

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Amendment No. 1  
to  
FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

**ALKAMI TECHNOLOGY, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

7372  
(Primary Standard Industrial  
Classification Code Number)  
5601 Granite Parkway, Suite 120  
Plano, Texas 75024  
(877) 725-5264

45-3060776  
(I.R.S. Employer  
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Chief Executive Officer  
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**Approximate date of commencement of proposed sale to public:** As soon as practicable after this Registration Statement is declared effective.

- If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐
- If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐
- Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.
- |                         |                                     |                           |                                     |
|-------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/>            | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input checked="" type="checkbox"/> | Smaller reporting company | <input type="checkbox"/>            |
|                         |                                     | Emerging growth company   | <input checked="" type="checkbox"/> |
- If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act. ☐

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities To Be Registered | Amount to be Registered <sup>(1)</sup> | Proposed Maximum Aggregate Offering Price per Share | Proposed Maximum Aggregate Offering Price <sup>(2)</sup> | Amount of Registration Fee <sup>(3)</sup> |
|--|--|---|--|---|
| Common Stock, \$0.001 par value per share          | 12,004,000                             | \$25.00   | \$300,100,000  | \$32,740.91                               |

- (1) Includes 900,000 shares of common stock that the underwriters have the option to purchase.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.
- (3) Includes \$10,910 that the registrant previously paid in connection with the registration statement.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion  
Preliminary Prospectus dated April 5, 2021

PROSPECTUS

6,000,000 Shares

# Alkami

## ALKAMI TECHNOLOGY, INC.

### Common Stock

This is Alkami Technology, Inc.'s initial public offering. We are selling 6,000,000 shares of our common stock. We expect the public offering price to be between \$22.00 and \$25.00 per share. Currently, no public market exists for our common stock. We have applied to list our common stock for trading on The Nasdaq Global Select Market under the symbol "ALKT."

We are an "emerging growth company" as defined under the federal securities laws and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and may elect to do so in future filings.

*Investing in our common stock involves risks. See the "Risk Factors" section beginning on page 18 of this prospectus for factors you should consider before investing in our common stock.*

|   | Per Share | Total |
|---|-----------|-------|
| Public offering price .....                                 | \$        | \$    |
| Underwriting discounts and commissions <sup>(1)</sup> ..... | \$        | \$    |
| Proceeds, before expenses, to us .....                      | \$        | \$    |

(1) See "Underwriting" for additional disclosure regarding estimated underwriting discounts and commissions and estimated offering expenses payable by us.

To the extent that the underwriters sell more than 6,000,000 shares of our common stock, the underwriters have the option for a period of 30 days to purchase up to an additional 900,000 shares of our common stock from us at the initial public offering price less underwriting discounts and commissions.

**Neither the Securities and Exchange Commission nor any state securities commission has approved, or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The underwriters expect to deliver shares of our common stock against payment in New York, New York on \_\_\_\_\_, 2021.

**Goldman Sachs & Co. LLC**

**J.P. Morgan**

**Barclays**

**Citigroup**

**William Blair**

**JMP Securities**

**KeyBanc Capital Markets**

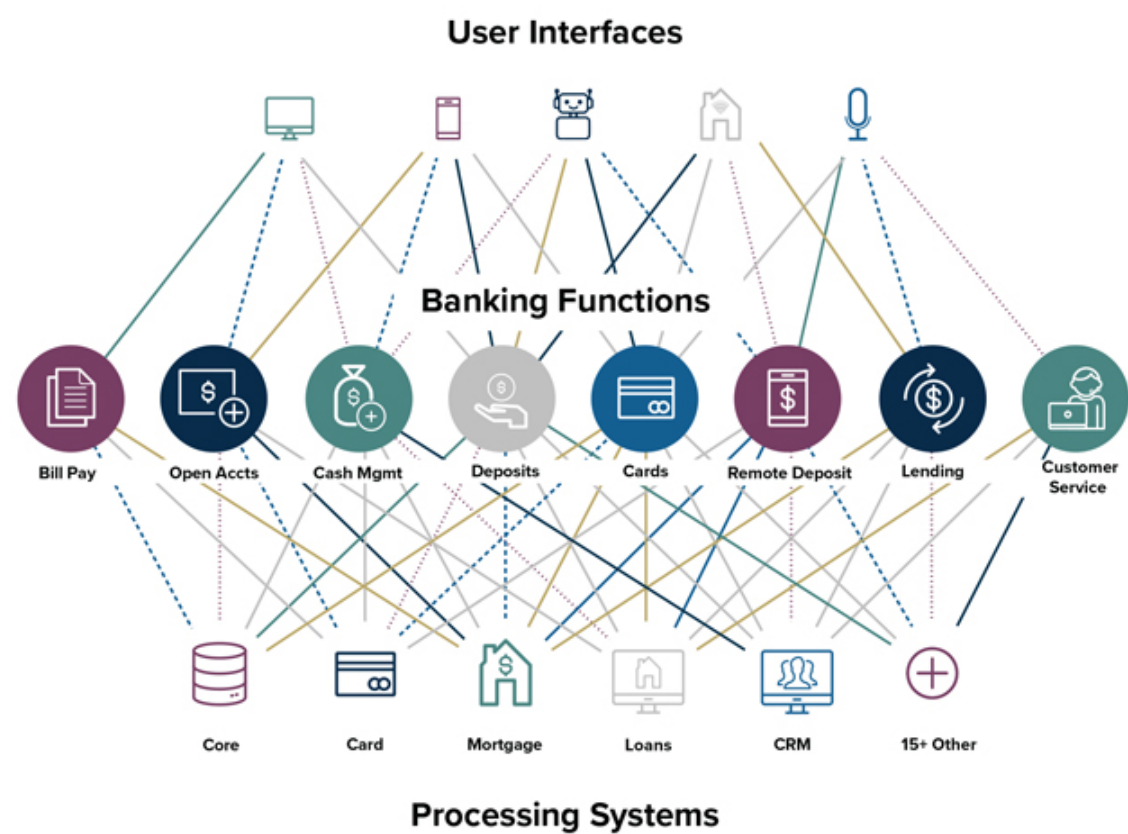
**Needham & Company**

The date of this prospectus is \_\_\_\_\_, 2021.

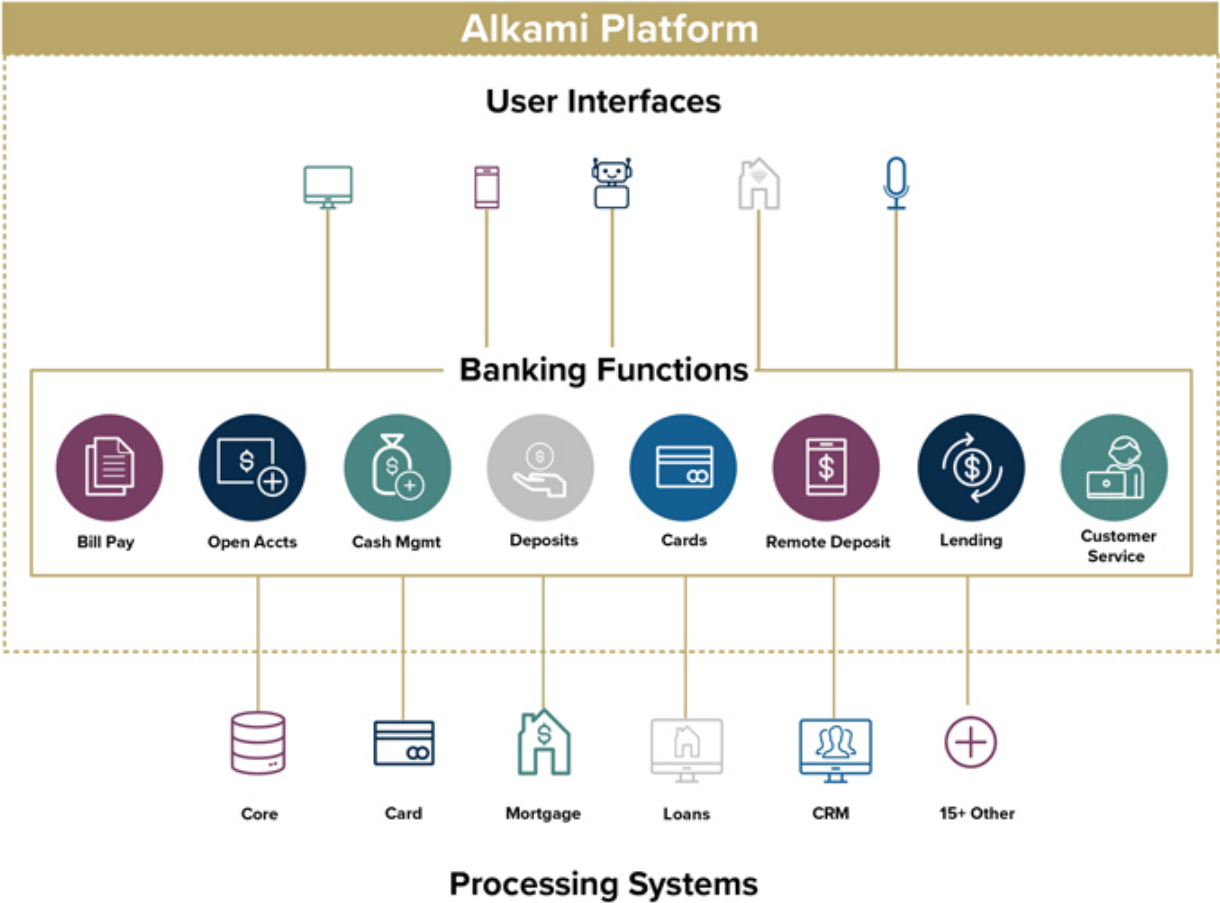
THE ALKAMI PLATFORM

**Alkami provides financial institutions a cloud-based digital banking platform to serve consumers and businesses across their financial journey.**

A seamless digital banking experience requires hundreds of integrations across back-office processing systems and a growing number of user interfaces (mobile, text, laptop, voice controls, etc.).



Alkami offers a modernized platform enhanced by 220 real-time integrations to back-office systems and third-party fintech solutions to simplify operations and increase market velocity for financial institutions of all sizes—all on a platform with industry-leading uptime and the ability to meet consumers and businesses online, on mobile, and on their terms with self-service delivery.





CLIENT SUCCESS

# Pushing client success the final mile

When our clients succeed, we succeed.

“Our ability to effectively engage business owners or consumers in a personal way through digital channels is a must. It’s how we remain relevant in a fiercely competitive industry. One of our core values is to be progressive and we knew we needed to find a partner who would continuously push us and help influence our culture in a way that keeps us competitive. That’s one of the reasons we selected Alkami.”

Kristin Marcuccilli, Chief Operating Officer  
STAR Financial Bank

“The Alkami platform offered us the flexibility and feature set we were looking for. It allowed us to serve up insights, products, and services to members as part of their digital banking experience. We can also deliver a consistently positive experience on the Connexus/Alkami mobile app, which means we provide a single, fully integrated member journey.”

Chad Rogers, Executive Vice President & Chief Operating Officer  
Connexus Credit Union

“When we started on this journey, we were focused on delivering an enhanced digital experience to our members. This has now expanded to encompass a three-year vision: by the end of 2022, we will engage our members with exceptional value and seamless, frictionless, personalized service delivered across the channels of their choice.”

Jeffrey Staw, Chief Innovation Officer  
Open Tech Solutions (OTS)

“We knew we needed to ultimately create a universal online banking experience that could grow with our members and the times ahead...We’re now set up with a system that can adapt to our goals, and life’s uncertainty, for untold years to come...This uptick in user activity and encouraging feedback comes as we’ve barely scratched the surface regarding what the Alkami Platform can do for us and our members.”

Ignasio Medrano, Vice President, Digital Services  
San Mateo Credit Union

## CULTURE

# We live and breathe digital banking.

Our award-winning culture pairs the best people with the most remarkable, forward-thinking clients.

Everything we do, we do with intention. This is why we've structured the essential elements of our company in a way that creates a unified vision, accountability, and overall seamless execution of the Alkami Platform.



### FIRE

#### *Sales & Marketing*

The spark to establish and build client relationships



### WATER

#### *Product Design & Development*

The life of a software company: flexible, adaptable, powerful



### WIND

#### *Client Services*

The speed of growth and progress that provides momentum



### EARTH

#### *Administration & Support*

The stability that provides a strong foundation







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Neither we nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared or that have been prepared on our behalf, or to which we have referred you. Neither we nor the underwriters take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered by this prospectus, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date. Our business, financial condition, results of operations and prospects may have changed since such date.

For investors outside the United States: Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our common stock and the distribution of this prospectus outside of the United States.

Through and including \_\_\_\_\_, 2021 (the 25th day after the commencement of this offering), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

## **MARKET AND INDUSTRY DATA**

The market data and other statistical information used throughout this prospectus are based on independent industry publications, reports by market research firms or other published independent sources. Certain market, ranking and industry data included in this prospectus, including the size of certain markets, our size or position and the positions of our competitors within these markets, and our solutions relative to our competitors, are based on the estimates of our management. These estimates have been derived from our management's knowledge and experience in the markets in which we operate, as well as information obtained from surveys, reports by market research firms, trade and business organizations and other contacts in the markets in which we operate. Unless otherwise noted, all of our market share and market position information presented in this prospectus is an approximation based on management's knowledge. References herein to our being a leader in a market refer to our belief that we have a leading market share position in each such specified market, unless the context otherwise requires. In addition, the discussion herein regarding our various markets is based on how we define the markets for our solutions.

This prospectus includes industry data that we obtained from periodic industry publications. Such data includes materials published by the American Bankers Association, Bain & Company, Cornerstone Advisors, the Federal Deposit Insurance Corporation, FI Navigator, the National Credit Union Administration, Placer Labs and S&P Global Market Intelligence. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein.

## **TRADEMARKS**

We own or otherwise have rights to use a number of U.S. registered trademarks, trade names and service marks, including those mentioned in this prospectus, used in conjunction with the marketing and sale of our solutions. This prospectus includes trademarks, such as ALKAMI™ and ACH Alert™, which are protected under applicable intellectual property laws and are our property and/or the property of our subsidiary. This prospectus also contains trademarks, trade names and service marks of other companies, which are the property of their respective owners. We do not intend our use or display of other companies' trademarks, service marks or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies. Solely for convenience, our trademarks and trade names referred to in this prospectus may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names.

## **BASIS OF PRESENTATION**

References herein to the "Company," "Registrant," "we," "us," "our" and "our company" refer to Alkami Technology, Inc., a Delaware corporation, and its consolidated subsidiary taken as a whole.

Certain monetary amounts, percentages and other figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or charts and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.



## **NON-GAAP MEASURES AND OTHER DATA**

We believe that our consolidated financial statements and the other financial data included in this prospectus have been prepared in a manner that complies, in all material respects, with generally accepted accounting principles in the United States ("GAAP") and the regulations published by the Securities and Exchange Commission ("SEC"). However, we use adjusted EBITDA, as described in "Prospectus Summary—Summary Consolidated Financial and Operating Information," in various places in this prospectus. This non-GAAP financial measure is presented as supplemental disclosure and should not be considered in isolation from, or as a substitute for, the financial information prepared in accordance with GAAP, and should be read in conjunction with the consolidated financial statements included elsewhere in this prospectus. Adjusted EBITDA may differ from similarly titled measures presented by other companies.

See "Prospectus Summary—Summary Consolidated Financial and Operating Information" for a reconciliation of adjusted EBITDA to the most directly comparable financial measure calculated in accordance with GAAP, and a discussion of our management's use of adjusted EBITDA.

Throughout this prospectus, we also provide a number of key business metrics used by management and typically used by our competitors in our industry. These and other key business metrics are discussed in more detail in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics."

## PROSPECTUS SUMMARY

*This summary highlights selected information contained in greater detail elsewhere in this prospectus. This summary is not complete and does not contain all of the information you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus. You should carefully consider, among other things, the sections titled “Risk Factors,” “Cautionary Note Regarding Forward-Looking Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus.*

### Mission

Our mission is to empower financial institutions to grow confidently, adapt quickly and build thriving digital communities.

### Overview

Alkami is a cloud-based digital banking platform. We inspire and empower community, regional and super-regional financial institutions (“FIs”) to compete with large, technologically advanced and well-resourced banks in the United States. Our solution, the Alkami Platform, allows FIs to onboard and engage new users, accelerate revenues and meaningfully improve operational efficiency, all with the support of a proprietary, true cloud-based, multi-tenant architecture. We cultivate deep relationships with our clients through long-term, subscription-based contractual arrangements, aligning our growth with our clients’ success and generating an attractive unit economic model.

In the early 2000s digital engagement began revolutionizing industries overnight, forcing firms to invest and innovate or risk losing long-term relationships to well-resourced competitors. Within banking, many FIs were ill-equipped to compete with larger competitors, including the largest banks in the world, such as J.P. Morgan Chase, Bank of America, Citigroup and Wells Fargo (collectively, “megabanks”), primarily due to resource constraints and the resulting inability to keep pace, technologically, with evolving consumer preferences for digital engagement. This led to the first digital banking platforms.

The earliest versions of digital banking platforms, however, were focused on basic self-service functions that could be accomplished with a desktop computer via a single integration to the primary system of record. As the form factor of digital engagement evolved to include both desktop and mobile, FIs generally adopted disparate digital banking solutions as a matter of necessity. This served to only magnify the compounding and seemingly inescapable problem of layered and poorly integrated infrastructures, and today, many FIs continue to use disparate technology solutions for desktop, mobile, retail and business banking functions. On average, FIs require integration to more than 20 systems to enable customer self-service, according to management estimates. As consumer preferences quickly evolve, many FIs have found that their existing infrastructure lacks the uniformity and the agility to adapt to an increasingly digital and mobile world. Our technology provides a value proposition that solves this problem.

We founded Alkami to help level the playing field for FIs. Our vision was to create a platform that combined premium technology and fintech solutions in one integrated ecosystem, delivered as a SaaS solution and providing our clients’ customers with a single point of access to all things digital. We invested significant resources to build a technology stack that prioritized innovation velocity and



speed-to-market given the importance of product depth and functionality in winning and retaining clients. The result of these investments is a premium platform that has enabled us to replace older, larger and better-funded incumbents in many of the 151 FIs served by the Alkami Platform as of December 31, 2020. Today, our clients can offer world-class experiences reflecting their individual digital strategies, reaching nearly 9.7 million of our clients' customers, with an additional 1.5 million of our clients' customers under implementation, each as of December 31, 2020.

Our domain expertise in retail and business banking has enabled us to develop a suite of products tailored to address key challenges faced by FIs. The key differentiators of the Alkami Platform include:

- **User experience:** Personalized and seamless digital experience across user interaction points, including mobile, chat and SMS, establishing durable connections between FIs and their customers.
- **Integrations:** Scalability and extensibility driven by 220 real-time integrations to back office systems and third-party fintech solutions as of December 31, 2020, including core systems, payment cards, mortgages, bill pay, electronic documents, money movement, personal financial management and account opening.
- **Deep data capabilities:** Data synchronized and stored from back office systems and third-party fintech solutions and synthesized into meaningful insights, targeted content and other areas of monetization.

Our fully integrated, Amazon Web Services ("AWS")-based true cloud technology infrastructure delivers stability, extensibility and security and ultimately drives the pace at which we bring innovation to market. With a single code base, built on a multi-tenant infrastructure and combined with continuous software delivery, we are able to innovate and iterate quickly to roll out new products in a fraction of the time compared to many of the hosted, single-tenant infrastructures historically prevalent throughout the digital banking vendor space. The extensibility we offer further allows our clients to develop on top of our technology, providing our clients the freedom to modify the Alkami Platform to meet their strategic objectives.

The Alkami Platform offers an end-to-end set of software products. Our typical relationship with an FI begins with a set of core functional components, which can extend over time to include a rounded suite of products across account opening, card experience, financial wellness, fraud protection and marketing. Due to our architecture, adding products through our single code base is fast, simple and cost-effective, and we expect product penetration to continue to increase as we broaden our product suite. As of December 31, 2020, our clients used nine of our 26 offered products, on average.

Our broad partner ecosystem is fundamental to our platform. We deeply integrate with each of the major core system vendors as well as best-of-breed third-party solution providers who contribute key products and functionality to our platform. These partnerships enable our clients to have a single point of integration to a customized suite of technology systems through the Alkami Platform. For these technology partners, the extensibility of our platform enables them to expand their product offerings and enhance their distribution, attracting even more partners to the platform as we grow.

Our target clients vary in size, generally ranging from approximately \$500 million to \$100 billion in assets and from approximately 10,000 to 2 million customers. 151 of these FIs were Alkami Platform clients as of December 31, 2020, which had \$222 billion in assets on their balance sheets as of December 31, 2020, compared to 118 Alkami Platform clients as of December 31, 2019, which had

\$159 billion in assets as of December 31, 2019, according to data from S&P Global Intelligence, the National Credit Union Administration and the Federal Deposit Insurance Corporation. This reflects the strength and importance of these FIs to the economy and to the durability of the community and regional FI model more broadly. However, this group generally does not have the internal resources or capabilities to fully build and customize their own technology platforms to keep pace with the megabanks, challenger banks and other technology-enabled competitors. In a world where nearly two-thirds of U.S. consumers have expressed a willingness to utilize a financial product from a trusted technology brand, according to a 2019 report from Bain & Company, we allow our clients to keep pace with the level of digital experience and customer engagement that consumers have come to expect.

We go to market through an internal sales force. Given the long-term nature of our contracts, a typical sales cycle can range from approximately three to 12 months, with the subsequent implementation timeframe generally ranging from six to 12 months depending on the depth of integration. Over the last several years, we believe Alkami has outperformed the market in winning clients among FIs that emphasize retail banking, helping us to become one of the fastest-growing digital banking platforms in the United States, based on an FI Navigator analysis of growth rates in registered users among market participants.

As we have extended our capabilities, our value proposition has strengthened. Our new client contracts reflect deeper relationships, with the 2020 client cohort averaging 15 products across 1.6 million minimum registered users, a 24% and 38% improvement from the 2019 cohort. In 2019 and 2020, we had 25 and 37 clients that each represented over \$1.0 million in annual recurring revenue ("ARR"), respectively. Our existing client relationships have continued to deepen as a result of a dedicated cross-sell team that was formed in July 2019, and has executed 157 new add-on sales, representing over \$30.8 million in total contract value ("TCV") during 2020. Finally, our clients view us as a long-term strategic partner providing mission critical technology, as demonstrated by our strong client retention. Since inception, of the 14 client contracts that have come up for renewal, we have renewed 13, and across 2019 and 2020 we achieved an aggregate 88.3% ARR uplift across six renewals.

Finally, we view our founder-led culture as a differentiating competitive advantage. Each of our employees, or Alkamists, participates in our equity compensation plan, which helps to ensure they are individually aligned with our success. More importantly, we believe that we have fostered a culture that encourages both entrepreneurship and teamwork. The contributions of our employees are openly valued, leading to what we believe is a rewarding experience which is ultimately driving company performance and employee retention. 35% of our new hires in 2020 were from Alkamist referrals.

We derive our revenues almost entirely from multi-year contracts that had an average contract life since our inception of 70 months as of December 31, 2020. In 2020, our new multi-year contracts had an average term of 77 months. We predominantly employ a per-registered user pricing model, with incremental fees above certain contractual client minimum commitments for each licensed solution. Our pricing is tiered, with per-registered-user discounts applied as clients achieve higher levels of customer penetration, incentivizing our clients to internally market our solution and promote digital engagement. Our ability to grow revenues through deeper client customer penetration and cross-sell allowed us to deliver a net dollar revenue retention rate of 117% as of December 31, 2020 and 114% as of December 31, 2019. Net dollar revenue retention rate is calculated as the trailing 12-month average of current period ARR divided by prior period ARR.

We have grown quickly since shifting our focus exclusively to digital banking in 2009. We served 9.7 million and 7.2 million registered users during 2020 and 2019, representing a 34.9% growth rate for



one of our key revenue drivers. Our total revenues were \$112.1 million, \$73.5 million and \$48.2 million for 2020, 2019 and 2018, representing growth rates of 52.5% from 2019 to 2020 and 52.6% from 2018 to 2019. SaaS subscription services, as further described below, represented 93.7%, 91.5% and 90.8% of total revenues for 2020, 2019 and 2018. We incurred net losses of \$51.4 million, \$41.9 million and \$41.6 million for 2020, 2019 and 2018, largely on the basis of significant continued investment in sales, marketing, product development and post-sales client activities. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for more information.

### Our Industry

The United States banking industry is massive, with \$25 trillion in assets on the balance sheets of over 10,000 FIs as of December 31, 2019, according to S&P Global Market Intelligence. These FIs range from megabanks, which collectively held approximately \$9 trillion, or 37% of FI assets in the United States, as of December 31, 2019, to significantly smaller local community banks and affinity credit unions. The United States banking industry generated over \$1.1 trillion in revenues in 2019, according to S&P Global Market Intelligence, highlighting a significant market opportunity that drives intense competition and a magnitude of economic importance which requires considerable regulation, both locally and nationally.

However, banking is not a static industry, and over the last several decades technology has emerged as a differentiating factor among FIs, driving market share gains, operational efficiencies and improved regulatory compliance. While technology is involved in almost every function a bank performs, we typically see FIs’ technology spend increase in response to, or in preparation for, the following trends:

- **Heightened user expectations:** The digitization of everything from taxis, to food delivery, to commerce has conditioned consumers and businesses to maintain heightened user experience expectations that extend to financial services, particularly when it relates to everyday financial services such as banking services. Previously inconceivable, account opening, loan origination (and disbursement) and money transfer can now be executed within a matter of minutes, elevating digital user experience beyond branch location as the premier point of differentiation for our clients’ customers’ service and satisfaction.
- **Increasingly digital competitive landscape:** The competitive landscape within banking in the United States and globally is shifting. On one hand, approximately 51% of all new bank accounts opened in the second quarter of 2020 were with megabanks, according to a report from Cornerstone Advisors, due at least in part to their massive technology and marketing budgets. On the other hand, a fragmented and emerging group of technology platforms and challenger banks are redefining what it means to be a bank, embedding basic banking services, such as checking accounts, within elegant user experiences and attracting tens of millions of registered users, all without a single physical branch. Each market trend is accelerating with the disappearance of geographical boundaries. As banking digitizes, the importance of a physical footprint and local presence is reduced, introducing regional and national competition to even the most insulated local markets.
- **Regulatory environment:** Banking regulation is continuously evolving and it is the responsibility of FIs to create an internal control environment capable of ensuring compliance with a framework of local, national and international rules. Emerging technologies are increasingly built to perform routinized tasks associated with this function, freeing up resources to be reinvested in growth.
- **Importance of efficiency:** The current low interest rate environment, which began as a monetary stimulus measure during the 2008–2009 global financial crisis and continues today,

has put immense pressure on FI earnings, notably interest income spreads that FIs earn between taking deposits and providing loans. This is forcing FIs to seek additional revenue streams, often in the form of fee income from payments processing and other non-credit products. This is also forcing FIs to seek opportunities to streamline operations, in many cases automating historically manual and labor intensive tasks with the benefit of process improvement at a markedly lower cost.

The heightened focus on technology and security in addressing the evolution of the banking industry has driven massive spend. While technology spend in banking is distributed across functions, we believe the following technology trends to be most impactful to the industry:

- **Shift to mobile:** Mobile is quickly redefining both retail and business banking. FI Navigator estimates there are over 350 million digital bank user accounts in the United States and according to a survey by the American Bankers Association, 70% of consumers use a mobile device on a monthly basis to manage their bank account. Today, a consumer or business can open a bank account almost instantly and take out a loan or transfer money from a mobile device. These rapid advances are contributing to a substantial decline in bank physical branch traffic, a trend that meaningfully accelerated in 2020 as foot traffic remained down across all retail segments even after initial COVID-19-related shelter-in-place restrictions were eased, decreasing nearly 25% year-over-year for the week ended November 29, 2020, according to an analysis by Placer Labs.
- **Shift to the cloud:** Today, many of the pillars serving as key differentiators across industries, including banking, stem from the benefits of cloud hosting and computing. Cloud-based, multi-tenant infrastructures that are securely delivered enable technology providers to broadly distribute capabilities historically reserved only for the best resourced. Premier technology architectures can also leverage data that can be collected into a warehouse and quickly synthesized for consumption by clients in the service of their customers. Finally, single-, low- and no-code architectures allow near same-day adaptability to evolving consumer needs or economic challenges. The COVID-19 pandemic provided a remarkable case study in the value of these advantages, as massive market share shifts are accruing to the benefit of innovative, cloud-based platforms across a variety of industries.
- **Proliferation of powerful, best-of-breed technology solutions:** Advances and investment in financial technology have led to a disaggregated network of point solutions designed to improve upon discrete tasks historically executed through a single vendor, enabling FIs to select the products that best fit their objectives, scale and budget. This proliferation of powerful technology solutions has served to reduce barriers to entry for providers of point solutions, encouraging innovation and underscoring the value of integration layers.
- **Increasing complexity of banking information technology architectures:** Due to the proliferation of technology solutions, the information technology taxonomy of FIs is becoming increasingly complex. Integration challenges of the past required connections to a small number of back office systems and point solutions. Today, connections are required to dozens of third parties and many core and back office systems. This complexity is magnified with many of the point solutions and core systems operating as single tenant models. Integrating user experiences across desktop, mobile and SMS platforms with proliferating point solutions and a myriad of core and back office systems is overly burdensome to most FIs. Consequently, the industry highly values platforms that mitigate much of this complexity with modern architectures that enable real-time integrations to all constituents of the digital banking ecosystem.
- **Focus on security:** The increasingly interconnected and digital nature of finance renders FIs particularly vulnerable to cybersecurity attacks given the attractive nature of FIs as protectors

of both capital and personal information. The modern bank robber is armed with no more than a computer and can attack from anywhere in the world, and consequently, FIs are constantly under threat. For this reason, FIs are making substantial technology investments in cybersecurity and security more broadly.

FIs take varying approaches to technological evolution, partially driven by philosophy, but predominantly driven by resources that are available to them. The largest FIs have the financial flexibility to make significant investments; the four largest banks based on asset size, as reported by S&P Global Market Intelligence, in the United States spent a combined \$24 billion on technology in 2019, representing a 25% increase in total technology spend from 2016, according to publicly filed reports for the years ended 2019 and 2016, and reflecting the commitment to protect and extend leadership through technology.

The vast majority of remaining FIs do not have the financial resources to match the technology advantage of megabanks. However, these FIs also have no choice but to keep up with the general pace of innovation given the alternative of losing market share to these large competitors, reinforcing the critical nature of third-party digital platforms in helping them overcome the limitations of finite discretionary budgets and resources. This is the essence of our value proposition and market opportunity.

### **Our Market Opportunity**

Our market opportunity was born from the natural and sequential evolution of the technology underlying the banking system. Core banking systems, built to process daily banking transactions and maintain a financial record, increased in functionality through a proliferation of user interaction points, features, functions and associated back office systems, creating massive integration requirements. This, in turn, created the need for a single platform to manage the back-end technical requirements of integration while concurrently creating a unified front-end-user experience. Finally, the data accumulating on disparate technology systems required aggregation. This fragmentation and increasing complexity created the market opportunity for unified, cloud-based digital banking platforms such as ours.

We have prioritized product depth since inception. We realized early on that we would never be able to replace an incumbent vendor without a superior product set. We therefore invested in a technology stack featuring multi-tenant architecture, a single code base and continuous delivery, facilitating speed-to-market and enabling us to rapidly innovate while consistently maintaining a set of integrations that underlies a broad set of configuration options today. This configurability represents a product depth which, when combined with an elegant user experience, underscores our competitive strengths.

In 2015, we had an addressable market of approximately \$3 billion, based on 110 million estimated registered users and the Alkami Platform feature set at the time. Today, we estimate that our core addressable market opportunity has grown to approximately \$6 billion, based on 185 million estimated registered users and the revenue opportunities of the expanded features currently offered by the Alkami Platform and product set. We determined our estimate of 185 million registered users from industry data including NCUA and FDIC call reports, industry participants' public comments, FI Navigator estimates and our knowledge of the digital banking market. We believe our core addressable market continues to have meaningful organic expansion potential, with digital banking penetration converging towards nearly 100% over time from an assumed 70% today, a trend towards client

customers generally maintaining an account with more than one FI and growing revenue-per-registered-user opportunities as we continue to introduce new products. We further estimate the additional addressable market opportunity that we accessed through our recent acquisition of ACH Alert, LLC ("ACH Alert") to be approximately \$750 million, resulting in an estimated total addressable market of approximately \$7 billion. We expect that our total addressable market will also continue to grow organically and inorganically as we pursue adjacent product opportunities, such as fraud prevention which we accessed through our acquisition of ACH Alert, or longer term opportunities around account opening, security, data analytics, money movement and financial wellness, among others. Our expectations of growth in our addressable market are based on a continued focus on a target client base that includes the top 2,000 FIs by assets, with the exception of megabanks, and we believe that this target client base is well-positioned to continue growing organically and through acquisitions, although industry trends and other circumstances could affect whether that growth continues. For further discussion of potential limitations associated with our estimates of our addressable market, see "Risk Factors"—We derive all of our revenues from clients in the financial services industry, and any downturn, consolidation or decrease in technology spend in the financial services industry could materially and adversely affect our business, financial condition and results of operations."

### **Our Platform and Ecosystem**

The Alkami Platform is a multi-tenant, single code base, continuous delivery platform powered by a true cloud infrastructure. Our platform integrates with core system providers and other third-party fintech providers, and acts as the primary interaction point among consumers, businesses and FIs. The primary benefit of this model is to reduce the inefficiencies of traditional point-to-point integration strategies, instead offering a single point of integration allowing our clients' customers to navigate seamlessly across channels. We believe this is critical to FIs as their models shift from physical to digital, enabling the creation of a digital community in the image of their broader brands and aligned with their strategic objectives.

The Alkami Platform maintains 220 integrations to more than 1,000 endpoints, as of December 31, 2020. Our third-party partnerships and integrations are a crucial element of the Alkami Platform, enabling FIs to choose from, and connect with, a broad array of third-party service providers essential to the curation of a customized digital experience. This depth of product configurability and optionality is made possible by the software adapters we have built to standardize access to solutions offered by third-party vendors.

### **The Alkami Value Proposition**

We have grown rapidly since 2009 by understanding our clients' objectives and pain points, including adding nearly 4.1 million registered users from December 31, 2018 to December 31, 2020. We have designed our solutions to improve our clients' ability to achieve their core objectives, including new client growth, customer engagement, increasing and holding deposits, making loans, facilitating money movement and lowering overall operating costs. Importantly, we make our clients more competitive against the megabanks, challenger banks and other technology-enabled competitors.

The technology that powers our platform is foundational to our success and ability to deliver a distinct value proposition to our clients, characterized by the following:

- **Premier user experience:** The Alkami Platform enables our clients to leverage technology to deliver a premier user experience. The experience we build, and that our clients deliver, is



validated by our clients' market-leading app ratings, which are, on average, higher than each of our main competitors and reflect the level of customer satisfaction associated with leading technology brands.

- **Versatile platform:** Our product breadth, depth of integrations, partner network and configurability enable our clients to more precisely match our products to suit the objectives of their digital offering. For our clients, this allows a degree of flexibility that is critical to their pursuit of differentiation without the technical burden and higher cost of custom software. For our business, this approach is tremendously scalable, enabling us to serve large and smaller institutions alike from a single platform, with a full product suite across both retail and business banking operations.
- **Velocity of innovation:** Our ability to win and retain clients is a function of consistently striving to offer a platform with products and configurations that exceeds those of our competition. Our multi-tenant architecture, combined with continuous delivery, allows us to implement new and existing features in lockstep with our clients' evolving needs. This can be done with as little as a week's notice, as was demonstrated during COVID-19-related shelter-in-place restrictions, when we quickly implemented our skip-a-payment tool. Our technological infrastructure provides a speed-to-market advantage which often allows us to remain a step ahead of competitors who operate single-tenant or other legacy architecture.
- **Fraud mitigation:** Our clients seek to achieve a balance between convenience and safety that is required in a digital banking solution. Biometric and multi-factor authentication, combined with machine learning wrapped in a leading user experience, creates a more secure user experience. Platform security capabilities such as card management and true real-time alerts further help to mitigate fraud and develop a relationship of trust between our clients and their customers.

The Alkami Platform delivers tangible results to clients, including increased registered user growth, increased product usage, operational efficiencies and customer retention. Our clients grew their registered user communities at a rate of 17% during the year ended December 31, 2020, faster than the user growth rate we estimate the industry achieved during the same period.

### Our Growth Strategies

We intend to continue to invest to grow our business and expand our addressable market by applying the following strategies:

- **Deepen existing client relationships:** We expect to continue to deepen our existing client relationships, increasing both the number of registered users and the number of products per client:
  - **Cross-sell:** We are constantly broadening our product set to address the needs of our client base. We offered nine products when we launched Alkami Business Banking in 2015, and as of December 31, 2020, 26 products were available through the Alkami Platform and our clients had purchased an average of nine products from us. We expect cross-sell to contribute meaningfully to our growth, particularly following the creation of a dedicated sales team focused on this effort in July 2019.
  - **Customer penetration:** While we recently achieved nearly 9.7 million registered digital banking users ("registered users"), we estimate this only represents 70% of our clients' total customers as of December 31, 2020. We believe we have a substantial opportunity to grow our registered user base within our existing clients as we continuously enhance our value proposition and more consumers adopt digital banking solutions.

- **Win new clients:** We believe the market remains underserved by legacy solutions, which will allow us to continue to gain market share. We are increasingly winning FIs with more sophisticated needs as we grow our market presence and product capabilities. As compared to the 2018 client cohort, our 2020 client cohort, on average, has nearly twice as many registered users, has longer contract lengths and utilizes more products.
- **Broaden and enhance product suite:** We intend to invest to continue to enhance our product suite. In 2020 and 2019, we spent 35.9% and 44.5% of revenues on research and development, underlining our commitment to ongoing innovation. This includes maintaining a constant pulse on the evolving needs of our clients and designing products accordingly, both on a proprietary basis and in collaboration with our platform partner network.
- **Select acquisitions:** We intend to selectively pursue acquisitions and other strategic transactions that accelerate our strategic objectives. Our acquisition of ACH Alert, which was completed in the fourth quarter of 2020, exemplifies our acquisition strategy, bringing an additional fraud prevention tool to our product suite while also providing access to an additional 95 clients that were either live or under contract with ACH Alert at the time of the acquisition.

### Summary Risk Factors

Investing in our common stock involves substantial risk. Our ability to execute our strategy is also subject to certain risks. The risks described under the heading “Risk Factors” in this prospectus may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the most significant challenges and risks we face include the following:

- Our limited operating history makes it difficult to evaluate our current business and future prospects, and our recent success may not be indicative of our future results of operations.
- We have a history of operating losses and may not achieve or maintain profitability in the future.
- Our business and operations have experienced rapid growth, and if we do not appropriately manage future growth, if any, or are unable to improve our systems and processes, our business, financial condition and results of operations will be adversely affected.
- If we are unable to attract new clients or continue to broaden our existing clients' use of our solutions, our business, financial condition and results of operations could be materially and adversely affected.
- Growth of our business will depend on a strong brand and any failure to maintain, protect and enhance our brand would hurt our ability to retain or expand our base of clients.
- We may not accurately predict the long-term rate of client subscription renewals or adoption of our solutions, or any resulting impact on our revenues or results of operations.
- We leverage third-party software, content and services for use with our solutions. Performance issues, errors and defects, or failure to successfully integrate or license necessary third-party software, content or services, could cause delays, errors or failures of our solutions, increases in our expenses and reductions in our sales, which could materially and adversely affect our business, financial condition and results of operations.
- If we are unable to effectively integrate our solutions with other systems used by our clients, or if there are performance issues with such third-party systems, our solutions will not operate effectively, and our business, financial condition and results of operations could be materially and adversely affected.

- We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition and results of operations.
- We derive all of our revenues from clients in the financial services industry, and any downturn, consolidation or decrease in technology spend in the financial services industry could materially and adversely affect our business, financial condition and results of operations.
- A breach or other compromise of our security measures or those of third parties we rely on could result in unauthorized access to personal information about our clients' customers and other individuals and other data or disruptions to our systems or operations, which could materially and adversely impact our reputation, business, financial condition and results of operations.
- Our clients, as FIs, are highly regulated and subject to a number of challenges and risks. Our failure to comply with laws and regulations applicable to us as a technology service provider to FIs could materially and adversely affect our business, financial condition and results of operations, increase costs and impose constraints on the way we conduct our business.
- Privacy and data security concerns, data collection and transfer restrictions, contractual obligations and U.S. and foreign laws, regulations and industry standards related to data privacy, security and protection could limit the use and adoption of the Alkami Platform and materially and adversely affect our business, financial condition and results of operations.
- Our quarterly and annual results of operations are likely to fluctuate in future periods.
- Because we recognize revenues from our solution over the terms of our client agreements, the impact of changes in the subscriptions for our solution will not be immediately reflected in our operating results.
- Our sales cycle can be unpredictable, time-consuming and costly, which could materially and adversely affect our business, financial condition and results of operations.
- Because competition for key employees is intense, we may not be able to attract and retain the highly skilled employees we need to support our operations and future growth.
- Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand.
- Claims by others that we infringe, misappropriate or otherwise violate their proprietary technology or other rights could have a material and adverse effect on our business, financial condition and results of operations.

### **Our Corporate Information**

We were incorporated under the laws of the State of Delaware on August 18, 2011. Our principal executive offices are located at 5601 Granite Parkway, Suite 120, Plano, Texas 75024, and our telephone number is (877) 725-5264. Our corporate website address is [www.alkami.com](http://www.alkami.com). Information contained on, or accessible through, our website shall not be deemed incorporated into and is not a part of this prospectus or the registration statement of which it forms a part. We have included our website in this prospectus solely as an inactive textual reference.

### **Implications of Being an Emerging Growth Company**

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). We will remain an emerging growth company until the earliest of (1) the last

day of the fiscal year following the fifth anniversary of the consummation of this offering, (2) the last day of the fiscal year in which we have total annual gross revenues of at least \$1.07 billion, (3) the last day of the fiscal year in which we are deemed to be a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which would occur if the market value of our common stock held by non-affiliates exceeded \$700.0 million as of the last business day of the second fiscal quarter of such year or (4) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period. An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- We will present in this prospectus only two years of audited consolidated financial statements, plus any required unaudited consolidated financial statements, and related management’s discussion and analysis of financial condition and results of operations;
- We will avail ourselves of the exemption from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;
- We will provide less extensive disclosure about our executive compensation arrangements; and
- We will not require stockholder non-binding advisory votes on executive compensation or golden parachute arrangements.

Accordingly, the information contained herein may be different than the information you receive from our competitors that are public companies or other public companies in which you hold stock.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards, and therefore we will not be subject to the same requirements to adopt new or revised accounting standards as other public companies that are not emerging growth companies.



## **The Offering**

|  |   |
|--|---|
| Common stock offered by us                           | 6,000,000 shares (or 6,900,000 shares if the underwriters exercise in full their option to purchase additional shares).   |
| Common stock to be outstanding after this offering   | 83,135,445 shares (or 84,035,445 shares if the underwriters exercise in full their option to purchase additional shares).   |
| Option to purchase additional shares of common stock | The underwriters have an option to purchase up to an aggregate of 900,000 additional shares of our common stock from us, less underwriting discounts and commissions. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.  |
| Use of proceeds                                      | <p>We estimate that the net proceeds to us from the sale of the shares of our common stock in this offering will be approximately \$126.6 million, based upon an initial public offering price of \$23.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional shares in this offering in full, we estimate that our net proceeds will be approximately \$146.4 million, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>We currently expect to use the net proceeds from this offering, together with our existing cash and cash equivalents, to finance our growth, develop new or enhanced products and fund capital expenditures. In connection with the completion of this offering, we also plan to pay approximately \$4.9 million of the net proceeds in accumulated dividends to holders of our Series B redeemable convertible preferred stock (the "Series B Dividend"), including an aggregate of \$3.8 million to certain holders of 5% or more of our capital stock, our directors and their affiliated entities and our executive officers.</p> <p>The remaining funds will be used for general corporate purposes, including working capital and operating expenses. We may also use a portion of the remaining net proceeds, if any, to</p> |

Nasdaq Global Select Market symbol

Risk factors

acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments for any acquisitions at this time.

See the section titled “Use of Proceeds” for additional information.

“ALKT.”

See “Risk Factors” for a discussion of factors you should carefully consider before deciding to invest in our common stock.

The number of shares of our common stock to be outstanding after this offering reflected in the table above is based on 77,135,445 shares of our common stock outstanding as of December 31, 2020 and excludes:

- 212,408 shares of our common stock issuable upon the exercise of outstanding warrants, which includes our existing warrants exercisable for redeemable convertible preferred stock that will convert into warrants exercisable for common stock immediately prior to the completion of this offering, as of December 31, 2020, with a weighted-average exercise price of \$3.23 per share;
- 11,603,131 shares of our common stock issuable upon the exercise of outstanding stock options as of December 31, 2020, with a weighted-average exercise price of \$2.14 per share;
- 2,709,323 shares of our common stock issuable upon the exercise of outstanding stock options granted subsequent to December 31, 2020, with a weighted-average exercise price of \$15.87 per share through March 31, 2021;
- 340,128 additional shares of our common stock reserved for issuance pursuant to future awards under our 2011 Long-Term Incentive Plan (“2011 Plan”) as of March 31, 2021, which will become available for issuance under our 2021 Incentive Award Plan (“2021 Plan”) immediately prior to the completion of this offering;
- 12,131,846 shares of our common stock reserved for future issuance under our 2021 Plan, which will become effective on the date immediately prior to the date our registration statement relating to this offering becomes effective, of which options to purchase 101,775 shares of common stock at an exercise price equal to the initial public offering price set forth on the cover of this prospectus will be granted concurrently with this offering, and from which we will grant restricted stock units covering 192,000 shares of common stock concurrently with this offering, as well as any future increases in the number of shares of our common stock reserved for issuance under the 2021 Plan; and
- 2,205,790 shares of our common stock reserved for future issuance under our 2021 Employee Stock Purchase Plan (“ESPP”), which will become effective on the date immediately prior to the date our registration statement relating to this offering becomes effective, as well as any future increases in the number of shares of our common stock reserved for issuance under the ESPP.

Unless otherwise indicated, all information contained in this prospectus, including the number of shares of our common stock that will be outstanding after this offering, assumes or gives effect to:

- the filing and effectiveness of our amended and restated certificate of incorporation immediately prior to the completion of this offering;

- the conversion of all the outstanding shares of our redeemable convertible preferred stock into an aggregate of 72,225,916 shares of our common stock, the conversion of which will occur immediately prior to the completion of this offering;
- no exercise of the outstanding warrants or options subsequent to December 31, 2020; and
- no exercise by the underwriters of their option to purchase up to 900,000 additional shares of our common stock from us.

## Summary Consolidated Financial and Operating Information

The following tables set forth our summary historical consolidated financial information for the periods and dates indicated. The consolidated balance sheet data as of December 31, 2020 and the consolidated statements of operations for the years ended December 31, 2019 and 2020 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The statement of operations for the year ended December 31, 2018 has been derived from our financial statements not included in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future.

This data should be read in conjunction with, and is qualified in its entirety by reference to, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Capitalization” sections of this prospectus and our audited consolidated financial statements and notes thereto for the periods and dates indicated included elsewhere in this prospectus.

