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THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), AND SUCH OTHER STATE LAWS PURSUANT TO REGISTRATION OR AN APPLICABLE EXEMPTION. THE INTERESTS HAVE NOT BEEN APPROVED OR DISPROVED BY THE SEC, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT STATEMENT. THESE SECURITIES MAY ONLY BE OFFERED OR SOLD IN THE UNITED STATES TO “ACCREDITED INVESTORS” AS DEFINED IN SECTION 501 OF THE SECURITIES ACT) IN RELIANCE ON REGULATION D UNDER THE SECURITIES ACT.

# LMWR Technology OÜ

## Confidential Private Placement Statement

### RIGHT TO LMWR TOKENS

#### SEE “**TERMS OF THE OFFERING**” FOR PRICING AND OTHER INFORMATION

May 1, 2023

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This Confidential Private Placement Statement (this “**Private Placement Statement**”) has been prepared by LMWR Technology OÜ, an Estonian private company limited by shares, registry code 16454789, with registered address at Pärnu mnt 15 // Tatari tn 2, 10141 Tallinn, Estonia (the “**Company**”), for use by certain prospective purchasers (each, a “**Purchaser**” and collectively, the “**Purchasers**”), to whom the Company is offering (the “**Offering**”) the opportunity to purchase LMWR Tokens (also referred to as “**LimeWire Tokens**”), which is the native token intended to ultimately provide its holders (the “**Holders**”) with certain governance rights and functionality within the LimeWire marketplace and membership-based communities for content creators (collectively, the “**LimeWire Platform**”).

The Company is owned by two Austrian private foundations which each hold 50% stakes in it: the Julian Zehetmayr Private Foundation and the Paul Zehetmayr Private Foundation. These foundations also each own 50% stakes in LimeWire GmbH, an Austrian limited liability company with registration number FN 569663s, with registered address at Salzgies 19/3+4, A-1010 Vienna, that holds all intellectual property related to trademarks and technology, operates the LimeWire marketplace with LMWR wallets, and delivers LMWR token utility via access to communities on the platform and the membership tiers. This entity is entering into a service agreement with the Company, which will issue LMWR tokens and manage the LMWR treasury.

**The core technology into which the tokens of the Company will integrate, the LimeWire Platform, is under development, and no public market for the LMWR Tokens currently exists.**

The LMWR Token may be subject to restrictions on transferability and resale and generally may not be transferred or resold except as specified herein and in the applicable Offering Document (as defined herein). Purchasers should be aware that they will be required to bear the financial risks of this purchase for an indefinite period of time.

Unless otherwise provided by the Company, all purchases must be made via the token sale website at <https://republic.co/limewire> (the “**Token Sale Website**”) in accordance with the instructions and terms of sale set forth therein. Purchases may be made in in US dollars (via wire or credit card) or USD Coin (USDC), provided that the Company may elect to accept other forms of payment on an as-converted to US dollars basis in its sole discretion; the Company reserves the right to discontinue accepting any type of consideration in its sole discretion. The US dollar exchange rate for USDC or other forms of payment shall be determined at the time the transaction is submitted on the

Token Sale Website by the Purchaser in accordance with reasonable and accepted market practices and will also be subject to certain transaction fees. Such currencies are subject to fluctuations in the rate of exchange and, in the case of digital assets, the exchange valuations. Such fluctuations may have an adverse effect on the value, price, or income of a purchase. Purchasers may receive a number of LMWR Tokens upon conversion of rounded to ten (10) decimal places.

Any payment for tokens must be made in full (partial payments or payments broken into separate transactions will not be accepted). Payment will not be accepted in BTC, ETH, or any other form of payment not listed above. Any payments in unaccepted currencies or other unaccepted methods of transfer will be rejected.

#### **FURTHER DISCLAIMERS**

This Offering is being conducted on the Offering Platform that is operated for the benefit of OpenDealBroker LLC dba OpenDealBroker, the Capital R, a registered private placement broker-dealer with CRD#: 291387 (“ODB”). ODB is a registered FINRA/SEC broker dealer. ODB is not purchasing the LMWR as such LMWR are being sold in this Offering (except as otherwise described in “Certain Relationships and Related Party Transactions” herein) and is not required to sell any specific number or dollar amount of LMWR in this Offering. This Offering is being conducted on a “best efforts” basis, and we may not be able to raise enough funds to fully implement our business plan, which may result in the loss of the entire investment of investors. This Offering is being conducted pursuant to Regulation D 506(c) of the Securities Act and is only available to accredited investors.

#### **GENERAL NOTICE**

THE LMWR TOKENS RECEIVED (IF ANY) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY OTHER LAW OR REGULATION GOVERNING THE OFFERING, SALE OR EXCHANGE OF SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION. THIS OFFERING IS BEING MADE ONLY TO NON-US PERSONS (AS DEFINED THE SECURITIES ACT) IN JURISDICTIONS WHERE THE OFFER AND SALE OF LMWR TOKENS IS PERMITTED UNDER APPLICABLE LAW AND IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT.

THE COMPANY WILL NOT BE REQUIRED TO, NOR DO THEY CURRENTLY INTEND TO, OFFER TO EXCHANGE THE LMWR TOKENS FOR ANY SECURITIES REGISTERED UNDER THE SECURITIES ACT OR ANY OTHER LAW, OR REGISTER THE LMWR TOKENS FOR RESALE UNDER THE SECURITIES ACT.

NO GOVERNMENTAL AUTHORITY IN THE UNITED STATES, ESTONIA, OR ANY OTHER JURISDICTION HAS PASSED JUDGMENT UPON OR APPROVED THE TERMS OR MERITS OF THIS DOCUMENT.

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#### **FOR FLORIDA RESIDENTS**

THE TOKENS (DEFINED HEREIN) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE FLORIDA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE TOKENS CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR EXEMPTION FROM REGISTRATION IS AVAILABLE.

THE TOKENS REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE HOLDER IN A TRANSACTION EXEMPT UNDER SECTION 517.061 OF THE FLORIDA SECURITIES ACT. THESE TOKENS HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL FLORIDA RESIDENTS SHALL HAVE THE PRIVILEGE OF VOIDING THE PURCHASE WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE (3) DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SAID PURCHASER, WHICHEVER OCCURS LATER.

#### **FOR NEW JERSEY RESIDENTS**

THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. NO FILING OF THE WITHIN OFFERING HAS BEEN MADE WITH THE BUREAU

OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEW JERSEY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

**FOR NEW YORK RESIDENTS**

THESE TOKENS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW YORK FRAUDULENT PRACTICES (“*MARTIN*”) ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR MARTIN ACT, IF SUCH REGISTRATION IS REQUIRED.

THIS OFFERING STATEMENT HAS NOT BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE SALE OF TOKENS IS SUBJECT TO THE PROVISIONS OF A TOKEN PURCHASE AGREEMENT ACCOMPANYING THIS PRIVATE PLACEMENT STATEMENT CONTAINING EXPLICIT REPRESENTATIONS, WARRANTIES, TERMS AND CONDITIONS. ANY INVESTMENT IN THE TOKENS SHOULD BE MADE ONLY AFTER A COMPLETE AND THOROUGH REVIEW OF THE PROVISIONS OF THE SECURITIES PURCHASE AGREEMENT ACCOMPANYING THIS STATEMENT.

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**A purchase of the LMWR Tokens involves a high degree of risk, volatility, and illiquidity. A prospective purchaser should thoroughly review the confidential information contained herein and the terms of the applicable Offering Documents, and carefully consider whether a purchase of the LMWR or receipt of LimeWire Tokens is suitable to its financial situation and goals. See “*Risk Factors*” below.**

**Neither the US Securities and Exchange Commission nor any other government or state securities commission has approved or disapproved of this offering or passed upon the adequacy or accuracy of the information herein. Any representation to the contrary is a criminal offense.**

THIS OFFERING IS MADE ONLY TO ACCREDITED INVESTORS AS DEFINED UNDER RULE 501 OR REGULATION THE SECURITIES ACT IN JURISDICTIONS WHERE THE OFFER AND SALE OF THE LMWR TOKENS IS PERMITTED UNDER APPLICABLE LAW. ONLY PERSONS OF ADEQUATE FINANCIAL MEANS WHO HAVE NO NEED FOR PRESENT LIQUIDITY WITH RESPECT TO THIS PURCHASE SHOULD CONSIDER PURCHASING THE LMWR TOKENS ON THE TERMS SET FORTH IN THE APPLICABLE OFFERING DOCUMENTS PROVIDED TO YOU IN CONNECTION HEREWITH BECAUSE: (I) A PURCHASE OF THE LMWR TOKENS INVOLVES A NUMBER OF SIGNIFICANT RISKS (SEE “**RISK FACTORS**” BELOW); AND (II) NO MARKET FOR THE LMWR TOKENS CURRENTLY EXISTS NOR MAY EVER EXIST.

### OTHER NOTICES

ODB HAS NOT INVESTIGATED (NOR HAVE ANY OF ITS AFFILIATES INVESTIGATED) THE DESIRABILITY OR ADVISABILITY OF ANY INVESTMENT IN THIS OFFERING OR THE SECURITIES OFFERED HEREIN. ODB AND ITS AFFILIATES MAKE NO REPRESENTATIONS, WARRANTIES, ENDORSEMENTS, OR JUDGMENT ON THE MERITS OF THE OFFERING OR THE SECURITIES OFFERED HEREIN. ODB BROKER’S CONNECTION TO THE OFFERING IS SOLELY FOR THE LIMITED PURPOSES OF ACTING AS A SERVICE PROVIDER. AN INVESTOR SHOULD HAVE KNOWLEDGE AND UNDERSTANDING OF SOPHISTICATED AND COMPLEX INVESTMENTS TO MAKE A SELF-DETERMINATION OR SEEK ADVICE ELSEWHERE. PLEASE REFER TO THE “RISKS” SECTIONS OF THIS DOCUMENT. ODB MAY INVITE OTHER BROKER/DEALERS TO PARTICIPATE IN THIS OFFERING UNDER SIMILAR TERMS AND CONDITIONS.

STRIPE, INC. (“STRIPE”), THE CREDIT CARD PROCESSOR, HAS NOT INVESTIGATED THE DESIRABILITY OR ADVISABILITY OF AN INVESTMENT IN THIS OFFERING OR THE SECURITIES OFFERED HEREIN. STRIPE NOR ANY OF ITS RESPECTIVE AFFILIATES, MAKES ANY REPRESENTATIONS, WARRANTIES, ENDORSEMENTS, OR JUDGMENT ON THE MERITS OF THE OFFERING OR THE SECURITIES OFFERED HEREIN. STRIPE’S CONNECTION TO THE OFFERING IS SOLELY FOR THE LIMITED PURPOSES OF ACTING AS A SERVICE PROVIDER.

### CERTAIN NOTICES

This Private Placement Statement shall be maintained in strict confidence. Any reproduction or distribution of this Private Placement Statement, in whole or in part, or the disclosure of its contents, without the prior written consent of the Company, other than to a recipient’s legal, tax or investment advisors, is prohibited. The existence and nature of all conversations regarding the Company and this opportunity must be kept confidential, unless otherwise allowed by the Company.

This Private Placement Statement has been prepared in connection with the Offering. Each Purchaser will be required to sign, execute, and deliver such documents as may be reasonably required by the Company to effect its purchase of LMWR Tokens.

This Private Placement Statement contains a summary of the Offering, the LimeWire Platform, the LMWR Tokens, and certain other documents referred to herein. However, the summaries in this Private Placement Statement do not purport to be complete and are subject to and qualified in their entirety by reference to the actual text of the relevant Offering Documents, copies of which will be provided to each prospective purchaser on the Token Sale Website. Each prospective purchaser should review the applicable Offering Documents, and such other documents for complete information concerning the rights, privileges, and obligations of Purchasers. If any of the terms, conditions or other provisions of the Offering Documents or such other documents are inconsistent with or contrary to the descriptions or terms in this Private Placement Statement, such other documents shall control. The Company reserves the right to modify the terms of the Offering, the LimeWire Platform, and the LMWR Tokens described in this Private Placement Statement are offered subject to the Company’s ability to reject any commitment in whole or in part.

The LMWR Tokens have not been and will not be registered under the Securities Act of 1933, as amended (the “*Securities Act*”), the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), or any United States state securities laws or the laws of any foreign jurisdiction. The LMWR Tokens are being offered and sold herein only under an exemption provided by the Securities Act and Regulation D promulgated thereunder, and other exemptions of similar import in the

laws of the states and other jurisdictions where the Offering will be made. The Company will not be registered as an investment company under the United States Investment Company Act of 1940, as amended (the “*Investment Company Act*”). Consequently, Purchasers will not be afforded the protections of the Investment Company Act.

No person has been authorized to make any statements concerning the Company or the sale of the LMWR Tokens discussed herein other than as set forth in this Private Placement Statement, and any such statements, if made, must not be relied upon.

Prospective purchasers must make their own investigations and evaluations of the LimeWire Platform and the LMWR Tokens that will be delivered pursuant thereto, including the merits and risks involved in a purchase therein. Prior to any purchase, the Company will give prospective purchasers the opportunity to ask questions of and receive answers and additional information from it concerning the terms and conditions of this Offering and other relevant matters to the extent the Company possesses the same or can acquire it without unreasonable effort or expense. Prospective purchasers should inform themselves as to the legal requirements applicable to them in respect of the acquisition, holding and disposition of the LMWR Tokens upon their delivery, and as to the income and other tax consequences to them of such acquisition, holding and disposition.

