Further, there is a risk that new competitive third-party technologies could prove to be more advanced or more compelling for customers or could go to market more quickly than comparable Limeade products and solutions. This is particularly the case in the employee experience software industry, where Limeade believes that the timing for releasing features and solutions is an important factor in success.

Even with an appropriate and predictable period for development and adoption, there is a risk that new solutions or features are not well received by customers, which could result in a corresponding lack of adoption.

Further, the launch of new solutions also carries operational risks. For instance, if Limeade is unable to develop appropriate and effective sales channels it may not be able to successfully attract customers to new solutions at appropriate pricing, which could have an adverse impact on its financial performance, position and prospects.

5.1.6 Significant unanticipated costs or delays might arise in relation the Limeade business

Cost and revenue estimates are made in advance of the formal launch of a Limeade solution with a customer, the timing of which is dependent upon assumptions, estimates and judgments which may ultimately prove to be inaccurate, unreliable or outside the control of Limeade. There is a risk that unanticipated costs or delays may arise in the Limeade business. For example, during the course of product implementation, there may be errors and omissions, unforeseen technical issues, or inadequate contractual arrangements or changing customer timelines. Should significant unanticipated costs arise, this could have a material adverse impact on margins and, ultimately, the Limeade business, financial performance and operations.

5.1.7 Failure to realise benefits from product development

Innovative product development is critical to the growth of Limeade. Although developing software is expensive, Limeade believes it must continue to dedicate resources to remain an innovative software company. Limeade may not, however, receive significant revenue from these investments for several years, or may not realise such benefits at all. Further, as discussed in Section 4.10.3, Limeade currently capitalises certain development costs, which are amortised over their useful economic lives, in accordance with US GAAP. Any decrease in the amount of costs capitalised over time by Limeade, or impairment of assets required to be made by Limeade, may directly impact its operating costs and EBITDA and/or will have an adverse impact on the financial position or financial performance of Limeade.

5.1.8 Failure or disruptions in the performance of the Limeade platform or solutions

The business and reputation of Limeade depends on the real-time performance, reliability and availability of its Limeade platform and solutions. These may fail to perform as expected or be adversely impacted by several factors, some of which may be outside the control of Limeade, including equipment faults, power failure, fire, natural disasters, computer viruses and external malicious interventions such as hacking, ransomware or denial-of-service attacks. The Limeade operational processes and contingency plans may not adequately address every potential event, which may impact relationships with customers or users and may adversely impact business, financial performance and reputation. Further, continued increases in the number of users on the Limeade platform and solutions may require the expanded usage of cloud computing resources. This could adversely impact the financial performance of Limeade, its position or prospects.

5.1.9 Disruption or failure of technology systems and data security breaches

There is a risk that the Limeade platform and solutions may become the subject of a system failure of one of its cloud vendors, virus, cyber-attack or other negative event which could render them unavailable for a period of time or result in the loss, theft or corruption of sensitive data. The effects of any such event could extend to reputational damage, regulatory scrutiny, claims from affected customers and their employees and government fines. Such circumstances could materially negatively impact the ability of Limeade to achieve its financial and operational performance positions or prospects.

In addition, the solutions provided by Limeade and its third-party partners depends on Limeade storing, analysing, processing, handling and transmitting information that is confidential, proprietary and commercially sensitive. This information includes personally identifiable information, sensitive personal data and personal health information of end users of the Limeade service. There is a risk that the measures Limeade takes to protect such information will not be sufficient to prevent unauthorised access or disclosure of such information which could cause adverse publicity, government enforcement actions or private civil litigation, all of which could have a material adverse impact on the reputation of Limeade and its financial performance, position and prospects.

While Limeade has effected an insurance policy for cyber risks, it is subject to a policy limit which may not be adequate to cover all exposure arising from cyber security breaches. In addition, any significant claim against such a policy may lead to increased premium on renewal and/or additional exclusions to the terms of future policies. If insurance (including cyber insurance) is not available to cover a claim or the quantum of a claim exceeds policy limits, Limeade will itself be exposed to the financial impact of the event which could have an adverse impact on the Limeade business and its financial performance, position and prospects.

Further, certain third-party suppliers used by Limeade may receive and store information provided by Limeade, its customers or the end users of a Limeade service. If third-party suppliers fail to adopt or adhere to effective security practices, or there is a breach of their security systems, confidential information (including personally identifiable information and personal health information of employees of Limeade customers and other end users) may be improperly accessed, used or disclosed which could have an adverse impact on the reputation of Limeade and its financial performance, position and prospects.

5.1.10 Compliance with relevant laws, regulations and industry compliance standards (including in relation to data protection and privacy)

Limeade and its products are subject to various laws, regulations and industry compliance requirements, which often vary significantly between jurisdictions, including in relation to privacy, data protection and data processing. Limeade collects, processes and discloses personally identifiable information (including personal health information), and is therefore subject to complex and evolving local, national and foreign laws and regulations regarding data protection, privacy, consumer protection and other matters. For example, the GDPR imposes stringent requirements on the security, protection and disclosure of EU personal data, including on cross-border restrictions outside of the EU and provides for significant penalties for non-compliance. In addition, in the US, Limeade is required to comply with the Health Insurance Portability and Accountability Act (**HIPAA**) and the Health Information Technology for Economic and Clinical Health Act (**HITEC**), which provide data privacy and security provisions for safeguarding medical information. Many laws and regulations, including privacy and data protection laws and regulations are in a state of flux and are subject to changing and inconsistent interpretation.

There is a risk that changes in interpretation of existing laws or new laws (including new laws being promulgated or which are anticipated to be promulgated) in a variety of jurisdictions at different levels that could adversely impact Limeade products and services (and those of partners of Limeade), including their functionality or uptake or use by clients and their employees. As an example, the California Consumer Privacy Act of 2018 will take effect in January 2020, and Limeade is evaluating whether this law may require changes to how Limeade treats data. Limeade is aware

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of several other proposals by several US states and the Federal Trade Commission to more closely regulate data which may impact the data and privacy practices of Limeade and its customers.

Compliance costs with respect to the laws and regulations, including the foregoing, and any future laws and regulations, may become onerous and any failure to comply may result in fines, litigation, investigations and significant reputational damage. Compliance obligations may also divert management's attention from the day-to-day operation of the business. Any such results could have a material adverse effect on the Limeade business and its financial performance, position and prospects.

There is also a risk that measures taken by Limeade to address current, new or changing laws are insufficient to comply with material obligations under these laws or to adequately respond to a data breach in accordance with relevant regulatory requirements and that Limeade may not be materially compliant with all such obligations in all material respects. This could lead to claims and/or litigation, monetary penalties and fines, reputational damage and restrictions on carrying on business in certain jurisdictions, and of which could adversely affect the financial performance of Limeade, its position or prospects. Refer also to Sections 5.1.12 and 5.1.16.

5.1.11 Country/region specific risk in new and/or unfamiliar markets

While Limeade currently provides its solutions mostly to customers based in the US, Limeade intends to continue to expand to additional international markets by selling to non-US customers. Over 88% of its customers (by CARR as at 30 September 2019) are headquartered in the US. There is a risk that Limeade will not be able to grow its business outside of the US at the rate at which it expects, which may have an impact on Limeade future financial performance.

Further, as Limeade expands into new international jurisdictions, it will be exposed to risks associated with doing business in regions that may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks, including:

- unexpected changes in, or inconsistent application of, foreign laws and regulatory requirements;
- less sophisticated technology standards;
- difficulties engaging local resources; and
- potential for political upheaval or civil unrest.

Given the nature of these factors, as Limeade enters new international markets, there is a risk that it will fail to understand or account for differing laws, regulations and business customs (including potential pricing of its solutions within these new markets). This gives rise to employment and labour risks, tax exposure, risks relating to the ability of Limeade to protect its brand, civil litigation, changes to or uncertainty in the relevant legal and regulatory regimes and other issues in foreign jurisdictions in which Limeade either operates or wishes to operate in order to execute its growth plan. This could interrupt or adversely affect various parts of the business and may have an adverse effect on Limeade's operations and financial performance, position and prospects.

Furthermore, Limeade is subject to the US Foreign Corrupt Practices Act of 1977 (**FCPA**) and other applicable anti-corruption, anti-bribery and anti-money laundering laws. These laws, among other things, prohibit companies and their employees and third-party intermediaries from corruptly promising, authorising, offering or providing, directly or indirectly, improper payments or anything of value to foreign government officials, political parties and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In many foreign countries, including countries in which Limeade may conduct business, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. Limeade faces significant risk if it or any of its directors, officers, employees, agents or representatives fail to comply with these laws, and governmental authorities in the US and elsewhere could seek to impose substantial civil and/or criminal fines and penalties that could have a material adverse effect on Limeade's business, reputation, operating results and financial condition.

5.1.12 Future government regulation and local requirements

There is a risk that laws and regulations may be adopted that impact Limeade solutions or its ability to deliver those solutions to customers. In particular, data privacy and data security laws are currently experiencing significant attention and undergoing significant change in jurisdictions across the globe, and these laws directly affect the business. In addition, Limeade operates under many other laws, including laws relating to intellectual property rights and information security or laws of general application relating to other matters (e.g. taxation, healthcare, governance, civil rights, climate change etc.). Any of these could limit the ability for Limeade to offer additional solutions and services to its customers, particularly if it is difficult or prohibitively expensive to comply with the new requirements, or increase the general costs of doing business (or those of its customers or suppliers).

5.1.13 Inability to protect intellectual property

Limeade relies on its intellectual property rights to maintain and grow its business and there is a risk that Limeade may fail to adequately protect its rights for a number of reasons. For instance, there is a risk that Limeade will be unable to detect the unauthorised use or misappropriation of its intellectual property rights. It may also be the case that certain actions taken to protect Limeade intellectual property (such as in-house software development, data encryption, access controls, training, contractual prohibitions etc.) will not be adequate, effective or enforceable and may not prevent the misuse or misappropriation of these assets.

Any threatened or actual breach of Limeade intellectual property rights could result in litigation or administrative proceedings, which, even if successful, are often costly, time consuming and difficult to enforce. Any failure by Limeade to protect its intellectual property may have an adverse impact on its ability to compete, its operations and its financial performance, position and prospects.

5.1.14 Breach of third-party IP rights

There is a risk that third parties may allege that Limeade solutions use intellectual property derived by them or from their products without their consent or permission. Limeade may be the subject of claims which could result in disputes or litigation, which could result in the payment of monetary damages, cause delays and increase costs, which in turn could have an adverse impact on the operations, reputation and financial performance, position and prospects of Limeade.

5.1.15 Risk of litigation, claims, disputes and regulatory investigations

There is a risk that Limeade may be subject to litigation and other claims and disputes in the course of doing business, including contractual disputes and indemnity claims, misleading and deceptive conduct claims, employment-related claims and intellectual property disputes and claims, including based on allegations of infringement, misappropriation or other violations of intellectual property rights. For example, claims may be made by competitors, employees or other entities who assert ownership of patents, copyrights, trademarks or trade secrets. Claims may relate to existing products or new products that Limeade develops.

Given Limeade relies on end-user and other data, there is also the risk that Limeade may be subject to regulatory investigations and sanctions or fines by governmental agencies in the event of non-compliance with relevant statutory and regulatory requirements. Such litigation, claims, disputes or investigations, including the legal fees and other costs in defending claims and costs of settling claims or paying sanctions or fines, and any associated operational impacts, may be costly and damaging to the reputation of Limeade and its business relationships, any of which could have a material adverse effect on its financial performance, position and prospects and industry standing.

5.1.16 Reputation

Maintaining the strength of the Limeade reputation is an important aspect in retaining and growing its business and successfully executing its growth strategy. There is a risk that events may occur – some of which are outside of Limeade's control – including a data breach or failure to comply with data protection and privacy laws that may adversely impact its reputation with customers and in the market generally. This may adversely impact the ability of Limeade to achieve its growth aspirations, which may have a material adverse impact on its financial performance, position and prospects.

5.1.17 Ability to retain or attract key personnel

Limeade relies on the talent, effort, expertise, industry experience and contacts, and leadership of its management. The retention of senior management cannot be guaranteed, and the loss of any senior members of management and the inability to recruit suitable replacements represents a material risk to Limeade, which may negatively impact its business, and financial performance, position and prospects.

Separate from the management team, as Limeade continues to grow there is a risk that it will not be able to attract and retain suitable personnel for non-management positions which could restrict its ability to grow and scale in a manner consistent with its aspirations. Further, the majority of Limeade employees reside in the US and are therefore employed "at will." This means that any such employees can terminate their employment at any time with or without notice. An inability to attract and retain top talent in a number of positions critical to the growth of Limeade may have an adverse impact on Limeade's business, financial performance, growth and operations.

In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of Limeade shares or CDIs declines, it may adversely affect Limeade's ability to hire or retain skilled employees.

5 / KEY RISKS

5.1.18 Insurance

Limeade will maintain insurance it considers appropriate for its operations. However, not all risks will be insured against, whether because the appropriate coverage is not available or because Limeade considers the applicable premiums to be excessive in relation to the perceived risks and benefits that may accrue. Accordingly, Limeade may not be fully insured against all losses and liabilities that may arise from its operations. The occurrence of a significant adverse event not fully or partially covered by insurance could have a material adverse effect on the Limeade business and its financial performance and position.

5.1.19 Loss making history

Limeade has been loss making since its inception and may continue to incur losses. Limeade further expects its operating expenses to increase in the future as it increases its sales and marketing efforts and expands into new geographies. In addition, as a public company, Limeade will incur additional legal, accounting and other expenses that it did not incur as a private company. These efforts and additional expenses may be more costly than Limeade expects, and Limeade cannot guarantee that it will be able to increase its revenue to offset operating expenses or achieve and maintain profitability for the foreseeable future.

5.1.20 Provisions of the Limeade Constitution and company law

Certain provisions of Limeade's Amended and Restated Articles of Incorporation (**Articles**) may discourage, delay or prevent a merger, acquisition or other change of control that Shareholders may consider favourable, including transactions in which Shareholders might otherwise receive a premium for their CDIs. These provisions may also limit the price that investors would be willing to pay in the future for the CDIs, thereby depressing the market price of the CDIs. Shareholders who wish to participate in these transactions may not have the opportunity to do so. A summary of these provisions is set out in Section 9.7, and includes provisions in Limeade's Articles or Amended and Restated Bylaws (**Bylaws**) that:

- provide that the board of directors will be classified into three classes of directors with staggered three-year terms;
- provide that the board of directors may establish the number of directors (within a range of 5 to 7) and fill any vacancies and newly created directorships;
- prohibit cumulative voting for directors;
- prohibit shareholder action by written consent unless unanimous;
- provide that only the board of directors, chair of the board of directors, chief executive officer or holders of at least 10% of all votes entitled to be cast on an issue may call a special meeting of shareholders;
- establish advance notice requirements for nominations for election to the board of directors or proposing matters that may be acted upon by shareholders at annual shareholders' meetings;
- provide for a heightened quorum requirement applicable to the removal of directors at a special meeting of shareholders;
- authorise the issuance of "blank check" preferred stock that the board of directors could use to implement a shareholder rights plan;
- provide that the board of directors is expressly authorised to make, alter or repeal the bylaws; and
- provide that Washington State courts will be the exclusive forum for certain internal corporate proceedings, including claims asserting a breach of fiduciary duty or violation of the Washington State company law.

In addition, pursuant to a provision Limeade added to its Articles in anticipation of the Offering, it is subject to Chapter 23B.19 of the Revised Code of Washington (the RCW), which generally prohibits us from engaging in a "significant business transaction" with an "acquiring person" who acquires 10% or more of Limeade's voting shares for a period of five years following the date of the share acquisition, unless either the acquiring person attained such status with the prior approval of the Board or the significant business transaction is approved by the Board and holders of at least two thirds of the votes entitled to be cast by the outstanding voting shares, except shares beneficially owned or under the voting control of the acquiring person. A "significant business transaction" may include a merger, share exchange, asset sale or certain other transactions described in Chapter 23B.19 of the RCW. Generally, an acquiring person is a person, or group of persons, who hold 10% or more of a company's voting shares. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by the Board, including discouraging attempts that might result in a premium over the market price for the CDIs held by shareholders. This is described further under the heading 'how takeovers are regulated' in Section 9.8.

5.1.21 Large customer contracts

The largest customer contracts comprise a meaningful portion of overall revenue and CARR, with the largest customer accounting for 8% of FY19 revenue, while the top five customers collectively account for 16% of FY19 revenue. Concentration of the largest customer and the top 5 collectively are expected to increase in FY20 to 10% and 21% respectively. As outlined in section 3.4.5 the remaining contract term of the largest customer contracts range from one to five years.

The relatively meaningful nature of the top five customers means the loss of one or more of these contracts could have a material impact on the forecast financial performance of Limeade. In addition to the risk of contract loss, there is a risk that upon contract renewal Limeade may not be able to secure the same, or improved, rates and contract terms. In the event of contract loss or renewal on less favourable terms, there is a risk that Limeade will not be able to replace the loss in revenue. This could have a material adverse effect on the Limeade business, its financial performance or position.

5.1.22 There are costs and management time involved in complying with Washington laws and Australian laws

As a Washington State corporation, Limeade must ensure continued compliance with Washington laws, including the Washington Business Corporation Act. In addition, once Limeade is listed on the ASX and registered as a foreign company in Australia, it will also need to ensure continuous compliance with relevant Australian laws and regulations, including the ASX Listing Rules and the Corporations Act. To the extent of any inconsistency between the Washington and Australian law and regulations, Limeade may need to make changes to its business operations, structure or policies to resolve such inconsistency. If Limeade is required to make such changes, this is likely to result in additional demands on management and extra costs.

Limeade may in the future be required to register the Shares with the United States Securities and Exchange Commission (**SEC**) under the United States Securities Exchange Act of 1934, as amended (**Exchange Act**) if the number of Shareholders exceeds certain thresholds (described below), which would result in Limeade becoming subject to periodic reporting requirements of the Exchange Act and other rules applicable to US domestic public companies, including proxy and tender offer rules. Limeade will become subject to the reporting requirements of the Exchange Act if, among other things, it has:

- assets of more than \$10 million; and
- either (a) 2,000 or more holders of record of any class of equity securities or (b) 500 or more holders of record of any class of equity securities who are not 'accredited investors' as defined in Rule 501 of Regulation D of the US Securities Act, as amended.

Registration under the Exchange Act will involve us filing an initial registration statement with the SEC and the filing of ongoing annual, quarterly, and current reports on Forms 10-K, 10-Q and 8-K, respectively. In the absence of a waiver from the ASX Listing Rules, these SEC periodic reports will be in addition to Limeade's periodic filings required by the ASX Listing Rules.

At the time Limeade becomes subject to the reporting requirements of the Exchange Act, Limeade will also become subject to the Sarbanes-Oxley Act of 2002 (**Sarbanes-Oxley Act**), which will impose additional obligations, including requiring Limeade to maintain effective disclosure controls and procedures, and internal control, over financial reporting. In addition, Limeade will be required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act when it ceases to be an "emerging growth company" (as defined in SEC rules), which Limeade expects will result in significant expenses and the diversion of substantial management effort towards ensuring compliance.

The legal and accounting costs and management time that will be required to comply with these obligations are expected to be significant.

5.1.23 Foreign exchange risk

Limeade presents its financial statements in USD. However, certain expenses and revenue are denominated in non-US Dollar currencies, in particular the Euro and Canadian dollar. While these currently represent only a small fraction of the Limeade cost base, there is potential that revenues and financial results will be exposed to movements of the USD against these foreign currencies. The risk may be increased where the foreign currency against the USD becomes more volatile, for example, due to economic, political factors, or significant events that may occur in the jurisdictions of those foreign currencies.

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5.1.24 Open source software

Software code that is freely shared in the software development community is referred to as open source code (**Open Source Code**), and software applications built from open source code are referred to as open source software (**Open Source Software**). The solutions offered by Limeade incorporate such Open Source Software. Open Source Software is generally licensed by its authors or other third parties under open source licenses. Use and distribution of Open Source Software may entail greater risks than use of third party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. If Limeade combines its proprietary software with Open Source Software in a certain manner, it could, under certain open source licenses, be required to release the source code of its proprietary software to the public. This would allow the competitors of Limeade to create similar services and platforms with lower development effort and time and ultimately could reduce or eliminate the ability of Limeade to commercialise or profit from its software.

5.2 GENERAL RISKS TO AN INVESTMENT IN LIMEADE

5.2.1 Trading in CDIs may not be liquid

The CDIs issued under the Offer will only be listed on ASX and there can be no guarantee that an active market in the CDIs will develop or continue, or that the market price of CDIs will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their CDIs. Furthermore, the market price for CDIs may fall or be made more volatile because of the relatively low volume of trading in Limeade CDIs. When trading volume is low, significant price movement can be caused by trading a relatively small number of CDIs. If illiquidity arises, there is a risk that security holders will be unable to realise their investment in Limeade.

Further Shareholders have entered into voluntary escrow arrangements under which, at Completion, approximately 76.9% of the Securities on issue will not be able to be traded until the FY20 Results Release Time, and approximately 11.3% will not be able to be traded until the FY21 Results Release Time. Given the number of Securities restricted from trading, there will only be liquidity with respect to approximately 23.1% of the Securities on issue at Completion until such time as the applicable escrow periods end.

5.2.2 Price of CDIs may fluctuate

The price of CDIs may rise or fall in relation to the Offer Price due to a number of factors, and investors who decide to sell their CDIs after Limeade is admitted to ASX may not receive the full amount of their original investment.

Some of the factors which may affect the price of CDIs include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which Limeade operates and general operational and business risks. Other matters which may negatively affect investor sentiment and influence Limeade specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters.

5.2.3 Economic and government risks

The future viability of Limeade is also dependent on a number of other factors affecting performance of all industries and not just the technology industry, including, but not limited to:

- General economic conditions in jurisdictions in which Limeade operates;
- Changes in government policies, taxation and other laws in jurisdictions in which Limeade operates;
- The strength of the equity and share markets in Australia and throughout the world, and, in particular, investor sentiment towards the technology sector;
- Movement in, or outlook on, interest rates and inflation rates in jurisdictions in which Limeade operates;
- Natural disasters, social upheaval or war in jurisdictions in which Limeade operates; and
- The US securities laws restrictions (as described in Section 9.9) may affect the liquidity of the market for CDIs on ASX.

Any or all of these factors could have a material adverse impact on the business, and financial performance, position and prospects of Limeade.

5.2.4 Future changes in tax legislation may adversely affect Limeade

Any change (including a change in interpretation) in tax legislation, including, but not limited to, the imposition of new taxes or increases in tax rates, availability of tax credits, or any change in the tax treatment of assets or liabilities held by Limeade may have a material adverse impact on the Limeade business, and its financial performance, position and prospects.

5.2.5 Tax consequences for CDI holders

The acquisition and disposal of CDIs will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Limeade are urged to obtain independent financial advice about the consequences of acquiring CDIs from a taxation point of view and generally. There is a risk that both the level and basis of taxation may change both in the US and Australia, as well as new markets Limeade may enter in the future. The tax considerations of investing in the CDIs may differ for each holder.

To the maximum extent permitted by law, Limeade and SaleCo and each of their respective officers and advisers accept no liability and responsibility with respect to the taxation consequences of applying for CDIs under this Prospectus.

5.2.6 Foreign exchange risk

The CDIs will be priced in Australian Dollars. However, the reporting currency of Limeade is USD. As a result, movements in foreign exchange rates may cause the price of Limeade securities to fluctuate for reasons unrelated to the financial condition of Limeade or performance and may result in a discrepancy between its actual results of operations and investors' expectations of returns on securities expressed in Australian Dollars.

Because the CDIs are priced in Australian Dollars, an investment in CDIs by an investor whose principal currency is not Australian Dollars exposes the investor to foreign currency exchange rate risk. Any depreciation in the value of the Australian Dollar in relation to such foreign currency will reduce the value of the CDIs in relation to such foreign currency.

In addition, any dividends paid on the CDIs may be denominated in USD or AUD depending on the country of residence of the CDI holder. As such, an investment in CDIs by an investor whose principal currency is not USD or AUD exposes the investor to foreign currency exchange rate risk. Any depreciation in the value of the USD or AUD in relation to such foreign currency will reduce the value of any such dividends in relation to such foreign currency.

Offer proceeds will be received in AUD, while Limeade's functional currency is USD, consequently Limeade will be at the risk of any adverse movement in the USD – AUD exchange rate between the pricing of the Offer and the date Limeade receives Offer proceeds on Completion.

5.2.7 Force majeure events

Events may occur within or outside North America that could impact the operations of Limeade and the price of CDIs. These events include but are not limited to acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural or man-made events or occurrences that can have an adverse effect on the demand for the business offering of Limeade and its ability to conduct business.

5.2.8 Ability to access debt and equity markets on attractive terms

In the future, Limeade could be required to raise capital through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and a failure to raise capital when needed could harm Limeade's business. If Limeade cannot raise funds on acceptable terms, it may not be able to grow its business or respond to competitive pressures. This may force curtailment of product development and other growth initiatives, operations, or both, or may adversely impact the ability of Limeade to remain solvent and may force Limeade to either dispose of operating assets or close down entirely.

5 / KEY RISKS

5.2.9 Limeade cannot guarantee that dividends will be declared in the future

Limeade plans to invest all cash flow into the business in order to maximise growth. Accordingly, no dividends are expected to be paid in the foreseeable future following the listing of Limeade on ASX.

In the long term, the payment and amount of any potential future dividends declared by Limeade are subject to the discretion of the Directors and will depend upon, among other things, the applicable provisions of Washington State corporations law, Limeade's earnings, financial position, tax position and capital requirements, general economic conditions and other factors that the Directors deem significant from time to time.

Furthermore, Limeade might not pay dividends if the Directors determine, for example, that it would not be in the best interests of Limeade to pay a dividend (because, for example, the Directors determine that profits could be better utilised by re-investing in the business).

The value and availability of foreign income tax offset credits for the US dividend withholding tax imposed on a security holder will differ depending on the security holder's particular tax circumstances. Security holders should also be aware that the ability to use foreign income tax offsets as a tax credit after the end of the income year, will depend on the individual tax position of each security holder.

5.2.10 Risk of dilution

In the future, Limeade may elect to issue new securities, including in connection with fundraisings, to deliver its growth strategy. While Limeade will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply) and other relevant provisions of US company law, investors may be diluted as a result of such issues of securities.

5.2.11 Possible changes in financial reporting standards

US GAAP is set by the Financial Accounting Standards Board (**FASB**) and are outside the control of Limeade. There is a risk that interpretation of existing FASB accounting standards, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables, may differ. Changes to FASB accounting standards issued by FASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in Limeade financial statements.






KEY PEOPLE,
INTERESTS AND
BENEFITS

6

6 / KEY PEOPLE, INTERESTS AND BENEFITS

6.1 BOARD OF DIRECTORS

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

Director	Experience
	<p>Elizabeth Bastoni / <i>Chair, Non-executive Director</i></p> <p>Based in Seattle, Elizabeth joined the Limeade Board in December 2019. Elizabeth is an experienced board member and executive with over 30 years of experience working in executive compensation, CEO succession, talent development, change management, acquisitions and tax, and brings a broad perspective from diverse businesses and cultural environments in privately held, publicly traded, government-owned and not-for-profit organisations in North America, Asia and Europe.</p> <p>Elizabeth currently holds board roles with France-based Société Bic, which had sales of approximately €2 billion in 2018, and Portugal based Jerónimo Martins, which had sales of approximately €17 billion in 2018. Elizabeth has also previously held a range of other board roles in Europe. Prior to this, Elizabeth served in executive leadership positions at a number of large-scale, global organisations including Carlson, The Coca-Cola Company, Thales, Suez Environment and KPMG.</p> <p>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.</p>
	<p>Henry Albrecht / <i>Chief Executive Officer, Executive Director</i></p> <p>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.</p> <p>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.</p> <p>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.</p>
	<p>Steve Hamerslag / <i>Non-executive Director</i></p> <p>Based in San Diego, Steve joined the Limeade Board in 2012. Steve has over 34 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.</p> <p>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.</p> <p>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 LiquidPlanner, Celigo, BitTitan, Perspectium and CreatorIQ.</p> <p>Mr. Hamerslag holds a BA in Economics from the University of California, Berkeley.</p>

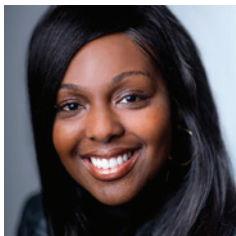
Director**Experience**

**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), Concure Oncology, Solius and Space Needle Corporation. Chris holds a BA in Political Science from the University of Arizona.

**Mia Mends** / *Non-executive Director*

Based in Washington D.C., 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 regional initiatives in support of global 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*



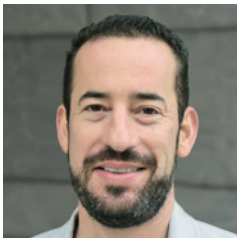


Based in Sydney, Cameron joined the Board in December 2019. Cameron is an experienced board member and executive with over 30 years of experience across a range of industries including HR, real estate and logistics.