### Consolidated Statements of Operations

|  | Year Ended December 31, |             |             |
|--|-------------------------|-------------|-------------|
|  | 2018                    | 2019        | 2020        |
| (in thousands, except share and per share amounts)                                   |                         |             |             |
| Revenues   | \$ 48,199               | \$ 73,541   | \$ 112,142  |
| Cost of revenues <sup>(1)</sup>  | 32,495                  | 43,106      | 52,986      |
| Gross profit   | 15,704                  | 30,435      | 59,156      |
| Operating expenses <sup>(1)</sup> :  |                         |             |             |
| Research and development   | 27,648                  | 32,722      | 40,209      |
| Sales and marketing  | 11,202                  | 15,328      | 16,774      |
| General and administrative   | 18,659                  | 24,920      | 37,276      |
| Total operating expenses   | 57,509                  | 72,970      | 94,259      |
| Loss from operations   | (41,805)                | (42,535)    | (35,103)    |
| Non-operating income (expense):  |                         |             |             |
| Interest income  | 135                     | 267         | 55          |
| Interest expense   | (103)                   | (110)       | (489)       |
| Gain (loss) on financial instruments   | 125                     | 509         | (15,818)    |
| Loss before income tax expense   | (41,648)                | (41,869)    | (51,355)    |
| Provision for income taxes   | —                       | —           | —           |
| Net loss   | (41,648)                | (41,869)    | (51,355)    |
| Less: Cumulative dividends and adjustments to redeemable convertible preferred stock | (1,106)                 | (1,212)     | (5,290)     |
| Net loss attributable to common stockholders   | \$ (42,754)             | \$ (43,081) | \$ (56,645) |
| Net loss per share attributable to common stockholders:                              |                         |             |             |
| Basic and diluted <sup>(2)</sup>   | \$ (12.70)              | \$ (9.91)   | \$ (11.78)  |
| Weighted average number of common shares outstanding:                                |                         |             |             |
| Basic and diluted <sup>(2)</sup>   | 3,365,527               | 4,346,900   | 4,809,533   |



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

| (in thousands)                          | Year Ended December 31, |                |                |
|---|-------------------------|----------------|----------------|
|   | 2018                    | 2019           | 2020           |
| Cost of revenues                        | \$111                   | \$ 219         | \$ 369         |
| Research and development                | 306                     | 323            | 417            |
| Sales and marketing                     | 66                      | 97             | 147            |
| General and administrative              | 318                     | 611            | 1,021          |
| Total stock-based compensation expenses | <u>\$801</u>            | <u>\$1,250</u> | <u>\$1,954</u> |

- (2) See Note 12 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted net loss per share and the weighted-average number of shares used in the computation of the per share amounts.

### Consolidated Balance Sheet Data

The following table sets forth our consolidated balance sheet data as of December 31, 2020 on:

- an actual basis;
- a pro forma basis, to reflect: (i) the conversion of all of the outstanding shares of our redeemable convertible preferred stock as of December 31, 2020 into an aggregate of 72,225,916 shares of our common stock immediately prior to the completion of this offering; (ii) the accrual for the expected payment of \$4.9 million of the Series B Dividend in connection with the completion of this offering; (iii) the conversion of all of our outstanding warrants exercisable for redeemable convertible preferred stock as of December 31, 2020 into warrants exercisable for 212,408 shares of our common stock immediately prior to the completion of this offering; and (iv) the filing and effectiveness of our amended and restated certificate of incorporation immediately prior to the completion of this offering; and
- a pro forma as adjusted basis, giving effect to the pro forma adjustments discussed above, and giving further effect to (i) the sale of 6,000,000 shares of our common stock that we are offering at an assumed initial public offering price of \$23.50 share, which is the midpoint of the price range listed on the cover page of this prospectus and (ii) the application of the proceeds from this offering as described in "Use of Proceeds," after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, including the payment in cash of the Series B Dividend in connection with the completion of this offering.

| (in thousands)                         | As of December 31, 2020 |           |                       |
|--|-------------------------|-----------|-----------------------|
|  | Actual                  | Pro Forma | Pro Forma as Adjusted |
| Cash and cash equivalents              | \$ 166,790              | \$166,790 | \$ 289,651            |
| Total assets                           | 249,166                 | 249,166   | 370,454               |
| Total liabilities <sup>(1)</sup>       | 69,426                  | 71,672    | 66,315                |
| Redeemable convertible preferred stock | 443,263                 | —         | —                     |
| Total stockholders' equity (deficit)   | (263,523)               | 177,494   | 304,139               |

- (1) Includes \$25.0 million of long-term debt.

### Reconciliation of Adjusted EBITDA to Net Loss

| (in thousands)                                  | Year Ended December 31, |                   |                   |
|---|-------------------------|-------------------|-------------------|
|   | 2018                    | 2019              | 2020              |
| Net loss  | \$(41,648)              | \$(41,869)        | \$(51,355)        |
| Provision for income taxes                      | —                       | —                 | —                 |
| (Gain) loss on financial instruments            | (125)                   | (509)             | 15,818            |
| Interest (income) expense, net                  | (32)                    | (157)             | 434               |
| Amortization of intangible assets               | —                       | —                 | 209               |
| Depreciation                                    | 2,139                   | 2,226             | 2,566             |
| Stock-based compensation expense                | 801                     | 1,250             | 1,954             |
| Expenses related to tender offer <sup>(1)</sup> | —                       | —                 | 6,091             |
| Acquisition-related expenses                    | —                       | —                 | 839               |
| Adjusted EBITDA <sup>(2)</sup>                  | <u>\$(38,865)</u>       | <u>\$(39,059)</u> | <u>\$(23,444)</u> |

- (1) On October 15, 2020, we offered to purchase for cash vested stock options or shares of common stock, representing up to 20% of each employee's holdings from employees employed by us on September 30, 2020. The expiration date of the tender offer was November 12, 2020. An aggregate of 1.1 million vested stock options and shares of common stock were tendered, resulting in total payments of \$17.4 million, which includes a \$6.1 million non-recurring payment for the excess of the repurchase price over the fair value of the stock on the date of repurchase, recognized as additional compensation expense in the consolidated statements of operations.
- (2) Adjusted EBITDA is a non-GAAP financial measure and should not be considered an alternative to GAAP net loss as a measure of operating performance or as a measure of liquidity. We define adjusted EBITDA as net loss before provision for income taxes; (gain) loss on financial instruments; interest (income) expense, net; amortization of intangible assets; depreciation; stock-based compensation expense; tender offer-related costs; and acquisition-related costs. We believe adjusted EBITDA provides investors and other users of our financial information consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations. For additional information regarding adjusted EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics."

## RISK FACTORS

*An investment in our common stock involves a high degree of risk. You should consider carefully the following risks, together with the information under the caption "Business—Our Competition," our financial statements and the related notes and the other information contained in this prospectus before you decide whether to buy our common stock. If any of the events contemplated by the following discussion of risks should occur, our business, results of operations and financial condition could be materially and adversely affected. As a result, the market price of our common stock could decline, and you may lose all or part of the money you paid to buy our common stock. The risks described below are those that we believe are the material risks that we face but other risks may arise from time to time. See "Cautionary Note Regarding Forward-Looking Statements" elsewhere in this prospectus.*

### **Risks Relating to Our Business and Industry**

***Our limited operating history makes it difficult to evaluate our current business and future prospects, and our recent success may not be indicative of our future results of operations.***

We began business in 2009 and, as a result, have only a limited operating history upon which to evaluate our business and future prospects. We have encountered and will continue to encounter risks and difficulties frequently experienced by rapidly growing companies in constantly evolving industries, including the risks described in this document. If we do not address these risks successfully, our business, financial condition and results of operations will be adversely affected and the market value of our common stock could decline. Further, because we have limited historical financial data and we operate in a rapidly evolving market, any predictions about our future revenues and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market.

You should not consider our revenue growth rate in recent periods as indicative of our future performance. You should not rely on our revenues for any prior quarterly or annual periods as an indication of our future revenues or revenue growth. If we are unable to maintain revenue growth, it may be difficult for us to achieve and maintain profitability.

***We have a history of operating losses and may not achieve or maintain profitability in the future.***

We have incurred net losses since inception. For the years ended December 31, 2020 and 2019, we incurred net losses of \$51.4 and \$41.9 million, respectively, and as of December 31, 2020, we had an accumulated deficit of \$263.5 million.

Since inception, we have spent significant funds on organizational and start-up activities, to recruit key managers and employees, to develop our solutions and client support resources and for research and development. We will need to generate and sustain increased revenue levels in future periods in order to become profitable, and, even if we do increase our revenues, we may not be able to achieve, maintain or increase our profitability. We intend to continue to expend significant resources to support further growth and extend the functionality of our solutions, expand our sales and product development headcount and increase our marketing activities. We will also face increased costs associated with growth, the expansion of our client base and the costs of being a public company. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenues enough to offset our increased operating expenses. We expect to incur losses for the foreseeable future as we continue to invest in product development and marketing, and we cannot predict whether or when we will achieve or maintain profitability. If we are unable to achieve and

maintain profitability, the value of our business and common stock may significantly decrease and our business, financial condition and results of operations may be materially and adversely affected.

***Our business and operations have experienced rapid growth, and if we do not appropriately manage future growth, if any, or are unable to improve our systems and processes, our business, financial condition and results of operations will be adversely affected.***

We have experienced rapid growth in our headcount and operations and expect to continue to experience rapid growth in the future. This growth has placed, and may continue to place, significant demands on our management and our operational and financial infrastructure. Our ability to manage our growth effectively will require us to continue to expand our operational and financial infrastructure and to continue to retain, attract, train, motivate and manage our employees. Continued growth could strain our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train and retain highly skilled personnel and maintain client and brand satisfaction.

As we expand our business and operate as a public company, we may find it difficult to maintain our corporate culture while managing our employee growth. See “—Our corporate culture has contributed to our success, and if we cannot maintain it as we grow, we could lose the innovation, creativity and teamwork fostered by our culture, and our business may be adversely affected.” Additionally, our productivity and the quality of our offerings may be adversely affected if we do not integrate and train our new employees quickly and effectively. Failure to manage any future growth effectively could result in increased costs, negatively affect our clients’ satisfaction with our offerings and harm our results of operations. If we fail to achieve the necessary level of efficiency in our organization as we grow, our business, financial condition and results of operations could be harmed.

Additionally, if we do not effectively manage the growth of our business and operations, the quality of our solutions could suffer, which would negatively affect our brand, operating results and overall business. We may not be able to sustain the diversity and pace of improvements to our offerings successfully or implement systems, processes and controls in an efficient or timely manner or in a manner that does not negatively affect our results of operations. Our failure to improve our systems, processes and controls, or their failure to operate in the intended manner, may result in our inability to manage the growth of our business and to forecast our revenues and expenses accurately.

***If we are unable to attract new clients or continue to broaden our existing clients’ use of our solutions, our business, financial condition and results of operations could be materially and adversely affected.***

To increase our revenues, we will need to continue to attract new clients and succeed in having our current clients expand the use of our solutions across their institutions. In addition, for us to maintain or improve our results of operations, it is important that our clients renew their subscriptions with us on similar or more favorable terms to us when their existing subscription term expires. Our revenue growth rates may decline or fluctuate as a result of a number of factors, including client spending levels, client dissatisfaction with our solution, decreases in the number of client customers, changes in the type and size of our clients, pricing changes, competitive conditions, the loss of our clients to other competitors and general economic conditions. We cannot assure you that our current clients will renew or expand their use of our solutions. If we are unable to attract new clients or retain or attract new business from current clients, our business, financial condition and results of operations may be materially and adversely affected. The growth of our business also depends on our ability to develop and maintain resale agreements for third-party solutions through our digital banking platform agreements. If we are unable to develop and maintain resale agreements, our business, financial condition and results of operations may be materially and adversely affected.



***Growth of our business will depend on a strong brand and any failure to maintain, protect and enhance our brand would hurt our ability to retain or expand our base of clients.***

We believe that a strong brand is necessary to continue to attract and retain clients. We need to maintain, protect and enhance our brand in order to expand our base of clients. This will depend largely on the effectiveness of our marketing efforts, our ability to provide reliable services that continue to meet the needs of our clients at competitive prices, our ability to maintain our clients' trust, our ability to continue to develop new functionality and use cases, and our ability to successfully differentiate our services and platform capabilities from competitive products and services, which we may not be able to do effectively. While we may choose to engage in a broader marketing campaign to further promote our brand, this effort may not be successful or cost effective. Our brand promotion activities may not generate customer awareness or yield increased revenues, and even if they do, any increased revenues may not offset the expenses we incur in building our brand. If we are unable to maintain or enhance client awareness in a cost-effective manner, our brand and our business, financial condition and results of operations could be materially and adversely affected.

Our corporate reputation is susceptible to damage by actions or statements made by adversaries in legal proceedings, current or former employees or clients, competitors and vendors, as well as members of the investment community and the media. There is a risk that negative information about our company, even if based on false rumor or misunderstanding, could adversely affect our business. In particular, damage to our reputation could be difficult and time-consuming to repair, could make potential or existing clients reluctant to select us for new engagements, resulting in a loss of business, and could adversely affect our employee recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of our brand name and could reduce investor confidence in us and materially and adversely affect our business, financial condition and results of operations.

***We may not accurately predict the long-term rate of client subscription renewals or adoption of our solutions, or any resulting impact on our revenues or results of operations.***

Our clients have no obligation to renew their subscriptions for our solutions after the expiration of the subscription term, and our clients, if they choose to renew at all, may renew for fewer products or on less favorable pricing terms. Since our client agreements had an average contract life since our inception of 70 months as of December 31, 2020, and since we only began operations in 2009, we have limited historical data with respect to rates of client subscription renewals and cannot be certain of anticipated renewal rates. Our renewal rates may decline or fluctuate as a result of a number of factors, including our clients' satisfaction with our pricing or our solutions or their ability to continue their operations or spending levels. As we sign more contracts, we will generally have an increasing amount of contracts coming up for renewal. If our clients do not renew their subscriptions for our solutions on similar pricing terms, our revenues may decline and it could have a material and adverse effect on our business, financial condition and results of operations.

Additionally, as the markets for our solutions continue to develop, we may be unable to attract new clients based on the same subscription model that we have used historically. Moreover, large or influential FI clients may demand more favorable pricing or other contract terms from us. As a result, in the past we have had, and expect to be required in the future, to change our pricing model, reduce our prices or accept other unfavorable contract terms, any of which could materially and adversely affect our business, financial condition and results of operations.

***We leverage third-party software, content and services for use with our solutions. Performance issues, errors and defects, or failure to successfully integrate or license necessary third-party software, content or services, could cause delays, errors or failures of our solutions, increases***

***in our expenses and reductions in our sales, which could materially and adversely affect our business, financial condition and results of operations.***

We use software and content licensed from, and services provided by, a variety of third parties in connection with the operation of our solutions. This includes making our applications available through the Google Play Store and Apple's App Store (collectively, the "App Stores"). Any performance issues, errors, bugs or defects in third-party software, content or services could result in errors or a failure of our solutions, which could materially and adversely affect our business, financial condition and results of operations. In the future, we might need to license other software, content or services to enhance our solutions and meet evolving client demands and requirements. Any limitations in our ability to use third-party software, content or services, including the App Stores, could significantly increase our expenses and otherwise result in delays, a reduction in functionality or errors or failures of our solutions until equivalent technology or content is either developed by us or, if available, identified, obtained through purchase or licensed and integrated into our solutions. In addition, third-party licenses may expose us to increased risks, including risks associated with the integration of new technology, the diversion of resources from the development of our own proprietary technology and our inability to generate revenues from new technology sufficient to offset associated acquisition and maintenance costs, all of which may increase our expenses and materially and adversely affect our business, financial condition and results of operations.

***If we are unable to effectively integrate our solutions with other systems used by our clients, or if there are performance issues with such third-party systems, our solutions will not operate effectively, and our business, financial condition and results of operations could be materially and adversely affected.***

The Alkami Platform integrates with other third-party systems used by our clients, including core processing systems. We do not have formal arrangements with many of these third-party providers regarding our access to their application program interfaces to enable these client integrations. If we are unable to effectively integrate with third-party systems, our clients' operations may be disrupted, which could result in disputes with clients, negatively impact client satisfaction and materially and adversely affect our business, financial condition and results of operations. Additionally, if we are unable to address our clients' needs or preferences in a timely fashion or further develop and enhance our solutions, or if a client is not satisfied with the quality of work performed by us or with the technical support services rendered, we could incur additional costs to address the situation and our business may be impaired and clients' dissatisfaction with our solutions could damage our ability to maintain or expand our client base. If the software of such third-party providers has performance or other problems, such issues may reflect poorly on us and the adoption and renewal of our solutions, which could significantly harm our reputation. Moreover, any negative publicity related to our solutions, regardless of its accuracy or whether the ultimate cause of any poor performance actually results from our products or from the systems of our clients, may further damage our business by affecting our reputation and may materially and adversely affect our business, financial condition and results of operations.

***We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition and results of operations.***

The market for digital solutions for financial service providers is intensely competitive and characterized by rapid changes in technology and frequent new product introductions and improvements. We anticipate continued challenges from current competitors, including point solution vendors and core processing vendors, many of whom are well-established and enjoy greater resources, as well as from new entrants into the industry, which could include well-established companies with distinct advantages, such as cloud providers, search providers, social media providers

and large providers of software to businesses and consumers. If we are unable to anticipate or react to these competitive challenges, our competitive position could weaken, and we could experience a decline in revenues that could adversely affect our business, financial condition and results of operations.

Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages such as:

- greater name recognition and larger client bases;
- larger sales and marketing budgets and resources;
- greater client support resources;
- larger research and development budgets; and
- substantially greater financial, technical and other resources.

Potential clients may also prefer to continue their relationship with their existing partner rather than change to a new partner regardless of product performance or features. As a result, even if the features of the Alkami Platform are superior, clients may not purchase our solution. In addition, innovative start-up companies, and larger companies that are making significant investments in research and development, may develop similar or superior products and technologies that compete with our solutions. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their market position. As a result, our current or potential competitors might be able to adapt more quickly to new technologies and client customer needs, devote greater resources to the promotion or sale of their products and services, initiate or withstand substantial price competition, take advantage of acquisitions or other opportunities more readily, or develop and expand their product and service offerings more quickly than we can. Further, conditions in our industry could change rapidly and significantly as a result of technological advancements. These competitive pressures in our market or our failure to compete effectively may result in price reductions, reduced revenues and gross margins and loss of market share. If our clients do not renew their subscriptions for our solutions on similar or more favorable terms to us, our revenues may decline and it could have a material and adverse effect on our business, financial condition and results of operations.

***We derive all of our revenues from clients in the financial services industry, and any downturn, consolidation or decrease in technology spend in the financial services industry could materially and adversely affect our business, financial condition and results of operations.***

We derive all of our revenues from FIs, whose industry has experienced significant pressure in recent years due to economic uncertainty, low interest rates, liquidity concerns and increased regulation. In the recent past, FIs have experienced consolidation, distress and failure, and very few new FIs are being created. It is possible these conditions may continue into the future, and even if conditions improve for FIs, there can be no guarantee that these conditions will not reoccur. If any of our clients fail or merge with, or are acquired by, other entities, such as FIs that have internally developed banking technology solutions or that are not our clients or use our solutions less, our business, financial condition and results of operations could be materially and adversely affected. Additionally, changes in management of our clients could result in delays or cancelations of the implementation of our solutions. It is also possible that consolidation among FIs could decrease the number of registered users by causing registered users to opt for fewer and deeper FI relationships, and larger FIs that result from business combinations could have greater leverage in negotiating price or other terms with us or could decide to replace some or all of the elements of our solutions.

Our business, financial condition and results of operations could also be materially and adversely affected by weak economic conditions in the financial services industry. Any downturn in the financial

services industry may cause our clients to reduce their spending on technology or cloud-based banking technology or to seek to terminate or renegotiate their contracts with us. Moreover, even if the overall economy is robust, economic fluctuations caused by things such as the U.S. Federal Reserve altering the federal funds target range may cause potential new clients and existing clients to become less profitable and therefore forego or delay purchasing our solutions or reduce the amount of spend with us, which could materially and adversely affect our business, financial condition and results of operations.

***If the market for digital banking solutions develops more slowly than we expect or changes in a way that we fail to anticipate, our sales would suffer and our business, financial condition and results of operations could be materially and adversely affected.***

Use of, and reliance on, digital banking solutions is still at a relatively early stage, and we do not know whether FIs will continue to adopt digital banking solutions such as ours in the future or whether the market will change in ways we do not anticipate. Many FIs have invested substantial personnel and financial resources in legacy software, and these institutions may be reluctant, unwilling or unable to convert from their existing systems to our solutions. Furthermore, these FIs may be reluctant, unwilling or unable to use digital banking solutions due to various concerns such as the security of their data and reliability of the delivery model. These concerns or other considerations may cause FIs to choose not to adopt our digital banking solutions or to adopt them more slowly than we anticipate, either of which would adversely affect our business, financial condition and results of operations. Our future success also depends on our ability to sell additional applications and functionality to our current and prospective clients. As we create new applications and enhance our existing solutions, these applications and enhancements may not be attractive to clients. In addition, promoting and selling new and enhanced functionality may require increasingly costly sales and marketing efforts, and if clients choose not to adopt this functionality, our business, financial condition and results of operations could be materially and adversely affected.

***Our business, financial condition and results of operations could be materially and adversely affected if our clients are not satisfied with our digital banking solutions or our systems and infrastructure fail to meet their needs.***

Our business depends on our ability to satisfy our clients and meet their digital banking needs. Our clients use a variety of network infrastructure, hardware and software and our digital banking solutions must support the specific configuration of our clients' existing systems, including in many cases the solutions of third-party providers. Our implementation expenses increase when clients have unexpected data, network infrastructure, hardware or software technology challenges, or complex or unanticipated business or regulatory requirements. In addition, our clients typically require complex acceptance testing related to the implementation of our solutions. Implementation delays may also require us to delay revenue recognition under the related sales agreement longer than expected. Further, because we do not fully control our clients' implementation schedules, if our clients do not allocate the internal resources necessary to meet implementation timelines or if there are unanticipated implementation delays or difficulties, our revenue recognition may be delayed.

Further, any failure of or delays in our systems could cause service interruptions or impaired system performance. Some of our client agreements require us to issue credits for downtime in excess of certain thresholds and in some instances give our clients the ability to terminate their agreements with us in the event of significant amounts of downtime. If sustained or repeated, these performance issues could reduce the attractiveness of our solutions to new and existing clients, cause us to lose clients, decrease our revenues and lower our renewal rates by existing clients, each of which could materially and adversely affect our business, financial condition and results of operations. In addition, negative publicity resulting from issues related to our client relationships, regardless of accuracy, may

adversely affect our ability to attract new clients and maintain and expand our relationships with existing clients.

If the use of our digital banking solutions increases, or if our clients demand more advanced features from our solutions, we will need to devote additional resources to improving our solutions, and we also may need to expand our technical infrastructure at a more rapid pace than we have in the past. This would involve spending substantial amounts to increase our cloud services infrastructure, purchase or lease data center capacity and equipment, upgrade our technology and infrastructure and introduce new or enhanced solutions. It takes a significant amount of time to plan, develop and test changes to our infrastructure, and we may not be able to accurately forecast demand or predict the results we will realize from such improvements. There are inherent risks associated with changing, upgrading, improving and expanding our technical infrastructure. Any failure of our solutions to integrate effectively with future infrastructure and technologies could reduce the demand for our solutions, resulting in client dissatisfaction, which could materially and adversely affect our business, financial condition and results of operations. Also, any expansion of our infrastructure would likely require that we appropriately scale our internal business systems and services organization, including implementation and client support services, to serve our growing client base. If we are unable to respond to these changes or fully and effectively implement them in a cost-effective and timely manner, our service may become ineffective, we may lose clients and our business, financial condition and results of operations could be materially and adversely affected.

***A breach or other compromise of our security measures or those of third parties we rely on could result in unauthorized access to personal information about our clients' customers and other individuals and other data, or disruptions to our systems or operations, which could materially and adversely impact our reputation, business, financial condition and results of operations.***

Certain elements of our solutions process and store personal information ("PI"), including banking and payment data and other PI regarding our clients' customers, such as social security numbers, and we may also have access to PI during various stages of the implementation process or during the course of providing client support. We, like other organizations, particularly in the financial technology sector, routinely are subject to cybersecurity threats, privacy breaches, insider threats, data breaches or other incidents that may either result in threatened or actual exposure resulting in unauthorized access, disclosure and misuse of PI or other information regarding clients, client customers, vendors, employees, third-party providers, or our company and business, and our technologies, systems and networks have been subject to attempted cybersecurity attacks. Information security risks for banking and technology companies such as ours have significantly increased in recent years in part because of the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties. Because of our position in the financial services industry, we believe that we are likely to continue to be a target of such threats and attacks. Additionally, geopolitical events and resulting government activity could also lead to information security threats and attacks by affected jurisdictions and their sympathizers.

We maintain policies, procedures and technological safeguards and have implemented policy, procedural, technical, physical and administrative controls designed to protect our information technology system and applications, and the confidentiality, integrity and availability of data, including PI. However, violations of such policies, procedures and safeguards have occurred in the past and, despite the security measures we have in place, there can be no assurance that our safety and security measures (and those of our third-party providers) will prevent damage to, or interruption or breach of, our information systems and operations. Given the unpredictability of the timing, nature and scope of cybersecurity attacks and other security-related incidents, our technology may fail to



adequately secure the data and PI we maintain in our databases and we cannot entirely eliminate the risk of improper or unauthorized access to or disclosure of data or PI, other security events that impact the integrity or availability of data, PI or our systems and operations, and data contained in such systems and operations, or the related costs we may incur to mitigate the consequences from such events. Additionally, we cannot guarantee that our insurance coverage would be sufficient to cover all losses. Further, the Alkami Platform involves flexible and complex software solutions and there is a risk that configurations of, or defects in, the solutions or errors in implementation could create vulnerabilities to security breaches or incidents. There may be, and have been in the past, unlawful attempts to disrupt or gain access to our information technology systems that may result in unauthorized access to or disclosure of client customer PI or other data and disrupt our or our clients' operations. We may be unable to anticipate or prevent techniques used to obtain unauthorized access or to sabotage systems, react in a timely manner or implement adequate preventative measures. Additionally, we and client customers integrate our solutions with certain third-party systems used by our clients which may have access to PI and other data about our clients. Our ability to monitor such third-parties' security measures is limited, and a vulnerability in a third-party system with which we integrate could result in unauthorized access to or disclosure, modification, misuse, loss or destruction of our clients' and client customers' PI and other data, including our business information. Any of the foregoing could result in a material adverse effect on our business, reputation, financial condition and results of operations.

In addition, because we leverage third-party providers, including cloud, software, data center and other critical technology vendors to deliver our solution to our clients and their customers, we rely heavily on the data security technology practices and policies adopted by these third-party providers. Such third-party providers have access to PI and other data about our clients and employees, and some of these providers in turn subcontract with other third-party providers. Our ability to monitor our third-party providers' data security is limited. A vulnerability in our third-party provider's software or systems, a failure of our third-party providers' safeguards, policies or procedures, or a breach of a third-party provider's software or systems could result in the compromise of the confidentiality, integrity or availability of our systems or the data housed in our third-party solutions. Through contractual provisions and third-party risk management processes, we take steps to require that our providers and their subcontractors protect our PI and other data. However, due to the size and complexity of our technology platform and services, the amount of PI and other data that we store and the number of clients, employees and third-party providers with access to PI and other data, we are potentially vulnerable to a variety of cybersecurity attacks and other security-related incidents and threats, which could result in a material adverse effect on our business, financial condition and results of operations.

Cybersecurity attacks and other malicious internet-based activity continue to increase, evolve in nature and become more sophisticated, and providers of digital products and services have been and are expected to continue to be targeted. Threats to our computer systems and those of our third-party providers or clients may result from human error, fraud or malice on the part of employees or third parties, including state-sponsored organizations with significant financial and technological resources, or from accidental technological failure. In addition to traditional computer "hackers," malicious code (such as viruses and worms), phishing, ransomware, social engineering attacks, employee theft, unauthorized access or misuse and denial-of-service attacks, sophisticated criminal networks as well as nation-state and nation-state supported actors now engage in attacks, including advanced persistent threat intrusions. Current or future criminal capabilities, discovery of existing or new vulnerabilities and attempts to exploit those vulnerabilities or other developments, may compromise or breach our systems or solutions. In the event our or our third-party providers' protection efforts are unsuccessful and our systems or solutions are compromised, we could suffer substantial harm.

Any cybersecurity attacks, security breaches, phishing attacks, ransomware attacks, computer malware, computer viruses, computer hacking attacks, unauthorized access, coding or configuration

errors or similar incidents experienced by us or our third-party providers could result in operational disruptions and the loss, compromise or corruption of client or client customer data (including PI) or data we rely on to provide our solutions, including our analytics initiatives and offerings, and impair our ability to provide our solutions and meet our clients' requirements, resulting in decreased revenues and otherwise adversely affecting our business, financial condition and results of operations. Any such incidents may also result in regulatory investigations and orders, litigation, disputes, investigations, indemnity obligations, damages for contract breach or penalties for violation of applicable laws or regulations. Also, our reputation could suffer irreparable harm, causing our current and prospective clients to decline to use our solutions in the future. Further, we could be forced to expend significant financial and operational resources in response to a security breach, including repairing system damage, increasing security protection costs by deploying additional personnel and modifying or enhancing our protection technologies, investigating and remediating any information security vulnerabilities and defending against and resolving legal and regulatory claims, all of which could divert resources and the attention of our management and key personnel away from our business operations and materially and adversely affect our business, financial condition and results of operations.

Federal, state and international regulations may require us or our clients to notify governmental entities and individuals of data security incidents involving certain types of PI or information technology systems. Security compromises experienced by others in our industry, our clients, our third-party providers or us may lead to public disclosures and widespread negative publicity. Any security compromise in our industry, whether actual or perceived, could erode client confidence in the effectiveness of our security measures, negatively impact our ability to attract new clients, cause existing clients to elect not to renew or expand their use of our solutions or subject us to third-party lawsuits, regulatory fines or other actions or liabilities, which could materially and adversely affect our business, financial condition and results of operations.

If we are not able to detect and identify activity on our platform that might be nefarious in nature or design processes or systems to reduce the impact of similar activity at a third-party provider, our clients and/or client customers could suffer harm. In such cases, we could face exposure to legal claims, particularly if the client and/or client customer suffered actual harm. We cannot ensure that any limitations of liability provisions in our client and user agreements, contracts with third-party providers and other contracts for a security lapse or breach or other security-related matter would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim. We also cannot ensure that our existing insurance coverage will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims related to a security incident or breach, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our reputation and our business, financial condition and results of operations.

In addition, some of our clients contractually require notification of data security compromises and include representations and warranties in their contracts with us that our solutions comply with certain legal and technical standards related to data security and privacy and meet certain service levels. In our contracts, a data security compromise or operational disruption impacting us or one of our critical vendors, or system unavailability or damage due to other circumstances, may constitute a material breach and give rise to a client's right to terminate its contract with us. In these circumstances, it may be difficult or impossible to cure such a breach in order to prevent clients from potentially terminating their contracts with us. Furthermore, although our client contracts typically include limitations on our potential liability, we cannot ensure that such limitations of liability would be adequate. We also cannot be sure that our existing general liability insurance coverage and coverage for errors or omissions will be available on acceptable terms or will be available in sufficient amounts to cover one or more claims,

or that our insurers will not deny or attempt to deny coverage as to any future claim. The successful assertion of one or more claims against us, the inadequacy or denial of coverage under our insurance policies, litigation to pursue claims under our policies or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or coinsurance requirements, could materially and adversely affect our business, financial condition and results of operations.

***Our products are marketed to and used by FIs, who are subject to extensive laws and regulations regarding the business functions and activities performed on our software solutions. Changes to any applicable statutes, regulations, rules or policies including the interpretation or implementation of statutes, regulations, rules or policies could affect us in substantial and unpredictable ways including limiting the types of software products we may offer, and increasing the ability of third parties to offer competing services and products to FIs. Assuring that our products adapt to changes in the compliance obligations or expectations of our customers requires significant expense and devotion of resources on our part which may adversely affect our ability to operate profitably.***

Our clients and prospective clients, as FIs, are highly regulated and are generally required to comply with stringent regulations in connection with performing business functions that our solutions address. As a provider of technology services to such FIs, we may in the future be subject to examination by various federal and state regulatory agencies, including those agencies that comprise the Federal Financial Institutions Examination Council ("FFIEC") and we may also be required to review and perform due diligence on certain of our clients and third-party providers. Matters subject to review and examination by the FFIEC, federal and state regulatory agencies and external auditors include, but are not limited to, our internal information technology controls in connection with our performance of data processing services, the agreements giving rise to those processing activities and the design of our solutions, as well as our systems and technical infrastructure, management and financial condition. In addition, while we are not regulated by the National Credit Union Administration ("NCUA"), as a result of our registration as a Credit Union Service Organization ("CUSO"), we are subject to disclosure, annual reporting and other requirements imposed by the NCUA. While many of our operations are not directly subject to the same regulations applicable to FIs, we are legally and contractually obligated to our clients to provide software solutions and maintain internal systems and processes that comply with certain federal and state regulations applicable to them. Compliance with current or future digital accessibility, privacy, data protection and information security laws to which our FI clients are subject could result in higher compliance and technology costs and could restrict our ability to fully exploit our capabilities or provide certain products and services, which could materially and adversely affect our profitability. Our failure to offer products and solutions which directly or indirectly comply with such laws, including as interpreted and applied by courts and regulators, could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions and damage to our reputation and our brand. In recent years, there has been increasing enforcement activity in the areas of digital accessibility, privacy, data protection and information security in various markets in which our customers operate.

For example, as a result of obligations under some of our client contracts, we are required to comply with certain provisions of the Gramm-Leach-Bliley Act ("GLBA") related to the privacy of consumer information and may be subject to privacy, security and digital accessibility requirements because of the solutions we provide to FIs. We may also be subject to other laws because of the solutions we provide to FIs. Any inability to satisfy regulatory or contractual expectations in connection with applicable regulations and guidance could adversely affect our ability to conduct our business, including attracting and maintaining clients, require significant costs to correct, harm our reputation, or lead to liability to third parties, including our customers or their consumers. Further, if we have to make changes to our internal processes and solutions as result of applicable regulations or guidance or

findings from examinations, we could be required to invest substantial additional time and funds and divert time and resources from other corporate purposes to remedy any identified deficiency or gap.

In addition, individual claimants and other third parties, including advocates for the blind or other persons with disabilities, have filed lawsuits or issued cease and desist requests to FIs, including our clients, on grounds that websites or mobile applications offered to consumers do not meet the needs of individuals with a disability within the meaning of Section 3(2) of the Americans with Disabilities Act of 1990, 42 U.S.C. §§ 12101, 12102(2) ("ADA") and the Title III regulations implementing the ADA contained in 28 C.F.R. §§ 36.101, et seq. Third-party advocates and individuals with disabilities seek changes to existing law and regulation, or advocate for novel legal rulings in court, against FIs when desktop websites or mobile applications do not meet or exceed the Web Content Accessibility Guidelines 2.1 digital accessibility standard, which was developed in part to help ensure that the content developed for banks, credit unions and other financial institutions can be accessed and used by people with or without disabilities. The evolving, complex and often unpredictable regulatory and litigation environment in which our clients operate could result in our failure to provide compliant solutions, which could result in clients not purchasing our solutions or terminating their contracts with us or the imposition of fines or other liabilities for which we may be responsible or for which our clients may seek indemnity from us. In addition, federal, state and/or foreign agencies may attempt to further regulate our activities in the future which could materially and adversely affect our business, financial condition and results of operations. For example, existing laws, regulations and guidance could be amended or interpreted differently by regulators in a manner that imposes additional costs and has a negative impact on our existing operations or that limits our future growth. In addition, new regulations could require costly changes in our processes, infrastructure or personnel. Finally, actions by regulatory authorities could influence both the decisions our clients make concerning the purchase of our solutions and the timing and implementation of these decisions. Substantial research and development and other corporate resources have been and will continue to be applied to adapt our solutions to this evolving, complex and often unpredictable regulatory environment.

***Privacy and data security concerns, data collection and transfer restrictions, contractual obligations and U.S. and foreign laws, regulations and industry standards related to data privacy, security and protection could limit the use and adoption of the Alkami Platform and materially and adversely affect our business, financial condition and results of operations.***

In operating our business and providing services and solutions to our clients, we collect, use, store, transmit and otherwise process sensitive employee and client data, including PI regarding client customers and other individuals, in and across multiple jurisdictions, including at times, across national borders. As a result, we are subject to a variety of laws and regulations in the United States, Europe and around the world, as well as contractual obligations and industry standards, regarding data privacy, security and protection. In many cases, these laws, regulations and industry standards apply not only to third-party transactions, but also to transfers of information between or among us, our subsidiary and other parties with which we have commercial relationships.

Data privacy, information security, and data protection are significant issues in the United States and globally. The regulatory framework governing the collection, processing, storage, use and sharing of certain information, particularly financial and other PI, is rapidly evolving and is likely to continue to be subject to uncertainty and varying interpretations. The occurrence of unanticipated events and development of evolving technologies often rapidly drives the adoption of legislation or regulation affecting the use, collection or other processing of data and manner in which we conduct our business. We publicly post documentation regarding our practices concerning the collection, processing, use and disclosure of information. Although we endeavor to comply with our published policies and documentation, we may at times fail to do so or be alleged to have failed to do so. Any failure or perceived failure by us to comply with our privacy policies or any applicable privacy, security or data

protection, information security or consumer protection-related laws, regulations, orders or industry standards in one or more jurisdictions could expose us to costly litigation, significant awards, fines or judgments, civil and/or criminal penalties or negative publicity, and could materially and adversely affect our business, financial condition and results of operations. The publication of our privacy policy and other documentation that provide promises and assurances about data privacy and security can subject us to potential global or U.S. state and federal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices, which could materially and adversely affect our business, financial condition and results of operations.

We expect that there will continue to be new proposed and adopted laws, regulations and industry standards concerning privacy, data protection and information security in the United States and other jurisdictions in which we operate. For example, in the United States, we are subject to the rules and regulations promulgated under the authority of the Federal Trade Commission. Additionally, the GLBA (along with its implementing regulations) restricts certain collection, processing, storage, use and disclosure of personal information, requires notice to individuals of privacy practices and provides individuals with certain rights to prevent the use and disclosure of certain nonpublic or otherwise legally protected information. These rules also impose requirements for the safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines.

In addition, many states in which we operate have laws that protect the privacy and security of sensitive and personal information. Certain U.S. state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to sensitive and personal information than international, federal, or other state laws, and such laws may differ from each other, which may complicate compliance efforts. For example, California enacted the California Consumer Privacy Act of 2018 ("CCPA") which went into effect in January 2020 and became enforceable by the California Attorney General in July 2020, and which, among other things, requires companies covered by the legislation to provide new disclosures to California consumers and afford such consumers new rights, including the right to access and delete certain personal information, as well as the right to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. Additionally, a new California ballot initiative, the California Privacy Rights Act ("CPRA"), was passed in November 2020. Effective in most material respects beginning on January 1, 2023, the CPRA imposes additional obligations on companies covered by the legislation and will significantly modify the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. The effects of the CCPA and the CPRA are potentially significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply and increase our potential exposure to regulatory enforcement and/or litigation.

Certain other state laws impose similar privacy obligations and all 50 states have laws including obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and others. For example, the CCPA has prompted the enactment of several new state laws or amendments of existing state laws, such as in New York and Nevada. The CCPA has also prompted a number of proposals for new federal and state-level privacy legislation, such as in Washington, Maryland, New York, Illinois and Nebraska. This legislation may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies.

Internationally, many jurisdictions have established their own data privacy and security legal framework with which we or our clients may need to comply as client customers travel outside of the



United States, including, but not limited to, the European Union ("EU"). The EU's data protection landscape is currently evolving, resulting in possible significant operational costs for internal compliance and risk to our business. The EU has adopted the General Data Protection Regulation ("GDPR"), which went into effect in May 2018 and contains numerous requirements and changes from previously existing EU law, including more robust obligations on data processors and heavier documentation requirements for data protection compliance programs by companies. In particular, under the GDPR, fines of up to 20 million euros or up to 4% of the annual global revenues of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR's requirements. Such penalties are in addition to any civil litigation claims by clients and data subjects.

Because the interpretation and application of many data privacy and protection laws along with contractually imposed industry standards are uncertain, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices, solutions or platform capabilities. Any failure or perceived failure by us, or any third parties with which we do business, to comply with our posted privacy policies, changing consumer expectations, evolving laws, rules and regulations, industry standards, or contractual obligations to which we or such third parties are or may become subject, may result in actions or other claims against us by governmental entities or private actors, the expenditure of substantial costs, time and other resources or the incurrence of significant fines, penalties or other liabilities. In addition, any such action, particularly to the extent we were found to be guilty of violations or otherwise liable for damages, would damage our reputation and adversely affect our business, financial condition and results of operations.

We cannot yet fully determine the impact these or future laws, rules, regulations and industry standards may have on our business or operations. Any such laws, rules and regulations may be inconsistent among different jurisdictions, subject to differing interpretations or may conflict with our current or future practices. Additionally, our clients may be subject to differing privacy laws, rules and legislation, which may mean that they require us to be bound by varying contractual requirements applicable to certain other jurisdictions. Adherence to such contractual requirements may impact our collection, use, processing, storage, sharing and disclosure of various types of information including financial information and other PI, and may mean we become bound by, or voluntarily comply with, self-regulatory or other industry standards relating to these matters that may further change as laws, rules and regulations evolve. Complying with these requirements and changing our policies and practices may be onerous and costly, and we may not be able to respond quickly or effectively to regulatory, legislative and other developments. These changes may in turn impair our ability to offer our existing or planned features, products and services and/or increase our cost of doing business. As we expand our client base, these requirements may vary from client to client, further increasing the cost of compliance and doing business.

***Our quarterly and annual results of operations are likely to fluctuate in future periods.***

We expect to experience quarterly or annual fluctuations in our results of operations due to a number of factors, many of which are outside of our control. This makes our future results difficult to predict and could cause our results of operations to fall below expectations or our predictions. Factors that might cause quarterly or annual fluctuations in our results of operations include:

- the timing of large subscriptions and client renewals or failure to renew;
- our ability to attract new clients and retain and grow revenues from existing clients;
- our ability to maintain, expand, train and achieve an acceptable level of production from our sales and marketing teams;
- our ability to find and nurture successful sales opportunities;
- the timing of our introduction of new solutions or updates to existing solutions;

- our ability to grow and maintain our relationships with our ecosystem of third-party partners, including integration partners and referral partners;
- the success of our clients' businesses;
- new government regulations;
- changes in our pricing policies or those of our competitors;
- the amount and timing of our expenses related to the expansion of our business, operations and infrastructure;
- any impairment of our intangible assets, capitalized software, long-lived assets and goodwill;
- future costs related to acquisitions of content, technologies or businesses and their integration;
- natural disasters, outbreaks of disease or public health crises, such as the COVID-19 pandemic; and
- general economic conditions.

Any one of the factors above, or the cumulative effect of some or all of the factors referred to above, may result in significant fluctuations in our quarterly and annual results of operations. This variability and unpredictability could result in our failure to meet or exceed our internal operating plan. In addition, a percentage of our operating expenses is fixed in nature and is based on forecasted financial performance. In the event of revenue shortfalls, we may not be able to mitigate the negative impact on our results of operations quickly enough to avoid short-term impacts.

***Because we recognize revenues from our solution over the terms of our client agreements, the impact of changes in the subscriptions for our solution will not be immediately reflected in our operating results.***

We generally recognize revenues from subscription fees paid by clients over their contractual term. As a result, the substantial majority of the revenues we report in each quarter is related to agreements entered into during previous quarters. Consequently, a change in the level of new client agreements or implementations in any quarter may have a small impact on our revenues in that quarter but will affect our revenues in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our solutions, or changes in our rate of renewals, may not be fully reflected in our results of operations until future periods. Our subscription model also makes it difficult for us to rapidly increase our revenues through additional sales in any period, as we generally recognize subscription revenues from new clients over the applicable subscription terms.

***Our sales cycle can be unpredictable, time-consuming and costly, which could materially and adversely affect our business, financial condition and results of operations.***

Our sales process involves educating prospective clients and existing clients about the use, technical capabilities and benefits of our solutions and typically lasts from three to 12 months or longer. Prospective clients often undertake a prolonged evaluation process, which typically involves not only our solutions, but also those of our competitors. We may spend substantial time, effort and money on our sales and marketing efforts without any assurance that our efforts will produce any sales. It is also difficult to predict the level and timing of sales opportunities that come from our referral partners. Events affecting our clients' businesses may occur during the sales cycle that could affect the size or timing of a purchase, contributing to more unpredictability in our business and results of operations. As a result of these factors, we may face greater costs, longer sales cycles and less predictability in the future.

***We depend on data centers operated by third parties and third-party internet hosting providers, principally Amazon Web Services and any disruption in the operation of these facilities or access to the internet could adversely affect our business.***

We primarily serve our clients from third-party data center hosting facilities provided by Amazon Web Services ("AWS"). We rely upon AWS to operate certain aspects of our solutions and any disruption of or interference with our use of AWS could impair our ability to deliver our solutions to our clients, resulting in client dissatisfaction, damage to our reputation, loss of clients and harm to our business. We have architected our solutions and computer systems to use data processing, storage capabilities and other services provided by AWS. Given this, we cannot easily switch our AWS operations to another cloud provider, so any disruption of or interference with our use of AWS could increase our operating costs and materially and adversely affect our business, financial condition and results of operations, and we might not be able to secure service from an alternative provider on similar terms.

Our business requires the ongoing availability and uninterrupted operation of internal and external transaction processing systems and services. Our third-party providers of transaction processing and information technology-related functions are ultimately responsible for maintaining their own network security, disaster recovery and system management procedures, and our review processes for such providers may be insufficient to identify, prevent, or mitigate adverse events. The owners and operators of our current and future hosting facilities do not guarantee that our clients' access to our solutions will be uninterrupted, error-free or secure. We or our third-party providers may experience website disruptions, outages and other performance problems. These problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks, fraud, spikes in client usage and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. We do not control the operation of these data center facilities, and such facilities, as well as our own information technology systems, are vulnerable to damage or interruption from human error, intentional bad acts, power loss, hardware failures, telecommunications failures, improper operation, unauthorized entry, data loss, power loss, cybersecurity attacks, fires, wars, terrorist attacks, floods, earthquakes, hurricanes, tornadoes, natural disasters or similar catastrophic events. They also could be subject to break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. The occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or terminate our hosting arrangement or other unanticipated problems could result in lengthy interruptions in the delivery of our solutions, cause system interruptions, prevent our clients' account holders from accessing their accounts online, reputational harm and loss of critical data, prevent us from supporting our solutions or cause us to incur additional expense in arranging for new facilities and support.

We also depend on third-party internet-hosting providers and continuous and uninterrupted access to the Internet through third-party bandwidth providers to operate our business. If we lose the services of one or more of our Internet-hosting or bandwidth providers for any reason or if their services are disrupted, for example due to viruses or denial of service or other attacks on their systems, or due to human error, intentional bad acts, power loss, hardware failures, telecommunications failures, fires, wars, terrorist attacks, floods, earthquakes, hurricanes, tornadoes or similar catastrophic events, we could experience disruption in our ability to offer our solutions and adverse perception of our solutions' reliability, or we could be required to retain the services of replacement providers, which could increase our operating costs and materially and adversely affect our business, financial condition and results of operations.

Furthermore, prolonged interruption in the availability, or reduction in the speed or other functionality, of our products or services could materially harm our reputation and business. Frequent

or persistent interruptions in our products and services could cause clients to believe that our products and services are unreliable, leading them to switch to our competitors or to avoid our products and services, and could permanently harm our reputation and business.