This Private Placement Statement does not constitute an offer to sell, or a solicitation of an offer to buy, an interest in any jurisdiction in which it is unlawful to make such an offer or solicitation. Neither the United States Securities and Exchange Commission (the “*Commission*”) nor any other US federal, state or foreign regulatory authority has approved of this Offering.

Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Private Placement Statement, nor is it intended that the foregoing authorities will do so. Any representation to the contrary is a criminal offense.

Prospective purchasers are not to construe this Private Placement Statement as investment, legal, tax, regulatory, financial, accounting, or other advice, and this Private Placement Statement is not intended to provide the sole basis for any evaluation of a purchase of an interest. Prior to purchasing the LMWR Tokens, a prospective purchaser should consult with its own legal, investment, tax, accounting, and other advisors to determine the potential benefits, burdens, and other consequences of such purchase.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Private Placement Statement contains estimates and forward-looking statements. All statements other than statements of historical fact are forward-looking statements. The words “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible,” and similar words are intended to identify estimates and forward-looking statements. Such forward-looking statements, including the intended actions and performance objectives of the Company, the LMWR Tokens, the LimeWire Originals, and the LimeWire Platform (as defined herein), are based largely on current expectations and projections about future events and trends.

These forward-looking statements are subject to a number of known and unknown risks, uncertainties, assumptions, and other important factors, including those described under “*Risk Factors*,” that could cause the actual results, performance, or achievements of the Company, the LMWR Tokens, LimeWire Originals, and the LimeWire Platform to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements.

Moreover, new risk factors and uncertainties emerge from time to time, and it is not possible to predict all risk factors and uncertainties, nor is it possible to assess the impact of all these risk factors or the extent to which any risk factor, or combination of risk factors, may cause actual results to differ materially from those contained in any forward-looking statements.

All forward-looking statements in this Private Placement Statement speak only as of the date hereof. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

## OVERVIEW

*This overview highlights certain information appearing elsewhere in this Private Placement Statement. As this is an overview, you should read the entire Private Placement Statement carefully, including the information under “Risk Factors”. This Private Placement Statement includes forward-looking statements that involve risks and uncertainties. See “Special Note Regarding Forward-Looking Statements.” Unless the context requires otherwise, in this Private Placement Statement, the terms the “Company,” “we,” “us” and “our” refer to LMWR Technology OÜ, an Estonian private company limited by shares. All dollar (\$) amounts set forth herein refer to United States dollars.*

### Overview

The new LimeWire, initially relaunched in mid-2022 as a marketplace to buy, sell and trade digital collectibles, has now evolved into a fully-fledged membership platform that enables creators, artists, and brands to create gated, membership-based communities, allowing them to connect with their most loyal fans and followers.

The LimeWire Platform is already live, and the website is fully functional. The Platform uses the Algorand chain for most of its functionality and NFTs; though the LimeWire Originals and the LMWR tokens are Ethereum-based.

The LimeWire membership platform, *LimeWire Subscriptions*, allows content creators to build communities centered around a members-only content-feed that enables them to distribute exclusive video, audio, photo, and text-based content to their community of subscribers. Access to a creator’s community can not only be based on a monthly or yearly subscription fee, but can also be token-gated based on NFT or Token ownership, allowing Web3 brands to create communities around their products.

Fans are able to subscribe to their favorite content creators, artists and brands on LimeWire to get access to and own exclusive content, start direct messaging threads with creators, purchase limited paid content drops directly through the newsfeed, and communicate with other members within the creator’s community.

LimeWire also offers support for free subscriptions and free trials, allowing a quick onboarding of a large number of users to enable later monetization of a creator’s community through paid drops & posts in their community feeds.

### Ownership via Blockchain Technology

The new LimeWire subscription platform will be utilizing blockchain and NFT technology to make each piece of exclusive content on the LimeWire platform ownable and tradeable. This means that subscribers cannot only see their favorite creator’s content, but they also own a digital collectible of every photo, video, audio, and text post that the content creator publishes while they are a subscriber.

Fans will have access to an on-platform library that contains all the pieces of content that they have received from their creator subscriptions and will in turn be able to offer these assets for sale to other users of the LimeWire platform as well as on third-party marketplaces.

The LimeWire ownership-layer is currently based on the Algorand Blockchain, selected as one of the most scalable and environmentally friendly chains. Throughout 2023, we will implement the support of additional blockchains, allowing creators to choose which blockchain their assets will be based on and enabling projects from various blockchain ecosystems to onboard their communities.

### Pay-per-View (PPV) System

With PPV, non-subscribers of content creators will be able to view content that would otherwise only be available for paying subscribers in exchange for a one-time PPV fee. After deduction of the creator’s royalty, the generated revenues will be distributed (via LimeWire tokens) across paying subscribers of the creator who have an ownership share in the content piece that is viewed: the ‘Pay-per-View royalty distribution’ system. These royalties are not distributed generally to LMWR Token holders.

### LMWR Rewards

A benefit scheme will exist to incentivize users to hold the LMWR token on the platform by earning a fixed percentage reward for being an active member of the community.

## **LimeWire Originals and LimeWire Pro**

Purchasing LMWR tokens in this Offering will not entitle tokenholders to a LimeWire Original. However, holding enough tokens will make a LimeWire user eligible for LimeWire Pro or LimeWire Advanced (described below). In order to obtain LimeWire Pro from holding LMWR tokens, a user needs to maintain a balance of 50,000 LMWR tokens. Similarly, maintaining a balance of 15,000 LMWR tokens will entitle a user to LimeWire Advanced. More information about the LimeWire Originals and various loyalty tiers and their benefits are included below.

LimeWire Originals are a collection of 10k digital collectible avatars on the Ethereum blockchain. The first drop of 1k Originals generated over \$700k in primary sale revenue. Owning a LimeWire Original offers several benefits, including membership for LimeWire Pro, which is otherwise only availability via a paid monthly subscription or by holding a minimum level of LimeWire Tokens. Pro comes with a long list of benefits, including a “Pro” badge next to your username, making your comments appear on top of the comment section of a content post and moving your direct messages to your favorite creators right to the top of their inboxes. All holders of a LimeWire Original will also be eligible for a one-time LimeWire Token Reward for every Original they own.

Holders of LimeWire Originals also receive +1 access to physical events hosted by LimeWire all over the world. In 2022, holders enjoyed free access to private LimeWire events in New York and Ibiza, the Decentraland Metaverse Music Festival, as well as VIP entry to Ibiza superclubs for the whole summer season in partnership with Ushuaia and Hi.

Holders of Originals will also gain access to the LimeWire Originals Community Feed, which is the most exclusive subscriber community on the platform. These NFTs will be posted in the LimeWire Originals feed on a monthly basis, featuring content such as unreleased songs, exclusive video interviews, behind the scenes content, raffles for inperson experiences, and more. Alongside these music and content NFTs, we will post exclusive content and perks in the channel to reward our Originals members. Perks include invites to in-person events, discounts on merch, joint NFT drops from LimeWire partners, among others.

## **LMWR Functionality**

The Company has deployed a smart contract system (the “Smart Contract System”) on the Ethereum blockchain for the purposes of creating LMWR and issuing such LMWR to the Contributor’s Ethereum wallet.<sup>1</sup> LMWR is based on the ERC-20 token standard and is intended to have the utility set out in the LimeWire Whitepaper.

LMWR tokens will play three key functions: (i) Loyalty Tiers & Benefits, (ii) Payment & Rewards, (iii) Governance & Decentralization.

### *Loyalty Tiers*

Users will be classified into one of three loyalty tiers, depending on how many LMWR Token they hold on the LimeWire Platform. Every tier unlocks a certain level of rewards and benefits, including LimeWire Token rewards, community voting rights and access to exclusive NFT drops.

Holding just one token enters a holder into the first category (enabling initial 8% Annual Percentage Rate (APR) in rewards and limited community voting rights).

The second category LimeWire Advanced requires 15k tokens (raising initial APR to 12% and allowing full community voting rights and early access to exclusive merch drops).

The third category LimeWire Pro requires 50k tokens (raising initial APR to 15% and adding invitations to exclusive LimeWire parties and access to exclusive Pro community feed). The third category can also be attained by holding a LimeWire Original NFT or paying a monthly subscription fee.

The APRs are based on the tokens held on the LimeWire platform. Payout comes from our Community Rewards allocation (15% of the total supply). The initial APRs are subject to change over time.

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<sup>1</sup> See <https://etherscan.io/token/0x628a3b2e302c7e896acc432d2d0dd22b6cb9bc88> (Tokens have already been minted.).

## *Other Uses*

LMWR will be the main token for payment on the LimeWire platform, triggering a discount on subscriptions, tipping creators, sending direct messages to creators, and accessing paid posts. Creators can also choose to receive earnings in LMWR, which offers a lower platform revenue share compared to receiving earnings in USD.

To incentivize user activity on the LimeWire platform, a rewards system will give back LMWR tokens to active users and content creators for their legitimate and regular activity on the platform. This may include rewards for the most active creators, rewards for users actively commenting, and incentives for reporting prohibited content. There may also be rewards for users that externally share content to onboard new users onto the LimeWire platform.

Holders of the LimeWire Token will have the ability to actively vote on both product-development related decisions, content creation, deciding which artists to feature are on the platform, and participating in decisions of the LimeWire Foundation - such as which upcoming creators to support with the Foundation's artist fund (which has initially been endowed with 130,000,000 LMWR Tokens to incentivize and support artists in using the LimeWire Platform)..

Following the implementation of the Pay-per-View feature, the one-off access fees paid by nonsubscribers for unique content pieces will be accumulated and redistributed in LimeWire Tokens across all subscribers who hold that content as an NFT. This process can create a steady, supporting flow of LimeWire Tokens and an automatic buy-back mechanism if the platform is successful and nonsubscribers end up using LMWR Tokens for Pay-per-View.

## **LMWR Foundation**

The LimeWire Foundation is a platform feature that oversees the LimeWire Token's Ecosystem Fund and Treasury allocations, and it embodies an important part of decentralization for the new LimeWire. The Foundation is responsible for paying out LMWR Rewards, distributing LimeWire Token grants to upcoming artists and investing LMWR back into the ecosystem for the growth of the project; all dictated by the voice of our community. A key role of the Foundation is to redistribute Pay-per-View earnings, since subscribers will receive their payout in LimeWire Tokens: each month the LimeWire Foundation will total the Pay-Per-View revenue generated on the LimeWire platform, buy-back that amount of LimeWire Tokens from the market, and distribute it to subscribers who have earned from the content pieces they have an ownership interest in. Our vision is to give power back to the people, so many of the decisions the Foundation makes will be opened up to the community who can use their LimeWire Tokens to vote. This means every LMWR holder is automatically part of the Foundation and decision-making process of LimeWire.

## **Relationship with P2P LimeWire from 2000**

The Company has no relationship with the peer-to-peer file sharing platform originally known as LimeWire, which was founded in the year 2000. All the intellectual property related to LimeWire platform is with LimeWire GmbH. LimeWire GmbH purchased the domain from a former employee of the original LimeWire and the social media accounts from other private individuals. The trademarks have been re-registered, as they ran out after a couple of years.

## **Offering Details**

For purposes of this agreement, the Company will define the date of completed reconciliation and processing of all the underlying Token Purchase Agreements ("**TPAs**") for the LMWR Tokens as the "**TPA Date**." To avoid any ambiguity, the TPA Date will be the date which the final TPA is fully processed across all Phases (defined herein).

The Company plans to deliver LMWR Tokens after the "**Milestone**," defined as the meeting of all of the following conditions, as determined by the Seller in its sole discretion: (i) the Tokens are minted and issued by the Seller; (ii) the issuance of the Tokens has been communicated to the public; and (iii) the LimeWire Platform's network technically enables the transfer of the Tokens to the Designated Wallet. A "**Dissolution Event**" means (i) a voluntary termination of operations of the Company on a permanent basis; (ii) a general assignment for the benefit of the Company's creditors; or (iii) any other liquidation, dissolution or winding up of the Company (excluding a liquidity event), whether voluntary or involuntary.

If the Company does not achieve the Milestone within 30 days of (i) the second anniversary of the TPA Date or (ii) a Dissolution Event, (the "**Deadline Date**"), the Company will repay Purchasers the full amount paid pursuant to this Private Placement Statement (the "**Purchase Amount**"), due and payable to such Purchasers immediately prior to, or on, the

Deadline Date, to the extent funds are lawfully available at that time. If there is an insufficient amount of capital available to refund Purchasers on the Deadline Date, the Company will repay Purchasers with equal priority and on a pro rata basis based on the relative value of their respective Purchase Amount on the date of receipt by the Company of such Purchase Amount.

### **Terms of Offering**

In connection with this Offering, the Company is offering you and certain other prospective purchasers the opportunity to purchase LMWR Tokens on the terms and conditions set forth under “*Terms of the Offering*.” This Offering is made only to non-US Persons (as defined under the Securities Act) via the Token Sale Website at <https://republic.co/limewire>. The Company may terminate such sales at any time prior to the sale of any and all LimeWire Tokens in its sole discretion.

The maximum aggregate amount of tokens sold in this Regulation D Offering is \$4,000,000.

The Terms of this Offering, including the applicable Lockups, are set forth under the section titled “*Terms of the Offering*”.

### **Concurrent Offerings**

There is a concurrent Regulation S Offering on the Republic website with a maximum aggregate amount of \$6,000,000. Tokens in that Offering are being sold according to two different lockup schedules:

S1: \$0.30 per LMWR token with no lockup (total of 12M such tokens being offered for sale)

S2: \$0.20 per LMWR token with a 6-month lockup and linear vesting over the following 6 months. (total of 12M such tokens being offered for sale)

There is also a Regulation S Offering on the Bit2Me platform with the same offering terms as the Republic Regulation S Offering for the two different lockup schedules and pricing (except the pricing is in Euros rather than US Dollars). The maximum aggregate amount to be sold in the Bit2Me offering will be 4M tokens.