Most recently, Cameron 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.

6 / KEY PEOPLE, INTERESTS AND BENEFITS

6.2 6.2 MANAGEMENT TEAM

Executive	Experience
	<p>Henry Albrecht/<i>Chief Executive Officer</i></p> <p>See Section 6.1.</p>
	<p>Toby Davis/<i>Chief Financial Officer</i></p> <p>Toby joined Limeade as CFO in January 2017 and brings an extensive background in architecting and scaling financial operations, management and strategy, and a deep knowledge of the technology industry.</p> <p>Toby has worked at a number of high-growth technology and consumer companies, including Accenture and Activision Blizzard, where he provided financial leadership and guidance on global strategy. Toby holds an MBA from the University of Southern California and an undergraduate degree in Accounting from Washington State University.</p> <p>Toby has been appointed to act in a company secretarial role to support the Board.</p>
	<p>Erick Rivas/<i>Chief Technology Officer</i></p> <p>Erick is the CTO and co-founded Limeade in 2006. Erick has an extensive background in technology and innovation, having co-founded Mongoose Technology and Protosoft (which was acquired by Platinum Technologies) and served as a VP of product integration at Platinum Technologies (which was acquired for \$3.5 billion). Erick holds a bachelor's degree in computer science from the University of Houston-Clear Lake.</p>
	<p>Laura Hamill/<i>Chief Science Officer & Chief People Officer</i></p> <p>Laura co-founded Limeade in 2006 and, in her capacity as Chief Science Officer, leads the Limeade Institute. Laura also serves as Chief People Officer. Laura has a depth of experience in the people and management sector, having served as the Director of People Research at Microsoft.</p> <p>Laura is a thought leader who has spoken at major conferences, including the National Alliance of Healthcare Purchaser Coalitions (NAHPC) Annual Forum and the HERO Annual Forum. Laura was also named as a Top 100 HR Tech Influencer in 2019 by Human Resource Executive.</p> <p>Laura holds a PhD in industrial/organizational psychology from Old Dominion University and a BS in psychology from the University of North Carolina, Chapel Hill.</p>
	<p>Lee Rossini/<i>VP of Marketing</i></p> <p>Lee joined Limeade in 2017 as VP of Marketing, having worked for over 20 years in the marketing and technology sector. Prior to joining Limeade, Lee was a vice-president at Microsoft, where he drove over \$5 billion in annual sales of consumer-focused software. Lee has also served in leadership roles in products and marketing at Sierra Entertainment, Fluke Networks and AT&T Wireless.</p> <p>Lee holds an MBA from University of Washington and a BA in economics from University of California, Irvine.</p>

Executive**Experience****Mitch Risner** / *Chief Growth Officer*

Mitch joined Limeade in 2016 as Chief Growth Officer, bringing with him a depth of knowledge from over 20 years of work in the HR and technology space. Before joining Limeade, Mitch was the Group VP of Sales for SumTotal, a premier Talent Management Solutions provider responsible for new business sales.

As a member of the Limeade leadership team, Mitch drives the growth and customer retention agenda for Limeade. Mitch attended Murray State University and holds a degree in Business Management and Software Development.

**Daniel Kraft** / *VP of Product and Strategy*

Daniel leads strategy and product at Limeade with the goal of aligning product innovation to the company mission.

Daniel joined Limeade through the acquisition of Sitrion, which he ran as their CEO. Daniel has served in high profile executive roles in half a dozen countries around the globe.

Daniel served as CEO of RedDot and SVP of Corporate Strategy at OpenText and has a master's degree in business engineering.

6.3 DIRECTORS' DISCLOSURE

No Director or Proposed Director of Limeade has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last ten years which is relevant or material to the performance of their duties as a Director of Limeade or which is relevant to an investor's decision as to whether to subscribe for CDIs.

No Director or Proposed Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after which they ceased to be an officer.

6.4 INTERESTS AND BENEFITS

This Section 6.4 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director;
- person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of Limeade; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

held at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Limeade;
- property acquired or proposed to be acquired by Limeade in connection with their formation or promotion or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Securities or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such person for services in connection with the formation or promotion of Limeade or the Offer, or to any Director or proposed Director of Limeade to induce them to become, or qualify as, a Director or proposed Director of Limeade.

6 / KEY PEOPLE, INTERESTS AND BENEFITS

6.4.1 Interests of advisers

Limeade has engaged the following professional advisers in relation to the Offer:

- Moelis Australia Advisory Pty Ltd and Macquarie Capital (Australia) Limited have acted as Joint Lead Managers to the Offer. Limeade has agreed to pay the Lead Managers the fees described in Section 9.5.1 for these services;
- Clayton Utz has acted as Australian legal adviser to Limeade in relation to the Offer. Limeade has paid, or agreed to pay, approximately \$0.3 million (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Clayton Utz for other work in accordance with its normal time based charges;
- K&L Gates LLP has acted as US legal adviser to Limeade in relation to the Offer. Limeade has paid, or agreed to pay, approximately \$0.4 million (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to K&L Gates LLP for other work in accordance with its normal time-based charges;
- Deloitte Corporate Finance Pty Limited has performed financial due diligence enquiries for Limeade in relation to the Offer, has acted as the Investigating Accountant in relation to the Offer and has prepared the Independent Limited Assurance Report included in Section 8. Limeade has paid, or agreed to pay, approximately \$0.6 million (excluding disbursements and GST) for these services up until the Prospectus Date; and
- Armanino LLP has acted as Tax Adviser in relation to the Offer. Limeade has paid, or agreed to pay, approximately \$30,000 (excluding disbursements and GST) for these services up until the Prospectus Date.

These amounts, and other costs of the Offer will be paid by Limeade out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of costs of the Offer is set out in Section 7.1.3.

6.4.2 Directors' interests and remuneration

6.4.2.1 CEO and executive Director of Limeade

Henry Albrecht, the Chief Executive Officer, has an employment relationship with Limeade that is terminable by either party at will. Henry is also a member of the Board of Directors. Henry's annual remuneration package for 2019, as set by the compensation committee (which committee is being reconstituted as the Remuneration & Nomination Committee in connection with the Offer), is comprised of a base salary of \$375,000 and a target cash bonus of 64% of his salary. Henry can earn 50%, 100% or 125% of his target bonus if Limeade's CARR for 2019 exceeds the minimum thresholds established by the compensation committee. Henry receives health care coverage, life insurance and other customary employee benefits. Henry may participate in the 2019 Equity Incentive Plan (the "2019 Incentive Plan") but no awards have been made under the 2019 Incentive Plan as at the date of this Prospectus. The terms and conditions of Henry's bonus and any awards made to him under the 2019 Incentive Plan, including as to targets, vesting and/or exercise (as the case may be), will be determined by the Remuneration and Nomination Committee and, to the extent required, subject to Security holder approval.

Henry is subject to a Confidentiality, Noncompetition, and Invention Assignment Agreement which imposes non-solicitation of employees and customers, and restraint of trade (non-competition) covenants during the term of his employment and for one year following the cessation of his employment with Limeade.

6.4.2.2 CFO of Limeade

Toby Davis is currently employed as CFO and has an employment relationship with Limeade that is terminable by either party at will. Toby's annual remuneration package for 2019, as set by the compensation committee, is comprised of an annual base salary of \$235,000 and a target cash bonus of up to approximately 21% of his salary and a performance-vesting stock option grant. Toby can earn 50%, 100% or 125% of his target bonus, and his stock option will vest in identical percentages, upon achievement of the goals established by the compensation committee related to Limeade's gross margins, cash management and CARR. Toby also holds several options to purchase Limeade common stock that vest based on the passage of time.

Toby receives healthcare coverage, life insurance and other customary employee benefits. Toby may participate in the 2019 Incentive Plan, but no awards have been made under the 2019 Incentive Plan as at the date of this Prospectus. The terms and conditions of Toby's bonus and any awards made to him under the 2019 Incentive Plan, including as to targets, vesting and/or exercise (as the case may be), will be determined by the Remuneration and Nomination Committee and to the extent required, subject to Security holder approval.

Toby is subject to a Confidentiality, Noncompetition, and Invention Assignment Agreement which imposes non-solicitation of employees and customers, and restraint of trade (non-competition) covenants during the term of his employment and for one year following the cessation of his employment with Limeade.

6.4.2.3 Senior management employment contracts

Members of senior management have entered into offer letters that are terminable by either party at will. Annual remuneration packages are comprised of a base salary, annual target bonuses ranging from approximately 19% to 86% of annual salary, and performance-vesting stock option grants. Senior members of management can earn 50%, 100% or 125% of their respective target bonuses, and their stock options will vest, based on satisfaction of company performance targets established by the compensation committee. All senior members of management also hold one or more options to purchase common stock of Limeade that vest based on the passage of time, and several senior managers have exercised options and hold Limeade common stock.

Senior members of management also receive healthcare coverage, life insurance and other customary employee benefits. Senior management may participate in the 2019 Incentive Plan, but no awards have been made under the 2019 Incentive Plan as at the date of this Prospectus.

All senior members of management have entered into Limeade's 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, except that any senior manager residing in California does not have a restraint of trade covenant due to California law barring such covenant.

6.4.2.4 Non-executive Director appointment letters

Prior to the Prospectus Date, each of the non-executive Directors appointed in December 2019 has entered into appointment letters with Limeade, confirming their roles and responsibilities as directors of a public listed entity, and Limeade's expectations of them as non-executive Directors.

6.4.2.5 Non-executive Director remuneration

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 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.

6.4.2.6 Other information about Director's interests and benefits

Directors may be reimbursed for travel and other expenses incurred in attending to Limeade's 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.

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6.4.2.7 Indemnification and Directors and Officers Insurance

Limeade has entered into indemnification agreements with each Director and Officer named in sections 6.1 and 6.2 of this Prospectus. Under these agreements and Limeade's governing documents, Limeade has agreed to indemnify, to the maximum extent and in the manner permitted by law, each of these persons in respect of certain liabilities which the Director or Officer may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director or Officer of Limeade. These liabilities include losses or liabilities actually and reasonably incurred by the Director or Officer in performing their obligations to Limeade in each successfully resolved claim, including legal expenses to the extent that such losses or liabilities relate to actions taken in good faith by the Director or Officer and in a manner the Director or Officer reasonably believed to be in or not opposed to the best interests of Limeade and in the case of criminal proceedings had no reason to believe that his/her conduct was unlawful.

Limeade may arrange and maintain directors' and officers' insurance for its Directors and Officers to the extent permitted by law covering certain liabilities which may be incurred in the performance of their obligations to Limeade.

6.4.2.8 Director's interests and securities

The Directors of Limeade are not required to hold Shares or CDIs under the Articles or Bylaws.

The table below sets out the expected interests of the Directors in Shares and CDIs in Limeade as at the Prospectus Date and at Completion.

TABLE 34: DIRECTORS INTERESTS

Director	Securities as at the Prospectus Date	Options as at Prospectus Date ²	Percentage of Securities at Prospectus Date (undiluted) ²	Percentage of Securities at Prospectus Date (fully diluted) ²	Percentage of Securities immediately after Completion (undiluted) ²	Percentage of Securities immediately after Completion (fully diluted) ²
Elizabeth Bastoni	-	-	-	-	-	-
Chris Ackerley ¹	4,395,738	660,000	2.0%	2.1%	1.7%	1.8%
Steve Hamerslag ¹	-	-	-	-	-	-
Lisa MacCallum	-	-	-	-	-	-
Mia Mends	-	-	-	-	-	-
Cameron Judson	-	-	-	-	-	-
Henry Albrecht	40,311,485	200,000	18.5%	17.0%	16.5%	15.3%
Total	44,707,223	860,000	20.5%	19.1%	18.1%	17.1%

1. Chris' holdings include Securities held by Chris personally, and Securities held by Chris and his spouse, Diana, jointly. 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 43,461,315 Securities at the Prospectus Date) and may indirectly benefit economically from those activities. He may also indirectly benefit from TVC Capital's holding of 1,254,524 Securities. These entities are selling Securities to SaleCo as referred to in Table 35.
2. Undiluted refers to the number of Securities on issue, and fully diluted refers to the number of Securities and options (each over one Share) on issue. Securities refers to CDIs or Shares. Options and Securities on Completion (on an undiluted basis) may differ from the amounts in this table, in particular if vested Options are exercised and Shares are issued in respect of those Options before that time.

Directors may apply for additional CDIs under the Offer. Any such Securities will not be subject to escrows. Final Directors' Security shareholdings will be notified to ASX following Listing.

6.4.3 Employee incentive arrangements

Limeade has established various incentive arrangements to assist in attracting, motivating and retaining management and employees, including general incentive payments under contracts of employment, and/or the grant of options or other awards under the Existing Stock Option Plans and the 2019 Incentive Plan. The summaries of each plan below do not purport to be complete and are qualified in their entirety by the provisions of the plans.

6.4.3.1 Existing Stock Option Plans

Prior to the Prospectus Date, Limeade granted options under historical stock option and retention plans to all employees of Limeade, including senior management. On Completion these historical stock option plans will remain in place, however, no further options to purchase stock will be granted under the historical stock option and retention plans.

6.4.3.1.1.1 Amended and Restated 2006 Stock Option Plan, As Amended

Term	Description
Administration	<p>The 2006 Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the US Internal Revenue Code of 1986, as amended (Code), to Limeade's employees or any parent or subsidiary's employees, and for the grant of non-statutory stock options to employees, directors and consultants and any parent, subsidiary, or affiliate corporations' employees and consultants. Stock purchase rights may also be granted under the 2006 Plan.</p> <p>Limeade ceased issuing options under the 2006 Plan upon the effectiveness of the Limeade 2016 Stock Plan, as amended, described below. Common stock issued upon exercise of an option under the 2006 Plan will be automatically deposited with CDN and CDN will deliver to the person exercising the option a proportionate number of CDIs unless the person exercising a Limeade option for common stock elects to not deposit the common stock with CDIs.</p> <p>Following Completion, it is expected that the Remuneration & Nomination Committee generally will administer the 2006 Plan (the Administrator). The administrator has complete discretion to make all decisions implementing the 2006 Plan.</p>
Aggregate share limit	<p>As at 31 October 2019, options to purchase 3,982,400 shares remain outstanding. (The foregoing share number assumes the planned stock split referred to in Section 9.4 has occurred). Any outstanding awards granted under the 2006 Plan will remain outstanding, subject to the terms of the 2006 Plan and applicable award agreements, until they are exercised or settled or until they terminate or expire by their terms. No options remain available for issuance under the 2006 Plan.</p>
Exercise	<p>The Administrator may permit any method of payment for the exercise of options, including: (i) cash or check; (ii) a promissory note with stated interest at an arm's length interest rate and such security and redemption provisions as the administrator determines to be appropriate; (iii) shares of common stock that the holder already owns; (iv) an immediate sale of the option shares through a broker designated by us in a cashless exercise, provided that such a program is adopted by our administrator; or (v) any combination of the foregoing methods of payment.</p>
Lapsing and forfeiture	<p>When an employee ceases to provide continuous services to Limeade (or any parent, subsidiary, or affiliate), he or she may exercise his or her stock option for the period of time stated in the stock option agreement, to the extent that his or her stock option is vested on the date of termination. In the event of a termination of an award holder's service for cause, all options held by such award holder will immediately terminate. In addition, any vested shares that were acquired under an award (including a stock purchase right) may be repurchased by Limeade under certain circumstances, including upon a termination of the holder's service for cause. A stock option may never be exercised later than the expiration of its term.</p>
Transfer restrictions	<p>Awards under the 2006 Plan, and any unvested shares of common stock acquired in connection with the exercise of an award, may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution. However, the Administrator may in its discretion grant awards that may be transferred by instrument to certain trusts or by gift or pursuant to domestic relations orders to certain family members.</p>

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Term	Description
Change of control	In the event that Limeade experiences a sale of all or substantially all of its assets, a merger or certain other transactions that constitute a change of control (as defined in the 2006 Plan), unless otherwise provided in an award agreement or any other written agreement between Limeade or any subsidiary, parent or affiliate and the holder, or unless otherwise expressly provided by the Administrator at the time of grant, the Administrator may, in its sole discretion take one or more of the following actions with respect to awards: (i) arrange for the successor corporation or a parent or subsidiary of such successor corporation (Successor Corporation) to assume or continue any such award or to substitute an equivalent award; (ii) assign to the Successor Corporation any reacquisition or repurchase rights held by Limeade with respect to shares issued pursuant to such awards; (iii) accelerate the vesting of such awards (and the time at which such awards may be exercised) to a date prior to the effective time of such change of control; (iv) allow the lapse of any reacquisition or repurchase rights held by Limeade with respect to such awards; (v) cancel or arrange for the cancellation of such awards without the payment of any consideration; (vi) make a payment in cancellation of such awards in an amount equal to the excess, if any, of (A) the value of the shares (or other property) that the holder would have received upon exercise of the award, over (B) the exercise price payable by the holder in connection with such award; or (vii) terminate all such awards that are not vested and all such awards that remain subject to a Company repurchase right as of the effective time of such change of control.
Amendments	The Administrator has the authority to amend, suspend or terminate the 2006 Plan, provided that no amendment may materially or adversely affect awards already granted without the written consent of the holder of the affected award.
6.4.3.1.1.2 Amended 2016 Stock Option Plan, As Amended	
Term	Description
Administration	<p>The 2016 Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Code, to Limeade's employees or any parent or subsidiary's employees, and for the grant of non-statutory stock options to employees, directors and consultants and any parent, subsidiary, or affiliate corporations' employees and consultants. Stock purchase rights may also be granted under the 2016 Plan.</p> <p>Limeade will cease issuing options under the 2016 Plan upon the effectiveness of the Limeade 2019 Incentive Plan (2019 Plan), described below. Consequently, Limeade will not grant any additional options under the 2016 Plan on Completion. Common stock issued upon exercise of an option under the 2016 Plan will be automatically deposited with CDN and CDN will deliver to the person exercising the option the equivalent number of CDIs unless the person exercising a Limeade option for common stock elects to not deposit the common stock with CDIs.</p> <p>The Remuneration & Nomination Committee will also act as Administrator in relation to the 2016 Plan and generally will administer the 2016 Plan. The Administrator has complete discretion to make all decisions implementing the 2016 Plan.</p>
Aggregate share limit	As at 31 October 2019, Limeade had reserved a maximum of 27,641,432 shares of common stock for issuance under the 2016 Plan. As at 31 October 2019, options to purchase 17,639,776 of these shares remain outstanding and 9,652,552 of these shares remain available for future grant. (The foregoing share numbers assume the planned stock split referred to in Section 9.4 has occurred.) Any outstanding options granted under the 2016 Plan will remain outstanding, subject to the terms of the 2016 Plan and applicable award agreements, until they are exercised or settled or until they terminate or expire by their terms. However, following Completion, Limeade will issue no further options under the 2016 Plan.

Term	Description
Exercise	<p>The Administrator may permit any method of payment for the exercise of options, including: (i) cash or check; (ii) a promissory note with stated interest at an arm's length interest rate and such security and redemption provisions as the administrator determines to be appropriate; (iii) shares of common stock that the holder already owns; (iv) an immediate sale of the option shares through a broker designated by us in a cashless exercise, provided that such a program is adopted by our administrator; or (v) any combination of the foregoing methods of payment.</p>
Lapsing and forfeiture	<p>When an employee ceases to provide continuous services to Limeade (or any parent, subsidiary, or affiliate), he or she may exercise his or her stock option for the period of time stated in the stock option agreement, to the extent that his or her stock option is vested on the date of termination. In the event of a termination of an award holder's service for cause, all options held by such award holder will immediately terminate. In addition, any vested shares that were acquired under an award (including a stock purchase right) may be repurchased by us under certain circumstances, including upon a termination of the holder's service for cause. A stock option may never be exercised later than the expiration of its term.</p>
Transfer restrictions	<p>Awards under the 2016 Plan, and any unvested shares of common stock acquired in connection with the exercise of an award, may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution. However, the Administrator may in its discretion grant awards that may be transferred by instrument to certain trusts or by gift or pursuant to domestic relations orders to certain family members.</p>
Change of control	<p>In the event that Limeade experiences a sale of all or substantially all of its assets, a merger or certain other transactions that constitute a change of control (as defined in the 2016 Plan), unless otherwise provided in an award agreement or any other written agreement between Limeade or any subsidiary, parent or affiliate and the holder, or unless otherwise expressly provided by the Administrator at the time of grant, the Administrator may, in its sole discretion take one or more of the following actions with respect to awards: (i) arrange for the successor corporation or a parent or subsidiary of such Successor Corporation to assume or continue any such award or to substitute an equivalent award; (ii) assign to the Successor Corporation any reacquisition or repurchase rights held by Limeade with respect to shares issued pursuant to such awards; (iii) accelerate the vesting of such awards (and the time at which such awards may be exercised) to a date prior to the effective time of such change of control; (iv) allow the lapse of any reacquisition or repurchase rights held by Limeade with respect to such awards; (v) cancel or arrange for the cancellation of such awards without the payment of any consideration; (vi) make a payment in cancellation of such awards in an amount equal to the excess, if any, of (A) the value of the shares (or other property) that the holder would have received upon exercise of the award, over (B) the exercise price payable by the holder in connection with such award; or (vii) terminate all such awards that are not vested and all such awards that remain subject to a Company repurchase right as of the effective time of such change of control.</p>
Amendments	<p>The Administrator has the authority to amend, suspend or terminate the 2016 Plan, provided that no amendment may materially or adversely affect awards already granted without the written consent of the holder of the affected award.</p>

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6.4.3.2 2019 Incentive Plan (2019 Plan)

In December 2019 prior to lodgement of this Prospectus with ASIC, the Board adopted the 2019 Plan, and Limeade's shareholders approved adoption of the 2019 Plan. The 2019 Plan will become effective on Completion and will be the successor to the 2016 Plan.

Term	Description
Administration	The 2019 Plan may be administered by the Board, the Remuneration & Nomination Committee, or those persons to whom administration of the 2019 Plan, or part of the 2019 Plan, has been delegated as permitted by the terms of the 2019 Plan and applicable law. We expect that the Remuneration & Nomination Committee (the Administrator) will administer the 2019 Plan. The Administrator will have the authority to construe and interpret the 2019 Plan and any agreement or document executed according to the 2019 Plan, grant awards and determine their terms, and make all other determinations necessary or advisable for the administration of the plan. The Administrator may grant awards that vest based on continued service or the achievement of certain pre-established performance goals during a designated performance period, or a combination of the foregoing. The Administrator may also reduce or waive any performance criteria with respect to performance goals, or adjust performance goals to take into account changes in law and accounting or tax rules as the Administrator deems necessary or appropriate, or to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships. The Administrator may also adjust or eliminate the compensation or economic benefit due upon attainment of performance goals in its sole discretion, subject to any limitations contained in the award agreement and compliance with applicable law.
Awards/Eligibility	The 2019 Plan provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance-based awards and other awards (that are based in whole or in part by reference to Limeade's common stock). Incentive stock options may only be granted to employees of Limeade, including officers, and the employees of any parent or subsidiary. All other awards may be granted to employees, including officers, non-executive directors and consultants, and the employees and consultants of Limeade's affiliates.
Aggregate share limit	The total number of shares of common stock reserved and available for grant and issuance pursuant to the 2019 Plan will not exceed 46,822,211 shares. In addition, shares repurchased by us in connection with a forfeiture provision or repurchase right, shares surrendered under a repricing or exchange program and shares subject to awards under the 2019 Plan that are used to pay the exercise price of an award or withheld to satisfy the tax withholding obligations related to an award will be returned to the share reserve and will be available for issuance in connection with subsequent awards under the 2019 Plan. In addition, the 2019 Plan contains an "evergreen" provision that will automatically increase the share reserve on 1 January of each year beginning in 2021 and continuing through 2029 by a number of shares equal to 1% of the total number of shares of common stock outstanding as of 31 December of the preceding calendar year, or a lesser number of shares as determined by the Board. The maximum number of shares of common stock that may be issued on the exercise of incentive stock options under the 2019 Plan is 46,822,211 shares.
Shares/CDIs	<p>Shares issued under the 2019 Plan may be previously unissued shares or reacquired shares.</p> <p>Limeade will deliver one CDI in lieu of an entitlement to receive one Share under the 2019 Plan.</p>

Term	Description
Exercise price or purchase price	<p>The exercise price of an option or stock appreciation right will be such price as is determined by the <i>Administrator</i> and set forth in the award agreement. However, (i) in the case of an incentive stock option granted to a Ten Percent Holder (as defined in the 2019 Plan), the exercise price will be no less than 110% of the fair market value on the date of grant and (ii) granted to any other employee, the exercise price will be no less than 100% of the fair market value on the date of grant, and (iii) in the case of a non-statutory stock option or stock appreciation right, the exercise price will be such price as is determined by the Administrator, provided that, if the exercise price is less than 100% of the fair market value on the date of grant, it will otherwise comply with all applicable laws, including Section 409A of the Code. The purchase price for shares issued pursuant to a restricted stock grant, if any, will be determined by the Administrator on the date the restricted stock grant is granted and, if permitted by applicable law, no cash consideration will be required in connection with the payment for the purchase price where the Administrator provides that payment will be in the form of services previously rendered.</p>
Vesting and exercise	<p>Options and stock appreciation rights generally will become exercisable when the applicable vesting conditions have been satisfied. Other awards generally will vest and/or be settled by delivery of shares (or CDIs or cash, where applicable) when the applicable vesting or performance conditions have been satisfied. To the extent permitted by applicable law, the Administrator, in its sole discretion, may determine that the delivery of CDIs or shares or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any award may be deferred and may establish programs and procedures for deferral elections to be made by award holders. Deferrals by award holders will be made in accordance with Section 409A of the Code, if applicable, and any other applicable law.</p>
Lapsing and forfeiture	<p>No option or stock appreciation right will be exercisable after the expiration of ten years from the date the option or stock appreciation right is granted, or such shorter period specified in the award agreement. In addition, in the case of an incentive stock option granted to a person who, at the time the incentive stock option is granted, is a Ten Percent Holder, such option may not be exercisable after the expiration of 5 years from the date the incentive stock option is granted.</p> <p>Other awards will become subject to forfeiture or compulsory transfer on the occurrence of a date or circumstance specified in the award agreement, e.g. failure to satisfy a vesting or performance condition.</p>
Transfer restrictions	<p>Under the 2019 Plan, the Administrator may provide for limitations on the transferability of awards in its sole discretion. Awards are generally not transferable other than by will or the laws of descent and distribution, unless otherwise provided by the Administrator.</p>

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Term	Description
Cessation or change of employment	<p>Unless explicitly provided otherwise in an award agreement, if an award holder's service terminates, the holder may exercise his or her option or stock appreciation right (to the extent such award was exercisable on the termination date) within the following period of time following such termination: (i) three months following a termination by Limeade without cause or by the holder for any reason (other than due to death or disability); (ii) six months following a termination due to the holder's disability; (iii) 12 months following a termination due to the holder's death; and (iv) 12 months following the holder's death, if such death occurs following the date of such termination but during the period such award is otherwise exercisable (as provided in clauses (i) or (ii) above). If an award holder's service is terminated for cause, the holder's options or stock appreciation rights will terminate and be forfeited immediately. Following the termination date, to the extent that the holder does not exercise such award within the applicable post-termination exercise period (or, if earlier, prior to the expiration of the maximum term of such award), such unexercised portion of the award will terminate. Other awards will become subject to forfeiture or compulsory transfer on the occurrence of a date or circumstance specified in the award agreement, e.g. failure to satisfy a vesting or performance condition.</p>
Change of control	<p>In the event that Limeade is subject to a change in control (as defined in the 2019 Plan), outstanding awards acquired under the 2019 Plan will be subject to the agreement evidencing the change in control, which need not treat all outstanding awards in an identical manner, and which will provide for one or more of the following with respect to all outstanding grants as of the effective date of such change in control: (i) the continuation of an outstanding award by Limeade (if Limeade is the successor entity); (ii) the assumption of an outstanding award by the successor or acquiring entity (if any) of such change in control (or by its parents, if any); (iii) the substitution by the successor or acquiring entity in such change in control (or by its parents, if any) of equivalent awards with substantially the same terms for such outstanding awards; (iv) the full or partial acceleration of exercisability or vesting and accelerated expiration of an outstanding award and lapse of Limeade's right to repurchase or re-acquire shares acquired under an award or lapse of forfeiture rights with respect to shares acquired under an award; (v) the settlement of such outstanding award (whether or not then vested or exercisable) in cash, cash equivalents, or securities of the successor entity (or its parent, if any) with a fair market value equal to the required amount provided in the definitive agreement evidencing the change in control, followed by the cancellation of such awards; or (vi) the cancellation of outstanding awards in exchange for no consideration. In addition, the Board will have full power and authority to assign Limeade's right to repurchase or re-acquire or forfeiture rights to such successor or acquiring corporation. Finally, in the event such successor or acquiring corporation (if any) refuses to assume, convert, replace or substitute awards, as provided above, the Administrator will notify the holder that such award will be exercisable (to the extent vested and exercisable pursuant to its terms) for a period of time determined by the Administrator, and such award will terminate upon the expiration of such period.</p>
Award adjustments	<p>In the event of a stock split or other change in our capital structure without Limeade's receipt of consideration, appropriate adjustments will be made to the maximum number and/or class of shares reserved for issuance under the 2019 Plan, the incentive stock option limit, and the class and/or number of shares and exercise price or purchase price, if applicable, of outstanding awards under the 2019 Plan.</p>

Term	Description
Malus/clawback and other requirements	All awards granted under the 2019 Plan will be subject to clawback or recoupment under any clawback or recoupment policy adopted by the Board or the Administrator or required by applicable law during the term of the award holder's employment or other service with Limeade that is applicable to officers, employees, directors or other service providers of Limeade. In addition, the Administrator may impose such other clawback, recovery or recoupment provisions in an award agreement as the Administrator determines necessary or appropriate.
Amendments	The 2019 Plan will terminate on the tenth anniversary of the date on which the Board adopted the plan. The Board will have the authority to amend, suspend, or terminate the 2019 Plan, although certain material amendments require the approval of Limeade's stockholders, and amendments that would materially impair the rights of any participant require the consent of that participant. No awards may be granted under the 2019 Plan while it is suspended or after it is terminated.
Listing Rules	The 2019 Plan and awards made under it are always subject to the ASX Listing Rules and applicable law.

