

A&M Taxand: IPO READINESS APPROACH



A&M TAXAND

IPO READINESS VALUE PROPOSITION

IPO readiness is the first step in towards a value milestone. Nothing less than a journey. A&M Taxand has a proven track record in assisting for an IPO. We have experienced local talent that participated in numerous IPO readiness projects. A&M Taxand's value proposition is a blueprint strategy, the essential roadmap that we will walk side-by-side hand-by-hand with the startup company, heading toward the ultimate realization event and enhanced value. A&M Taxand presents options that best translate your business strategies and objectives into relevant tax solutions.

Translating tax solutions into enhanced stakeholder value requires planning and assessment followed by execution. While on the realization journey, we contemplate solutions to matters related to:

- ❖ A comprehensive readiness assessment with objective commentary regarding identification of potential tax issues;
- ❖ Bridge the gap in preparing to be public and preparing to go public;
- ❖ Positioning – tax authority; nexus and compliance gaps; for example, the need for tax rulings, VDA's and other potential non-filing concerns;
- ❖ IPO tax planning – modeling alternative corporate structures intended to help produce efficiencies in treasury, effective tax rates, and analyze potential tax value drivers;
- ❖ ASC 740 Tax Accounting – quarterization, scrubbing items of deferred; tax attribute documentation;
- ❖ Executive compensation matters related to executive compensation caps, parachute payments and recommendations in these matters for the post-IPO period;
- ❖ Section 409A deferred compensation compliance now and in the post-IPO period;
- ❖ Benefit rationalization – benchmarking and rationalization of qualified plans, health plans, and other fringe benefit plans; and
- ❖ Transaction documentation assistance.

INITIAL PUBLIC OFFERING

1

PREPARE TO BE PUBLIC

Improve financial statement close and consolidation process

Improve information technology infrastructure, general IT controls and cybersecurity

Improve and document policies and procedures

Improve and document internal controls, prepare for SOX and COSO compliance

Address corporate governance and executive compensation

2

PREPARE TO GO PUBLIC

Quarterize historical financial statements

Upgrade financial statement disclosures

Audit / re-audit historical financial statements to PCAOB standards

Select SEC counsel and underwriters

Draft registration statement

Prepare for underwriters due diligence

Organize supporting information for the registration statement and comfort letter



CONFLICTING PRIORITIES COMPETING FOR RESOURCES

IPO READINESS ASSESSMENT

An early assessment of the Company's IPO readiness will ensure that it is prepared to launch when the timing is right. A&M's readiness assessment will focus on the following key areas in order to identify areas which require improvement.

INTERNAL CONTROLS

- Sufficiency of internal control environment to support a public company
- Consideration of SOX 404 requirements and COSO framework

POLICIES, PROCESSES AND SYSTEMS

- Nature and extent of documented processes, policies and procedures
- Ability to generate timely and accurate financial statements and disclosures

ACCOUNTING, FINANCE AND TAX STAFF

- Qualifications and financial acumen of personnel
- In-house SEC reporting experience

FINANCIAL STATEMENTS AND DISCLOSURES

- SEC hot buttons – revenue recognition, income tax accounting, EPS, segment reporting, stock compensation, executive compensation requirements
- Historical financial statements and footnotes – required disclosures and best practices

S-1 PREPARATION AND SUPPORT

It is important to engage a team of qualified, experienced and trusted advisors. A&M can play an important role as one of these advisors, with a focus on technical accounting and financial reporting matters and provide dedicated, hands-on resources throughout the IPO process. As key members of your team, we work effectively with auditors, attorneys and underwriters to ensure quality and timely results without duplicating efforts.