Additionally, LimeWire will be conducting a Regulation S sale directly on its website for non-US purchasers with a maximum aggregate amount sold of \$10M.

### **Prior Offerings**

In April 2022, there were \$10.4M tokens acquired, led by Kraken Ventures, Arrington Capital, and GSR, with other participants including Crypto.com Capital, CMCC Global, Hivemind, Hard Yaka, Red Beard Ventures, FiveT Fintech, DeepTech Ventures, SwissBorg Ventures, 720Mau5, and DAO Jones. This sale was divided into a strategic round and private sale. The strategic round was \$3.2M, featuring 80M LMWR at \$0.04 per token, and a private sale was \$7.4M consisting of 120M LMWR at \$0.06 per token. Both token classes have a 12-month lockup with a linear 12-month release schedule.

In February 2023, 2.5M LMWR were sold in a community pre-sale at \$0.16 per token with no lockup and a 3-month linear release schedule.

### **Token Distribution**

A total supply of 1,000,000,000 LMWR exists.

### **Distribution Schedule**

The distribution schedule for the LMWR Tokens is described below.

- **Team:** A total of 180,000,000 LMWR Tokens will be issued to employees of the Company. These LMWR Tokens will be released linearly over 24 months after a 12-month lockup from the time of issuance.

- **Advisors**: A total of 40,000,000 LMWR Tokens will be issued to advisors of the Company. These LMWR Tokens will be released linearly over 12 months after a 12-month lockup from the time of issuance.
- **Liquidity**: A total of 50,000,000 LMWR Tokens will be issued for initial liquidity so market makers can provide liquidity on exchanges.
- **Strategic Round**: A total of 80,000,000 LMWR Tokens were sold in the strategic round. These LMWR Tokens will be released linearly over 12 months after a 12-month lockup from the time of issuance.
- **Private Sale**: A total of 120,000,000 LMWR Tokens were sold in a private sale round. These LMWR Tokens will be released linearly over 12 months after a 12-month lockup from the time of issuance.
- **Public Sale**: A total of 100,000,000 LMWR Tokens will be sold in the public sale, which contains this Offering. These LMWR Tokens will feature various token unlocking schedules.
- **Treasury**: A total of 150,000,000 LMWR Tokens will be reserved as part of the Treasury. These LMWR Tokens will be released linearly over 24 months after a 12-month lockup from the time of issuance.
- **Community Rewards**: A total of 150,000,000 LMWR Tokens will be reserved for Community Rewards. These LMWR Tokens will be released linearly over 48 months.
- **Artist Fund**: A total of 130,000,000 LMWR Tokens will be reserved as part of the Artist Fund. These LMWR Tokens will be released linearly over 24 months.

## TERMS OF THE OFFERING

The summary below describes the principal terms of the LMWR Tokens and the Offering. Certain of the terms and conditions described below are subject to important limitations and exceptions. Prospective purchasers should review the entirety of the documents to be entered into in connection with the Offering. The summary below is qualified in its entirety by reference to the actual text of the form of the applicable Offering Documents.

<i>Seller:</i>	LMWR Technology OÜ, an Estonian private shares company.
<i>LimeWire Tokens:</i>	The maximum amount of LMWR Tokens to be sold in the Regulation D Offering is 25M tokens, or \$4,000,000.
<i>Purchaser Qualifications:</i>	Each Purchaser must be an “Accredited Investor” as defined under Rule 501 of Regulation D under the Securities Act.
<i>Period of Offering:</i>	May 1, 2023 at 12:00 UTC (8am EDT) through May 11, 2023 at approximately 12:00 UTC (the “ <b>Offering Period</b> ”). The Company reserves the right to reject any payments not made within the Offering Period. The Offering Period may be extended or shortened by the Company in its sole discretion, by providing notice through a supplement to this Private Placement Statement or announcement on the relevant offering page.
<i>Fulfillment Price:</i>	Participants may purchase LMWR Tokens at a price of \$0.16 per LMWR token that will unlock after 12 months.
<i>Lockup and Transfer Restrictions:</i>	<p>Purchasers may not Transfer any underlying LMWR Tokens (“Restricted Interests”), or any options to acquire any LMWR Tokens, or any instruments convertible into, exchangeable for, or that represent the right to receive Restricted Interests, whether now or hereinafter acquired by the Purchaser, unless such Transfer is in accordance with the release schedule set according to the Lock-Up and Transfer Restrictions in the table set out above (collectively, the “Lock-up Restrictions”).</p> <p>Any cliffs and vesting periods will be enforced by smart contract, which will send LMWR tokens to the Purchasers’ wallet upon their periodic vesting.</p>
<i>Purchase Limits:</i>	<p>Throughout the Offering Period, the minimum purchase amount will be (i) \$250 for individuals and (ii) \$5,000 for entities.</p> <p>The maximum purchase amount will be \$200,000.</p> <p>Such amounts may be modified by the Company in its sole discretion.</p> <p>A token processing fee of \$10 will apply to each TPA.</p>

<p><i>Means of Purchase:</i></p>	<p>Purchasers must access the token sale website at <a href="https://republic.co/limewire">https://republic.co/limewire</a> (the “<b>Token Sale Website</b>”) and be subject to the offering documents as set forth therein (the “<b>Offering Documents</b>”).</p>
<p><i>Form of Payment for LimeWire Tokens:</i></p>	<p>The Purchase Amount can be paid in US dollars (via wire or credit card) or USD Coin (USDC). The US dollar exchange rate for any cryptocurrencies used for the Purchase Amount shall be determined as set forth in Section 2 of the TPA. Purchases through Stripe will incur a total fee of approximately 2.7%-3.8% plus an additional \$0.36 per transaction. These total expenses for Stripe will ultimately be borne by the Company. Wire fees are different depending on the institution and are the responsibility of the investor. It can range from \$25-\$75+ per transaction.</p> <p>Cash received in connection with the Purchase Amount will be directly transferred to the Company. Purchasers in the offering will not have the right to revoke their purchase at any time. If a purchase is rejected for any reason, it will be refunded without interest or deduction save any applicable fees. Purchasers will follow instructions for completing payment when making their investment via the Offering Platform that is operated by ODB for the benefit of the offering.</p> <p>Cryptocurrencies and digital assets received in connection with purchases pursuant to this Offering are directed to an account maintained by the Company.</p> <p>If a purchase is rejected for any reason, and if payment was made in the specifically approved cryptocurrency or digital asset, a refund of the purchase price will be made in USDC, and such refunds will be based upon the USD-denominated value of the Purchase Amount only, regardless of the type and amount of the approved cryptocurrency or digital assets paid, or any volatility in their prices, and subject to certain fees (i.e. the amount of cryptocurrency originally sent may vary from the amount of cryptocurrency refunded due to exchange rate variations). Gas fees or miner fees for refunds will be deducted from the amount of the refund sent. Purchasers in the Offering will not have the right to revoke their subscription at any time. Gas costs and miner fees paid in the original subscription will not be refunded.</p>
<p><i>Documentation:</i></p>	<p>In order to complete the closing process in this Offering, each Purchaser will be required to complete such documentation as may be requested by ODB on behalf of the Company, which may include, without limitation: (1) the acceptance and delivery of a token purchase agreement; (2) completion of purchaser qualification requirements (status as an Accredited Investor under Regulation D and KYC/AML or KYB (if applicable) screening requirements; and (3) confirmation by ODB or the Company of receipt of funds (collectively, the “<b>Closing Requirements</b>”).</p> <p>The proceeds of this Offering will be disbursed to the Company intermittently throughout the closing process, provided that all applicable Closing Requirements associated with such proceeds</p>

	must be satisfied prior to disbursement.
<i>Use of Proceeds:</i>	The Company intends to use a significant portion of the proceeds from this Offering to develop and promote the LimeWire Platform. See “ <i>Use of Proceeds.</i> ”

## RISK FACTORS

*A purchase of the LimeWire Tokens involves a high degree of risk. You should consider carefully the risks described below, together with all the other information contained in this Private Placement Statement and the Offering Documents, before making a purchase decision. The following risks entail circumstances under which the LimeWire Tokens, the LimeWire Platform and their related operations and prospects could suffer. They may also be harmed by additional risks and uncertainties not currently known or that we currently do not believe to be material.*

UNLESS EXPRESSLY SET OUT HEREIN, THE COMPANY SPECIFICALLY DOES NOT REPRESENT AND WARRANT AND EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION MATERIALS, THE LMWR TOKENS, EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, OR AS TO THE WORKMANSHIP OR TECHNICAL CODING THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT. THE COMPANY DOES NOT REPRESENT OR WARRANT THAT LMWR TOKENS ARE RELIABLE, CURRENT OR ERROR-FREE, MEET YOUR REQUIREMENTS, OR THAT DEFECTS IN THE LMWR TOKENS WILL BE CORRECTED. THE COMPANY CANNOT AND DOES NOT REPRESENT OR WARRANT THAT LMWR TOKENS OR THE DELIVERY MECHANISM FOR THE LMWR TOKENS IS FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS

### ***The LimeWire Platform may not continue to be successfully developed.***

Despite the LimeWire Platform already having been launched, it may not succeed in the long term. Changes to the specifications of the LimeWire Platform may be necessary for any number of reasons, and the LimeWire Platform may be developed in a way that does not realize those specifications and may cease to be able to integrate with a functioning blockchain network. It is possible that the LimeWire Platform may never gain traction and that there may never be any LimeWire Token fees generated from use of the Platform. The LimeWire Platform, even if successfully maintained, may not meet expectations. Furthermore, despite good faith efforts to support and develop the LimeWire Platform, it is still possible that the LimeWire Platform will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the LMWR Token. If the LimeWire Platform is not successfully developed, the LimeWire Token Fees may not be delivered, the LimeWire Token may lose all its value, and Purchasers may lose all of their Total Purchase Price.

### ***We have a limited operating history.***

The Company has a limited operating history. The Platform has launched but the LMWR token has not yet been fully integrated into the Platform. There is no assurance that any of the Company's proposed activities and business plans as set forth in the Company's white paper (the "*Whitepaper*")<sup>2</sup> will succeed.

### ***Risks Associated with the Structure of Token Purchase Agreements***

An investment in a TPA involves a significant amount of risk and is suitable only for sophisticated Purchasers: (i) of substantial means who have no immediate need for liquidity in the amount invested; (ii) for whom such investment does not constitute a complete investment program; (iii) that fully understand, and are willing to assume and have the financial resources necessary to withstand, the risks involved in investing in a TPA; and (iv) that can bear the potential loss of all of their investment in a TPA. There is no assurance as to whether an investment in a TPA will be profitable. Any Investment made in a TPA may result in a loss of all or part of a Purchaser's Investment. The Token Purchase Agreement or a portion thereof may be modified, waived, or amended without your consent consistent with its terms.

### ***The LimeWire Platform may not be able to compete effectively with other platforms.***

The market developing for creative content platforms in blockchain may become competitive and is rapidly evolving. Currently, there may be other attempts to develop similar platforms, and many more new attempts may emerge.

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<sup>2</sup> The Company's documentation and Whitepaper for the LimeWire Platform can be found on the LimeWire Website at the following link: <http://limewire.com>

Competitors to the LimeWire Platform may have substantial competitive advantages, such as in speed, security, scalability, longer operating histories, greater financial and other resources, stronger name recognition, larger network of testnet users and developers, greater market acceptance among developers, as well as pre-existing relationships with developers. Any of these events could negatively impact the development and viability of the LimeWire Platform and harm the value of the LimeWire Tokens.

There have also been many similar creative content technology solutions developed and released by large technology companies and additional solutions may be offered by them as well as by new entrants in the future. The LimeWire Platform may not keep up with these alternative technologies, which could negatively impact the project and the LimeWire Token.

***The LimeWire Platform may be unable to attract and retain users.***

The growth and success of the LimeWire Platform depends critically on its widespread adoption by content creators, which depends on many factors, including the number and quality of the app's features, speed, usability, security, scalability, competitiveness versus other competitor platforms, and overall market acceptance. The Company, the LimeWire Platform, and the LimeWire Token can also be the subject of negative commentary in the news media, website postings, social media, and other non-traditional media, all of which may result in reduced growth and adoption of the LimeWire Platform and negatively affect the value of the LimeWire Token.

***The LimeWire Platform is dependent on validators and computer networks for its operations.***

Even if the LimeWire Platform becomes operational, the functionality of blockchains underlying it will depend on validators, computer networks and their continued operations, all of which are outside of the control of the Company and even the developers of the blockchains the LimeWire Platform will employ. If such validators fail to maintain their operations on blockchains using the LimeWire Platform, as expected, it could have a material adverse impact on the value of the LimeWire Tokens.

***Real or perceived errors, failures, or bugs in the LimeWire Platform, or in the software or systems of third-party developers utilizing the LimeWire Platform, could adversely affect the LimeWire Platform and the value of the LimeWire Tokens.***

Real or perceived errors, failures, vulnerabilities, or bugs in the LimeWire Platform, or in the software or systems of third-party developers utilizing the LimeWire Platform, could harm the LimeWire Platform and the LimeWire Tokens. Errors, failures, vulnerabilities, or bugs may occur and may cause errors or failures of applications or products, computing and storage environment of the LimeWire Platform. Any such errors, failures, vulnerabilities, or bugs may not be found until after the Token Release Date or after updates are deployed by developers or data has been deployed on a network using the LimeWire Platform, which could result in negative publicity, loss of data, failure of applications, loss of or delay in market adoption, a decrease in user and developer satisfaction or adoption, loss of competitive position, or claims from third parties. Neither we nor the LimeWire Platform community may be able to promptly resolve these problems, if at all. Any of these incidents could materially and adversely harm the LimeWire Platform and the LimeWire Tokens.