6.5 INTERESTS IN SECURITIES OF EXISTING AND NEW INVESTORS

Details of interests in Securities of key investor types at the Prospectus Date and as expected on Completion, are set out below. The table does not reflect any CDIs which the Existing Shareholders may subscribe for under the Offer. The table assumes that the Limeade Series A, Series B and Series C preferred stock has been converted to common stock as described in Section 9.4 of the Prospectus and that the stock split described in Section 9.4 of the Prospectus has occurred.

TABLE 35: INTERESTS IN SECURITIES OF EXISTING AND NEW INVESTORS

Exiting Shareholders	As at the Prospectus Date (undiluted)		Immediately following the Offer (undiluted)		Immediately following the Offer (fully diluted)	
	Securities	%	Securities	%	Securities	%
Henry Albrecht	40,311,485	18.5%	40,311,485	16.5%	40,511,485	15.3%
Erick Rivas	8,544,000	3.9%	8,544,000	3.5%	9,124,000	3.4%
TVC Capital II LP and TVC Capital Partners II LP	44,715,839	20.5%	36,658,282	15.0%	36,658,282	13.8%
Oak HC/FT Partners LP	43,646,948	20.0%	27,380,178	11.2%	27,380,178	10.3%
Other Board, management & employees	6,533,402	3.0%	6,254,024	2.6%	12,980,360	4.9%
Other employees	722,626	0.3%	706,752	0.3%	12,660,720	4.8%
Other shareholders	73,268,160	33.6%	70,893,893	29.0%	71,940,293	27.1%
Investors in the Offer	-	-	54,054,054	22.1%	54,054,054	20.4%
Total	217,742,460	100.0%	244,802,668	100.0%	265,309,372	100.0%

Differences between "As at the Prospectus Date (undiluted)" and "Immediately following the Offer (undiluted)" represent the Securities being sold to SaleCo, and then by SaleCo to investors under the Offer. These underlying Security holders are referred to as Selling Shareholders. Undiluted refers to the number of Securities on issue, and fully diluted refers to the number of Securities and options (each over one Share) on issue. Securities refers to CDIs or Shares. Securities on Completion (on an undiluted basis) may differ from the amounts in this table, in particular if vested Options are exercised and Shares are issued in respect of those Options before that time.

Refer also to notes to Table 36.

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6.6 ESCROW ARRANGEMENTS

Existing Shareholders have entered into voluntary escrow agreements with Limeade in relation to Securities in which they will have interest on Completion. Under each voluntary escrow agreement, the relevant escrowed party agrees, subject to certain limited exceptions, not to deal in those Securities until the times as set out below:

TABLE 36: VOLUNTARY ESCROW ARRANGEMENTS

Escrowed Party	Escrow Period ¹	Number of Securities escrowed (undiluted) at Completion ^{5,7}	Percentage of Securities (undiluted) ^{5,6} on Completion
Henry Albrecht	100% - FY20 Results Release Time 50% - FY21 Results Release Time	40,311,485	16.5%
Erick Rivas	100% - FY20 Results Release Time 50% - FY21 Results Release Time	8,544,000	3.5%
TVC Capital II LP and TVC Capital Partners II LP	100% - FY20 Results Release Time	36,658,282	15.0%
Oak HC/FT Partners LP	100% - FY20 Results Release Time	27,380,178	11.2%
Other Board and management ²	100% - FY20 Results Release Time 50% - FY21 Results Release Time	6,254,024	2.6%
Other employees ³	At least 92.8% - FY20 Results Release Time	656,177	0.3%
Other Shareholders ⁴	At least 96.6% FY20 Results Release Time	68,457,839	28.0%
Total		188,261,985	76.9%

Notes:

- FY20 Results Release Time** means 4.15pm (Sydney time) on the date on which Limeade releases its preliminary final report for the fiscal year ending 31 December 2020 to the ASX.
FY21 Results Release Time means 4.15pm (Sydney time) on the date on which Limeade releases its preliminary final report for the fiscal year ending 31 December 2021 to the ASX.
- Directors and members of management listed in Section 6.2 who will hold Securities on Completion (excluding Henry Albrecht).
- Employees of Limeade on the Prospectus Date who will hold Securities on Completion (excluding those listed in rows above). All but the first 2,703 Securities held by each of these employees on Completion will be subject to escrow.
- Shareholders of Limeade (other than those listed above) who enter into a voluntary escrow agreement with the Limeade. Maximum number and percentage shown. All but the first 2,703 Securities held by each of these Shareholders on Completion will be subject to escrow.
- Number of Securities (undiluted basis) at Completion may differ from the amounts in this table, in particular if further escrow agreements are entered into by other employees or Shareholders prior to Completion, or if vested Options are exercised and Shares are issued in respect of those Options before that time. Such Shares/corresponding CDIs are expected to be subject to voluntary escrow restrictions as for the respective period(s) identified in this table.
- Percentage of Securities (undiluted) refers to the number of Securities divided by the number of Securities.
- The table above assumes that the Limeade Series A, Series B and Series C preferred stock has been converted to common stock as described in Section 9.4 of the Prospectus and that the split described in Section 9.4 of the Prospectus has occurred.

Existing Shareholders may apply for additional CDIs under the Offer. Any such Securities will not be subject to escrow

The restriction on 'dealing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the Securities, encumbering or granting a security interest over the Securities, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Securities or agreeing to do any of those things. There are limited circumstances in which the escrow may be released, or escrowed securities otherwise dealt with, early, including to enable the Security holder to:

- to allow the escrowed Security holder to accept an offer under a takeover or similar transaction in relation to its Securities if holders of at least half of the Securities the subject of the transaction that are not subject to similar escrow arrangements have accepted the transaction or relevant offer and the takeover is unconditional or all its conditions have been satisfied or waived (subject to a requirement to return the escrowed Securities to escrow if the offer does not proceed);
- allow escrowed Securities to be transferred or cancelled as part of an equal buyback, capital reduction or equal return of capital or other similar pro rata reorganization, a merger, including by way of a share exchange or an acquisition of all Securities, which has in any such case received all necessary approvals (subject to a requirement to return the escrowed Securities to escrow if the transaction does not proceed);
- a transfer (in one or more transactions) of any or all escrowed Securities to an affiliate provided such affiliate agrees to be bound by the voluntary escrow arrangements for the term of those arrangements, or in the case of certain limited reorganisations involving the escrowed Security holder;
- the grant of securities over any or all of their escrowed Securities to a bona fide third party financial institution as security for a loan, hedge or other financial accommodation, provided that the encumbrance does not in any way constitute a direct or indirect disposal of the economic interests, or decrease an economic interest, that the relevant escrowed Security holder has in any of its escrowed Securities and no escrowed Securities may be transferred to the financial institution in connection with the encumbrance (with the documentation for such an encumbrance making clear that the escrowed Securities remain in escrow and subject to the voluntary escrow arrangements for the term of those arrangements);
- to the extent required by applicable law (including an order of a court of competent jurisdiction); or
- on the death, serious disability or permanent incapacity of the escrowed Security holder.

6.7 CORPORATE GOVERNANCE

6.7.1 Overview

This Section 6.7 details how the Board will oversee both the management and corporate governance of Limeade. The Board will monitor Limeade's operational and financial position and performance and will oversee development and implementation of its business strategy, including considering and approving Limeade's strategic objectives and annual business plan, including a budget.

Copies of Limeade's key policies and practices and the charters for the Board and each of its committees will, from Completion, be available at limeade.com/investors.

6.7.2 Purpose, strategy and values

The Limeade mission is to improve well-being in the world. The way the company does this is through providing a suite of employee experience software solutions that show every employee their company cares, and that increase employee engagement and lower employee turnover.

Limeade has adopted a number of core values which articulate how management expects: (i) employees to behave and interact, (ii) the business to be managed, and (iii) the growth strategy to be executed. Collectively, Limeade strives to create a "culture of improvement" based on the active promotion of its values. Limeade's core values are:

- Delight our customers;
- Be it;
- Own it;
- We're a team;
- Speak plainly; and
- Anything is possible.

These values are operationalised across Limeade's business, policies and procedures and guide the day to day operations of Limeade as a whole. As Limeade strives to achieve its mission, it is guided by the desire to ensure that each and every employee knows and believes their company cares about them as an employee. Of course, we use our own product and solutions in our own business.

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In tandem with the above, Limeade is committed to instilling and reinforcing lawful and responsible behaviours at all times, as part of its ongoing social awareness and continuous engagement with its stakeholders, including employees, customers and investors, as well as anyone who could positively or negatively influence the value of the company. Limeade's growth strategy, as set out below, is guided by these values which includes ensuring that Limeade is at all times professional, customer-focused and trusted by both employees and customers alike.

Limeade's strategy comprises a number of key objectives. It seeks to:

- acquire new customers, including additional investment in its core market and expansion into key strategic markets;
- expand and upsell to the existing customer base;
- continue to expand platform and solutions offerings with internal development; and
- accelerate growth through strategic acquisition.

6.7.3 Corporate governance framework

The Board is committed to ensuring the sustained, long-term growth, performance and success of Limeade, as well as representing and serving the best interests of all company stakeholders, including security holders, customers and employees. With these objectives in mind, the Board seeks to ensure that Limeade is properly managed to ensure compliance with (i) any duties and obligations imposed by applicable laws and the Bylaws, and (ii) Limeade's core values and governance framework. This governance framework includes relevant internal controls, risk management processes and corporate governance policies and practices which Limeade believe are appropriate to its business and will promote the efficient and responsible management of Limeade.

At Completion, Limeade will be an entity listed on ASX. The ASX Corporate Governance Council has developed the ASX Corporate Governance Principles and Recommendations (**ASX Principles**) for listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. Under the ASX Listing Rules, Limeade will be required to provide a corporate governance statement in its annual report disclosing the extent to which it has followed the ASX Principles in the reporting period. Where Limeade does not follow an ASX Principle, it must identify the relevant recommendation or principle that has not been followed and give reasons for not following it.

The ASX Corporate Governance Council recently released its 4th edition of the ASX Principles for Australian entities, which will apply to Limeade from 1 January 2020. Accordingly, Limeade has prepared its corporate governance policies in consideration of, and in compliance with, the 4th edition.

The main policies and practices adopted by Limeade, which will take effect from Completion, are summarised below. Except as set out below, Limeade does not anticipate that it will depart from the recommendations of the ASX Principles, however, it may do so in the future if it considers that such a departure would be reasonable or appropriate.

6.7.4 The Board

The Bylaws require that Limeade has a minimum of five Directors, with the maximum number of Directors being set at seven, unless the Bylaws are amended by the Board or the shareholders. The Board shall initially comprise of seven Directors: an independent non-executive Chair, five independent non-executive Directors, one non-independent non-executive Director and one non-independent executive Director (the CEO). Biographies of the Board members are provided in Section 6.1.

Each Director has confirmed to Limeade that he or she anticipates being available to perform his or her duties as a non-executive Director or executive Director, as the case may be, without constraint from other commitments.

In determining whether a Director is "independent", the Board has adopted the definition of this word in the ASX Principles. Consequently, a Director will be considered "independent" if that Director is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the entity and its shareholders generally. The Board will consider the materiality of any given relationship on a case-by-case basis, with the Board Charter to assist in this regard.

The Board considers that each of non-executive Directors Elizabeth Bastoni, Mia Mends, Lisa MacCallum, Cameron Judson and Chris Ackerley are independent Directors, free from any business or any other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of the Director's judgment, and that each is able to fulfil the role of an independent Director for the purposes of the ASX Principles. Elizabeth, Mia, Lisa and Cameron joined the Board in November, 2019 and do not have significant Security holdings in Limeade. Chris joined the Board in 2007. He holds 2.1% of the Securities on the Prospectus Date and is

expected to hold 1.8% of the Securities on Completion. The Board (absent Chris) has specifically taken these factors into account when considering whether Chris should be considered to be independent. The Board (absent Chris) does not consider those factors to be sufficiently dominant or influential in the circumstances so as to conclude that he is not independent or that his interests will be different to those of shareholders with smaller stakes. In particular the Board has had regard to his conduct to date on the Board, his experience and the lack of other factors referred to in the ASX Recommendations and Board Charter which might lead the Board to question his independence.

Steve is a current Managing Director and Co-Founder of TVC Capital which holds 20.5% of the Shares on the Prospectus Date and is expected to hold 15.0% of the Securities on Completion. As a consequence of his association with TVC and its existing and proposed shareholding, Steve is not considered by the Board to fulfil the role of an independent Director. As CEO of Limeade, Henry is not considered by the Board to fulfil the role of an independent Director. On this basis, the Board will consist of a majority of independent Directors.

Except as noted above, none of the Directors are acting as nominee or representative of any security holder (other than in respect of their own direct or indirect interests), nor as nominees or representatives of the Joint Lead Managers or suppliers to Limeade.

The Board will regularly review the independence of each Director in light of interests disclosed to the Board and will disclose any change to ASX, as required by the ASX Listing Rules.

6.7.4.1 Board Charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the roles and responsibilities of the Board, including to provide overall strategic guidance for Limeade and effective oversight of management, oversight of Limeade's financial and capital management, management and review of Limeade's compliance with its disclosure obligations and the Continuous Disclosure Policy (see Section 6.7.6.2), promotion of effective engagement with shareholders, oversight of policies between Limeade and other stakeholders, ethical and responsible decision making along with compliance and risk management;
- the role and responsibilities of the Chair and company secretary;
- the delegations of authority of the Board to both committees of the Board, the CEO and other management of Limeade;
- the membership of the Board, including in relation to the Board's composition, size and process for the selection and re-election of Directors, the independence of Directors and the conduct of individual Directors;
- the Board process, including how the Board meets; and
- the Board's performance evaluation processes, including in respect of its own performance, and the performance of the Board committees, individual Directors and senior management.

The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and by officers to whom the management function is properly delegated by the CEO). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.

Directors are entitled to access senior management and request additional information at any time they consider appropriate. The Board collectively, and each Director individually, may seek independent professional advice, subject to the approval of the Chair, or the Board as a whole.

6.7.5 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. To assist in carrying out its responsibilities, the Board has established an Audit & Risk Management Committee and a Remuneration & Nomination Committee, and other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of Limeade, relevant legislative and other requirements and the skills and experience of individual Directors.

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6.7.5.1 Audit & Risk Management Committee

The role of the Audit & Risk Management Committee is to assist the Board in overseeing Limeade's accounting and financial reporting, including:

- reviewing external financial reports and statements;
- overseeing the appointment, remuneration, independence and competence of Limeade's external auditors;
- reviewing the performance of the external audit function;
- monitoring and advising the Board on governance and financial risk management and internal controls; and
- monitoring compliance with applicable laws, regulations, standards and best practice guidelines.

In accordance with the ASX Corporate Governance recommendations, the Audit & Risk Management Committee comprises three non-executive Directors (the majority of whom are independent), Chris Ackerley, Lisa MacCallum and Steve Hamerslag. Chris Ackerley is the Chair.

6.7.5.2 Remuneration & Nomination Committee

The role of the Remuneration & Nomination Committee is to assist and advise the Board on the following compensation and nomination related matters and includes:

- evaluating Limeade's remuneration policies and incentive plans, including as they apply to Directors and senior management;
- evaluating the performance of Limeade's Directors and senior management, including in relation to the appointment and re-election of Directors;
- implanting and overseeing induction and continuing professional development programs for Directors;
- development and implementation of processes for evaluating the performance of the Board, and its committees and Directors;
- reviewing and recommending processes for recruiting new Directors (including evaluation of skills, independence and experience);
- reviewing succession plans for the Board, CEO and other senior management; and
- developing, in consultation with management, and recommending to the Board measurable objectives for achieving gender diversity

The Remuneration & Nomination Committee comprises three non-executive Directors (all of whom are independent), Mia Mends, Cameron Judson, and Elizabeth Bastoni. Elizabeth Bastoni is the Chair. The Remuneration & Nomination will customarily review compensation payable to employees (including Executive Directors) and Non-Executive Directors in the first quarter of each calendar year.

6.7.6 Corporate Governance Policies

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Principles.

Limeade's policies and corporate governance practices will continue to be reviewed regularly and will continue to be developed and refined to meet Limeade's needs.

6.7.6.1 Risk Management Policy

Identification and proper management of Limeade's risks are a key priority of the Board. The Board has adopted a Risk Management Policy that is designed to assist Limeade to identify, monitor, minimise and manage risks and is considered appropriate for its business.

The Board, in consultation with the Audit & Risk Management Committee, is responsible for overseeing and approving risk management strategy and policies, monitoring risk management and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. This will include an annual review of Limeade's risk management procedures to ensure they are compliant with legal and other applicable obligations.

6.7.6.2 Continuous Disclosure Policy

Once listed on ASX, Limeade must comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, Limeade will be required to immediately disclose to ASX any information concerning Limeade which is not generally available and which a reasonable person would expect to have a material effect on the price or value of its securities.

Limeade's Continuous Disclosure policy will take effect from Completion, and establishes procedures which inform Directors and management of their obligations in relation to timely disclosure of material price-sensitive information. Under the Continuous Disclosure Policy, the company secretary in conjunction with the Board will be responsible for managing Limeade's compliance with its continuous disclosure obligations.

Information will be communicated to security holders through the lodgement of all relevant financial and other information with ASX and continuous disclosure announcements will be made available from listing on Limeade's website at limeade.com/investors.

6.7.6.3 Securities Trading Policy

Limeade has adopted a Securities Trading Policy which will apply to Limeade, its Directors, officers and senior management, and certain other employees and their connected persons (including those persons having authority and responsibility for planning, directing and controlling the activities of Limeade, whether directly or indirectly).

This policy is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and establish procedures in relation to Directors, officers, senior management, and certain other employees and contractors dealing in securities.

Subject to certain exceptions, including exceptional financial circumstances, the policy defines certain "prohibited periods" during which trading in securities by Directors, officers, senior management, and certain other employees and contractors and their connected persons is prohibited.

Those prohibited periods are currently defined as the following periods:

- Limeade's year end until after the release of Limeade's full year results;
- Limeade's half year end until after the release of Limeade's half yearly results; and
- any additional periods imposed by the Board from time to time (e.g. when Limeade is considering matters which are subject to ASX Listing Rule 3.1A).

Outside these periods, Directors, officers, senior management, and certain other employees and contractors and their connected persons must receive clearance from the designated officer (as defined in the policy) for any proposed dealing in securities and, in all instances, buying or selling securities is not permitted at any time by any person who possesses price-sensitive or inside information.

6.7.6.4 Code of Conduct

Limeade has adopted a Code of Conduct, to take effect from Completion, which sets out the values, commitments, ethical standards and policies of Limeade and outlines the standards of conduct expected of the business and Limeade's employees, taking into account Limeade's legal and other obligations to its stakeholders.

6.7.6.5 Diversity Policy

The Board has adopted a Diversity Policy which sets out Limeade's objectives for, and commitment to, achieving diversity and inclusion in the workplace at all levels. The policy provides a framework for Limeade to achieve its diversity goals and outlines a commitment to creating a diverse work environment where everyone is treated fairly and with respect. The implementation and assessment of the policy's objectives will be overseen by the Board.

6.7.6.6 Communications Policy

The Board aims to provide Security holders with sufficient information to assess the performance of Limeade and to ensure that they are informed of all major developments affecting the state of affairs of Limeade relevant to Security holders, in accordance with all applicable laws. Information will be communicated from listing to Security holders through the lodgement of all relevant financial and other information with ASX and publishing information on Limeade's website, limeade.com/investors, as soon as the information has been released to ASX.

6.7.6.7 Whistleblower Policy

Limeade has adopted a Whistleblower Policy which encourages employees to raise any concerns and report instances of illegal or unethical behaviour, without fear of reprisal. The Whistleblower Policy establishes the mechanisms and procedures for employees to report unethical or illegal conduct in a manner which protects the whistleblower and gathers the necessary information for Limeade to investigate such reports and act appropriately.

6.7.6.8 Anti-Bribery and Corruption Policy

Limeade has zero tolerance for, and is committed to preventing, corruption and the offer, provision or acceptance of bribes. Limeade has adopted an Anti-Bribery and Corruption Policy that seeks to ensure Limeade's compliance with the US Foreign Corrupt Practices Act of 1977 and other applicable anti-corruption legislation. This policy sets out Limeade's standards and guidelines on what constitutes bribery and corruption, offering, accepting and providing gifts and hospitality, participating in tenders and procuring goods and services, and providing donations and sponsorship.

6.7.6.9 Remuneration Policy

Limeade is committed to attracting and retaining the highest quality employees and management, a key element of which is ensuring that all persons are remunerated appropriately. Limeade's Remuneration Policy establishes a framework for remuneration that is designed to ensure all Limeade employees are remunerated fairly and responsibly in line with Limeade's values, security holder expectations and relevant legal and regulatory provisions.

6.8 RELATED PARTY TRANSACTIONS

Other than as set out in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which Limeade was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest.



DETAILS OF
THE OFFER

7

7 / DETAILS OF THE OFFER

7.1 WHAT IS THE OFFER?

This Prospectus relates to an initial public offering of 27,060,208 CDIs over new Shares to be issued by the Company and 26,993,846 CDIs over existing Shares to be sold by SaleCo (a total of 54,054,054 CDIs), and application for admission of the Company to the official list of ASX. Each CDI will represent one Share. All CDIs, and all the Shares (including those to which CDIs they relate), will rank equally with each other, respectively. CDIs are offered at A\$1.85 per CDI. The Offer is underwritten by the Joint Lead Managers and will raise A\$100 million, of which A\$50,061,385 will be received by the Company, and A\$49,938,615 will be distributed to Selling Shareholders (less certain transaction and stamp duty costs).

7.1.1 Offer structure

The Offer comprises:

- the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other authorised jurisdictions to apply for CDIs;
- the Broker Firm Offer, which is open to Australian resident retail investors and sophisticated investors who have received a firm allocation from their broker; and
- the Priority Offer, which is open to persons who have received a Priority Offer invitation from the Company.

The allocation of CDIs between the Broker Firm Offer, the Institutional Offer and the Priority Offer will be determined by agreement between the Company, SaleCo and the Joint Lead Managers having regard to the allocation policies described in Sections 7.3, 7.3.5 and 7.5 below.

7.1.2 Is the Offer underwritten?

The Offer is fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement, including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in Section 9.5.

7.1.3 Purpose of the offer and use of Offer proceeds

The Offer is being conducted to:

- fund additional investment to acquire new customers, including in current markets and expansion into new markets;
- fund further technology development and our growth strategy;
- provide access to capital markets which will afford the business additional financial flexibility to pursue further growth opportunities;
- receive benefits of an increased brand profile that arises from being a listed entity;
- provide an opportunity for Selling Shareholders to sell interests in the Company; and
- provide a liquid market for CDIs and an opportunity for others to invest in the Company.

The Offer is expected to raise A\$100 million for the Company (less certain transaction and stamp duty costs). The proceeds of the Offer received will be applied as described in the table below. The proceeds of the Offer received by SaleCo from the sale of CDIs in respect of Shares will be paid to SaleCo and distributed by SaleCo to the respective Selling Shareholders. The Company will not receive any proceeds from CDIs in respect of Shares sold by SaleCo in the Offer.

TABLE 37: USE OF FUNDS

Sources	US\$	A\$
Limeade		
Offer proceeds received by Limeade	34.1	50.1
SaleCo		
Offer proceeds received by SaleCo from the sale of existing shares	34.0	49.9
Total sources	68.1	100.0
Uses	US\$	A\$
Limeade		
Offer costs	4.0	5.9
Sales and marketing	14.4	21.2
Research and development	7.5	11.1
General and administrative	5.4	7.9
Repayment of existing Comerica Credit Facility	2.8	4.0
SaleCo		
Offer proceeds received by SaleCo from the sale of existing shares	33.0	48.4
Offer costs	1.0	1.5
Total uses	68.1	100.0

The above tables are a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above tables may change depending on a number of factors, including the outcome of sales performance, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied. In addition, as the proceeds of the Offer will be received in Australian dollars and, as the expenditure will be in US dollars, the actual amount of the proceeds used for each of the items above will depend on the AUD:USD exchange rate at the time that the funds are converted to US dollars, as discussed in Section 5.2.2.

The Board believes, on Completion, the Company's cash reserves, its cash flow from existing operations, plus the net proceeds of the Offer will be sufficient to fund the Company's stated business objectives, being:

- to accelerate new customer acquisition by increasing investment in sales and marketing capabilities and increasing awareness of the Limeade brand, platform, solutions and customer benefits;
- to continue focus on growing the use of Limeade solutions among the existing customer base by expanding availability and use across multiple geographies, and to execute on upsell opportunities of additional Limeade solutions to existing customers;
- to continue to invest in features and capabilities for well-being, engagement, diversity & inclusion and employee communications and to expand to incorporate new solutions in one or more adjacent employee experience markets;
- to remain open to pursuing strategic, technologically aligned and culturally compatible acquisitions to accelerate Limeade's growth.

Limeade intends to apply the net cash from the Offer to achieve these business objectives, as set out in the "uses" table above. Limeade will continue to assess opportunities to provide further support to existing sales efforts in new customer acquisitions across the EU and increase its existing focus on expansion opportunities into new markets.

7.1.4 Sale of Shares by Selling Shareholders

SaleCo, is a Washington State Corporation established solely to facilitate the sale of CDIs in the Offer by the Selling Shareholders. The Selling Shareholders have entered into sale agreements with SaleCo to sell Shares that they have agreed to sell for the purposes of the Offer at the Offer Price per Share, net of their share of Joint Lead Manager fees (**Sale Agreements**). The Sale Agreements will complete after and subject to the stock split and conversion of preferred stock referred to in Section 9.4, and shortly prior to Completion and admission of the Company to the Official List.

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The Selling Shareholders' Shares acquired by SaleCo will be transferred by SaleCo to CDN and CDIs will be registered in the name of successful applicants at the Offer Price per CDI. Proceeds from the offer of CDIs over these Shares (net of above fees) will be paid to SaleCo for distribution to the Selling Shareholders. SaleCo has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement and the Sale Agreements with Selling Shareholders.

The sole shareholder and officer of SaleCo will be Henry Albrecht. The Company has agreed to provide certain administrative and information support as is necessary to enable SaleCo to discharge its functions in relation to the Offer and has indemnified SaleCo in respect of certain costs of its advisers and other costs incurred as a consequence of its purchase of Shares. The indemnification agreements between Henry and the Company described in Section 6.4.2.7 also apply to their activities as officers and directors of SaleCo, including as to any loss which they may incur as a consequence of the Offer.

7.1.5 Corporate Structure

An overview of the corporate structure of Limeade at completion is set out in Section 9.2.

7.1.6 Other information about the Offer

Limeade's pro forma balance sheet following Completion, including details of the pro forma adjustments, is set out in Section 4.5. The financial year of Limeade ends on 31 December annually.

A summary of Limeade's capitalisation and indebtedness as at 30 June 2019 and following Completion is set out in Section 4.6.

Except as described in this Prospectus, the Company has not granted or proposed to grant any rights to any person, or to any class of person, to participate in an issue of the Company's securities.

Details of interests in Shares (and CDI equivalents) of key investor types at the Prospectus Date and as expected on Completion, are set out in section 6.5.