Additionally, as our clients may use our products for critical transactions, any errors, defects or other infrastructure problems could result in damage to such clients' businesses. These clients could seek significant compensation from us for their losses and our insurance policies may be insufficient to cover a claim. Even if unsuccessful, this type of claim may be time consuming and costly for us. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

***Defects, errors or other performance problems in the Alkami Platform could harm our reputation, result in significant costs to us, impair our ability to sell our solutions and subject us to substantial liability.***

The Alkami Platform is complex and may contain defects or errors when implemented or when new functionality is released, as we may modify, enhance, upgrade and implement new systems, procedures and controls to reflect changes in our business, technological advancements and changing industry trends. Despite extensive testing, from time to time we have discovered and may in the future discover defects or errors in our solutions. Any performance problems or defects in our solutions could materially and adversely affect our business, financial condition and results of operations. Defects, errors or other similar performance problems or disruptions, whether in connection with day-to-day operations or otherwise, could be costly for us, damage our clients' businesses, harm our reputation and result in reduced sales or a loss of, or delay in, the market acceptance of our solutions. In addition, if we have any such errors, defects or other performance problems, our clients could seek to terminate their contracts, elect not to renew their subscriptions, delay or withhold payment or make claims against us. Any of these actions could result in liability, lost business, increased insurance costs, difficulty in collecting accounts receivable, costly litigation or adverse publicity, which could materially and adversely affect our business, financial condition and results of operations. Additionally, our software utilizes open-source software and any defects or security vulnerabilities in such open-source software could materially and adversely affect our business, financial condition and results of operations.

***We rely on our management team and other key employees, and the loss of one or more key employees could harm our business.***

Our success and future growth depend upon the continued services of our management team, in particular Michael Hansen, our Chief Executive Officer, Stephen Bohanon, our co-founder and Chief Strategy and Sales Officer, W. Bryan Hill, our Chief Financial Officer, and other key employees, including in the areas of research and development, marketing, sales, services and general and administrative functions. From time to time, there may be changes in our management team resulting from the hiring or departure of executives, which could disrupt our business. We also are dependent on the continued service of our existing development professionals because of the complexity of our solutions, including complexity arising as a result of the regulatory requirements that are applicable to our clients and, to a lesser extent, us, and the pace of technology changes impacting our clients. We may terminate any employee's employment at any time, with or without cause, and any employee may resign at any time, with or without cause; however, our employment agreements with our named executive officers provide for the payment of severance under certain circumstances. We have also entered into employment agreements with our other executive officers which provide for the payment of severance under similar circumstances as in our named executive officers' employment agreements. The loss of one or more of our key employees could harm our business.

***Because competition for key employees is intense, we may not be able to attract and retain the highly skilled employees we need to support our operations and future growth.***

Competition for executive officers, software developers and other key employees in our industry is intense. In particular, we compete with many other companies for executive officers, for software developers with high levels of experience in designing, developing and managing software, as well as for skilled sales and operations professionals and knowledgeable customer support professionals, and we may not be successful in attracting the professionals we need. Competition for software development and engineering personnel is intense. We may have difficulty hiring and retaining suitably skilled personnel or expanding our research and development organization. In addition, job candidates and existing employees often consider the actual and potential value of the equity awards they receive as part of their overall compensation. Thus, if the perceived value or future value of our stock declines, our ability to attract and retain highly skilled employees may be adversely affected. In addition, many of our existing employees may exercise vested options and then sell our stock, which may make it more difficult for us to retain key employees. If we fail to attract and retain new employees, our business and future growth prospects could be harmed.

***Our corporate culture has contributed to our success, and if we cannot maintain it as we grow, we could lose the innovation, creativity and teamwork fostered by our culture, and our business may be adversely affected.***

We believe our corporate culture is one of our fundamental strengths, as we believe it enables us to attract and retain top talent and deliver superior results for our clients. As we grow and transition from a private company to a public company, we may find it difficult to preserve our corporate culture, which could reduce our ability to innovate and operate effectively. In turn, the failure to preserve our culture could negatively affect our ability to attract, recruit, integrate and retain employees, continue to perform at current levels and effectively execute our business strategy, which could materially and adversely affect our business, financial condition and results of operations.

***Uncertain or weakened economic conditions could materially and adversely affect our industry, business, financial condition and results of operations.***

Our overall performance depends on economic conditions, which may be challenging at various times in the future. Financial developments seemingly unrelated to us or our industry could materially and adversely affect us. Domestic economies have, from time to time, been impacted by falling demand for a variety of goods and services, tariffs and other trade issues, threatened sovereign defaults and ratings downgrades, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit and equity markets, bankruptcies and overall uncertainty. We cannot predict the timing, strength or duration of the current or any future potential economic slowdown in the United States. These conditions affect the rate of technology spending generally and could adversely affect our clients' ability or willingness to purchase and retain our solutions, delay prospective clients' purchasing decisions, reduce the value or duration of their subscriptions or affect renewal rates, any of which could materially and adversely affect our business, financial condition and results of operations.

***If we fail to respond to evolving technological requirements or introduce adequate enhancements and new features, our digital banking solutions could become obsolete or less competitive.***

The market for our solutions is characterized by rapid technological advancements, changes in client requirements and technologies, frequent new product introductions and enhancements and changing regulatory requirements. The life cycles of our solutions are difficult to estimate. Rapid technological changes and the introduction of new products and enhancements by new or existing



competitors or large FIs could undermine our current market position. Other means of digital banking may be developed or adopted in the future, and our solutions may not be compatible with these new technologies. In addition, the technological needs of and services provided by, FIs may change if they or their competitors offer new services to account holders. Maintaining adequate research and development resources to meet the demands of the market is essential. The process of developing new technologies and solutions is complex and expensive. The introduction of new solutions by our competitors, the market acceptance of competitive solutions based on new or alternative technologies or the emergence of new technologies or solutions in the broader financial services industry could render our solutions obsolete or less effective.

The success of any enhanced or new solution depends on several factors, including timely completion, adequate testing and market release and acceptance of the solution. Any new solutions that we develop or acquire may not be introduced in a timely or cost-effective manner, may contain defects or may not achieve the broad market acceptance necessary to generate significant revenues. If we are unable to anticipate client requirements or work with our clients successfully on implementing new solutions or features in a timely manner or enhance our existing solutions to meet our clients' requirements, our business, financial condition and results of operations could be materially and adversely affected.

***As the number of clients that we serve increases, we may encounter implementation challenges, and we may have to delay revenue recognition for some complex engagements, which could materially and adversely affect our business, financial condition and results of operations.***

We may face unexpected challenges related to the complexity of our clients' integration requirements. Our expenses increase when clients have unexpected data, hardware or software technology challenges, or complex or unanticipated business requirements. In addition, our clients typically require complex acceptance testing related to the implementation of our solutions. Implementation delays may also require us to delay revenue recognition under the related client agreement longer than expected. Further, because we do not fully control our clients' implementation schedules, if our clients do not allocate the internal resources necessary to meet implementation timelines or if there are unanticipated implementation delays or difficulties, our revenue recognition may be delayed. Losses of registered users or any difficulties or delays in implementation processes could cause clients to delay or forego future purchases of our solutions, which could materially and adversely affect our business, financial condition and results of operations.

***Shifts over time in the number of account holders and registered users of our solutions, their use of our solutions and our clients' implementation and client support needs could negatively affect our profit margins.***

Our profit margins can vary depending on numerous factors, including the scope and complexity of our implementation efforts, the number of account holders and registered users on our solutions, the type, frequency and volume of their use of our solutions and the level of client support services required by our clients. For example, the third-party service offerings that we resell typically have a much higher cost of revenues than the service offerings that we have internally developed, so any increase in sales of third-party services as a proportion of our subscriptions would have an adverse effect on our overall gross margin and results of operations. If we are unable to increase the number of registered users and the number of transactions they perform on our solutions, the types of FIs that purchase our solutions change or the mix of solutions purchased by our clients changes, our profit margins could decrease and our business, financial condition and results of operations could be materially and adversely affected.

***If we fail to provide high-quality client support, our business and reputation would suffer.***

High-quality client support is important to the successful marketing and sale of our solutions and for the renewal of existing client agreements. Providing this level of support requires that our client support personnel have financial services knowledge and expertise, making it difficult for us to hire qualified personnel and scale our support operations. The demand on our client support organization will increase as we expand our business and pursue new clients, and such increased support requirements could require us to devote significant development services and support personnel, which could strain our team and infrastructure and reduce our profit margins. If we do not help our clients quickly resolve any post-implementation issues and provide effective ongoing client support, our ability to sell additional solutions to existing and future clients could suffer and our reputation and our business, financial condition and results of operations could be materially and adversely affected.

***Our ability to raise capital in a timely manner if needed in the future may be limited, or such capital may be unavailable on acceptable terms, if at all. Our failure to raise capital if needed could materially and adversely affect our business, financial condition and results of operations, and any debt or equity issued to raise additional capital may reduce the value of our common stock.***

We have funded our operations since inception primarily through equity financings and receipts generated from clients. We cannot be certain when or if our operations will generate sufficient cash to fund our ongoing operations or the growth of our business. We intend to continue to make investments to support our business and may require additional funds. Moreover, we do not expect to be profitable for the foreseeable future. Additional financing may not be available on favorable terms, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could adversely affect our business, financial condition and results of operations.

We also have incurred debt pursuant to our Credit Agreement (as defined below), and the lenders have rights senior to holders of common stock to make claims on our assets. The terms of our Credit Agreement could restrict our operations, and we may be unable to service or repay the debt.

Furthermore, if we issue additional equity securities, stockholders may experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in a future offering will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the impact any future incurrence of debt or issuance of equity securities will have on us. Any future incurrence of debt or issuance of equity securities could adversely affect the value of our common stock.

***Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.***

We have incurred substantial net operating losses ("NOLs") during our history. Under the rules of Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), if a corporation undergoes an "ownership change," generally defined as a greater than 50 percentage point change (by value) in its equity ownership over a rolling three-year period, the corporation's ability to use its pre-change NOLs and other pre-change tax attributes to offset its post-change taxable income or taxes may be limited. The applicable rules generally operate by focusing on changes in ownership among stockholders considered by the rules as owning, directly or indirectly, 5% or more of the stock of a corporation, as well as changes in ownership arising from new issuances of stock by the corporation. If finalized, Treasury Regulations currently proposed under Section 382 of the Code may further limit our ability to utilize our pre-change NOLs or other pre-change tax attributes if we undergo a future ownership change. We may have experienced ownership changes in the past and could experience one or more ownership changes in the future, including in connection with this offering and as a result of future changes in our stock ownership, some of which changes may be outside our control. As a

result, if we earn net taxable income, our ability to use our pre-change NOL carryforwards to offset post-change taxable income may be subject to limitations. For these reasons, we may not be able to utilize a material portion of our NOLs and other tax attributes, which could adversely affect our future cash flows.

***The terms of our credit agreement require us to meet certain operating and financial covenants and place restrictions on our operating and financial flexibility. If we raise additional capital through debt financing, the terms of any new debt could further restrict our ability to operate our business.***

On October 16, 2020, we entered into our senior secured credit facilities credit agreement with Silicon Valley Bank and KeyBank National Association (the "Credit Agreement"). The Credit Agreement provided us with a term loan facility of \$25.0 million and a revolving credit facility of up to \$25.0 million. As of December 31, 2020, we had outstanding borrowings of \$25.0 million under the Credit Agreement. Our payment obligations under the Credit Agreement reduce cash available to fund working capital, capital expenditures, research and development and other corporate purposes, and limit our ability to obtain additional financing for working capital, capital expenditures, expansion plans and other investments, which may in turn limit our ability to implement our business strategy, heighten our vulnerability to downturns in our business, the industry, or in the general economy, limit our flexibility in planning for, or reacting to, changes in our business and the industry and prevent us from taking advantage of business opportunities as they arise. In addition, indebtedness under the Credit Agreement bears interest at a variable rate, making us vulnerable to increases in market interest rates. If market rates increase, we will have to pay additional interest on this indebtedness, which would further reduce cash available for our other business needs.

We cannot assure you that our business will generate sufficient cash flow from operations or that future financing will be available to us in amounts sufficient to enable us to make required and timely payments on our indebtedness, or to fund our operations.

In addition, our obligations under the Credit Agreement are secured by substantially all of our assets. The security interest granted over our assets could limit our ability to obtain additional debt financing. Our Credit Agreement also contains, and any future indebtedness of ours would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, subject to customary exceptions, including restricting our ability to:

- incur, assume or prepay debt or incur or assume liens;
- pay dividends or distributions or redeem or repurchase capital stock;
- dispose of certain property;
- enter into sale leaseback transactions;
- enter into a new line of business;
- make certain investments, capital expenditures above a certain amount in any fiscal year or acquisitions;
- complete a significant corporate transaction, such as a merger or sale of our company or its assets; and
- enter into agreements that prohibit the incurrence of liens or the payment by our subsidiary of dividends and distributions.

In addition, the Credit Agreement includes a number of financial covenants relating to minimum recurring revenues and liquidity levels. Our failure to comply with these restrictions and the other terms and conditions under our Credit Agreement could result in an event of default, which would allow

lenders to elect to accelerate our outstanding indebtedness under our Credit Agreement and exercise other remedies as set forth therein. If that were to happen, we may not be able to repay all of the amounts that would become due under our indebtedness or refinance our debt, which could materially harm our business and force us to seek bankruptcy protection.

Our outstanding indebtedness and any future indebtedness, combined with our other financial obligations, could increase our vulnerability to adverse changes in general economic, industry and market conditions, limit our flexibility in planning for, or reacting to, changes in our business and the industry and impose a competitive disadvantage compared to our competitors that have less debt or better debt servicing options.

### **Risks Related to Being a Public Company**

***We are an “emerging growth company” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.***

We are an “emerging growth company” as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates. We intend to utilize this extended transition period related to Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2016-02, “Leases”. This standard amends several aspects of lease accounting, including requiring lessees to recognize operating leases with a term greater than one year on their balance sheet as a right-of-use asset, and a corresponding lease liability, measured at the present value of the future minimum lease payments. The standard is effective for public companies for fiscal years beginning after December 15, 2018, and after December 15, 2020 for all other companies, with early adoption permitted. We intend to adopt this standard in 2021 using the modified retrospective transition method and therefore will not restate comparative periods. While we have not yet quantified the impact, resulting adjustments are expected to materially increase total assets and total liabilities relative to such amounts reported prior to adoption, but not have a material impact on the consolidated statements of comprehensive income (loss) or consolidated statements of cash flows. We also intend to utilize this extended transition period related to FASB ASU No. 2016-13, “Financial Instruments—Credit Losses (Topic 326)”. This standard modifies the measurement of expected credit losses of certain financial instruments with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The effective date for adoption of the new standard was delayed until calendar years beginning after December 15, 2021, with early adoption permitted. This ASU is not expected to have a material impact on our financial statements.

For as long as we continue to be an emerging growth company, we also intend to take advantage of certain other exemptions from various reporting requirements that are applicable to other public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a

result, there may be a less active trading market for our common stock, and our stock price may be more volatile.

We will remain an emerging growth company until the earliest of (i) the last day of the year in which we have total annual gross revenues of \$1.07 billion or more; (ii) the last day of the year following the fifth anniversary of the date of the consummation of this offering; (iii) the date on which we have issued more than \$1.0 billion in non-convertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

***Our management team has limited experience managing a public company.***

Most members of our management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company that is subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could materially and adversely affect our business, financial condition and results of operations.

**Risks Related to This Offering and Ownership of Our Common Stock**

***Substantial future sales of shares of our common stock could cause the market price of our common stock to decline.***

Sales of a substantial number of shares of our common stock following the completion of this offering, particularly sales by our directors, executive officers and significant stockholders, or the perception that these sales might occur, could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

All of our directors, officers and the holders of over 90% of our capital stock are subject to lock-up and market stand-off agreements that restrict their ability to transfer shares of our capital stock for up to 180 days from the date of this prospectus, subject to the early release provisions described in the "Underwriting" section of this prospectus. Subject to certain exceptions, the lock-up and market stand-off agreements limit the number of shares of capital stock that may be sold immediately following this offering. Any two of Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Barclays Capital Inc. may, in their sole discretion, permit our stockholders who are subject to these lock-up and market stand-off agreements to sell shares prior to their expiration. Upon the completion of this offering, we will have 83,135,445 outstanding shares of our common stock, based on the number of shares outstanding as of December 31, 2020. This includes the shares to be issued in this offering, which may be sold in the public market immediately without restriction.

***Purchasers in this offering will experience immediate and substantial dilution in the net tangible book value of their investment.***

The offering price of our common stock is substantially higher than the net tangible book value per share of our common stock, which after giving effect to this offering was \$3.36 per share of our common stock as of December 31, 2020. As a result, you will incur immediate and substantial dilution in net tangible book value when you buy our common stock in this offering. This means that you will pay a higher price per share than the amount of our total tangible assets, less our total liabilities, divided by the number of shares of all of our common stock outstanding. In addition, you may also



experience additional dilution if rights to purchase our common stock that are outstanding or that we may issue in the future are exercised or converted or we issue additional shares of our common stock at prices lower than our net tangible book value at such time. See "Dilution."

***We are currently restricted in our ability, and for the foreseeable future do not intend, to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.***

We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our capital stock in the foreseeable future, other than an aggregate of \$4.9 million in accumulated dividends payable to holders of our Series B redeemable convertible preferred stock that we plan to pay in connection with the completion of this offering. Any determination to pay dividends in the future will be at the discretion of our board of directors, is currently restricted by our Credit Agreement and may be restricted by the terms of any future indebtedness we may incur. Consequently, your only opportunity to achieve a return on your investment in our company will be if the market price of our common stock appreciates and you sell your shares at a profit. There is no guarantee that the price of our common stock that will prevail in the market will ever exceed the price that you paid. Other than the Series B Dividend, we do not currently intend to pay any cash dividends on our capital stock for the foreseeable future.

***The principal stockholders of Alkami will continue to have significant influence over the election of the board of directors and approval of any significant corporate actions.***

Our directors, officers and other principal stockholders, in the aggregate, beneficially owned approximately 75.4% of the outstanding shares of Alkami as of January 31, 2021. These stockholders currently have, and likely will continue to have, significant influence with respect to the election of our board of directors and approval or disapproval of all significant corporate actions. The concentrated voting power of these stockholders could have the effect of delaying or preventing a significant corporate transaction, including an acquisition, divestiture, or merger. This influence over our affairs could, under some circumstances, be adverse to the interests of the other stockholders.

***Anti-takeover provisions contained in our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.***

Our amended and restated certificate of incorporation and our amended and restated bylaws will contain provisions that could delay or prevent a change in control of our company. These provisions could also make it more difficult for stockholders to elect directors and take other corporate actions. These provisions include:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the ability of our board of directors to authorize the issuance of shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquiror;

- the ability of our board of directors to alter our amended and restated bylaws without obtaining stockholder approval;
- the required approval of at least 66 2/3% of the shares entitled to vote at an election of directors to adopt, amend or repeal our amended and restated bylaws or to repeal certain provisions of our amended and restated certificate of incorporation, including anti-takeover provisions related to our classified board of directors, voting in the election of directors, rights to fill board vacancies, the ability of our board of directors to alter our amended and restated bylaws without stockholder approval, the inability of stockholders to act by written consent, the exclusive right of the board of directors to call special meetings of stockholders, liability and indemnification of directors, officers and certain other employees, and choice of forum, and the required stockholder vote to amend the foregoing provisions of our amended and restated certificate of incorporation, as described under “Description of Capital Stock—Anti-Takeover Provisions of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws”;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by our board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders’ meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror’s own slate of directors or otherwise attempting to obtain control of us.

These and other provisions in our amended and restated certificate of incorporation and our amended and restated bylaws and under Delaware law could discourage potential takeover attempts, reduce the price investors might be willing to pay in the future for shares of our common stock and result in the market price of our common stock being lower than it would be without these provisions. For more information, see the sections of this prospectus captioned “Description of Capital Stock—Anti-Takeover Provisions of Delaware Law” and “Description of Capital Stock—Anti-Takeover Provisions of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws.”

***Our amended and restated certificate of incorporation and amended and restated bylaws will provide for an exclusive forum in the Court of Chancery of the State of Delaware for certain disputes between us and our stockholders, and that the federal district courts of the United States of America will be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act.***

Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that: (i) unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for: (A) any derivative action or proceeding brought on behalf of the Company, (B) any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former director, officer, other employee, agent or stockholder to the Company or our stockholders, including, without limitation, a claim alleging the aiding and abetting of such a breach of fiduciary duty, (C) any action asserting a claim against the Company or any of our current or former directors, officers, other employees, agents or stockholders arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws or as to which the Delaware General

Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware, or (D) any action asserting a claim related to or involving the Company that is governed by the internal affairs doctrine; (ii) unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act and the rules and regulations promulgated thereunder; (iii) the exclusive forum provisions are intended to benefit and may be enforced by the Company, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional or entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering; (iv) any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Company will be deemed to have notice of and consented to these provisions; and (v) failure to enforce the foregoing provisions would cause us irreparable harm, and we will be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. Nothing in our current certificate of incorporation or bylaws or our restated certificate of incorporation or amended and restated bylaws precludes stockholders that assert claims under the Exchange Act from bringing such claims in federal court, to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law.

We believe these provisions may benefit us by providing increased consistency in the application of Delaware law and federal securities laws by chancellors and judges, as applicable, particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. If a court were to find the choice of forum provision that will be contained in our amended and restated certificate of incorporation or amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations.

### General Risk Factors

***We may acquire or invest in companies, or pursue business partnerships, which may divert our management's attention or result in dilution to our stockholders, and we may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such acquisitions, investments or partnerships.***

From time to time, we may consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, solutions and other assets. For example, in October 2020, we closed an acquisition that added employees and increased our reach into the fraud prevention space. We also may enter into relationships with other businesses to expand our solutions, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing or investments in other companies. Negotiating these transactions can be time-consuming, difficult and expensive, and our ability to close these transactions may be subject to approvals that are beyond our control. In addition, we have limited experience in acquiring other businesses. If an acquired business fails to meet our expectations, our business, financial condition and results of operations could be materially and adversely affected. We may not be able to find and identify desirable acquisition targets, we may incorrectly estimate the value of an acquisition target and we may not be successful in entering into an agreement with any particular target. If we are successful in acquiring an additional business, we may not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- our inability to integrate or benefit from acquired technologies or services;
- unanticipated costs or liabilities associated with the acquisition;

- incurrence of acquisition-related costs;
- difficulty integrating the technology, accounting systems, operations, control environments and personnel of the acquired business and integrating the acquired business or its employees into our culture;
- difficulties and additional expenses associated with supporting legacy solutions and infrastructure of the acquired business;
- difficulty converting the clients of the acquired business to our solutions and contract terms, including disparities in licensing terms;
- additional costs for the support of the professional services model of the acquired company;
- diversion of management's attention and other resources;
- adverse effects to our existing business relationships with business partners and clients;
- the issuance of additional equity securities that could dilute the ownership interests of our stockholders;
- incurrence of debt on terms unfavorable to us or that we are unable to repay;
- incurrence of substantial liabilities;
- difficulties retaining key employees of the acquired business; and
- adverse tax consequences, substantial depreciation or deferred compensation charges.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our results of operations based on this impairment assessment process, which could materially and adversely affect our business, financial condition and results of operations.

***Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand.***

Our trade secrets, trademarks, copyrights, patents and other intellectual property rights are important assets for us. We currently own three U.S. registered patents and one pending U.S. patent application related to automated clearing house transaction notifications and the facilitation of transaction disputes. We currently own the U.S. registered trademark for the word "Alkami" and certain variants thereof, as well as certain other U.S. registered trademarks relating to our products and services. We also rely on copyright laws to protect computer programs related to our platform and our proprietary technologies, although to date we have not registered for statutory copyright protection. We have registered numerous internet domain names in the United States related to our business. We rely on, and expect to continue to rely on, various agreements with our employees, independent contractors, consultants and third parties with whom we have relationships, as well as trademark, trade dress, domain name, copyright, patent and trade secret laws in the United States and internationally to protect our brand and other intellectual property rights. Such agreements and laws may be insufficient, breached, or otherwise fail to prevent unauthorized use or disclosure of our confidential information, intellectual property or technology, and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property or technology.

Additionally, various factors outside our control pose a threat to our intellectual property rights, as well as to our products, services and technologies. For example, we may fail to obtain effective intellectual property protection, or the efforts we have taken to protect our intellectual property rights

may not be sufficient or effective, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Despite our efforts to protect our proprietary rights, there can be no assurance our intellectual property rights will be sufficient to protect against others offering products or services that are substantially similar to ours and compete with our business or that unauthorized parties may attempt to copy aspects of our technology and use information that we consider proprietary. For example, it is possible that third parties, including our competitors, may obtain patents relating to technologies that overlap or compete with our technology. If third parties obtain patent protection with respect to such technologies, they may assert, and have in the past asserted, that our technology infringes their patents and seek to charge us a licensing fee or otherwise preclude the use of our technology or file suit against us. Additionally, unauthorized third parties may try to copy or reverse engineer portions of our products or otherwise obtain and use our intellectual property and other information that we regard as proprietary to create products and services that compete with ours.

Any additional investment in protecting our intellectual property through additional trademark, patent or other intellectual property filings could be expensive or time-consuming. We may not be able to obtain protection for our technology and even if we are successful in obtaining effective patent, trademark, trade secret and copyright protection, it is expensive to maintain these rights, both in terms of application and maintenance costs, and the time and cost required to defend our rights could be substantial. Moreover, our failure to develop and properly manage and protect new intellectual property could hurt our market position and business opportunities. Furthermore, recent changes to U.S. intellectual property laws and possible future changes to U.S. or foreign intellectual property laws and regulations may jeopardize the enforceability and validity of our intellectual property portfolio and harm our ability to obtain patent protection, including for some of our unique business methods. We may be unable to obtain trademark protection for our products and brands, and our existing trademark registrations, and any trademarks that may be used in the future, may not provide us with competitive advantages or distinguish our products and services from those of our competitors. In addition, our trademarks may be contested or found to be unenforceable, weak or invalid, and we may not be able to prevent third parties from infringing or otherwise violating them.

We will not be able to protect our intellectual property rights if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property rights. Additionally, effective intellectual property protection may not be available in every country in which we offer our products and services, and the laws of certain non-U.S. countries where we do business or may do business in the future may not recognize intellectual property rights or protect them to the same extent as do the laws of the United States. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secret and intellectual property rights. Failure to obtain or maintain protection of our trade secrets or other proprietary information could harm our competitive position and materially and adversely affect our business, financial condition and results of operations.

In addition to registered intellectual property rights such as trademark registrations, we rely on non-registered proprietary information and technology, such as copyrights, trade secrets, confidential information, know-how and technical information. In order to protect our proprietary information and technology, we rely in part on non-disclosure and confidentiality agreements with parties who have access to them, including our employees, investors, independent contractors, corporate collaborators, advisors and other third parties, which place restrictions on the use and disclosure of this intellectual property. We also enter into confidentiality and invention assignment agreements with our employees and consultants. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary information or otherwise developed intellectual property for us, including our technology and processes. Individuals not subject to invention assignment agreements may make adverse ownership claims to our current and future intellectual

property. Additionally, these agreements may be insufficient or breached, or this intellectual property, including trade secrets, may otherwise be disclosed or become known to our competitors, which could cause us to lose any competitive advantage resulting from this intellectual property. We may not be able to obtain adequate remedies for such breaches. Additionally, to the extent that our employees, independent contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. The loss of trade secret protection could make it easier for third parties to compete with our products and services by copying functionality.

To counter infringement or unauthorized use of our intellectual property, we may deem it necessary to file infringement claims, which can be expensive, time consuming and distracting to management. Our efforts to enforce our intellectual property rights in this manner may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. An adverse result of such litigation could require us to pay monetary damages or enter into royalty and licensing agreements that we would not normally find acceptable, cause a delay to the development of our products and services, require us to stop selling all or a portion of our products and services, require us to redesign certain components of our platform using alternative non-infringing technology or practices, which could require significant effort and expense. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. An adverse outcome in such litigation or proceedings may expose us to a loss of our competitive position, expose us to significant liabilities or require us to seek licenses that may not be available on commercially acceptable terms, if at all.

***Some of our products and services contain open source software, which may pose particular risks to our proprietary software, products and services in a manner that could have a material and adverse effect on our business, financial condition and results of operations.***

We use open source software in our products and services and anticipate using open source software in the future. Some open source software licenses require those who distribute open source software as part of their own software product to publicly disclose all or part of the source code to such software product or to make available any derivative works of the open source code on unfavorable terms or at no cost, and we may be subject to such terms. The terms of certain open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide, or distribute the products or services related to, the open source software subject to those licenses. While we use reasonable efforts to monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, or could be claimed to have occurred, in part because open source license terms are often ambiguous. Additionally, we could face claims from third parties claiming ownership of, or demanding release of, any open source software or derivative works that we have developed using such software, which could include proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated products or services unless and until we can re-engineer such source code in a manner that avoids infringement. This re-engineering process could require us to expend significant additional research and development resources, and we may not be able to complete the re-engineering process successfully. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. There is little legal precedent in this area and any actual or claimed requirement to disclose our proprietary source



code or pay damages for breach of contract could harm our business and could help third parties, including our competitors, develop products and services that are similar to or better than ours. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could materially and adversely affect our business, financial condition and results of operations.

***We may be obligated to disclose our proprietary source code to our clients, which may limit our ability to protect our intellectual property and proprietary rights and could reduce the renewals of our solutions.***

Some of our client agreements contain provisions permitting the client to become a party to, or a beneficiary of, a source code escrow agreement under which we place the proprietary source code for certain of our products in escrow with a third party. Under these source code escrow agreements, our source code may be released to the client upon the occurrence of specified events, such as in situations of our bankruptcy or insolvency or our failure to support or maintain our products. Disclosing the content of our source code may limit the intellectual property protection we can obtain or maintain for our source code or our products containing that source code and may facilitate intellectual property infringement, misappropriation or other violation claims against us.

Following any such release, we cannot be certain that clients will comply with the restrictions on their use of the source code and we may be unable to monitor and prevent unauthorized disclosure of such source code by clients. Additionally, following any such release, clients may be able to create derivative works based on our source code and may own such derivative works. Any increase in the number of people familiar with our source code as a result of any such release may also increase the risk of a successful hacking attempt. Each of these could have a material adverse effect on our business, financial condition and results of operations.

***Claims by others that we infringe, misappropriate or otherwise violate their proprietary technology or other rights could have a material and adverse effect on our business, financial condition and results of operations.***

Technology companies frequently enter into litigation based on allegations of patent or trademark infringement or other violations of intellectual property rights. We may become involved in lawsuits to protect or enforce our intellectual property rights, and we may be subject to claims by third parties that we have infringed, misappropriated or otherwise violated their intellectual property. As we face increasing competition and gain an increasingly high profile, the possibility of intellectual property rights claims against us grows. This risk has been amplified by the increase in patent holding companies that seek to monetize patents they have purchased or otherwise obtained and whose sole or primary business is to assert such claims.

From time to time third parties may assert, and in the past have asserted, claims of infringement, misappropriation or other violation of intellectual property rights against us and FIs with whom we do business. Any claim of infringement, misappropriation or other violation of intellectual property rights by a third party, even those without merit and regardless of the outcome, could cause us to incur substantial costs defending against the claim, distract our management from our business, require us to redesign or cease use of such intellectual property, pay substantial amounts to satisfy judgments or settle claims or lawsuits, pay substantial royalty or licensing fees, or satisfy indemnification obligations that we have with certain parties with whom we have commercial relationships. The outcome of any allegation is often uncertain. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

If any of our technologies, products or services are found to infringe, misappropriate or violate a third party's intellectual property rights, we could be required to obtain a license from such third party to

continue commercializing or using such technologies, products and services. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, we could be required to make substantial licensing and royalty payments. We also could be forced, including by court order, to cease the commercialization or use of the violating technology, products or services. Accordingly, we may be forced to design around such violated intellectual property, which may be expensive, time-consuming or infeasible. In addition, we could be found liable for significant monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent or other intellectual property right. Claims that we have misappropriated the confidential information or trade secrets of third parties could similarly harm our business. If we are required to make substantial payments or undertake any of the other actions noted above as a result of any intellectual property infringement, misappropriation or violation claims against us, such payments, costs or actions could have a material adverse effect on our competitive position, business, financial condition and results of operations.

Additionally, in certain of our agreements with clients and licensors of software we use internally or license to our clients, we agree to indemnify them for losses related to, among other things, claims by third parties that our intellectual property infringes, misappropriates or violates the intellectual property of such third party. From time to time, clients or licensors have required, and may in the future require, us to indemnify them for such infringement, misappropriation or violation, breach of confidentiality or violation of applicable law, among other things. Although we normally seek to contractually limit our liability with respect to such obligations, some of these indemnity agreements may provide for uncapped liability and some indemnity provisions survive termination or expiration of the applicable agreement. Any legal claims from clients or other third parties could result in substantial liabilities, reputational harm, the delay or loss of market acceptance of our products, and could have adverse effects on our relationship with such clients and other third parties.

***If we fail to comply with our obligations under license or technology agreements with third parties, we may be required to pay damages and we could lose license rights that are critical to our business.***

We license certain intellectual property, including technologies, data, content and software from third parties, that is important to our business, and in the future we may enter into additional agreements that provide us with licenses to valuable intellectual property or technology. If we fail to comply with any of the obligations under our license agreements, we may be required to pay damages and the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights, and could prevent us from selling our products and services, or inhibit our ability to commercialize future products and services. Our business would suffer if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensors fail to enforce licensed patents against infringing third parties, if the licensed intellectual property rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms. In addition, our rights to certain technologies are licensed to us on a non-exclusive basis. The owners of these non-exclusively licensed technologies are therefore free to license them to third parties, including our competitors, on terms that may be superior to those offered to us, which could place us at a competitive disadvantage. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor's rights. In addition, the agreements under which we license intellectual property or technology from third parties are generally complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition and results of operations.

***If we cannot license rights to use technologies on reasonable terms, we may not be able to commercialize new products in the future.***

In the future, we may identify additional third-party intellectual property we may need to license in order to engage in our business, including to develop or commercialize new products or services. However, such licenses may not be available on acceptable terms or at all. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, capital resources and greater development or commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. Even if such licenses are available, we may be required to pay the licensor substantial royalties based on sales of our products and services. Such royalties are a component of the cost of our products or services and may affect the margins on our products and services. In addition, such licenses may be non-exclusive, which could give our competitors access to the same intellectual property licensed to us. If we are unable to enter into the necessary licenses on acceptable terms or at all, if any necessary licenses are subsequently terminated, if our licensors fail to abide by the terms of the licenses, if our licensors fail to prevent infringement by third parties, or if the licensed intellectual property rights are found to be invalid or unenforceable, our business, financial condition, and results of operations could be materially and adversely affected. Further, third parties from whom we currently license intellectual property rights could refuse to renew our agreements upon their expiration or could impose additional terms and fees that we otherwise would not deem acceptable requiring us to obtain the intellectual property from another third party, if any is available, or to pay increased licensing fees or be subject to additional restrictions on our use of such third-party intellectual property. Defense of any lawsuit or failure to obtain any of these licenses on favorable terms could prevent us from commercializing products, which could have a material adverse effect on our competitive position, business, financial condition and results of operations.

***Any future litigation against us could damage our reputation and be costly and time-consuming to defend.***

We may become subject, from time to time, to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our clients in connection with commercial disputes or employment claims made by current or former employees. Litigation might result in reputational damage and substantial costs and may divert management's attention and resources, which could materially and adversely affect our business, financial condition and results of operations. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims and might not continue to be available on terms acceptable to us. Moreover, any negative impact to our reputation will not be adequately covered by any insurance recovery. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, thereby reducing our results of operations and leading analysts or potential investors to reduce their expectations of our performance, which could reduce the value of our common stock. While we currently are not aware of any material pending or threatened litigation against us, we cannot assure you that the same will continue to be true in the future.

***The market data and forecasts included in this prospectus may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, we cannot assure you that our business will grow at similar rates, or at all.***

The third-party market data and forecasts included in this prospectus, as well as our internal estimates and research, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate, although we have no reason to believe such information

is not correct and we are in any case responsible for the contents of this prospectus. If the forecasts of market growth, anticipated spending or predictions regarding market size prove to be inaccurate, our business, financial condition and results of operations could be materially and adversely affected. Even if all or some of the forecasted growth occurs, our business may not grow at a similar rate, or at all. Our future growth is subject to many factors, including our ability to successfully implement our business strategy, which itself is subject to many risks and uncertainties. The reports described in this prospectus speak as of their respective publication dates and the opinions expressed in such reports are subject to change. Accordingly, investors in our common stock are urged not to put undue reliance on such forecasts and market data.

***Natural or man-made disasters and other similar events, including the COVID-19 pandemic, could significantly disrupt our business, and materially and adversely affect our business, financial condition and results of operations.***

Any of our operating facilities or infrastructure may be harmed or rendered inoperable by natural or man-made disasters, including hurricanes, tornadoes, wildfires, floods, earthquakes, nuclear disasters, acts of terrorism or other criminal activities, infectious disease outbreaks or pandemic events, including the COVID-19 pandemic, power outages and other infrastructure failures, which may render it difficult or impossible for us to operate our business for some period of time. Our facilities would likely be costly to repair or replace, and any such efforts would likely require substantial time. Any disruptions in our operations could harm our reputation and materially and adversely affect our business, financial condition and results of operations. Moreover, although we have disaster recovery plans, they may prove inadequate. We may not carry sufficient business insurance to compensate for losses that may occur. Any such losses or damages could have a material adverse effect on our business and results of operations. In addition, the facilities of our third-party providers, including AWS, may be harmed or rendered inoperable by such natural or man-made disasters, which could cause disruptions, difficulties or otherwise materially and adversely affect our business, financial condition and results of operations.

We are subject to risks related to public health crises such as the global pandemic associated with COVID-19. State, local and foreign jurisdictions have imposed “shelter-in-place” orders, quarantines, executive orders and similar government orders and restrictions for their residents to control the spread of COVID-19. Due to the COVID-19 pandemic and the resulting shelter-in-place orders, we transitioned our employee base to work-from-home in March 2020, creating challenges in executing sales and implementations that have resurfaced due to renewed shelter-in-place requirements and that may be exacerbated by prolonged shelter-in-place requirements. The COVID-19 pandemic and resulting shelter-in-place orders and impacts on domestic and international economic conditions have negatively affected our clients’ and prospective clients’ operations. The ability of our existing clients to fulfil or renew their contractual commitments, or potential new clients’ ability and willingness to purchase our products, may also be impacted by the ongoing COVID-19 pandemic. These challenges will likely continue for the duration of the pandemic, which is uncertain, and the macro-economic effects of the pandemic will likely continue far beyond the duration of the pandemic.

The COVID-19 pandemic has resulted in, and may continue to result in, significant disruption of global financial markets, reducing our ability to access capital, which could in the future negatively affect our liquidity. In addition, a recession or market correction resulting from the spread of COVID-19 could materially and adversely affect our clients’ business and therefore our business, financial condition and results of operations. The COVID-19 pandemic has also resulted in a significant increase in unemployment in the United States which may continue even after the pandemic subsides. Additionally, to the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section, such as our ability to achieve profitability in the future, our ability to attract new clients or

continue to broaden our existing clients' use of our solutions and the impact of any decrease in technology spend by clients and potential clients in the financial services industry where we derive all of our revenues.

***The price of our common stock may fluctuate significantly, and you could lose all or part of your investment.***

The market price of our common stock is likely to be volatile and could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

- actual or anticipated fluctuations in our results of operations and financial condition;
- variance in our financial performance from expectations of securities analysts;
- changes in our subscription revenues;
- changes in our projected operating and financial results;
- changes in tax laws or regulations;
- announcements by us or our competitors of significant business developments, acquisitions or new offerings;
- our involvement in any litigation;
- our sale of our common stock or other securities in the future;
- changes in senior management or key personnel;
- the trading volume of our common stock;
- changes in the anticipated future size and growth rate of our market;
- natural disasters, outbreaks of disease or public health crises, such as the COVID-19 pandemic; and
- general economic, regulatory and market conditions.

Recently, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, and developments related to the COVID-19 pandemic, may negatively impact the market price of our common stock. If the market price of our common stock after this offering does not exceed the public offering price, you may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial costs and divert our management's attention.

***If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our common stock adversely, the trading price of our common stock and trading volume could decline.***

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not control these analysts. If any of the analysts who cover us downgrade our common stock or our industry, or the stock of any of

our competitors, or publish inaccurate or unfavorable research about our business, the price of our common stock may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the price or trading volume of our common stock to decline and our common stock to be less liquid.

***As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal control over financial reporting and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our common stock.***

We will be required, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”), to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting on an annual basis, beginning with our second annual report on Form 10-K. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. Our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the SEC following the date we are no longer an “emerging growth company,” as defined in the JOBS Act. We will be required to disclose significant changes made in our internal control procedures on a quarterly basis.

Our compliance with Section 404 will require that we incur substantial accounting expense and expend significant management efforts. We currently do not have an internal audit group, and we may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404.

During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition and results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness or significant deficiency in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets and could materially and adversely affect our business, financial condition and results of operations.

***Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported results of operations.***

Financial accounting standards may change or their interpretation may change. A change in accounting standards or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change becomes effective. Changes to existing rules or the re-examination of current practices could materially and adversely affect our reported financial results or the way we conduct our business. Accounting for revenues from sales of our solutions is particularly complex, is often the subject of intense scrutiny by the Securities and Exchange Commission (“SEC”) and will evolve as the FASB continues to consider applicable accounting standards in this area.



***The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.***

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the listing requirements of The Nasdaq Global Select Market on which we expect our common stock will be traded and other applicable securities rules and regulations. The SEC and other regulators have continued to adopt new rules and regulations and make additional changes to existing regulations that require our compliance. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact, in ways we cannot currently anticipate, the manner in which we operate our business. We will need to institute a comprehensive compliance function and establish internal policies to ensure we have the ability to prepare consolidated financial statements that are fully compliant with all SEC reporting requirements on a timely basis and establish an investor relations function. Compliance with these rules and regulations may cause us to incur additional accounting, legal and other expenses that we did not incur as a private company. We also anticipate that we will incur costs associated with corporate governance requirements, including requirements under securities laws, as well as rules and regulations implemented by the SEC and The Nasdaq Global Select Market, particularly after we are no longer an "emerging growth company." We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, while also diverting some of management's time and attention from revenue-generating activities. Furthermore, these rules and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

***There is no existing market for our common stock, and we do not know if one will develop to provide you with adequate liquidity to sell our common stock at prices equal to or greater than the price you paid in this offering.***

Prior to this offering, there has been no public market for our common stock. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market or how liquid that market may become. If an active trading market does not develop, you may have difficulty selling any of our shares that you purchase. The initial public offering price of our common stock was determined by negotiation between us and the underwriters, and may not be indicative of prices that will prevail after the completion of this offering. The market price of our common stock may decline below the initial public offering price, and you may not be able to resell your shares at, or above, the initial public offering price.

***We have broad discretion in how we may use the net proceeds from this offering, and we may not use them effectively.***

Our management will have broad discretion in applying the net proceeds we receive from this offering. We may use the net proceeds for general corporate purposes, including working capital, operating expenses and capital expenditures. We may use a portion of the net proceeds to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments to enter into any acquisitions at this time. We may also spend or invest these proceeds in a way with which our stockholders disagree. If our management fails to use these funds effectively, our business could be seriously harmed.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Any statements made in this prospectus that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies. These statements often include words such as “anticipate,” “expect,” “suggests,” “plan,” “believe,” “intend,” “estimates,” “targets,” “projects,” “should,” “could,” “would,” “may,” “will,” “forecast” and other similar expressions. These forward-looking statements are contained throughout this prospectus, including the sections titled “Prospectus Summary,” “Risk Factors,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” We base these forward-looking statements on our current expectations, plans and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances at such time. As you read and consider this prospectus, you should understand that these statements are not guarantees of future performance or results. The forward-looking statements are subject to and involve risks, uncertainties and assumptions, and you should not place undue reliance on these forward-looking statements. Although we believe that these forward-looking statements are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our actual results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements. Factors that may materially affect such forward-looking statements include:

- Our limited operating history and history of operating losses;
- Our ability to manage future growth;
- Our ability to attract new clients and expand existing clients’ use of our solutions;
- Our ability to maintain, protect and enhance our brand;
- Our ability to accurately predict the long-term rate of client subscription renewals or adoption of our solutions;
- Our reliance on third-party software, content and services;
- Our ability to effectively integrate our solutions with other systems used by our clients;
- Intense competition in our industry;
- Any downturn, consolidation or decrease in technology spend in the financial services industry;
- Our ability and the ability of third parties on which we rely to prevent and identify breaches of security measures and resulting disruptions of our systems or operations and unauthorized access to client customer and other data;
- Our ability to comply with regulatory and legal requirements and developments;
- Our ability to attract and retain key employees;
- The political, economic and competitive conditions in the markets and jurisdictions where we operate, including the impact of COVID-19 and the various governmental, industry and consumer actions related thereto;
- Our ability to maintain, develop and protect our intellectual property;
- Our ability to respond to evolving technological requirements to develop or acquire new and enhanced products that achieve market acceptance in a timely manner;
- Our ability to estimate our expenses, future revenues, capital requirements, our needs for additional financing and our ability to obtain additional capital; and

- Other factors disclosed in this prospectus.

These cautionary statements should not be construed by you to be exhaustive and are made only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

## USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of the shares of our common stock in this offering will be approximately \$126.6 million, based upon an initial public offering price of \$23.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional shares in this offering in full, we estimate that our net proceeds will be approximately \$146.4 million, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will, however, bear the costs, other than the underwriting discounts and commissions, associated with the sale of these shares.

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$23.50 per share would increase (decrease) the net proceeds that we receive from this offering by approximately \$5.6 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of our common stock offered by us would increase (decrease) the net proceeds that we receive from this offering by approximately \$22.0 million, assuming the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

We currently expect to use the net proceeds from this offering, together with our existing cash and cash equivalents, to finance our growth, develop new or enhanced solutions and fund capital expenditures. In connection with the completion of this offering, we also plan to pay approximately \$4.9 million of the net proceeds in accumulated dividends to holders of our Series B redeemable convertible preferred stock (the "Series B Dividend"), including an aggregate of \$3.8 million to certain holders of 5% or more of our capital stock, directors and their affiliated entities and our executive officers.

The remaining funds will be used for general corporate purposes, including working capital and operating expenses. We may also use a portion of the remaining net proceeds, if any, to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments for any acquisitions at this time.

This expected use of the net proceeds from this offering represents our intentions based on our current plans and business conditions, which could change in the future as our plans and business conditions evolve. Our management will have broad discretion over the use of the net proceeds from this offering, and our investors will be relying on the judgment of our management regarding the application of the net proceeds of this offering.

Pending the use of the net proceeds from this offering as described above, we intend to invest the net proceeds in a variety of capital preservation instruments, including short-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

## **DIVIDEND POLICY**

We have never declared or paid any cash dividends. In connection with the completion of this offering, we plan to pay an aggregate of \$4.9 million in accumulated dividends payable to holders of our Series B redeemable convertible preferred stock. Following payment of these accumulated dividends to holders of our Series B redeemable convertible preferred stock, we do not currently intend to pay any cash dividends on our capital stock for the foreseeable future. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant. Also, unless waived, the terms of our Credit Agreement generally prohibit us from declaring or paying any cash dividends. Our ability to pay cash dividends on our capital stock may also be limited by any future debt instruments or preferred securities.