***The LMWR Tokens have no market, liquidity or performance history.***

The LMWR Tokens have no market, liquidity, or performance history. As such, they should be evaluated on the basis that the Company or any third party's assessment of the prospects of the LimeWire Token or the LimeWire Platform may not prove accurate, and that the Company, the LimeWire Token, and the LimeWire Platform may not achieve their objectives, including the use and adoption of the LimeWire Platform and their associated blockchain applications.

***The tax treatment of acquiring, holding, and where permitted, selling, exchanging, or otherwise disposing of the LimeWire Tokens is uncertain, and there may be adverse tax consequences for Purchasers upon certain future events.***

The tax treatment of acquiring, holding, and where permitted, selling, exchanging, or otherwise disposing of the LMWR Tokens is uncertain, and each Purchaser must seek its own tax advice in connection with a purchase of the LMWR Tokens as described herein. The Company has not requested a ruling from any tax authority regarding the tax treatment of the LMWR Tokens. Acquiring, holding, and where permitted, selling, exchanging, or otherwise disposing of the LMWR Tokens may result in adverse tax consequences to Purchasers, including liability for withholding taxes and income taxes and responsibility for complying with certain tax reporting requirements. Each Purchaser should consult with and must

rely upon the advice of its own tax advisors with respect to the tax treatment of acquiring, holding, selling, exchanging, or otherwise disposing of the LMWR Tokens.

***The LimeWire Platform and/or the Ethereum Network may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code, which may result in security breaches and the loss or theft of LMWR Tokens. If the LimeWire Platform or the Ethereum Network's security is compromised or if the protocol is subjected to attacks that frustrate or thwart access to and use of the LimeWire Tokens, developers may cut back on or stop using the LimeWire Platform altogether, which could seriously curtail the utilization of the LimeWire Tokens and cause a decline in the market price of the LMWR Tokens.***

The LimeWire Platform, and the networks, applications and other interfaces which will utilize it, as well as applications built upon the networks that will utilize it, are still in the early stages and are unproven, and there can be no assurances that the operation of the LimeWire Platform will be uninterrupted or fully secure which may result in a complete loss of the LimeWire Tokens, or an unwillingness of content creators to access, adopt and utilize the LimeWire Platform. Additionally, if the underlying Ethereum blockchain or network is subject to unknown and known security attacks (such as double-spend attacks or other malicious attacks), this may materially and adversely affect the LimeWire Platform's reputation, even though the Company is not responsible for the attacked network. In any such event, if the LimeWire Platform is not widely adopted, if the LimeWire Platform does not reach a sufficient number of users, Purchasers may lose all of their Total Purchase Price.

***Assertions by third parties of infringement or other violation by us of their intellectual property rights could harm our ability to develop the LimeWire Platform and the LimeWire Token.***

Third parties may in the future assert that we have infringed, misappropriated, or otherwise violated their copyrights, patents, and other intellectual property rights, and as we face increasing competition, the possibility of intellectual property infringement claims against us grows. Various laws and regulations govern the copyright and other intellectual property rights associated with the LimeWire Platform. Existing laws and regulations are evolving and subject to different interpretations, and various legislative or regulatory bodies may expand current or enact new laws or regulations. We cannot assure you that we are not infringing or violating any third-party intellectual property rights, or that we will not do so in the future. In addition, internet and technology companies are frequently subject to litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights. Many companies in these industries, including many of our competitors, have substantially larger patent and intellectual property portfolios than we do, which could make us a target for litigation as we may not be able to assert counterclaims against parties that sue us for patent, or other intellectual property infringement. By their nature, content creation platforms feature content protected by intellectual property laws and may be fora for the publication of content that has infringed upon the intellectual property rights of others.

It is difficult to predict whether assertions of third-party intellectual property rights or any infringement or misappropriation claims arising from such assertions will substantially harm our business, operating results, and financial condition. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. Furthermore, an adverse outcome of a dispute may require us to pay significant damages, which may be even greater if we are found to have willfully infringed upon a party's intellectual property; cease exploiting copyrighted content that we have previously had the ability to exploit; cease using solutions that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our solutions; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, content, or materials; indemnify our partners and other third parties; and/or take other actions that may have material effects on our business, operating results, and financial condition.

***Decentralization may result in inadequate governance and the adoption of plans or strategies that destroy the value or usefulness of the LimeWire Platform***

LMWR is designed as a governance token, allowing tokenholders to vote on the direction and initiatives of the LimeWire Platform. It is plausible that the tokenholders vote for business strategies or initiatives that hamper the potential or value of the LimeWire Platform and ultimately render the LMWR Token without any value.

***Risk of Migration to New Blockchain and/or Token***

It is possible that LimeWire may in the future allow or require users of the Platform to migrate their tokens to another blockchain and/or upgrade their token into a new digital asset. LimeWire may choose to do so for numerous reasons, including, without limitation, to address regulatory requirements, due to technological constraints, because of restrictions or failures arising from the existing blockchain, to minimize transaction costs to users, or to enable LimeWire to incorporate new features into the Platform. There can be no assurance that the migration to a new blockchain will be successful or that the token will retain the same features and functionality if the holder chooses not to migrate their Token to the new blockchain.

### **Risks related to blockchain technologies and digital assets**

***The regulatory regime governing the blockchain technologies, cryptocurrencies, coins including the LMWR Tokens and coin or token offerings including the Offering, is uncertain, and new regulations or policies may materially adversely affect the development or operation of the LimeWire Platform and the value of the LMWR Tokens.***

Regulation of coins and tokens (including the LMWR Token), offerings such as this, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges currently is still relatively undeveloped, likely to rapidly evolve, varies significantly among international, federal, state, and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and adoption of the LimeWire Platform. Failure by certain developers using the LimeWire Platform to comply with any laws, rules, and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

As blockchain networks and blockchain assets have grown in popularity and in market size, US federal and state agencies have begun to take interest in, and in some cases regulate, their use and operation.

In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire, North Carolina, and Washington, have amended their state's statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under federal law as well. The Department of the Treasury, the Commission, and the Commodity Futures Trading Commission (the "CFTC"), for example, have published guidance on the treatment of virtual currencies. The Internal Revenue Service (the "IRS") has released guidance treating virtual currency as property that is not currency for US federal income tax purposes, although there is no indication yet whether courts or federal or state regulators will follow this classification. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws.

The regulation of non-currency use of blockchain assets is also uncertain. The CFTC has publicly taken the position that certain blockchain assets are commodities, and the Commission, including Chairman Gary Gensler, has issued several public reports or comments stating federal securities laws require treating some blockchain assets as securities.

Recently, the Commission also won summary judgment in federal court in its case against LBRY, Inc., establishing that its blockchain token LBC was offered as an unregistered security.

To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, the LimeWire Platform and LMWR Tokens may be materially and adversely affected.

Blockchain networks also face an uncertain regulatory landscape in many foreign jurisdictions. In August 2017, Canada issued guidance stating the sale of cryptocurrency may constitute an investment contract in accordance with Canadian law for determining if an investment constitutes a security. In July 2016, the Russian Ministry of Finance indicated that it supports a proposed law that bans cryptocurrencies domestically. Russia has since issued several releases indicating they may begin regulating cryptocurrencies and licensing miners and entities engaging in initial coin offerings. In July 2016, the European Commission released a draft directive that proposed applying counterterrorism and anti-money laundering regulations to virtual currencies, and, in September 2016, the European Banking authority advised the European Commission to institute new regulation specific to virtual currencies, with amendments to existing regulation as a stopgap measure. On September 4, 2017, China issued a guidance prohibiting the practice of using cryptocurrency for capital fundraising. Additional reports have surfaced that China is considering regulating cryptocurrency businesses by enacting a licensing regime. In April 2019, China's National Development Reform Commission listed crypto-mining among a variety of industries it intends to eliminate. In September 2017, the Financial Services Commission of South

Korea released a statement that initial coin offerings would be prohibited as a fundraising tool. In December 2018, South Korea's Financial Services Commission stated that six bills related to the regulation of cryptocurrencies had been submitted to the National Assembly. One of the bills would require all persons in charge of a cryptocurrency transfer business to register with the Financial Services Commission. In June 2017, India's government ruled in favor of regulating cryptocurrencies. In April 2018, the Reserve Bank of India issued a statement to all entities regulated by the Reserve Bank, stating that they must cease all activities related to cryptocurrency. In 2018, Australia passed legislation which requires digital currency exchange providers to register with AUSTRAC (the Australian Transaction Reports and Analysis Centre). Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect the LimeWire Platform, including deeming that LMWR Tokens constitute securities under the laws of such jurisdiction, or that the use of LMWR Tokens violates applicable law. Such laws, regulations or directives may conflict with each other and may directly, negatively, and materially impact the LimeWire Platform. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of the LimeWire Platform.

***As blockchain networks and blockchain assets have grown in popularity and in market size, US federal and state agencies have begun to take interest in, and in some cases regulate, their use and operation.***

In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire, North Carolina, and Washington, have amended their state's statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under federal law as well. The Department of the Treasury, the Commission, and the Commodity Futures Trading Commission (the "*CFTC*"), for example, have published guidance on the treatment of virtual currencies<sup>3</sup>. The Internal Revenue Service (the "*IRS*") has released guidance treating virtual currency as property that is not currency for US federal income tax purposes, although there is no indication yet whether courts or federal or state regulators will follow this classification<sup>4</sup>. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws.

The regulation of non-currency use of blockchain assets is also uncertain. The CFTC has publicly taken the position that certain blockchain assets are commodities, and the Commission, including Chairman Gary Gensler, has issued several public reports or comments stating federal securities laws require treating some blockchain assets as securities.<sup>5</sup> To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, the LimeWire Platform and LimeWire Tokens may be materially and adversely affected.

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<sup>3</sup> *A Virtual Primer on Virtual Currencies*, CFTC (Oct. 17, 2017), [http://www.cftc.gov/idc/groups/public/documents/file/labcftc\\_primercurrencies100417.pdf](http://www.cftc.gov/idc/groups/public/documents/file/labcftc_primercurrencies100417.pdf).

<sup>4</sup> I.R.S. Notice 2014-21, 2014-16 I.R.B. 938 (Apr. 14, 2014).

<sup>5</sup> *A Virtual Primer on Virtual Currencies*, CFTC (Oct. 17, 2017), [http://www.cftc.gov/idc/groups/public/documents/file/labcftc\\_primercurrencies100417.pdf](http://www.cftc.gov/idc/groups/public/documents/file/labcftc_primercurrencies100417.pdf).

Bank, stating that they must cease all activities related to cryptocurrency. In 2018, Australia passed legislation which requires digital currency exchange providers to register with AUSTRAC (the Australian Transaction Reports and Analysis Centre). Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect the LimeWire Platform, including deeming that LimeWire Tokens constitute securities under the laws of such jurisdiction, or that the use of LimeWire Tokens violates applicable law. Such laws, regulations or directives may conflict with each other and may directly, negatively and materially impact the LimeWire Platform. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of the LimeWire Platform.

***LimeWire may be deemed a money transmitter under US anti-money laundering laws.***

On May 9, 2019, the US Financial Crimes Enforcement Network (“*FinCEN*”) issued guidance on the application of FinCEN’s regulations to certain business models involving convertible virtual currencies. Pursuant to this guidance, the creator and seller of a convertible virtual currency may, under certain circumstances, be deemed a money transmitter under US anti-money laundering laws and subject to registration with and oversight by FinCEN. In addition, we may be subject to licensure with certain state and foreign regulators. In some cases, it is unclear how certain laws may affect us based on our business model and operations and compliance with these laws may be costly or impractical. If we are unable to comply with and become liable for violations of these laws, or if courts or regulatory bodies provide unfavorable interpretations of existing regulations, we may be subject to civil or criminal penalties, including significant fines or damages, the loss of ability to operate.

***This Issuance of LMWR Tokens or the LimeWire Originals NFT Collection may constitute the issuance of a “security” under US federal securities laws***

On July 25, 2017, the Commission issued a Report of Investigation under Section 21(a) of the Exchange Act describing an SEC investigation of The DAO, a virtual organization, and its use of distributed ledger or blockchain technology to facilitate the offer and sale of DAO ERC-20 Tokens to raise capital. The Commission applied existing US federal securities laws to this new paradigm, determining that DAO ERC-20 Tokens were securities. The Commission stressed that those who offer and sell securities in the United States are required to comply with federal securities laws, regardless of whether those securities are purchased with virtual currencies or distributed with blockchain technology. Further, on December 11, 2017, Commission Chairman Jay Clayton issued a Statement on Cryptocurrencies and Initial Coin Offerings emphasizing that whether a digital asset constitutes a security is a fact-specific inquiry that “depends on the characteristics and use of that particular asset,” and cautioned that the Commission’s Division of Enforcement will continue to police this area vigorously. For instance, on December 11, 2017, a California-based company named Munchee selling digital ERC-20 Tokens to raise capital for its blockchain-based food review service agreed to an order with the Commission to halt its initial coin offering and return all proceeds. Similar enforcement actions continued through 2018, 2019 and 2020 including claims brought against Kik Interactive Inc., Block.one, Telegram Group Inc. and Ripple Labs for their unregistered securities offerings. On April 3, 2019, the SEC’s Fintech Hub issued a “***Framework for Investment Contract Analysis of Digital Assets***” (the “***SEC Framework***”) further delineating various factors considered by the SEC in determining whether any cryptocurrency is a security.