7.2 TERMS AND CONDITIONS OF THE OFFER

Topic	Summary
What type of security is being offered?	CHESS Depositary Interests (CDIs) over Shares in the Company. Each Share is equivalent to one (1) CDI.
What rights and liabilities are attached to the security being offered?	<p>The holders of CDIs receive all of the economic benefit of ownership of the underlying Shares. CDIs are traded in a manner similar to the shares of an Australian listed company. The Shares underlying the CDIs will rank equally with the Shares currently on issue in the Company.</p> <p>There are certain differences between the Shares and ordinary shares which are typically issued by Australian incorporated public companies. A description of the CDIs and the underlying Shares, including the rights and liabilities attaching to them, is set out in Section 9.6.</p> <p>The Company and SaleCo, in consultation with the Joint Lead Managers, reserve the right to vary any and all of the dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the date the Offer closes, to accept late Applications, either generally or in particular cases, and to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of the Prospectus or any applicants).</p> <p>If the Offer is cancelled or withdrawn before the issue or transfer of CDIs all application monies will be refunded (without interest) as soon as practicable in accordance with the Corporations Act.</p>
What is the Offer Price?	The Offer Price is A\$1.85 per CDI.

Topic	Summary
What is the Offer period?	<p>The key dates, including details of the Offer period, are set out on page 2 in the Key Offer Details section.</p> <p>The key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time.</p>
What are the cash proceeds to be raised?	<p>Approximately A\$100 million is expected to be raised under the Offer based on the Offer Price if the Offer proceeds.</p>
Is the Offer underwritten?	<p>Yes, the Offer is fully underwritten by the Joint Lead Managers. Refer to Section 9.3 for a summary of the Underwriting Agreement.</p>
What is the minimum and maximum Application size under the Broker Firm Offer or Priority Offer?	<p>The minimum Application under the Broker Firm Offer and the Priority Offer is 1,352 CDIs (approximately A\$2,500).</p> <p>There is no maximum number or value of CDIs that may be applied for under the Offer except that if you have received a personalised invitation to participate in the Priority Offer, you may apply for an amount up to and including the amount indicated on your invitation.</p> <p>The Company, SaleCo and the Joint Lead Managers reserve the right to treat any applications in the Broker Firm Offer that are from persons who they believe may be Institutional Investors, as bids in the Institutional Offer or to reject the application(s).</p> <p>The Company, SaleCo and the Joint Lead Managers, reserve the right to aggregate any applications that they believe may be multiple applications from the same person.</p>
What is the allocation policy?	<p>The allocation of CDIs between the Broker Firm Offer, the Institutional Offer and the Priority Offer will be determined by the Joint Lead Managers by agreement with Limeade and SaleCo, having regard to the allocation policies outlined in Sections 7.3, 7.3.5 and 7.5.</p> <p>With respect to the Broker Firm Offer, it will be a matter for the Broker to determine how they allocate CDIs among their eligible clients. The Broker (and not Limeade or the Joint Lead Managers) will be responsible for ensuring that eligible clients who have received an allocation from them receive the relevant CDIs.</p> <p>The allocation of CDIs among applicants in the Institutional Offer will be determined by the Joint Lead Managers, Limeade and SaleCo.</p> <p>The final allocation of CDIs under the Priority Offer will be determined by the Company at its discretion.</p> <p>The Company has absolute discretion regarding the level of scale-back and the allocation of CDIs under the Offer (if any).</p>

7 / DETAILS OF THE OFFER

Topic	Summary
Will the CDIs be quoted on ASX?	<p>The Company will apply to the ASX for admission to the Official List and quotation of its CDIs on the ASX under the code 'LME'.</p> <p>Completion is conditional on, among other things, ASX approving the application. If approval is not given within three months after the application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with ASX Listing Rules, subject to any waivers obtained by the Company from time to time and provided such compliance will not result in a breach of Washington and US federal law.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of an investment in Limeade.</p>
What is the 'Foreign Ownership Restriction' designation on ASX?	<p>Under Rule 144 of the US Securities Act, the CDIs and underlying Shares will be 'restricted securities' that will be subject to an initial one-year Distribution Compliance Period (as defined in Section 9.9) from the date of issue of the CDIs, which may be extended. This means that during the Distribution Compliance Period, you will not be permitted to sell the CDIs sold to you in the Offer or the underlying Shares into the US or to, or for the account or benefit of, a US Person, unless the resale of the CDIs or the underlying Shares is registered under the US Securities Act (which the Company is not obligated to do) or an exemption from such registration is available (including resale to QIBs (as defined in Section 9.9.1) pursuant to Rule 144A under the US Securities Act).</p> <p>The Company has requested that during the Distribution Compliance Period, all CDIs issued or transferred under the Offer bear a designation on ASX in order to enforce the above restrictions. This designation is intended to prevent any CDIs from being sold on ASX during the Distribution Compliance Period to persons that are in the US or to, or for the account or benefit of, US Persons that in each case are not QIBs. The Company cannot provide any assurances as to when this designation will be lifted from the CDIs. For more information, see Section 9.9.9.</p> <p>The discussion above assumes that none of the CDIs are acquired and resold by certain affiliates of the Company. Any CDIs that are acquired and subsequently resold by such affiliates will be subject to a new Distribution Compliance Period. Because it would not be possible to distinguish such CDIs resold by such affiliates of the Company from the other CDIs, the practical impact of such a resale would be to extend the minimum 12-month Distribution Compliance Period for all of the Company's CDIs.</p>
When are the CDIs expected to commence trading?	<p>It is expected that trading will commence on 20 December 2019. Details are provided in the Important Dates Section on page 2.</p> <p>It is the responsibility of each applicant to confirm their holding before trading. Applicants who sell CDIs before they receive an initial statement of holding do so at their own risk.</p> <p>The Company, SaleCo, the Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell CDIs before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the Limeade Offer Information Line, a Broker or otherwise.</p>

Topic	Summary
When will I receive confirmation that my Application has been successful?	<p>It is expected that initial holding statements will be dispatched by standard post on 20 December 2019.</p> <p>Refunds (without interest) to applicants who make an Application and receive an allocation of CDIs, the value of which is smaller than the amount of the application monies, will be made as soon as practicable after Completion.</p>
Are there any escrow arrangements?	Yes. Details are provided in Section 6.6.
Has any ASIC relief or ASX waiver or confirmation been sought, obtained or been relied on?	Yes. Details are provided in Section 7.9.
Are there brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by applicants on acquisition of CDIs under the Offer under Australian law.</p> <p>See Section 9.5.1 for details of fees payable by the Company and SaleCo to the Joint Lead Managers.</p>
Are there any tax considerations?	<p>Yes. Please refer to Section 9.9 for an overview of certain Australian tax implications for Australian investors acquiring CDIs under the Offer.</p> <p>Note that it is recommended that all potential investors consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of CDIs or underlying Shares, having regard to their specific circumstances.</p>
What should you do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the Limeade Offer Information Line on 1800 550 560 (toll free within Australia) between 9.00am and 5.00pm AEST, Monday to Friday.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you require assistance in completing the application form, require additional copies of this Prospectus, have any questions in relation to the Offer or you are uncertain as to whether obtaining CDIs is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant, tax adviser financial adviser or other independent professional adviser before deciding whether to invest.</p>

7.3 BROKER FIRM OFFER

7.3.1 Who can apply

The Broker Firm Offer is open to Australian resident retail clients of participating Brokers who are sophisticated investors, have a registered address in Australia, received an invitation from a Broker to acquire CDIs under this Prospectus and are not in the US, a US Person or acting for the account or benefit of a US Person. You should contact your Broker to determine whether you can receive an allocation of CDIs from them under the Broker Firm Offer.

7.3.2 How to apply

Applications for CDIs may only be made on a Broker Firm application form attached to or accompanying this Prospectus which may be downloaded in its entirety from events.miraqle.com/limeade-ipo. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm application form with the Broker from whom you received your firm allocation. Broker Firm application forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm application form.

7 / DETAILS OF THE OFFER

By making an application, you declare that you were given access to this Prospectus (or any replacement Prospectus), together with a Broker Firm application form. The Corporations Act prohibits any person from passing an application form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum application under the Broker Firm Offer is 1,352 CDIs (approximately A\$2,500). There is no maximum value of CDIs that may be applied for under the Broker Firm Offer. However the Company and the Joint Lead Managers reserve the right to aggregate any applications which they believe may be multiple applications from the same person or reject or scale back any applications in the Broker Firm Offer which are for more than A\$250,000. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, at its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Broker Firm application form and application monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm application forms to the Registry.

The Broker Firm Offer opens at 9.00am (Sydney time) on 10 December 2019 and is expected to close at 5.00pm (Sydney time) on 16 December 2019. The Company and the Manager may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible. Please contact your Broker for instructions.

The Company, SaleCo, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your application.

7.3.3 How to pay

Applicants under the Broker Firm Offer must pay their application monies in accordance with instructions received from their Broker.

7.3.4 Acceptance of applications

An application in the Broker Firm Offer is an offer by an applicant to subscribe for CDIs in the amount specified on the Broker Firm application form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Broker Firm application form. To the extent permitted by law, an application by an applicant under the Offer is irrevocable.

An application may be accepted by the Company in respect of the full number of CDIs specified on the Broker Firm application form, without further notice to the applicant. Acceptance of an application will give rise to a binding contract.

7.3.5 Application monies

The Company reserves the right to decline any application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose applications are not accepted, or who are allocated a lesser number of CDIs than the amount applied for, will receive a refund of all or part of their application monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose applications are accepted in full will receive the whole number of CDIs calculated by dividing the application amount by the Offer Price. Where the Offer Price does not divide evenly into the application amount, the number of CDIs to be allocated will be determined by the applicant's Broker.

7.3.6 Broker Firm allocation policy

The allocation of CDIs to Brokers has been determined by the Joint Lead Managers and the Company. CDIs that have been allocated to Brokers for allocation to their clients will be issued or transferred to the applicants nominated by those Brokers (subject to the right of Company and the Joint Lead Managers to reject, aggregate or scale back applications). It will be a matter for each Broker as to how they allocate CDIs among their retail clients, and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant CDIs.

The Company expects to announce the final allocation policy under the Broker Firm Offer on or about Completion. Applicants in the Broker Firm Offer will be able to call the Limeade IPO Information Line on 1800 550 560 (toll free within Australia) from 8.30am to 5.30pm (Sydney Time), Monday to Friday (excluding public holidays), to confirm their allocation. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

7.4 PRIORITY OFFER

7.4.1 Who can apply

The Priority Offer is open to investors who have received an invitation to participate in the Priority Offer from the Company. If you have been invited by the Company to participate in the Priority Offer, you will be treated as an applicant under the Priority Offer in respect of those CDIs that are allocated to you.

7.4.2 How to apply

If you have received an invitation from the Company to participate in the Priority Offer, you will be separately advised of the application procedures under the Priority Offer.

The Priority Offer opens at 9.00am (Sydney time) on 10 December 2019 and is expected to close at 5.00pm (Sydney time) on 16 December 2019. The Company and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to ASX Listing Rules and the Corporations Act). Applicants are therefore encouraged to submit their applications as early as possible.

7.4.3 How to pay

Applicants under the Priority Offer must pay their application monies in accordance with instructions received from the Company.

7.4.4 Acceptance of applications

An application in the Priority Offer is an offer by an applicant to the Company to subscribe for CDIs in the amount specified on the Priority Offer application form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Priority Offer application form. To the extent permitted by law, an application is irrevocable.

An application may be accepted by the Company and the Joint Lead Managers in respect of the full number of CDIs specified on the Priority Offer application form or any of them, without further notice to the applicant. Acceptance of an application will give rise to a binding contract.

7.4.5 Application monies

The Company reserves the right to decline any application in whole or in part, without giving any reason. Applicants under the Priority Offer whose applications are not accepted, or who are allocated a lesser number of CDIs than the amount applied for will receive a refund of all or part of their application monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose applications are accepted in full will receive the whole number of CDIs calculated by dividing the application amount by the Offer Price. Where the Offer Price does not divide evenly into the application amount, the number of CDIs to be allocated will be determined by the Company.

You should ensure that sufficient funds are held in the relevant account to cover the amount of your BPAY® or electronic funds transfer payment. You may also pay by cheque or bank draft, ensuring that sufficient funds are held in the relevant account to cover the amount of your cheque or bank draft payment.

If payment for application monies (or the amount for which those cheque or bank draft clear in time for allocation) is less than the amount specified on the application form, you may be taken to have applied for such lower dollar amount of CDIs or your application may be rejected. All payments must be made in Australian dollars.

7.4.6 Priority Offer allocation policy

The Company will determine the allocation of CDIs to applicants under the Priority Offer and may reject an application or allocate fewer CDIs than applied for.

7 / DETAILS OF THE OFFER

7.5 INSTITUTIONAL OFFER

7.5.1 Invitation to bid

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for CDIs. The Joint Lead Managers have separately advised Institutional Investors of the application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made with disclosure, under this Prospectus and are at the Offer Price.

7.5.2 Institutional Offer allocation policy

The allocation of CDIs among applicants in the Institutional Offer was determined by the Joint Lead Managers, the Company and SaleCo. The Joint Lead Managers, the Company and SaleCo had absolute discretion regarding the basis of allocation of CDIs among Institutional Investors and there was no assurance that any Institutional Investor would be allocated any CDIs, or the number of CDIs for which it had bid.

The allocation policy is influenced by, but not constrained by, the following factors:

- the price and number of CDIs bid for by particular bidders;
- Limeade's desire for an informed and active trading market following listing on the ASX;
- Limeade's desire to establish a wide spread of institutional shareholders;
- the overall level of demand under the Broker Firm and Institutional Offers;
- the timeliness of the bid by particular bidders; and
- any other factors that the Company and the Joint Lead Managers consider appropriate.

7.6 RESTRICTIONS ON DISTRIBUTION

No action has been taken to register or qualify this Prospectus, the CDIs or the Offer or otherwise to permit a public offering of the CDIs in any jurisdiction outside Australia. This Prospectus does not constitute an offer or invitation to subscribe for CDIs in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

This Prospectus may not be released or distributed in the US, and may only be distributed to persons outside the US to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the US. The CDIs and underlying Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the US and may not be offered or sold, directly or indirectly, in the US except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Each applicant in the Broker Firm Offer and Priority Offer, and each person to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- if outside Australia, it is a person to whom the Offer can be lawfully made and Shares and CDIs lawfully allocated and issued to without the requirement of any person to prepare, or file with any regulatory authority, a prospectus or other document under the laws applicable to that person or the jurisdiction it is in;
- it understands and agrees that the CDIs and underlying Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state of the US and may not be offered or sold, directly or indirectly, in the US, except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws, and it agrees not to engage in hedging transactions with regard to such securities except in compliance with the US Securities Act;
- it is not in the US;
- it has not sent, and will not send, the Prospectus or any other material relating to the Offer to any person in the US; and
- it will not offer or sell the CDIs in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under applicable securities laws and in compliance with all other applicable laws in the jurisdiction in which CDIs are offered and sold.

Any offer, sale or resale of the CDIs or underlying Shares in the US by a dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if made prior to 40 days after the date on which the Offer Price is determined and the CDIs are allocated under the Offer or if such CDIs were purchased by a dealer under the Offer.

Each applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

Each applicant under the Broker Firm Offer and Priority Offer will be required to make, or will be deemed to have made, certain representations, warranties and covenants set out in the application form attached to or accompanying this Prospectus.

7.7 DISCRETION REGARDING THE OFFER

The Company may withdraw the Offer at any time before the issue or transfer of CDIs to successful applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest).

The Company and SaleCo, in consultation with the Joint Lead Managers, also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late applications either generally or in particular cases, reject any application, or (subject to the terms of any guaranteed allocations referred to in this Prospectus) allocate to any applicant fewer CDIs than applied for.

7.8 ASX LISTING, REGISTERS AND HOLDINGS STATEMENTS

7.8.1 Application to ASX for listing and quotation of CDIs

The Company will apply, within seven days after the Prospectus Date, to ASX for admission to the official list of ASX and quotation of the CDIs on ASX (which is expected to be under the ASX code 'LME').

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the official list is not to be taken as an indication of the merits of Limeade or the CDIs offered for subscription.

If permission is not granted for the official quotation of the CDIs on ASX within three months after the date of this Prospectus (or any later date permitted by law), all application monies received by the Company will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

7.8.2 CHESS and issuer sponsored holdings

The Company will apply to participate in ASX's Clearing House Electronic Sub-register System ("CHESS") and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the CDIs become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful applicants, the CDIs of an investor who is a participant in CHESS or an investor sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other CDIs will be registered on the issuer-sponsored sub-register.

Following Completion, CDI holders will be sent a holding statement that sets out the number of CDIs that have been allocated to them. This statement will also provide details of CDI holders' Holder Identification Number (HIN) for CHESS holders or, where applicable, the Shareholder Reference Number (SRN) of issuer-sponsored holders. The CDI holder will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

CDI holders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the CDI holder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer-sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7 / DETAILS OF THE OFFER

7.8.3 Selling CDIs on-market

It is expected that trading on ASX will commence on or about 20 December 2019. It is the responsibility of each person who trades in CDIs to confirm their own holding before trading in CDIs. If you sell CDIs before receiving a holding statement, you do so at your own risk. The Company, SaleCo, the Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, if you sell CDIs before receiving your holding statement, even if you obtained details of your holding statement from the Limeade Offer Information Line or confirmed your firm allocation through a Broker.

7.9 ASIC EXEMPTIONS AND ASX WAIVERS

7.9.1 ASIC Relief

ASIC has granted a modification of Section 707 of the Corporations Act to the extent necessary to permit the Shares that will be issued on the reclassification of the Series A, B and C preferred stock to Shares and on the exercise of Options granted on or before the Prospectus Date to be able to be sold within 12 months of issue without requirement for a future disclosure document being prepared in connection with that sale.

7.9.2 ASX Waivers

The Company has sought certain confirmations and waivers from ASX, principally:

- a waiver from ASX Listing Rule 1.1, condition 12, to the extent necessary to permit the Company to have certain Options on issue with an exercise price of less than A\$0.20 per CDI;
- a waiver from ASX Listing Rule 15.15 to the extent necessary to allow Limeade's constituent documents to contain a provisions relating to takeovers or substantial holdings;
- a waiver from ASX Listing Rules 6.16, 6.19, 6.21 and 6.22 to the extent necessary to permit Limeade to have Options on issue under the 2006 Plan and the 2016 Plan that do not comply with those ASX Listing Rules;
- a confirmation under ASX Listing Rule 9.1.3 that the relevant restrictions in Appendix 9B of the Listing Rules do not apply to the Company, as it has a track record of revenue acceptable to ASX; and
- a confirmation that the Company may prepare its financial accounts in accordance with US GAAP and in US Dollars.

7.10 TAX IMPLICATIONS OF INVESTING IN THE COMPANY

The taxation consequences of any investment in the CDIs will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in Limeade.

A general overview of the Australian taxation implications of investing in Limeade is set out in Section 9.10 and is based on current tax law and ATO tax rulings. The information in Section 9.10 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

A man in a grey sweater and light-colored pants is smiling and gesturing with his hands while presenting to a group of people. He is standing next to a whiteboard that has a bar chart and several sticky notes on it. The whiteboard chart has four bars with values 101, 102, 103, and 104. There are also some handwritten notes and a star on the whiteboard. The background is a bright, modern office space with large windows.

INVESTIGATING ACCOUNTANT'S REPORT

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8 / INVESTIGATING ACCOUNTANT'S REPORT

Deloitte.

The Directors
Limeade, Inc.
10885 NE 4th Street, Suite 400
Bellevue, Washington, 98004-5579
United States

The Directors
Limeade Holdings, Inc.
10885 NE 4th Street, Suite 400
Bellevue, Washington, 98004-5579
United States

2 December 2019

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT ON THE HISTORICAL AND FORECAST FINANCIAL INFORMATION OF LIMEADE, INC. AND THE FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the directors of Limeade, Inc. (the Company) (the Directors) for inclusion in the prospectus to be issued by the Company and Limeade Holdings, Inc (SaleCo) (the Prospectus) in respect of the initial public offering of CHESS Depositary Interests (CDIs) over common stock in the Company by way of issue by the Company and transfer by SaleCo (the Offer), and listing of the Company on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 (Cth) for the issue of this report.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Scope

Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the historical financial information of the Company, being:

- the historical consolidated income statements for the years ended 31 December 2017, 31 December 2018, and the half-years ended 30 June 2018 and 30 June 2019;
- the historical consolidated balance sheet as at 30 June 2019; and
- the historical consolidated cash flows for the years ended 31 December 2017 and 31 December 2018 and the half-years ended 30 June 2018 and 30 June 2019,

as set out in Table 20, Table 25, Table 22 and Table 23 of the Prospectus (the Historical Financial Information).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Generally Accepted Accounting Principles in the United States (U.S. GAAP) and the Company's adopted accounting policies.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Member of Deloitte Touche Tohmatsu Limited

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The Historical Financial Information has been extracted from the audited financial statements of the Company for the years ended 31 December 2017 and 31 December 2018, and the reviewed interim financial report of the Company for the half-year ended 30 June 2019 (including comparative financial information for the six months ended 30 June 2018).

The financial statements of the Company for the years ended 31 December 2017 and 31 December 2018 were audited by Moss Adams LLP in accordance with generally accepted auditing standards in the US. Moss Adams LLP issued an unmodified audit opinion relating to those financial statements and its audit report on those periods includes an emphasis of matter paragraph that highlights the revised and reissued financial reports in respect of those periods. Limeade restated their consolidated financial statements in November 2019 after determining that the software development costs incurred in the FY17 and FY18 consolidated financial statements should have been capitalised.

The half-year financial information has been extracted from the interim financial report for the half-year ended 30 June 2019, which was reviewed by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified conclusion on the financial report for the half-year ended 30 June 2019.

The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by U.S. GAAP.

Pro forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the pro forma historical financial information of the Company, being:

- the pro forma historical consolidated income statements for the years ended 31 December 2017 and 31 December 2018, and the half-year ended 30 June 2019 (including comparative financial information for the six months ended 30 June 2018);
- the pro forma historical consolidated balance sheet as at 30 June 2019; and
- the pro forma historical consolidated cash flows for the years ended 31 December 2017 and 31 December 2018, and the half-year ended 30 June 2019 (including comparatives for the six months ended 30 June 2018),

as set out in Table 14, Table 15, Table 25, Table 21 and Table 23 of the Prospectus (the Pro forma Historical Financial Information).

The Pro forma Historical Financial Information has been derived from the Historical Financial Information, after adjusting for the effects of pro forma adjustments described in Section 4.3.4, Section 4.4.2 and Section 4.5 of the Prospectus (the Pro forma Adjustments).

The stated basis of preparation is the recognition and measurement principles contained in U.S. GAAP applied to the Historical Financial Information and the events or transactions to which the Pro forma Adjustments relate, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the Company's actual or prospective financial performance, financial position and/or cash flows.

Forecast Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the forecast financial information of the Company, being:

- the statutory forecast consolidated income statements and the statutory forecast consolidated cash flows of the Company for the years ending 31 December 2019 and 31 December 2020, as set out in Table 14 and Table 21 of the Prospectus respectively (the Statutory Forecast Financial Information). The Directors' best estimate assumptions underlying the Statutory Forecast Financial Information are described in Sections 4.9.1 and 4.9.2 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in U.S. GAAP and the Company's adopted accounting policies; and
- the pro forma forecast consolidated income statements and the pro forma forecast consolidated cash flows of the Company for the years ending 31 December 2019 and 31 December 2020, as set out in

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Table 14 and Table 21, respectively of the Prospectus (the Pro forma Forecast Financial Information). The Pro forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the Pro forma Adjustments described in Section 4.3.4 and Section 4.4.2 respectively of the Prospectus.

An audit/review has not been conducted on the source from which the unadjusted financial information was prepared. The stated basis of preparation used in the preparation of the Pro forma Forecast Financial Information is the recognition and measurement principles contained in U.S. GAAP applied to the Statutory Forecast Financial Information and the events or transactions to which the Pro forma Adjustments relate, as if those events or transactions had occurred prior to 1 January 2019.

Due to its nature, the Pro forma Forecast Financial Information does not represent the Company's actual prospective financial performance and/or cash flows for the years ending 31 December 2019 and 31 December 2020.

The Statutory Forecast Financial Information and the Pro forma Forecast Financial Information comprise the Forecast Financial Information.

The Forecast Financial Information has been prepared by management of the Company and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance and cash flows of the Company for the years ending 31 December 2019 and 31 December 2020. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variations may be material.

The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management of the Company expect to occur and actions that management of the Company expect to take, and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. We do not express any opinion on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly, prospective investors should have regard to the investment risks and sensitivities set out in Section 4.11 and Section 5 of the Prospectus.

The sensitivity analysis set out in Section 4.11 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.



Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Historical Financial Information and the Pro forma Historical Financial Information, including the selection and determination of the Pro forma Adjustments made to the Historical Financial Information and included in the Pro forma Historical Financial Information;
- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the Pro forma Adjustments made to the Statutory Forecast Financial Information and included in the Pro forma Forecast Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Historical Financial Information, the Pro forma Historical Financial Information and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information, the Pro forma Historical Information, the Statutory Forecast Financial Information and the Pro forma Forecast Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Historical Financial Information

- consideration of work papers, accounting records and other documents of the Company, including those dealing with the extraction and compilation of the Historical Financial Information from the restated audited financial reports of the Company for the years ended 31 December 2017 and 31 December 2018, and the reviewed interim financial report of the Company for the half-year ended 30 June 2019 (including comparative financial information for the six months ended 30 June 2018);
- analytical procedures on the Historical Financial Information;
- a consistency check of the application of the stated basis of preparation, as described in the Prospectus, to the Historical Financial Information;
- a review of the work papers, accounting records and other documents of the Company and its auditors;
- a review of the application of U.S. GAAP; and
- enquiry of the Directors, management and other relevant persons in relation to the Historical Financial Information.

Pro forma Historical Financial Information

- consideration of work papers, accounting records and other documents of the Company, including those dealing with the extraction and compilation of the Historical Financial Information from the audited financial reports of the Company for the years ended 31 December 2017 and 31 December 2018, and

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the reviewed interim financial report of the Company for the half-year ended 30 June 2019 (including comparative financial information for the six months ended 30 June 2018);

- consideration of the appropriateness of the Pro forma Adjustments described in Section 4.3.4, Section 4.4.2 and Section 4.5 of the Prospectus;
- enquiry of the Directors, management, personnel and advisors of the Company;
- the performance of analytical procedures applied to the Pro forma Historical Financial Information;
- a review of work papers, accounting records and other documents of the Company and its auditors; and
- a review of the accounting policies adopted and used by the Company over the relevant periods for consistency of application.

Forecast Financial Information

- enquiries, including discussions with management and Directors of the factors considered in determining the assumptions;
- analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information;
- review of the accounting policies adopted and used by the Company in the preparation of the Forecast Financial Information; and
- consideration of the Pro forma Adjustments applied to the Statutory Forecast Financial Information in preparing the Pro forma Forecast Financial Information.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2.2 of the Prospectus.

Pro forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 4.2.2 of the Prospectus.

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- (i) the Directors' best estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information;
- (ii) in all material respects, the Statutory Forecast Financial Information:
 - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Sections 4.9.1 and 4.9.2 of the Prospectus;
 - b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in U.S. GAAP; and
- (iii) the Statutory Forecast Financial Information itself is unreasonable.

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Pro forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- (i) the Directors' best estimate assumptions used in the preparation of the Pro forma Forecast Financial Information do not provide reasonable grounds for the Pro forma Forecast Financial Information;
- (ii) in all material respects, the Pro forma Forecast Financial Information:
 - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Sections 4.9.1 and 4.9.2 of the Prospectus;
 - b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in U.S. GAAP, applied to the Statutory Forecast Financial Information and the Pro forma Adjustments as if those adjustments had occurred as at 1 January 2019; and
- (iii) the Pro forma Forecast Financial Information itself is unreasonable.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 4.1 and the 'Important Notices' pages of the Prospectus, which describe the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED



David Hagger
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)
AR number 461001

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November 2018

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (DCF) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (AR) and DCF authorises the AR to distribute this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).



ADDITIONAL
INFORMATION

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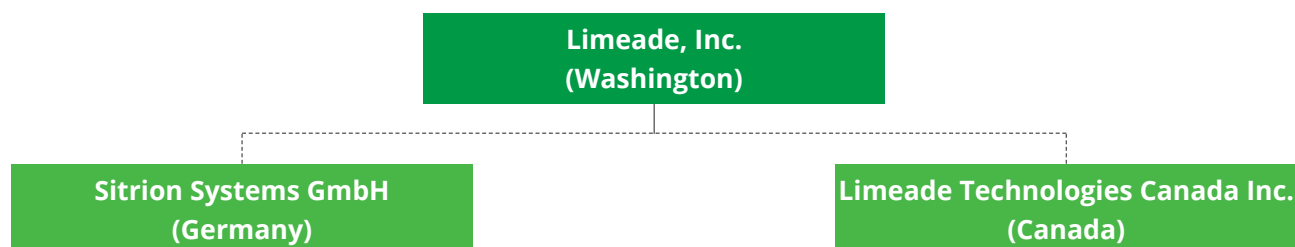
9.1 INCORPORATION

Limeade, Inc. is the parent of the Limeade group of companies and was incorporated under the laws of Washington on 23 February 2006. On 21 November 2019 Limeade was registered as a foreign company under Chapter 5B of the Corporations Act.