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of December 31, 2020 on:

- an actual basis;
- a pro forma basis, to reflect: (i) the conversion of all of the outstanding shares of our redeemable convertible preferred stock as of December 31, 2020 into an aggregate of 72,225,916 shares of our common stock immediately prior to the completion of this offering; (ii) the accrual for the expected payment of \$4.9 million of the Series B Dividend in connection with the completion of this offering; (iii) the conversion of all of our outstanding warrants exercisable for redeemable convertible preferred stock as of December 31, 2020 into warrants exercisable for 212,408 shares of our common stock immediately prior to the completion of this offering; and (iv) the filing and effectiveness of our amended and restated certificate of incorporation immediately prior to the completion of this offering; and
- a pro forma as adjusted basis, giving effect to the pro forma adjustments discussed above, and giving further effect to (i) the sale of 6,000,000 shares of our common stock that we are offering at an assumed initial public offering price of \$23.50 share, which is the midpoint of the price range listed on the cover page of this prospectus and (ii) the application of the proceeds from this offering as described in "Use of Proceeds," after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, including the payment in cash of the Series B Dividend in connection with the completion of this offering.

You should read this table together with the sections titled "Selected Consolidated Financial and Operating Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus. The pro forma as adjusted information below is illustrative only and our capitalization following the completion of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

| (in thousands, except share and per share amounts)  | As of December 31, 2020 |            |                                      |
|---|-------------------------|------------|--------------------------------------|
|   | Actual                  | Pro Forma  | Pro Forma as Adjusted <sup>(1)</sup> |
| Cash and cash equivalents   | \$ 166,790              | \$ 166,790 | \$ 289,651                           |
| Term loans, current and noncurrent  | 24,879                  | 24,879     | 24,879                               |
| Redeemable convertible preferred stock, par value \$0.001 per share; 72,799,602 shares authorized, 72,225,916 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted   | 443,263                 | —          | —                                    |
| Stockholders' equity (deficit):   |                         |            |                                      |
| Preferred stock, par value \$0.001 per share; no shares authorized, issued and outstanding, actual; shares authorized, no shares issued or outstanding, pro forma and pro forma as adjusted   | —                       | —          | —                                    |
| Common stock, par value \$0.001 per share; 101,671,156 shares authorized, 4,909,529 shares issued and outstanding, actual; 500,000,000 shares authorized and 77,135,445 shares issued and outstanding, pro forma; 500,000,000 shares authorized and 83,135,445 shares issued and outstanding, pro forma as adjusted | 5                       | 77         | 83                                   |
| Additional paid-in capital  | —                       | 440,945    | 567,584                              |
| Accumulated deficit   | (263,528)               | (263,528)  | (263,528)                            |
| Total stockholders' equity (deficit)  | (263,523)               | 177,494    | 304,139                              |
| Total capitalization  | \$ 204,619              | \$ 202,373 | \$ 329,018                           |



- (1) Each \$1.00 increase or decrease in the assumed initial public offering price of \$23.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, each of pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity (deficit) and total capitalization by approximately \$5.6 million, assuming that the number of shares of our common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares of our common stock offered by us would increase or decrease, as applicable, each of pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity (deficit) and total capitalization by approximately \$22.0 million, assuming that the assumed initial public offering price of \$23.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The number of shares of our common stock to be outstanding after this offering reflected in the table above is based on 77,135,445 shares of our common stock outstanding as of December 31, 2020 and excludes:

- 212,408 shares of our common stock issuable upon the exercise of outstanding warrants, which includes our existing warrants exercisable for redeemable convertible preferred stock that will convert into warrants exercisable for common stock immediately prior to the completion of this offering, as of December 31, 2020, with a weighted-average exercise price of \$3.23 per share;
- 11,603,131 shares of our common stock issuable upon the exercise of outstanding stock options as of December 31, 2020, with a weighted-average exercise price of \$2.14 per share;
- 2,709,323 shares of our common stock issuable upon the exercise of outstanding stock options granted subsequent to December 31, 2020, with a weighted-average exercise price of \$15.87 per share through March 31, 2021;
- 340,128 additional shares of our common stock reserved for issuance pursuant to future awards under our 2011 Plan as of March 31, 2021, which will become available for issuance under our 2021 Plan immediately prior to the completion of this offering;
- 12,131,846 shares of our common stock reserved for future issuance under our 2021 Plan, which will become effective on the date immediately prior to the date our registration statement relating to this offering becomes effective, of which options to purchase 101,775 shares of common stock at an exercise price equal to the initial public offering price set forth on the cover of this prospectus will be granted concurrently with this offering, and from which we will grant restricted stock units covering 192,000 shares of common stock concurrently with this offering, on the date immediately prior to the date our registration statement relating to this offering becomes effective, as well as any future increases in the number of shares of our common stock reserved for issuance under the 2021 Plan; and
- 2,205,790 shares of our common stock reserved for future issuance under our ESPP, which will become effective on the date immediately prior to the date our registration statement relating to this offering becomes effective, as well as any future increases in the number of shares of our common stock reserved for issuance under the ESPP.

If the underwriters' option to purchase additional shares of our common stock were exercised in full, pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity (deficit) and number of shares of our common stock outstanding would be \$309.4 million, \$587.3 million, \$323.9 million and 84,035,445, respectively.

## DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock after this offering. Dilution results from the fact that the per share public offering price of the common stock is substantially in excess of the book value per share of our common stock after this offering. Our net tangible book value (deficit) as of December 31, 2020 was \$(288.0) million, or \$(58.66) per share of our common stock. Our net tangible book value (deficit) is the amount of our total tangible assets less our total liabilities and redeemable convertible preferred stock, which is not included within our stockholders' equity (deficit). Net tangible book value (deficit) per share represents net tangible book value divided by the total number of shares of our common stock outstanding.

Our pro forma net tangible book value (deficit) as of December 31, 2020 was \$153.0 million, or \$1.98 per share of our common stock. Pro forma net tangible book value (deficit) represents the amount of our total tangible assets less our total liabilities, after giving effect to (i) the conversion of all of the outstanding shares of our redeemable convertible preferred stock as of December 31, 2020 into an aggregate of 72,225,916 shares of our common stock immediately prior to the completion of this offering; (ii) the accrual for the expected payment of \$4.9 million of the Series B Dividend in connection with the completion of this offering; and (iii) the conversion of all of our outstanding warrants exercisable for redeemable convertible preferred stock as of December 31, 2020 into warrants exercisable for 212,408 shares of our common stock immediately prior to the completion of this offering. Pro forma net tangible book value (deficit) per share represents our pro forma net tangible book value (deficit) divided by the total number of shares outstanding as of December 31, 2020, after giving effect to the conversion of all of the outstanding shares of our redeemable convertible preferred stock as of December 31, 2020 into an aggregate of 72,225,916 shares of our common stock immediately prior to the completion of this offering.

After giving further effect to (i) the sale of 6,000,000 shares of our common stock that we are offering at an assumed initial public offering price of \$23.50 share, which is the midpoint of the price range listed on the cover page of this prospectus and (ii) the application of the proceeds from this offering as described in "Use of Proceeds," after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, including the payment in cash of the Series B Dividend in connection with the completion of this offering, as if each had occurred on December 31, 2020, our pro forma as adjusted net tangible book value as of December 31, 2020 would have been \$279.7 million, or \$3.36 per share of common stock. This amount represents an immediate increase in pro forma as adjusted net tangible book value of \$1.38 per share of common stock to our existing stockholders before this offering and an immediate and substantial dilution in pro forma as adjusted net tangible book value of \$20.14 per share of common stock to new investors purchasing shares of our common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share of common stock after this offering from the amount of cash that a new

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investor paid for a share of common stock in this offering. The following table illustrates this dilution, assuming the underwriters do not exercise their option to purchase additional shares of our common stock:

|  |            |          |
|--|------------|----------|
| Assumed initial public offering price per share of common stock  |            | \$ 23.50 |
| Net tangible book value (deficit) per share of as December 31, 2020  | \$ (58.66) |          |
| Pro forma increase in net tangible book value per share as of December 31, 2020  | 60.64      |          |
| Pro forma net tangible book value (deficit) per share as of December 31, 2020  | 1.98       |          |
| Increase in pro forma as adjusted net tangible book value per share of common stock attributable to new investors in this offering | 1.38       |          |
| Pro forma as adjusted net tangible book value per share of common stock immediately after this offering                            |            | \$ 3.36  |
| Dilution in pro forma as adjusted net tangible book value per share of common stock to new investors in this offering              |            | \$ 20.14 |

A \$1.00 increase or decrease in the assumed initial public offering price of \$23.50 per share, which is the midpoint of the price range listed on the cover page of this prospectus, would increase or decrease the pro forma as adjusted net tangible book value per share of common stock after this offering by approximately \$0.07, and the dilution in pro forma as adjusted net tangible book value per share of common stock to new investors by approximately \$0.93 assuming that the number of shares of our common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million in the number of shares of common stock offered by us would increase or decrease, as applicable, the pro forma as adjusted net tangible book value after this offering by \$0.22 per share and increase or decrease, as applicable, the dilution per share to new investors participating in this offering by \$0.22 per share, assuming that the assumed initial public offering price of \$23.50 per share remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters' option to purchase additional shares of our common stock is exercised in full, the pro forma as adjusted net tangible book value per share of common stock would be \$3.56 per share, and the dilution in pro forma as adjusted net tangible book value per share of common stock to new investors in this offering would be \$19.94 per share.

The following table summarizes, on an as adjusted basis as of December 31, 2020, the differences between the number of shares of our common stock purchased from us, the total consideration and the average price per share that existing investors and new investors paid. The calculation below is based on an assumed initial public offering price of \$23.50 per share of common stock, which is the midpoint of the price range listed on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

|                       | Shares of Common Stock Purchased |         | Total Consideration |         | Average Price Per Share of Common Stock |
|-----------------------|----------------------------------|---------|---------------------|---------|---|
|                       | Number                           | Percent | Amount              | Percent |   |
| Existing stockholders | 77,135,445                       | 92.8%   | \$427,600,000       | 75.2%   | \$ 5.54                                 |
| New investors         | 6,000,000                        | 7.2     | 141,000,000         | 24.8    | \$ 23.50                                |
| Total                 | 83,135,445                       | 100.0%  | \$568,600,000       | 100.0%  | \$ 6.84                                 |

A \$1.00 increase (decrease) in the assumed initial offering price would increase (decrease) total consideration paid by new investors, total consideration paid by all stockholders and average price per share paid by all stockholders by \$6.0 million, \$6.0 million and \$0.07 per share, respectively. An increase (decrease) of 1.0 million in the number of shares of our common stock offered by us in this offering would increase (decrease) total consideration paid by new investors, total consideration paid by all stockholders and average price per share paid by all stockholders by \$23.5 million, \$23.5 million and \$0.28 per share, respectively.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters' option to purchase additional shares of our common stock. If the underwriters' option to purchase additional shares of our common stock were exercised in full, our existing stockholders would own 91.8% and our new investors would own 8.2% of the total number of shares of our common stock outstanding upon completion of this offering.

## SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

The following tables set forth our selected historical consolidated financial information for the periods and dates indicated. The consolidated balance sheet data as of December 31, 2019 and 2020 and the consolidated statements of operations for the years ended December 31, 2019 and 2020 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The statement of operations for the year ended December 31, 2018 has been derived from our financial statements not included in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future.

This data should be read in conjunction with, and is qualified in its entirety by reference to, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Capitalization” sections of this prospectus and our audited consolidated financial statements and notes thereto for the periods and dates indicated included elsewhere in this prospectus.

### Consolidated Statements of Operations

|  | Year Ended December 31, |             |             |
|--|-------------------------|-------------|-------------|
|  | 2018                    | 2019        | 2020        |
| (in thousands, except share and per share amounts)                                   |                         |             |             |
| Revenues   | \$ 48,199               | \$ 73,541   | \$ 112,142  |
| Cost of revenues <sup>(1)</sup>  | 32,495                  | 43,106      | 52,986      |
| Gross profit   | 15,704                  | 30,435      | 59,156      |
| Operating expenses <sup>(1)</sup> :  |                         |             |             |
| Research and development   | 27,648                  | 32,722      | 40,209      |
| Sales and marketing  | 11,202                  | 15,328      | 16,774      |
| General and administrative   | 18,659                  | 24,920      | 37,276      |
| Total operating expenses   | 57,509                  | 72,970      | 94,259      |
| Loss from operations   | (41,805)                | (42,535)    | (35,103)    |
| Non-operating income (expense):  |                         |             |             |
| Interest income  | 135                     | 267         | 55          |
| Interest expense   | (103)                   | (110)       | (489)       |
| Gain (loss) on financial instruments   | 125                     | 509         | (15,818)    |
| Loss before income tax expense   | (41,648)                | (41,869)    | (51,355)    |
| Provision for income taxes   | —                       | —           | —           |
| Net loss   | (41,648)                | (41,869)    | (51,355)    |
| Less: Cumulative dividends and adjustments to redeemable convertible preferred stock | (1,106)                 | (1,212)     | (5,290)     |
| Net loss attributable to common stockholders   | \$ (42,754)             | \$ (43,081) | \$ (56,645) |
| Net loss per share attributable to common stockholders:                              |                         |             |             |
| Basic and diluted <sup>(2)</sup>   | \$ (12.70)              | \$ (9.91)   | \$ (11.78)  |
| Weighted average number of common shares outstanding:                                |                         |             |             |
| Basic and diluted <sup>(2)</sup>   | 3,365,527               | 4,346,900   | 4,809,533   |

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

| (in thousands)                          | Year Ended December 31, |                |                |
|---|-------------------------|----------------|----------------|
|   | 2018                    | 2019           | 2020           |
| Cost of revenues                        | \$111                   | \$ 219         | \$ 369         |
| Research and development                | 306                     | 323            | 417            |
| Sales and marketing                     | 66                      | 97             | 147            |
| General and administrative              | 318                     | 611            | 1,021          |
| Total stock-based compensation expenses | <u>\$801</u>            | <u>\$1,250</u> | <u>\$1,954</u> |

- (2) See Note 12 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted net loss per share and the weighted-average number of shares used in the computation of the per share amounts.

#### Consolidated Balance Sheet Data

| (in thousands)                         | As of December 31, |            |
|--|--------------------|------------|
|  | 2019               | 2020       |
| Cash and cash equivalents              | \$ 11,982          | \$ 166,790 |
| Total assets                           | 52,734             | 249,166    |
| Total liabilities <sup>(1)</sup>       | 38,091             | 69,426     |
| Redeemable convertible preferred stock | 210,033            | 443,263    |
| Total stockholders' equity (deficit)   | (195,390)          | (263,523)  |

- (1) Includes \$25.0 million and \$0 of long-term debt as of December 31, 2020 and December 31, 2019, respectively.



## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION FOR THE ACH ALERT, LLC ACQUISITION

The following unaudited pro forma condensed combined financial statements are based on the historical consolidated financial statements of Alkami Technology, Inc. ("Alkami" or the "Company"), as adjusted to give effect to the ACH Alert, LLC ("ACH Alert") transaction (the "Transaction").

On October 4, 2020 ("Closing Date"), Alkami entered into an asset purchase agreement with Deborah Peace, David Peace, and ACH Alert, LLC for Alkami Acquisition Corp. to purchase substantially all assets and assume substantially all obligations of ACH Alert for purchase consideration of approximately \$25.0 million. Alkami Acquisition Corp. was a wholly owned subsidiary of the Company; after the Transaction, its name was changed to Alkami ACH Alert, LLC. A term loan of \$25.0 million ("Term Loan") was borrowed by Alkami on October 16, 2020 (as discussed further below). The proceeds of the Term Loan were used to partially fund the Transaction. The Transaction also anticipates contingent payments; specifically, subject to ordinary working capital adjustments and continued employment by one of ACH Alert's selling executives, \$2.5 million will be paid in October 2021 and \$2.4 million will be paid in October 2022. Included within Alkami's unaudited pro forma condensed combined statement of operations are transaction expenses of approximately \$0.2 million. These transaction expenses consist of professional fees incurred as a result of the Transaction.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 gives effect to the Transaction as if it had occurred on January 1, 2020. The Transaction was complete as of October 4, 2020 and is therefore already included in the Alkami consolidated balance sheet as of December 31, 2020. The balance sheet is therefore not presented.

The unaudited pro forma condensed combined financial information has been prepared for illustrative purposes only and does not represent the consolidated results of Alkami had the Transaction been completed as of the date indicated. Specifically, the unaudited pro forma condensed combined financial information does not reflect any cost savings, operating synergies, revenue enhancements or restructuring costs that the combined company may achieve or incur as a result of the Transaction. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future operating results of the combined company. We based the pro forma adjustments on available information and on assumptions that we believe are reasonable under the circumstances in order to reflect, on a pro forma basis, the impact of the relevant transactions on the historical financial information of the Company. See the notes to unaudited pro forma financial information below for a discussion of assumptions made. The unaudited pro forma financial information does not purport to be indicative of our results of operations or financial position had the relevant transactions occurred on the dates assumed and does not project our results of operations or financial position for any future period or date.

In May 2020, the SEC adopted Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses" (the "Final Rule"). The Company has adopted the provisions of the Final Rule, and the unaudited pro forma condensed combined financial information herein is presented in accordance therewith.

The unaudited pro forma condensed combined financial information should be read in conjunction with Alkami's audited consolidated financial statements and notes thereto for the year ended December 31, 2020 and ACH Alert's historical audited financial statements and notes thereto for the period ended September 30, 2020.

The unaudited pro forma condensed combined financial information constitutes forward-looking information and is subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" included elsewhere in this prospectus.

**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**for the ACH Alert, LLC Acquisition**  
**for the year ended December 31, 2020**  
(amounts in thousands, except share and per share amounts)

|  |                   |   | Note 2                             |  |         |                  |
|--|-------------------|---|------------------------------------|--|---------|------------------|
|  | Historical Alkami | Historical ACH Alert for the Nine Months Ended September 30, 2020 | Transaction Accounting Adjustments | Other Transaction Accounting Adjustments | Ref     | Alkami Pro Forma |
| Revenues   | \$ 112,142        | 3,409   | \$ (33)                            | \$ —                                     | (a)     | \$ 115,518       |
| Cost of revenues   | 52,986            | 1,421   | 358                                | —  | (c)     | 54,765           |
| Gross profit   | 59,156            | 1,988   | (391)                              | —  |         | 60,753           |
| Operating expenses   |                   |   |                                    |  |         |                  |
| Research and development   | 40,209            | —   | —                                  | —  |         | 40,209           |
| Sales and marketing  | 16,774            | —   | 277                                | —  | (c)     | 17,051           |
| General and administrative   | 37,276            | 919   | 1,761                              | —  | (b) (e) | 39,956           |
| Total operating expenses   | 94,259            | 919   | 2,038                              | —  |         | 97,216           |
| Income (loss) from operations  | (35,103)          | 1,069   | (2,429)                            | —  |         | (36,463)         |
| Non-operating income (expense):  |                   |   |                                    |  |         |                  |
| Interest income  | 55                | 2   | —                                  | —  |         | 57               |
| Interest expense   | (489)             | (1)   | 1                                  | (804)                                    | (d)     | (1,293)          |
| Loss on financial instruments  | (15,818)          | —   | —                                  | —  |         | (15,818)         |
| Other  | —                 | (180)   | —                                  | —  |         | (180)            |
| Income (loss) before income tax expense  | (51,355)          | 890   | (2,428)                            | (804)                                    |         | (53,697)         |
| Provision for income taxes   | —                 | —   | —                                  | —  | (f)     | —                |
| Net income (loss)  | (51,355)          | 890   | (2,428)                            | (804)                                    |         | (53,697)         |
| Less: Cumulative dividends and adjustments to redeemable convertible preferred stock | (5,290)           |   |                                    |  |         | (5,290)          |
| Net loss attributable to common stockholders   | \$ (56,645)       |   |                                    |  |         | \$ (58,987)      |
| Net loss per share attributable to common stockholders:                              |                   |   |                                    |  |         |                  |
| Basic and diluted  | \$ (11.78)        |   |                                    |  | (g)     | \$ (12.26)       |
| Weighted average number of common shares outstanding:                                |                   |   |                                    |  |         |                  |
| Basic and diluted  | 4,809,533         |   |                                    |  |         | 4,809,533        |

**Notes to Unaudited Pro Forma Condensed Combined  
Statement of Operations for the ACH Alert, LLC Acquisition**

**1. Basis of Pro Forma Presentation**

The unaudited pro forma condensed combined financial information has been prepared using the historical information of Alkami and ACH Alert and presents the pro forma effects of the Transaction and certain transaction accounting adjustments described herein. The historical financial information of Alkami and ACH Alert have been prepared in accordance with accounting principles generally accepted in the United States.

The unaudited pro forma condensed combined statement of operations should be read in conjunction with the historical financial statements included elsewhere in this prospectus.

The pro forma combined financial statements do not necessarily reflect what the combined company's results of operations would have been had the acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial results of operations of the combined company. The actual results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

**2. Adjustment to Reflect the Acquisition**

The pro forma adjustments included in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 are as follows:

- (a) This adjustment represents the incremental impact to revenue, as performance obligations are satisfied, from the fair value adjustment to deferred revenue resulting from the Transaction, which resulted in a reduction of less than \$0.1 million from the carrying value.
- (b) Represents the elimination of historical amortization expense of \$0.1 million related to capitalized software development costs that were written off as a result of the Transaction.
- (c) Reflects the incremental intangible asset amortization expense, resulting from the fair value of intangible assets recorded from the Transaction. The adjustment increases intangible asset amortization expense by \$0.6 million and is illustrated in the table below.

|                                 | Estimated Fair<br>Value<br>(in thousands) | Estimated<br>Useful Life<br>(in years) | Amortization<br>for the period<br>from<br>January 1,<br>2020 to<br>October 3,<br>2020<br>(in thousands) |
|---------------------------------|---|--|---|
| <b>Intangible assets</b>        |   |  |   |
| Customer Relationships          | 5,100                                     | 15                                     | 258   |
| Developed Technology            | 3,300                                     | 7                                      | 358   |
| Trade Name                      | 50  | 2                                      | 19  |
|                                 | <u>\$8,450</u>                            |  | <u>\$635</u>  |
| Historical Amortization Expense |   |  | —   |
| Pro Forma Adjustment            |   |  | <u>\$ 635</u>   |

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- (d) Represents the following adjustments: (1) elimination of ACH Alert's historical interest expense related to the Paycheck Protection Program ("PPP") loan, which was paid by Alkami as part of the Transaction, (2) adjustment to increase interest expense resulting from interest on the new term debt (approximately \$25.0 million) to finance the Transaction and (3) adjustment to increase interest expense resulting from the amortization of \$0.3 million of debt issuance costs from the new term debt, for the period from January 1, 2020 to October 3, 2020, as follows (in thousands):

|   |        |
|---|--------|
| Elimination of interest expense on PPP loan | \$ (1) |
| Interest expense on term debt*              | 737    |
| Amortization of new debt issuance costs     | 67     |
| Pro forma adjustment to interest expense    | \$803  |

\*Note: Interest expense was calculated based on the Prime Rate, which is the interest rate for the new term debt as defined in the debt agreement. The Prime Rate was 4.25% for the period from January 1, 2020 through March 3, 2020. On March 4, 2020, the Prime Rate decreased to 3.25% and remained at this rate through to the acquisition date.

- (e) The Transaction includes additional contingent payments made to ACH Alert, LLC in the event certain future events occur or conditions are met, including continued employment by one of the selling executives. This adjustment assumes those contingencies are met and increases compensation expense by \$1.9 million for the period from January 1, 2020 to October 3, 2020.
- (f) There is no pro forma adjustment for income tax expense since Alkami has a combined net loss before taxes and does not benefit from income tax losses.
- (g) To reflect assumed impact of the unaudited pro forma adjustment to net loss attributable to common stockholders per share, basic and diluted.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the consolidated financial statements and the related notes included elsewhere in this prospectus. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, beliefs and expectations that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in the sections of this prospectus titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements."*

### Overview

Alkami is a cloud-based digital banking platform. We inspire and empower community, regional and super-regional FIs to compete with large, technologically advanced and well-resourced banks in the United States. Our solution, the Alkami Platform, allows FIs to onboard and engage new users, accelerate revenues and meaningfully improve operational efficiency, all with the support of a proprietary, true cloud-based, multi-tenant architecture. We cultivate deep relationships with our clients through long-term, subscription-based contractual arrangements, aligning our growth with our clients' success and generating an attractive unit economic model.

In the early 2000s digital engagement began revolutionizing industries overnight, forcing firms to invest and innovate or risk losing long-term relationships to well-resourced competitors. Within banking, many FIs were ill-equipped to compete with larger competitors, including megabanks, primarily due to resource constraints and the resulting inability to keep pace, technologically, with evolving consumer preferences for digital engagement. This led to the first digital banking platform.

The earliest versions of digital banking platforms, however, were focused on basic self-service functions that could be accomplished with a desktop computer via a single integration to the primary system of record. As the form factor of digital engagement evolved to include both desktop and mobile, FIs generally adopted disparate digital banking solutions as a matter of necessity. This served to only magnify the compounding and seemingly inescapable problem of layered and poorly integrated infrastructures, and today, many FIs continue to use disparate technology solutions for desktop, mobile, retail and business banking functions. On average, FIs require integration to more than 20 systems to enable customer self-service, according to management estimates. As consumer preferences quickly evolve, many FIs have found that their existing infrastructure lacks the uniformity and the agility to adapt to an increasingly digital and mobile world. Our technology provides a value proposition that solves this problem.

Gary Nelson and Stephen Bohanon founded Alkami to help level the playing field for FIs. Since then, our vision has been to create a platform that combined premium technology and fintech solutions in one integrated ecosystem, delivered as a SaaS solution and providing our clients' customers with a single point of access to all things digital. We invested significant resources to build a technology stack that prioritized innovation velocity and speed-to-market given the importance of product depth and functionality in winning and retaining clients. The result of these investments is a premium platform that has enabled us to replace older, larger and better-funded incumbents in many of the 151 FIs served by the Alkami Platform as of December 31, 2020. Today, our clients can offer world-class experiences reflecting their individual digital strategies, reaching 9.7 million of our clients' customers, with an additional 1.5 million of our clients' customers under implementation, each as of December 31, 2020.

Our domain expertise in retail and business banking has enabled us to develop a suite of products tailored to address key challenges faced by FIs. The key differentiators of the Alkami Platform include:

- **User experience:** Personalized and seamless digital experience across user interaction points, including mobile, chat and SMS, establishing durable connections between FIs and their customers.
- **Integrations:** Scalability and extensibility driven by 220 real-time integrations to back office systems and third-party fintech solutions as of December 31, 2020, including core systems, payment cards, mortgages, bill pay, electronic documents, money movement, personal financial management and account opening.
- **Deep data capabilities:** Data synchronized and stored from back office systems and third-party fintech solutions and synthesized into meaningful insights, targeted content and other areas of monetization.

The Alkami Platform offers an end-to-end set of software products. Our typical relationship with an FI begins with a set of core functional components, which can extend over time to include a rounded suite of products across account opening, card experience, financial wellness, fraud protection and marketing. Due to our architecture, adding products through our single code base is fast, simple and cost-effective, and we expect product penetration to continue to increase as we broaden our product suite. As of December 31, 2020, our clients used nine of our 26 offered products, on average.

Our target clients vary in size, generally ranging from approximately \$500 million to \$100 billion in assets and from approximately 10,000 customers to 2 million customers. 151 of these FIs were Alkami Platform clients which had \$222 billion in assets on their balance sheets as of December 31, 2020, compared to 118 Alkami Platform clients as of December 31, 2019 which had \$159 billion in assets, according to data from S&P Global Intelligence, the National Credit Union Administration and the Federal Deposit Insurance Corporation. However, this group generally does not have the internal resources or capabilities to fully build and customize their own technology platforms to keep pace with the megabanks, challenger banks and other technology-enabled competitors. As a result, many of these institutions are turning to technology providers to bridge the gap between the tools they need to compete in the marketplace and their internal infrastructures.

We go to market through an internal sales force. Given the long-term nature of our contracts, a typical sales cycle can range from approximately three to 12 months, with the subsequent implementation timeframe generally ranging from six to 12 months depending on the depth of integration. In March 2020, following COVID-19-related shelter-in-place orders, our client service organization, including our implementation team, shifted to remote execution and onboarded more than 25 FIs and nearly 1.1 million new registered users through the end of 2020.

We derive our revenues almost entirely from multi-year contracts that had an average contract life since our inception of 70 months as of December 31, 2020. We predominantly employ a per-registered-user pricing model, with incremental fees above certain contractual minimum commitments for each licensed solution. Our pricing is tiered, with per-registered-user discounts applied as clients achieve higher levels of customer penetration, incentivizing our clients to internally market and promote digital engagement. Our ability to grow revenues through deeper client customer penetration and cross-sell allowed us to deliver a net dollar revenue retention rate of 117% as of December 31, 2020 and 114% as of December 31, 2019.

To support our growth and capitalize on our market opportunity, we have increased our operating expenses across all aspects of our business. In research and development, we continue to focus on innovation and bringing novel capabilities to our platform, extending our product depth. Similarly, we continue to expand our sales and marketing organization focusing on new client wins, cross-selling opportunities and client renewals.



We have invested in the growth of our business since our inception, have not generated a profit in any period and expect to continue to generate losses for the foreseeable future. As of December 31, 2020, we had an accumulated deficit of \$263.5 million.

Our total revenues were \$112.1 million, \$73.5 million and \$48.2 million for 2020, 2019 and 2018, representing growth rates of 52.5% from 2019 to 2020 and 52.6% from 2018 to 2019. SaaS subscription revenues, as further described below, represented 93.7%, 91.5% and 90.8% of total revenues for 2020, 2019 and 2018. We incurred net losses of \$51.4 million, \$41.9 million and \$41.6 million for 2020, 2019 and 2018 largely on the basis of significant continued investment in sales, marketing, product development and post-sales client activities.

### **COVID-19 Impact**

The shelter-in-place orders surrounding COVID-19 have impacted our business. We transitioned our employee base to work-from-home in March 2020, creating challenges in executing sales and implementations that have resurfaced due to renewed shelter-in-place requirements and may be exacerbated by prolonged shelter-in-place requirements. In terms of demand, while general economic headwinds have adversely impacted the technology budgets of certain clients, we believe shelter-in-place orders have served to highlight the criticality of our products, driving increased demand over time.

The full extent to which the ongoing COVID-19 pandemic affects our financial performance will depend on future developments, many of which are outside of our control, are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the pandemic, its severity, the effectiveness of actions to contain the virus or treat its impact and how quickly and to what extent normal economic and operating conditions can resume. The COVID-19 pandemic could also result in additional governmental restrictions and regulations, which could adversely affect our business and financial results. In addition, a recession, depression or other sustained adverse market impact resulting from COVID-19 could materially and adversely affect our business and our access to needed capital and liquidity. Even after the COVID-19 pandemic has lessened or subsided, we may continue to experience adverse impacts on our business and financial performance as a result of its global economic impact.

### **Factors Affecting our Operating Results**

**Growing our FI Client Base.** A key part of our strategy is to grow our FI client base. As of December 31, 2020, we served 151 FIs through the Alkami Platform and an additional 76 clients through the ACH Alert suite of solutions, representing 92.4% annual client growth since December 31, 2019. Each of our new client wins is a competitive takeaway, and as such, our historical ability to grow our client base has been a function of product depth, technological excellence and a sales and marketing function able to match our solutions with the strategic objectives of our clients. Our future success will significantly depend on our ability to continue to grow our FI client base through competitive wins.

**Deepening Client Customer Penetration.** We primarily generate revenues through a per-registered-user pricing model. Once we onboard a client, our ability to help drive incremental client customer digital adoption translates to additional revenues with very limited additional spend. Our FI clients are incentivized to market and encourage digital account sign-up based on identifiable improvement in customer engagement as well as discounts received based on certain levels of customer penetration. We expect to continue to support digital adoption by client customers through continued investments in new products and platform enhancements. Our future success will depend on our ability to continue to deepen client customer penetration.

**Expanding our Product Suite.** Product depth is a key determinant in winning new clients. In a replacement market, we win based on our ability to bring a product suite to market that is superior to the incumbent, as well as to our broader competition. Of equal importance is the ability to cohesively deliver a deep product suite and with as little friction as possible to the client customer. The depth of our product suite is a function of technology and platform partnerships. Our platform model with 220 integrations as of December 31, 2020 enables us to deliver thousands of configurations aligned with the digital platform strategies adopted by our clients. We expect our future success in winning new clients to be partially driven by our ability to continue to develop and deliver new, innovative products to FI clients in a timely manner. Furthermore, expanding our product suite expands our RPU potential.

**Client Renewals.** Our model and the stability of our revenue base is, in part, driven by our ability to renew our clients. Since inception, of the 14 client contracts that have come up for renewal, we have renewed 13. In addition to extending existing relationships, renewals provide an opportunity to grow minimum contract value as over the course of a contract term our clients often grow or their needs evolve. Across the 2019 and 2020 renewal cohorts we achieved an 88.3% ARR uplift. Client renewals are also an important lever in driving our long-term gross margin targets, as we generally achieve approximately 70% gross margin upon renewal. Combined with increasing registered user penetration and expanding RPU, our client renewals have expanded ARR for the cohort of clients going live before 2017 to 2.06x their initial contract minimums. We expect client renewal to continue to play a key role in our future success.

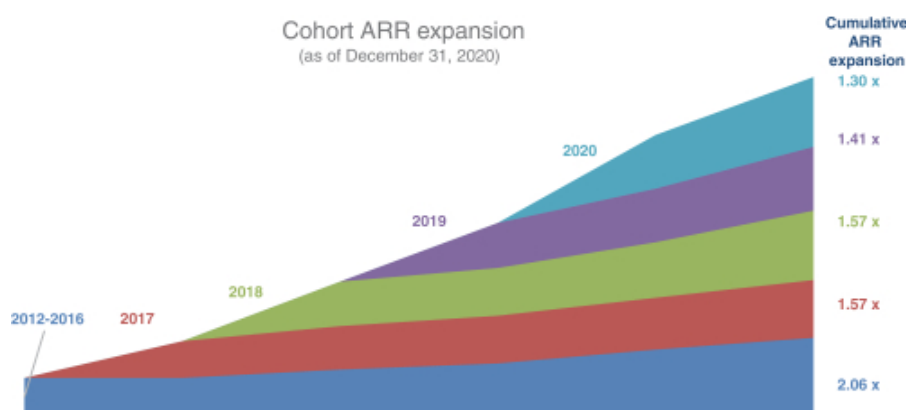
**Continued Leadership in Innovation.** Our ability to maintain a differentiated platform and offering is dependent upon our pace of innovation. In particular, our single code base, built on a multi-tenant infrastructure and combined with continuous software delivery enables us to bring new, innovative products to market quickly and positions us with what we believe is market-leading breadth in terms of product offerings and feature set. We remain committed to investing in our platform, notably through our research and development spend, which was 35.9% of our revenues in 2020. Our future success will depend on our continued leadership in innovation.

### Key Business Metrics

**Adjusted EBITDA.** Adjusted EBITDA is a non-GAAP financial measure and should not be considered an alternative to GAAP net loss as a measure of operating performance or as a measure of liquidity. We define adjusted EBITDA as net loss before provision for income taxes; (gain) loss on financial instruments; interest (income) expense, net; amortization of intangible assets; depreciation; stock-based compensation expense; tender offer-related costs; and acquisition-related costs. We believe adjusted EBITDA provides investors and other users of our financial information consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations. Adjusted EBITDA was \$(23.4) million for the year ended December 31, 2020, \$(39.1) million for the year ended December 31, 2019 and \$(38.9) million for the year ended December 31, 2018. For additional information regarding adjusted EBITDA, including the reconciliation to net loss, the most directly comparable GAAP financial measure, see "Summary Consolidated Financial and Operating Information."

**Annual Recurring Revenue (ARR).** We calculate ARR by aggregating annualized recurring revenue related to SaaS subscription services recognized in the last month of the reporting period as well as the next 12 months of expected implementation services revenues for all clients on the platform in the last month of the reporting period. We believe ARR provides important information about our future revenue potential, our ability to acquire new clients, and our ability to maintain and expand our relationship with existing clients. ARR was \$128.0 million as of December 31, 2020, \$87.8 million as of December 31, 2019 and \$57.9 million as of December 31, 2018. The chart below shows cumulative

growth in ARR for each cohort from first-year minimum contractual ARR through ARR as of December 31, 2020.



**Registered Users.** We define a registered user as an individual or business related to an account holder of an FI client on our digital banking platform who has registered to use one or more of our solutions and has current access to use those solutions as of the last day of the reporting period presented. We price our digital banking platform based on the number of registered users, so as the number of registered users of our digital banking platform increases, our ARR grows. We believe growth in the number of registered users provides important information about our ability to expand market adoption of our digital banking platform and its associated software products, and therefore to grow revenues over time. We had 9.7 million registered users as of December 31, 2020, 7.2 million as of December 31, 2019 and 5.6 million as of December 31, 2018.

**Revenue per Registered User (RPU).** We calculate RPU by dividing ARR for the reporting period by the number of registered users as of the last day of the reporting period. We believe RPU provides important information about our ability to grow the number of software products adopted by new clients over time, as well as our ability to expand the number of software products that our existing clients add to their contracts with us over time. RPU was \$13.22 as of December 31, 2020, \$12.23 as of December 31, 2019 and \$10.29 as of December 31, 2018.

## Components of Our Results of Operations

### Revenues

Our client relationships are primarily based on multi-year contracts that have had an average contract life since inception of 70 months as of December 31, 2020. We derive the majority of our revenues from SaaS subscription services charged for the use of our digital banking solution. For each client, we invoice monthly a contractual minimum fee for each licensed solution. In addition, we invoice monthly an additional subscription fee for the number of registered users using each solution and the number of bill-pay and certain other transactions those registered users conduct through our digital banking platform in excess of their contractual minimum commitments. Our pricing is tiered, with per-registered-user discounts applied as clients achieve higher levels of customer penetration, incentivizing our clients to internally market our products and promote digital engagement. Variable consideration earned for subscription fees in excess of contractual minimums are recognized as revenues in the month of actual usage. SaaS subscription services also include annual and monthly charges for maintenance and support services which are recognized on a straight-line basis over the contract term.

We receive implementation and other upfront fees for the implementation, configuration and integration of our digital banking platform. We typically invoice these services as a fixed price per

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contract. These fees are not distinct from the underlying licensed SaaS subscription services. As a result, we recognize the resulting revenues on a straight-line basis over the client's initial agreement term for its licensed SaaS solutions, commencing upon launch.

Occasionally, our clients request custom development and other professional services, which we provide. These are generally one-time in nature and involve unique, non-standard features, functions or integrations that are intended to enhance or modify their licensed SaaS solutions. We recognize revenues at the point in time the services are transferred to the client.

The following disaggregates our revenues for the years ended December 31, 2019 and 2020 by major source.

| (\$ in thousands)          | Year Ended<br>December 31, |                   |
|----------------------------|----------------------------|-------------------|
|                            | 2019                       | 2020              |
| SaaS subscription services | \$67,313                   | \$ 105,049        |
| Implementation services    | 4,191                      | 5,212             |
| Other services             | 2,037                      | 1,881             |
| <b>Total revenues</b>      | <b>\$73,541</b>            | <b>\$ 112,142</b> |

See Note 5 to our consolidated financial statements included elsewhere in this prospectus for disaggregation of our revenues by major source.

### **Cost of Revenues and Gross Margins**

Cost of revenues is comprised primarily of salaries and other personnel-related costs, including employee benefits, bonuses, stock-based compensation, travel and related costs for employees supporting our SaaS subscription, implementation and other services. This includes the costs of our implementation, client support and client success teams, development personnel responsible for maintaining and releasing updates to our platform, as well as third-party cloud-based hosting services. Cost of revenues also includes the direct costs of bill-pay and other third-party intellectual property included in our solutions, the amortization of acquired technology and depreciation.

We capitalize certain personnel costs directly related to the implementation of our solutions to the extent those costs are recoverable from future revenues. We amortize the costs for an implementation once revenue recognition commences. The amortization period is typically five to seven years which represents the expected period of client benefit. Other costs not directly recoverable from future revenues are expensed in the period incurred.

We intend to continue to increase our investments in our implementation, client support and client success teams and technology infrastructure to serve our clients and support our growth. We expect cost of revenues to continue to grow in absolute dollars as we grow our business but to vary as a percentage of revenues from period to period as a function of the utilization of implementation and support personnel and the extent we recognize fees from bill-pay services and other third-party functionality integrated into our solutions. Our gross margin for the years ended December 31, 2020 and 2019 was 52.8% and 41.4%, respectively. The major components of cost of revenues represented the following percentages of revenues for the year ended December 31, 2020: third-party hosting services (8.7%), the direct costs of bill-pay and other third-party intellectual property included in our solutions (15.9%), our implementation team (11.2%), our client success team (6.4%) and our development team responsible for maintaining and releasing updates to our platform (5.0%). The major

components of cost of revenues represented the following percentages of revenues for the year ended December 31, 2019: third-party hosting services (12.6%), the direct costs of bill-pay and other third-party intellectual property included in our solutions (17.5%), our implementation team (13.8%), our client success team (9.1%) and our development team responsible for maintaining and releasing updates to our platform (5.6%).

### **Operating Expenses**

**Research and Development.** Research and development costs consist primarily of personnel-related costs for our engineering, information technology and product, including salaries, bonus, commissions, other incentive-related compensation, employee benefits and stock-based compensation. In addition, we also include third-party contractor expenses, software development and testing tools, allocated corporate expenses, and other expenses related to developing new solutions and upgrading and enhancing existing solutions. We expect research and development cost to increase as we expand our platform with new features and functionality as well as enhance the existing Alkami Platform.

**Sales and Marketing.** Sales and marketing expenses consist primarily of personnel-related costs of our sales, marketing and a portion of account management employees, including salaries, bonuses, commissions, other incentive-related compensation, employee benefits and stock-based compensation. Sales and marketing expenses also include travel and related costs, outside consulting fees and marketing programs, including lead generation, costs of our annual client conference, advertising, trade shows, allocated corporate expenses, other event expenses and amortization of acquired client relationships. We expect sales and marketing expenses will continue to increase as we expand our direct sales teams to pursue our market opportunity.

**General and Administrative.** General and administrative expenses consist primarily of personnel-related costs for our general and administrative teams including salaries, bonus, commissions, other incentive-related compensation, employee benefits and stock-based compensation associated with our executive, finance, legal, human resources, information technology, security and compliance as well as other administrative personnel. General and administrative expenses also include accounting, auditing and legal professional services fees, travel and other unallocated corporate-related expenses such as the cost of our facilities, employee relations, corporate telecommunication and software. We expect that general and administrative expenses will continue to increase as we scale our business and as we incur costs associated with being a publicly traded company, including legal, audit, business insurance and consulting fees.

### **Non-operating Income (Expense)**

Non-operating income (expense) consists primarily of interest income from our cash balances, interest expense from borrowings under our revolving line of credit, amortization of deferred debt costs and changes in fair value of warrant and tranche rights.

### **Provision for (Benefit from) Income Taxes**

We are subject to franchise, business and income taxes in several U.S. federal and state jurisdictions in which we conduct business. Such taxes, which are minimal, are reported within general and administrative expense in the consolidated statement of operations. Due to cumulative losses, we maintain a full valuation allowance against our net deferred tax assets. We consider all available evidence, both positive and negative, in assessing the extent to which a valuation allowance should be applied against our deferred tax assets. Realization of our U.S. deferred tax assets depends upon future earnings, the timing and amount of which are uncertain.

## Results of Operations

The results of operations presented below should be reviewed in conjunction with the consolidated financial statements and notes included elsewhere in this prospectus. The following table presents our selected consolidated statement of operations data for 2019 and 2020 in both dollars and as a percentage of total revenues, except as noted.

|  | Year Ended December 31, |                 |
|--|-------------------------|-----------------|
|  | 2019                    | 2020            |
| (in thousands, except share and per share amounts) |                         |                 |
| Revenues   | \$ 73,541               | \$ 112,142      |
| Cost of revenues(1)                                | 43,106                  | 52,986          |
| Gross profit                                       | 30,435                  | 59,156          |
| Operating expenses(1):                             |                         |                 |
| Research and development                           | 32,722                  | 40,209          |
| Sales and marketing                                | 15,328                  | 16,774          |
| General and administrative                         | 24,920                  | 37,276          |
| Total operating expenses                           | 72,970                  | 94,259          |
| Loss from operations                               | (42,535)                | (35,103)        |
| Non-operating income (expense):                    |                         |                 |
| Interest income                                    | 267                     | 55              |
| Interest expense                                   | (110)                   | (489)           |
| Gain (loss) on financial instruments               | 509                     | (15,818)        |
| Loss before income tax expense                     | (41,869)                | (51,355)        |
| Provision for income taxes                         | —                       | —               |
| Net loss   | <u>(41,869)</u>         | <u>(51,355)</u> |

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

|   | Year Ended<br>December 31, |                |
|---|----------------------------|----------------|
|   | 2019                       | 2020           |
| (in thousands)                          |                            |                |
| Cost of revenues                        | \$ 219                     | \$ 369         |
| Research and development                | 323                        | 417            |
| Sales and marketing                     | 97                         | 147            |
| General and administrative              | 611                        | 1,021          |
| Total stock-based compensation expenses | <u>\$1,250</u>             | <u>\$1,954</u> |



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The following table presents our reconciliation of GAAP net loss to adjusted EBITDA for the periods indicated. For additional information regarding adjusted EBITDA, see “—Key Business Metrics.”

|                                      | Year Ended<br>December 31, |                           |
|--------------------------------------|----------------------------|---------------------------|
|                                      | 2019                       | 2020                      |
| (in thousands)                       |                            |                           |
| Net loss                             | <u>\$ (41,869)</u>         | <u>\$ (51,355)</u>        |
| Provision for income taxes           | —                          | —                         |
| (Gain) loss on financial instruments | (509)                      | 15,818                    |
| Interest (income) expense, net       | (157)                      | 434                       |
| Amortization of intangible assets    | —                          | 209                       |
| Depreciation                         | 2,226                      | 2,566                     |
| Stock-based compensation expense     | 1,250                      | 1,954                     |
| Expenses related to tender offer(1)  | —                          | 6,091                     |
| Acquisition-related expenses         | —                          | 839                       |
| Adjusted EBITDA(2)                   | <u><u>\$ (39,059)</u></u>  | <u><u>\$ (23,444)</u></u> |

- (1) On October 15, 2020, we offered to purchase for cash vested stock options or shares of common stock, representing up to 20% of each employee's holdings from employees employed by us on September 30, 2020. The expiration date of the tender offer was November 12, 2020. An aggregate of 1.1 million vested stock options and shares of common stock were tendered, resulting in total payments of \$17.4 million, which includes a \$6.1 million non-recurring payment for the excess of the repurchase price over the fair value of the stock on the date of repurchase, recognized as additional compensation expense in the consolidated statements of operations.
- (2) Adjusted EBITDA is a non-GAAP financial measure and should not be considered an alternative to GAAP net loss as a measure of operating performance or as a measure of liquidity. We define adjusted EBITDA as net loss before provision for income taxes; (gain) loss on financial instruments; interest (income) expense, net; amortization of intangible assets; depreciation; stock-based compensation expense; tender offer-related costs; and acquisition-related costs. We believe adjusted EBITDA provides investors and other users of our financial information consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations. For additional information regarding adjusted EBITDA, see “Key Business Metrics.”