More recently, the Commission has brought actions for the unregistered offer and sale of securities against several companies and individuals, including Sparkster, Ltd. and its CEO (9/19/2022), Dragonchain, Inc. (8/16/2022), and NASGO and its associates (4/28/2022). The Commission also brought insider trading charges against a former Coinbase product manager, and his brother and friend, for perpetuating a scheme to trade ahead of announcements regarding crypto assets that would be made available for trading on Coinbase, specifically alleging that 9 of the 25 tokens traded were securities.

Moreover, the Commission seems to have taken an aggressive stance towards the classification of certain NFT collections, such as the Bored Ape Yacht Club NFTs. As of October 2022, the SEC was investigating Yuga Labs, the creator of the Bored Ape Yacht Club, in examining whether the issuance of NFTs constituted any securities violations.

While the characterization of any cryptocurrency or digital asset as a security is a highly fact-specific analysis, the SEC framework suggests that the SEC is taking a broad view of what constitutes a security under US federal securities laws, and many digital assets are expected to be characterized as securities under this new SEC Framework.

If the LMWR Tokens or the LimeWire Originals NFT collection are deemed to be securities under US federal securities laws, then the Company may be required to register such issuance under the Securities Act. In addition, each purchaser will be required to comply with the Securities Act for all sales, resales, and transfers of the LMWR Tokens and/or

LimeWire Originals. The Company has no contractual obligation to register the LMWR Tokens and/or LimeWire Originals under the Securities Act and do not presently intend to do so. If we decide to pursue such registration of LMWR Tokens and/or LimeWire Originals under the Securities Act, it would result in significant delays in the issuance of the LMWR Tokens, and would require us to incur substantial additional expenses. If in the alternative we do not pursue such registration, or if we abandon the development of the LimeWire Platform, you may lose all or part of your Total Purchase Price.

***The LMWR Tokens contemplated hereby may be subject to registration under the Exchange Act if the Company has assets above \$10 million and more than 2,000 Purchasers participate in such offering.***

Each company with total assets above \$10 million and more than 2,000 holders of record of a class of its equity securities, or 500 holders of record of a class of its equity securities who are not accredited investors, must register that class of equity securities with the Commission under the Exchange Act. The Company may surpass \$10 million in assets by virtue of the LimeWire Tokens held in treasury. While the LMWR Tokens are not intended to constitute equity securities within the meaning of the Exchange Act, there is substantial uncertainty on the application of US securities laws to cryptocurrencies, and there is no guarantee that they (or the LimeWire Originals NFT collection) will not be characterized as such. There is the possibility that the Commission will deem the LMWR Tokens or LimeWire Originals to constitute “equity securities” under the Exchange Act; and in such event, if the sale of LMWR Tokens as described herein surpasses 2,000 Purchasers, or there are more than 2,000 holders of LMWR Tokens after the Token Release Date, then the Company will have to register the LMWR Tokens as described herein with the Commission, which will be a laborious and expensive process. If such registration takes place, it would require us to incur substantial additional expenses, including expenses to comply with the periodic reporting requirements under the Exchange Act. If we do not pursue such registration, or if we abandon the development of the LimeWire Platform, you may lose all or part of your Total Purchase Price.

***There may be occasions when certain individuals involved in the development of the LimeWire Platform may encounter potential conflicts of interest, such that such a person may avoid a loss, or even realize a gain, when other Purchasers are suffering losses.***

There may be occasions when certain individuals involved in the development of the LimeWire Platform or the Company may encounter potential conflicts of interest in connection with the sale of LMWR Tokens described herein, such that such person may avoid a loss, or even realize a gain, when other Purchasers in such sale are suffering losses. Purchasers may also have conflicting investment, tax, and other interests, which may arise from the terms of the Offering Documents, the LimeWire Platform and its code, or other factors. Decisions made by the Company on such matters may be more beneficial for some Purchasers than for others.

***Purchasers may lack information for monitoring their purchases.***

The Purchaser may not be able to obtain all information it would want regarding the Company or the LimeWire Platform on a timely basis or at all. It is possible that the Purchaser may not be aware on a timely basis of material adverse changes that have occurred with respect to certain of its purchases. In addition, the Company is a private entity and is not required to publicly disclose any information about its finances, cash runway, or product development status. Certain information relating to the protocol may not be publicly disclosed or readily available. As a result of these difficulties, as well as other uncertainties, a Purchaser may not have accurate or accessible information about the LimeWire Platform.

***If the LimeWire Platform is unable to satisfy data protection, security, privacy, and other government- and industry-specific requirements, its growth could be harmed.***

There are a number of data protection, security, privacy and other government- and industry-specific requirements, including those that require companies to notify individuals of data security incidents involving certain types of personal data. Security compromises could harm the LimeWire Platform reputation, erode market confidence in the effectiveness of its security measures and reliability of its endorsements, negatively impact its ability to attract new users, or cause users to stop using the LimeWire Platform.

***The further development and acceptance of blockchain networks, including those underlying the LimeWire Platform, which are part of highly competitive and rapidly changing industries, are subject to a variety of factors that are difficult***

***to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have an adverse material effect on the successful development and adoption of the LimeWire Platform.***

The growth and adoption of the blockchain industry, including the LimeWire Platform, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry, as well as blockchain networks, include, without limitation:

- Worldwide growth in the adoption and use of Bitcoin, Ethereum, Algorand and other blockchain technologies;
- Government and quasi-government regulation of Bitcoin, Ethereum, Algorand and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- The maintenance and development of other open-source software protocols such as the Bitcoin, Ethereum and Algorand networks;
- Changes in consumer demographics and public tastes and preferences;
- The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks;
- General economic conditions and the regulatory environment relating to cryptocurrencies; and
- A decline in the popularity or acceptance of Bitcoin, Ethereum, Algorand or other blockchain-based coins and the LimeWire Platform.

The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of the LimeWire Platform and may decrease the value of the of the LMWR Tokens.

***The application of distributed ledger technology is novel and untested and may contain inherent flaws or limitations.***

Blockchain is an emerging technology that offers new capabilities which are not fully proven in use. There are limited examples of the application of distributed ledger technology. In most cases, software used by blockchain asset issuing entities will be in an early development stage and still unproven. As with other novel software products, the computer code underpinning the blockchain networks using the LimeWire Platform may contain errors, or function in unexpected ways. Insufficient testing of smart contract code, as well as the use of external code libraries, may cause the software to break or function incorrectly. Any error or unexpected functionality may cause a decline in value of the LMWR Tokens and result in substantial losses to Purchasers.

***The prices of blockchain assets are extremely volatile. Fluctuations in the price of digital assets could materially and adversely affect our business, and the LMWR Tokens and LimeWire Tokens may also be subject to significant price volatility.***

The prices of blockchain assets such as Bitcoin, Ethereum and other blockchain assets have historically been subject to dramatic fluctuations and are highly volatile, and the market price of the LMWR Tokens may also be highly volatile. Several factors may influence the market price of the LMWR Tokens, including, but not limited to:

- Global blockchain asset supply;
- Global blockchain asset demand, which can be influenced by the growth of retail merchants' and commercial businesses' acceptance of blockchain assets like cryptocurrencies as payment for goods and services, the security of online blockchain asset exchanges and digital wallets that hold blockchain assets, the perception that the use and holding of blockchain assets is safe and secure, and the regulatory restrictions on their use;
- Purchasers' expectations with respect to the rate of inflation;

- Changes in the software, software requirements or hardware requirements underlying the LimeWire Platform;
- Changes to the software, security, cost and adoption of the LimeWire Platform;
- Changes in the rights, obligations, incentives, or rewards for the various participants in the blockchains utilizing the LimeWire Platform;
- Interest rates;
- Currency exchange rates, including the rates at which digital assets may be exchanged for fiat currencies;
- Fiat currency withdrawal and deposit policies of blockchain asset exchanges on which the LMWR Tokens and/or LimeWire Originals may be traded and liquidity on such exchanges;
- Interruptions in service from or failures of any blockchain asset exchanges on which the LMWR Tokens and/or LimeWire Originals may be traded, if any such exchanges exist at all;
- Activities of large purchasers, including private and registered funds, that may directly or indirectly purchase the LimeWire Originals or LMWR Tokens, or other blockchain assets;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures, if any, that affect the use of blockchain assets such as the LMWR Tokens and/or LimeWire Originals;
- The maintenance and development of the LimeWire Platform;
- New technologies and competing products and services;
- Global or regional political, economic or financial events and situations; and
- Expectations among LimeWire Platform or other blockchain asset participants that the value of the LMWR Tokens, LimeWire Originals, or other blockchain assets will soon change.

A decrease in the price of a single blockchain asset may cause volatility in the entire blockchain asset industry and may affect other blockchain assets including the LMWR Tokens and/or LimeWire Originals. For example, a security breach that affects purchaser or user confidence in Bitcoin, Ethereum, or Algorand may affect the industry as a whole and may also cause the price of the LMWR Tokens and other blockchain assets to fluctuate.

***If you lose access to your wallet credentials or someone else accesses them, it may result in total loss of your tokens.***

Any third party that gains access to or learns of your wallet login credentials or private keys may be able to dispose of your LMWR Tokens. To minimize this risk, you should guard against unauthorized access to your electronic devices. Best practices dictate that you safely store private keys in one or more backup locations geographically separated from the working location. In addition, you are responsible for giving us the correct wallet address to which to send your LMWR Tokens. If you give us the incorrect address to which to send your LMWR Tokens, we are not responsible for any loss of LimeWire Tokens that may occur.

### **Risks relating to the LimeWire Platform**

***The blockchain networks utilizing the LimeWire Platform may fail to generate enough value in their tokens to reap meaningful licensing fees.***

Given that the LimeWire Tokens depend upon other blockchain networks, the risks inherent in those blockchain networks failing to generate significant publicity, utility or value for their users and developer community become risks that the LimeWire Platform and LimeWire Token, must also bear. Hundreds of blockchains may use the LimeWire Platform

without any meaningful licensing fees generated, given low value of the native tokens in these blockchain applications. As a consequence, the LimeWire Platform technology could be widely used, and the Company's employees could be busy upgrading and customizing the technology to ensure wide adoption, but the LimeWire Platform itself could still fail to generate meaningful network activity and usage of the LimeWire Tokens.

***The LimeWire Platform has limited operating history.***

Because the LimeWire Platform only recently launched in its current conception, issues may arise from time to time with the LimeWire Platform that affects its security, speed, storage, scalability, security, operations, or cost. Also, the price and supply of LimeWire Tokens may in the future experience sharp fluctuations. If any real or perceived problems or vulnerabilities are identified, or if such volatility continues, the LimeWire Platform may be materially and adversely affected, which may have a further adverse effect on the willingness of parties to utilize the LimeWire Platform and transact using LimeWire Tokens.

***Modifications may be made to the LimeWire Network, Whitepaper, or the LMWR Tokens features and rights.***

The Company reserves the right to continuously modify the Whitepaper and modify the codebase of the LimeWire Platform from time to time in the Company's sole and absolute discretion. Any such changes will be binding on the Purchasers. Following the Token Release Date, some changes to the LimeWire Platform may be determined by an organic decision-making process among members of the community, which the Company does not control. Any such modifications could materially and adversely impact the value of the LMWR Tokens and you could lose all or part of your purchase price.

***A disruption of the Internet or the Ethereum Network would affect the ability to transfer LMWR Tokens.***

Ethereum depends on the Internet. A significant disruption in Internet connectivity could disrupt the Ethereum Network's operations until the disruption is resolved and have an adverse effect on the price of LMWR Tokens which exist on the Ethereum Network alone. In addition, the Ethereum Network may be subjected to a number of denial-of-service attacks in the future, which could lead to delays in block creation and in the transfer of LMWR Tokens and/or LimeWire Originals on the network. Any future attacks that impact the ability to transfer LMWR Tokens and/or LimeWire Originals could have a material adverse effect on the price and supply of LMWR Tokens and/or LimeWire Originals.

***Litigation and third-party claims may adversely affect the development and adoption of the LimeWire Platform.***

From time to time, third parties may assert claims against the Company, its developers and/or its underlying technology. Regardless of the merit of any legal action or claim, any action that reduces confidence in the Company's long-term viability or the ability of individuals to hold and transfer LMWR Tokens may adversely affect the LimeWire Platform. Additionally, a meritorious claim could prevent developers from accessing the most up to date LimeWire Platform code or holding or transferring their LMWR Tokens.

***Planned Public listings of LMWR Tokens could negatively impact their price.***

Following this Offering, the Company plans to list the LMWR token on at least three public exchanges. Such listing could negatively impact the price of LMWR, especially if there is significant selling activity. Lockups may also prevent participants in this Offering from selling their stakes in LMWR while the price is declining.

***Planned public listings of LMWR Tokens may offer the public an opportunity to buy LMWR tokens at lower prices and without a lockup than participants in this Offering.***

Public listings on three exchanges may give users the chance to buy LMWR on those exchanges for a lower price than what participants in this Offering are paying. Additionally, these LMWR tokens may not have lockups associated with them.