9.2 CORPORATE STRUCTURE

The diagram below provides a graphical representation of the Limeade corporate structure as at the Prospectus Date and Completion. The Group comprises:

- Limeade, Inc. which is the parent company and principal operating company of the Group;
- its wholly owned subsidiary Limeade Technologies Canada Inc. which was incorporated in Québec, Canada on 16 October 2018 and primarily engages in activities related to software development and research and development; and
- its wholly owned subsidiary Sitrion Systems GmbH which was incorporated in Oldenburg, Germany on 11 March 2005 and was acquired by Limeade on 27 August 2018 and primarily engages in activities related to software development and research and development.



9.3 COMPANY TAX STATUS

Limeade and its subsidiaries are subject to tax at the relevant corporate tax rates in the jurisdictions in which they operate.

9.4 CAPITAL STRUCTURE

As at the Prospectus Date, Limeade has common stock, three classes of preferred stock and Options on issue. Options and Shares on Completion presented in the tables below may differ from the amounts in those tables, in particular if vested Options are exercised and Shares are issued in respect of those Options before that time.

Limeade intends to split each share of its outstanding common stock into eight shares of common stock prior to Completion. A similar adjustment will take place in relation to Options. Unless otherwise indicated, references in this Prospectus to number of Securities (or Shares and CDIs) or Options assume that this stock split has occurred.

The issued capital of Limeade as at the date of this Prospectus, represented both before and after the stock split, is set out in the table below:

TABLE 38: CAPITAL STRUCTURE AT DATE OF THIS PROSPECTUS, REPRESENTED BEFORE AND AFTER THE STOCK SPLIT

Class of Security	Number prior to stock split	Number after stock split
Shares		
Common stock	9,668,483	77,347,864
Series A preferred stock	5,471,813	43,774,504
Series B preferred stock	4,363,606	34,908,848
Series C preferred stock	4,339,675	34,717,400
Other Securities		
Options	2,563,338	20,506,704

Further, immediately prior to Completion, all of the shares of preferred stock will be converted into common stock such that on Completion Limeade will have issued and outstanding only one class of Shares, common stock. Under the Articles in effect at Completion, the Board will also have the authority to designate one or more series of preferred stock, with such rights, preferences and privileges as determined by the Board without the need for further shareholder approval.

As at Completion, the outstanding capital of Limeade will comprise the following:

Class of Security	Number of Securities	Equivalent number of CDIs
Shares	244,802,668	244,802,668
Options	20,506,704	20,506,704

Limeade has the following Options on issue as at the date of this Prospectus (presented below as if the Options had been reconstructed as a consequence of the stock split referred to above). The Options are subject to time-based vesting and have been issued under the 2006 Plan and 2016 Plan (refer to section 6.4.3.1).

Expiry Date	No. of options post-split ¹	Exercise price (USD, post-stock split, rounded) ¹
26-July-2020	140,000	\$0.02
30-January-2021	56,000	\$0.02
14-December-2021	320,000	\$0.03
14-March-2022	80,000	\$0.03
23-September-2022	80,000	\$0.05
23-January-2023	320,000	\$0.04
29-April-2023	160,000	\$0.04
27-June-2023	40,000	\$0.04
28-October-2023	80,000	\$0.04
21-January-2024	121,672	\$0.04
26-March-2024	344,000	\$0.04
02-June-2024	96,000	\$0.04
02-July-2024	80,000	\$0.04
20-November-2024	358,400	\$0.13
10-December-2024	360,000	\$0.13
22-January-2025	112,000	\$0.13
03-March-2025	588,000	\$0.13
15-June-2025	24,000	\$0.13
09-September-2025	136,000	\$0.13
08-December-2025	188,000	\$0.13
15-March-2026	2,318,328	\$0.13
14-June-2026	272,000	\$0.13
07-September-2026	121,000	\$0.13
23-January-2027	32,000	\$0.13
17-April-2027	1,852,000	\$0.13
19-July-2027	724,000	\$0.13
08-October-2027	396,000	\$0.13
13-December-2027	182,000	\$0.14
25-April-2028	2,975,016	\$0.14
12-July-2028	162,664	\$0.14
09-October-2028	1,325,624	\$0.14
11-December-2028	432,000	\$0.20
16-April-2029	4,408,000	\$0.20
27-August-2029	1,366,000	\$0.20
23-September-2029	256,000	\$0.20

Note:

As a result of the stock split (8 Shares for each 1 Share) each outstanding Option will split into 8 Options and the existing exercise price of each Option will be divided by 8.

9 / ADDITIONAL INFORMATION

As noted above, Options and Shares on Completion may differ from the amounts in tables in this section, in particular if vested Options are exercised and Shares are issued in respect of those Options before that time.

Refer to Section 7.1.4 for a description of the terms of sale of Shares from Selling Shareholders to SaleCo.

9.5 UNDERWRITING AGREEMENT

The Offer is being underwritten by the Joint Lead Managers pursuant to an underwriting agreement, dated on or about the Prospectus Date, between the Joint Lead Managers, Limeade and SaleCo (**Underwriting Agreement**). Under the Underwriting Agreement, the Joint Lead Managers have agreed to arrange, manage and underwrite the Offer.

9.5.1 Commissions, fees and examples

The Company and SaleCo must pay to the Joint Lead Managers in equal proportions and in accordance with the Underwriting Agreement an underwriting fee equal to 2.4% and a management fee equal to 0.6% of the total Offer proceeds.

The Company has agreed to reimburse the Joint Lead Managers for reasonable costs and expenses incurred by the Joint Lead Managers in relation to the Offer. Limeade has authorised the Joint Lead Managers to pay any fees of Brokers out of fees payable to them (except as otherwise agreed by Limeade) but Limeade has agreed to pay the costs and expenses of any Brokers.

9.5.2 Termination Events

A Joint Lead Manager may terminate the Underwriting Agreement, at any time after the date of the Underwriting Agreement and on or before 4.00pm on the date for settlement under the Offer by notice to the other party if any of the following events occur:

- Limeade is prevented from allotting or issuing, or SaleCo is prevented from transferring, the Securities under the Offer (as applicable) each within the time required by the timetable in the Underwriting Agreement (as may be amended), the Prospectus, the ASX Listing Rules, the ASX Settlement Operating Rules or by any other applicable laws, or under an order of a court of competent jurisdiction or a government agency;
- Limeade issues or, in the reasonable opinion of the Joint Lead Managers, is required to issue, a supplementary prospectus to comply with section 719(1) of the Corporations Act;
- there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgement;
- at any time the S&P/ASX 300 Index falls to a level that is 87.5% or less of the level as at the close of trading on the date of the date of the Underwriting Agreement and is at or below that level at the close of trading: (i) for two consecutive business days during any time after the date of the Underwriting Agreement; or (ii) on the business day immediately prior to the date of settlement; or (iii) on the date of settlement;
- any material adverse change occurs, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the assets, liabilities, financial position and performance, profits, losses or prospects of Limeade and the Limeade group (insofar as the position in relation to a Limeade group member affects the overall position of Limeade) from those disclosed in the Prospectus lodged with ASIC on the Prospectus Date;
- any of the following were to occur: (i) a director of Limeade or its senior management team engages or engaged in any fraudulent conduct or activity or is charged with an indictable offence; or (ii) Limeade or any other member of the Limeade group engages in fraudulent conduct or activity, whether or not in connection with the Offer;
- approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to: (i) Limeade's admission to the official list of ASX on or before the date required in the Underwriting Agreement; or (ii) the quotation of all of Limeade's CDIs, to be traded through the Clearing House Electronic Subregister System on or before the quotation date specified in the Underwriting Agreement timetable, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions acceptable to the Joint Lead Managers, acting reasonably) or withheld (or ASX indicates to Limeade or SaleCo or a Joint Lead Manager that the approval is likely to be withdrawn, qualified or withheld);
- any of the following notifications are made in respect of the Offer: (i) ASIC issues an order (including an interim order) under section 739 of the Corporations Act and any such order, inquiry or hearing is not withdrawn within two business days or if it is made within two business days of the date of settlement it has not been withdrawn by 10.00am on the date of settlement; (ii) an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an offer document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an offer document, and any such application, inquiry or hearing is not withdrawn within two business

days or if it is made within two business days of the date of settlement it has not been withdrawn by 10.00am on the date of settlement; (iii) holds, or gives intention to hold, a hearing or investigation in relation to the Offer or any offer document under the Corporations Act or the ASIC Act; (iv) prospectus or gives notice of an intention to prosecute, or commences proceedings against, or gives notice of an intention to commence proceedings against, Limeade or any of its officers, employees or agents in relation to the Offer or any offer document and such notice is not withdrawn within two business days of when it is made, or if it made within two business days of the date of settlement, and it has not been withdrawn by 10.00am on the date of settlement;

- any person (i) whose consent to the issue of the Prospectus (or any supplementary prospectus) required by section 720 of the Corporations Act and who has previously consented to the issue of the Prospectus (or any supplementary prospectus) withdraws such consent; (ii) gives a notice under section 733(3) of the Corporations Act; or (iii) any person (other than the Lead Managers) who has previously consented to the inclusion of its name in any offer document withdraws that consent; or (iv) any person (other than the Lead Managers) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
- Limeade or SaleCo do not provide a closing certificate as and when required by the Underwriting Agreement;
- a Joint Lead Manager forms the view (acting reasonably) that: (i) there is an omission from the Prospectus (or any supplementary prospectus) of material required by the Corporations Act to be included; (ii) an offer document contains a statement which is misleading or deceptive or likely to mislead or deceive (whether by inclusion or omission); or (iii) an offer document does not contain all information required to comply with all applicable laws;
- any financial forecast that appears in the Prospectus (or any supplementary prospectus) is not based on reasonable grounds (including having regard to ASIC Regulatory Guide 170), or becomes incapable of being met or, in the reasonable opinion of a Joint Lead Manager, is unlikely to be met in the projected time;
- any of the contracts relating to the customers outlined in section 3.3.3.3 of the Prospectus, or other contracts material to the making of an informed investment decision in relation to the Securities: (i) is terminated, (ii) rescinded, or (iii) found to be void or voidable;
- Limeade withdraws the Prospectus or the Offer, or any part of the Offer, or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- any escrow agreement: (i) is not, or ceases to be, valid, binding and enforceable in accordance with its terms; (ii) is varied without the prior written consent of the Joint Lead Managers; or (iii) is not performed in accordance with its terms;
- any Sale Agreement: (i) is not, or ceases to be, valid, binding and enforceable in accordance with its terms; (ii) is varied without the prior written consent of the Joint Lead Managers; or (iii) is not performed in accordance with its terms;
- an event specified in the timetable set out in the Underwriting Agreement up to and including the date of settlement is delayed by more than one business day (other than any delay caused solely by a Joint Lead Manager seeking to terminate or any delay agreed between Limeade and the Joint Lead Managers or a delay as a result of an extension of the exposure period by ASIC);
- other than disclosed in the Prospectus or without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed), Limeade alters the issued capital of Limeade or alters its Constitution;
- if ASIC or ASX withdraws, revokes or amends any regulatory approvals outlined in section 7.9 of the Prospectus without the prior written approval of the Joint Lead Managers (such approval not to be unreasonably withheld or delayed);
- any government agency commences any claim, proceedings or public action against Limeade, any member of the Limeade group, or any of the directors of Limeade (in their capacity as a director of Limeade) or any member of the senior management of Limeade, or announces that it intends to take that action;
- there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any governmental agency which makes it illegal for the Joint Lead Managers to satisfy an obligation under this document, or to market, promote or settle the Offer;
- any director of Limeade is disqualified from managing a corporation under Part 2D.6 of the Corporations Act or applicable United States law.

9 / ADDITIONAL INFORMATION

9.5.3 Termination subject to materiality

A Joint Lead Manager may terminate the Underwriting Agreement, at any time after the date of the Underwriting Agreement and on or before 4.00pm on the date for settlement under the Offer by notice to the other party, if any of the following events occur and a Joint Lead Manager has reasonable grounds to believe the event: (i) has or is likely to have a material adverse effect on the success of the Offer; (ii) on the ability of the Joint Lead Managers to market or promote or settle the Offer; (iii) the willingness of persons to apply for, or settle obligations to subscribe for, Securities under the Offer; or (iv) has, or is likely to, give rise to a liability of the Joint Lead Manager or its affiliates under, or give rise to or result in, a contravention by the Joint Lead Manager or its affiliates, of, any applicable law:

- a statement in any of the offer documents is untrue or inaccurate (whether by inclusion or omission);
- an offer document includes any expression of opinion, belief, intention or expectation which is not based on reasonable grounds (including having regard to ASIC Regulatory Guide 170), taken as a whole;
- any of the contracts relating to the customers outlined in section 3.3.3.3 of the Prospectus, or other contracts material to the making of an informed investment decision in relation to the Securities is breached, or altered or amended without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed);
- if any of the obligations of the relevant parties under any of the contracts that are material to the business of the Limeade group are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any of such contracts: (i) is amended or varied without the prior written consent of the Joint Lead Managers; or (ii) is breached;
- the report of the due diligence committee, or other information supplied (and whether information has first been supplied in draft and in final form, in its final form), by or on behalf of Limeade or SaleCo to the Underwriters in relation to the Limeade group or the offer, is or becomes, false or misleading or deceptive, or likely to mislead or deceive, including by way of omission;
- any of the following occur: (i) the commencement of legal proceedings against Limeade or any other member of the Limeade group; or (ii) any government agency commences any investigation or inquiry against Limeade, any member of the Limeade group, any of the directors of Limeade (in their capacity as a director of Limeade) or any member of the senior management of Limeade, or announces that it intends to take that action;
- Limeade, before Completion, commits, is involved in or acquiesces in any activity which breaches any of the following matters: (i) the Corporations Act or any other law to which Limeade is subject or any order of any government agency that is binding on it; (ii) the ASX Listing Rules (except where compliance has been waived, or as modified, by ASX); (iii) its Constitution or other constituent documents; (iv) any legally binding requirement of ASIC or ASX; or (v) any other undertaking or instrument or authorisation binding on it;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of New Zealand, the United States, the United Kingdom, Parliament of the Commonwealth of Australia or any State or Territory of Australia a new law, or the Government of Australia, or any State or Territory of Australia, the Reserve Bank of Australia, or any Minister or other government agency of Australia or any State or Territory of Australia, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- a representation or warranty contained in the Underwriting Agreement on the part of Limeade or SaleCo (whether severally or jointly) is or becomes incorrect;
- Limeade or SaleCo fails to comply with its obligations under the Underwriting Agreement;
- any of the following occurs: (i) the commencement of legal proceedings against Limeade, SaleCo, any other Limeade group member or any director of Limeade, SaleCo or any other Limeade group member in that capacity; or (ii) any governmental agency commences any enquiry or public action against a Limeade group member or any of their respective directors in their capacity as director, or announces that it intends to take action;
- hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) or a declaration is made of a national emergency or war involving any one or more of Australia, New Zealand, the United States, Hong Kong, the People's Republic of China, Japan, North Korea, South Korea or any member state of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- a statement in any closing certificate is misleading, inaccurate, untrue or incorrect;
- a change in the senior management or directors of Limeade occurs, or a director or member of senior management of Limeade dies or becomes permanently incapacitated;

- any of the following occurs: (i) any adverse change or disruption to the political conditions or financial markets of Australia, Hong Kong, the United Kingdom or the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions; (ii) a general moratorium on commercial banking activities in Australia, the United States of America, Japan, Hong Kong, or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or (iii) trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading.

9.5.4 Indemnity

Subject to certain exclusions relating to, among other things, gross negligence, recklessness, fraud or wilful misconduct by an indemnified party, Limeade agrees to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9.5.5 Conditions, warranties, undertakings and other items

The Underwriting Agreement contains certain standard representations, warranties and undertakings by Limeade (in relation to Limeade or SaleCo) and SaleCo (in relation to itself only) to the Joint Lead Managers (as well as common conditions precedent), including the entry into voluntary escrow agreements by certain of the existing shareholders in a form and substance acceptable to the Joint Lead Managers.

The representations and warranties given by the Limeade or SaleCo include but are not limited to matters such as power and authorisations, compliance with applicable laws and ASX Listing Rules, financial information, information contained in the Prospectus, the conduct of the Offer and the due diligence process, litigation, material contracts, IT systems, encumbrances, internal controls, insurance and conduct of the Offer.

Limeade provides undertakings under the Underwriting Agreement which include but are not limited to notifications of breach of any obligation, representation, warranty or undertaking or non-satisfaction of any condition given by it under the Underwriting Agreement that it will not, during the period following the date of the Underwriting Agreement until 180 days after CDIs have been issued (or transferred) under the Offer, issue any CDIs or securities without the consent of the Joint Lead Managers, subject to certain exceptions.

9.6 ABOUT THE CDIS

Limeade is incorporated in Washington. To enable companies such as Limeade to have their securities cleared and settled electronically through CHES, depositary instruments called CDIs are issued. Pursuant to the ASX Settlement Operating Rules, CDI holders receive the economic benefits of actual ownership of the underlying Shares. CDIs are traded in a manner similar to shares of Australian companies listed on ASX.

CDIs will be held in uncertificated form and settled/transferred through CHES. No share certificates will be issued to CDI holders. Shareholders cannot trade their Shares on ASX without first converting their Shares into CDIs.

Feature	Description
What are the CDIs?	<p>In order for interests in the Shares to trade electronically on ASX, Limeade intends to participate in the electronic transfer system known as CHES operated by ASX Settlement.</p> <p>CHES cannot be directly used for the transfer of securities of companies domiciled in certain foreign jurisdictions, such as the US, whose corporate laws do not recognize CHES as a method of electronic transfer of legal title to their securities. Accordingly, to enable the Shares to be cleared and settled electronically through CHES, Limeade intends to issue (through an Australian depository nominee, CDN) depository interests called CHES Depository Interests or CDIs.</p> <p>CDIs confer the beneficial ownership in foreign securities such as the Shares on the CDI holder, with the legal title to such Shares being held by CDN, the Australian depository nominee.</p>

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Feature	Description
Who is the depository nominee and what do they do?	<p>Limeade will appoint CDN, a subsidiary of ASX, and an approved general participant of ASX Settlement to act as its Australian depository.</p> <p>CDN will hold legal title to the Shares on behalf of CDI holders. CDN will receive no fees for acting as the depository for the CDIs.</p> <p>By completing an application form, an applicant will apply for CDIs to be issued over Shares which Shares will be issued to CDN.</p>
What registers will be maintained by recording your interests?	<p>Limeade will operate a principal register of Shares in the US, an uncertificated issuer-sponsored sub-register of CDIs in Australia, and an uncertificated CHESS sub-register of CDIs in Australia.</p> <p>Limeade's uncertificated issuer sponsored sub-register of CDIs and uncertificated CHESS sub-register of CDIs will be maintained by the Registry.</p> <p>The principal register is the register of legal title (and will reflect legal ownership by CDN of the Shares underlying the CDIs). The two uncertificated sub-registers of CDIs combined will make up the register of beneficial title of the Shares underlying the CDIs.</p>
How is local and international trading in CDIs affected?	<p>CDI holders who wish to trade their CDIs will be transferring the beneficial interest in the Shares rather than the legal title. The transfer will be settled electronically by delivery of the relevant CDI holdings through CHESS. In other respects, trading in CDIs is essentially the same as trading in other CHESS approved securities, such as shares in an Australian company.</p>
What is the CDI:Share ratio?	<p>One CDI will represent a beneficial interest in one Share.</p>
What will applicants receive on acceptance of their applications?	<p>Successful applicants will receive a holding statement which sets out the number of CDIs held by the CDI holder and the reference number of the holding. These holding statements will be provided to a holder when a holding is first established and where there is a change in the holdings of CDIs.</p>

Feature	Description
How do CDI holders convert from a CDI holding to a direct holding of Shares on the US principal register?	<p data-bbox="477 367 1458 524">After the closing of the Offer, a CDI holder may either leave their holdings in the form of CDIs so that legal title remains in the name of CDN or transmute the CDIs to Shares and hold legal title in their own right. Only CDIs can be traded on ASX. The Shares are not currently quoted on any other securities exchange. The Shares will bear applicable restrictive legends on the register to assist with compliance with applicable US securities laws.</p> <p data-bbox="477 551 1422 611">CDI holders who wish to convert their ASX-listed CDIs to Shares to be held on the Share register can do so by instructing Limeade's Registry either:</p> <ul data-bbox="477 622 1465 846" style="list-style-type: none"> • Directly, in the case of CDIs on the issuer-sponsored sub-register operated by Limeade. CDI holders will be provided with a form for completion and return to Limeade's Registry; or • Through their sponsoring participant (usually their broker), in the case of CDIs which are sponsored on the CHESSE sub-register. In this case, the sponsoring broker will arrange for conversion from the CHESSE sub-register to the issuer sponsored sub-register so that the holder may complete the relevant form and its return to Limeade's Registry. <p data-bbox="477 875 1453 1032">Limeade's Registry will then arrange for the Shares to be transferred from CDN into the name of that holder and a statement of holding will be issued. This will cause the Shares to be registered in the name of the holder on Limeade's share register and trading on ASX will no longer be possible. The Shares are not and will not in the near future be quoted on any market in the US or elsewhere.</p> <p data-bbox="477 1059 1458 1216">Limeade's Registry will not charge an individual security holder or Limeade a fee for transferring CDI holdings into Shares (although a fee will be payable by market participants). It is expected that this process will be completed within 24 hours, provided that the Registry is in receipt of a duly completed and valid CDI cancellation form. However, no guarantee can be given about the time for this conversation to take place.</p> <p data-bbox="477 1243 1449 1525">Such Shares are 'restricted securities' as defined under Rule 144 of the US Securities Act. As a result, all Shares will be subject to the restrictions contained in the Share Legend (as defined in Section 9.9.9), including that they will be subject to a 'holding lock' that will prevent the holder from transferring those Shares for so long as any restrictions applicable to transfers of the CDIs imposed by the ASX remain in place and until such Shares (and the CDIs from which they were transmuted) have been held for at least one year by non-affiliates and are sold pursuant to Rule 144 under the US Securities Act or another exemption from the registration requirements of such Act, and for so long as any restrictions applicable to transfers of the CDIs imposed by the ASX remain in place.</p>
How do shareholders convert from a direct shareholding to a CDI holding?	<p data-bbox="477 1559 1385 1619">Holders may hold their interests in Limeade in the form of CDIs (which may facilitate trading of those interests on ASX) or in Shares (which are not tradeable on ASX).</p> <p data-bbox="477 1646 1453 1738">If holders of Shares wish to convert their holdings to CDIs, they can do so by contacting the Registry. The Registry will not charge a fee to a holder of Shares seeking to convert the Shares to CDIs (although a fee will be payable by market participants).</p> <p data-bbox="477 1765 1449 2047">A holder that transmutes its Shares into CDIs must comply with the restrictions set forth in the Share Legend during the Distribution Compliance Period until it is removed by Limeade, including the restriction that any CDIs transmuted from Shares will be subject to a holding lock that will prevent the holder from transferring those CDIs for so long as any restrictions applicable to transfers of CDIs imposed by the ASX remain in place. As CDIs represent a beneficial interest in the underlying Shares, holders of CDIs transmuted from Shares will be bound by the restrictions set forth in the Share Legend to the extent that they relate to their beneficial interest until that Share Legend is removed by Limeade. For more information, see Section 9.9.</p>

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Feature	Description
What is the 'Foreign Ownership Restriction' designation on ASX?	<p>Under Rule 144 of the US Securities Act, the CDIs and underlying Shares will be 'restricted securities' that will be subject to an initial one-year Distribution Compliance Period from the date of issue of the CDIs, which period may be extended. This means that during the Distribution Compliance Period you will not be permitted to sell the CDIs sold to you in the Offer or the underlying Shares into the United States or to, or for the account or benefit of, a US Person, unless the resale of the CDIs is, or the underlying Shares are, registered under the US Securities Act (which Limeade is not obligated to do) or an exemption from such registration is available (including resale to QIBs pursuant to Rule 144A).</p> <p>Limeade has requested that, during the Distribution Compliance Period, all CDIs issued or transferred under the Offer bear a designation on ASX in order to enforce the above restrictions. This designation is intended to prevent any CDIs from being sold on ASX during the Distribution Compliance Period, to persons that are in the US or to, or for the account or benefit of, US Persons that in each case are not QIBs. Limeade cannot provide any assurances as to when this designation will be lifted from the CDIs. For more information, see Section 9.9.</p> <p>The discussion above assumes that none of the CDIs are acquired and resold by certain affiliates of Limeade. Any CDIs that are acquired and subsequently resold by such affiliates will be subject to a new Distribution Compliance Period. Because it would not be possible to distinguish such CDIs resold by such affiliates of Limeade from the other CDIs, the practical impact of such a resale would be to extend the Distribution Compliance Period for all of Limeade's CDIs.</p>
What are the voting rights of a CDI holder?	<p>If holders of CDIs wish to attend and vote at Limeade's general meetings, they will be able to do so. Under ASX Listing Rules and ASX Settlement Operating Rules, Limeade as an issuer of CDIs must allow CDI holders to attend any meeting of the holders of Shares.</p> <p>In order to vote at such meetings, CDI holders have the following options:</p> <ul style="list-style-type: none"> • 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. <p>As holders of CDIs will not appear on Limeade's share register as the legal holders of the Shares, they will not be entitled to vote at shareholder meetings unless one of the above steps is undertaken.</p> <p>As one CDI represents one Share, a CDI holder will be entitled to one vote for every CDI they hold.</p> <p>CDI voting instruction forms and details of these alternatives will be included in each notice of meeting sent to CDI holders by Limeade.</p>

Feature	Description
	<p>These voting rights exist only under the ASX Settlement Operating Rules, rather than under the US Exchange Act or the WBCA. Since CDN is the legal holder of applicable shares, the holders of CDIs do not have any directly enforceable rights under Limeade's Bylaws or Articles except as required by applicable law.</p> <p>Limeade intends to hold its general meetings in the US. Under the ASX Listing Rules and the ASX Settlement Operating Rules, Limeade, as an issuer of CDIs must allow CDI holders to attend any meeting of the holders of Shares unless relevant US law at the time of the meeting prevents CDI holders from attending those meetings. Limeade intends to facilitate an audio or video transmission of its general meetings to allow an opportunity for a CDI holder to observe those meetings. If a CDI holder wishes to ensure that it can formally attend a general meeting with the full rights of a shareholder, the CDI holder should inform Limeade that its wishes to nominate itself or another person to be appointed as CDN's proxy with respect to Shares underlying their CDIs, or first convert their CDIs into a holding of Shares.</p> <p>Further information in relation to general meetings and voting will be provided by Limeade to CDI holders in advance of those meetings.</p>
What dividend and other distribution entitlements do CDI holders have?	<p>Despite legal title to the Shares being vested in CDN, the ASX Settlement Operating Rules provide that CDI holders are to receive all direct economic benefits and other entitlements in relation to the underlying Shares, including dividends and other entitlements which attach to the underlying Shares. These rights exist only under the ASX Settlement Operating Rules (which have the force of law by virtue of the Corporations Act), rather than under the US Exchange Act or the WBCA.</p> <p>Whilst Limeade does not anticipate declaring any dividends in the foreseeable future, should it do so in the longer term, Limeade will declare any dividends in US Dollars as that is its main functional currency and dividends will be paid to shareholders in US Dollars.</p> <p>If the CDI holder in Australia wishes to receive dividends in Australian Dollars they must complete an appropriate form and return it to Limeade's Registry, no later than the close of business on the dividend record date.</p>
What corporate action entitlement (such as rights issues and bonus issues) do CDI holders have?	<p>CDI holders receive all direct economic and other entitlements in relation to the underlying Shares. These include entitlements to participate in rights issues, bonus issues and capital reductions. These rights exist only under the ASX Settlement Operating Rules, rather than under the US Exchange Act or the WBCA.</p>
What rights do CDI holders have in the event of a takeover?	<p>If a takeover bid or similar transaction is made in relation to the Shares of which CDN is the registered holder, under the ASX Settlement Operating Rules, CDN must not accept the offer made under the takeover bid except to the extent that acceptance is authorised by the relevant CDI holder. CDN must ensure that the offeror processes the takeover acceptance of a CDI holder if such CDI holder instructs CDN to do so.</p> <p>These rights exist only under the ASX Settlement Operating Rules, rather than under the US Exchange Act or the WBCA.</p>
What notices and announcement will CDI holders receive?	<p>CDI holders will receive all notices and company announcements (such as annual reports) that shareholders are entitled to receive from Limeade. These rights exist only under the ASX Settlement Operating Rules and Limeade's Bylaws, rather than under the US Exchange Act or the WBCA.</p>

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Feature	Description
What rights do CDI holders have on liquidation or winding up?	In the event of Limeade's liquidation, dissolution or winding up, a CDI holder will be entitled to the same economic benefit on their CDIs as holders of Shares. These rights exist only under the ASX Settlement Operating Rules, rather than under the US Exchange Act or the WBCA.
Will CDI holders incur any additional ASX or ASX Settlement fees or charges as a result of holding CDIs rather than Shares?	A CDI holder will not incur any additional ASX or ASX Settlement fees or charges as a result of holding CDIs rather than Shares.
Where do I find further information about transferring CDIs?	<p>If your CDIs are held on the CHESS sub-register, contact your sponsoring participant (usually your broker). If your CDIs are held on the issuer-sponsored sub-register, contact the Registry.</p> <p>The transfer of CDIs may be effected by a proper transfer (defined as a Proper ASTC Transfer in the Corporations Regulations 2001). Upon receipt of a proper transfer and subject to the Corporations Regulations 2001, ASX Listing Rules and ASX Settlement Operating Rules, Limeade will approve registration of a transferee named in the transfer as a holder of CDIs.</p> <p>The transferor will be deemed to remain the holder of the CDIs until a proper transfer has been effected or the name of the transferee is entered in the CHESS sub-register or the issuer-sponsored sub-register (as applicable) as the holder of the CDIs.</p> <p>Limeade may suspend the registration of transfers of CDIs at the times and for the periods they determine, but only as permitted by the ASX Settlement Operating Rules.</p>
Divestment of non-marketable parcel of CDIs	Subject to certain restrictions and procedures, Limeade may, after giving written notice to a CDI holder, sell a CDI holder's CDIs if the CDI holder holds less than a non-marketable parcel (a parcel of securities that is less than a marketable parcel within the meaning of the ASX Operating Rules Procedures). The CDI holder will receive the proceeds of any such sale.
Where can further information be obtained?	<p>For further information in relation to CDIs and the matters referred to above, please refer to the ASX website and the documents entitled:</p> <ul style="list-style-type: none"> a) "Understanding CHESS Depository Interests" at: http://www.asx.com.au/documents/settlement/CHESS_Depository_Interests.pdf; and b) ASX Guidance Note 5 at: http://www.asx.com.au/documents/rules/gn05_chess_depository_interests.pdf, <p>or contact your stockbroker or the Limeade Offer Information Line.</p>

9.7 ARTICLES OF INCORPORATION, BYLAWS AND RIGHTS ATTACHING TO SHARES

As Limeade is incorporated in the State of Washington, United States, rights attaching to the Shares will be governed by Washington law (including the WBCA), US federal and state securities laws (to the extent applicable), the Articles and the Bylaws. Once listed on ASX, Limeade will also become subject to the ASX Listing Rules.