REQUIRED INFORMATION

- Assist in determining what information is required in the S-1 registration statement
- Identify applicable areas that may be more susceptible to SEC comment

FINANCIAL STATEMENTS AND DISCLOSURES

- Assist in preparing SEC compliant financial statements, schedules and other disclosures
- Assist in preparing quarterly financial information
- Advise and assist in responding to matters raised by auditors

OTHER INFORMATION

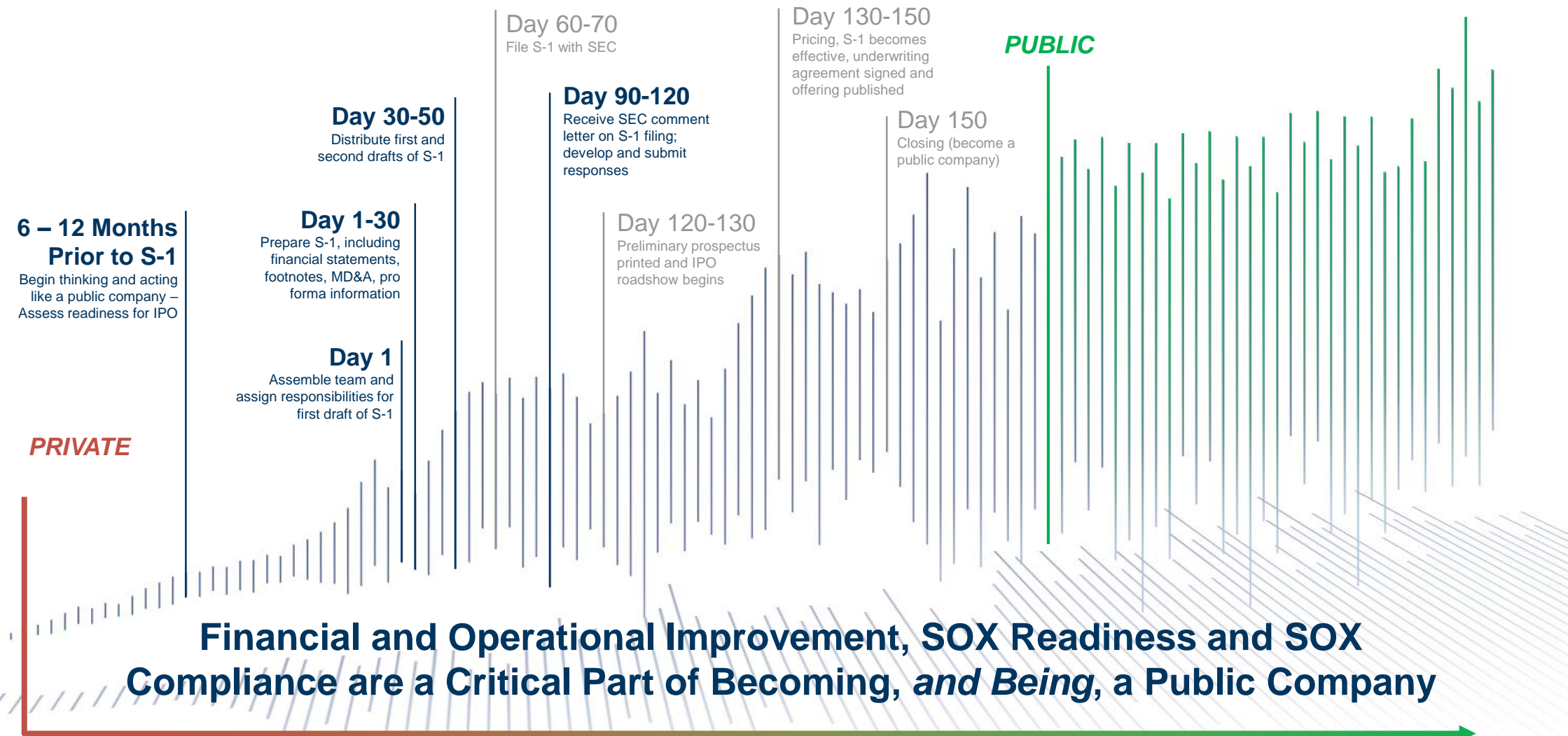
- Assist in preparing pro forma financial statements
- Assist in preparing non-GAAP financial information, such as EBITDA tables
- Assist in drafting management's discussion and analysis of financial condition and results of operations (MD&A)
- Assist in preparing support for S-1 and comfort letter