***LMWR Tokens may be sold at a lower price or with less restrictive lockup restrictions in future offerings.***

Following this Offering, the Company may distribute additional LMWR Tokens in future offerings, including via bounty programs, partnerships, airdrops and/or additional sales. The price per LMWR Token associated with any such future offerings may be greater or lower than the price herein and any lockup schedules may be more or less restrictive than that offered herein. For instance, the Company may sell or grant additional LMWR Tokens for community incentive and

developer programs with a less restrictive lockup than yours. Any such distribution of LMWR Tokens at a lower price could materially and adversely impact the value of the LMWR Tokens and you could lose all or part of your Total Purchase Price

***Additional sales or distributions of LMWR Tokens could cause the price of LMWR Tokens to drop significantly.***

In addition to the Offering hereunder, the Company has issued or will issue rights to LMWR Tokens to service providers, members of the community and partners. Sales or distributions of a substantial number of LMWR Tokens by any party, or the perception in the market that we or any third parties are selling or distributing a large number of LMWR Tokens, could cause the market price of LMWR Tokens to drop significantly (as adjusted for any token split or combination), and you might lose all or part of your Total Purchase Price.

***Purchasers are responsible for securing and maintaining their private keys and otherwise following cybersecurity best practices. Failure to do so may result in the loss of all the Purchaser's LMWR Tokens.***

The LimeWire Token balances are associated in the Purchaser's respective wallet with the Purchaser's respective token public keys, which is in turn associated with the Purchaser's token private keys. The Purchaser is responsible for knowing its private key and keeping it a secret. Because a private key, or a combination of private keys, is necessary to control and use LMWR Tokens stored in a digital wallet or vault, the loss of one or more of the Purchaser's private keys associated with the Purchaser's digital wallet or vaults storing the LMWR Tokens will result in the loss of the Purchaser's LMWR Tokens. The Company will never ask for the Purchaser's private keys, and the Purchaser should never share any of his private keys with anyone.

The Purchaser is responsible for educating itself on best practices for securely keeping private keys, protecting his personally identifiable information and on cybersecurity best practices. Holders of crypto assets can be targeted by hackers in many ways which are out of our control. Holders' private keys also can be stolen. Any third party that gains access to one or more of the Purchaser's private keys, including by gaining access to login credentials of a hosted wallet service the Purchaser uses, may be able to misappropriate Purchaser's LMWR Tokens. The Company has no control over such attacks and cannot stop hackers from stealing private keys of users. The Company will further accept no liability and will not reimburse the Purchaser for any theft of private keys or any malfunction of wallet software. As a result, any loss of the Purchaser's LMWR Tokens Platform due to such theft or malfunction or unauthorized use of any of his private keys may be final and result in the complete loss of the Purchaser's Total Purchase Price.

## **USE OF PROCEEDS**

We currently have no exact plans for the use of the net proceeds that we receive from this Offering; however, it is our intention to use the funds to further the organic worldwide adoption, development, and use of the LimeWire Platform. Accordingly, we will have broad discretion in using these proceeds. Without limiting the foregoing, we currently intend to use all proceeds from this Offering to promote the use and adoption of the LimeWire Platform, including making grants to third parties to develop the LimeWire Platform, to research, develop and implement additional features and interoperability solutions, to incentivize adoption and developer participation, and promote community building activities. As part of promoting the use and adoption of the LimeWire Platform, a portion of the proceeds will be used to procure various service providers for the provision of engineering, operational, and administrative services for the Company. We also intend to use a portion of the proceeds to work with the LimeWire Platform community and various groups around the world to facilitate the organic growth of the adoption of LimeWire Platform. We also intend to use a portion of the proceeds to work with the LimeWire community and various groups around the world to facilitate the organic growth of the LimeWire Platform. We reserve the right to change our use of proceeds from time to time as determined by the board of directors of the Company in its sole discretion.

## **LIMITATION OF LIABILITY**

To the fullest extent permitted by applicable law (i) in no event will the Company be liable for any indirect, special, incidental, consequential, or exemplary damages of any kind (including, but not limited to, where related to loss of revenue, income or profits, loss of use or data, or damages for business interruption) arising out of or in any way related to this Private Placement Statement, LMWR Tokens, or the LimeWire Tokens, regardless of the form of action, whether based in contract, tort or any other legal or equitable claim (even if the party has been advised of the possibility of such damages and regardless of whether such damages were foreseeable); and (ii) in no event will the liability of the Company, whether in contract, tort or other legal or equitable claim, arising out of or relating to this Private Placement Statement, LMWR Tokens exceed the amount the Purchaser pays to the Company hereunder. The Company shall not be liable or

responsible to the Purchaser, nor be deemed to have defaulted under or breached this Private Placement Statement, for any failure or delay in fulfilling or performing any provision of this Private Placement Statement, including without limitation, and delivering the LMWR Tokens.

## THE COMPANY

LMWR Technology OÜ is an Estonian private limited company. The Company is owned by two Austrian private foundations which each hold 50% stakes in it: the Julian Zehetmayr Private Foundation and the Paul Zehetmayr Private Foundation. These foundations also each own 50% stakes in LimeWire GmbH, an Austrian limited liability company that operates the LimeWire marketplace.

The LimeWire Tokens are the units of value which shall be established in accordance with the Whitepaper by the Company, and no person or entity may otherwise issue units of value in relation to such technology. The Company shall issue LMWR tokens and manage the LMWR token treasury. LimeWire GmbH shall be responsible for maintaining and operating the platform on which the LMWR tokens function. The Tokens do not represent any equitable or debt interest in the Company, nor do they assign any other rights of the Company.

### Employees

The Company itself does not have any full-time employees. There have been certain freelancers who have worked for the Company on a contract basis.

The Austrian operating company LimeWire GmbH employs a team made up of experienced individuals from the crypto, tech, and entertainment industries, numbering about 25 people with offices in Vienna, Austria (HQ), Berlin, Germany and Tallinn, Estonia.

### Board of Directors and Officers

*Officers: The company has no officers; however, Julian Zehetmayr and Paul Zehetmayr serve as officers of the Austrian operating company LimeWire GmbH.*

Julian Zehetmayr, Founder/Co-CEO: Based in Vienna, Austria, Julian has previously founded multiple technology companies including MobFox (acquired by Matomy), apilayer (acquired by Idera), and eversign, one of world's leading e-signature platforms, which was acquired by PDFTron in late 2022.

Paul Zehetmayr, Founder/Co-CEO: Paul has previously founded and exited multiple successful technology companies, including apilayer (acquired by Idera in 2020), eversign (acquired by PDFTron in late 2022), invoicely, as well as ZeroSSL, one of the world's leading providers of SSL certificate technology.

### Directors

Julian Zehetmayr and Paul Zehetmayr serve as the directors of the Company and of the Austrian operating company LimeWire GmbH.

### Non-audited Financial Information of the Company

The Company has limited operating history. It did not have any assets or financial activity in 2021. According to financial statements for 2022 (which have not been audited), the Company's total assets were EUR €9,171,327.80, consisting of €3,892,588.75 in bank balances and €5,278,739.05 in receivables.

	2022-12-31	2021-12-31
<b>Shareholder's Equity and Liabilities</b>	EUR	EUR
A. Shareholder's Equity		
I. Balance Sheet Profit	8,799,205.50	0.00

B. Provisions		
I. Other Provisions	3,513.50	0.00
C. Liabilities		
I. Accounts Payable - Trade	42,499.46	0.00
II. Other Liabilities (thereof taxes)	<u>326,109.34</u>	<u>0.00</u>
	368,608.80	0.00
Total shareholder's equity and liabilities	9,171,327.80	0.00
<b>Balance Sheet</b>	2022-12-31	2021-12-31
	EUR	EUR
I. Accounts receivable and other assets		
1. Accounts receivable - Trade	112,203.14	0.00
2. Other receivables and assets	5,166,535.91	0.00
	5,278,739.05	0.00
II. Bank balances	3,892,588.75	0.00
<b>Total Assets</b>	<b>9,171,327.80</b>	<b>0.00</b>

<b>Income Statement (Jan. 1, 2022 – Dec. 31, 2022)</b>	<b>2022 EUR</b>	<b>2021 EUR</b>
<b>1. Net turnover</b>		
Exports EU	0.00	0.00
Other exports	9,808,558.87	0.00
	<b>9,808,558.87</b>	<b>0.00</b>
<b>2. Personnel expenses</b>		
a) Salaries	<b>76,489.61</b>	<b>0.00</b>
<b>3. Other operating expenses</b>		
Operational costs	300.00	0.00
Rent costs and licence fees	17,249.98	0.00
management costs	1,090,029.96	0.00
Expenditure on advertising	1,637.49	0.00
Legal and consulting expenses	33,344.24	0.00
transaction costs	40,939.68	0.00
Allowance for doubtful accounts receivable	176,220.93	0.00
	<b>1,359,722.28</b>	<b>0.00</b>
<b>4. Subtotal no. 1 to 3 (Operating profit)</b>	<b>8,372,346.98</b>	<b>0.00</b>
<b>5. Other interest and similar income</b>	<b>456,711.30</b>	<b>0.00</b>
<b>6. Interest payable and similar expenses</b>	<b>29,852.78</b>	<b>0.00</b>
<b>7. Subtotal no. 5 to 6 (Financial result)</b>	<b>426,858.52</b>	<b>0.00</b>
<b>8. Earnings before taxes (Total no. 4 and no. 7)</b>	<b>8,799,205.50</b>	<b>0.00</b>
<b>9. Earnings after taxes</b>	<b>8,799,205.50</b>	<b>0.00</b>
<b>10. Net profit for the year</b>	<b>8,799,205.50</b>	<b>0.00</b>
<b>11. Balance sheet profit</b>	<b>8,799,205.50</b>	<b>0.00</b>

## DILUTION

A total supply of 1,000,000,000 LMWR Tokens have already been minted.<sup>6</sup> The release of LimeWire Tokens shall be made in accordance with the Release Schedule described above.

## DESCRIPTION OF LMWR TOKENS

The Company is offering LimeWire Tokens in this Offering at different options described under “Terms of the Offering” above. The LimeWire Tokens are subject to transfer restrictions as set forth above.

The LMWR Tokens do not immediately carry any voting rights with respect to the Company. The Purchaser is not entitled, as a holder of LMWR Tokens or LimeWire Tokens, to vote or receive dividends or be deemed the holder of equity of the Company for any purpose, nor will anything contained herein be construed to confer on the Purchaser, as such, any of the rights of an equity holder of the Company, or any right to vote for the election of board members or upon any matter submitted to board members at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise. The board of directors of the Company exercises all voting power on behalf of the Company.

<sup>6</sup> See <https://etherscan.io/token/0x628a3b2e302c7e896acc432d2d0dd22b6cb9bc88> (token contract).

A total supply of 1,000,000,000 LimeWire Tokens have already been minted on the Ethereum Network. Such LimeWire Tokens will be distributed to major participating groups in the LimeWire Platform based on the percentage allocations set forth above which assume that the offering is fully sold. These groups are critical to the creation, development, growth, and maintenance of the LimeWire Platform. Subject to potential modification, these groups are described in the section “*Overview—Token Distribution*” above

## Purchaser Qualifications

Each Purchaser must satisfy the following requirements. You acknowledge and agree that, in the event the Company determines that you do not meet the Company's requirements for Purchasers hereunder (as determined by the Company in its sole discretion), the Company may immediately and without notice rescind or terminate, as applicable, your purchase, notwithstanding your compliance with the Offering Documents, or that you have delivered the purchase price to the Company.

Only persons of adequate financial means who have no need for present liquidity with respect to this purchase should consider purchasing the LimeWire Tokens offered hereby because: (i) a purchase of the LimeWire Tokens involves a number of significant risks (See "*Risk Factors*"); and (ii) no market for the LimeWire Tokens currently exists. It is uncertain whether a robust public market will ever develop for the LimeWire Tokens. The sale of LimeWire Tokens as described herein is intended to be exempt from registration under the Securities Act and applicable state securities laws.

This Offering is limited solely to Purchasers who are "accredited investors" as defined in Rule 501 of Regulation D under the Securities Act.

For purposes hereof, an "accredited investor," as defined under the Securities Act shall mean any person who comes within any of the following categories, or who we reasonably believe comes within any of the following categories, at the time of the sale of shares of LMWR Tokens to that person:

- (a) any bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the US Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a State, its political subdivisions, or any agency or instrumentality of a State or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- (b) any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
- (c) any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- (d) any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer or general partner of a general partner of that issuer;
- (e) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase, exceeds \$1,000,000;
- (f) any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- (g) any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the Act; and
- (h) any entity in which all of the equity owners are accredited investors.

The Purchaser represents, by completing and signing the Token Purchase Agreement attached hereto that:

- (a) the Purchaser understands that the shares of our common stock represent a speculative, high risk investment, and that he must bear the economic risk of that investment for an indefinite period of time because the shares have not been registered under the Securities Act or applicable state blue sky or securities laws and that the Purchaser therefore cannot sell his shares unless they are subsequently so registered or an exemption from registration is available, and that any transfer will require our approval;
- (b) the Purchaser understands that the Token Purchase Agreement will bear a restrictive legend prohibiting transfers thereof except in compliance with the provisions of this Private Placement Statement and applicable securities laws and will not be transferred of record except in compliance therewith;
- (c) the Purchaser is acquiring the LMWR Tokens solely for his own account and without any intention of reselling or distributing them;
- (d) if the Purchaser is not a natural person, it was not organized or reorganized for the specific purpose of acquiring the shares of the LMWR Tokens;
- (e) we have, during the course of the offering and prior to the sale of the LMWR Tokens, accorded the Purchaser and the Purchaser's representatives, if any, the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and to obtain any additional information, to the extent we or our agent possess such information or could have acquired it without unreasonable effort or expense, necessary to verify the accuracy of the information contained in this statement;
- (f) the Purchaser, alone or in conjunction with his purchaser representative, if any, has substantial knowledge and experience in business and financial matters, and is an experienced and sophisticated investor fully capable of evaluating the risks and merits of the proposed investment in the shares of the LMWR Tokens; and
- (g) considering his business and financial circumstances (including, but not limited to, health problems, unusual family responsibilities and requirements for current income) and all other factors, the prospective investor is able to bear the economic risk of an illiquid investment in the LMWR Tokens, including the risk of loss of the entire amount of the prospective investor's investment.