Limeade will also be subject to certain Australian laws, including limited provisions under the Corporations Act. The following is not an exhaustive statement of all relevant laws, rules and regulations and is intended as a general guide only of the rights attaching to the Shares. For a discussion of the rights attaching to CDIs, refer to Section 9.6 above. As a foreign company registered in Australia, Limeade has a continuing obligation under Listing Rule 3.17C, if it becomes aware of a change to the WBCA or any other applicable US law that materially affects the right or obligations of Shareholders, to give ASX details of that change immediately.

Rights of holders of shares in Limeade

Rights attaching to Shares

Share capital

Following Completion, Limeade's authorised capital stock will consist of 560,000,000 shares of capital stock, with 550,000,000 shares of capital stock designated as common stock, no par value per share, and 10,000,000 shares of capital stock designated as preferred stock, no par value per share.

Authorised capital represents the maximum number of shares of a given class that may be issued by the Board without the need to amend the Articles, by further Board and Shareholder action.

Limeade's issued capital at the Prospectus Date and expected capital on Completion is described in Section 9.4.

The Board may establish the rights and preferences of the preferred stock from time to time, subject to compliance with the ASX Listing Rules and the WBCA.

Preferred stock

The Board has the authority, subject to the ASX Listing Rules and the WBCA, to issue from time to time shares of preferred stock in one or more series and to fix the designations and powers, preferences and rights, and the qualifications, limitations and restrictions of each series, without approval from holders of Shares. As at Completion, there will be no preferred stock issued and outstanding.

Purchase of own shares

Under Washington law, the Board may be able to cause Limeade to buy back its outstanding shares out of funds legally available without needing to obtain approval from holders of Shares. A company generally is not permitted to buy back its shares if its liabilities exceed its assets or if the company would not be able to pay its liabilities as they become due in the ordinary course of business. In addition, share buy-backs are subject to US securities laws.

Acquisition and transfer of Shares

See Section 9.9 for information on the transfer restrictions applicable to the Shares.

Dividends and distributions

Subject to preferences that may be applicable to any shares of preferred stock on issue in Limeade, holders of Shares are entitled to receive rateably such dividends, if any, as may be declared from time to time by the Board out of funds legally available for dividend payments. Under Washington law, the Board may declare and pay any dividends unless if, after giving effect to such dividends, its liabilities would exceed its assets or the company would not be able to pay its liabilities as they become due in the ordinary course of business.

Variation of class rights and amendments to incorporating documents

Subject to any preferences that may be applicable to any shares of preferred stock on issue in Limeade, the Articles may generally be amended only with the approval of the Board and holders of Shares representing the majority of the voting power of Limeade's capital stock.

Under Washington law, any amendment to the Articles that would alter or change the special rights, powers or preferences of one or more classes or series of stock so as to affect them adversely must, in addition to any other vote required by law or under the Articles, be approved by the adversely affected class or series by a majority of all votes entitled to be cast by the holders of the outstanding shares of the class or series, voting as a separate class or series.

Under Washington law and the Articles, amendments to the Bylaws may be made by the Board or by a vote of holders of Shares. The Board is authorized to amend the Bylaws at any time by a majority vote. In order for the holders of Shares to amend by the Bylaws, the amendment must be approved by the holders of a majority of the voting power of the capital stock.

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Capital Raising

Issue of Shares

Subject to the limitations on the issue of securities under the ASX Listing Rules and the WBCA, Limeade's authorised but unissued Shares and preferred stock will be available for future issuance without approval by holders of Shares. Limeade may use additional Shares for a variety of purposes, including future public offerings to raise additional capital, to fund acquisitions and as employee compensation. The existence of authorised but unissued Shares and preferred stock could render more difficult, or discourage, an attempt to obtain control of Limeade by means of a proxy contest, tender offer, merger or otherwise.

Directors

Board structure

The Bylaws provide that the Board shall fix its size within the range of five to seven directors. Any Board size outside this range will require an amendment to the Bylaws.

The Articles and Bylaws provide for a classified board. This means that the Board will be divided into three classes of roughly equal numbers of directors, who, after the initial term, shall hold office for staggered three-year terms.

Voting requirements

The Bylaws provide that directors shall be elected to the Board by a plurality of the votes cast at any meeting for the election of directors at which a quorum is present. Cumulative voting for directors is prohibited.

Removal of Directors

The Bylaws provide that directors may be removed with or without cause by a plurality of the votes cast at a special meeting of shareholders at which a heightened quorum is present. If a director is elected by a voting group of shareholders, the director may only be removed by that voting group.

Directors' liability

Under Washington law, a company may include in its articles of incorporation a provision eliminating or limiting the personal liability of a director to the company or to holders of shares in the company for monetary damages for conduct as a director. However, such a provision may not eliminate or limit the liability of a director for acts or omissions that involve intentional misconduct by a director or a knowing violation of law by a director, for unlawful distributions, or for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled.

The WBCA provides that a company may indemnify its directors and officers, as well as other employees and agents of the company, when the person has been adjudged to be liable to the company, against liabilities that are incurred in connection with various actions, suits or proceedings, other than (i) an action by or in the right of the company in which a director was adjudged liable to the company or (ii) in connection with any other proceeding charging improper personal benefit to a director in which the director was adjudged liable on the basis that the personal benefit was improperly received by the director. To be eligible for indemnification under the WBCA, the director, officer, employee or other individual must have acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the company, and, with respect to any criminal action or proceeding, if he or she had no reasonable cause to believe his or her conduct was unlawful.

The Articles limit the liability of the directors to the fullest extent permitted by the WBCA. The Bylaws also provide that Limeade will indemnify its directors and officers to the fullest extent permitted by applicable law.

Nomination of Directors

The Bylaws establish advance notice procedures with respect to proposals by holders of Shares and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board (or a committee).

Board vacancies and newly created directorships

Newly created directorships resulting from any increase in Limeade's authorised number of directors and any vacancies may be filled by a majority of the remaining directors in office although less than a quorum. Any director elected to fill a vacancy will serve only until the next shareholders' meeting at which directors are elected.

Shareholders' meetings
Annual meeting

An annual meeting of shareholders will be held for the election of directors and for the transaction of such other business as may properly come before the meeting, at such date and time as may be designated by the Board from time to time.

Special meetings

Special meetings of Shareholders may be called at any time by the Board, the Chair of the Board or the chief executive officer, to be held at such date and time as may be stated in the notice of the meeting. A special meeting of Shareholders shall be held solely for the purposes specified in the notice of the meeting.

Under the Bylaws, a special meeting of shareholders may be called by the Board, the Chair, the CEO or holders of not less than 10% of all votes entitled to be cast on any issue proposed to be considered at the special meeting.

Voting at meetings and proxies

Under the WBCA and the Bylaws, each holder of Shares entitled to vote at a meeting of shareholders may authorize another person or persons to act for such holder of Shares by proxy. No proxy shall be valid after 11 months from the date of its execution unless otherwise provided in the appointment form.

The Bylaws provide that at each meeting of holders of Shares, except where otherwise provided by applicable law or the Articles, the holders of one third of the outstanding shares of stock entitled to vote on a matter at the meeting, present in person or represented by proxy, shall constitute a quorum, provided that, with respect to the removal of a director, a quorum will be a majority of the votes entitled to be cast on the matter.

The Bylaws provide that unless otherwise provided in the Articles, each holder of Shares entitled to vote at any meeting of shareholders shall be entitled to one vote for each share of stock held by such holder which has voting power upon the matter in question.

A proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest. A holder of Shares may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Company Secretary.

Holders of Shares may submit director nominations or other proposals so long as the Company Secretary timely receives notice pursuant to the Bylaws that a holder intends to nominate a director or submit a proposal and the holder otherwise complies with the advance notice bylaw set forth in the Bylaws.

Each director shall be elected by a plurality of the votes cast at any meeting for the election of directors at which a quorum is present. The Bylaws provide that in all other matters, unless otherwise required by law or the Articles, the affirmative vote of the holders of a majority of the Shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the holders of Shares.

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Voting by consent in lieu of meeting	The Articles do not permit action by written consent of the holders of Shares unless such consent is unanimous.
Transactions requiring shareholder approval	Under the WBCA, Board approval and approval of the holders of Shares is generally required for (i) amendments to Limeade's Articles, (ii) mergers and share exchanges involving the Company, and (iii) a sale, lease, exchange or other disposition of Limeade's assets, other than in the usual and regular course of its business, if the disposition would leave Limeade without a significant continuing business activity.
Takeovers	
Regulation of takeovers	<p>Limeade's Articles "opt in" to a provision of the WBCA that prohibits a target corporation like Limeade from engaging in certain significant business transactions with an acquiring person who acquires 10% or more of the voting securities of that target corporation for a period of five years after such acquisition, unless the transaction or acquisition of shares is approved by a majority of the members of the target corporation's board of directors prior to the date of the acquisition or, at or subsequent to the date of the acquisition, the transaction is approved by a majority of the members of the target corporation's board of directors and authorised at a shareholders' meeting by the vote of at least two thirds of the outstanding voting shares of the target corporation, excluding shares owned or controlled by the acquiring person.</p> <p>The prohibited transactions include, among others, a merger or consolidation with, disposition of assets to, or issuance or redemption of stock to or from, the acquiring person, termination of 5% or more of the employees of the target corporation as a result of the acquiring person's acquisition of 10% or more of the shares of the target corporation, and allowing the acquiring person to receive any disproportionate benefit as a shareholder. After the five-year period during which significant business transactions are prohibited, certain significant business transactions may occur if certain "fair price" criteria or shareholder approval requirements are met.</p>
Disclosure of substantial holdings and changes in holdings	Washington and US federal laws do not require beneficial owners of company securities to disclose to Limeade or otherwise their holdings or changes in their holdings until such time, if any, as Limeade becomes subject to beneficial ownership reporting under the US Exchange Act.
Winding up	
Winding up	<p>Under the WBCA, a majority of the Board can decide whether it is advisable to dissolve Limeade and submit a resolution to approve dissolution for approval by the holders of Shares.</p> <p>A majority of the Shares outstanding and entitled to vote must approve such resolution for it to be adopted. To effect the dissolution, a certificate of dissolution must be filed with the Secretary of State of the State of Washington.</p> <p>In the event of Limeade's liquidation or dissolution, holders of Shares are entitled to share in all assets remaining after payment of all debts and other liabilities, subject to any prior rights of the outstanding preferred stock, if any.</p>
Registration rights	
Derivative actions	Under Washington law and subject to various procedural requirements, shareholders may bring a derivative lawsuit on behalf of a corporation against that corporation's management or board of directors to force management to take, or refrain from taking, a certain action. The corporation receives any damages awarded.

Forum selection

The Articles provide that, unless Limeade consents in writing to the selection of an alternative forum, the state or US federal courts located in King County, Washington, US will be the exclusive forum for commencing or maintaining any “internal corporate proceeding” (as defined in the WBCA), including claims against directors for breach of fiduciary duty.

ASX, CHES and CDIs

ASX Listing Rules

References in the Bylaws to the ASX Listing Rules and/or ASX Settlement Operating Rules and/or any provisions thereof shall not be effective unless and until Limeade’s securities become admitted to the official list of ASX.

The Bylaws provide that (i) notwithstanding anything contained in the Bylaws or Articles, if the ASX Listing Rules prohibit an act being done, the act must not be done; (ii) nothing contained in Limeade’s governing documents prevents an act being done which the ASX Listing Rules require to be done; and (iii) if the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done as the case may be.

Upon the Directors becoming aware that the ASX Listing Rules (i) require the governing documents to contain a provision which they do not contain; or (ii) require the governing documents not to contain a provision which they contain, and being satisfied that any such requirement is permissible under law, the Directors shall give notice at the next annual general meeting of a special resolution to alter the governing documents so that the governing documents will conform with the requirements of the ASX Listing Rules.

Upon the Directors becoming aware that any provision of the governing documents is or will become inconsistent with ASX Listing Rules, the Directors shall give notice at the next annual general meeting of a special resolution to amend the relevant provision of the governing documents to overcome the inconsistency (to the extent that the Directors are satisfied that any such amendment is permissible under the WBCA).

If there is a conflict between the governing documents, the ASX Listing Rules or ASX Settlement Operating Rules and the WBCA, the WBCA will prevail.

CHES

The Directors may resolve to do anything that is necessary or desirable for Limeade to participate in any computerised, electronic or other system for the facilitation of the transfer of CDIs or the operation of Limeade’s non-statutory registers that may be owned, operated or sponsored by ASX or a related body corporate of ASX.

While Limeade remains a participant in any such system: (i) it must comply with the ASX Listing Rules and ASX Settlement Operating Rules relating to transfers, registers, divestment of holdings, holding statements for new holdings and changed holdings and replacement certificates; (ii) it need not do anything that, as a participant, it is relieved from doing by the law or would otherwise be required to do by the Bylaws; and (iii) it must comply with ASX Settlement Operating Rule 5.21 with respect to any rights.

CDIs

Limeade shall maintain any such registers as are required under the ASX Listing Rules or ASX Settlement Operating Rules and the Directors shall have the power and authority to permit auditing and inspection of the Non-Statutory Registers at such intervals, and by such persons and in such manner, as required by ASX Listing Rules and ASX Settlement Operating Rules.

Holders of CDIs shall be entitled to receive notice of and to attend Limeade’s general meetings in the same manner as shareholders, but, other than as provided in Section 9.6, shall not be entitled to vote.

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Transfers of CDIs

The Directors must refuse to register or authorise any transfer of CDIs (i) that is not permitted under ASX Listing Rules or ASX Settlement Operating Rules; or (ii) if it is permitted only on conditions contained in ASX Listing Rules or ASX Settlement Operating Rules, then unless those conditions are satisfied.

The transfer of any CDIs in respect of shares in Limeade may be effected by a Proper ASTC Transfer (as defined in the Corporations Regulation 2001). Upon receipt of a Proper ASTC Transfer and subject to the ASX Listing Rules and ASX Settlement Operating Rules, and Article 80.5 which provides that the Directors may decline to register a transfer of CDIs that is not in registerable form or if registration may breach applicable laws, the Directors must approve registration of a transferee named in the transfer as a holder of CDIs.

The transferor will be deemed to remain the holder of the CDIs until a Proper ASTC Transfer has been effected or the name of the transferee is entered in the CHES sub-register or the issuer sponsored sub-register (as applicable, and each as defined in the ASX Listing Rules) as the holder of the CDIs.

Limeade must not require a statutory declaration or other document in connection with ownership restrictions of its CDIs before it will register a transfer document. The Directors may suspend the registration of transfers of CDIs at the times and for the periods they determine, but only as permitted by the ASX Settlement Operating Rules.

Limeade may elect to, but is not required to, register more than three persons as joint holders of CDIs, unless the joint holders become entitled due to transmission upon the death of a CDIs Holder or unless required to do so under the ASX Listing Rules or ASX Settlement Operating Rules.

Divestment of non-marketable parcel of CDIs

Subject to certain restrictions and procedures contained in the ASX Listing Rules, the Directors may cause Limeade to sell a security holder's securities if the security holder holds less than a non-marketable parcel (a parcel of securities that is less than a marketable parcel). Once in any 12 month period, Limeade may give written notice to a security holder who holds a non-marketable parcel or, if held by joint security holders, to all of the joint security holders, stating that it intends to sell the non-marketable parcel and specifying a date at least 35 Business Days after the notice is given by which the security holder may give Limeade written notice that the security holder wishes to retain the holding.

Limeade must not sell a non-marketable parcel if, prior to such sale being contracted, Limeade receives a written notice that the security holder wants to retain it. Limeade may sell the securities at a price which the Directors consider to be the best price reasonably obtainable for the securities at the time they are sold. A sale of securities includes all dividends payable on and other rights attaching to them.

Limeade must (i) give written notice to the former security holder stating what the amount of the sale proceeds is; and (ii) send the amount of the sale proceeds to the former holder after the sale.

Limeade may remove or change the voting right or the right to receive dividends for any securities in a non-marketable parcel. If it has done so and proceeds with the sale of the non-marketable parcel, it must send any dividends that have been withheld to the former holder after the sale of the non-marketable parcel.

As at the Prospectus Date, no duties should be payable under US or Australian federal or state laws on the transfer of Shares or CDIs. Transfers of Shares or CDIs involving a change in beneficial ownership may be subject to taxation under US or Australian federal or state laws (or the laws of other applicable jurisdictions). Securityholders should seek professional advice from their accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest or deal in Securities. Section 9.10 contains further general information on Australian tax implications for Australian tax resident individuals, complying superannuation entities and certain companies and trusts who hold CDIs in Limeade.

9.8 DIFFERENCES BETWEEN AUSTRALIAN AND US LAW

Limeade was incorporated in the State of Washington, and its corporate affairs are governed by (among other things) its Bylaws and Articles and US laws. It operates subject to US law and, in particular, is not subject to certain aspects of Australian company law. Set out below is a table summarising some of the key differences between Australian and US company law.

	Washington Corporate Law and Certain Applicable US Federal Laws	Australian Law
Transactions that require shareholder approval	<p>The WBCA and Limeade's Articles and Bylaws govern the type of transactions that require Shareholder approval. Under Limeade's Articles and subject to any rights of outstanding preferred stock, the following types of transactions will require approval of Shareholders holding a majority of the shares entitled to vote:</p> <ul style="list-style-type: none"> • Amendments to the Articles; and • Material corporate transactions such as a merger, share exchange, certain asset sales outside of Limeade's usual and regular course of business or the dissolution of Limeade. <p>Limeade's Articles provide that Limeade's Bylaws may be amended by an affirmative vote of a majority of the Board. Limeade's Bylaws provide that the Bylaws may also be amended by approval of Shareholders holding a majority of the shares entitled to vote.</p>	<p>Under the Corporations Act, the principal transactions or actions requiring Shareholder approval include:</p> <ul style="list-style-type: none"> • Adopting or altering the constitution of the company; • Appointing or removing a Director or auditor; • Certain transactions with related parties of the company; • Putting the company into liquidation; • Changes to the rights attached to shares; and • Certain transactions affecting share capital (for example, share buybacks and share capital reductions). <p>Under the ASX Listing Rules, Shareholder approval is required for matters including:</p> <ul style="list-style-type: none"> • Increases in the total amount of Directors' fees; • Directors' termination benefits in certain circumstances; • Certain transactions with related parties; • Certain issues of shares; and • If a company proposes to make a significant change to the nature or scale of its activities or proposes to dispose of its main undertaking.
Shareholders' rights to request or requisition a shareholders' meeting	<p>Pursuant to Limeade's Bylaws, a special meeting of Limeade's Shareholders may be called at any time by the Board, the Chair of the Board, the Chief Executive Officer or by one or more Shareholders holding shares totalling in the aggregate not less than 10% of the votes entitled to be cast on any issue proposed to be considered at that meeting.</p>	<p>The Corporations Act requires the Directors to call a general meeting on the request of Shareholders with at least 5% of the vote that may be cast at the general meeting.</p> <p>Shareholders with at least 5% of the votes that may be cast at the general meeting may also call and arrange to hold a general meeting at their own expense.</p>

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	Washington Corporate Law and Certain Applicable US Federal Laws	Australian Law
Shareholders' right to appoint proxies to attend and vote at meetings on their behalf	<p>At a meeting of Limeade's Shareholders, every holder of Shares (present in person or by proxy) is entitled to one vote for each Share held on the record date for the meeting on all matters submitted to a vote of Shareholders. The voting rights of preferred stock, if any, will be determined by the Board prior to issuance thereof.</p> <p>Under Limeade's Articles, the presence at the meeting (in person or by proxy) of the holders of one third of the outstanding shares of stock entitled to vote will constitute a quorum for the transaction of business, except that with respect to the removal of a director, a quorum will only be achieved if there is present holders of a majority of the outstanding shares of stock entitled to vote.</p> <p>All elections for directors shall be determined by a plurality of the votes cast subject to any rights of preferred stock, and no shareholder shall be entitled to cumulate votes. Except as otherwise provided by the WBCA, all other matters shall be approved if the votes cast in favour of such matter exceed the votes cast opposing such matter, except for certain amendments to the Articles or approval of material corporate transactions which require the approval of Shareholders holding a majority of the shares entitled to vote.</p> <p>A Shareholder may be present in person or by remote communication, or be represented by proxy at the meeting.</p>	<p>The position is comparable under the Corporations Act.</p>
Action by written consent	<p>Corporate action required or permitted to be approved by a shareholder vote at a meeting may be approved by written consent in lieu of a meeting if the consent is unanimous.</p>	<p>For public companies, the Corporations Act does not allow for approval by written consent in lieu of a meeting.</p>
Statutory Shareholder protections against oppressive conduct by other Shareholders	<p>There are no statutory provisions under the WBCA allowing a Shareholder to bring an action in cases of conduct which is either contrary to the interests of Shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any Shareholders in their capacity as a Shareholder, or themselves in a capacity other than as a Shareholder.</p>	<p>Under the Corporations Act, Shareholders have statutory remedies for oppressive or unfair conduct of the company's affairs and the court can make any order as it sees appropriate.</p>

	Washington Corporate Law and Certain Applicable US Federal Laws	Australian Law
Changes in the rights attaching to shares	Under the WBCA, any amendment to the Articles that would alter or change the special rights, powers or preferences of one or more classes or series of stock so as to affect them adversely must, in addition to any other vote required by law or under the Articles, be approved by the adversely affected class or series by a majority of all votes entitled to be cast by the holders of the outstanding shares of the class or series, voting as a separate class or series.	<p>The Corporations Act allows a company to set out in its constitution the procedure for varying or cancelling rights attached to shares in a class of shares.</p> <p>If a company does not have a constitution, or has a constitution that does not set out a procedure, such rights may only be varied or cancelled by:</p> <ul style="list-style-type: none"> • A special resolution passed at a meeting for a company with a share capital of the class of members holding shares in the class; or • A written consent of members with at least 75% of the votes in the class.
Dividends and distributions	Under the WBCA, Limeade is prohibited from paying a distribution to Shareholders (or effecting a repurchase or redemption of Shares) if, after making such distribution (or repurchaser or redemption), it would be unable to pay its liabilities as they become due in the usual course of business, or if its total liabilities exceed its total assets.	The position is comparable under the Corporations Act.

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	Washington Corporate Law and Certain Applicable US Federal Laws	Australian Law
Shareholders' rights to bring or intervene in legal proceedings on behalf of Limeade	<p>Under the WBCA, a Shareholder may bring a derivative action on behalf of Limeade where those in control of the company have failed to assert a claim belonging to the company. A Shareholder must meet certain eligibility and standing requirements, including a requirement that the plaintiff is a Shareholder of the company at the time of the act of which the plaintiff makes the complaint and a requirement that the plaintiff maintain his or her status as a Shareholder throughout the course of the litigation. For the purposes of this derivative proceedings paragraph, a Shareholder includes a beneficial owner whose Shares are held by a nominee on behalf of the beneficial owner.</p> <p>A derivative plaintiff must also have made a demand on the Directors of the company to assert the corporate claim, unless such a demand would have been futile.</p> <p>The WBCA provides that a derivative proceeding may not be discontinued or settled without the court's approval.</p>	<p>The Corporations Act permits a Shareholder to apply to the court for leave to bring proceedings on behalf of the company, or to intervene in proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for those proceedings or for a particular step in those proceedings.</p> <p>The court must grant the application if it is satisfied that:</p> <ul style="list-style-type: none"> • It is probable that the company will not itself bring the proceedings, or properly take responsibility for them, or for the steps in them; • The applicant is acting in good faith; <ul style="list-style-type: none"> • It is in the best interests of the company that the applicant be granted leave; • If the applicant is applying for leave to bring proceedings, there is a serious question to be tried; and • Either at least 14 days before making the application, the applicant gave written notice to the company of the intention to apply for leave and of the reasons for applying, or the court considers it appropriate to grant leave. <p>The Corporations Act provides that proceedings brought or intervened in with leave must not be discontinued, compromised or settled without the leave of the court.</p>

	Washington Corporate Law and Certain Applicable US Federal Laws	Australian Law
“Two Strikes” rule in relation to remuneration reports	<p>Under the WBCA, a company is not required to permit a vote of shareholders (advisory or otherwise) relating to the remuneration of directors or officers.</p> <p>If, in the future, Limeade is required to register under Section 12(g) of the US Exchange Act, it may thereafter be required to have an advisory Shareholder vote on pay (referred to as “say-on-pay”) at least once every three years.</p>	<p>The Corporations Act requires that a company’s annual report must include a report by the Directors on the company’s remuneration framework (called a remuneration report).</p> <p>A resolution must be put to Shareholders at each annual general meeting of the company’s Shareholders (AGM) seeking approval for the remuneration report. The approval is advisory only, however; if more than 25% of Shareholders vote against the remuneration report at two consecutive AGMs (that is, two strikes), an ordinary (50.1%) resolution must be put to Shareholders at the second AGM proposing that a further meeting be held within 90 days at which all of the Directors who approved the second remuneration report must resign and stand for re-election.</p>
Disclosure of substantial holdings	<p>Under the WBCA, persons who are substantial holders of company securities are not required to notify the company or any regulator that they are a substantial holder.</p> <p>If, in the future, Limeade is required to register a class of its equity securities under section 12(g) of the US Exchange Act, that Act will require the reporting with the US Securities and Exchange Commission of beneficial ownership of Company equity securities by directors, officers and certain significant holders.</p>	<p>The Corporations Act requires every person who is a substantial holder to notify the listed company and the ASX that they are a substantial holder and to give prescribed information in relation to their holding if:</p> <ul style="list-style-type: none"> • The person begins to have, or ceases to have, a substantial holding in the company; • The person has a substantial holding in the company and there is a movement of at least 1% in their holding; or • The person makes a takeover bid for securities of the company. <p>Under the Corporations Act, a person has a substantial holding if the total votes attached to voting shares in the company in which they or their associates have relevant interests is 5% or more of the total number of votes attached to voting shares in the company, or the person has made a takeover bid for voting shares in the company and the bid period has started and not yet ended.</p> <p>These provisions do not apply to Limeade as an entity established outside Australia. However, Limeade will be required to release to the ASX any substantial holder notices that are filed in the US.</p>

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	Washington Corporate Law and Certain Applicable US Federal Laws	Australian Law
How takeovers are regulated?	<p>With certain exceptions, Limeade's Articles opt in to a WBCA provision prohibiting a target corporation from engaging in certain significant business transactions with an acquiring person who acquires 10% or more of the voting securities of a target corporation for a period of five years after such acquisition, unless the transaction or acquisition of shares is approved by a majority of the members of the target corporation's board of directors prior to the date of the acquisition or, at or subsequent to the date of the acquisition, the transaction is approved by a majority of the members of the target corporation's board of directors and authorised at a shareholders' meeting by the vote of at least two thirds of the outstanding voting shares of the target corporation, excluding shares owned or controlled by the acquiring person.</p> <p>The prohibited transactions include, among others, a merger or consolidation with, disposition of assets to, or issuance or redemption of stock to or from, the acquiring person, termination of 5% or more of the employees of the target corporation as a result of the acquiring person's acquisition of 10% or more of the shares of the target corporation, or allowing the acquiring person to receive any disproportionate benefit as a shareholder. After the five-year period during which significant business transactions are prohibited, certain significant business transactions may occur if certain "fair price" criteria or shareholder approval requirements are met.</p>	<p>The Corporations Act prohibits a person from acquiring a relevant interest in issued voting shares in a listed company if any person's voting power in the company will increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.</p> <p>Exceptions to the prohibition apply (for example, Acquisitions with Shareholder approval, 3% creep over six months and rights issues that satisfy prescribed conditions).</p> <p>Substantial holder notice requirements apply (as discussed above under the heading 'Disclosure of substantial holdings').</p> <p>Compulsory acquisitions are permitted by persons who hold 90% or more of securities or voting rights in a company.</p> <p>The Australian takeovers regime will not apply to Limeade as a foreign company.</p>

	Washington Corporate Law and Certain Applicable US Federal Laws	Australian Law
Dissenter's Rights	Subject to certain procedural requirements, a Shareholder may exercise dissenters' rights and seek the fair value for his or her Shares in the event of (i) a merger; (ii) a share exchange; (iii) a sale, lease, exchange, or other disposition of company assets other than in the company's usual and regular course of business if the shareholder was entitled to vote thereon; (iv) an amendment to the Articles that effects a redemption or cancellation of the Shareholder's Shares; (v) anything else that the Shareholder is entitled to dissent to pursuant to the Articles, Bylaws, or a board resolution, if any; or (vi) an entity conversion. For purposes of this dissenters' rights paragraph, a Shareholder includes a beneficial owner whose Shares are held by a nominee on behalf of the beneficial owner.	<p>The Corporations Act does not contain general appraisal rights remedies, however a Shareholder may be entitled to have the company or a bidder acquire the Shareholder's shares for a fair value where:</p> <ul style="list-style-type: none"> an act or omission by majority shareholders is determined by a court to be oppressive or unfairly prejudicial to, or unfairly discriminatory against, a minority shareholder; a bidder under a takeover bid acquires more than 90% of the shares in a target company, but chooses not to proceed to compulsory acquisition (however, the price paid will be the price paid under the takeover bid and there is no separate assessment of fair value).