SUPPORT ON TECHNICAL MATTERS

- Address critical basis questions: carve-out issues, predecessor issues, 3-05 financials
- Assist company in addressing accounting issues raised in the audit review process
- Advise and assist in responding to SEC comment letters

PUBLIC COMPANY TRANSFORMATION

A&M has the expertise to help management transform the company's processes, controls and reporting functions from current state to what will be required of a public company.



A&M can provide critical IPO readiness and capital market advisory and support services

PUBLIC COMPANY TRANSFORMATION

Proactively addressing issues highlighted in the early assessment is essential for a company to successfully launch its IPO, and to comply with regulatory obligations after filing.

INTERNAL CONTROLS

- Program management of SOX compliance efforts (managing scope, effort and costs)

POLICIES, PROCESSES AND SYSTEMS

- Redesigning accounting processes to support a more timely close to report cycle
- Selecting and implementing financial reporting systems
- Develop best practices for board level governance

ACCOUNTING, FINANCE AND TAX STAFF

- Qualifying the CFO, controller, and key finance staff

FINANCIAL STATEMENTS AND DISCLOSURES

- Automation of statements and disclosures
- Improvements to analytics to support MD&A and investor conference calls

A&M APPROACH

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WE COMBINE EXPERIENCE AND EXPERTISE WITH A HANDS-ON APPROACH GUIDED BY A BIAS TOWARD ACTION AND RESULTS

- Provide experienced senior-level professionals with relevant experience
- Hold ourselves accountable for delivering results
- Provide leadership by rolling up our sleeves and getting the job done

AT A&M, WE:

CLIENTS TRUST A&M TO HELP PREPARE FOR THEIR TRANSITION FROM A PRIVATE COMPANY TO A PUBLIC COMPANY

- Give every problem senior-level attention
- Know the facts before drawing conclusions
- Demonstrate that leadership makes all the difference when managing change
- Work in close partnership with management and your other service providers

Matthew Fricke

Managing Director
Federal Tax
San Jose



Matthew Fricke is a Managing Director with Alvarez & Marsal Taxand, LLC, in Silicon Valley. With more than 20 years of experience, Mr. Fricke has been involved in the tax accounting management of multinational public companies as well as Bay Area’s venture backed technology companies. Bringing a diversified background to A&M, Mr. Fricke provides viable solutions to tax accounting, tax compliance, and a myriad of tax consulting needs focused on the clients needs.

Mr. Fricke specializes in corporate deferred tax accounting and income tax reserve analyses (ASC 740 and 740-10 et al) for technology and life science corporations. He is well versed in tax internal control implementation under Sarbanes-Oxley, and performs domestic compliance and consulting services. His significant experience enables him to provide practical and actionable advise to his clients in dealing with complex tax accounting issues.

Prior to joining A&M, Mr. Fricke spent twelve years as a Partner with Clifton Douglas LLP where he served numerous technology and life science companies in the Bay Area and built a company dedicated to improving the firm’s industry-leading tax provision practices and procedures. Mr. Fricke’s efforts were geared toward serving his clients and developing personalized solutions that were both effective and economically feasible. Previously, Mr. Fricke held a management position in the PricewaterhouseCoopers San Jose office where he worked on large multinational companies as well as newly formed public corporations. Matthew played a key role in setting standards for the division of clients specifically identified as “high-growth” companies in Silicon Valley.

Mr. Fricke has been published in numerous accounting journals ranging from topics of IPO readiness to understanding newly released tax law changes. Mr. Fricke was educated at Western State College, where he received his Bachelor of Arts degree in accounting, with double minors in business and mathematics.