**You should check the Office of Foreign Assets Control (the "OFAC") website at <http://www.treas.gov/ofac> before making the following representations to the Company:** You represent that the amounts invested by you in this sale of LMWR Tokens as described herein were not and are not directly or indirectly derived from any activities that contravene Federal, state or international laws and regulations, including anti-money laundering laws and regulations. Federal regulations and Executive Orders administered by the OFAC prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. The lists of the OFAC-prohibited countries, territories, individuals, and entities can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, the programs administered by the OFAC (the "**OFAC Programs**") prohibit dealing with individuals<sup>7</sup> or entities in certain countries, regardless of whether such individuals or entities appear on any OFAC list;

- (i) you represent and warrant that none of: (1) you; (2) any person controlling or controlled by you; (3) if you are a privately-held entity, any person having a beneficial interest in you; or (4) any person for whom you are acting as agent or nominee in connection with this purchase is a country, territory, entity or individual named on an OFAC list, or a person or entity prohibited under the OFAC Programs. Please be advised that the Company may not accept any subscription amounts from a prospective Purchaser if such prospective Purchaser cannot make the representation set forth in the preceding sentence. You agree to promptly notify the Company should you become aware of any change in the information set forth in any of these representations. You are advised that, by law, the Company may be obligated to "freeze the account" of any Purchaser, either by prohibiting additional subscriptions from it, declining any redemption requests and/or segregating the assets in the account in compliance with governmental

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<sup>7</sup> These individuals include specially designated nationals, specially designated narcotics traffickers, and other parties subject to OFAC sanctions and embargo programs.

regulations, and that the Company may also be required to report such action and to disclose such Purchaser's identity to the OFAC;

- (ii) you represent and warrant that none of: (1) you; (2) any person controlling or controlled by you; (3) if you are a privately-held entity, any person having a beneficial interest in you; or (4) any person for whom you are acting as agent or nominee in connection with this purchase is a senior foreign political figure<sup>8</sup>, or any immediate family<sup>9</sup> member or close associate<sup>10</sup> of a senior foreign political figure, as such terms are defined in the footnotes below; and
- (iii) if you are affiliated with a non-US banking institution (a "**Foreign Bank**"), or if you receive deposits from, make payments on behalf of, or handle other financial transactions related to a Foreign Bank, you represent and warrant to the Company that: (1) the Foreign Bank has a fixed address, and not solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct its banking activities; and (4) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate.

The Company is entitled to rely upon the accuracy of each of your representations. The Company may, but under no circumstances shall it be obligated to, require additional evidence that a prospective purchaser meets the standards set forth above at any time prior to its acceptance of a prospective purchaser's subscription. You are not obligated to supply any information so requested by the Company, but the Company may reject a subscription from you or any person who fails to supply such information. In addition, if at any time after completion of the sale of the LimeWire Tokens the representations concerning Purchaser's compliance with the OFAC Programs becomes untrue, the Company may be required to take certain actions, including refusal to deliver the LimeWire Tokens after Listing and reporting the transaction(s) to the relevant governmental authorities.

## **ODB**

ODB provides hosting, technical, and operational services for the Offering via the Republic platform. ODB's connection to the offering is solely for the limited purposes of acting as a third-party service provider.

ODB, as a third-party service provider, does not hold any interest in any tokens being offered pursuant to this Offering nor the proceeds resulting from this Offering except any consideration received for services rendered as relating to this Offering.

### *Commission*

ODB will be compensated with a cash commission of 5% for sales up to \$5M in LMWR token sales total across both Offerings and 3% for sales above \$5M. ODB will also be compensated an additional 1.25% commission in LMWR tokens based on the US dollar amounts of LMWR sold in the Offerings.

### *Termination*

In the event the Offering does not close or we decide not to pursue this Offering, we have agreed to reimburse ODB the greater of (a) \$25,000, (b) all out of pocket costs incurred by ODB in enabling the Offering to be listed on the Offering Platform; or (c) a dollar amount equal to a cash commission based upon the dollar value of committed by the total number of Purchaser as established at the time of termination; except that if circumstances beyond the control of the Company

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<sup>8</sup> A "senior foreign political figure" is defined as a senior official in the executive, legislative, administrative, military, or judicial branch of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

<sup>9</sup> "Immediate family" of a senior foreign political figure typically includes such figure's parents, siblings, spouse, children, and in-laws.

<sup>10</sup> A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with such senior foreign political figure and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of such senior foreign political figure.

make a closing impossible, then this fee for termination prior to closing will not apply. Further, in the event of termination by ODB without cause or for cause, the Company must pay a termination fee at the date of termination that is the greater of (a) \$25,000, or (b) the current number of Purchasers as established at the time of termination, multiplied by \$25, provided that no termination fee will be payable in the event termination is for cause due to ODB's uncured breach of the ODB Engagement Agreement. In no event will the Company be required to pay ODB more than one termination fee.

#### *Indemnification and Control*

We have agreed to indemnify ODB against liabilities relating to any investigation, claim or proceeding stemming from the Offering, liabilities arising from breaches of representations and warranties contained in the Engagement Agreement, and to contribute to payments that ODB may be required to make for these liabilities. ODB and its respective affiliates are engaged in various activities, which may include securities, trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. ODB and its respective affiliates may in the future perform various financial advisory and investment banking services for us, for which they will receive customary fees and expenses. The Company agrees to rely on ODB for reconciling all investor purchases in the Offering, including but not limited to verifying purchases and KYC AML of Purchasers. In the event that ODB is unable to reconcile a purchase, ODB will promptly notify the Company of such inability. The Company agrees to refund money actually received by the Company to the Purchaser for the purchase within 10 days of receiving such notice from ODB.

#### *Disclaimer*

ODB has not investigated (nor have any of its affiliates investigated) the desirability or advisability of a purchase in this offering or the securities offered herein. None of ODB or its respective affiliates make any representations, warranties, endorsements, or judgment on the merits of the offering or the Interests offered herein.

#### *Potential Conflicts of Interest*

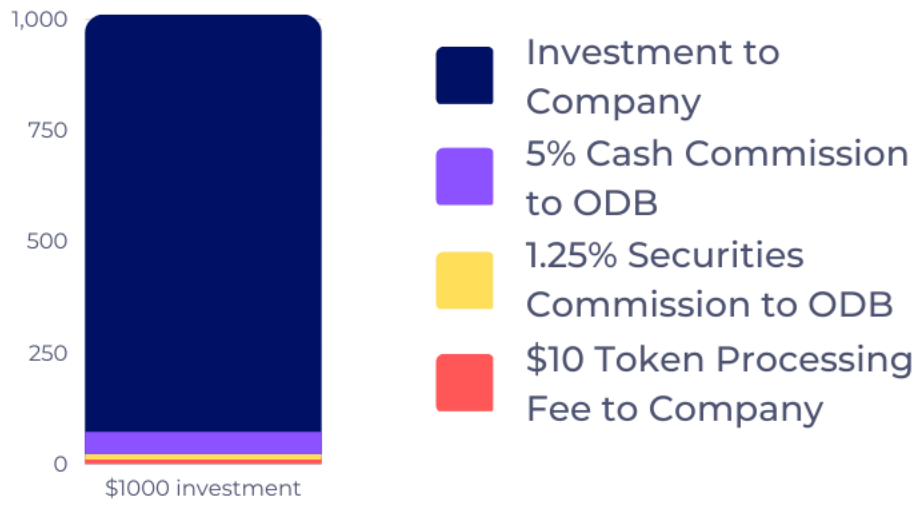
This Memorandum does not purport to identify all conflicts of interest. OpenDeal Broker, from time to time, may enter into other transactions not specifically described in this Memorandum with affiliates, officers, managers, members, employees, agents and representatives.

#### **Insider Participation**

No board member, officer, or employee intends to participate in the public round.

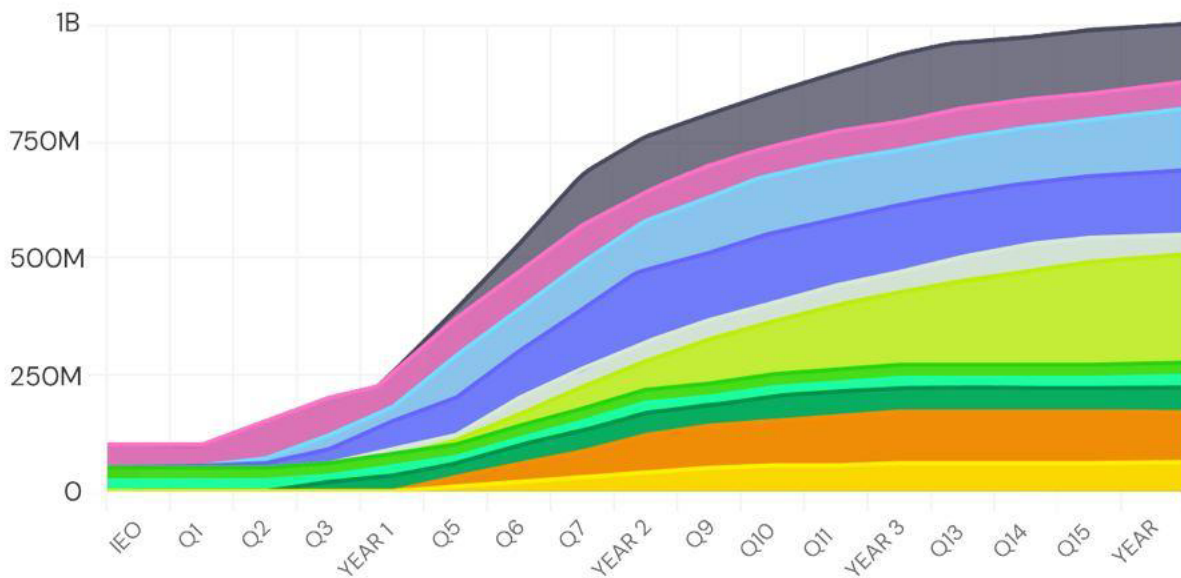
#### **Graphical Representation of Purchase**

A \$1000 purchase of LMWR tokens would result in \$937.50 to the Company. \$50 would be a cash commission to ODB. \$12.50 in LMWR would go to ODB as a securities commission. And a \$10 fee would be levied (in addition to the \$1000 purchase) as a processing fee to Company.



## Graphical Representation of Token Lockup Schedule

### LIMEWIRE TOKEN DISTRIBUTION



	<u>Lockup</u>	<u>Release</u>
<span style="color: yellow;">■</span> <b>Strategic Round</b>	12 months	12 months
<span style="color: orange;">■</span> <b>Private Sale</b>	12 months	12 months
<b>Public Sale</b>		
<span style="color: cyan;">■</span> Community Pre-Sale	none	3 months
<span style="color: darkgreen;">■</span> Option I	6 months	6 months
<span style="color: green;">■</span> Option II	none	–
<span style="color: lightgreen;">■</span> <b>Advisors</b>	12 months	12 months
<span style="color: limegreen;">■</span> <b>Team</b>	12 months	24 months
<b>Ecosystem Fund</b>		
<span style="color: darkgrey;">■</span> Treasury	12 months	24 months
<span style="color: lightblue;">■</span> Community Rewards	none	48 months
<span style="color: blue;">■</span> Artist Fund	none	24 months
<span style="color: pink;">■</span> <b>Liquidity</b>	none	–

## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Set forth below is a brief discussion of certain potential United States (“*US*”) federal income tax consequences relating to the acquisition, ownership, and disposition of LimeWire Tokens pursuant to this offer. This discussion is addressed solely to “foreign persons” (as defined in Section 7701 of the US Internal Revenue Code of 1986, as amended (the “Code”). This summary does not attempt to present all aspects of the United States federal income tax laws or any state, local or foreign laws that may impact a purchase of LimeWire Tokens. In particular, this summary does not discuss US federal income tax considerations that may be applicable to purchasers based on their particular circumstances, including but not limited to purchasers who are “*United States persons*” as defined in the Code, financial institutions, insurance companies, tax-exempt entities (including retirement plans), dealers in securities, traders in securities that have elected a mark-to-market method of accounting for US federal income tax purposes, holders whose functional currency is not the US dollar, purchasers subject to the alternative minimum tax or Medicare contribution tax on net investment income, persons that own the LimeWire Tokens as a position in a hedging transaction, persons that own the LimeWire Tokens as part of a “straddle,” “conversion” or other integrated transaction for tax purposes, purchasers acquiring the LimeWire Tokens in a compensatory transaction, purchasers that have expatriated from the US or are former US citizens, purchasers that carry on activities relating to the LimeWire Tokens as part of a trade or business conducted in the US or in connection with a “permanent establishment” maintained in the US under an applicable income tax treaty, foreign governmental investors, including but not limited to “qualified foreign pension funds” as defined in Section 897(l) of the Code and entities wholly owned by them, and holders that are partnerships or other pass-through entities for US tax purposes. Purchasers should consult with their own professional tax advisors regarding a prospective purchase of the LimeWire Tokens. This summary is by nature general and should not be construed as tax advice to any prospective Purchaser.

This description is based on the Code, existing, proposed, and temporary US Treasury Regulations promulgated under the Code and judicial and administrative interpretations thereof, in each case as available on the date hereof. All the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below. No ruling has been or will be requested from the Internal Revenue Service (the “*IRS*”) and no assurance can be given that the IRS will agree with the tax consequences described in this summary. The following discussion assumes that each prospective Purchaser will acquire Tokens as a capital asset (generally, property held for investment), and does not discuss any US estate, state, or local tax that may apply.