It is emphasised that the summary table only attempts to provide general guidance, and that the detailed provisions may contain differences (including as to the availability of the cause of action), and may also be subject to differing interpretation by Australian and US courts.

9.9 FOREIGN OWNERSHIP & RESALE RESTRICTIONS

9.9.1 Regulation S under the US Securities Act

The CDIs being offered pursuant to this Prospectus are being made available to investors in reliance on the exclusion from registration contained in Regulation S of the US Securities Act for offers which are made (1) outside of the US to persons that are not, and are not acting for the account or benefit of, US Persons and (2) in the US solely to Eligible US Fund Managers, in each case in "offshore transactions" (as defined in Regulation S under the US Securities Act). An **Eligible US Fund Manager** means a dealer or other professional fiduciary organized or incorporated in the United States that is acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US Persons for which it has, and is exercising, investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act. Accordingly, the CDIs (and the Shares underlying those CDIs) to be issued under the Offer have not been, and will not be, registered under the US Securities Act or the laws of any state or other jurisdiction in the US.

As a result of relying on the Regulation S exclusion, the CDIs which are issued or transferred under the Offer (and the Shares underlying those CDIs) will be 'restricted securities' under Rule 144 of the US Securities Act. This means that you will not be able to sell the CDIs issued or transferred to you under the Offer into the US or to a US Person during the Distribution Compliance Period, unless the re-sale of the CDIs is registered under the US Securities Act or an exemption is available. The Distribution Compliance Period means the 12-month period from the issue date during which the CDIs cannot be resold to any US Person or for the account or benefit of a US Person unless to a QIB pursuant to Rule 144A, which period may be extended under the circumstances described in Section 9.9.10. Accordingly, the market for CDIs is likely to be limited to ASX, and if the market on the ASX does not develop or is illiquid, purchasers of CDIs should understand that they will be unable to sell the CDIs into the market within the US due to restrictions on the transfer of those CDIs.

To enforce the above transfer restrictions, Limeade has requested that all CDIs issued under the Offers are designated Foreign Ownership Restriction (**FOR**) Financial Products under the ASX Settlement Operating Rules. This designation effectively automatically prevents any CDIs from being sold on ASX during the Distribution Compliance Period to US Persons unless such person is a QIB as defined in Rule 144A under the US Securities Act. However, assuming a liquid market develops and is maintained, you will still be able to freely transfer your CDIs on ASX to any person other than a

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US Person that is not a QIB. In addition, hedging transactions with regard to Limeade's CDIs may only be conducted in accordance with the US Securities Act.

9.9.2 ASX No Action Letter

In January 2000, the SEC issued a no-action letter to ASX with regard to initial public offerings of US private companies on ASX. The letter provided that private US companies not subject to the US Exchange Act's reporting requirements, such as Limeade, which had not listed their shares in the US could do so on ASX in reliance on Regulation S.

The no-action letter requires purchasers of CDIs pursuant to the Offer and any person who purchases CDIs in the secondary market to make representations about their non-US status. The no-action letter is based on certain assumptions and also requires that Limeade, ASX, the CUSIP Bureau and ASX Participating Organisations (as defined below) take certain actions in order to comply with the requirements set forth in the no-action letter.

Limeade intends to implement procedures in connection with the Offer and secondary market transactions during the Distribution Compliance Period that are consistent with the no-action letter procedures, other than in respect of the procedures that would allow QIBs in the US to purchase CDIs in the secondary market over the ASX in transactions complying with Rule 144A under the US Securities Act.

9.9.3 Representations regarding non-US status

Each Applicant under the Offer will be deemed to have represented, warranted and agreed for the benefit of Limeade and its related bodies corporate, SaleCo and any of their respective officers, employees, agents, advisers or brokers of any of them (affiliates) as follows:

- That the Applicant is not a US Person and is not acting for the account or benefit of a US Person;
- The Applicant acknowledges and agrees that, in order to ensure that US Persons do not purchase any CDIs under the Offer, a number of procedures governing the trading and clearing of CDIs will be implemented, including the application to the CDIs of the status of FOR securities under the ASX Settlement Operating Rules and the addition of the notation 'FOR Securities' to the CDI description on ASX trading screens and elsewhere, which will inform the market of the general prohibition on US Persons acquiring CDIs;
- The Applicant understands and agrees that, if in the future it decides to resell, pledge, transfer or otherwise dispose of any CDIs (or the Shares underlying those CDIs) it will only do so only: (i) outside the US in an 'offshore transaction' in compliance with Rule 903 or 904 of Regulation S promulgated under the US Securities Act; (ii) pursuant to an effective registration statement under the US Securities Act; (iii) in a resale to a QIB in compliance with Rule 144A under the US Securities Act; or (iv) pursuant to another available exemption from the registration requirements of the US Securities Act, and in each case in accordance with all applicable US federal, state and foreign securities laws;
- The Applicant agrees to Limeade making a notation on its records and/or giving instructions to the Registry for the CDIs or the underlying Shares in order to implement and enforce the restrictions on transfer set forth and described in this Prospectus;
- The Applicant agrees not to engage in hedging transactions with regard to the CDIs (or the Shares underlying the CDIs) unless in compliance with the US Securities Act; and
- The Applicant acknowledges that Limeade and its affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that, if any such acknowledgements, representations or warranties are no longer accurate, it will notify Limeade immediately. Each Applicant agrees to indemnify Limeade and SaleCo and each of their respective affiliates, Directors, officers, employees and advisers against any loss, damage or costs incurred and arising out of or in relation to any breach by it of the acknowledgements, representations, warranties and agreements.

9.9.4 On-market transfers of CDIs in the secondary market

During the Distribution Compliance Period, CDIs may be reoffered and resold in standard (regular) brokered transactions on the ASX where neither the seller nor any person acting on its behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, a person in the US or is, or is acting for the account or benefit of, a US Person in accordance with Regulation S, unless, in either case, that person is a QIB acquiring CDIs in one or more transactions exempt from registration under the US Securities Act pursuant to Rule 144A thereunder (if available). Such reoffers and resales must also otherwise be conducted in compliance with the applicable Offer and secondary market procedures described below.

9.9.5 Requirements of ASX Settlement

During the Distribution Compliance Period, ASX Settlement will implement various procedures designed to ensure compliance with the restrictions imposed by US securities laws on the CDIs, including (but not limited to) the following:

- Advise ASX Participating Organisations that, during the Distribution Compliance Period, no transaction on the ASX involving the CDIs will be effected if such participant has knowledge that the purchaser is in the US or is a US Person, unless the purchaser is a QIB (an Excluded US Person);
- Circulate to all ASX Participating Organisations via electronic bulletins: (1) details of what constitutes an Excluded US Person; and (2) notification details of the CDIs and the zero percent permitted ownership level of CDIs by Excluded US Persons;
- Cause the description of the CDIs on the ASX trading screens and elsewhere (for example, Bloomberg and IRESS) to include an identifier to indicate the restrictions the CDIs are subject to under US securities laws during the Distribution Compliance Period; and
- Include in the holding statement provided by ASX Settlement to investors who hold their CDIs in the CHESS Sponsored Sub-register (as defined below) a description of the fact that the purchaser now holds a restricted security and is subject to the offer and resale restrictions of the CDI during the Distribution Compliance Period, which shall read 'These securities cannot be transferred to or held by US Persons that are not QIBs (each as defined under US law)'.

9.9.6 Requirements of Joint Lead Managers and ASX Participating Organisations

The no-action letter requires that the Joint Lead Managers and ASX Participating Organisations (brokers that are members of ASX) must take certain actions in order to comply with applicable laws in connection with the Offer, a summary of which is set out below:

- whether in the Offer or in secondary trading, ASX Participating Organisations must not execute a transaction on ASX in Regulation S securities if that broker knows that the purchaser is acting for the account or benefit of a US Person;
- in connection with any purchase of CDIs, whether in the Offer or any secondary trading, ASX Participating Organisations must make reasonable efforts to ascertain whether a purchaser is a US Person or is acting for the account or benefit of a US Person, and implement measures designed to assure reasonable compliance with these requirements;
- the confirmation sent to each purchaser of CDIs either in the Offer or in any secondary market trading must include a notice that the CDIs are subject to the restrictions of Regulation S;
- any information provided by the Lead Manager to publishers of publicly available databases, such as Bloomberg and Reuters, about the terms of the issuance of the CDIs must include a statement that the CDIs have not been registered under the US Securities Act are subject to restrictions under Regulation S.

9.9.7 Requirements of the Company

Consistent with the ASX no-action letter, Limeade will adopt procedures as part of the Offer and Secondary Market Procedures to:

- Include disclosure in this Prospectus that all purchasers from a distributor in the Offer will be deemed to have made representations regarding their non-US Person status, as well as agreements regarding restrictions on resale and hedging under Regulation S and, where appropriate, Rule 144A;
- Ensure that any certificated securities, including global securities, certificates into which global certificates may be subdivided, and any physical, certificated securities issued to holders of CDIs prior to the expiration of the Distribution Compliance Period, will bear appropriate restrictive legends, and any definitive securities that are issued during the Distribution Compliance Period, other than in a transaction in compliance with Rule 144A, will satisfy the requirements of Rule 903(b)(3)(iii)(B) under the US Securities Act, including the legending requirement and Certification Requirement;
- Ensure that any information provided by Limeade or the managers to publishers of publicly available databases about the terms of any new issuance of CDIs offered and sold in reliance on Regulation S and, if applicable, Rule 144A will include a statement that neither the CDIs nor the underlying Shares have been registered under the US Securities Act and are subject to restrictions under Regulation S and, if applicable, Rule 144A;
- Require that any CDIs or Shares bearing the legend set forth in Rule 903(b)(3)(iii)(B)(3) under the US Securities Act may not be transferred by Limeade's Registry or other transfer agent during the Distribution Compliance Period without a favourable opinion of counsel or other assurance that the transfer complies fully with the US Securities Act; and
- Provide notification of the Regulation S/Rule 144A status of its CDIs and underlying Shares in shareholder communications, such as annual reports, periodic interim reports and its notices of shareholder meetings during the Distribution Compliance Period.

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9.9.8 Legending

Global securities, certificates into which global securities may be subdivided and any physical certificate representing the Shares into which CDIs have been converted prior to the end of the restriction period must bear certain restrictive legends required under Regulation S and certain other pertinent provisions of the US Securities Act and the regulations promulgated under the US Securities Act.

The Share Register will be the register of legal title of Shares. It will reflect legal ownership by CDN, the depositary for the CDIs, of the Shares underlying the CDIs, with the Shares held by CDN recorded on the Share Register in book-entry form. Although the Shares will be held in uncertificated book-entry form, the legend below (the **Share Legend**) will be included in the holding statement provided to holders of Shares by the Registry. No Shares bearing the restrictive legend may be transferred by the Registry or other transfer agent without a favourable opinion of counsel or the assurance that the transfer complies fully with the US Securities Act.

Share Legend

"THE SECURITIES REPRESENTED HEREBY AND ANY BENEFICIAL INTERESTS THEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE SECURITIES REPRESENTED HEREBY AND ANY BENEFICIAL INTERESTS THEREIN ARE "RESTRICTED SECURITIES" AS DEFINED UNDER RULE 144(a)(3) UNDER THE U.S. SECURITIES ACT.

THE HOLDER HEREOF, BY ACQUIRING THESE SECURITIES OR ANY BENEFICIAL INTERESTS THEREIN, AGREES FOR THE BENEFIT OF LIMEADE, INC. (THE "COMPANY") THAT THESE SECURITIES AND ANY BENEFICIAL INTERESTS THEREIN MAY BE OFFERED, SOLD, REOFFERED, RESOLD, PLEDGED, DELIVERED, DISTRIBUTED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (I) (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT, AND ARE NOT ACTING FOR THE ACCOUNT OR BENEFIT OF, "U.S. PERSONS" (AS DEFINED IN RULE 902(k) UNDER THE U.S. SECURITIES ACT) IN AN "OFFSHORE TRANSACTION" (AS DEFINED IN RULE 902(h) UNDER THE U.S. SECURITIES ACT) COMPLYING WITH REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT THAT IS NOT THE RESULT OF ANY "DIRECTED SELLING EFFORTS" (AS DEFINED IN RULE 903(c) UNDER THE U.S. SECURITIES ACT), (C) IN ACCORDANCE WITH ANOTHER APPLICABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, INCLUDING, SO LONG AS THE SECURITIES REPRESENTED HEREBY AND ANY BENEFICIAL INTERESTS THEREIN ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A) ("QIB") PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF ONE OR MORE OTHER QIBS IN ONE OR MORE TRANSACTIONS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PURSUANT TO RULE 144A THEREUNDER, OR (D) IN A TRANSACTION REGISTERED UNDER THE U.S. SECURITIES ACT (WHICH IT ACKNOWLEDGES THE COMPANY IS UNDER NO OBLIGATION TO DO), AND, IN EACH CASE, IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND (II) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTIONS. THE COMPANY UNDERTAKES NO OBLIGATION TO SATISFY THE REQUIREMENTS FOR ANY EXEMPTION OR SAFE HARBOR FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT TO FACILITATE ANY REALES OF THESE SECURITIES.

BENEFICIAL INTERESTS IN THE SECURITIES REPRESENTED HEREBY MAY BE HELD IN THE FORM OF CHESS DEPOSITARY INTERESTS ("CDIs"). BY ACQUIRING ANY CDIs OR ANY BENEFICIAL INTERESTS THEREIN, THE HOLDER THEREOF AGREES FOR THE BENEFIT OF THE COMPANY THAT ANY SUCH CDIs OR BENEFICIAL INTERESTS THEREIN MAY ONLY BE OFFERED, SOLD, REOFFERED, RESOLD, PLEDGED, DELIVERED, DISTRIBUTED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN ACCORDANCE WITH ANY RESTRICTIONS APPLICABLE TO TRANSFERS OF SUCH CDIs IMPOSED BY THE AUSTRALIAN SECURITIES EXCHANGE OR ANY SUCCESSOR OR REPLACEMENT SECURITIES EXCHANGE ("ASX"). PRIOR TO PERMITTING ANY TRANSFER, THE COMPANY MAY REQUEST (X) THAT THE TRANSFEROR AND/OR TRANSFEREE PROVIDE DECLARATIONS AND CERTIFICATIONS TO THE COMPANY AND THE SHARE REGISTRY IN SUCH FORM AS THE COMPANY MAY PRESCRIBE FROM TIME TO TIME, INCLUDING THAT THE TRANSFEREE IS EITHER (I) NOT A "U.S. PERSON" (AS DEFINED IN REGULATION S), IS PURCHASING THESE SECURITIES OR ANY BENEFICIAL INTERESTS THEREIN IN A TRANSACTION COMPLYING WITH REGULATION S AND IS NOT HOLDING THE SECURITIES FOR THE ACCOUNT OR BENEFIT OF ANY U.S. PERSON OR (II) IS A QIB AND IS PURCHASING THESE SECURITIES OR ANY BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT OR THE ACCOUNT OF ONE OR MORE OTHER QIBS IN ONE OR MORE TRANSACTIONS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PURSUANT TO RULE 144A THEREUNDER (IF AVAILABLE) AND/OR (Y) THAT AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY BE DELIVERED TO THE COMPANY THAT SUCH TRANSFER IS TO BE EFFECTED IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S OR RULE 144A (IF AVAILABLE) UNDER THE U.S. SECURITIES ACT OR IS OTHERWISE EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

HEDGING TRANSACTIONS INVOLVING THE SECURITIES OR ANY BENEFICIAL INTERESTS THEREIN MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT.

THE HOLDER HEREOF FURTHER AGREES THAT THE SECURITIES REPRESENTED HEREBY AND ANY SECURITIES TRANSMUTED TO CDIs WILL BE SUBJECT TO A HOLDING LOCK THAT WILL PREVENT THE HOLDER FROM TRANSFERRING SUCH SECURITIES OR CDIs FOR SO LONG AS ANY RESTRICTIONS APPLICABLE TO TRANSFERS OF THE CDIs IMPOSED BY THE ASX REMAIN IN PLACE AND SUCH SECURITIES (OR THE CDIs FROM WHICH THEY WERE TRANSMUTED) HAVE BEEN HELD FOR AT LEAST ONE YEAR BY NON-AFFILIATES OF THE COMPANY AND ARE SOLD PURSUANT TO RULE 144 UNDER THE U.S. SECURITIES ACT, UNLESS THE COMPANY OTHERWISE DETERMINES TO REMOVE SUCH HOLDING LOCK.

NO AFFILIATE (AS DEFINED IN RULE 405 OF THE U.S. SECURITIES ACT) OF THE COMPANY OR PERSON THAT HAS BEEN, IN THE IMMEDIATELY PRECEDING THREE MONTHS, AN AFFILIATE OF THE COMPANY MAY PURCHASE, OTHERWISE ACQUIRE OR HOLD THE SECURITIES OR A BENEFICIAL INTEREST THEREIN AND ANY ACQUISITION OF THE SECURITIES EVIDENCED HEREBY OR ANY BENEFICIAL INTEREST THEREIN BY SUCH AN AFFILIATE OR PERSON SHALL BE NULL AND VOID AB INITIO, PROVIDED THAT THE SECURITIES OR A BENEFICIAL INTEREST THEREIN MAY BE ACQUIRED BY SUCH AN AFFILIATE OR PERSON SO LONG AS THE ACQUIRER DOES NOT HOLD THE SECURITY OR A BENEFICIAL INTEREST THEREIN IN THE FORM OF CDIs REPRESENTING THE SECURITIES OR, IF SUCH AFFILIATE ACQUIRES ANY CDIs REPRESENTING THE SECURITIES IT IMMEDIATELY TRANSMUTES THOSE CDIs INTO SHARES OF COMMON STOCK OF THE COMPANY.

THE HOLDER WILL AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE SECURITIES OR ANY BENEFICIAL INTERESTS THEREIN FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THE COMPANY, THE COMPANY OR THE SHARE REGISTRAR MAY REFUSE TO REGISTER ANY TRANSFER OF THE SECURITIES OR ANY BENEFICIAL INTERESTS THEREIN NOT MADE IN ACCORDANCE WITH THE RESTRICTIONS ABOVE.

THE FOREGOING RESTRICTIONS SHALL REMAIN IN PLACE UNTIL SUCH TIME AS THE COMPANY DETERMINES IT IS APPROPRIATE TO REMOVE THEM. BY ITS ACQUISITION HEREOF, OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER REPRESENTS THAT IT IS PERMITTED TO ACQUIRE SUCH AN INTEREST AS SET FORTH IN THIS LEGEND AND AGREES TO COMPLY WITH THE FOREGOING RESTRICTIONS."

9.9.9 Possible Extension of Distribution Compliance Period

Due to the nature of the ASX trading system, the restricted stock identifier and associated transfer restrictions will remain on the CDIs during the Distribution Compliance Period, which is expected to last until one year after Settlement. The CDIs will no longer bear such restricted stock identifier and associated transfer restrictions after the Distribution Compliance Period ends, subject to approval by the ASX and delivery of certain opinions, and unless required by applicable law. Limeade can provide no assurance that the ASX will approve such removal or that Limeade will be able to deliver or obtain any required certificates or opinion to effectuate such removal. If that is the case, the restrictions imposed during the Distribution Compliance Period will continue indefinitely.

In addition, the Distribution Compliance Period may restart if, among other reasons, Limeade determines to issue additional CDIs, or following the Offer an affiliate of Limeade sells CDIs pursuant to Regulation S. If this were to occur, the Distribution Compliance Period would restart as at the date of such offer and sale of CDIs. Any such extension or continuation of the Distribution Compliance Period could have an adverse effect on your ability to resell the CDIs or the liquidity of, or trading price for, the CDIs on the ASX.

9.9.10 US Periodic Reporting Requirements

Under applicable federal securities laws in the US, even if Limeade's CDIs or Shares are not listed for trading on a US securities exchange, Limeade may at some point in the future be required to:

- file a registration statement registering its Shares under the US Exchange Act on Form 10 with the SEC; and
- become subject to regulation under the US Exchange Act, including the requirement to file with the SEC annual, quarterly and current reports on Forms 10-K, 10-Q and 8-K, respectively.

Under Section 12(g)(1) of the US Exchange Act, Limeade will be required to register its Shares within 120 days after the last day of its fiscal year ended on which it has (i) assets of more than \$10 million, and (ii) either (a) 2,000 or more holders of any class of equity securities or (b) 500 or more holders of any class of equity securities who are not 'accredited investors' as defined in Rule 501 of Regulation D of the US Securities Act. Although the first threshold will be satisfied immediately following Completion, Limeade can give no assurance as to the time (if at all) the second threshold will be satisfied, and therefore the time (if at all) that it will become subject to the US periodic reporting requirements

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set out above. Further, any ongoing periodic reporting and other requirements under the US Exchange Act may be subject to legislative change from time to time.

At the time Limeade becomes subject to the reporting requirements of the US Exchange Act, Limeade will also become subject to applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Act, which will impose additional governance and reporting obligations upon Limeade.

The Company's US periodic reporting requirements will be in addition to its periodic disclosure requirements under the ASX Listing Rules, unless appropriate waivers are obtained from ASX. If Limeade is required to register under the US Exchange Act, the CDIs issued under the Offer, at such time, may still be 'restricted securities' under Rule 144 under the US Securities Act and may still be subject to the Distribution Compliance Period restrictions. Accordingly, the CDIs may not, at such time, be freely tradeable in the US.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed application form will be taken by Limeade to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

9.10 AUSTRALIAN TAXATION CONSIDERATIONS

The following taxation comments consider the Australian tax implications for Australian tax resident individuals, complying superannuation entities and certain companies and trusts who hold CDIs in Limeade. The tax implications considered relate primarily to the receipt of dividends and potential gains arising on the disposal of the CDIs.

The comments contained in this section are general in nature and are not intended to be an authoritative or complete statement of all potential tax implications for each investor who holds CDIs. Moreover, the comments contained in this section assume that Limeade is a non-resident company for Australian income tax purposes (noting that Limeade is incorporated in, and centrally managed and controlled from, the US).

The comments contained in this section are based on the Australian taxation laws (together with established interpretations and practices in respect of those laws) applicable as at the Prospectus Date. During the ownership of the CDIs by investors, the Australian taxation laws (or their interpretation or practice) may change. The precise implications of ownership or disposal of the CDIs will also depend upon each investor's specific circumstances. Accordingly, investors should seek their own professional advice on the taxation implications of holding or disposing of the CDIs, taking into account their specific circumstances.

Taxation issues, such as (but not limited to) those covered by this Section 9.10 are only one of the matters an investor needs to consider when making a decision about a financial product. Investors should consider taking advice from someone who holds an Australian financial services licence before making such a decision.

9.10.1 Disposal of CDIs over Shares

Australian tax resident investors who hold their CDIs on capital account will be required to consider the impact of the Australian capital gains tax (CGT) provisions in respect of the possible future disposal of their CDIs. Where the capital proceeds received on disposal of the CDIs exceed the CGT cost base of those CDIs, Australian tax resident investors will ordinarily be required to recognise a capital gain.

The CGT cost base of the CDIs should generally be equal to the issue price or acquisition price of the CDIs plus, among other things, incidental costs associated with the acquisition or disposal of the CDIs. In respect of the CGT cost base of the CDIs, this amount may be reduced as a result of receiving non-assessable distributions from Limeade, such as returns of capital. Conversely, Australian tax resident investors may recognise a capital loss on the disposal of CDIs where the capital proceeds received on disposal are less than the reduced CGT cost base of the CDIs.

All capital gains and losses recognised by an Australian tax resident investor for an income year are added together. To the extent that a net gain exists, such investors should be able to reduce the gain by any amount of unapplied net capital losses carried forward from previous income years (provided certain loss recoupment tests are satisfied). Any remaining net gain (after the application of any carried forward revenue tax losses) will then be required to be included in the Australian tax resident CDI holder's assessable income (subject to the comments below in relation to the availability of the CGT discount concession) and will be taxable at the investor's applicable rate of tax. Where a net capital loss is recognised, the loss will only be deductible against future net capital gains. Capital losses are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate investors may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the investment has been held for at least 12 months prior to disposal (not including the date of acquisition or disposal for CGT purposes). The concession results in a 50% reduction in the assessable amount of a net capital gain for an individual investor or trust, and a one-third reduction of a net capital gain for an Australian tax resident complying superannuation entity investor. The concession is not available to corporate investors.

In relation to trusts, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied.

For completeness, in the event that the US were to impose income tax in respect of any net capital gain arising on disposal of the CDIs, an Australian resident investor may be able to claim a foreign income tax offset to reduce their taxable income for Australian income tax purposes. As this matter is complex, investors who find themselves in this situation should seek independent advice which has regard to their particular circumstances.

9.10.2 Dividends

Where Limeade pays a dividend to Australian tax resident CDI holders who are individuals, complying superannuation entities or companies, the dividend should be included in the CDI holders' assessable income for the relevant year of income.

CDI holders who are trusts should include the dividend in their assessable income in determining the net income of the trust.

As Limeade is not a resident of Australia, any dividend paid by Limeade is not expected to be franked. Consequently, Australian resident CDI holders should not be entitled to the benefit of any franking credits in connection with a dividend paid by Limeade.

For income tax purposes, a dividend paid by Limeade is to be grossed up for any withholding tax deducted in the US in respect of an Australian tax resident CDI holder. A corresponding foreign income tax offset may be available to the CDI holder for the withholding tax deducted in relation to the dividend paid.

The foreign income tax offset should broadly be equivalent to the withholding tax deducted and remitted to the US tax authorities, however, CDI holders should seek their own advice to determine the precise quantum of foreign income tax offset that they are eligible to claim in relation to dividends paid by Limeade.