## Comparison of Years Ended December 31, 2020 and 2019

### Revenues

The following table presents our revenues for each of the periods indicated:

|                                   | Year Ended<br>December 31, |           | Change   |       |
|-----------------------------------|----------------------------|-----------|----------|-------|
|                                   | 2019                       | 2020      | \$       | %     |
| (in thousands, except RPU)        |                            |           |          |       |
| Revenues                          | \$73,541                   | \$112,142 | \$38,601 | 52.5% |
| Annual recurring revenue (ARR)    | \$87,757                   | \$127,987 | \$40,230 | 45.8% |
| Registered users                  | 7,176                      | 9,680     | 2,504    | 34.9% |
| Revenue per registered user (RPU) | \$ 12.23                   | \$ 13.22  | \$ 0.99  | 8.1%  |

Revenues increased \$38.6 million, or 52.5% for 2020 compared to 2019. The increase in revenues was primarily due to registered user growth of 2.5 million, primarily driven by 1.2 million in registered user growth from existing clients (net of attrition) and 1.2 million in registered users from new client wins. In addition, increased revenues were due to RPU growth of 8.1%. RPU growth was primarily driven by cross-sell activity to existing clients and new client average RPU of \$17.14 as of

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December 31, 2020 which reflects new client adoption that is 29.6% higher than the aggregate RPU. An additional contributing factor to increased revenues in 2020 is the acquisition of ACH Alert completed on October 4, 2020, contributing \$1.0 million to 2020 revenues.

### **Cost of Revenues and Gross Margin**

The following table presents our cost of revenues for each of the periods indicated:

|                        | Year Ended<br>December 31, |          | Change   |       |
|------------------------|----------------------------|----------|----------|-------|
|                        | 2019                       | 2020     | \$       | %     |
| (in thousands)         |                            |          |          |       |
| Cost of revenues       | \$43,106                   | \$52,986 | \$ 9,880 | 22.9% |
| Percentage of revenues | 58.6%                      | 47.2%    |          |       |

### **Cost of Revenues**

Cost of revenues increased \$9.9 million, or 22.9% for 2020 compared to 2019, generating a gross margin of 52.8% for 2020 compared to a gross margin of 41.4% for 2019. The increase in cost of revenues was primarily driven by a \$5.1 million increase in personnel-related costs resulting from headcount increases supporting our growth in the following teams: site reliability engineering, client implementation and client support, \$4.8 million higher third-party costs and \$0.5 million in incremental hosting costs, both incurred from an increase in revenues derived from existing and new client growth. These costs were partially offset by \$0.6 million in lower travel and other costs primarily due to the work-from-home business environment during the COVID-19 pandemic. We expect the cost of revenues will continue to increase as SaaS subscription services and the associated implementation services increase over time. However, we expect gross margin to continue to improve due to operational scaling.

### **Operating Expenses**

|                            | Year Ended<br>December 31, |                 | Change          |       |
|----------------------------|----------------------------|-----------------|-----------------|-------|
|                            | 2019                       | 2020            | \$              | %     |
| (in thousands)             |                            |                 |                 |       |
| Research and development   | \$32,722                   | \$40,209        | \$ 7,487        | 22.9% |
| Sales and marketing        | 15,328                     | 16,774          | 1,446           | 9.4%  |
| General and administrative | 24,920                     | 37,276          | 12,356          | 49.6% |
| Total operating expenses   | <u>\$72,970</u>            | <u>\$94,259</u> | <u>\$21,289</u> | 29.2% |
| Percentage of revenues     | 99.2%                      | 84.1%           |                 |       |

### **Research and Development**

Research and development expenses increased \$7.5 million, or 22.9%, for 2020 compared to 2019, primarily due to a \$6.4 million increase in personnel-related costs resulting from headcount growth in our engineering, information technology and product teams dedicated to platform enhancements and innovation. In addition, we incurred an \$1.1 million increase in client infrastructure and other costs due to continued growth from our install base and new client growth.

### **Sales and Marketing**

Sales and marketing expenses increased \$1.4 million, or 9.4% for 2020 compared to 2019, primarily due to a \$3.1 million increase in personnel-related costs resulting from headcount growth in

our sales and marketing teams and higher new sales productivity as well as higher customer success engagement costs. These costs were partially offset by \$0.8 million lower travel costs for the sales team as well as \$1.1 million lower costs related to our annual client conference, industry conferences and tradeshow, all primarily due to the work-from-home business environment during the COVID-19 pandemic.

### General and Administrative

General and administrative expenses increased \$12.4 million, or 49.6% for 2020 compared to 2019, primarily due to \$6.1 million in compensation expense related to the Company's tender offer, \$4.3 million increase in personnel-related and other costs from increased headcount including the acquisition of ACH Alert, and a \$0.8 million increase in costs related to the acquisition of ACH Alert. In addition, we incurred a \$0.9 million increase in facilities costs, a \$0.7 million increase in software costs and a \$0.9 million increase in other costs. These higher costs were the result of additional employees to support our growth initiatives. These costs were partially offset by \$1.3 million less travel, employee-related costs and lower consulting costs, all primarily due to the work-from-home business environment during the COVID-19 pandemic.

### Other

### Non-operating Income (Expense)

Non-operating income (expense), net decreased \$16.9 million, for 2020 compared to 2019, primarily due to \$15.8 million in non-operating loss related to the increase in fair value of our warrant and redeemable convertible preferred stock tranche right liabilities.

### Provision for Income Taxes

Provision for income taxes for 2020 and 2019 is \$0 and \$0, respectively. We file franchise, business and income tax returns in several state jurisdictions. Such taxes, which are minimal, are reported within general and administrative expense in the statement of operations. As a result of operating losses, no federal or state income taxes are owed.

### Quarterly Results of Operations

The following table sets forth our unaudited quarterly consolidated statements of operations data for each of the periods presented. In management's opinion, the data below has been prepared on the same basis as the audited consolidated financial statements included elsewhere in this prospectus and reflects all necessary adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of this data. The results of historical periods are not necessarily indicative of the results to be expected for a full year or any future period. The following quarterly financial data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this prospectus.

|                            | Three Months Ended                              |               |                    |                   |                |               |                    |                   |
|----------------------------|---|---------------|--------------------|-------------------|----------------|---------------|--------------------|-------------------|
|                            | March 31, 2019                                  | June 30, 2019 | September 30, 2019 | December 31, 2019 | March 31, 2020 | June 30, 2020 | September 30, 2020 | December 31, 2020 |
|                            | (in thousands, except share and per share data) |               |                    |                   |                |               |                    |                   |
| Revenues                   | \$15,182  | \$17,037      | \$ 19,659          | \$ 21,663         | \$23,210       | \$26,666      | \$ 28,941          | \$ 33,325         |
| Cost of revenues           | 10,023  | 10,824        | 10,959             | 11,300            | 11,902         | 13,236        | 13,776             | 14,072            |
| Gross profit               | 5,159   | 6,213         | 8,700              | 10,363            | 11,308         | 13,430        | 15,165             | 19,253            |
| Operating expenses:        |   |               |                    |                   |                |               |                    |                   |
| Research and development   | 7,793   | 7,783         | 8,263              | 8,883             | 9,689          | 9,780         | 9,898              | 10,842            |
| Sales and marketing        | 3,470   | 4,539         | 3,514              | 3,805             | 4,640          | 3,910         | 3,998              | 4,226             |
| General and administrative | 5,441   | 5,930         | 6,195              | 7,354             | 7,158          | 6,851         | 7,859              | 15,408            |
| Total operating expenses   | 16,704  | 18,252        | 17,972             | 20,042            | 21,487         | 20,541        | 21,755             | 30,476            |

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|                                      | Three Months Ended                              |                    |                    |                   |                    |                   |                    |                    |
|--------------------------------------|---|--------------------|--------------------|-------------------|--------------------|-------------------|--------------------|--------------------|
|                                      | March 31, 2019                                  | June 30, 2019      | September 30, 2019 | December 31, 2019 | March 31, 2020     | June 30, 2020     | September 30, 2020 | December 31, 2020  |
|                                      | (in thousands, except share and per share data) |                    |                    |                   |                    |                   |                    |                    |
| Loss from operations                 | (11,545)  | (12,039)           | (9,272)            | (9,679)           | (10,179)           | (7,111)           | (6,590)            | (11,223)           |
| Non-operating income (expense):      |   |                    |                    |                   |                    |                   |                    |                    |
| Interest income                      | 47  | 51                 | 93                 | 76                | 29                 | 9                 | 8                  | 9                  |
| Interest expense                     | (3)   | (2)                | (69)               | (36)              | (104)              | (99)              | (22)               | \$ (264)           |
| Gain (loss) on financial instruments | —   | 15                 | 197                | 297               | (1)                | (66)              | (14,743)           | \$ (1,008)         |
| Other                                | —   | —                  | —                  | —                 | —                  | —                 | —                  | —                  |
| Loss before income tax expense       | (11,501)  | (11,975)           | (9,051)            | (9,342)           | (10,255)           | (7,267)           | (21,347)           | (12,486)           |
| Provision for income taxes           | —   | —                  | —                  | —                 | —                  | —                 | —                  | —                  |
| Net loss                             | <u>\$ (11,501)</u>                              | <u>\$ (11,975)</u> | <u>\$ (9,051)</u>  | <u>\$ (9,342)</u> | <u>\$ (10,255)</u> | <u>\$ (7,267)</u> | <u>\$ (21,347)</u> | <u>\$ (12,486)</u> |

|  | Three Months Ended |                |                    |                   |                |                |                    |                   |
|--|--------------------|----------------|--------------------|-------------------|----------------|----------------|--------------------|-------------------|
|  | March 31, 2019     | June 30, 2019  | September 30, 2019 | December 31, 2019 | March 31, 2020 | June 30, 2020  | September 30, 2020 | December 31, 2020 |
| Revenues   | 100.0%             | 100.0%         | 100.0%             | 100.0%            | 100.0%         | 100.0%         | 100.0%             | 100.0%            |
| Cost of revenues (percentage shown in comparison to related revenues): |                    |                |                    |                   |                |                |                    |                   |
| Cost of revenues   | 66.0               | 63.5           | 55.7               | 52.2              | 51.3           | 49.6           | 47.6               | 42.2              |
| Gross profit   | 34.0               | 36.5           | 44.3               | 47.8              | 48.7           | 50.4           | 52.4               | 57.8              |
| Operating expenses:  |                    |                |                    |                   |                |                |                    |                   |
| Research and development   | 51.3               | 45.7           | 42.0               | 41.0              | 41.7           | 36.7           | 34.2               | 32.5              |
| Sales and marketing  | 22.9               | 26.6           | 17.9               | 17.6              | 20.0           | 14.7           | 13.8               | 12.7              |
| General and administrative   | 35.8               | 34.8           | 31.5               | 33.9              | 30.8           | 25.7           | 27.2               | 46.2              |
| Total operating expenses   | 110.0              | 107.1          | 91.4               | 92.5              | 92.6           | 77.0           | 75.2               | 91.5              |
| Loss from operations   | (76.0)             | (70.7)         | (47.2)             | (44.7)            | (43.9)         | (26.7)         | (22.8)             | (33.7)            |
| Non-operating income (expense):  |                    |                |                    |                   |                |                |                    |                   |
| Interest income  | 0.3                | 0.3            | 0.5                | 0.4               | 0.1            | —              | —                  | —                 |
| Interest expense   | —                  | —              | (0.4)              | (0.2)             | (0.4)          | (0.4)          | (0.1)              | (0.8)             |
| Gain (loss) on financial instruments                                   | —                  | 0.1            | 1.0                | 1.4               | —              | (0.2)          | (50.9)             | (3.0)             |
| Other  | —                  | —              | —                  | —                 | —              | —              | —                  | —                 |
| Loss before income tax expense   | (75.8)             | (70.3)         | (46.0)             | (43.1)            | (44.2)         | (27.3)         | (73.8)             | (37.5)            |
| Provision for income taxes   | —                  | —              | —                  | —                 | —              | —              | —                  | —                 |
| Net loss   | <u>(75.8)%</u>     | <u>(70.3)%</u> | <u>(46.0)%</u>     | <u>(43.1)%</u>    | <u>(44.2)%</u> | <u>(27.3)%</u> | <u>(73.8)%</u>     | <u>(37.5)%</u>    |

We have experienced rapid growth in our business in recent periods and as a result, our revenues, margins and operating expenses have fluctuated for a variety of reasons. We expect quarterly fluctuations in our operating results to continue for the foreseeable future.

Our total revenues increased consecutively for all periods presented primarily due to increased SaaS subscription services from new clients and expansion within existing clients. Our gross margins have improved over the quarters presented as we benefited from growth in SaaS subscription services and the related higher gross margins.

Total operating expenses generally increased for all periods presented due primarily to increases in headcount and other related personnel costs, including stock-based compensation expenses, to support our

growth quarter-over-quarter. During the third quarter of 2019, operating expenses declined quarter-over-quarter as a result of our client conference which is held annually in the second quarter. In the second quarter of 2020, we experienced lower operating expenses as a result of hosting our client conference virtually and experiencing lower employee-related costs from the work-from-home business environment during the COVID-19 pandemic. We plan to continue our investment in operating expenses as we continue to execute our growth strategy, expand our digital banking platform and incur additional infrastructure costs to support our growth as well as public company-related costs.

### Reconciliation of GAAP to Non-GAAP Measures

The following table presents our reconciliation of GAAP net loss to adjusted EBITDA for the periods indicated. For additional information regarding adjusted EBITDA, see “—Key Business Metrics.”

| (in thousands)                                  | Three Months Ended |                    |                       |                      |                   |                   |                       |                      |
|---|--------------------|--------------------|-----------------------|----------------------|-------------------|-------------------|-----------------------|----------------------|
|   | March 31,<br>2019  | June 30,<br>2019   | September 30,<br>2019 | December 31,<br>2019 | March 31,<br>2020 | June 30,<br>2020  | September 30,<br>2020 | December 31,<br>2020 |
| Net loss  | \$ (11,501)        | \$ (11,975)        | \$ (9,051)            | \$ (9,342)           | \$ (10,255)       | \$ (7,267)        | \$ (21,347)           | \$ (12,486)          |
| Provision for income taxes                      | —                  | —                  | —                     | —                    | —                 | —                 | —                     | —                    |
| (Gain) loss on financial instruments            | —                  | (15)               | (197)                 | (297)                | 1                 | 66                | 14,743                | 1,008                |
| Interest (income) expense, net                  | (44)               | (49)               | (24)                  | (40)                 | 75                | 90                | 14                    | 255                  |
| Amortization of intangible assets               | —                  | —                  | —                     | —                    | —                 | —                 | —                     | 209                  |
| Depreciation                                    | 557                | 554                | 539                   | 576                  | 652               | 665               | 653                   | 596                  |
| Stock-based compensation expense                | 259                | 303                | 316                   | 372                  | 459               | 450               | 439                   | 606                  |
| Expenses related to tender offer <sup>(1)</sup> | —                  | —                  | —                     | —                    | —                 | —                 | —                     | 6,091                |
| Acquisition-related expenses                    | —                  | —                  | —                     | —                    | —                 | —                 | 112                   | 727                  |
| Adjusted EBITDA                                 | <u>\$ (10,729)</u> | <u>\$ (11,182)</u> | <u>\$ (8,417)</u>     | <u>\$ (8,731)</u>    | <u>\$ (9,068)</u> | <u>\$ (5,996)</u> | <u>\$ (5,386)</u>     | <u>\$ (2,994)</u>    |

- (1) On October 15, 2020, we offered to purchase for cash vested stock options or shares of common stock, representing up to 20% of each employee's holdings from employees employed by us on September 30, 2020. The expiration date of the tender offer was November 12, 2020. An aggregate of 1.1 million vested stock options and shares of common stock were tendered, resulting in total payments of \$17.4 million, which includes a \$6.1 million non-recurring payment for the excess of the repurchase price over the fair value of the stock on the date of repurchase, recognized as additional compensation expense in the consolidated statements of operations.

### Liquidity and Capital Resources

As of December 31, 2020, we had \$166.8 million in cash and cash equivalents, and an accumulated deficit of \$263.5 million. Our net losses have been driven by our investments in developing our digital banking platform, expanding our sales, marketing and implementation organizations and scaling our administrative functions to support our rapid growth.

We have financed our operations primarily through the net proceeds we have received from the sales of our redeemable convertible preferred stock and common stock, cash generated from the sale of SaaS subscription services and borrowings under our Credit Agreement. Through December 31, 2020, we have raised \$421.6 million in capital from redeemable convertible preferred stock issuances.

Our future capital requirements will depend on many factors, including revenue growth and costs incurred to support client usage and growth in our client base, increased research and development

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expenses to support the growth of our business and related infrastructure, increased general and administrative expenses to support publicly traded company requirements, investments in office facilities and other capital expenditure requirements and any potential future acquisitions or other strategic transactions.

We believe that our existing cash resources (not including the net proceeds from this offering), will be sufficient to finance our continued operations, growth strategy, planned capital expenditures and the additional expenses we expect to incur as a public company for at least the next 12 months. We may from time to time seek to raise additional capital to support our growth. Any equity financing we may undertake could be dilutive to our existing stockholders, and any additional debt financing we may undertake could require debt service and financial and operational requirements that could adversely affect our business. There is no assurance we would be able to obtain future financing on acceptable terms or at all.

### **Cash Flows**

The following table summarizes our cash flows for the periods indicated:

|   | Year Ended<br>December 31, |             |
|---|----------------------------|-------------|
|   | 2019                       | 2020        |
| (in thousands)                                      |                            |             |
| Net cash (used in) provided by operating activities | \$ (39,085)                | \$ (38,145) |
| Net cash (used in) provided by investing activities | (3,689)                    | (27,220)    |
| Net cash (used in) provided by financing activities | 30,194                     | 225,046     |

### **Cash Used in Operating Activities**

During the year ended December 31, 2020, cash used in operating activities was \$38.1 million, which consisted of a net loss of \$51.4 million, adjusted by non-cash charges of \$20.6 million and net cash outflows from the change in net operating assets and liabilities of \$7.4 million. The non-cash charges were primarily comprised of non-operating loss related to the increase in fair value of warrant and tranche right liabilities of \$15.8 million, depreciation and amortization expense of \$2.8 million, and stock compensation expense of \$2.0 million. The net cash outflows from the change in our net operating assets and liabilities was primarily due to a \$3.8 million increase in deferred implementation costs and a \$3.4 million increase in accounts receivable and a net \$0.2 million in other balance sheet changes.

During the year ended December 31, 2019, cash used in operating activities was \$39.1 million, which consisted of a net loss of \$41.9 million, adjusted by non-cash charges of \$3.0 million and net cash outflows from the change in net operating assets and liabilities of \$0.2 million. Non-cash charges were primarily comprised of depreciation expense of \$2.2 million and stock-based compensation expense of \$1.3 million.

### **Cash Used in Investing Activities**

During the year ended December 31, 2020, cash used in investing activities was \$27.2 million, primarily consisting of the acquisition of ACH Alert of \$25.1 million and capital expenditures related to the expansion and updates to our corporate facilities of \$1.6 million and computer and other equipment of \$0.5 million.

During the year ended December 31, 2019, cash used in investing activities was \$3.7 million, primarily consisting of capital expenditures related to the expansion and updates to our corporate facilities of \$3.0 million and computer and other equipment of \$0.7 million.

### **Cash Provided by Financing Activities**

For the year ended December 31, 2020, net cash provided by financing activities was \$225.0 million, which was primarily due to the issuance of redeemable convertible preferred stock in an amount of \$213.9 million. We also borrowed \$25.0 million through our term loan under our Credit Agreement for the ACH Alert acquisition. Cash flows provided from investing activities were partially offset by the repurchase of \$11.3 million and \$3.2 million of our common stock related to a tender offer and general repurchases, respectively.

During the year ended December 31, 2019, cash provided by financing activities was \$30.2 million, primarily consisting of net proceeds of \$30.0 million from the issuance of redeemable convertible preferred stock.

### **Credit Agreement**

On October 16, 2020, we entered into our Credit Agreement with Silicon Valley Bank and KeyBank National Association. The Credit Agreement replaced our prior credit facility provided by Comerica Bank. The Credit Agreement matures on October 16, 2023, and is secured by a first priority lien on substantially all of our tangible and intangible personal property and the tangible and intangible personal property of our subsidiaries that are guarantors. In addition, the Credit Agreement includes the following:

- **Revolving Facility:** The Credit Agreement provides \$25.0 million in aggregate commitments for secured revolving loans, with sub-limits of \$10.0 million for the issuance of letters of credit and \$7.5 million for swingline loans ("Revolving Facility").
- **Term Loan:** A term loan of \$25.0 million ("Term Loan") was borrowed on October 16, 2020. The proceeds of the Term Loan were used to partially fund the acquisition of ACH Alert.
- **Accordion Feature:** The Credit Agreement also allows us, subject to certain conditions, to request additional revolving loan commitments in an aggregate principal amount of up to \$30.0 million.

Revolving Facility loans under the Credit Agreement may be voluntarily prepaid and re-borrowed. Principal payments on the Term Loan are due in quarterly installments equal to an initial amount of approximately \$0.3 million, which begin December 31, 2021 and continue through September 30, 2022 and increase to approximately \$0.6 million beginning on December 31, 2022 through the Credit Agreement maturity date. Once repaid or prepaid, the Term Loan may not be re-borrowed.

Borrowings under the Credit Agreement bear interest at a variable rate based upon, at our option, either the LIBOR rate or the base rate (in each case, as customarily defined) plus an applicable margin. The minimum LIBOR rate to be applied is 1.00%. The applicable margin for LIBOR rate loans ranges, based on an applicable recurring revenue leverage ratio, from 3.00% to 3.50% per annum, and the applicable margin for base rate loans ranges from 2.00 to 2.50% per annum. Our minimum interest rate applied to term debt was 4.00% as of December 31, 2020. We are required to pay a commitment fee of 0.30% per annum on the undrawn portion available under the Revolving Facility, and variable fees on outstanding letters of credit.

All outstanding principal and accrued but unpaid interest is due, and the commitments for the Revolving Facility terminate, on the maturity date. The loans are subject to mandatory prepayment requirements in the event of certain asset sales or if certain insurance or condemnation events occur, subject to customary reinvestment provisions. We may prepay the Term Loan in whole or in part at any time without premium or penalty.



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The Credit Agreement contains customary affirmative and negative covenants, as well as (i) an annual recurring revenue growth covenant requiring the loan parties to have recurring revenues in any four consecutive fiscal quarter period in an amount that is 10% greater than the recurring revenues for the corresponding four consecutive quarter period in the previous year and (ii) a liquidity (defined as the aggregate amount of cash in bank accounts subject to a control agreement plus availability under the revolving credit facility) covenant, requiring the loan parties to have liquidity, tested on the last day of each calendar month, of \$10.0 million or more. The Credit Agreement also contains customary events of default, which if they occur, could result in the termination of commitments under the Credit Agreement, the declaration that all outstanding loans are immediately due and payable in whole or in part, and the requirement to maintain cash collateral deposits in respect of outstanding letters of credit.

Total interest expense, including commitment fees and unused line fees, for the years ended December 31, 2020 and 2019 was \$0.5 million and \$0.1 million, respectively. In conjunction with closing the Credit Agreement in 2020, we incurred issuance costs of \$0.1 million which were deferred and will be amortized over the three-year term. Unamortized debt issuance costs totaled \$0.1 million and less than \$0.1 million as of December 31, 2020 and 2019, respectively. Amortization expense totaled \$0.2 million and less than \$0.1 million for the years ended December 31, 2020 and 2019, respectively.

### Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

### Contractual Obligations and Commitments

We lease office space under an operating lease for our corporate headquarters in Plano, Texas under a ten-year lease agreement under which we lease approximately 125,000 square feet of office space with an initial term that expires on August 31, 2028, with the option to extend the lease for either two additional terms of five years each or one additional term of ten years. Rent expense under operating leases was \$4.7 and \$3.8 million for the years ended December 31, 2020 and 2019, respectively. We have contractual commitments related to third-party products, hosting services and other service costs. We are party to several purchase commitments for third-party services that contain both a contractual minimum obligation and a variable obligation based upon usage or other factors which can change on a monthly basis. The estimated amounts for usage and other factors are not included within the table below.

The following table summarizes our contractual obligations as of December 31, 2020:

| (in thousands)                               | Payments due by period |                  |                  |                   | Total            |
|--|------------------------|------------------|------------------|-------------------|------------------|
|  | Less than 1 year       | 1 to 3 years     | 3 to 5 years     | More than 5 years |                  |
| Operating lease obligations                  | \$ 3,636               | \$ 11,318        | \$ 11,883        | \$ 2,712          | \$ 29,549        |
| Purchase commitments                         | 11,949                 | 24,883           | 12,000           | —                 | 48,832           |
| Long-term debt, including current maturities | 313                    | 24,687           | —                | —                 | 25,000           |
| Interest on long-term debt                   | 1,013                  | 1,702            | —                | —                 | 2,715            |
| Total  | <u>\$ 16,911</u>       | <u>\$ 62,590</u> | <u>\$ 23,883</u> | <u>\$ 2,712</u>   | <u>\$106,096</u> |

## **Legal Proceedings**

From time to time, we may be involved in various legal proceedings arising from the normal course of business activities. We are currently not a party to any litigation the outcome of which we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition.

## **Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates.

### ***Interest Rate Risk***

We are subject to interest rate risk in connection with our Credit Agreement. Interest rate changes generally impact the amount of our interest payments and, therefore, our future net income and cash flows, assuming other factors held constant. Assuming the amounts outstanding under our Credit Agreement are fully drawn, a hypothetical 10% change in interest rates would not have a material impact on our consolidated financial statements.

## **Critical Accounting Policies and Estimates**

We believe that the following accounting policies involve a high degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of our operations. See Note 2 to our consolidated financial statements appearing elsewhere in this prospectus for a description of our other significant accounting policies. The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect the amounts reported in those consolidated financial statements and accompanying notes. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates.

### ***Revenue Recognition***

We derive the majority of our revenues from SaaS subscription services charged for the use of our digital banking solutions. SaaS subscription services are generally recognized as revenues over the term of the contract as a series of distinct SaaS services bundled into a single performance obligation. Clients are typically charged a one-time, upfront implementation fee and recurring annual and monthly access fees for the use of our digital banking solution. Implementation and integration of the digital banking platform is complex, and we have determined that the one-time, upfront services are not distinct. In determining whether implementation services are distinct from subscription services, we considered various factors including the significant level of integration, interdependency, and interrelation between the implementation and subscription service, as well as the inability of the clients' personnel or other service providers to perform significant portions of the services. As a result, we defer any arrangement fees for implementation services and recognize such amounts over time on a ratable basis as one performance obligation with the underlying subscription revenue commencing when the client goes live on the platform, which corresponds with the date the client obtains access to our digital banking solution and begins to benefit from the service.

Our performance obligation for the SaaS series of services includes standing ready over the term of the contract to provide access to all the clients' customers and process any transactions initiated by those customers. We invoice clients each month for the contracted minimum number of registered users with an additional amount for registered users in excess of those minimums. We recognize variable consideration related to registered user counts in excess of the contractual minimum amounts each month. SaaS subscription revenues also includes annual and monthly charges for maintenance and support services which are recognized on a straight-line basis over the subscription term.

During the term of the contract, clients may purchase additional professional services to modify or enhance their licensed SaaS solutions. These services are distinct performance obligations recognized when control of the enhancement is transferred to the client.

### **Stock-based Compensation**

Stock options are accounted for using the grant date fair value method. Under this method, stock-based compensation expense is measured by the estimated fair value of the granted stock options at the date of grant using the Black-Scholes option pricing model and recognized over the vesting period with a corresponding increase to additional paid-in capital.

Determining the fair value of stock-based awards at the grant date requires significant judgement. The determination of the grant date fair value of stock-based awards using the Black-Scholes option-pricing model is affected by our estimated common stock fair value as well as other subjective assumptions including the volatility, risk-free interest rate, dividends, weighted average expected life and estimated forfeiture rate. The assumptions used in our option-pricing model represent management's best estimates. These assumptions and estimates are as follows:

**Fair Value of Common Stock.** Given the absence of an active market for our shares of common stock prior to our initial public offering, the fair value of the shares of common stock underlying our stock options was determined by our board of directors.

Our board of directors intends all options to be exercisable at the fair value of our shares of common stock on the grant date. Such estimates will not be necessary once the underlying shares begin trading. The assumptions used in the valuation models were based on future expectations and management judgment. We used three methods to determine fair value of our common stock as follows:

- **Discounted Cash Flow Method:** the value of the business is estimated on the basis of forecasted cash flows, discounted to present value using an appropriate risk-adjusted discount rate.
- **Guideline Public Company Method:** the value of the business is estimated through the application of multiples observed for public companies engaged in businesses and/or industries that are considered comparable to us.
- **Recent Transactions Method:** the value of the business is estimated through the application of multiples observed for M&A transactions involving target companies engaged in businesses and/or industries that are considered comparable to us.

Under a hybrid method, the per share values calculated under each exit scenario are probability-weighted to determine the fair value of our shares of common stock.

Beginning in September 2020, we applied the hybrid method, which combines the income approach, market-based approach, and the probability-weighted expected return method ("PWERM") to determine the value of its shares of common stock. We made this change as greater clarity

developed regarding a possible initial public offering or other liquidity event. Under the PWERM, the value of our shares of common stock is estimated based on the analysis of future values for the enterprise assuming various possible future events, such as an initial public offering. The future value was discounted to its present value using an appropriate risk-adjusted rate based on our stage of development. Additionally, we applied a discount for lack of marketability. The allocation to each share class is based upon the Black-Scholes options pricing model as well as the current value method depending on the specific scenario. Under the hybrid method, the per share values calculated under each exit scenario are probability-weighted to determine the fair value of our shares of common stock.

**Volatility.** As we do not have trading history for our common stock, the selected volatility used is representative of expected future volatility. We base expected future volatility on the historical and implied volatility of comparable publicly traded companies over a similar expected term.

**Risk-Free Interest Rate.** We base the risk-free interest rate on the rate for a U.S. Treasury zero-coupon issue with a term that closely approximates the expected life of the option grant at the date nearest the option grant date.

**Dividends.** We have never declared or paid any cash dividends. In connection with the completion of this offering, we plan to pay an aggregate of \$4.9 million in accumulated dividends payable to holders of our Series B redeemable convertible preferred stock. Following payment of these accumulated dividends to holders of our Series B redeemable convertible preferred stock, we do not presently intend to pay cash dividends on our capital stock in the foreseeable future. In addition, our Credit Agreement contains a restrictive covenant that restricts our ability to pay dividends or distributions or redeem or repurchase capital stock. As a result, we used a dividends assumption of zero.

**Weighted Average Expected Life in Years.** The expected term of employee stock options reflects the period for which we believe the option will remain outstanding. To determine the expected term, we generally apply the simplified approach in which the expected term of an award is presumed to be the mid-point between the vesting date and the expiration date of the award.

**Estimated Forfeiture Rate.** Our forfeiture rate is based on an analysis of our actual forfeitures. We will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover and other factors. We have not made a change in our forfeiture rate in recent years; however, changes in the estimated forfeiture rate can have a significant impact on our stock-based compensation expense as the cumulative effect of adjusting the rate is recognized in the period the forfeiture rate is revised. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, an adjustment is made that will result in a decrease to the stock-based compensation expense recognized in the consolidated financial statements. If a revised forfeiture rate is lower than the previously estimated forfeiture rate, an adjustment is made that will result in an increase to the stock-based compensation expense recognized in the consolidated financial statements.

The Black-Scholes option-pricing model requires the input of highly subjective assumptions. We continue to assess the assumptions and methodologies used to calculate the established fair value of stock-based compensation. Circumstances may change and additional data may become available over time, which could result in changes to these assumptions and methodologies, which could materially impact the fair value determinations.

#### ***Preliminary Offering Price and Options Granted Subsequent to December 31, 2020***

During February 2021 we granted stock options to purchase up to 2.7 million shares of our common stock at a weighted average price of \$15.87 per share which generally vest over a requisite

service period of generally 4 years. In light of the difference between the fair value for a share of our common stock used for stock options granted in February 2021 and the initial price range set forth on the cover page of this prospectus, we established the fair value of these grants based on a straight-line interpolation from our December 31, 2020 valuation and the mid-point of our initial price range in order to determine the appropriate stock-based compensation expense for financial reporting purposes. Therefore, we note that while we have not yet prepared financial statements for this period, when we do we intend, solely for financial reporting purposes, to use an estimated grant-date fair value of \$22.9 million for the February 2021 grants, which is expected to be recognized, net of estimated forfeitures, over a requisite service period of generally 4 years. Our estimates are based upon information currently available and could change as events and circumstances change.

Upon completion of this offering, our common stock will be publicly traded and we will rely on the closing price of our common stock as reported on the date of grant to determine the fair value of our common stock.

#### ***Deferred Costs to Obtain Client Contracts***

We capitalize certain commissions as incremental costs of obtaining a client contract if we anticipate that the costs will be recoverable under the contract. Costs include commissions, including benefits and stock-based compensation earned by sales teams and leaders due to the execution of client contracts along with associated employer taxes. Capitalized amounts do not include commissions which are contingent on continued employment over a substantive service period. Contingent commissions are accrued as liabilities and expensed over the requisite employment service period. Deferred commissions are amortized over the benefit period of the client relationship, typically between five and seven years. Determining the benefit period over which to amortize deferred commissions requires significant judgment. We determine the period of benefit by considering factors such as the length of the initial SaaS contract, the likelihood of renewal and the estimated useful life of the underlying technology.

#### ***Deferred Implementation Costs***

We capitalize certain costs to fulfill client contracts such as employee salaries, benefits, and associated payroll taxes that are directly related to the implementation of our solutions and some third-party costs, such as third-party licenses and maintenance. We only capitalize implementation costs that we anticipate will be recoverable under the contract. We begin amortizing deferred implementation costs ratably over the expected period of client benefit once access to our SaaS solution is transferred to the client. Deferred costs are amortized over the benefit period of the client relationship, typically between five and seven years. Determining the benefit period over which to amortize deferred costs requires significant judgment. We determine the period of benefit by considering factors such as the length of the initial SaaS contract, the likelihood of renewal and the estimated useful life of the underlying technology.

#### ***Business Combinations***

Our acquisitions are accounted for using the acquisition method of business combinations accounting. We recognize the consideration transferred (i.e. purchase price) in a business combination as well as the acquired business' identifiable assets, liabilities, and non-controlling interests at their acquisition date fair value. The excess of the consideration transferred over the fair value of the identifiable assets, liabilities, and non-controlling interest, is recorded as goodwill in our consolidated financial statements. Several valuation methods may be used to determine the fair value of assets acquired and liabilities assumed. We use our best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date. Our

estimates are inherently uncertain and subject to refinement. Determining the useful life of an intangible asset also requires judgment as different types of intangible assets will have different useful lives and certain assets may even be considered to have indefinite useful lives. During the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill. In addition, uncertain tax positions and tax-related valuation allowances are initially recorded in connection with a business combination as of the acquisition date. We continue to collect information and reevaluate these estimates and assumptions quarterly and record any adjustments to our preliminary estimates to goodwill provided that we are within the measurement period. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations.

For acquisitions involving additional consideration to be transferred to the selling parties in the event certain future events occur or conditions are met ("contingent consideration"), we recognize the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the business combination. Contingent consideration meeting the criteria to be classified as equity in the consolidated balance sheets is not remeasured, and its subsequent settlement is recorded within stockholders' equity (deficit). Contingent consideration classified as a liability is remeasured to fair value at each reporting date until the contingency is resolved, with any changes in fair value recognized in our consolidated statements of operations.

### **Recent Accounting Pronouncements**

See Note 2 to our consolidated financial statements included elsewhere in this prospectus for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the date of this prospectus.

### **Emerging Growth Company Status**

We are an "emerging growth company," as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period to enable us to comply with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

## A LETTER FROM OUR CHIEF EXECUTIVE OFFICER

In 2009, during one of the worst recessions in our history and at a time when confidence in our banking industry was at a historic low, a company with a vision for ensuring financial choice through innovation emerged. As a contagion within the financial industry spread across the global economy, digital transformation began ushering in radical changes to products and services supported through new consumption models in multiple industries. Several were ensnared by the trend and forced into demise or reincarnation, including record stores, video stores, travel agencies and more.

Alkami's co-founders recognized that anything that *could* be digitized *would* be digitized...even banking. This inevitable shift to digital delivery and service would leave banks and credit unions more vulnerable or strengthened in its wake. They realized that the digital banking solutions available to these financial institutions would be the critical factor determining their fate. And they knew digitization could unlock a better banking experience and enable any financial institution, regardless of size, the opportunity to compete.

Ever since, Alkami has been committed to a singular vision—to inspire and empower remarkable financial institutions to grow confidently, adapt quickly, and build thriving digital communities.

We believe that digital banking innovation and the seamless end-user experiences it enables are too important to be relegated to a handful of banks in this country. To compete, financial institutions must meet consumers and businesses where they are—online, on mobile, and on their terms with self-service delivery. Standing in their way is a complex labyrinth of user interaction points, legacy back office-systems, and siloed data sets.

The stakes are climbing, along with user demand for secure, frictionless experiences, as megabanks with significant resources answer the call through proprietary digital banking systems of their own. On the other flank are digitally-native challengers that attempt to disintermediate financial institutions altogether. The consequences? Financial institutions lacking scale in their technology capabilities and unable to compete in a digital-first world; local communities at risk of losing these businesses; and consumers and businesses surrendering to a scarcity of competitive choice.

That is, until Alkami. For more than a decade, Alkami has delivered a leading digital banking platform that stands at the intersection of users, financial institutions, and a growing ecosystem of fintech companies. We built our platform on the innovation design principles of a digital world—cloud-based, multitenant, highly available, fully extensible, and designed with security in mind. With a single code base, leveraging microservices architecture, we enable our clients to reap the speed and efficiency benefits of continuous software delivery. In short, our clients are able to leapfrog competitors several times their size by delivering a better commerce experience to their users—all over a platform with industry-leading uptime and one of the highest-rated digital banking applications in the market.

But our passion for innovation is only one aspect of what makes us unique. Take a closer look at Alkami and you will find a company with a culture embodying that which inspires our namesake. Our ancestors believed alchemy could convert base metals into gold. Indeed, it is this passion to transform the ordinary into the extraordinary that is at the heart of every employee, or Alkamist, in our company. It requires all Alkamists to harness our collective strengths to build, sell, deliver, and support a vision that transcends a product. We call it being “in our element,” and we believe that enduring market transformation is possible when we combine our expertise with that of our clients and partners.

To us, this goes beyond delivering a best-in-class digital banking platform. We recognize the importance of financial institutions as foundations to their local economies and we aspire to help transform those communities into vibrant digital economies. We seek to deliver transformational innovation to our clients by leveling the competitive playing field. And we hope all Alkamists will grow and thrive at our company—and transform themselves in the process.



And, while the future of this industry will be replete with transformative change of its own, we promise to honor the enduring ideals that our founders, who humbly count themselves as two of more than 600 Alkamists today, imbued in our company from its inception. We will nurture a culture of optimism, transparency, courage, care, trust, and fun. Our moniker reminds us of the transmutable power that is possible when we join forces with financial institutions that share our ideals. By focusing on our core competency, we allow our clients to do the same, and together, we unlock potential for our users, our communities and ourselves.

Our journey is only beginning. Our best days are yet ahead.

To our clients who entrust us to democratize technology on your behalf, you humble us.

To our partners who share our mission, you embolden us.

To our Alkamists who tirelessly commit your talents, you inspire us.

To our investors who join us on this journey to continuously imagine and realize a better future, you empower us.

And, to the millions of consumers and businesses who rely on our clients and our platform, you challenge us—to be better each and every day, to never relent in meeting your needs exactly where you are, now and in the future.

It is my extraordinary privilege to sign this letter on behalf of our co-founders and all Alkamists who join their hands, hearts and minds to advance our mission and our community.

Together, we create Alkami.

Michael Hansen

## BUSINESS

### Mission

Our mission is to empower financial institutions to grow confidently, adapt quickly and build thriving digital communities.

### Overview

Alkami is a cloud-based digital banking platform. We inspire and empower community, regional and super-regional FIs to compete with large, technologically advanced and well-resourced banks in the United States. Our solution, the Alkami Platform, allows FIs to onboard and engage new registered users, accelerate revenues and meaningfully improve operational efficiency, all with the support of a proprietary, true cloud-based, multi-tenant architecture. We cultivate deep relationships with our clients through long-term, subscription-based contractual arrangements, aligning our growth with our clients' success and generating an attractive unit economic model.

In the early 2000s digital engagement began revolutionizing industries overnight, forcing firms to invest and innovate or risk losing long-term relationships to well-resourced competitors. Within banking, many FIs were ill-equipped to compete with larger competitors, including megabanks, primarily due to resource constraints and the resulting inability to keep pace, technologically, with evolving consumer preferences for digital engagement. This led to the first digital banking platforms.

The earliest versions of digital banking platforms, however, were focused on basic self-service functions that could be accomplished with a desktop computer via a single integration to the primary system of record. As the form factor of digital engagement evolved to include both desktop and mobile, FIs generally adopted disparate digital banking solutions as a matter of necessity. This served to only magnify the compounding and seemingly inescapable problem of layered and poorly integrated infrastructures, and today, many FIs continue to use disparate technology solutions for desktop, mobile, retail and business banking functions. On average, FIs require integration to more than 20 systems to enable customer self-service, according to management estimates. As consumer preferences quickly evolve, many FIs have found that their existing infrastructure lacks the uniformity and the agility to adapt to an increasingly digital and mobile world. Our technology provides a value proposition that solves this problem.

We founded Alkami to help level the playing field for FIs. Our vision was to create a platform that combined premium technology and fintech solutions in one integrated ecosystem, delivered as a SaaS solution and providing our clients' customers with a single point of access to all things digital. We invested significant resources to build a technology stack that prioritized innovation velocity and speed-to-market given the importance of product depth and functionality in winning and retaining clients. The result of these investments is a premium platform that has enabled us to replace older, larger and better-funded incumbents in many of the 151 FIs served by the Alkami Platform as of December 31, 2020. Today, our clients can offer world-class experiences reflecting their individual digital strategies, reaching nearly 9.7 million of our clients' customers, with an additional 1.5 million of our clients' customers under implementation, each as of December 31, 2020.

Our domain expertise in retail and business banking has enabled us to develop a suite of products tailored to address key challenges faced by FIs. The key differentiators of the Alkami Platform include:

- **User experience:** Personalized and seamless digital experience across user interaction points, including mobile, chat and SMS, establishing durable connections between FIs and their customers.

- **Integrations:** Scalability and extensibility driven by 220 real-time integrations to back office systems and third-party fintech solutions as of December 31, 2020, including core systems, payment cards, mortgages, bill pay, electronic documents, money movement, personal financial management and account opening.
- **Deep data capabilities:** Data synchronized and stored from back office systems and third-party fintech solutions and synthesized into meaningful insights, targeted content and other areas of monetization.

Our fully integrated, AWS-based true cloud technology infrastructure delivers stability, extensibility and security, and ultimately drives the pace at which we bring innovation to market. With a single code base, built on a multi-tenant infrastructure and combined with continuous software delivery, we are able to innovate and iterate quickly to roll out new products in a fraction of the time compared to many of the hosted, single-tenant infrastructures historically prevalent throughout the digital banking vendor space. The extensibility we offer further allows our clients to develop on top of our technology, providing our clients the freedom to modify the Alkami Platform to meet their strategic objectives.

The Alkami Platform offers an end-to-end set of software products. Our typical relationship with an FI begins with a set of core functional components, which can extend over time to include a rounded suite of products across account opening, card experience, financial wellness, fraud protection and marketing. Due to our architecture, adding products through our single code base is fast, simple and cost-effective, and we expect product penetration to continue to increase as we broaden our product suite. As of December 31, 2020, our clients used nine of our 26 offered products, on average.

Our broad partner ecosystem is fundamental to our platform. We deeply integrate with each of the major core system vendors as well as best-of-breed third-party solution providers who contribute key products and functionality to our platform. These partnerships enable our clients to have a single point of integration to a customized suite of technology systems through the Alkami Platform. For these technology partners, the extensibility of our platform enables them to expand their product offerings and enhance their distribution, attracting even more partners to the platform as we grow.

Our target clients vary in size, generally ranging from approximately \$500 million to \$100 billion in assets and from approximately 10,000 to 2 million customers. 151 of these FIs were Alkami Platform clients which had \$222 billion in assets on their balance sheets as of December 31, 2020, compared to 118 Alkami Platform clients as of December 31, 2019, which had \$159 billion in assets, according to data from S&P Global Intelligence, the National Credit Union Administration and the Federal Deposit Insurance Corporation. This reflects the strength and importance of these FIs to the economy and to the durability of the community and regional FI model more broadly. However, this group generally does not have the internal resources or capabilities to fully build and customize their own technology platforms to keep pace with the megabanks, challenger banks and other technology-enabled competitors. In a world where nearly two-thirds of U.S. consumers have expressed a willingness to utilize a financial product from a trusted technology brand, according to a 2019 report from Bain & Company, we allow our clients to keep pace with the level of digital experience and customer engagement that consumers have come to expect.

We go to market through an internal sales force. Given the long-term nature of our contracts, a typical sales cycle can range from approximately three to 12 months, with the subsequent implementation timeframe generally ranging from six to 12 months depending on the depth of integration. Over the last several years, we believe Alkami has outperformed the market in winning clients among FIs that emphasize retail banking, helping us to become one of the fastest-growing digital banking platforms in the United States, based on an FI Navigator analysis of growth rates in registered users among market participants.

As we have extended our capabilities, our value proposition has strengthened. Our new client contracts reflect deeper relationships, with the 2020 client cohort averaging 15 products across 1.6 million minimum registered users, a 24% and 38% improvement from the 2019 cohort. In 2019 and 2020, we had 25 and 37 clients that each represented over \$1.0 million in ARR, respectively. Our existing client relationships have continued to deepen as a result of a dedicated cross-sell team that was formed in July 2019, and has executed 157 new add-on sales, representing over \$30.8 million in total contract value ("TCV"), during 2020. Finally, our clients view us as a long-term strategic partner providing mission critical technology, as demonstrated by our strong client retention. Since inception, of the 14 client contracts that have come up for renewal, we have renewed 13, and across 2019 and 2020 we achieved an aggregate 88.3% ARR uplift across six renewals.

Finally, we view our founder-led culture as a differentiating competitive advantage. Each of our employees, or Alkamists, participates in our equity compensation plan, which helps to ensure they are individually aligned with our success. More importantly, we believe that we have fostered a culture that encourages both entrepreneurship and teamwork. The contributions of our employees are openly valued, leading to what we believe is a rewarding experience which is ultimately driving company performance and employee retention. 35% of our new hires in 2020 were from Alkamist referrals.

We derive our revenues almost entirely from multi-year contracts that had an average contract life since inception of 70 months as of December 31, 2020. In 2020, our new multi-year contracts had an average term of 77 months. We predominantly employ a per-registered-user pricing model, with incremental fees above certain contractual client minimum commitments for each licensed solution. Our pricing is tiered, with per-registered-user discounts applied as clients achieve higher levels of customer penetration, incentivizing our clients to internally market our solutions and promote digital engagement. Our ability to grow revenues through deeper client customer penetration and cross-sell allowed us to deliver a net dollar revenue retention rate of 117% as of December 31, 2020 and 114% as of December 31, 2019.

We have grown quickly since shifting our focus exclusively to digital banking in 2009. We served 9.7 million and 7.2 million registered users during 2020 and 2019, representing a 34.9% growth rate for one of our key revenue drivers. Our total revenues were \$112.1 million, \$73.5 million and \$48.2 million for 2020, 2019 and 2018, representing growth rates of 52.5% from 2019 to 2020 and 52.6% from 2018 to 2019. SaaS subscription services, as further described below, represented 93.7%, 91.5% and 90.8% of total revenues for 2020, 2019 and 2018. We incurred net losses of \$51.4 million, \$41.9 million and \$41.6 million for 2020, 2019 and 2018, largely on the basis of significant continued investment in sales, marketing, product development and post-sales client activities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for more information.