The tax treatment of a partnership and each partner thereof will generally depend upon the status and activities of the partnership and such partner. A holder that is treated as a partnership for US federal income tax purposes or a partner in such partnership should consult its own tax advisor regarding the US federal income tax consequences applicable to it and its partners of the acquisition, ownership, and disposition of the LimeWire Tokens.

**Each prospective purchaser should consult with its own tax adviser to fully understand the US federal, state, local, and foreign income tax consequences of a purchase of LimeWire Tokens. No formal or legal tax advice is hereby given to any prospective purchaser. In addition, transactions involving LimeWire Tokens and similar instruments, as well as other cryptocurrency and token transactions, are relatively new and it is more than likely that the IRS will issue guidance, possibly with retroactive effect, impacting the taxation of purchasers of LimeWire Tokens. Future legislation or tax guidance from the IRS (or guidance resulting from future judicial decisions) could negatively impact purchasers of LimeWire Tokens.**

There is substantial uncertainty regarding the tax treatment of digital assets such as the LimeWire Tokens, as well as activities or occurrences related or appurtenant thereto (including, without limitation, to the extent relevant and applicable, those discussed below). As a result, prospective purchasers may be subject to adverse tax consequences associated with their investment. Because this discussion only addresses various possible characterizations of the Ethereum Tokens for US tax purposes and given the lack of guidance from the IRS on tax matters relating to tokens with characteristics similar to the LimeWire Tokens, there can be no assurance that the following discussion is accurate or will continue to be accurate. Accordingly, prospective purchasers should not base their decision to purchase the LimeWire Tokens on the information related to US taxation provided herein.

### **Use of Cryptocurrency or non-US Currency to Purchase LimeWire Tokens**

This summary does not discuss any tax consequences associated with the use of cryptocurrency or non-US currency to acquire LimeWire Tokens. Each prospective purchaser should consult with its own tax adviser in order to fully understand the United States federal, state, local and foreign income tax consequences of a purchase of LimeWire Tokens using cryptocurrency or non-US currency.

## **Tax Characterization of the LimeWire Tokens**

1. *Overview.* There are no regulations, published rulings or judicial decisions involving the US federal income tax characterization of instruments with substantially the same terms as the LimeWire Tokens. In IRS Notice 2014-21, the IRS provided guidance regarding the taxation of convertible virtual currency. “Virtual currency” is defined in the Notice as a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value. Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is a “convertible” virtual currency (a “CVC”). Bitcoin, for example, which can be digitally traded between users, and can be purchased for, or exchanged into, US dollars, Euros, and other fiat or virtual currencies, is the prototypical CVC. IRS Notice 2014-21 does not address any virtual currency that is not “convertible.”

IRS Notice 2014-21 provides that CVC is treated as property for federal tax purposes; it is not treated as currency for purposes of determining whether a transaction results in foreign currency gain or loss. A taxpayer must recognize taxable gain (or loss) if the taxpayer exchanges a unit of CVC for other property, measured by the difference between the fair market value of the other property and the tax basis in the unit of CVC. The tax character of exchange gain (or loss) will be determined under general US tax principles – a taxpayer who holds CVC as a capital asset will generally realize a capital gain (or loss).

However, Notice 2014-21 does not address the tax treatment of tokens similar to the LimeWire Tokens, which accord purchasers potential governance rights over activities pertaining to the LimeWire Platform and which also involve the potential receipt of amounts received in a digital wallet that relate to fees paid by parties utilizing the LimeWire Platform.

Accordingly, the characterization of the LimeWire Tokens is uncertain. Prospective purchasers should therefore expect that the IRS or a court will ultimately determine how the LimeWire Tokens should be characterized based on a consideration and weighing of the economic and governance rights of these instruments.

2. *Treatment of the Single Wallet into which Token Fees are collected as an Entity for US Federal Tax Purposes.* One possible characterization of the economic and governance rights associated with the LimeWire Tokens is that the LimeWire Tokens represent an interest in an entity that should be recognized for US federal income tax purposes. If this characterization is appropriate, the entity may be taxable for US federal income tax purposes as a corporation. The IRS may take this position based upon the underlying economic and governance rights inherent in the LimeWire Tokens, including the rights that purchasers will have to receive a share of Token Fees and the governance rights that Purchasers may exercise to control certain activities relating to the LimeWire Platform. Under US federal tax law, the existence of an “entity” for tax purposes is not dependent on how local law characterizes the arrangement. Applicable Treasury Regulations provide that: “[w]hether an organization is an entity separate from its owners for federal tax purposes is a matter of federal tax law and does not depend on whether the organization is recognized as an entity under local law... a joint venture or other contractual arrangement may create a separate entity for federal tax purposes if the participants carry on a trade, business, financial operation, or venture and divide the profits therefrom.” Unlike Bitcoin, where investors can look solely to appreciation in value of Bitcoin for an investment return, the LimeWire Tokens might be viewed by the IRS or a court as involving, as provided in the Treasury Regulations cited above, a joint agreement by purchasers to share in the Token Fees generated through the LimeWire Platform. Given the fact that the exact nature of the governance rights that will apply to the LimeWire Tokens are yet to be developed, no assurances can be given as to how these tests or other tests applicable to the determination of whether an entity has been or will be created for tax purposes will be applied.

In this case, it is possible that any amounts derived by the “entity” in respect of the POLKADOT Tokens might be treated as income that is effectively connected with a US trade or business, depending on various factors, including the extent of the contacts that exist between the creators of the LimeWire Platform and the US, whether certain offices (including home offices) exist in the US that relate to LimeWire, or where LimeWire’s activities are conducted, and other factors. In general, non-US corporations are subject to tax at the same rates applicable to US corporations on income treated as effectively connected with a US trade or business and are then subject to an additional tax at a 30% rate on effectively connected earnings and profits. If this characterization is ultimately determined to be appropriate, any economic returns realized by prospective Purchasers with respect to the LimeWire Tokens would be materially reduced.

If the IRS takes the position that a taxable entity has been created in connection with the collection and distribution of Token Fees, the IRS may also be successful in taking the position that the entity should be taxable as a US corporation, rather than a foreign corporation. In this case, the Token Fees would be taxable in the US at regular corporate rates, and any Token Fees made available to holders of the LimeWire Tokens could be taxable as dividends for US tax purposes. In the absence of a reduced rate under an applicable tax treaty, distributions taxable as dividends (and that are not otherwise, in the hands of a purchaser, attributable to the conduct of a US trade or business by the purchaser or, to the extent an income

tax treaty applies, treated as business profits attributable to a “permanent establishment” maintained in the US) are subject to a 30% US federal withholding tax rate.

If the IRS takes the position that an entity has been created in connection with the collection and distribution of the Token Fees, and the entity is taxable for US federal income tax purposes as a partnership, then prospective purchasers would generally be taxable on their distributive shares of the partnership’s earnings and profits treated as effectively connected to a US trade or business, as determined under US federal income tax principles, and prospective purchasers would be required to file US federal income tax returns. If viewed as a partnership, it is also possible that the IRS or a court would conclude that the “partnership” should nevertheless be taxable as a corporation for US federal income tax purposes as a “publicly-traded partnership.” Under the Code, “publicly-traded partnerships” are taxable as corporations unless specific exemptions apply. A publicly traded partnership is one whose interests are either traded on an “established securities market” or “are readily tradable on a secondary market (or the substantial equivalent thereof).” Depending on the market that develops for the LimeWire Tokens and depending on whether the exchanges on which the LimeWire Tokens are determined to meet these tests, the publicly traded partnership provisions of the Code may apply.

Prospective purchasers should be aware that neither the Company nor any of its employees or beneficial owners will undertake to ensure that activities relating to the LimeWire Platform are carried out outside the US, and therefore, the risks of US taxation associated with purchasing the LimeWire Tokens will potentially be material and could change based on factors that the Company and such persons will not factor into their decisions.

*3. Other Potential Characterizations.* Other potential tax characterizations of the LimeWire Tokens are also possible. For example, rather than representing an interest in an entity for US federal income tax purposes, the LimeWire Tokens may represent a right to receive certain payments associated with the commercialization of the software developed by the Company. Prospective purchasers of LimeWire Tokens should be aware that, under this characterization, if Token Fees are ultimately paid to or received by the holder from a US person, these fees may also be treated as US-source royalty income, which, in the absence of a reduced rate under a tax treaty, would be subject to a US federal withholding tax rate of 30%.

*4. Withholding and Tax Disclosure.* It is unclear how participants in the program who pay Token Fees would comply with US withholding and tax information reporting requirements with respect to the Token Fees. In general, payors of income are required to withhold US withholding taxes, at varying rates, based upon the tax status of the recipients of the payments. Under current US federal income tax law, complying with these rules requires tax certifications to be given by the payee to the ultimate payor. The cryptocurrency industry has expressed concerns with the possible application of the rules to transactions involving undifferentiated payees, including when payments are made to a digital wallet without accompanying beneficial ownership information. It is possible that the IRS or another tax authority would seek to obtain information regarding the ultimate owners of the LimeWire Tokens, and to avoid significant taxes and penalties, purchasers should discuss these issues with their personal tax advisors and should provide applicable beneficial ownership interest certifications to the Company by completing and sending the Company an IRS Form W-8.

In addition, purchasers should be aware that recent legislation, including the infrastructure bill passed by the House of Representatives on November 6, 2021, includes an expanded information reporting regime that broadens the existing definition of “broker” to include “any person who (for consideration) is responsible for regularly providing any service effectuating transfers of digital assets on behalf of another person.” It is unclear how this expanded definition of broker would apply to the Company, the State ERC20 Tokens or the LimeWire Platform and purchasers should expect that additional guidance and rulemaking may occur prior or subsequent to the provisions entering into effect. In any event, purchasers should expect that if the State ERC20 Tokens are traded on an exchange or otherwise by a “broker,” reporting obligations will apply (which would include identifying information about the purchasers).

To the extent that these information reporting rules are applicable, purchasers could be impacted in several ways. Failure to deliver appropriate tax certifications could result in US “backup” withholding tax of 24% even on the gross proceeds derived from a sale of the LimeWire Tokens. Rules treating cryptocurrency as cash might require reporting to the IRS for transactions involving the State ERC -20 Tokens above statutorily mandated thresholds. Penalties, additions to tax and interest may also apply in the case of certification failures and the failure to comply with information reporting.

### **Sale, Exchange, or Other Disposition of LimeWire Tokens:**

Except as provided below and above in Section 4 regarding withholding, if the LimeWire Tokens are treated for tax purposes as an interest in a US corporation, purchasers would not generally be subject to US taxation unless the corporation is treated as a “United States real property holding company” within the meaning of the Code, or certain other conditions are satisfied. If the corporation is treated as a “United States real property holding corporation,” a purchaser who sells,

exchanges, or otherwise disposes of the LimeWire Tokens for cash or other property (including pursuant to an exchange of such LimeWire Tokens for other convertible virtual currency) would generally recognize taxable gain for US federal income tax purposes, which would be treated as effectively connected with a U.S trade or business. If the corporation is not treated as a “United States real property holding corporation” within the meaning of the Code, but the LimeWire Tokens are otherwise treated as equity interests in a US corporation, Non-US Holders would not generally be taxable in the US on gain realized on a sale of the LimeWire Tokens unless:

A. the gain (1) is effectively connected with the conduct by the purchaser of a US trade or business and (2) if required by an applicable income tax treaty between the US and the purchaser’s country of residence, is attributable to a permanent establishment (or, in the case of an individual, a fixed base) maintained by such purchaser in the United States, or

B. the purchaser is an individual who is present in the US for 183 days or more in the taxable year of the sale, exchange or other taxable disposition of the LimeWire Tokens and certain other requirements are met (in which case the gain would be subject to a flat 30% tax, or such reduced rate as may be specified by an applicable income tax treaty).

If, instead, the LimeWire Tokens are not treated as an interest in an entity for US federal income tax purposes, the tax consequences associated with a disposition are also unclear. If the LimeWire Tokens are treated as “capital assets” in a purchaser’s hands, then it is possible that Non-US Holders would generally not be subject to taxation in the US unless certain conditions are satisfied, including conditions similar to the conditions described above that relate to sales of the LimeWire Tokens if the tokens are treated as interests in a US corporation.

**EACH PURCHASER SHOULD SEEK, AND MUST DEPEND UPON, THE ADVICE OF HIS, HER OR ITS TAX ADVISOR WITH RESPECT TO THEIR PURCHASES, AND EACH PURCHASER IS RESPONSIBLE FOR THE FEES OF SUCH ADVISOR. NOTHING IN THIS PRIVATE PLACEMENT STATEMENT IS OR SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO A PURCHASER. PURCHASERS SHOULD BE AWARE THAT THE INTERNAL REVENUE SERVICE MAY NOT AGREE WITH ALL TAX POSITIONS TAKEN BY THE COMPANY AND THAT CHANGES TO THE INTERNAL REVENUE CODE OR THE REGULATIONS OR RULINGS THEREUNDER OR COURT DECISIONS AFTER THE DATE OF THIS PRIVATE PLACEMENT STATEMENT MAY CHANGE THE ANTICIPATED TAX TREATMENT TO A PURCHASER. THE COMPANY WILL NOT OBTAIN ANY RULING FROM THE INTERNAL REVENUE SERVICE WITH REGARD TO THE TAX CONSEQUENCES OF A PURCHASE OF THE LMWR TOKENS.**