Generally, dividends received by an Australian resident company who holds at least 10% in a foreign company (that is, a non-portfolio dividend) would not be assessable income for Australian taxation purposes. Corporate investors who find themselves in this situation should seek independent advice which has regard to their particular circumstances.

9.10.3 Profit making intention

Any gain derived by Australian resident CDI holders who acquire their CDIs in Limeade as part of a business or with a view of profit, may be assessable as ordinary income for Australian taxation purposes. Correspondingly, any loss made on disposal may be deductible. In this scenario, the transaction would, in effect, generally be removed from the CGT provisions and the CGT discount concession would not be available. Each investor should seek independent advice as to whether the gain would be considered ordinary income in their particular circumstances and, if so, the applicable consequences for that investor.

9.10.4 Controlled foreign company

Australia's taxation laws currently include a regime which regulates the taxation of Australian-controlled foreign companies (referred to as **CFCs**). The broad objective of this CFC regime is to tax Australian residents with a material interest in a foreign company on an accruals basis (i.e. even in the absence of distributions), where the income derived by that company is passive in nature and not comparably taxed offshore.

In the present case, the CFC regime is generally unlikely to apply to Australian resident investors on the basis that Limeade is listed on the ASX and the requisite control tests are not expected to be satisfied.

However, where an Australian resident investor holds an interest of at least 10% in Limeade (through the CDIs), it is recommended that independent taxation advice is sought to confirm no adverse CFC implications are likely to arise for that investor.

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9.10.5 Tax file numbers

A CDI holder is not obliged to quote a tax file number, or where relevant, Australian Business Number (**ABN**), to Limeade.

9.10.6 Australian Stamp duty

No Australian stamp duty should be payable by a CDI holder on the issue or acquisition of CDIs.

9.10.7 Australian goods and services tax ('GST')

Under current Australian law, GST should not be payable in respect of the issue, acquisition, disposal or transfer of CDIs or on the payment of dividends. However, CDI holders may be charged GST on brokerage, or other professional advisory services acquired by CDI holders in their own right in relation to the IPO of Limeade. CDI holders should seek their own advice to determine whether they will be entitled to claim GST incurred on costs associated with the acquisition or disposal of CDIs.

9.11 PRIVACY

Limeade, SaleCo, the Registry on its behalf, and the Joint Lead Managers may collect, hold, use and disclose personal information provided by investors to allow it to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that Limeade will need to collect your personal information (for example, your name, address and details of the Securities that you hold). Under the Corporations Act, some of this information must be included in Limeade's securities register, which will be accessible by the public.

Limeade and SaleCo will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, Limeade and the Registry may not be able to process your Application. Limeade, SaleCo and the Registry may also share your personal information with agents and service providers of Limeade or others who provide services on Limeade's behalf, some of which may be located outside of Australia where personal information may not receive the same level of protection as that afforded under Australian law.

For more details on how Limeade collects, stores, uses and discloses your information, please read Limeade's Privacy Policy located at limeade.com/privacy.aspx. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing an application form or authorising a broker to do so on your behalf, or by providing Limeade with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and Limeade's Privacy Policy. Limeade aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact Limeade or the Registry if any of the details you have provided change.

9.12 LITIGATION AND CLAIMS

As at the Prospectus Date, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which Limeade is directly or indirectly concerned and which is likely to have a material adverse impact on the business or financial position of Limeade.

9.13 INVESTOR CONSIDERATIONS

Before deciding to participate in this Offer, you should consider whether the CDIs to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of CDIs listed on ASX may rise or fall depending on a range of factors beyond the control of Limeade.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser. The potential tax effects relating to the Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

9.14 CONSENTS TO BE NAMED AND DISCLAIMERS OF RESPONSIBILITY

Each of the parties referred to below (each a 'Consenting Party'), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or on which a statement which is made in this Prospectus is based, other than as specified below:

- Moelis Australia Advisory Pty Ltd;
- Macquarie Capital (Australia) Limited;
- Clayton Utz;
- K&L Gates LLP;
- Armanino LLP;
- Deloitte Corporate Finance Pty Limited;
- Shaw and Partners Limited;
- Link Market Services Limited;
- Moss Adams LLP; and
- Brett Starr.

Brett Starr has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, his written consent to the inclusion in Sections 1 and 2 of this Prospectus of statements from his report "Independent Market Report: Employee Experience Market" (2019) in the form and context in which they are included and takes no responsibility for any other statements in this Prospectus.

Limeade has included statements in this Prospectus made by, attributed to or based on statements made by the following parties:

- Accenture Strategy, "Employee Experience Reimagined", citing Gallup report (2016)
- American Action Forum, "Projecting future skills shortages through 2029" (2019)
- Australian Institute of Company Directors, "ESG shaping future of governance model" (2018)
- Center for American Progress, "There are significant costs to replacing employees" (2012);
- Deloitte University Press, "Rewriting the rules for the digital age: 2017 Deloitte Global Human Capital Trends" (2017)
- Deloitte, "Corporate culture risk and the board" (2018)
- Deloitte, "The employee experience: Culture, engagement and beyond" (2017)
- Ernst & Young, "Five ways to enhance board oversight of culture" (2019)
- Financial Services Royal Commission Final Report (2019)
- Forbes, "This mistaken belief is ruining most employee engagement surveys" (2018)
- Gallup, "State of the American workplace" (2013)
- Gallup, "State of the global workplace" (2017)
- Gallup, "The relationship between engagement at work and organisational outcomes" (2016);
- Global Wellness Institute, "The future of wellness at work" (2016)
- Harvard Business Review, "Employee engagement does more than boost productivity" (2013)
- Josh Bersin, "The employee experience platform market has arrived" (2019)
- Korn Ferry Institute, "Millennials: The Purpose Generation" (2019)
- Kronos, "The next generation is here: Hopeful, anxious, hardworking and searching for inspiration" (2019)
- Macey, Schneider, Barbera and Young (2009)
- ManpowerGroup, "Millennial Careers: 2020 Vision" (2016)
- McKinsey, "Attracting and retaining the right talent" (2017)
- National Association of Corporate Directors, "Culture as a Corporate Asset" (2017)
- Network of Executive Women and Deloitte LLP, "Welcome to Gen Z" (2019)

- PwC, "The impact of millennials on the workplace" (2019)
- PwC, "The talent challenge: Harnessing the power of human skills in the machine age" (2017)
- Robert Eccles (Professor of management practice at the University of Oxford), "Why it's time to finally worry about ESG", Harvard Business Review (2019)
- Satya Nadella, Greg Shaw, Jill Nichols "Hit Refresh The Quest to Rediscover Microsoft's Soul and Imagine a Better Future for Everyone" (2017)
- Science of Care, Limeade Institute (2019)
- SHRM Research Quarterly, Leveraging Employee Engagement for Competitive Advantage: HR's Strategic Role (2007)
- SHRM, "The global skills shortage" (2019)
- Sierra Cedar, "2018-2019 HR Systems Survey White Paper"
- Sodexo, "2018 Global Workplace Trends" (2018)
- State Street Global Advisors, "Aligning corporate culture with long term strategy" (2019)
- The Starr Conspiracy, "Employee Experience Research" (2018)

The inclusion of statements made by, attributed to or based on statements made by these parties has not been consented to by the relevant party for the purpose of section 729 of the Corporations Act and are included in this Prospectus by Limeade on the basis of ASIC Corporations (Consent to Statements) Instrument 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

9.15 COSTS OF THE OFFER

The costs of the Offer are expected to be approximately \$5.1 million (pre GST) based on the Offer Price, none of which are expensed in FY20F. These costs include JLM and other advisor fees (referred to in Section 6.4.1 and Section 9.5.1) and other costs including initial ASX listing fees, insurance and other incidental costs. These costs will be borne by Limeade except as indicated in Note 1 to Table 25 in Section 4.5.

9.16 CONTRACT SUMMARIES

Summaries of contracts set out in this Prospectus (including the summary of the Underwriting Agreement set out in Section 9.4) are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

9.17 PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus, its contents or that the assets shown in them are owned by Limeade. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

9.18 GOVERNING LAW

This Prospectus and (unless otherwise specially stated) the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the law applicable in New South Wales, and (unless otherwise specially stated) each applicant and bidder submits to the exclusive jurisdiction of the courts of New South Wales.

9.19 STATEMENT OF DIRECTORS AND SALECO DIRECTORS

This Prospectus is authorised by each Director and SaleCo director who consents to its lodgement with ASIC and its issue and has not withdrawn that consent.



APPENDIX A: KEY ACCOUNTING POLICIES

APPENDIX A / KEY ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies adopted in the preparation of the Financial Information included in Section 4 of this Prospectus are set out below. These accounting policies are consistent with the last reviewed financial statements of Limeade for the half-year ended 30 June 2019.

Recently adopted accounting pronouncements

The Company adopted Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers (Topic 606) on 1 January 2019 on a modified retrospective basis. Financial results for reporting periods during 2019 are presented in compliance with the new revenue recognition standard. Historical financial results for reporting periods prior to 2019 are presented in conformity with amounts previously disclosed under the prior revenue recognition standard ASC 605. While adoption of ASC 606 did not have a material impact on the Company's financial position, results of operations or cash flows, it did impact financial statement disclosures.

The Company adopted ASC 842, Leases (Topic 842) on 1 January 2019 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 condensed consolidated balance sheet on 1 January 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.

Recent accounting pronouncements not yet adopted

In August 2018, the FASB issued 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. This guidance is effective for interim and annual reporting periods beginning after 15 December 2019, and early adoption is permitted. The Company does not expect that this ASU will have a material impact on its condensed consolidated financial statements.

Principles of Consolidation

The accompanying condensed consolidated financial statements include those of the Company and its subsidiaries after elimination of all intercompany accounts and transactions.

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, depreciable lives of property and equipment, 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.

Goodwill

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 the 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 amount. Based on the qualitative assessment, if it is determined that it is more likely than not that its fair value is less than its carrying amount, the fair value of the Company's single reporting unit is compared to its carrying value. Any excess of the goodwill carrying amount over the fair value is recognized as an impairment loss, and the carrying value of goodwill is written down to fair value.

Intangible assets

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. The Company has not recorded any such impairment charges.

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.

Income Taxes

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 condensed 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.

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 (2) third party services, which are comprised of fees from customers for value-add services provided by third parties.

The Company determines revenue recognition through the following five-step framework:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company identifies performance obligations in its contracts with customers, which primarily include subscription services and professional services provided by third parties. The transaction price is determined based on the amount to which the Company expects to be entitled to in exchange for providing the promised services to the customer. The transaction price in the contract is allocated to each distinct performance obligation on a relative standalone selling price basis. Revenue is recognized when performance obligations are satisfied.

Contract payment terms for all of our contracts are typically net 30 days. The Company assesses collectability based on a number of factors including collection history and creditworthiness of the customer, and it may mitigate exposures to credit risk by requiring payments in advance. If the Company determines that collectability related to a contract is not probable, it may not record revenue until collectability becomes probable at a later date.

Revenues are recorded based on the transaction price excluding amounts collected on behalf of third parties. For example, indirect taxes which are collected and remitted to governmental authorities are excluded from revenues.

Subscription revenues

Subscription revenue is contracted revenue generated from the sale of software solutions (including both Limeade solutions, third-party applications, and reseller arrangements) to customers. The Company's subscription arrangements typically contain a contract period of three years, and can be billable in annual, quarterly, or monthly invoices. Payments received in advance of customers being provided service are deferred. The Company recognizes revenue related to these subscriptions ratably over the life of the subscription agreement beginning when the customer first has access to the subscription service.

APPENDIX A / KEY ACCOUNTING POLICIES

Other revenue

Other revenue represents revenue generated from third-party products and services such as biometric screenings, margins earned on rewards offered to employees of customers and other products and services. Payments received in advance of other revenue service performance are deferred and are recognized as the services are performed.

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 in the balance sheet.

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 period ended 30 June 2019.

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 condensed 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 30 June 2019 the Company did not include any options to extend leases in its lease terms as it was not reasonably certain to exercise them.

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.

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. Capitalized 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.

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GLOSSARY



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Expression	Definition
2006 Plan	Refers to the 2006 Amended and Restated 2006 Stock Option Plan. (see section 6.4.3.2)
2016 Plan	Refers to the 2019 Amended 2016 Stock Option Plan. (see section 6.4.3.2)
2019 Plan	Refers to the 2019 Incentive Plan. (see section 6.4.3.2)
\$ or USD	United States Dollars (unless otherwise specified)
A\$ or AUD	Australian Dollars
AAS or Australian Accounting Standards	The Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
ABN	Australian Business Number
ARBN	Australian Registered Business Number
AEDT	Australian Eastern Daylight Time
APAC	Asia Pacific
APIs	Application programming interfaces
Application	An application to subscribe for CDIs under the Offer
Articles	The amended and restated articles of incorporation of Limeade
ASIC	Australian Securities and Investments Commission
ASIC Act	Australian Securities and Investments Commission Act 2001 (Cth)
ASX	ASX Limited ABN 98 008 624 691, or the market operated by ASX Limited, as the context requires
ASX Listing Rules	The listing rules of ASX, as amended, modified or waived from time to time
ASX Principles	The 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement	ASX Settlement Pty Limited ACN 008 504 532
ASX Settlement Operating Rules	The operating rules of ASX Settlement Pty Limited (ABN 49 008 504 532)
AWS	Amazon Web Services
Board or Board of Directors	The board of directors of Limeade
Board Committees	Committees established by the Board, including the Audit & Risk Committee and Remuneration & Nomination Committee
Borrowers	Means Limeade, Inc. and Limeade Technologies Canada, Inc. who are party to a credit facility agreement with Comerica Bank dated 10 May 2019

Expression	Definition
Broker	Any ASX participating organisation selected by Limeade, SaleCo and the Joint Lead Managers to act as a broker to the Offer
Broker Firm Offer	The offer of CDIs under this Prospectus to Australian resident and sophisticated investors who have received a firm allocation from their Broker as described in Section 7.3
Bylaws	The amended and restated bylaws of Limeade which will be effective from Listing
CAC	Customer acquisition cost
CAGR	Compound Annual Growth Rate
CARR	Contracted annual recurring revenue
CCPA	California Consumer Privacy Act
CDI	Chess Depositary Interest
CDN	CHESS Depositary Nominees Pty Ltd ACN 071 346 506 (Financial Services Licence Number 254514)
CEO	Chief executive officer
CFO	Chief financial officer
CTO	Chief technology officer
Priority Offer	The offer of CDIs under this Prospectus to persons who have received an invitation from the Company to participate in the Offer as described in Section 7.3
CHESS	The Clearing House Electronic Sub-register System for settlement of shares on the ASX, operated by ASX Settlement
Comerica Credit Facility	A credit facility agreement with Comerica Bank dated 10 May 2019
Company or Limeade	Limeade, Inc.
Completion	The completion of the Offer, being the date by which CDIs are issued to successful applicants and the Company is admitted to the official list of ASX, expected to be 20 December 2019 (this date may be varied without notice)
Corporations Act	Corporations Act 2001 (Cth)
Covered Entity	As the term is defined in the US Health Insurance Portability and Accountability Act (HIPAA)
Direct Customer	Customers acquired through direct sales efforts
Director	A director of Limeade
Distribution Compliance Period	The 12 month period from the date of issue of the CDIs during which the CDIs cannot be resold to any US Person or for the account or benefit of a US Person, unless pursuant to Rule 144A, which period may be extended under the circumstances described in Section 9.9



GLOSSARY

Expression	Definition
EBIT	Has the meaning given in Section 4.2.4
EBITDA	Has the meaning given in Section 4.2.4
eNPS	Employee net promoter score
Enterprise value	The indicative market capitalisation at the Offer Price, less pro forma net cash of \$25.2 million as at 30 June 2019
ESG	Environmental, social and corporate governance
Existing Shareholder	A holder of Shares immediately prior to the issue of CDIs under the Offer
EU	European Union
Expansions	Expansion of users from the existing customer base
Exposure Period	The seven day period commencing after lodgement of this Prospectus with ASIC during which no applications may be accepted, which may be extended by ASIC for up to an additional seven days
FASB	Financial Accounting Standards Board
Financial Information	Has the meaning given in Section 4.1
FOR	Foreign Ownership Restriction
Forecast Financial Information	Has the meaning given in Section 4.1
Fully diluted	Refers to the number of CDIs and Options (each over one Share) on issue
FY	Means financial year ending 30 December
FY20 Results Release Time	Means 4.15pm (Sydney time) on the date on which Limeade releases its preliminary final report for the fiscal year ending 31 December 2020 to the ASX
FY21 Results Release Time	Means 4.15pm (Sydney time) on the date on which Limeade releases its preliminary final report for the fiscal year ending 31 December 2021 to the ASX
G&A	General & administrative
GDPR	General Data Protection Regulation
GST	The goods and services or similar tax imposed in Australia
GWI	Global Wellness Institute
HCM	Human capital management
HR	Human resources
HIPAA	US Health Insurance Portability and Accountability Act
Historical Financial Information	Has the meaning given in Section 4.1

Expression	Definition
IFRS	International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board
Institutional Investors	Investors who are (a) persons in Australia who are wholesale clients under section 761G of the Corporations Act and either “professional investors” or “sophisticated investors” under sections 708(11) and 708(8) of the Corporations Act; or (b) institutional investors in certain other jurisdictions, as agreed by Limeade and the Joint Lead Managers, to whom offers of CDIs may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one which Limeade is willing in its discretion to comply)
Institutional Offer	The offer of CDIs under this Prospectus to Institutional Investors in Australia and certain other eligible jurisdictions outside the United States, as described in Section 7.5
Investigating Accountant	Deloitte Corporate Finance Pty Limited
IP	Intellectual property
IPO	The initial public offering of Limeade
IT	Information technology
Joint Lead Manager	Each of Macquarie Capital (Australia) Limited ABN 79 123 199 548 and Moelis Australia Advisory Pty Ltd ACN 142 008 446
LIBOR	London Inter-Bank Offered Rate
Limeade platform	The integrated technology platform through which Limeade provides its cloud based employee experience software solutions
LTV	Lifetime value
Net revenue retention	Defined as CARR at the beginning of the period plus any CARR added in that period through the 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
Non-IFRS financial measures	Has the meaning given in Section 4.2.4
NACD	National Association of Corporate Directors
NCQA	National Committee for Quality Assurance
NPAT	Net profit after tax
Offer	The invitation in this Prospectus to subscribe for CDIs in respect of Shares (with one CDI equivalent to one Share), comprising the Institutional Offer, the Broker Firm Offer and the Priority Offer
Offer Price	\$1.85 per CDI



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Expression	Definition
Official List	The official list of entities that ASX has admitted to and not removed from listing
Option	An option to acquire a Share
Partner Customer	Customers acquired through partner sales channels
Pro Forma Financial Information	Pro Forma Financial Information described as such in Section 4.1
Pro Forma Forecast Annual Income Statements	Pro Forma Forecast Income Statement for FY19 and FY20
Pro Forma Forecast Financial Information	Has the meaning given in Section 4.1
Pro Forma Forecast Annual Cash Flows	Pro Forma Forecast Cash Flow information for FY19 and FY20
Pro Forma Historical Annual Cash Flows	Pro Forma Historical Annual Cash Flow information for FY17 and FY18
Pro Forma Historical Annual Income Statements	Pro Forma Historical Income Statement for FY17 and FY18
Pro Forma Historical Cash Flows	Has the meaning given in Section 4.1
Pro Forma Historical Financial Information	Has the meaning given in Section 4.1
Pro Forma Historical Half Year Cash Flows	Pro Forma Historical Half Year Cash Flows for 1H18 and 1H19
Pro Forma Historical Half Year Income Statements	Pro Forma Historical Income Statement for 1H18 and 1H19
Pro Forma Historical Statement of Financial Position	Pro Forma Historical Statement of Financial position as at 30 June 2019
Pro Forma net cash	Actual cash and cash equivalents as at 30 June 2019, plus the cash proceeds raised under the Offer, less leases payable, less the costs of the Offer and the repayment of the Comerica Credit Facility including accrued interest
Prospectus	This Prospectus, dated 2 December 2019, for the issue of CDIs to raise approximately A\$100 million (including the electronic form of the Prospectus)
Prospectus Date	The date on which a copy of this Prospectus was lodged with ASIC, being 2 December 2019
QIB	Qualified Institutional Buyer, as defined in Rule 144A under the US Securities Act
Qualified Pipeline	Limeade classifies potential revenue from qualified opportunities into four categories, together comprising its qualified pipeline

Expression	Definition
R&D	Research & development
Registry	Link Market Services Limited
Regulation S	Regulation S under the US Securities Act
Sarbanes-Oxley Act	Sarbanes-Oxley Act of 2002
SEC	US Securities and Exchange Commission
S&M	Sales & marketing
SaaS	Software-as-a-service
Sale Agreements	Sale agreements between Selling Shareholders and SaleCo as referred to in Section 7.1.4.
SaleCo	Limeade Holdings Inc. (SaleCo), which is offering CDIs over existing Shares for sale under this Prospectus
Securities	CDIs or Shares. When referring to a number or percentage of Securities, a CDI and its underlying Share are only counted once to avoid double counting
Selling Shareholders	TVC Capital II LP, TVC Capital Partners II LP, Oak HC/FT Partners LP, and other employees and shareholders, who hold Series A, Series B and Series C preferred stock at the Prospectus Date and who have elected to sell Shares to SaleCo under the Sale Agreements referred to in Section 7.1.4. Henry Albrecht, Erick Rivas and Chris Ackerley are not selling Shares under the Offer and are not Selling Shareholders
Settlement	The settlement of the Offer in accordance with the Underwriting Agreement
Share	A fully paid share of common stock in the capital of Limeade
Shareholder	A holder of a Share
Share Legend	Has the meaning given in Section 9.9
Statutory Financial Information	The Statutory Financial Information described as such in Section 4.1
Statutory Forecast Annual Cash Flows	Statutory Forecast Annual Cash Flows information for FY19 and FY20
Statutory Forecast Annual Income Statements	Statutory Forecast Income Statement for FY19 and FY20
Statutory Forecast Financial Information	Has the meaning given in Section 4.1
Statutory Historical Annual Cash Flows	Statutory Historical Annual Cash Flows information for FY17 and FY18



GLOSSARY

Expression	Definition
Statutory Historical Annual Income Statements	Statutory Historical Income Statement for FY17 and FY18
Statutory Historical Cash Flows	Has the meaning given in Section 4.1
Statutory Historical Financial Information	Statutory Historical Financial Information described as such in Section 4.1
Statutory Historical Half-Year Cash Flows	Statutory Historical Cash Flows for 1H18 and 1H19
Statutory Historical Half Year Income Statements	Statutory Historical Income Statement for 1H18 and 1H19
Statutory Historical Income Statements	Has the meaning given in Section 4.1
Statutory Historical Statement of Financial Position	Statutory Historical Statement of Financial Position as at 30 June 2019
SSO	Single Sign-On
Subscription revenue	Is contracted revenue generated from the sale of software solutions, (including both Limeade and Partner solutions, which includes subscription coaching revenue) to customers
TAM	Total addressable market
Underwriting Agreement	The underwriting agreement dated on or about the Prospectus Date between the Joint Lead Managers, Limeade and SaleCo, summarised in Section 9.5
Undiluted	Refers to the number of CDIs (each over one Share) on issue
Upsell	Sale of new solutions to existing customer base
US or United States	United States of America, its territories and provinces and any state of the United States of America
US Exchange Act	United States Securities Exchange Act of 1934, as amended
US GAAP	US Generally Accepted Accounting Principles
US GAAS	United States Generally Accepted Auditing Standards
US Person	Has the meaning given to it in Rule 902(k) under Regulation S of the US Securities Act
US Securities Act	The United States Securities Act of 1933, as amended from time to time
WBCA	Washington Business Corporation Act or Title 23B Revised Code of Washington, which governs corporations incorporated in Washington, United States

Company's registered office

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

Joint Lead Managers and Underwriters

Macquarie Capital (Australia) Limited
50 Martin Place
Sydney, New South Wales 2000, Australia

Moelis Australia Advisory Pty Ltd

Level 27, Governor Phillip Tower
1 Farrer Place
Sydney, New South Wales 2000, Australia

Australian Legal Advisor to the Offerors

Clayton Utz
Level 15, 1 Bligh Street
Sydney, New South Wales 2000, Australia

US Legal Advisor to the Offerors

K&L Gates LLP
925 Fourth Avenue
Suite 2900
Seattle, Washington 98104, United States

Independent Auditor

Moss Adams LLP
999 Third Avenue
Suite 2800
Seattle, Washington 98104, United States

Investigating Accountant

Deloitte Corporate Finance Pty Limited
Grosvenor Place
225 George Street
Sydney, New South Wales 2000, Australia

Tax Advisor

Armanino LLP
50 West San Fernando Street
Suite 500
San Jose, CA 95113, United States

Co-Lead Manager

Shaw and Partners
Level 7, Chifley Tower
2 Chifley Square
Sydney, New South Wales 2000, Australia

Registry

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

Limeade IPO Offer Information Line

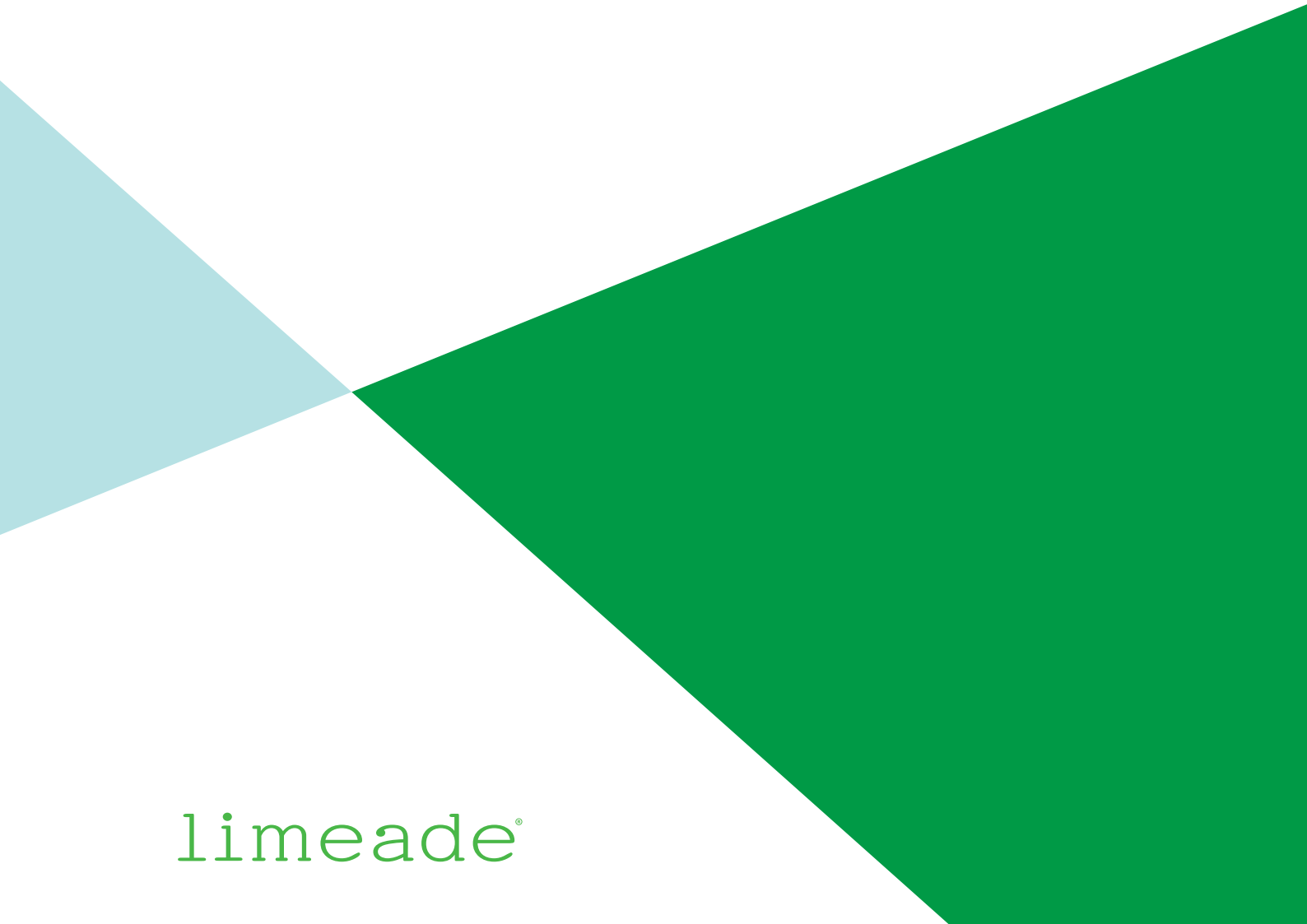
1800 550 560 (within Australia)
from 8.30am to 5.30pm (Sydney Time) Monday to Friday

Offer website

<https://events.miraqle.com/limeade-ipo>

Corporate Website

<https://www.limeade.com>



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