### **Our Industry**

The United States banking industry is massive, with \$25 trillion in assets on the balance sheets of over 10,000 FIs as of December 31, 2019, according to S&P Global Market Intelligence. These FIs range from megabanks, which collectively held approximately \$9 trillion, or 37% of FI assets in the United States, as of December 31, 2019 to significantly smaller local community banks and affinity credit unions. The United States banking industry generated over \$1.1 trillion in revenues in 2019, according to S&P Global Market Intelligence, highlighting a significant market opportunity that drives intense competition and a magnitude of economic importance which requires considerable regulation, both locally and nationally.

However, banking is not a static industry, and over the last several decades technology has emerged as a differentiating factor among FIs, driving market share gains, operational efficiencies and

improved regulatory compliance. While technology is involved in almost every function a bank performs, we typically see FIs' technology spend increase in response to, or in preparation for, the following trends:

- **Heightened user expectations:** The digitization of everything from taxis, to food delivery, to commerce has conditioned consumers and businesses to maintain heightened user experience expectations that extend to financial services, particularly when it relates to everyday financial services such as banking services. Previously inconceivable, account opening, loan origination (and disbursement) and money transfer can now be executed within a matter of minutes, elevating digital user experience beyond branch location as the premier point of differentiation for our clients' customers' service and satisfaction.
- **Increasingly digital competitive landscape:** The competitive landscape within banking in the United States and globally is shifting. On one hand, approximately 51% of all new bank accounts opened in the second quarter of 2020 were with megabanks, according to a report from Cornerstone Advisors, due at least in part to their massive technology and marketing budgets. On the other hand, a fragmented and emerging group of technology platforms and challenger banks are redefining what it means to be a bank, embedding basic banking services, such as checking accounts, within elegant user experiences and attracting tens of millions of registered users, all without a single physical branch. Each market trend is accelerating with the disappearance of geographical boundaries. As banking digitizes, the importance of a physical footprint and local presence is reduced, introducing regional and national competition to even the most insulated local markets.
- **Regulatory environment:** Banking regulation is continuously evolving and it is the responsibility of FIs to create an internal control environment capable of ensuring compliance with a framework of local, national and international rules. Emerging technologies are increasingly built to perform routinized tasks associated with this function, freeing up resources to be reinvested in growth.
- **Importance of efficiency:** The current low interest rate environment, which began as a monetary stimulus measure during the 2008–2009 global financial crisis and continues today, has put immense pressure on FI earnings, notably interest income spreads that FIs earn between taking deposits and providing loans. This is forcing FIs to seek additional revenue streams, often in the form of fee income from payments processing and other non-credit products. This is also forcing FIs to seek opportunities to streamline operations, in many cases automating historically manual and labor-intensive tasks with the benefit of process improvement at a markedly lower cost.

The heightened focus on technology and security in addressing the evolution of the banking industry has driven massive spend. While technology spend in banking is distributed across functions, we believe the following technology trends to be most impactful to the industry:

- **Shift to mobile:** Mobile is quickly redefining both retail and business banking. FI Navigator estimates there are over 350 million digital bank user accounts in the United States and according to a survey by the American Bankers Association, 70% of consumers use a mobile device on a monthly basis to manage their bank account. Today, a consumer or business can open a bank account almost instantly and take out a loan or transfer money from a mobile device. These rapid advances are contributing to a substantial decline in bank physical branch traffic, a trend that meaningfully accelerated in 2020 as foot traffic remained down across all retail segments even after initial COVID-19-related shelter-in-place restrictions were eased, decreasing nearly 25% year-over-year for the week ended November 29, 2020, according to an analysis by Placer Labs.
- **Shift to the cloud:** Today, many of the pillars serving as key differentiators across industries, including banking, stem from the benefits of cloud hosting and computing. Cloud-based, multi-

tenant infrastructures that are securely delivered enable technology providers to broadly distribute capabilities historically reserved only for the best resourced. Premier technology architectures can also leverage data that can be collected into a warehouse and quickly synthesized for consumption by clients in the service of their customers. Finally, single-, low- and no-code architectures allow near same-day adaptability to evolving consumer needs or economic challenges. The COVID-19 pandemic provided a remarkable case study in the value of these advantages, as massive market share shifts are accruing to the benefit of innovative, cloud-based platforms across a variety of industries.

- **Proliferation of powerful, best-of-breed technology solutions:** Advances and investment in financial technology have led to a disaggregated network of point solutions designed to improve upon discrete tasks historically executed through a single vendor, enabling FIs to select the products that best fit their objectives, scale and budget. This proliferation of powerful technology solutions has served to reduce barriers to entry for providers of point solutions, encouraging innovation and underscoring the value of integration layers.
- **Increasing complexity of banking information technology architectures:** Due to the proliferation of technology solutions, the information technology taxonomy of FIs is becoming increasingly complex. Integration challenges of the past required connections to a small number of back office systems and point solutions. Today, connections are required to dozens of third parties and many core and back office systems. This complexity is magnified with many of the point solutions and core systems operating as single tenant models. Integrating user experiences across desktop, mobile and SMS platforms with proliferating point solutions and a myriad of core and back office systems is overly burdensome to most FIs. Consequently, the industry highly values platforms that mitigate much of this complexity with modern architectures that enable real-time integrations to all constituents of the digital banking ecosystem.
- **Focus on security:** The increasingly interconnected and digital nature of finance renders FIs particularly vulnerable to cybersecurity attacks given the attractive nature of FIs as protectors of both capital and personal information. The modern bank robber is armed with no more than a computer and can attack from anywhere in the world, and consequently, FIs are constantly under threat. For this reason, FIs are making substantial technology investments in cybersecurity and security more broadly.

FIs take varying approaches to technological evolution, partially driven by philosophy, but predominantly driven by resources that are available to them. The largest FIs have the financial flexibility to make significant investments; the four largest banks based on asset size, as reported by S&P Global Market Intelligence, in the United States spent a combined \$24 billion on technology in 2019, representing a 25% increase in total technology spend from 2016, according to publicly filed reports for the years ended 2019 and 2016 and reflecting the commitment to protect and extend leadership through technology.

The vast majority of remaining FIs do not have the financial resources to match the technology advantage of megabanks. However, these FIs also have no choice but to keep up with the general pace of innovation given the alternative of losing market share to these large competitors, reinforcing the critical nature of third-party digital platforms in helping them overcome the limitations of finite discretionary budgets and resources. This is the essence of our value proposition and market opportunity.

### Our Market Opportunity

Our market opportunity was born from the natural and sequential evolution of the technology underlying the banking system. Core banking systems, built to process daily banking transactions and

maintain a financial record, increased in functionality through a proliferation of user interaction points, features, functions and associated back office systems, creating massive integration requirements. This, in turn, created the need for a single platform to manage the back-end technical requirements of integration while concurrently creating a unified front-end-user experience. Finally, the data accumulating on disparate technology systems required aggregation. This fragmentation and increasing complexity created the market opportunity for unified, cloud-based digital banking platforms such as ours.

We have prioritized product depth since inception. We realized early on that we would never be able to replace an incumbent vendor without a superior product set. We therefore invested in a technology stack featuring multi-tenant architecture, a single code base and continuous delivery, facilitating speed-to-market and enabling us to rapidly innovate while consistently maintaining a set of integrations that underlies a broad set of configuration options today. This configurability represents a product depth which, when combined with an elegant user experience, underscores our competitive strengths.

In 2015, we had an addressable market of approximately \$3 billion, based on 110 million estimated registered users and the Alkami Platform feature set at the time. Today, we estimate that our core addressable market opportunity has grown to approximately \$6 billion, based on 185 million estimated registered users and the revenue opportunities of the expanded features currently offered by the Alkami Platform and product set. We determined our estimate of 185 million registered users from industry data including NCUA and FDIC call reports, industry participants' public comments, FI Navigator estimates and our knowledge of the digital banking market. We believe our core addressable market continues to have meaningful organic expansion potential, with digital banking penetration converging towards nearly 100% over time from an assumed 70% today, a trend towards client customers generally maintaining an account with more than one FI and growing revenue-per-registered-user opportunities as we continue to introduce new products. We further estimate the additional addressable market opportunity that we accessed through our recent acquisition of ACH Alert to be approximately \$750 million, resulting in an estimated total addressable market of approximately \$7 billion. We expect that our total addressable market will continue to grow organically and inorganically as we pursue adjacent product opportunities, such as fraud prevention which we accessed through our acquisition of ACH Alert, or longer-term opportunities around account opening, security, data analytics, money movement and financial wellness, among others. Our expectations of growth in our addressable market are based on a continued focus on a target client base that includes the top 2,000 FIs by assets, with the exception of megabanks, and we believe that this target client base is well-positioned to continue growing organically and through acquisitions, although industry trends and other circumstances could affect whether that growth continues. For further discussion of potential limitations associated with our estimates of our addressable market, see "Risk Factors—We derive all of our revenues from clients in the financial services industry, and any downturn, consolidation or decrease in technology spend in the financial services industry could materially and adversely affect our business, financial condition and results of operations."

### **Our Platform and Ecosystem**

The Alkami Platform is a multi-tenant, single code base, continuous delivery platform powered by a true cloud infrastructure. Our platform integrates with core system providers and other third-party fintech providers, and acts as the primary interaction point among consumers, businesses and FIs. The primary benefit of this model is to reduce the inefficiencies of traditional point-to-point integration strategies, instead offering a single point of integration allowing our clients' customers to navigate seamlessly across channels. We believe this is critical to FIs as their models shift from physical to digital, enabling the creation of a digital community in the image of their broader brands and aligned with their strategic objectives.



The Alkami Platform maintains 220 integrations to more than 1,000 endpoints, as of December 31, 2020. Our third-party partnerships and integrations are a crucial element of the Alkami Platform, enabling FIs to choose from, and connect with, a broad array of third-party service providers essential to the curation of a customized digital experience. This depth of product configurability and optionality is made possible by the software adapters we have built to standardize access to solutions offered by third-party vendors.

### The Alkami Value Proposition

We have grown rapidly since 2009 by understanding our clients' objectives and pain points, including adding nearly 4.1 million registered users from December 31, 2018 to December 31, 2020. We have designed our solutions to improve our clients' ability to achieve their core objectives, including new client growth, customer engagement, increasing and holding deposits, making loans, facilitating money movement and lowering overall operating costs. Importantly, we make our clients more competitive against the megabanks, challenger banks and other technology-enabled competitors.

The technology that powers our platform is foundational to our success and ability to deliver a distinct value proposition to our clients, characterized by the following:

- **Premier user experience:** The Alkami Platform enables our clients to leverage technology to deliver a premier user experience. The experience we build, and that our clients deliver, is validated by our clients' market-leading app ratings, which are, on average, higher than each of our main competitors and reflect the level of customer satisfaction associated with leading technology brands.
- **Versatile platform:** Our product breadth, depth of integrations, partner network and configurability enable our clients to more precisely match our products to suit the objectives of their digital offering. For our clients, this allows a degree of flexibility that is critical to their pursuit of differentiation without the technical burden and higher cost of custom software. For our business, this approach is tremendously scalable, enabling us to serve large and smaller institutions alike from a single platform, with a full product suite across both retail and business banking operations.
- **Velocity of innovation:** Our ability to win and retain clients is a function of consistently striving to offer a platform with products and configurations that exceeds those of our competition. Our multi-tenant architecture, combined with continuous delivery, allows us to implement new and existing features in lockstep with our clients' evolving needs. This can be done with as little as a week's notice, as was demonstrated during COVID-19-related shelter-in-place restrictions, when we quickly implemented our skip-a-payment tool. Our technological infrastructure provides a speed-to-market advantage which often allows us to remain a step ahead of competitors who operate single-tenant or other legacy architecture.
- **Fraud mitigation:** Our clients seek to achieve a balance between convenience and safety that is required in a digital banking solution. Biometric and multi-factor authentication, combined with machine learning wrapped in a leading user experience, creates a more secure user experience. Platform security capabilities such as card management and true real-time alerts further help to mitigate fraud and develop a relationship of trust between our clients and their customers.

The Alkami Platform delivers tangible results to clients, including increased registered user growth, increased product usage, operational efficiencies and during customer retention. Our clients grew their registered user communities at a rate of 17% during the year ended December 31, 2020, faster than the user growth rate we estimate the industry achieved during the same period.

## Our Growth Strategies

We intend to continue to invest to grow our business and expand our addressable market by applying the following strategies:

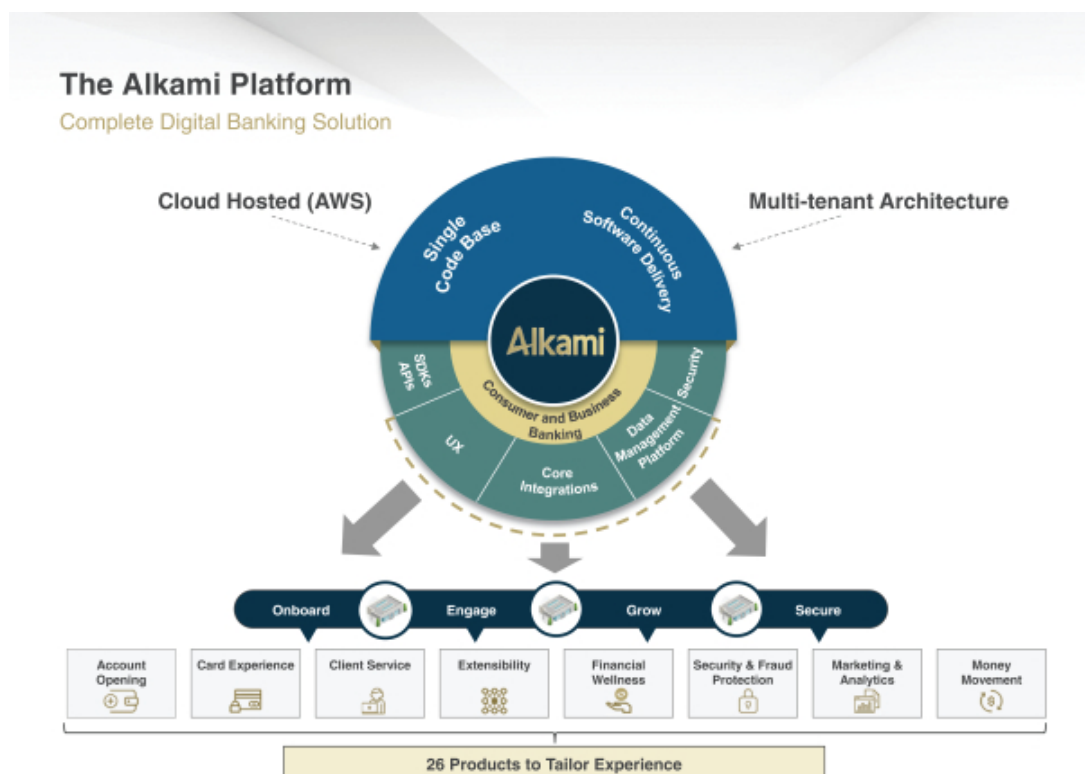
- **Deepen existing client relationships:** We expect to continue to deepen our existing client relationships, increasing both the number of registered users and the number of products per client:
  - *Cross-sell:* We are constantly broadening our product set to address the needs of our client base. We offered nine products when we launched Alkami Business Banking in 2015, and as of December 31, 2020, 26 products were available through the Alkami Platform and our clients had purchased an average of nine products from us. We expect cross-sell to contribute meaningfully to our growth, particularly following the creation of a dedicated sales team focused on this effort in July 2019.
  - *Customer penetration:* While we recently achieved nearly 9.7 million registered users, we estimate this only represents 70% of our clients' total customers as of December 31, 2020. We believe we have a substantial opportunity to grow our registered user base within our existing clients as we continuously enhance our value proposition and more consumers adopt digital banking solutions.
- **Win new clients:** We believe the market remains underserved by legacy solutions, which will allow Alkami to continue to gain market share. We are increasingly winning FIs with more sophisticated needs as we grow our market presence and product capabilities. As compared to the 2018 client cohort, our 2020 client cohort, on average, has nearly twice as many registered users, has longer contract lengths and utilizes more products.
- **Broaden and enhance product suite:** We intend to invest to continue to enhance our product suite. In 2020 and 2019, we spent 35.9% and 44.5% of revenues on research and development, underlining our commitment to ongoing innovation. This includes maintaining a constant pulse on the evolving needs of our clients and designing products accordingly, both on a proprietary basis and in collaboration with our platform partner network.
- **Select acquisitions:** We intend to selectively pursue acquisitions and other strategic transactions that accelerate our strategic objectives. Our acquisition of ACH Alert, which was completed in the fourth quarter of 2020, exemplifies our acquisition strategy, bringing an additional fraud prevention tool to our product suite while also providing access to an additional 95 clients that were either live or under contract with ACH Alert at the time of the acquisition.

## Our Solution

The Alkami Platform provides FIs with a complete digital banking solution designed to facilitate and meet the needs of both retail and business users. We deliver our platform through a purpose-built, true cloud SaaS solution, enabling our clients to avoid costly and disruptive system-wide maintenance windows as well as testing projects during upgrades, which is typical of single-tenant platform solutions that are currently prevalent in large parts of the industry.

Our clients choose the Alkami Platform to:

- **Onboard** new registered users efficiently.
- **Engage** registered users with self-service functions, proactive alerting and financial insights.
- **Grow** revenues and registered users through new product and service offerings.
- **Guard** registered user data and interactions to mitigate fraud.



We deliver this value proposition through the following eight product categories, encompassing 26 products and 220 integrations as of December 31, 2020:

- **Account Opening:** Allows our clients' customers to create and manage deposit accounts, including checking, savings, debit/ATM cards and certain investment accounts. This offering enhances many of our clients' digital platforms and gives them the opportunity to digitize and replace many of the processes which formerly required a physical branch visit.
- **Card Experience:** Includes features that allow for cardholder alerts and control preferences as well as card account maintenance features for self-service.
- **Client Service:** Includes a suite of products digitizing and streamlining communications around largely administrative functions. Products range from basic SMS and push notification capabilities to digital authentication and chat and conversational tools, both digitally as well as by human interaction.
- **Extensibility:** Allows for platform extension without sacrificing continuous integration and delivery of the underlying Alkami Platform. This includes our SDK and application program interfaces ("APIs").
- **Financial Wellness:** Aggregates and synthesizes information that client customers need in order to make informed financial decisions. This includes basic account aggregation, credit score monitoring, transaction data enrichment and access to third-party financial management products. Users are able to make healthier financial decisions, while our FIs gain valuable insights, enabling them to drive targeted marketing and product origination.

- **Security & Fraud Protection:** Includes risk-based multi-factor authentication and suspicious transaction monitoring as well as multi-channel payment fraud prevention and information reporting tools. We recently enhanced this product category through our acquisition of ACH Alert in the fourth quarter of 2020.
- **Marketing & Analytics:** Enables our clients to build internal analytical tools and enables clients to deliver tailored, relevant and timely content via targeted marketing campaigns and educational outreaches to their customers.
- **Money Movement:** Includes fully integrated money movement tools to increase deposits and drive consistent user engagement. While most competitors currently provide third-party products via an intrusive, off-brand, sign-on screen, the Alkami Platform seamlessly integrates third-party services into a consistent digital banking experience that is portable across multiple user interfaces.

### Our Technology and Architecture

Our platform is true cloud and entirely hosted and delivered on AWS. The benefits of this infrastructure include resiliency, reliability and increased security; we achieved an average of 99.97% uptime in the year ended December 31, 2020. True cloud infrastructure is also remarkably scalable, allowing us to pursue our growth objectives without technological limitation.

Our technology is predominantly differentiated by the speed-to-market with which we can deliver innovation on the back of a true cloud infrastructure with the combination of the following architectural pillars:

- **Multi-Tenant Architecture:** We built our platform from the ground up as multi-tenant. This enables our clients to share in economies of scale enjoyed by large FIs, optimizing for speed, efficiency, reliability and increased security. Importantly, this model also enables us to avoid a growth tax, or additional resource burdens arising from high growth upon a single-tenant platform. New clients can be efficiently on-boarded, new client customers can be seamlessly added and product upgrades and updates can be delivered quickly.
- **Single Code Base:** Our single code base is built upon a microservices architecture that leverages our multi-tenant model, compounding the efficiency of our infrastructure and software development lifecycle, regardless of the size, structure or complexity of the client. By maintaining a single code base, we are able to quickly and continuously deploy new code to our entire client base, supporting many platform releases per year. With a microservices architecture, we can support zero-downtime deployments, reduced testing complexity, automation and extensibility.
- **Continuous Delivery Model:** The combination of a multi-tenant architecture and single code base is made more powerful when combined with continuous software delivery, enabling us to update our entire client base at frequent intervals. This speed and execution enables our clients to confidently grow and compete with many of the most technologically advanced FIs in the world.

We synchronize, typically in real-time, the systems and modules into which we integrate while also accumulating a data warehouse that can be synthesized into actionable insights and business intelligence. FIs need access to accurate and complete data. These timely insights extend across administration, marketing and strategy, informing decision making for FIs and increasing user stickiness. For instance, our clients can identify users with a credit card or loan from another FI and market targeted, competing products to these users. This granular level of insight allows Alkami clients to digitally and systematically drive growth through smarter marketing and forecasting.

The vast majority of our technology is invisible to our clients' customers; however, our premier user experience delivered in partnership with our clients is highly visible. This includes an ease of use and seamlessness that begins with on-boarding, and extends through general usage, such as balance inquiries, moving money, monitoring credit, managing cards and executing transactions such as deposits, loans and payments. Across our clients' customer base, the average registered user logged onto the digital application three to four times per week, in 2020, providing our clients more opportunities to engage their customers than a physical branch-based relationship, further highlighting the motivation for our clients to promote client customer digital adoption.

Our security infrastructure combines security and services from AWS with our own security protocols and integrations. This includes network traffic inspection, endpoint detection and response and automated patching and encryption of data, both at rest and in transit. In a world where our clients receive hundreds of millions of access requests per month from unverified sources, our security infrastructure is a key element of our value proposition, particularly against new entrants.

While our products and solutions are highly configurable, in certain instances our clients will request custom development and other professional services which we provide. These are generally one-time in nature and involve unique, non-standard features, functions or integrations that are not as broadly desired across our client base.

### **Our Clients**

As of December 31, 2020, we served 151 FI clients including community, regional and super-regional credit unions and banks across both retail and business banking, and an additional 76 clients through the ACH Alert suite of solutions. Our original product suite was retail focused. As we enhanced our product suite to include greater depth of functionality for business banking in particular, we significantly expanded our addressable market as FIs increasingly seek a single digital banking platform for all their retail and business banking needs.

Our target client base includes the top 2,000 FIs by assets, with the exception of the megabanks. We focus on this subsection of the broader market because we view this base as offering the greatest potential lifetime value, considering the cost and resources to acquire and service the relationship. Unlike the long tail of very small institutions, this target client base is also far more likely to grow organically and through acquisition.

Our typical FI relationship begins with a subset of the Alkami Platform as part of a SaaS subscription contract and had an average contract life since our inception of 70 months as of December 31, 2020. Over the course of a client relationship, we seek to expand the number of products our clients embed within their digital experience as well as the digital penetration of the clients' customer base.

No single client represented more than 5% of our total revenues in the year ended December 31, 2020.

### **Our Client Case Studies**

#### ***FI Client A***

With over 293,000 registered users and nearly \$4.5 billion in assets as of December 31, 2020, Client A has adopted a forward-thinking approach to providing digital users with a seamless experience across channels.

“As early as 2015, we set out to drive our digital users toward self-service and contactless interactions,” said Client A's SVP, Digital Strategy and Delivery. “Back then, it was a very aspirational and optimistic approach to services delivery. We set an aggressive goal for 95% of our transactions to be contactless by 2020.”

Client A needed a provider that could match its own dedication to digital banking innovation and success, while also serving as a strong technology and services partner. After a rigorous audit of providers and platforms, the Alkami Platform quickly rose to the top as the provider that could best deliver on these goals.

Providing a robust digital platform has helped Client A fulfill customer needs to interact with products that drive their growth and revenue in critical ways. Largely a result of this bold digital vision, Client A has achieved significant growth between 2018 and 2020 in multiple key categories:

- On-balance sheet loan growth rate has increased 24%
- Deposit growth has increased 30%
- Logins have increased 21% per year
- Digital penetration growth has increased 9%

“One of the biggest improvements since implementing the Alkami Platform is that our Net Promoter Score (“NPS”) is higher than before, putting Client A in the top-tier digital banking NPS among our peers,” said Client A.

Client A has also hit its goal of transitioning 95% of all transactions to contactless, achieving 97% of all transactions contactless through leveraging the Alkami digital banking platform. For this client's physical branch network, moving these low-effort or low-value transactions to digital channels has freed up teller and personnel staff to focus on more meaningful interactions with customers.

### ***FI Client B***

Client B, home to more than 100,000 customers as of December 31, 2020, was held back by a piecemeal digital solution that could no longer keep pace with modern banking demands. This resulted in a fragmented, disjointed experience for both customers and employees.

In selecting Alkami, Client B chose a digital banking partner that caters to its specific needs and a platform that allowed the client to help maintain its customers' financial health in the midst of a global crisis. The Alkami Platform also effortlessly integrated with Client B's upgraded core, providing a flexible foundation for addressing ever-changing customer needs.

“Alkami had previous experience conducting remote platform launches and provided us with a blueprint based on those other rollouts. They walked us through the process and answered all our questions. We were confident the migration would be a success and were dedicated to providing the highest quality digital product to every customer no matter what,” said Client B's VP of Digital Services. The socially distanced launch of the new Alkami Platform took place in June 2020, and the client believed it was a resounding success.

Client B has already seen promising changes in customer ratings, conversions and utilization since migrating to the Alkami Platform:

- **Improved customer ratings:** Average mobile app rating rose from 3.5 (out of 5) pre-rollout to 4.5 (out of 5) post-rollout and, with the new digital banking solution, Client B doubled its NPS, which reached 67 as of June 2020.

- **Increase in new digital user conversions:** As of June 2020, Client B had converted 52,036 total users, and at the end of December 2020 that number was 59,728, a 15% increase.
- **Steady increase in digital banking engagement:** Active digital banking utilization for the month of December 2020 ended at 39,834 with an engagement rate (active user count/total user count) of 67%.

### ***FI Client C***

Client C articulated a vision to simply be available when and where users needed them. To enhance their day-to-day banking services, this client started with learning modern banking needs from users themselves to develop a sense of what banking technology they needed to provide.

Client C responded to their users' feedback by rolling out their Virtual Service Center ("VSC"), which went live in waves starting with 2,000 users in January 2019. By April 2019, all of Client C's nearly 400,000 customers could engage with the service. With the strength of Alkami's open API framework, Client C was able to extend their branch-of-the-future vision to meet users wherever they were—the Alkami Platform facilitated video chat via mobile as well.

Since Client C's vision of the branch of the future is a humanized digital experience, they measure their results in positive experiences and stories from their users. Since relying almost entirely on their VSC, Client C has received page after page of positive feedback from users, including these quotes:

- "What a great service. The app is so well done and streamlined. Very impressed with Client C. I will be banking with Client C for a long time."
- "This was a great service that I will continue to use. Thank you."
- "Client C hits another home run!"

Internally, the Client C team experienced increased efficiency and developed additional relationships with users when the VSC launched. Using their business banking capabilities and their VSC experience, Client C has grown in other areas by providing an as-close to in-person banking experience for small business users as well. Client C was able to add hundreds of new business accounts while helping them navigate the new Small Business Administration Paycheck Protection Program.

### ***FI Client D***

Prior to partnering with Alkami, Client D, which held \$3.2 billion in assets as of December 31, 2020, had a platform that was not highly configurable and lacked significant features, and a user interface that did not easily lend itself to their current brand standards. They needed a new solution that would not only offer the latest self-service features that the digital banking marketplace had to offer, but a platform that would deliver existing website content in a manner that was aligned and integrated with a customer's digital banking journey.

"The Alkami Platform offered us the flexibility and feature set we were looking for. It allows us to serve up insights, products and services to customers as part of their digital banking experience. We could also deliver a consistently positive and cohesive experience on the Alkami mobile app, which means we could provide a single, fully integrated customer journey."

With Alkami as Client D's digital banking partner, they have not only increased online engagement, but can now better ensure customers are aware of the most relevant, value-added products and services they have to offer.



“Today, we have the best of both worlds—we provide helpful content and services within the environment our customers choose. Our customers are achieving more in less time, we are growing our business through a fully integrated digital banking experience and our customers now access almost everything they need through the Alkami digital banking platform.”

As of December 31, 2020, notable results since Client D's launch in July 2014 include:

- 5.5x deposit growth
- 2.5x online banking growth
- 4.8x loan growth

### **Our Go to Market / Sales and Marketing**

Our sales team includes representatives focused on new platform sales, a cross-sell team and client success managers. This team is responsible for outbound lead generation, driving new business and helping to manage account relationships and renewals, further driving adoption of our solution within and across lines of business. These teams maintain close relationships with existing clients and act as an advisor to each FI to help identify and understand their unique needs, challenges, goals and opportunities.

In 2019, we created a dedicated team for driving additional adoption of products within existing clients. In addition to identifying opportunities to extend our relationship with clients within the current product suite, this cross-sell team is also responsible for identifying and addressing pain points with our existing solution and sourcing new ideas for additional product capabilities, whether developed internally or through partnership. For the year ended December 31, 2020, we increased the TCV contribution from cross-sell by 24.3% versus the year ended December 31, 2019, highlighting our significant continued opportunity to grow within our existing client base.

Our client success team is responsible for nurturing relationships holistically throughout the duration of the contract, ensuring that we understand their needs in real time and that our clients are deriving maximum value from the Alkami Platform. Importantly, this team supports retention and deepens the relationship with the client, providing us with the best opportunity to renew clients upon contract expiration, often coupled with an extension of the relationship to additional products. Since inception, of the 14 client contracts that have come up for renewal, we have renewed 13, and across 2019 and 2020 we achieved an aggregate 88.3% ARR uplift across six renewals.

Our marketing team oversees all aspects of the Alkami brand including public relations, digital marketing, social media, product marketing, graphic design, conferences and events. Our marketing efforts are focused on promoting direct sales, inbound lead generation and brand building. We leverage online and offline marketing channels by sponsoring client conferences, participating in trade shows and through webinars, digital marketing and social media channels.

### **Intellectual Property**

We rely on a combination of patent, trademark, trade secrets and copyright laws, as well as confidentiality procedures and contractual restrictions, to establish, maintain and protect our proprietary rights. Despite substantial investment in research and development activities, we have not focused on patents and patent applications historically. In addition to the intellectual property that we own, we license certain third-party technologies and intellectual property, which are incorporated into some of our solutions.

The efforts we have taken to protect our intellectual property rights may not be sufficient or effective. It may be possible for other parties to copy or otherwise obtain and use the content of our solutions or other technology without authorization. Failure to protect our intellectual property or proprietary rights adequately could significantly harm our competitive position and business, financial condition and results of operations. See “Risk Factors—General Risk Factors—Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand.”

In addition, third parties may initiate litigation against us alleging infringement, misappropriation or other violation of their proprietary rights or declaring their non-infringement of our intellectual property rights. Companies in the internet and technology industries, and other patent and trademark holders seeking to profit from royalties in connection with grants of licenses, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. We have received in the past, and may in the future, receive notices that claim we have misappropriated or misused other parties’ intellectual property rights. There may be intellectual property rights held by others, including issued or pending patents and trademarks that cover significant aspects of our solutions. Any intellectual property claim against us, regardless of merit, could be time consuming and expensive to settle or litigate and could divert our management’s attention and other resources. These claims could also subject us to significant liability for damages and could result in our having to stop using solutions found to be in violation of another party’s rights. We might be required or may opt to seek a license for rights to intellectual property held by others, which may not be available on commercially reasonable terms, or at all. Even if a license is available, we could be required to pay significant royalties, which would increase our operating expenses. We may also be required to develop alternative non-infringing solutions, which could require significant effort and expense and which we may not be able to perform efficiently or at all. If we cannot license the intellectual property at issue or develop non-infringing solutions for any allegedly infringing aspect of our business, we may be unable to compete effectively. See “Risk Factors—General Risk Factors—Claims by others that we infringe, misappropriate or otherwise violate their proprietary technology or other rights could have a material and adverse effect on our business, financial condition and results of operations.”

### **Our Competition**

The market for digital solutions for financial services providers is highly competitive. We compete with new and established point solution vendors, core processing vendors, as well as internally developed solutions. We believe that the comprehensive integration among our solution offerings and our clients’ internal and third-party systems, combined with our deep industry expertise, including our domain expertise in retail and business banking, reputation for consistent, high-quality client support, pace at which we bring innovation to market, and unified cloud-based digital banking and SaaS solutions distinguish us from the competition.

With respect to our digital banking platform, we compete against a number of companies, including NCR Corporation, Q2 Holdings, Inc. and Temenos AG in the online, consumer and small business banking space. We also compete with core processing vendors that also provide digital banking solutions such as Fiserv, Inc., Jack Henry and Associates, Inc. and Fidelity National Information Services, Inc.

Many of our competitors have significantly more financial, technical, marketing and other resources than we have, may devote greater resources to the promotion, sale and support of their systems than we can, have more extensive client bases and broader client relationships than we have and have longer operating histories and greater name recognition than we have. In addition, many of our competitors spend more funds on research and development.

Although we compete with digital banking vendors and core processing vendors, we also partner with some of these vendors for certain data and services utilized in our solutions and receive referrals from them. In addition, certain of our clients have or can obtain the ability to create their own in-house systems, and while many of these systems have difficulties scaling and providing an integrated platform, we still face challenges displacing in-house systems and retaining clients that choose to develop an in-house system.

We believe the principal competitive factors for our solutions in the financial services markets we serve include the following:

- alignment with the missions of our clients;
- ability to provide a single platform for our clients' consumer and commercial customers;
- full-feature functionality across digital channels;
- ability to integrate targeted offers for client customers across digital channels;
- ability to support FIs in acquiring deposits with open API technologies;
- SaaS delivery and pricing model;
- ability to support both internal and external developers to quickly integrate with third-party applications and systems utilizing a software development kit;
- design of the client customer experience, including modern, intuitive and touch-centric features;
- configurability and branding capabilities for clients;
- familiarity of workflows and terminology and feature-on-demand functionality;
- integrated multi-layered security and compliance of solutions with regulatory requirements;
- quality of implementation, integration and support services;
- domain expertise and innovation in financial services technology;
- price of solutions;
- ability to innovate and respond to client needs rapidly; and
- rate of development, deployment and enhancement of solutions.

We believe that we compete favorably with respect to these factors within the markets we serve, but we expect competition to continue and increase as existing competitors continue to evolve their offerings and as new companies enter our market. To remain competitive, we believe we must continue to invest in research and development, sales and marketing, client support and our business operations generally.

### **Human Resources**

As of December 31, 2020, we had 609 employees. We consider our current relationship with our employees to be good. None of our employees are represented by a labor union or are a party to a collective bargaining agreement.

Since our inception, our culture has been manifested by how we think, act and interact, and is foundational to fulfilling our mission and vision. Our culture is expressed by our six Essential Culture Compounds, and are defined as follows:

**Optimistic Perseverance**

- Positive determination
- Relentless, diligent and purposeful
- Driven to achieve success

**Courageous Innovation**

- Encourage original thinking and ingenuity
- Seek to identify emerging technologies or trends
- Translate ideas into action

**Caring Collaboration**

- Care about success of others
- Connect collectively to achieve goals
- Empathize and assume positive intent

**Transparent Communication**

- Give and receive constructive feedback
- Cascade information appropriately and timely
- Communicate with integrity

**Trusted Accountability**

- Resolute in commitments and hold others to same
- Do the right thing always
- Share knowledge and learn incessantly

**Real Fun!**

- Take time to recognize successes and contributions
- Celebrate important milestones
- Serve our communities

We regularly conduct employee surveys to better understand the level of employee engagement and the effectiveness of our programs and initiatives. We believe the review of this feedback has served to help us promote and improve our culture across our organization and has led us to create, implement or enhance a host of programs and initiatives:

- learning and development programs that are designed to invest in the professional growth and continuous learning of employees and to cultivate leadership talent;
- performance feedback and talent review programs designed to assess and identify areas for continued learning and training opportunities for employees and succession bench for critical roles;
- wellness, benefits and flexible time-off programs designed to assist employees and their families with maintaining physical and emotional wellbeing while balancing the demands of being part of a high-growth company;
- internship and cohort programs that seek to identify and attract diverse talent and offer opportunities for professional learning and potential future employment opportunities with Alkami; and
- employee committees focused on embracing our culture, diversity and inclusion and charitable causes to help create opportunities for employees to join together to make a difference in the workplace and local communities.

We have received third-party recognition for our employee engagement. In 2020, for instance, we were recognized as a Best and Brightest Companies to Work For in Dallas and a Best and Brightest Companies to Work For in the Nation by the Best and Brightest Companies to Work For program.

**Government Regulation**

We are a technology service provider to FIs in the United States that are subject to regulation, supervision and examination by a number of regulatory agencies, including the Office of the

Comptroller of the Currency (the “OCC”), the NCUA, the Board of Governors of the Federal Reserve System (the “Federal Reserve”), the Federal Deposit Insurance Corporation (the “FDIC”) and other federal or state agencies that regulate or supervise FIs in the United States.

We may be subject to periodic examination by banking regulators under federal, state and other laws that apply to us as a result of the services we provide to FIs and other entities they regulate. In particular, under the Bank Service Company Act, the OCC, the Federal Reserve and the FDIC have, as part of their safety and soundness mandate, statutory authority to supervise third-party service providers, like us, that enter into outsourcing agreements with FIs under their respective jurisdictions. In addition, while we are not currently under examination by the FFIEC, a formal interagency body empowered to prescribe uniform principles, standards and report forms for the examination of FIs, to make recommendations to promote uniformity in the supervision of FIs and to directly administer, coordinate, oversee and implement a supervisory program, known as the Multi-Regional Data Processing Services program, for the supervision and examination of the largest, systemically important third-party service providers to FIs, it is possible that we may become subject to FFIEC examination at some point in the future. FFIEC examinations of service providers to FIs may occur on a rotating basis and cover a wide variety of subjects, including management, acquisition and development activities, support and delivery, cybersecurity, IT audits and our disaster preparedness and business recovery planning. The federal banking regulators that make up the FFIEC have broad supervisory authority to remedy any shortcomings identified in an examination and, following any examination of us by the FFIEC, our FI clients may request an executive summary of the examination through their lead examination agency.

We are also currently registered as a CUSO, although our status as a CUSO may be subject to change in the future. As a CUSO, while we are not regulated by the NCUA, we are subject to disclosure, annual reporting and other requirements imposed by the NCUA.

In addition, the Dodd-Frank Act granted the Consumer Financial Protection Bureau (the “CFPB”) authority to promulgate rules and interpret certain federal consumer financial protection laws, some of which apply to the solutions we offer to our clients. In certain circumstances, the CFPB also has examination and supervision powers with respect to service providers who provide a material service to an FI offering consumer financial products and services.

Our clients and prospects are subject to extensive and complex regulations and oversight by federal, state and other regulatory authorities. These laws and regulations are constantly evolving, increasing in number and affect the conduct of our clients' operations and, as a result, our business. Our solutions must enable our clients to comply with applicable legal and regulatory requirements, including, without limitation, those under the following laws and regulations:

- the Dodd-Frank Act;
- the Electronic Funds Transfer Act and Regulation E;
- the Electronic Signatures in Global and National Commerce Act;
- usury laws;
- the Gramm-Leach-Bliley Act;
- the Fair Credit Reporting Act;
- laws and regulations against unfair, deceptive or abusive acts or practices;
- the California Consumer Privacy Act of 2018 (“CCPA”), the California Privacy Rights Act (“CPRA”) and other federal, state and international data privacy, security and protection laws and regulations;

- the Privacy of Consumer Financial Information regulations;
- the Bank Secrecy Act and the USA PATRIOT Act of 2001;
- the FFIEC IT Handbook and related booklets, statements and guidance, including the Guidance on Supervision of Technology Services Providers and the Guidance on Outsourcing Technology Services promulgated by the FFIEC;
- the OCC's "Third-Party Relationships: Risk Management Guidance";
- the NCUA's Guidelines for Safekeeping of Member Information;
- the Federal Credit Union Act; and
- other federal, state and international laws and regulations.

The compliance of our solutions with these requirements depends on a variety of factors, including the functionality and design of our solutions, the classification of our clients, and the manner in which our clients and their customers utilize our solutions. In order to comply with our obligations under these laws, we are required to implement operating policies and procedures to protect the privacy and security of our clients' and their customers' information and to undergo periodic audits and examinations.

### **Privacy and Information Safeguard Laws**

In the ordinary course of our business, we and our clients using our solutions access, collect, store, use transmit and otherwise process certain types of data, including PI, which subjects us and our clients to certain privacy and information security laws in the United States and internationally, including, for example, the CCPA, the CPRA and other state privacy regulations, and other laws, rules and regulations designed to regulate consumer information and data privacy, security and protection, and mitigate identity theft. These laws impose obligations with respect to the collection, processing, storage, disposal, use, transfer, retention and disclosure of PI, and require that financial services providers have in place policies regarding information privacy and security. In addition, under certain of these laws, we must provide notice to consumers of our policies and practices for sharing PI with third parties, provide advance notice of any changes to our policies and, with limited exceptions, give consumers the right to prevent use of their PI and disclosure of it to third parties. Further, all 50 states and the District of Columbia have adopted data breach notification laws that impose, in varying degrees, an obligation to notify affected individuals in the event of a data or security breach or compromise, including when their PI has or may have been accessed by an unauthorized person. These laws may also require us to notify relevant law enforcement, regulators or consumer reporting agencies in the event of a data breach. Some laws may also impose physical and electronic security requirements regarding the safeguarding of PI. In order to comply with the privacy and information security laws, we have confidentiality and information security standards and procedures in place for our business activities and our third-party vendors and service providers. Privacy and information security laws evolve regularly, and complying with these various laws, rules, regulations and standards, and with any new laws or regulations or changes to existing laws, could cause us to incur substantial costs that are likely to increase over time, requiring us to adjust our compliance program on an ongoing basis and presenting compliance challenges, change our business practices in a manner adverse to our business, divert resources from other initiatives and projects, and restrict the way products and services involving data are offered. See "Risk Factors—Risks Relating to Our Business and Industry—Privacy and data security concerns, data collection and transfer restrictions, contractual obligations and U.S. and foreign laws, regulations and industry standards related to data privacy, security and protection could limit the use and adoption of the Alkami Platform and materially and adversely affect our business, financial condition and results of operations."

## **Facilities**

Our principal executive offices are located in Plano, Texas, where we lease approximately 125,468 square feet of office space under a lease with a term that expires on August 31, 2028 with the option to extend the lease for either two additional terms of five years each or one additional term of ten years. We also lease approximately 4,000 square feet of office space in Ooltewah, Tennessee under a lease with a term that commenced on October 4, 2020 and expires on October 3, 2021, with two automatic renewal terms of one year each.



## MANAGEMENT

The following table provides information regarding our executive officers and our board of directors:

| Name                  | Age | Position                                     |
|-----------------------|-----|--|
| Michael Hansen        | 68  | Chief Executive Officer and Director         |
| Stephen Bohanon       | 45  | Co-Founder, Chief Strategy and Sales Officer |
| W. Bryan Hill         | 54  | Chief Financial Officer                      |
| Douglas A. Linebarger | 51  | Chief Legal Officer and Secretary            |
| Brian R. Smith        | 55  | Director and Chairperson                     |
| Todd Clark            | 54  | Director                                     |
| Charles “Chuck” Kane  | 63  | Director                                     |
| Gene Lockhart         | 71  | Director                                     |
| Steve Mitchell        | 51  | Director                                     |
| Gary Nelson           | 64  | Director                                     |
| Raph Osnoss           | 34  | Director                                     |
| Merline Saintil       | 44  | Director                                     |
| Barbara Yastine       | 61  | Director                                     |

### Executive Officers

**Michael Hansen** has served as our President and Chief Executive Officer and as a member of our board of directors since April 2013. Prior to joining Alkami, Mr. Hansen served from 2005 to 2010 as the Chief Executive Officer and President of T-System Inc., a healthcare technology company. From 2000 to late 2004, Mr. Hansen served as the President/Chief Operating Officer and a director of Carreker Corporation (now Fiserv Corporation), a financial services software, services and advisory firm serving FIs in the United States, United Kingdom, South Africa and Australia. From 1991 to 2000, Mr. Hansen served in executive leadership roles in retail, commercial, international banking and enterprise technology and operations for KeyCorp and JPMorgan Chase & Co. Mr. Hansen also served on the board of the Retina Foundation of the Southwest and Interfaith Family Services and currently is on Southern Methodist University's Business Advisory Board of the School of Engineering Computer Science Department. Mr. Hansen holds a B.S. and M.B.A. from the University of South Dakota. As our President and Chief Executive Officer, we believe Mr. Hansen is qualified to serve on our board of directors due to his knowledge and experience across our business.

**Stephen Bohanon** co-founded Alkami Technology, Inc. in 2009 and currently serves as our Chief Strategy and Sales Officer, where he oversees Alkami's product direction, strategy and sales efforts. Prior to founding Alkami, Mr. Bohanon served in sales executive and executive management roles at a variety of companies in the fintech industry, including CCG Catalyst Consulting Group, a management consulting firm, ACI Worldwide Inc., a payment systems company, Custom Credit Systems, L.P., a provider of commercial loan automation and workflow software for FIs that now operates as Finastra, and Advanced Financial Solutions, Inc., an information services technology company that now operates as Fidelity National Information Services.

**W. Bryan Hill** has served as our Chief Financial Officer and Treasurer since April 2019. Prior to joining Alkami, from 2007 to 2019, Mr. Hill served in several accounting and finance roles at RealPage, Inc., a property management software company, with the most recent being Executive Vice President, Chief Financial Officer and Treasurer from May 2014 to February 2019. Mr. Hill previously served as Senior Vice President and Chief Accounting Officer of formerly publicly traded Dyncorp International, Inc. (acquired by Cerberus Capital Management in 2010), a provider of outsourced services to civilian

and military government agencies, from 2005 to 2007. From 2000 to 2005, Mr. Hill held the position of Vice President and Chief Accounting Officer and various other financial management positions at SourceHov LLC, a document and information outsourcing solution provider. Mr. Hill received his B.B.A. from Texas Christian University and has been a Certified Public Accountant in the state of Texas since 1996.

**Douglas A. Linebarger** has served as our Chief Legal Officer and Secretary since March 2018 and previously served as our Vice President, General Counsel and Secretary from April 2015 to March 2018. Prior to joining Alkami, from 2013 until 2015, Mr. Linebarger served as General Counsel and Secretary at One Network Enterprises, a global supply chain software company. From January 2007 until its acquisition by Dell Technologies Inc. in January 2013, Mr. Linebarger served as General Counsel and Secretary of Credant Technologies, a leading provider of data protection software solutions. Earlier in his career, Mr. Linebarger was an associate in the Corporate and Securities Section of the law firm Jenkins & Gilchrist, P.C. Mr. Linebarger holds a B.B.A. in Business from Baylor University and a J.D. from Baylor University School of Law.

## Directors

**Brian R. Smith** has served on our board of directors since September 2011. Mr. Smith is the founder of S3 Ventures, a venture capital firm, and has served as its Managing Director since 2005. Previously, he founded and served as Chairman and Chief Executive Officer of Crossroads Systems, Inc. Mr. Smith currently serves on the boards of Liquibase, Inc., an enterprise software provider, Solace Therapeutics Inc., a medical device company, Tango Health Inc., a healthcare software company, and VUV Analytics, Inc., a spectroscopy provider. Mr. Smith earned a B.S. in electrical engineering with honors from the University of Cincinnati and an M.S. in electrical engineering from Purdue University. We believe Mr. Smith is qualified to serve on our board of directors because of his experience as an investor and as an executive and board director.

**Todd Clark** has served on our board of directors since September 2018. Mr. Clark has served as President and Chief Executive Officer of CU Cooperative Systems, Inc., a credit union solutions provider, since 2016. Prior to CU Cooperative Systems, Inc., Mr. Clark spent 22 years with First Data Corporation, a financial services company, where he last held the position of Senior Vice President/Head of STAR Network and Debit Processing. In this capacity, he was responsible for the business unit's profit/loss and led a team of more than 600 product, strategy, communications, strategic sales, technology, operations and support personnel. He also managed the Bank of America relationship as head of the financial institution group. Mr. Clark holds a B.A. in economics from the University of Texas at Austin. We believe Mr. Clark is qualified to serve on our board of directors because of his past leadership roles and financial services industry knowledge.

**Charles "Chuck" Kane** has served on our board of directors since October 2019. Mr. Kane is an adjunct professor of International Finance at the MIT Sloan Graduate Business School of Management at the Massachusetts Institute of Technology. Since November 2006, Mr. Kane has also been a Director and Strategic Advisor of One Laptop Per Child, a non-profit organization that provides computing and internet access for students in the developing world, for whom he served as President and Chief Operating Officer from 2008 until 2009. Mr. Kane served as Executive Vice President and Chief Administrative Officer of Global BPO Services Corp., from July 2007 until March 2008, and as Chief Financial Officer of Global BPO, from August 2007 until March 2008. Prior to joining Global BPO, he served as Chief Financial Officer of RSA Security Inc., from May 2006 until RSA was acquired by EMC Corporation in October 2006. From July 2003 until May 2006, he served as Chief Financial Officer of Aspen Technology, Inc. Mr. Kane currently serves on the boards of Progress Software Corporation, a software company that specializes in the integration of business applications and

RealPage, Inc., a property management software company. Mr. Kane previously served on the boards of Carbonite, Inc.; Demandware, Inc.; Borland Software Inc. Mr. Kane holds a B.B.A. in accounting from the University of Notre Dame and an M.B.A. in international finance from Babson College. We believe Mr. Kane is qualified to serve on our board of directors because of his background in finance and accounting and experience as an executive and a board director.

**Gene Lockhart** has served on our board of directors since December 2017. Since October 2014, Mr. Lockhart has been the founder, Chairman and Managing Partner of MissionOG LLC, a venture capital firm. He is also a Senior Adviser to Blackstone Group. Previously, he served as Special Adviser at General Atlantic LLC, a global growth investment firm, from 2012 to 2019. From 2002 until 2012, Mr. Lockhart was a venture partner at Oak Investment Partners, a venture capital firm. Mr. Lockhart's prior leadership positions include President of Global Retail Bank at Bank of America, President and Chief Executive Officer of MasterCard International, and CEO of Midland Bank plc. Mr. Lockhart has served on the board of Huron Consulting Group Inc., a management consulting firm, since 2006. Mr. Lockhart previously served on the boards of Metro Bank PLC, a public retail bank operating in the United Kingdom, First Republic Bank, a bank and wealth management company, IMS Health Incorporated, a healthcare technology company, RJR Nabisco, Inc., a food processing and tobacco company, Aaron's, Inc., a lease-to-own retailer of furnishings, electronics and appliances, and RadioShack Corporation, a retail seller of consumer electronic goods and services. Additionally, Mr. Lockhart has previously served on numerous philanthropic boards, including as Chair of the Thomas Jefferson Foundation (Monticello) and as the Chairman of the Darden School Foundation at the University of Virginia. Mr. Lockhart holds a B.S. and M.B.A. from the University of Virginia. We believe that Mr. Lockhart is qualified to serve on our board of directors because of his experience serving on boards of various corporations and understanding of the financial services industry.

**Steve Mitchell** has served on our board of directors since October 2014. Mr. Mitchell has served as the Chief Executive Officer of Argonaut Private Capital L.P., a private equity firm, since July 2016, prior to which he was the Managing Director of Argonaut Private Equity, LLC, since November 2004. Prior to joining Argonaut, Mr. Mitchell was a principal in both Radical Incubation and 2929 Entertainment. Mr. Mitchell serves on the boards of Aspen Aerogels, Inc., an energy technology company, and StepStone Group, Inc., an investment firm. From 1996 to 1999, Mr. Mitchell was a corporate attorney at Gibson, Dunn & Crutcher LLP. Mr. Mitchell holds a B.B.A. in marketing from Baylor University and a J.D. from University of San Diego School of Law. We believe that Mr. Mitchell is qualified to serve on our board of directors because of his experience as an investment manager and a board director.

**Gary Nelson** has served on our board of directors since August 2011. Mr. Nelson has 39 years of senior and executive management experience in domestic and international business. Mr. Nelson is the Chairman at Every Tribe Every Nation and a co-founder of Alkami. Previously, he served as Alkami's Manager from 2009 to 2011 and Chief Executive Officer from 2011 to 2013 and as Chief Executive Officer of Advanced Financial Solutions from 1995 to 2004. We believe Mr. Nelson is qualified to serve on our board of directors because of his management experience and knowledge of our company as a former executive.

**Raph Osnoos** has served on our board of directors since December 2017. Mr. Osnoos is a Principal at General Atlantic and focuses on the firm's investments in the Financial Services sector. Prior to joining General Atlantic, Mr. Osnoos was an Associate at Berkshire Partners, a private equity firm, from 2010 to 2012. Previously, he was an Analyst in the Investment Banking Division of Goldman Sachs from 2008 to 2010. He currently serves on the boards of EngageSmart, LLC, a SaaS platform for customer engagement and payments, Amount, Inc., a banking and loan origination software provider, and Avant, LLC, a financial technology company. He previously served on the board of directors of Insurity, Inc, a cloud-based solutions and data analytics company. He also serves on the

board of Edible Schoolyard NYC, a food and education-focused charitable organization. Mr. Osnoss holds a B.S. in economics from the Wharton School at the University of Pennsylvania and an M.B.A. from Harvard Business School. We believe Mr. Osnoss is qualified to serve on our board of directors because of his knowledge of technology and the financial services industry.

**Merline Saintil** has served on our board of directors since October 2020. From April 2019 to February 2020, Ms. Saintil was the Chief Operating Officer, R&D-IT at Change Healthcare, a healthcare technology company. Prior to joining Change Healthcare, Ms. Saintil was a senior executive in the Product & Technology group at Intuit, a software company, from November 2014 to August 2018, where her core responsibilities included driving global strategic growth priorities, leading merger and acquisition integration and divestitures, and leading business operations for nearly half of Intuit's workforce. Prior to Intuit, Ms. Saintil served as Yahoo!'s (prior to its acquisition by Verizon Media) Head of Operations for Mobile & Emerging Products from January 2014 to November 2014. Ms. Saintil serves on the board of directors of Banner Corporation, a bank holding company, ShotSpotter, Inc., an acoustic gunshot detection and precision-policing solutions company, Lightspeed POS Inc., a cloud-based SaaS platform provider and Aequi Acquisition Corp., a blank check company. Ms. Saintil received a B.S. in Computer Science from Florida A&M University and an M.S. in Software Engineering Management from Carnegie Mellon University. We believe Ms. Saintil is qualified to serve on our board of directors because of her experience in the technology industry.

**Barbara Yastine** has served on our board of directors since October 2020. Ms. Yastine also serves on the board of directors of AXIS Capital Holdings Limited, an insurance holding company, Zions Bancorporation, N.A., a bank holding company and Primerica, Inc., an insurance and financial services sales company. Ms. Yastine served as Co-Chief Executive Officer of Lebenthal Holdings, a private asset management firm, from September 2015 to June 2016. She previously served as Chair, President and Chief Executive Officer of Ally Bank from March 2012 to September 2015 and as Chair of Ally Bank and Chief Administrative Officer of Ally Financial from May 2010 to March 2012. Prior to joining Ally Financial, she served as a Principal of Southgate Alternative Investments beginning in June 2007. She served as Chief Financial Officer for investment bank Credit Suisse First Boston from October 2002 to August 2004. From 1987 through 2002, Ms. Yastine worked at Citigroup and its predecessor companies. She served on the board of directors of First Data Corporation from September 2016 to July 2019. She received a B.A. in journalism and an M.B.A. from New York University. We believe Ms. Yastine is qualified to serve on our board of directors because of her experience as an executive and board director in the financial services and investment industries.

### **Involvement in Certain Legal Proceedings**

Barbara Yastine, one of our directors, was the Co-Chief Executive Officer and a director of Lebenthal Holdings, LLC ("Lebenthal") for approximately nine months from September 2015 to June 2016. In November 2017, approximately 17 months after Ms. Yastine left that position, Lebenthal and certain of its subsidiaries filed voluntary petitions for bankruptcy under Chapter 7 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York.

### **Family Relationships**

There are no family relationships among any of our directors or executive officers.

### **Board Composition**

Our board of directors currently consists of ten members. Our amended and restated certificate of incorporation and amended and restated bylaws will provide that the authorized number of directors shall be fixed from time to time by a resolution of the majority of our board of directors.

### **Director Independence**

Our board of directors has determined that all of our directors, other than Mr. Hansen, qualify as “independent” as that term is defined under the applicable rules and regulations of the SEC and the listing rules of The Nasdaq Global Select Market (the “Listing Rules”). Mr. Hansen is not considered independent by virtue of his position as our Chief Executive Officer. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has had with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence.

### **Classified Board of Directors**

Upon the effectiveness of the registration statement of which this prospectus forms a part, our board of directors will be divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- The Class I directors will be Todd Clark, Michael Hansen and Gary Nelson, and their terms will expire at the annual meeting of stockholders to be held in 2022;
- The Class II directors will be Charles “Chuck” Kane, Raph Osnoss and Brian R. Smith, and their terms will expire at the annual meeting of stockholders to be held in 2023; and
- The Class III directors will be Gene Lockhart, Steve Mitchell, Merline Saintil and Barbara Yastine, and their terms will expire at the annual meeting of stockholders to be held in 2024.

We expect that any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

### **Voting Arrangements**

The election of the members of our board of directors has been governed by an amended and restated voting agreement (the “Voting Agreement”) that we entered into with certain holders of our common and redeemable convertible preferred stock in September 2020, as amended in October 2020, and the related provisions of our existing amended and restated certificate of incorporation. Pursuant to the Voting Agreement, the following directors were designated as directors to our board of directors and elected by a majority of our stockholders:

- Messrs. Osnoss and Lockhart were designated by General Atlantic (AL), L.P.;
- Mr. Clark was designated by CU Cooperative;
- Mr. Smith and Ms. Saintil were designated by S3 Ventures Fund III, L.P.;
- Mr. Mitchell was designated by Argonaut Private Equity II, LLC;
- Mr. Hansen was designated as our Chief Executive Officer; and
- Messrs. Kane and Nelson and Ms. Yastine were designated as independent directors.

The holders of our common stock and redeemable convertible preferred stock who are parties to the Voting Agreement are obligated to vote for such designees indicated above. The Voting Agreement will terminate upon the completion of this offering and our existing amended and restated certificate of incorporation will be amended and restated, after which there will be no further contractual obligations

or charter provisions regarding the election of our directors. Our directors hold office until their successors have been elected and qualified or appointed, or the earlier of their death, resignation or removal.

For more information, see “Certain Relationships and Related Party Transactions—Voting Agreement.”

### **Leadership Structure of the Board**

Our amended and restated bylaws and corporate governance guidelines to be in place immediately prior to the completion of this offering will provide our board of directors with flexibility to combine or separate the positions of Chairperson of the board of directors and Chief Executive Officer and to implement a lead director in accordance with its determination regarding which structure would be in the best interests of our company.

Our board of directors has concluded that our current leadership structure is appropriate at this time. However, our board of directors will continue to periodically review our leadership structure and may make such changes in the future as it deems appropriate.

### **Role of Board in Risk Oversight Process**

Risk assessment and oversight are an integral part of our governance and management processes. Our board of directors encourages management to promote a culture that incorporates risk management into our corporate strategy and day-to-day business operations. Management discusses strategic and operational risks at regular management meetings, and conducts specific strategic planning and review sessions during the year that include a focused discussion and analysis of the risks facing us. Throughout the year, senior management reviews these risks with the board of directors at regular board meetings as part of management presentations that focus on particular business functions, operations or strategies, and presents the steps taken by management to mitigate or eliminate such risks.

Our board of directors does not have a standing risk management committee, but rather administers this oversight function directly through our board of directors as a whole, as well as through various standing committees of our board of directors that address risks inherent in their respective areas of oversight. While our board of directors is responsible for monitoring and assessing strategic risk exposure, our audit committee is responsible for overseeing our major financial risk exposures and the steps our management has taken to monitor and control these exposures. The audit committee also approves or disapproves any related person transactions. Our nominating and corporate governance committee monitors the effectiveness of our corporate governance guidelines. Our compensation committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

### **Board Committees**

Our board of directors has established an audit committee, an information systems audit committee, a compensation committee and a nominating and corporate governance committee. Our board of directors may establish other committees to facilitate the management of our business. The composition and functions of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Each committee has adopted a written charter that satisfies the applicable rules and regulations of the SEC and the Listing Rules, which we will post on our website at [www.alkami.com](http://www.alkami.com) upon the completion of this offering.

### **Audit Committee**

Our audit committee oversees our accounting and financial reporting process. Among other matters, the audit committee:

- appoints our independent registered public accounting firm;
- evaluates the independent registered public accounting firm's qualifications, independence and performance;
- determines the engagement of the independent registered public accounting firm;
- reviews and approves the scope of the annual audit and pre-approves the audit and non-audit fees and services;
- reviews and approves all related party transactions on an ongoing basis;
- establishes procedures for the receipt, retention and treatment of any complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
- discusses with management and the independent registered public accounting firm the results of the annual audit and the review of our quarterly financial statements;
- approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services;
- discusses on a periodic basis, and as appropriate, with management, the Company's policies and procedures with respect to risk assessment and risk management;
- is responsible for reviewing our financial statements and our management's discussion and analysis of financial condition and results of operations to be included in our annual and quarterly reports to be filed with the SEC;
- investigates any reports received through the ethics helpline and reports to the board of directors periodically with respect to any information received through the ethics helpline and any related investigations; and
- reviews the audit committee charter and the audit committee's performance on an annual basis.

Our audit committee consists of Mr. Kane, Mr. Lockhart and Ms. Yastine. Our board of directors has determined that all members are independent under the Listing Rules and Rule 10A-3(b)(1) of the Exchange Act. The chair of our audit committee is Mr. Kane. Our board of directors has determined that each member is an "audit committee financial expert" as such term is currently defined in Item 407(d)(5) of Regulation S-K. Our board of directors has also determined that each member of our audit committee can read and understand fundamental consolidated financial statements, in accordance with applicable requirements.

### **Information Systems Audit Committee**

Our information systems audit committee oversees information technology and data privacy security risks, reviews our cyber resilience program, reviews our business continuity planning and practices and disaster preparedness, advises the board of directors on operations-related compliance practices and associated compliance monitoring and testing programs and oversees our responses to and compliance with operations-related regulatory requirements, requests and orders. The information systems audit committee will review and evaluate, on an annual basis, the information systems audit committee charter and the information systems audit committee's performance. Our information audit committee consists of Mr. Clark, Mr. Lockhart, Mr. Nelson and Ms. Saintil. The chair of our information systems audit committee is Mr. Lockhart.



### **Compensation Committee**

Our compensation committee oversees policies relating to compensation and benefits of our officers and employees. The compensation committee reviews and approves or recommends corporate goals and objectives relevant to compensation of our executive officers (other than our Chief Executive Officer), evaluates the performance of these officers in light of those goals and objectives and approves the compensation of these officers based on such evaluations. The compensation committee also reviews and approves or makes recommendations to our board of directors regarding the issuance of stock options and other awards under our stock plans to our executive officers (other than our Chief Executive Officer). The compensation committee reviews the performance of our Chief Executive Officer and makes recommendations to our board of directors with respect to his compensation, and our board of directors retains the authority to make compensation decisions relative to our Chief Executive Officer. The compensation committee will review and evaluate, on an annual basis, the compensation committee charter and the compensation committee's performance. Our compensation committee consists of Mr. Nelson, Mr. Osnoss and Mr. Smith. Our board of directors has determined that all members are independent under the Listing Rules. The chair of our compensation committee is Mr. Osnoss.

### **Nominating and Corporate Governance Committee**

The nominating and corporate governance committee is responsible for making recommendations to our board of directors regarding candidates for directorships and the size and composition of our board of directors. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance policies and making recommendations to our board of directors concerning governance matters. Our nominating and corporate governance committee consists of Mr. Mitchell, Mr. Osnoss and Mr. Smith. Our board of directors has determined that all members are independent under the Listing Rules. The chair of our nominating and corporate governance committee is Mr. Smith.

### **Compensation Committee Interlocks and Insider Participation**

None of the members of our compensation committee is currently, or has been at any time, one of our executive officers or employees, except for Gary Nelson, who served as our Manager from 2009 to 2011 and as our Chief Executive Officer from 2011 to 2013. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or on our compensation committee.

### **Code of Business Conduct and Ethics**

In connection with this offering, our board of directors has adopted a written code of business conduct and ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions, and agents and representatives. The full text of our code of business conduct and ethics will be posted on our website at [www.alkami.com](http://www.alkami.com) upon the completion of this offering. The nominating and corporate governance committee of our board of directors will be responsible for overseeing our code of business conduct and ethics and any waivers applicable to any director, executive officer or employee. We intend to disclose any future amendments to certain provisions of our code of business conduct and ethics, or waivers of such provisions applicable to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and agents and representatives, on our website identified above or in public filings.

## **Limitation on Liability and Indemnification Matters**

Our amended and restated certificate of incorporation and our amended and restated bylaws, both of which will become effective immediately prior to the completion of this offering, limit our directors' liability, and provide that we may indemnify our directors, officers and certain other employees to the fullest extent permitted under Delaware General Corporation Law ("DGCL"). The DGCL provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except for liability for any:

- transaction from which the director derives an improper personal benefit;
- act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or redemption of shares; or
- breach of a director's duty of loyalty to the corporation or its stockholders.

These limitations of liability do not apply to liabilities arising under federal securities laws and do not affect the availability of equitable remedies such as injunctive relief or rescission.

The DGCL and our amended and restated bylaws provide that we will, in certain situations, indemnify our directors and officers and may indemnify other employees and other agents, to the fullest extent permitted by law. Any indemnified person is also entitled, subject to certain limitations, to advancement, direct payment or reimbursement of reasonable expenses (including attorneys' fees and disbursements) in advance of the final disposition of the proceeding.

In addition, we have entered, and intend to continue to enter, into separate indemnification agreements with our directors, officers and certain other employees. These indemnification agreements, among other things, require us to indemnify our directors, officers and certain other employees for certain expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by a director, officer or other employee in any action or proceeding arising out of their services as a director, officer or other employee, or any other company or enterprise to which the person provides services at our request.

We maintain a directors' and officers' insurance policy pursuant to which our directors and officers are insured against liability for actions taken in their capacities as directors and officers. We believe that these provisions in our amended and restated certificate of incorporation and amended and restated bylaws and these indemnification agreements are necessary to attract and retain qualified persons as directors, officers and other employees.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or control persons, in the opinion of the SEC, such indemnification is against public policy, as expressed in the Securities Act and is therefore unenforceable.

## EXECUTIVE AND DIRECTOR COMPENSATION

This section discusses the material components of the executive compensation program for our 2020 named executive officers. Our named executive officers for 2020 are:

- Michael Hansen, our Chief Executive Officer;
- W. Bryan Hill, our Chief Financial Officer;
- Stephen Bohanon, our Co-Founder and Chief Strategy and Sales Officer; and
- Douglas A. Linebarger, our Chief Legal Officer and Secretary.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the completion of this offering may differ materially from the currently planned programs summarized in this discussion. As an “emerging growth company” as defined in the JOBS Act, we are not required to include a Compensation Discussion and Analysis section and have elected to comply with the scaled disclosure requirements applicable to emerging growth companies.

### 2020 Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for 2020.

| Name and Principal Position   | Year | Salary (\$) | Bonus (\$) | Option Awards (\$)(1) | Non-Equity Incentive Plan Compensation (\$)(2) | All Other Compensation (\$)(3) | Total (\$) |
|---|------|-------------|------------|-----------------------|--|--------------------------------|------------|
| Michael Hansen<br><i>Chief Executive Officer</i>                          | 2020 | 388,889     | —          | 86,200                | 270,000  | 1,392,803                      | 2,137,892  |
| W. Bryan Hill<br><i>Chief Financial Officer</i>                           | 2020 | 410,000     | —          | —                     | 278,100  | 7,145                          | 695,245    |
| Stephen Bohanon<br><i>Co-Founder and Chief Strategy and Sales Officer</i> | 2020 | 412,000     | —          | 119,452               | 408,100  | 1,449,850                      | 2,389,402  |
| Douglas A. Linebarger<br><i>Chief Legal Officer and Secretary</i>         | 2020 | 296,667     | —          | 68,952                | 202,500  | 196,300                        | 764,419    |

- (1) Amounts reported represent the aggregate grant date fair value of stock options granted to our named executive officers computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 2 and Note 10 to our consolidated financial statements included in this prospectus.
- (2) Represents bonuses earned under our annual bonus plan for 2020, and for Mr. Bohanon, includes \$130,000 in sales commissions that became payable upon achieving certain sales targets.
- (3) The following table sets forth the components of the amounts presented in the All Other Compensation column:

| Name                  | Amount Paid for Stock or Vested Options Repurchased in Excess of Fair Market Value (\$)(4) | Matching Contributions under 401(k) Plan (\$) | Monthly Cell Phone Stipend (\$) | Total (\$) |
|-----------------------|--|---|---------------------------------|------------|
| Michael Hansen        | 1,385,000  | 5,403   | 2,400                           | 1,392,803  |
| W. Bryan Hill         | —  | 4,745   | 2,400                           | 7,145      |
| Stephen Bohanon       | 1,443,092  | 4,358   | 2,400                           | 1,449,850  |
| Douglas A. Linebarger | 193,900  | —   | 2,400                           | 196,300    |

- (4) In November 2020, we purchased shares our common stock and vested stock options from certain of our employees at a price per share that was \$5.54 higher than our board's determination of the then-current fair market value of our common stock. Amounts in the column represent amounts that were paid to the named executive officers in respect of shares of our common stock or vested stock options that were in excess of the fair market value of our common stock on the date of the purchase.

## **Narrative to the Summary Compensation Table**

### ***2020 Annual Base Salaries***

Our named executive officers each receive a base salary to compensate them for services rendered to our company. The base salary payable to each named executive officer is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. As of March 1, 2020, our named executive officers' annual base salaries were as follows: Mr. Hansen: \$400,000; Mr. Hill: \$412,000; Mr. Bohanon: \$412,000; and Mr. Linebarger: \$300,000.

In March 2021, the annual base salaries for our named executive officers were increased to the following amounts: Mr. Hansen: \$425,000; Mr. Hill: \$420,000; Mr. Bohanon: \$420,000; and Mr. Linebarger: \$330,000.

### ***2020 Annual Performance Bonuses***

We maintain an annual performance-based cash bonus program in which each of our named executive officers participated in 2020. Each named executive officer's target bonus is expressed as a percentage of base salary, and bonus payments are determined based on achievement of certain performance goals approved by our board of directors, subject to the recipient's service through time of payment. The 2020 annual bonuses were targeted at 50% of each named executive officer's annual base salary.

In February 2021, our board of directors reviewed corporate performance against pre-established goals relating to certain financial and operating metrics, and metrics specific to the success of particular business units, and determined overall achievement of our 2020 corporate goals to be 135% of target, and achievement of business unit goals to be 135% of target. Based on this determination and the determination of individual achievement to be 135% of target for each of Messrs. Hansen, Hill, Bohanon and Linebarger, our board of directors approved the 2020 annual bonuses at 135% of target in the amounts set forth above in the Summary Compensation Table in the column titled "Non-Equity Incentive Plan Compensation."

In March 2021, the 2021 target bonuses for our named executive officers, as a percentage of annual base salary, were established as follows: Mr. Hansen: 100%; Mr. Hill: 60%; Mr. Bohanon: 60%; and Mr. Linebarger: 45%.

### ***Equity Compensation***

We have granted stock options to our employees, including our named executive officers, in order to attract and retain them, as well as to align their interests with the interests of our stockholders. In order to provide a long-term incentive, these stock options generally vest over four or five years subject to continued service to our company.

In February 2020, we granted Mr. Hansen an option to purchase 35,000 shares of our common stock, and Messrs. Bohanon and Linebarger an option to purchase 67,600 shares of our common stock. Each option vests monthly as to 1/48<sup>th</sup> of the original number of shares subject to the option measured from January 1, 2020, subject to continued service through the applicable vesting date.

In March 2020, we granted each of Mr. Hansen and Mr. Bohanon an option to purchase 50,000 shares of our common stock. Upon achievement of certain sales performance goals, 25% of the shares originally subject to the option vested on December 31, 2020, and 1/36<sup>th</sup> of the remaining 75% of the shares originally subject to the option vest monthly thereafter, subject to continued service through the applicable vesting date.

In connection with this offering, we will adopt the 2021 Plan in order to facilitate the grant of cash and equity incentives to directors, employees (including our named executive officers) and consultants of our company and certain of its affiliates and to enable us to obtain and retain services of these individuals, which is essential to our long-term success. The 2021 Plan will be effective on the date immediately prior to the date the registration statement relating to this offering becomes effective. For additional information about the 2021 Plan, please see the section titled “Equity Incentive Plans” below.

## **Other Elements of Compensation**

### ***Retirement Savings and Health and Welfare Benefits***

We maintain a 401(k) retirement savings plan for our employees, including our named executive officers, who satisfy certain eligibility requirements. Our named executive officers are eligible to participate in the 401(k) plan on the same terms as other full-time employees. We currently match 25% of a participant's annual eligible contribution to the 401(k) plan, up to 8% of their annual base salary or up to the IRS limit, whichever is lower. The Company contributions vest as to 20% of the contribution annually. We believe that providing a vehicle for tax-deferred retirement savings through our 401(k) plan adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

All of our full-time employees, including our named executive officers, are eligible to participate in our health and welfare plans. These health and welfare plans include medical, dental and vision benefits; short-term and long-term disability insurance; and supplemental life and AD&D insurance.

### ***Perquisites and Other Personal Benefits***

We determine perquisites on a case-by-case basis and will provide a perquisite to a named executive officer when we believe it is necessary to attract or retain the named executive officer. In November 2020, we purchased shares of our common stock and vested stock options from certain of our employees, including Messrs. Hansen, Bohanon and Linebarger. The purchase price we paid was \$15.74 per share of common stock (less the exercise price for any vested options, and less withholding taxes), which was \$5.54 higher than our board's determination of the then-current fair market value of our common stock. We also provide monthly cell phone stipends to our named executive officers.

Other than the premium we paid to purchase shares of our common stock and vested stock options, and the monthly cell phone stipends, we did not provide any perquisites or personal benefits to our named executive officers not otherwise made available to our other employees in 2020.

### Outstanding Equity Awards at Year-End

The following table summarizes the number of shares of common stock underlying outstanding option awards for each named executive officer as of December 31, 2020.

| Name and Principal Position   | Grant Date | Vesting Start Date |        | Option Awards (7)   |  |                            |                        |
|---|------------|--------------------|--------|---|--|----------------------------|------------------------|
|   |            |                    |        | Number of Securities Underlying Unexercised Options (#) (Exercisable) | Number of Securities Underlying Unexercised Options (#) (Un-exercisable) | Option Exercise Price (\$) | Option Expiration Date |
| Michael Hansen<br><i>Chief Executive Officer</i>                          | 3/13/2020  | 12/31/2020         | (1)    | 12,500  | 37,500   | 3.32                       | 3/12/2030              |
|   | 2/20/2020  | 1/1/2020           | (2)(6) | 35,000  | —  | 3.32                       | 2/19/2030              |
|   | 12/11/2018 | 9/26/2018          | (3)    | 135,000   | 165,000  | 2.34                       | 12/10/2028             |
|   | 11/2/2017  | 6/1/2017           | (2)    | 175,000   | 25,000   | 0.92                       | 11/1/2027              |
|   | 11/2/2017  | 6/1/2017           | (4)    | 66,667  | 133,333  | 0.92                       | 11/1/2027              |
|   | 11/18/2015 | 6/1/2015           |        | 100,000   | —  | 0.81                       | 11/17/2025             |
| W. Bryan Hill<br><i>Chief Financial Officer</i>                           | 4/1/2019   | 4/1/2019           | (5)(6) | 1,000,000   | —  | 2.34                       | 3/31/2029              |
| Stephen Bohanon<br><i>Co-Founder and Chief Strategy and Sales Officer</i> | 3/13/2020  | 12/31/2020         | (1)    | 12,500  | 37,500   | 3.32                       | 3/12/2030              |
|   | 2/20/2020  | 1/1/2020           | (2)(6) | 67,600  | —  | 3.32                       | 2/19/2030              |
|   | 12/11/2018 | 9/26/2018          | (3)    | 64,514  | 110,000  | 2.34                       | 12/10/2028             |
|   | 11/2/2017  | 6/1/2017           | (2)    | 109,375   | 15,625   | 0.92                       | 11/1/2027              |
|   | 11/2/2017  | 6/1/2017           | (4)    | 41,667  | 83,333   | 0.92                       | 11/1/2027              |
|   | 11/18/2015 | 6/1/2015           |        | 50,000  | —  | 0.81                       | 11/17/2025             |
| Douglas A. Linebarger<br><i>Chief Legal Officer and Secretary</i>         | 2/20/2020  | 1/1/2020           | (2)(6) | 67,600  | —  | 3.32                       | 2/19/2030              |
|   | 12/11/2018 | 9/26/2018          | (3)    | 9,000   | 11,000   | 2.34                       | 12/10/2028             |
|   | 4/11/2018  | 3/1/2018           | (4)    | —   | 75,000   | 1.70                       | 4/10/2028              |
|   | 4/11/2018  | 3/1/2018           | (2)    | 96,250  | 43,750   | 1.70                       | 4/10/2028              |
|   | 11/2/2017  | 6/1/2017           | (2)    | 52,500  | 7,500  | 0.92                       | 11/1/2027              |
|   | 4/20/2016  | 4/20/2016          |        | 5,000   | —  | 0.81                       | 4/19/2026              |
|   | 11/18/2015 | 2/2/2016           |        | 20,000  | —  | 0.81                       | 11/17/2025             |
|   | 4/8/2015   | 4/8/2015           |        | 65,000  | —  | 0.76                       | 4/7/2025               |

- (1) 25% of the shares originally subject to the option vest on the vesting start date, and 1/36<sup>th</sup> of the remaining 75% of the shares originally subject to the option vest monthly thereafter, subject to continued service through the applicable vesting date.
- (2) 1/48<sup>th</sup> of the shares originally subject to the option vest monthly measured from the vesting start date, subject to continued service through the applicable vesting date.
- (3) 1/48<sup>th</sup> of 80% of the shares originally subject to the option vest monthly measured from the vesting start date, and the remaining 20% of the shares originally subject to the option vest on the fifth anniversary of the vesting start date, subject in each case to continued service through the applicable vesting date.
- (4) 1/3<sup>rd</sup> of the shares originally subject to the option vest on each of the third, fourth, and fifth anniversaries of the vesting start date, subject to continued service through the applicable vesting date.
- (5) 20% of the shares originally subject to the option vest on the first anniversary of the vesting start date, 1/36<sup>th</sup> of 60% of the shares originally subject to the option vest monthly thereafter, and the remaining 20% of the shares originally subject to the option vest on the fifth anniversary of the vesting start date, subject in each case to continued service through the applicable vesting date.
- (6) This option may be exercised prior to vesting with any shares purchased subject to a right of repurchase at the original exercise price that lapses in accordance with the option's vesting schedule.

- (7) Pursuant to the terms of each named executive officer's employment agreement, the shares subject to each option will fully vest if the executive is terminated without "cause" or resigns for "good reason" (each as defined in the employment agreement) within three months before or two years after a "change of control" of the Company (as defined in the employment agreement).

## **Executive Compensation Arrangements**

### ***Previous Employment Agreements***

We previously entered into employment agreement with each of our named executive officers. These agreements set forth the terms and conditions of employment of each named executive officer, including initial base salary, target bonus opportunity, and equity grants and employee benefits eligibility.

Additionally, each employment agreement provides that if the executive's employment is terminated by the Company without "cause" or the executive resigns for "good reason" (each as defined in the agreement), the executive will be eligible to receive: (i) continued base salary payments over a period of 12 months; and (ii) if the termination date occurs within three months before or two years after a "change of control" of the Company (as defined in the agreement), the vesting of the executive's outstanding options shall fully accelerate. All such severance benefits are subject to the executive signing a general release of claims against the Company and its affiliates in a form acceptable to the Company. Additionally, if the Company undergoes a change of control transaction and the executive's options are not assumed, continued or substituted in the transaction, the vesting of the options will fully accelerate.

### ***New Employment Agreements***

In connection with this offering, we have entered into new employment agreements with each of our named executive officers, which supersede in their entirety their previous employment agreements. These agreements set forth the terms and conditions of employment of each named executive officer, including initial base salary, target bonus opportunity, and equity grants and employee benefits eligibility.

Each employment agreement provides that if the executive's employment is terminated by the Company without "cause" or the executive resigns for "good reason" (each as defined in the agreement) more than three months before a change in control or more than two years after a change in control, the executive will be eligible to receive: (i) cash severance in an amount equal to 100% of the executive's base salary, payable over a period of 12 months; and (ii) up to 12 months (for Mr. Hansen) or up to nine months (for Messrs. Hill, Bohanon and Linebarger) of Company-paid healthcare continuation coverage.

If the executive's employment is terminated by the Company without "cause" or the executive resigns for "good reason" during the period beginning three months before and ending two years after a change in control, the executive will be eligible to receive: (i) cash severance in an amount equal to the sum of 150% (for Mr. Hansen) or 100% (for Messrs. Hill, Bohanon and Linebarger) of the executive's base salary, 100% of the executive's target annual bonus, and a prorated target annual bonus, payable over a period of 12 months; (ii) up to 18 months (for Mr. Hansen) or up to 12 months (for Messrs. Hill, Bohanon and Linebarger) of Company-paid healthcare continuation coverage; and (iii) full vesting acceleration of the executive's outstanding equity awards.

The foregoing severance benefits are subject to the executive signing a general release of claims against the Company and its affiliates in a form acceptable to the Company.



Additionally, if the Company undergoes a change of control transaction and the executive's equity awards are not assumed, continued or substituted in the transaction, the vesting of the equity awards will fully accelerate.

## Equity Incentive Plans

The following summarizes the material terms of the 2021 Plan we have adopted in connection with this offering, in which our named executive officers will be eligible to participate following the consummation of this offering; our 2011 Plan, under which we have previously made periodic grants of equity awards to our named executive officers and other key employees; and the 2021 Employee Stock Purchase Plan we have adopted in connection with this offering to provide our employees an opportunity to purchase shares of our common stock at a discount to fair market value.

### 2021 Incentive Award Plan

We have adopted the 2021 Plan, which will be effective on the date immediately prior to the date our registration statement relating to this offering becomes effective. The principal purpose of the 2021 Plan is to attract, retain and motivate selected employees, consultants and directors through the granting of stock-based compensation awards and cash-based performance bonus awards. The material terms of the 2021 Plan, as it is currently contemplated, are summarized below.

**Share Reserve.** Under the 2021 Plan, 12,131,846 shares of our common stock will be initially reserved for issuance pursuant to a variety of stock-based compensation awards, including stock options, stock appreciation rights, or SARs, restricted stock awards, restricted stock unit awards, performance bonus awards, performance stock unit awards, dividend equivalents, or other stock or cash based awards. The number of shares initially reserved for issuance or transfer pursuant to awards under the 2021 Plan will be increased by (i) the number of shares represented by awards outstanding under our 2011 Plan ("2011 Plan Awards") that become available for issuance under the counting provisions described below following the effective date and (ii) an annual increase on the first day of each fiscal year beginning in 2022 and ending in 2031, equal to the lesser of (A) 5% of the shares of stock outstanding (on an as converted basis) on the last day of the immediately preceding year and (B) such smaller number of shares of stock as determined by our board of directors; provided, however, that no more than shares of stock may be issued upon the exercise of incentive stock options.

The following counting provisions will be in effect for the share reserve under the 2021 Plan:

- to the extent that an award (including a 2011 Plan Award) expires, lapses or is terminated, converted into an award in respect of shares of another entity in connection with a spin-off or other similar event, exchanged for cash, surrendered, repurchased, canceled, in any case, in a manner that results in the Company acquiring the underlying shares at a price not greater than the price paid by the participant or not issuing the underlying shares, such unused shares subject to the award at such time will be available for future grants under the 2021 Plan;
- to the extent shares are tendered or withheld to satisfy the grant, exercise price or tax withholding obligation with respect to any award under the 2021 Plan or 2011 Plan Award, such tendered or withheld shares will be available for future grants under the 2021 Plan;
- to the extent shares subject to stock appreciation rights are not issued in connection with the stock settlement of stock appreciation rights on exercise thereof, such shares will be available for future grants under the 2021 Plan;
- the payment of dividend equivalents in cash in conjunction with any outstanding awards or 2011 Plan Awards will not be counted against the shares available for issuance under the 2021 Plan; and

- shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by us or any of our subsidiaries will not be counted against the shares available for issuance under the 2021 Plan.

In addition, the sum of the grant date fair value of all equity-based awards and the maximum that may become payable pursuant to a cash-based award to any individual for services as a non-employee director during any calendar year may not exceed \$1,500,000.

*Administration.* The compensation committee of our board of directors is expected to administer the 2021 Plan unless our board of directors assumes authority for administration. The board of directors may delegate its powers to a committee, which, to the extent required to comply with Rule 16b-3, is intended to be comprised of “non-employee directors” for purposes of Rule 16b-3 under the Exchange Act. The 2021 Plan provides that the board or compensation committee may delegate its authority to grant awards other than to individuals subject to Section 16 of the Exchange Act or officers or directors to whom authority to grant awards has been delegated.

Subject to the terms and conditions of the 2021 Plan, the administrator has the authority to select the persons to whom awards are to be made, to determine the number of shares to be subject to awards and the terms and conditions of awards, and to make all other determinations and to take all other actions necessary or advisable for the administration of the 2021 Plan. The administrator is also authorized to adopt, amend or rescind rules relating to administration of the 2021 Plan. Our board of directors may at any time remove the compensation committee as the administrator and revest in itself the authority to administer the 2021 Plan. The full board of directors will administer the 2021 Plan with respect to awards to non-employee directors.

*Eligibility.* Awards under the 2021 Plan may be granted to individuals who are then our officers, employees or consultants or are the officers, employees or consultants of certain of our subsidiaries. Such awards also may be granted to our directors. However, only employees of our company or certain of our subsidiaries may be granted incentive stock options, or ISOs.

*Awards.* The 2021 Plan provides that the administrator may grant or issue stock options, SARs, restricted stock, restricted stock units, performance bonus awards, performance stock units, other stock or cash based awards and dividend equivalents, or any combination thereof. Each award will be set forth in a separate agreement with the person receiving the award and will indicate the type, terms and conditions of the award.

- *Nonstatutory Stock Options*, or NSOs, will provide for the right to purchase shares of our common stock at a specified price which may not be less than fair market value on the date of grant, and usually will become exercisable (at the discretion of the administrator) in one or more installments after the grant date, subject to the participant's continued employment or service with us and/or subject to the satisfaction of corporate performance targets and individual performance targets established by the administrator. NSOs may be granted for any term specified by the administrator that does not exceed ten years.
- *Incentive Stock Options*, or ISOs, will be designed in a manner intended to comply with the provisions of Section 422 of the Code and will be subject to specified restrictions contained in the Code. Among such restrictions, ISOs must have an exercise price of not less than the fair market value of a share of common stock on the date of grant, may only be granted to employees, and must not be exercisable after a period of ten years measured from the date of grant. In the case of an ISO granted to an individual who owns (or is deemed to own) at least 10% of the total combined voting power of all classes of our capital stock, the 2021 Plan provides that the exercise price must be at least 110% of the fair market value of a share of common stock on the date of grant and the ISO must not be exercisable after a period of five years measured from the date of grant.

- *Restricted Stock* may be granted to any eligible individual and made subject to such restrictions as may be determined by the administrator. Restricted stock, typically, may be forfeited for no consideration or repurchased by us at the original purchase price if the conditions or restrictions on vesting are not met. In general, restricted stock may not be sold or otherwise transferred until restrictions are removed or expire. Purchasers of restricted stock, unlike recipients of options, will have voting rights and will have the right to receive dividends, if any, prior to the time when the restrictions lapse, however, extraordinary dividends will generally be placed in escrow, and will not be released until restrictions are removed or expire.
- *Restricted Stock Units* may be awarded to any eligible individual, typically without payment of consideration, but subject to vesting conditions based on continued employment or service or on performance criteria established by the administrator. Like restricted stock, restricted stock units may not be sold, or otherwise transferred or hypothecated, until vesting conditions are removed or expire. Unlike restricted stock, stock underlying restricted stock units will not be issued until the restricted stock units have vested, and recipients of restricted stock units generally will have no voting or dividend rights prior to the time when vesting conditions are satisfied.
- *Stock Appreciation Rights*, or SARs, may be granted in connection with stock options or other awards, or separately. SARs granted in connection with stock options or other awards typically will provide for payments to the holder based upon increases in the price of our common stock over a set exercise price. The exercise price of any SAR granted under the 2021 Plan must be at least 100% of the fair market value of a share of our common stock on the date of grant. SARs under the 2021 Plan will be settled in cash or shares of our common stock, or in a combination of both, at the election of the administrator.
- *Performance Bonus Awards and Performance Stock Units* are denominated in cash or shares/unit equivalents, respectively, and may be linked to one or more performance or other criteria as determined by the administrator.
- *Other Stock or Cash Based Awards* are awards of cash, fully vested shares of our common stock and other awards valued wholly or partially by referring to, or otherwise based on, shares of our common stock. Other stock or cash based awards may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. The administrator will determine the terms and conditions of other stock or cash based awards, which may include vesting conditions based on continued service, performance and/or other conditions.
- *Dividend Equivalents* represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards other than stock options or SARs. Dividend equivalents are converted to cash or shares by such formula and such time as determined by the administrator. In addition, dividend equivalents with respect to an awards subject to vesting will either (i) to the extent permitted by applicable law, not be paid or credited or (ii) be accumulated and subject to vesting to the same extent as the related award.

Any award may be granted as a performance award, meaning that the award will be subject to vesting and/or payment based on the attainment of specified performance goals.

*Change in Control.* In the event of a change in control, unless the administrator elects to terminate an award in exchange for cash, rights or other property, or cause an award to accelerate in full prior to the change in control, such award will continue in effect or be assumed or substituted by the acquirer, provided that any performance-based portion of the award will be subject to the terms and conditions of the applicable award agreement. In the event the acquirer refuses to assume or replace

awards granted, prior to the consummation of such transaction, awards issued under the 2021 Plan (other than any portion subject to performance-based vesting) will be subject to accelerated vesting such that 100% of such awards will become vested and exercisable or payable, as applicable. The administrator may also make appropriate adjustments to awards under the 2021 Plan and is authorized to provide for the acceleration, cash-out, termination, assumption, substitution or conversion of such awards in the event of a change in control or certain other unusual or nonrecurring events or transactions. Additionally, if a participant's service is terminated without "cause" or the participant resigns for "good reason" (each as defined in the 2021 Plan) upon or within 12 months following a change in control, the vesting of the participant's awards outstanding under the 2021 Plan will fully accelerate.

*Adjustments of Awards.* The administrator has broad discretion to take action under the 2021 Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as "equity restructurings," the administrator will make equitable adjustments to the 2021 Plan and outstanding awards.

*Amendment and Termination.* The administrator may terminate, amend or modify the 2021 Plan at any time and from time to time. However, we must generally obtain stockholder approval to the extent required by applicable law, rule or regulation (including any applicable stock exchange rule), and generally no amendment may materially and adversely affect any outstanding award without the affected participant's consent. Notwithstanding the foregoing, an option may be amended to reduce the per share exercise price below the per share exercise price of such option on the grant date and options may be granted in exchange for, or in connection with, the cancellation or surrender of options having a higher per share exercise price without receiving additional stockholder approval.

No incentive stock options may be granted pursuant to the 2021 Plan after the tenth anniversary of the effective date of the 2021 Plan, and no additional annual share increases to the 2021 Plan's aggregate share limit will occur from and after such anniversary. Any award that is outstanding on the termination date of the 2021 Plan will remain in force according to the terms of the 2021 Plan and the applicable award agreement.

### **2011 Long-Term Incentive Plan**

Our board of directors adopted the 2011 Plan on August 22, 2011, and our stockholders approved it on August 23, 2011. The 2011 Plan was subsequently amended on multiple occasions to increase the number of shares issuable thereunder. The 2011 Plan provides for the grant of ISOs, NSOs and restricted stock. As of December 31, 2020, options to purchase 11,603,131 shares of our common stock at a weighted-average exercise price per share of \$2.14 remained outstanding under the 2011 Plan. Following this offering and in connection with the effectiveness of our 2021 Plan, the 2011 Plan will terminate and no further awards will be granted under the 2011 Plan. However, all outstanding awards under the 2011 Plan will continue to be governed by their existing terms under the 2011 Plan.

*Administration.* Our board of directors, or a committee thereof appointed by our board of directors, has the authority to administer the 2011 Plan and grant awards thereunder. The administrator's authority includes the authority to select the service providers to whom awards will be granted under the 2011 Plan, the number of shares to be subject to those awards, and the terms and conditions of those awards. In addition, the administrator has the authority to construe and interpret the 2011 Plan and to adopt rules for the administration, interpretation and application of the 2011 Plan that are consistent with the terms of the 2011 Plan.

*Awards.* The 2011 Plan provides that the administrator may grant or issue options, including ISOs and NSOs, and restricted stock to employees, officers, directors and consultants; provided that only employees may be granted ISOs.

- *Stock Options.* The 2011 Plan provides for the grant of options, including ISOs or NSOs. Each option grant will be governed by an option award agreement subject to the 2011 Plan. ISOs may be granted only to employees. NSOs may be granted to employees, officers, directors and consultants. The exercise price of ISOs granted to employees who at the time of grant own stock representing more than 10% of the voting power of all classes of our common stock may not be less than 110% of the fair market value per share of our common stock on the date of grant, and the exercise price of ISOs granted to any other employees may not be less than 100% of the fair market value per share of our common stock on the date of grant. The exercise price of NSOs to employees, officers, directors or consultants may not be less than 100% of the fair market value per share of our common stock on the date of grant.
- *Restricted Stock Awards.* The 2011 Plan provides for the grant of restricted stock awards. Each restricted stock award will be governed by a restricted stock award agreement subject to the 2011 Plan, which will, among other things, detail the restrictions on transferability, risk of forfeiture and other restrictions the administrator approves. In general, restricted stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered until restrictions are removed or expire. Holders of restricted stock, unlike recipients of other equity awards, will have voting rights and will have the right to receive dividends, if any, prior to the time when the restrictions lapse.

*Adjustments of Awards.* In the event of any change in or other event that occurs with respect to the common stock without receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, stock dividends, stock splits or other similar transactions), the administrator will make adjustments to the number and class of shares available for issuance under the 2011 Plan, the number and class of shares issuable pursuant to ISOs, and the number, class and price per share of outstanding awards.

*Change in Control.* In the event of certain corporate transactions, including the sale of substantially all of the Company's assets, a sale or disposition of 90% of the outstanding securities of the Company, and certain mergers, consolidations and similar transactions, unless otherwise stated in an award agreement, the administrator may provide for one or more of the following actions: assumption or substitution of outstanding awards; assignment of reacquisition or repurchase rights held by the Company; or cash-out of outstanding awards. Awards may also be subject to additional acceleration in connection with a change in control pursuant to an award agreement or other written agreement with the Company. In the event the acquirer refuses to assume or replace outstanding awards, prior to the consummation of such transaction, awards issued under the 2011 Plan and held by active service providers will be subject to accelerated vesting such that 100% of such awards will become vested and exercisable, and any repurchase rights thereon shall lapse.

*Amendment and Termination.* Our board of directors may amend, suspend or terminate the 2011 Plan at any time, but no amendment will impair the rights of a holder of an outstanding award without the holder's consent. Except with respect to certain capitalization adjustments, an amendment of the 2011 Plan shall be subject to the approval of our stockholders to the extent required by applicable law. Following this offering and in connection with the effectiveness of our 2021 Plan, the 2011 Plan will terminate and no further awards will be granted under the 2011 Plan.

## **2021 Employee Stock Purchase Plan**

We have adopted the ESPP, which will be effective on the date immediately prior to the date the registration statement relating to this offering becomes effective. The ESPP is designed to allow our eligible employees to purchase shares of our common stock, at periodic intervals, with their accumulated payroll deductions. The ESPP is intended to qualify under Section 423 of the Code. The material terms of the ESPP, as it is currently contemplated, are summarized below.

**Administration.** Subject to the terms and conditions of the ESPP, our compensation committee will administer the ESPP. Our compensation committee can delegate administrative tasks under the ESPP to the services of an agent and/or employees to assist in the administration of the ESPP. The administrator will have the discretionary authority to administer and interpret the ESPP. Interpretations and constructions of the administrator of any provision of the ESPP or of any rights thereunder will be conclusive and binding on all persons. We will bear all expenses and liabilities incurred by the ESPP administrator.

**Share Reserve.** The maximum number of our shares of our common stock which will be authorized for sale under the ESPP is equal to the sum of (i) 2,205,790 shares of common stock and (ii) an annual increase on the first day of each fiscal year beginning in 2022 and ending in 2031, equal to the lesser of (A) 1% of the shares of common stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year and (B) such number of shares of common stock as determined by our board of directors; provided, however, no more than 14,752,500 shares of our common stock may be issued under the ESPP. The shares reserved for issuance under the ESPP may be authorized but unissued shares or reacquired shares.

**Eligibility.** Employees eligible to participate in the ESPP for a given offering period generally include employees who are employed by us or one of our subsidiaries on the first day of the offering period. Our employees (and, if applicable, any employees of our subsidiaries) who customarily work less than five months in a calendar year or are customarily scheduled to work less than 20 hours per week will not be eligible to participate in the ESPP. Finally, an employee who owns (or is deemed to own through attribution) 5% or more of the combined voting power or value of all our classes of stock or of one of our subsidiaries will not be allowed to participate in the ESPP.

**Participation.** Employees will enroll under the ESPP by completing a payroll deduction form permitting the deduction from their compensation of at least 1% of their compensation but not more than 15% of their base compensation. Such payroll deductions may be expressed as either a whole number percentage or a fixed dollar amount, and the accumulated deductions will be applied to the purchase of shares on each purchase date. However, a participant may not purchase more than 100,000 shares in each offering period and may not accrue the right to purchase shares of common stock at a rate that exceeds \$25,000 in fair market value of shares of our common stock (determined at the time the option is granted) for each calendar year the option is outstanding (as determined in accordance with Section 423 of the Code). The ESPP administrator has the authority to change these limitations for any subsequent offering period.

**Offering.** Under the ESPP, participants are offered the option to purchase shares of our common stock at a discount during a series of successive offering periods, the duration and timing of which will be determined by the ESPP administrator. However, in no event may an offering period be longer than 27 months in length.

The option purchase price will be the lower of 85% of the closing trading price per share of our common stock on the first trading date of an offering period in which a participant is enrolled or 85% of the closing trading price per share on the purchase date, which will occur on the last trading day of each purchase period within an offering period.

Unless a participant has previously canceled his or her participation in the ESPP before the purchase date, the participant will be deemed to have exercised his or her option in full as of each purchase date. Upon exercise, the participant will purchase the number of whole shares that his or her accumulated payroll deductions will buy at the option purchase price, subject to the participation limitations listed above.

A participant may cancel his or her payroll deduction authorization at any time prior to the end of the offering period. Upon cancellation, the participant will have the option to either (i) receive a refund of the participant's account balance in cash without interest or (ii) exercise the participant's option for the current offering period for the maximum number of shares of common stock on the applicable purchase date, with the remaining account balance refunded in cash without interest. Following at least one payroll deduction, a participant may also decrease (but not increase) his or her payroll deduction authorization once during any offering period. If a participant wants to increase or decrease the rate of payroll withholding, he or she may do so effective for the next offering period by submitting a new form before the offering period for which such change is to be effective.

A participant may not assign, transfer, pledge or otherwise dispose of (other than by will or the laws of descent and distribution) payroll deductions credited to a participant's account or any rights to exercise an option or to receive shares of our common stock under the ESPP, and during a participant's lifetime, options in the ESPP shall be exercisable only by such participant. Any such attempt at assignment, transfer, pledge or other disposition will not be given effect.

*Adjustments upon Changes in Recapitalization, Dissolution, Liquidation, Merger or Asset Sale.* In the event of any increase or decrease in the number of issued shares of our common stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the common stock, or any other increase or decrease in the number of shares of common stock effected without receipt of consideration by us, we will proportionately adjust the aggregate number of shares of our common stock offered under the ESPP, the number and price of shares which any participant has elected to purchase under the ESPP and the maximum number of shares which a participant may elect to purchase in any single offering period. If there is a proposal to dissolve or liquidate us, then the ESPP will terminate immediately prior to the consummation of such proposed dissolution or liquidation, and any offering period then in progress will be shortened by setting a new purchase date to take place before the date of our dissolution or liquidation. We will notify each participant of such change in writing prior to the new exercise date. If we undergo a merger with or into another corporation or sell all or substantially all of our assets, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or the parent or subsidiary of the successor corporation. If the successor corporation refuses to assume the outstanding options or substitute equivalent options, then any offering period then in progress will be shortened by setting a new purchase date to take place before the date of our proposed sale or merger. We will notify each participant of such change in writing prior to the new exercise date.

*Amendment and Termination.* Our board of directors may amend, suspend or terminate the ESPP at any time. However, the board of directors may not amend the ESPP without obtaining stockholder approval within 12 months before or after such amendment to the extent required by applicable laws.

### **Director Compensation**

We have not historically maintained a formal non-employee director compensation program. However, in 2020, we paid each of Charles "Chuck" Kane, Merline Saintil, and Barbara Yastine a retainer at a rate of \$60,000 annually for their service to us. We also paid Mr. Kane an additional



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\$12,500 retainer for his service as chair of our audit committee. In 2020, in connection with their commencement of service with us, we also granted stock options to Ms. Saintil and Ms. Yastine. Additionally, we provide reimbursement to our non-employee directors for their reasonable expenses incurred in attending meetings of our board of directors and its committees. Mr. Hansen receives no additional compensation for his service as director. His compensation as our Chief Executive Officer is set forth in the Summary Compensation Table above.

### 2020 Director Compensation Table

The following table sets forth all of the compensation awarded to or earned by or paid to our non-employee directors during 2020.

| Name <sup>(1)</sup>  | Fees Earned<br>or Paid in<br>Cash<br>(\$) | Option<br>Awards<br>(\$) <sup>(2)</sup> | All Other<br>Compensation<br>(\$) | Total<br>(\$) |
|----------------------|---|---|-----------------------------------|---------------|
| Brian R. Smith       | —   | —                                       | —                                 | —             |
| Todd Clark           | —   | —                                       | —                                 | —             |
| Charles “Chuck” Kane | 72,500                                    | —                                       | —                                 | 72,500        |
| Gene Lockhart        | —   | —                                       | —                                 | —             |
| Steve Mitchell       | —   | —                                       | —                                 | —             |
| Gary Nelson          | —   | —                                       | —                                 | —             |
| Raph Osnoss          | —   | —                                       | —                                 | —             |
| Merline Saintil      | 15,000                                    | 161,796                                 | —                                 | 176,796       |
| Barbara Yastine      | 15,000                                    | 161,796                                 | —                                 | 176,796       |
| Charles Plauche, Jr. | —   | —                                       | —                                 | —             |

(1) Merline Saintil and Barbara Yastine joined our board of directors in October 2020.

(2) Amounts reported represent the aggregate grant date fair value of stock options granted to non-employee directors computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 2 and Note 10 to our consolidated financial statements included in this prospectus.

As of December 31, 2020, our non-employee directors held the following outstanding options (or, for Ms. Yastine, restricted common shares acquired upon early exercise of an option that remained subject to a repurchase right at their original purchase price):

| Name                 | Option Awards<br>Outstanding<br>at Year End | Stock Awards<br>Outstanding<br>at Year End |
|----------------------|---|--|
| Brian R. Smith       | —   | —  |
| Todd Clark           | —   | —  |
| Charles “Chuck” Kane | 30,000                                      | —  |
| Gene Lockhart        | —   | —  |
| Steve Mitchell       | —   | —  |
| Gary Nelson          | 607,812                                     | —  |
| Raph Osnoss          | —   | —  |
| Merline Saintil      | 38,800                                      | —  |
| Barbara Yastine      | —   | 35,567                                     |
| Charles Plauche, Jr. | —   | —  |

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We have approved a compensation program for our non-employee directors ("Director Compensation Program"), to be effective in connection with the consummation of this offering. Under the Director Compensation Program, our non-employee directors will receive cash compensation as follows:

- Each non-employee director will receive an annual cash retainer of \$30,000 per year (and once this new annual cash retainer becomes effective, we will provide a one-time "transition payment" for each of Chuck Kane, Merline Saintil and Barbara Yastine in the amount of \$15,000 within 30 days from the date of effectiveness of the IPO).
- Any non-executive chairperson will receive an additional annual cash retainer of \$50,000 per year.
- The members of the following committees will receive additional annual cash retainers in the amounts set forth below, depending on whether the member serves as chairperson of the committee:

| Committee                                     | Chair    | Non-Chair |
|---|----------|-----------|
| Audit Committee                               | \$20,000 | \$ 10,000 |
| Compensation Committee                        | \$12,000 | \$ 6,000  |
| Information Systems Audit Committee           | \$12,000 | \$ 6,000  |
| Nominating and Corporate Governance Committee | \$ 8,000 | \$ 4,000  |

- All annual cash retainers will be paid quarterly in arrears promptly following the end of the applicable quarter.
- Each non-employee director may elect to receive all or part of his or her annual cash retainer in the form of restricted stock units under our 2021 Plan. Elections to convert all or part of the annual cash retainer into restricted stock units must generally be made on or before December 31 of the year before the year in which the annual cash retainer is scheduled to be paid, or such earlier deadline as established by our board of directors or compensation committee (the "Annual Election Deadline"). Each individual who first becomes a non-employee director is permitted to elect to convert the annual cash retainer payments scheduled to be paid in the same calendar year into restricted stock units, provided that the election is made before the date the individual becomes a non-employee director (the "Initial Election Deadline"). Restricted stock units granted in lieu of all or a portion of the annual cash retainer are issued fully vested on the date of grant, and the number of restricted stock units is calculated by dividing (a) the amount of the annual retainer that would have otherwise been paid by (b) the average per share closing trading price of our common stock over the most recent 30 trading days as of the grant date.
- If permitted by our board of directors or the compensation committee, non-employee directors may elect to defer all or part of the settlement of their restricted stock units (whether issuable in lieu of all or a portion of the annual cash retainer or issuable under their Initial Grant or Annual Grant, described below). Any such deferral election is subject to the rules, conditions and procedures as determined by our board of directors or the compensation committee in its sole discretion, which are intended to comply with the requirements of Section 409A of the Internal Revenue Code. The timing of the settlement of any deferred restricted stock units is made in accordance with the terms of the applicable deferral election.
- Upon a non-employee director's initial appointment or election to our board of directors following this offering, the director will automatically be granted an award of a number of restricted stock units calculated by dividing (a) \$340,000 by (b) the average per share closing trading price of our common stock over the most recent 30 trading days as of the grant date (the "Initial Grant"). The Initial Grant will vest as to one-third of the underlying shares on each anniversary of the grant date, subject to continued service through each applicable vesting date.

- Each non-employee director who has served for at least four months as of the date of each annual stockholder's meeting and will continue to serve thereafter will automatically be granted on the date of the annual stockholder's meeting an award of a number of restricted stock units calculated by dividing (a) \$170,000 by (b) the average per share closing trading price of our common stock over the most recent 30 trading days as of the grant date (the "Annual Grant"). Each Annual Grant will vest on the earlier of (i) the first anniversary of the grant date, and (ii) immediately before our annual stockholder's meeting following the grant date, subject to continued service through the applicable vesting date.
- The Board or the Compensation Committee may, in its discretion, provide non-employee directors with the opportunity to elect to settle in cash up to 50% of the restricted stock units underlying an Initial Grant or an Annual Grant (a "Partial Cash Settlement Election"). The amount of cash to be paid in settlement of a restricted stock unit under such an election will equal the fair market value of a share of the Company's common stock on the date of settlement. Notwithstanding the foregoing, a non-employee director may not make a Partial Cash Settlement Election for restricted stock units underlying any Initial RSU Award or Annual RSU Award for which the Non-Employee Director has made a deferral election.
- In the event of a change in control (as defined in the 2021 Plan), each Initial Grant and Annual Grant, along with any other equity-based awards held by any non-employee director, will vest and, if applicable, become exercisable immediately before such change in control.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following includes a summary of transactions since January 1, 2018 and any currently proposed transactions to which we were or are expected to be a participant in which (i) the amount involved exceeded or will exceed \$120,000, and (ii) any of our directors, executive officers or holders of more than 5% of our capital stock, or any affiliate or member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest, other than compensation and other arrangements that are described under the section titled “Executive and Director Compensation.”

### Redeemable Convertible Preferred Stock Financings

#### **Series D Redeemable Convertible Preferred Stock Financing**

In December 2017, we entered into a Series D redeemable convertible preferred stock purchase agreement with various investors, pursuant to which we issued in December 2017 and December 2018 an aggregate of 11,423,349 shares of Series D redeemable convertible preferred stock at \$6.1278 per share for gross proceeds of \$70.0 million.

The table below sets forth the number of shares of our Series D redeemable convertible preferred stock purchased by our directors, officers, holders of more than 5% of our capital stock and their affiliated entities or immediate family members.

| Name                           | Series D<br>Redeemable<br>Convertible<br>Preferred<br>Stock (#) | Aggregate Cash<br>Purchase Price (\$) |
|--------------------------------|---|---------------------------------------|
| General Atlantic (AL), L.P.(1) | 10,933,777  | \$ 66,999,998.71                      |

- (1) General Atlantic (AL), L.P. (“General Atlantic”) became a beneficial owner of more than 5% of our outstanding capital stock upon the initial closing of the Series D redeemable convertible preferred stock financing. For additional information regarding General Atlantic and its equity holdings, see “Principal Stockholders.” Mr. Raph Osnoss and Mr. Gene Lockhart are currently members of our board of directors and were designated to serve as members of our board of directors by General Atlantic. Mr. Osnoss is a principal at General Atlantic.

#### **Series E Redeemable Convertible Preferred Stock Financing**

Between May 2019 and September 2020, we entered into Series E redeemable convertible preferred stock purchase agreements with various investors, pursuant to which we issued an aggregate of 12,726,367 shares of Series E redeemable convertible preferred stock at \$8.50 per share for gross proceeds of \$108.2 million.

The table below sets forth the number of shares of our Series E redeemable convertible preferred stock purchased by our directors, officers, holders of more than 5% of our capital stock and their affiliated entities or immediate family members.

| Name(1)                            | Series E<br>Redeemable<br>Convertible<br>Preferred<br>Stock (#) | Aggregate Cash<br>Purchase Price (\$) |
|------------------------------------|---|---------------------------------------|
| General Atlantic (AL), L.P.(2)     | 7,521,011   | \$ 63,928,593.50                      |
| S3 Ventures Fund III, L.P.(3)      | 1,501,196   | \$ 12,760,166.00                      |
| Argonaut Private Equity II, LLC(4) | 1,520,763   | \$ 12,926,485.50                      |
| Brian R. Smith(3)                  | 137,215   | \$ 1,166,327.50                       |
| Charles Plauche, Jr.(5)            | 11,764(6)   | \$ 99,994.00                          |

- (1) For additional information regarding these stockholders and their equity holdings, see “Principal Stockholders.”
- (2) General Atlantic beneficially owned more than 5% of our outstanding capital stock at the time of the Series E redeemable convertible preferred stock financing. Messrs. Osnoss and Lockhart are currently, and were at the time of the Series E redeemable convertible preferred stock financing, members of our board of directors. Messrs. Osnoss and Lockhart were designated to serve as members of our board of directors by General Atlantic. Mr. Osnoss is a principal at General Atlantic.
- (3) S3 Ventures Fund III, L.P. (“S3”) beneficially owned more than 5% of our outstanding capital stock at the time of the Series E redeemable convertible preferred stock financing. Mr. Brian R. Smith is currently, and was at the time of the Series E redeemable convertible preferred stock financing, a member of our board of directors. Mr. Smith was designated to serve as a member of our board of directors by S3. Mr. Smith is the founder and Managing Director at S3.
- (4) Argonaut Private Equity II, LLC (“Argonaut”) beneficially owned more than 5% of our outstanding capital stock at the time of the Series E redeemable convertible preferred stock financing. Mr. Steve Mitchell is currently, and was at the time of the Series E redeemable convertible preferred stock financing, a member of our board of directors. Mr. Mitchell was designated to serve as a member of our board of directors by Argonaut. Mr. Mitchell is the Chief Executive Officer of Argonaut.
- (5) Mr. Charles Plauche was at the time of the Series E redeemable convertible preferred stock financing a member of our board of directors. Mr. Plauche was designated to serve as a member of our board of directors by S3.
- (6) Of the shares listed, 5,106 are held in an IRA account in Mr. Plauche's name.

### **Series F Redeemable Convertible Preferred Stock Financing**

In September 2020, we entered into a Series F redeemable convertible preferred stock purchase agreement with various investors, pursuant to which we issued an aggregate of 8,750,000 shares of Series F redeemable convertible preferred stock at \$16.00 per share for gross proceeds of \$140.0 million.

The table below sets forth the number of shares of our Series F redeemable convertible preferred stock purchased by our directors, officers, holders of more than 5% of our capital stock and their affiliated entities or immediate family members.

| <u>Name</u>                           | <u>Series F<br/>Redeemable<br/>Convertible<br/>Preferred<br/>Stock (#)</u> | <u>Aggregate Cash<br/>Purchase Price (\$)</u> |
|---------------------------------------|--|---|
| D1 Master Holdco I LLC <sup>(1)</sup> | 4,375,000  | \$ 70,000,000.00                              |

- (1) D1 Master Holdco I LLC (“D1”) became a beneficial owner of more than 5% of our outstanding capital stock upon the closing of the Series F redeemable convertible preferred stock financing. For additional information regarding D1 and its equity holdings, see “Principal Stockholders.”

### **Investors' Rights Agreement**

We are party to an amended and restated investors' rights agreement (the “IRA”) with certain holders of shares of our common stock issuable upon the conversion of our outstanding Series A, Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock and warrants to purchase shares of our redeemable convertible preferred stock (the “Registrable Securities”), including certain of our directors, holders of more than 5% of our capital stock and entities with which certain of our directors are affiliated.

Stockholders party to the IRA possess certain rights with respect to the registration of the Registrable Securities under the Securities Act. For a more detailed description of these registration rights, see “Description of Capital Stock—Registration Rights.” Pursuant to the IRA, the stockholders party to the IRA also possess preemptive rights to purchase a number of our securities up to their proportionate interest of any new securities that we may issue, subject to certain exceptions. These preemptive rights will terminate in connection with the completion of this offering and will not apply with respect to the shares of common stock issued in this offering.

### **Voting Agreement**

We are party to an amended and restated voting agreement (the “Voting Agreement”) with the holders of shares of our common stock and common stock issuable upon the conversion of our outstanding Series A, Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock, including certain of our directors, holders of more than 5% of our capital stock and entities with which certain of our directors are affiliated.

Pursuant to the Voting Agreement, each of General Atlantic and S3 has the right to designate two members to be elected to our board of directors, and each of CU Cooperative and Argonaut has the right to designate one member to be elected to our board of directors. The Voting Agreement will terminate by its terms in connection with the completion of this offering and none of our stockholders will have any continuing rights regarding the election or designation of members of our board of directors following this offering.

### **First Refusal and Co-Sale Agreement**

We are party to an amended and restated first refusal and co-sale agreement with certain holders of our common stock and redeemable convertible preferred stock, including certain of our directors and executive officers, holders of more than 5% of our capital stock and entities with which certain of our directors are affiliated. This agreement provides for rights of first refusal, rights of first offer and co-sale relating to our securities held by certain parties to the agreement. The amended and restated first refusal and co-sale agreement will terminate immediately prior to the completion of this offering.

### **Certain Transactions**

A sales executive is the brother-in-law of Stephen Bohanon, our Co-Founder and Chief Strategy and Sales Officer. The sales executive's total compensation for 2018, 2019 and 2020 was in excess of \$120,000 each year.

For the years ended December 31, 2019 and 2020, CU Cooperative, an investor who is also a vendor, was paid fees of \$4.4 million and \$4.4 million, which relates to services resold to Alkami clients. As of December 31, 2019 and 2020, accounts payable included amounts due to CU Cooperative of \$0.3 million and \$0.3 million. Mr. Todd Clark, who has served as President and Chief Executive Officer of CU Cooperative since 2016, is a member of our board of directors and was designated to serve as a member of our board of directors by CU Cooperative. CU Cooperative held 5% or more of our capital stock as of December 31, 2019.

### **Executive Officer and Director Compensation**

Please see “Executive and Director Compensation” for information regarding the compensation of our directors and executive officers, including the grant of options.

### **Employment Agreements**

We have entered into offer letter agreements with our executive officers that, among other things, provide for certain compensatory and change in control benefits, as well as severance benefits. For a description of these agreements with our named executive officers, see the section titled “Executive and Director Compensation—Executive Employment Agreements.”

### **Indemnification Agreements**

We have entered into indemnification agreements with our current directors, officers and certain other employees, and intend to enter into new indemnification agreements with each of our current directors, officers and certain other employees before the completion of this offering. Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that we will indemnify our directors and officers to the fullest extent permitted by applicable law. See the section titled “Management—Limitations on Liability and Indemnification Matters.”

### **Policies and Procedures for Related Party Transactions**

Our board of directors has approved a written related person transaction policy, setting forth the policies and procedures for the review and approval or ratification of related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, where the amount involved exceeds \$120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our audit committee is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction with an unrelated third party and the extent of the related person's interest in the transaction. All of the transactions described in this section occurred prior to the adoption of this policy.



## PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock, as of January 31, 2021, and as adjusted to reflect our sale of common stock in this offering, by:

- each person or group of affiliated persons known by us to beneficially own more than 5% of our common stock;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

The number of shares beneficially owned by each stockholder is determined under rules issued by the SEC. Under these rules, a person is deemed to be a “beneficial” owner of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. Except as indicated in the footnotes below, we believe, based on the information furnished to us, that the individuals and entities named in the table below have sole voting and investment power with respect to all shares of our common stock beneficially owned by them, subject to any applicable community property laws.

Percentage ownership of our common stock before this offering is based on 77,658,105 shares of our common stock outstanding as of January 31, 2021, after giving effect to the conversion of 72,225,916 shares of our redeemable convertible preferred stock into shares of our common stock immediately prior to the completion of this offering. Percentage ownership of our common stock after this offering gives additional effect to the sale of 6,000,000 shares of our common stock in this offering, and assumes no exercise of the underwriters’ option to purchase additional shares.

In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of our common stock subject to options, warrants or other rights held by such person that are currently exercisable or that will become exercisable within 60 days of January 31, 2021 are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person.

Unless noted otherwise, the address of all listed stockholders is 5601 Granite Parkway, Suite 120, Plano, Texas 75024.

| <u>Name of Beneficial Owners</u>                        | <u>Shares Beneficially Owned Prior to this Offering</u> | <u>% of Shares Beneficially Owned Prior to this Offering</u> | <u>% of Shares Beneficially Owned After this Offering</u> |
|---|---|--|---|
| <b>5% Holders:</b>                                      |   |  |   |
| Entities affiliated with General Atlantic (AL), L.P.(1) | 18,729,806  | 24.1%  | 22.5%   |
| S3 Ventures Fund III, L.P.(2)                           | 18,532,824  | 23.9%  | 22.3%   |
| Argonaut Private Equity II, LLC(3)                      | 12,608,061  | 16.2%  | 15.2%   |
| D1 Capital Partners L.P.(4)                             | 4,375,000   | 5.6%   | 5.3%  |
| <b>Executive Officers and Directors:</b>                |   |  |   |
| Stephen Bohanon(5)                                      | 1,184,193   | 1.5%   | 1.4%  |
| Michael Hansen(6)                                       | 1,567,706   | 2.0%   | 1.9%  |
| W. Bryan Hill(7)  | 1,000,000   | 1.3%   | 1.2%  |
| Douglas A. Linebarger(8)                                | 358,017   | *0%  | *0%   |
| Brian R. Smith(9)                                       | 19,477,323  | 25.1%  | 23.4%   |
| Todd Clark  | —   | *0%  | *0%   |
| Charles “Chuck” Kane(10)                                | 22,500  | *0%  | *0%   |
| Gene Lockhart   | —   | *0%  | *0%   |
| Steve Mitchell(11)                                      | 12,608,061  | 16.2%  | 15.2%   |
| Gary Nelson(12)   | 1,143,604   | 1.5%   | 1.4%  |
| Raph Osnoss(13)   | 18,729,806  | 24.1%  | 22.5%   |
| Merline Saintil(14)                                     | 38,800  | *0%  | *0%   |

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| Name of Beneficial Owners  | Shares Beneficially Owned Prior to this Offering | % of Shares Beneficially Owned Prior to this Offering | % of Shares Beneficially Owned After this Offering |
|--|--|---|--|
| Barbara Yastine <sup>(15)</sup>  | 38,800   | *0%   | *0%  |
| All directors and executive officers as a group (13 individuals) <sup>(16)</sup> | 56,168,810                                       | 70.0%   | 65.5%  |

\* Represents beneficial ownership of less than 1%.

- (1) Consists of (i) 275,018 shares of common stock issuable upon the conversion of the Series A redeemable convertible preferred stock, (ii) 10,933,777 shares of common stock issuable upon the conversion of the Series D redeemable convertible preferred stock and (iii) 7,521,011 shares of common stock issuable upon the conversion of the Series E redeemable convertible preferred stock, held directly by General Atlantic (AL), L.P., or GA AL. The limited partners that share beneficial ownership of the shares held by GA AL are the following General Atlantic investment funds (the "GA Funds"): General Atlantic Partners 100, L.P. ("GAP 100"), General Atlantic Partners (Bermuda) EU, L.P. ("GAP Bermuda EU"), General Atlantic Partners (Lux) SCSp ("GAP Lux"), GAP Coinvestments III, LLC ("GAPCO III"), GAP Coinvestments IV, LLC ("GAPCO IV"), GAP Coinvestments V, LLC ("GAPCO V") and GAP Coinvestments CDA, L.P. ("GAPCO CDA"). The general partner of GA AL is General Atlantic (SPV) GP, LLC ("GA SPV"). The general partner of GAP Lux is General Atlantic GenPar, (Lux) ScSp ("GA GenPar Lux") and the general partner of GA GenPar Lux is General Atlantic (Lux) S.à r.l. ("GA Lux"). The general partner of GAP Bermuda EU and the sole shareholder of GA Lux is General Atlantic GenPar (Bermuda), L.P. ("GenPar Bermuda"). GAP (Bermuda) Limited ("GAP (Bermuda) Limited") is the general partner of GenPar Bermuda. The general partner of GAP 100 is General Atlantic GenPar, L.P. ("GA GenPar") and the general partner of GA GenPar is General Atlantic LLC ("GA LLC"). GA LLC is the managing member of GAPCO III, GAPCO IV and GAPCO V, the general partner of GAPCO CDA and is the sole member of GA SPV. There are nine members of the Management Committee of GA LLC (the "GA Management Committee"). The members of the GA Management Committee are also the members of the management committee of GAP (Bermuda) Limited. GA LLC, GA GenPar, GAP (Bermuda) Limited, GenPar Bermuda, GA Lux, GA GenPar Lux, GA SPV and the GA Funds (collectively, the "GA Group") are a "group" within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934, as amended. The mailing address of the foregoing General Atlantic entities (other than GAP Bermuda EU, GAP Lux, GA GenPar Lux, GA Lux, GenPar Bermuda and GAP (Bermuda) Limited) is c/o General Atlantic Service Company, L.P., 55 East 52nd Street, 33rd Floor, New York, NY 10055. The mailing address of GAP Bermuda EU, GenPar Bermuda, and GAP (Bermuda) Limited is c/o Conyers Client Services Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The mailing address for GAP Lux, GA GenPar Lux and GA Lux is Luxembourg is 412F, Route d'Esch, L-2086 Luxembourg. Each of the members of the GA Management Committee disclaims beneficial ownership of the shares except to the extent that he has a pecuniary interest therein.
- (2) Consists of (i) 6,844,621 shares of common stock issuable upon the conversion of the Series A redeemable convertible preferred stock, (ii) 2,038,544 shares of common stock issuable upon the conversion of the Series B redeemable convertible preferred stock, (iii) 8,148,463 shares of common stock issuable upon the conversion of the Series C redeemable convertible preferred stock and (iv) 1,501,196 shares of common stock issuable upon the conversion of the Series E redeemable convertible preferred stock, held directly by S3 Ventures Fund III, L.P. ("S3 Fund III"). S3 Ventures GPLP III, L.P. ("S3 GPLP III") is the general partner of S3 Fund III. S3 Ventures III, L.L.C. ("S3 III LLC") is the General Partner of S3 GPLP III. Brian R. Smith (a member of our board of directors) is the Managing Director of S3 III LLC and may be deemed to have beneficial ownership of the shares held by S3 Fund III. Mr. Smith disclaims beneficial ownership of the shares held by S3 Fund III except to the extent of his pecuniary interest therein. The business address for each of S3 Fund III, S3 GPLP III, S3 III LLC and Brian R. Smith is 6300 Bridge Point Parkway, Building 1, Suite 405, Austin, TX 78730. An affiliate of Argonaut Private Equity II, LLC is

- the limited partner of S3 Fund III, and may be deemed to have beneficial ownership of the shares held by S3 Fund III.
- (3) Consists of (i) 81,126 shares of common stock issuable upon the conversion of the Series A redeemable convertible preferred stock, (ii) 1,875,000 shares of common stock issuable upon the conversion of the Series B redeemable convertible preferred stock, (iii) 9,131,172 shares of common stock issuable upon the conversion of the Series C redeemable convertible preferred stock and (iv) 1,520,763 shares of common stock issuable upon the conversion of the Series E redeemable convertible preferred stock, held directly by Argonaut Private Equity II, LLC ("APE II"). APE II is indirectly controlled by George B. Kaiser and Mr. Kaiser may be deemed to have beneficial ownership of the shares held by APE II. Steve Mitchell (a member of our board of directors) serves as an adviser to APE II and may be deemed to have beneficial ownership of the shares held by APE II. Mr. Mitchell disclaims beneficial ownership of all such shares except to the extent of his pecuniary interest therein. The business address of APE II is 6733 S. Yale Avenue, Tulsa, OK 74136. An affiliate of APE II is the limited partner of S3 Fund III, and may be deemed to have beneficial ownership of the shares held by S3 Fund III described in footnote (2), but such shares are not reported as being beneficially owned by Argonaut.
- (4) Consists of 4,375,000 shares of common stock issuable upon the conversion of the Series F redeemable convertible preferred stock, held directly by D1 Master Holdco I LLC. D1 Capital Partners L.P. is a registered investment adviser and serves as the investment manager of private investment vehicles and accounts, including D1 Capital Partners Master LP, the sole and managing member of D1 Master Holdco I LLC, and may be deemed to beneficially own the shares of common stock held by D1 Capital Partners Master LP and D1 Master Holdco I LLC. Daniel Sundheim indirectly controls D1 Capital Partners L.P. and may be deemed to beneficially own the shares of common stock held by D1 Capital Partners Master LP and D1 Master Holdco I LLC. The business address of each of D1 Capital Partners Master LP, D1 Master Holdco I LLC, D1 Capital Partners L.P. and Daniel Sundheim is 9 West 57th Street, 36th Floor, New York, New York 10019.
- (5) Consists of (i) 1,023,160 shares of common stock held of record by Mr. Bohanon, (ii) 49,995 shares of common stock held of record by Bohanon Consulting and (iii) 113,038 shares that may be acquired pursuant to the exercise of stock options within 60 days of January 31, 2021.
- (6) Consists of (i) 504,374 shares of common stock held directly by the MH Trust for which Mr. Hansen serves as a trustee, (ii) 504,373 shares of common stock held by the PH Trust, for which Mr. Hansen's spouse and daughter are co-trustees and (iii) 558,959 shares that may be acquired pursuant to the exercise of stock options within 60 days of January 31, 2021. Mr. Hansen disclaims beneficial ownership of the shares held by the PH Trust.
- (7) Consists of 1,000,000 shares that may be acquired pursuant to the exercise of stock options within 60 days of January 31, 2021.
- (8) Consists of (i) 65,000 shares of common stock held of record by Mr. Linebarger and (ii) 293,017 shares that may be acquired pursuant to the exercise of stock options within 60 days of January 31, 2021.
- (9) See footnote (2) above.
- (10) Consists of 22,500 shares that may be acquired pursuant to the exercise of stock options within 60 days of January 31, 2021.
- (11) See footnote (3) above.
- (12) Consists of (i) 123,885 shares of common stock, (ii) 349,407 shares of common stock issuable upon the conversion of the Series A redeemable convertible preferred stock, (iii) 62,500 shares of common stock issuable upon the conversion of the Series B redeemable convertible preferred stock and (iv) 607,812 shares that may be acquired pursuant to the exercise of stock options within 60 days of January 31, 2021.
- (13) Consists of the shares described in footnote (1) above. Mr. Osnoss disclaims beneficial ownership of all such shares except to the extent of his pecuniary interest therein.
- (14) Consists of 38,800 shares that may be acquired pursuant to the exercise of stock options within 60 days of January 31, 2021.

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- (15) Consists of 38,800 shares of common stock, of which 9,700 shares are or will be vested within 60 days of January 31, 2021 and of which 29,100 shares which will continue to be subject to a right of repurchase by us until vested.
- (16) Includes (i) 53,032,311 shares held by our current directors and executive officers, of which 9,700 shares are or will be vested within 60 days of January 31, 2021 and 29,100 shares which will continue to be subject to our right of repurchase until vested, and (ii) 2,632,126 shares subject to options exercisable within 60 days of January 31, 2021.

## DESCRIPTION OF CAPITAL STOCK

*The following description of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries. You should also refer to the amended and restated certificate of incorporation, the amended and restated bylaws and the fourth amended and restated investors' rights agreement, which are filed as exhibits to the registration statement of which this prospectus is a part.*

### General

Upon the completion of this offering and the filing of our amended and restated certificate of incorporation, our authorized capital stock will consist of 500,000,000 shares of common stock, par value \$0.001 per share, and 10,000,000 shares of preferred stock, par value \$0.001 per share.

### Common Stock

#### **Outstanding Shares**

As of December 31, 2020, we had 77,135,445 shares of common stock outstanding, held of record by 218 stockholders, assuming the conversion of all of our outstanding shares of redeemable convertible preferred stock into 72,225,916 shares of our common stock immediately prior to the completion of this offering. After giving effect to the issuance of 6,000,000 shares of our common stock in this offering, there will be 83,135,445 shares of our common stock outstanding upon the completion of this offering.

#### **Voting Rights**

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our stockholders do not have cumulative voting rights in the election of directors. Accordingly, holders of a majority of the voting shares are able to elect all of the directors. In addition, the affirmative vote of holders of 66 2/3% of the voting power of all of the then outstanding voting stock will be required to take certain actions, including amending certain provisions of our amended and restated certificate of incorporation, including the provisions relating to amending our amended and restated bylaws, the classified board and director liability.

#### **Dividends**

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of our common stock are entitled to receive ratably any dividends that our board of directors may declare out of funds legally available.

#### **Liquidation**

In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of preferred stock.

#### **Rights and Preferences**

Holders of our common stock have no preemptive, conversion or subscription rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences

and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

### Preferred Stock

Upon the completion of this offering, all of our currently outstanding shares of redeemable convertible preferred stock will convert into common stock and we will not have any preferred shares outstanding. Immediately prior to the completion of this offering, our certificate of incorporation will be amended and restated to delete all references to such shares of redeemable convertible preferred stock. Under the amended and restated certificate of incorporation, our board of directors will have the authority, without further action by the stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company that may otherwise benefit holders of our common stock and may adversely affect the market price of the common stock and the voting and other rights of the holders of common stock. We have no current plans to issue any shares of preferred stock.

### Stock Options

As of December 31, 2020, 11,603,131 shares of our common stock were issuable upon the exercise of outstanding stock options, at a weighted-average exercise price of \$2.14 per share. For additional information regarding terms of our equity incentive plans, see the section titled “Executive and Director Compensation—Equity Incentive Plans.”

### Warrants

The following table sets forth information about outstanding warrants to purchase shares of our stock as of December 31, 2020. Immediately prior to the completion of this offering, the warrants to purchase shares of our redeemable convertible preferred stock will convert into warrants to purchase shares of our common stock based on the applicable conversion ratio.

| Class of Stock Underlying | Issue Date        | Number of Shares of Redeemable Convertible Preferred Stock Exercisable Prior to this Offering | Number of Shares of Common Stock Underlying Warrants on As-Converted Basis | Exercise Price Per Share | Expiration Date   |
|---------------------------|-------------------|---|--|--------------------------|-------------------|
| Series A                  | December 10, 2012 | 40,000  | 40,000   | \$ 1.00                  | December 10, 2022 |
| Series B                  | July 2, 2014      | 46,875  | 46,875   | \$ 1.60                  | July 7, 2026      |
| Series B                  | September 9, 2014 | 15,000  | 15,000   | \$ 1.60                  | September 9, 2024 |
| Series C                  | July 21, 2017     | 81,121  | 81,121   | \$ 3.65                  | July 21, 2027     |
| Series E                  | June 28, 2019     | 29,412  | 29,412   | \$ 8.50                  | June 28, 2029     |

### Registration Rights

Upon the completion of this offering and subject to the lock-up agreements entered into in connection with this offering, market stand-off agreements and federal securities laws, certain holders

of shares of our common stock, including those shares of our common stock that will be issued upon the conversion of our redeemable convertible preferred stock in connection with this offering, and holders of warrants to purchase shares of our redeemable convertible preferred stock that will be converted into shares of our common stock in connection with this offering will initially be entitled to certain rights with respect to registration of such shares under the Securities Act. These shares are referred to as registrable securities. The holders of these registrable securities possess registration rights pursuant to the terms of the IRA and are described in additional detail below. The registration of shares of our common stock pursuant to the exercise of the registration rights described below would enable the holders to trade these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and commissions, of the shares registered pursuant to the demand, piggyback and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions and limitations, to limit the number of shares the holders may include. The demand, piggyback and Form S-3 registration rights described below will terminate, with respect to each stockholder, on the date, on or after the completion of this offering, on which (i) all registrable shares held by such stockholder may be sold without volume or manner of sale limitations under Rule 144 of the Securities Act during any three-month period and (ii) we are subject to the reporting requirements of the Exchange Act.

#### ***Demand Registration Rights***

Upon the completion of this offering, holders of up to 72,225,916 shares of our common stock issuable upon conversion of our outstanding redeemable convertible preferred stock will be entitled to certain demand registration rights. Beginning 180 days following the effectiveness of the registration statement of which this prospectus is a part, (i) General Atlantic and its affiliates, which hold shares of redeemable convertible preferred stock convertible into 18,729,806 shares of our common stock, may, on not more than one occasion, request that we register all or a portion of its registrable securities, subject to certain specified exceptions, and (ii) investors holding a majority of the registrable securities (excluding any registrable securities held by General Atlantic in the event that General Atlantic does not join the request) may, on not more than three occasions, request that we register all or a portion of their shares, subject to certain specified exceptions, so long as either (A) at least 20% of the then outstanding registrable securities (excluding, in the case of (ii), any registrable securities held by General Atlantic) shall be included in the registration or (B) the aggregate offering price to the public, net of underwriting discounts and commissions, would exceed \$20.0 million. If such holders (including General Atlantic) exercise their demand registration rights, then holders of 72,225,916 shares of our common stock issuable upon conversion of our outstanding redeemable convertible preferred stock will be entitled to register their shares, subject to specified conditions and limitations in the corresponding offering.

#### ***Piggyback Registration Rights***

In connection with this offering, holders of up to 72,225,916 shares of our common stock issuable upon conversion of our outstanding redeemable convertible preferred stock are entitled to their rights to notice of this offering and to include their shares of registrable securities in this offering. The requisite percentage of these stockholders are expected to waive all such stockholders' rights to notice of this offering and to include their shares of registrable securities in this offering. In the event that we propose to register any of our securities under the Securities Act in another offering, either for our own account or for the account of other security holders, the holders of registrable securities will be entitled to certain "piggyback" registration rights allowing them to include their shares in such registration, subject to specified conditions and limitations.



### **S-3 Registration Rights**

Upon the completion of this offering, the holders of up to 72,225,916 shares of our common stock issuable upon conversion of our outstanding redeemable convertible preferred stock will initially be entitled to certain Form S-3 registration rights. The holders of registrable securities may request that we register all or a portion of their shares on Form S-3 if we are qualified to file a registration statement on Form S-3, subject to specified exceptions. Such request for registration on Form S-3 must cover registrable securities with an aggregate price to the public, net of underwriting discounts and commissions, equal to or exceeding \$5.0 million. The right to have such shares registered on Form S-3 is further subject to other specified conditions and limitations.

### **Anti-Takeover Provisions of Delaware Law**

#### **Section 203 of the Delaware General Corporation Law**

We are subject to Section 203 of the DGCL, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines a “business combination” to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines an “interested stockholder” as an entity or person who, together with the person’s affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

### **Anti-Takeover Provisions of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws**

Our amended and restated certificate of incorporation and amended and restated bylaws, as they will be in effect immediately prior to the completion of this offering, will contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor. See “Risk Factors—Risks Related to This Offering and Ownership of Our Common Stock—Anti-takeover provisions contained in our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.” The amendment of any of these provisions, except for the provision making it possible for our board of directors to issue undesignated preferred stock, would require approval by the holders of at least 66 2/3% of the voting power of all of our then-outstanding stock.

### **Authorized but Unissued Shares**

The authorized but unissued shares of our common stock and our preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the Listing Rules. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

### **Classified Board of Directors**

Our amended and restated certificate of incorporation will provide that our board of directors will be divided into three classes, with the classes as nearly equal in number as possible and each class serving three-year staggered terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Because our stockholders do not have cumulative voting rights, our stockholders holding a majority of the shares of our common stock outstanding will be able to elect all of our directors. Subject to the rights of any series of preferred stock to elect directors, directors may only be removed for cause, which removal may be effected, subject to any limitation imposed by law, by the holders of at least 66 2/3% of the voting power of all of our then-outstanding shares of the capital stock entitled to vote generally at an election of directors. The authorized number of directors may only be changed by resolution of our board of directors. All vacancies on our board of directors, including newly created directorships, may, except as required by law, be filled by the affirmative vote of a majority vote of directors then in office, even if less than a quorum. See “Management.” These provisions may have the effect of deferring, delaying or discouraging hostile takeovers or changes in control of us or our management.

### **Stockholder Action; Special Meeting of Stockholders**

Our amended and restated certificate of incorporation will provide that our stockholders will not be able to take action by written consent for any matter and may only take action at annual or special meetings. As a result, a holder controlling a majority of our capital stock would not be able to amend

our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws, unless previously approved by our board of directors. Our amended and restated certificate of incorporation will further provide that special meetings of our stockholders may be called only by a majority of our board of directors, thus limiting the ability of a stockholder to call a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

#### ***Advance Notice Requirements for Stockholder Proposals and Director Nominations***

In addition, our amended and restated bylaws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of candidates for election to our board of directors. In order for any matter to be “properly brought” before a meeting, a stockholder will have to comply with advance notice and duration of ownership requirements and provide us with certain information. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors or by a qualified stockholder of record on the record date for the meeting who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder’s intention to bring such business before the meeting. These provisions could have the effect of delaying stockholder actions that are favored by the holders of a majority of our outstanding voting securities until the next stockholder meeting.

#### ***Choice of Forum***

Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that: (i) unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for: (A) any derivative action or proceeding brought on behalf of the Company, (B) any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former director, officer, other employee, agent or stockholder to the Company or our stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (C) any action asserting a claim against the Company or any of our current or former directors, officers, other employees, agents or stockholders arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (D) any action asserting a claim related to or involving the Company that is governed by the internal affairs doctrine; (ii) unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act and the rules and regulations promulgated thereunder; (iii) the exclusive forum provisions are intended to benefit and may be enforced by the Company, our officers and directors, the underwriters to any offering giving rise to such complaint and any other professional or entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering; (iv) any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Company will be deemed to have notice of and consented to these provisions; and (v) failure to enforce the foregoing provisions would cause us irreparable harm, and we will be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. Nothing in our amended and restated certificate of incorporation or amended and restated bylaws precludes stockholders that assert claims under the Exchange Act from bringing such claims in federal court to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law.

Although our amended and restated certificate of incorporation and amended and restated bylaws will contain the choice of forum provision described above, it is possible that a court could find that such a provision is inapplicable for a particular claim or action or that such provision is unenforceable.

### **Limitation on Liability and Indemnification**

Our amended and restated certificate of incorporation and amended and restated bylaws will limit our directors' and officers' liability to the fullest extent permitted under the DGCL. Specifically, our directors and officers will not be liable to us or our stockholders for monetary damages for any breach of fiduciary duty by a director or officer, except for liability:

- for any breach of the director's or officer's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under Section 174 of the DGCL; or
- for any transaction from which a director or officer derives an improper personal benefit.

If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of our directors and officers shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

The provision regarding indemnification of our directors, officers and certain other employees in our amended and restated certificate of incorporation will generally not limit liability under state or federal securities laws.

Delaware law and our amended and restated certificate of incorporation and amended and restated bylaws will provide that we will, in certain situations, indemnify any person made or threatened to be made a party to a proceeding by reason of that person's former or present official capacity with our company against judgments, penalties, fines, settlements and reasonable expenses, including reasonable attorney's fees. Any person is also entitled, subject to certain limitations, to payment or reimbursement of reasonable expenses in advance of the final disposition of the proceeding. In addition, we are party to certain indemnification agreements pursuant to which we have agreed to indemnify the employees who are party thereto.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage our stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against our directors, officers and certain other employees, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against our directors, officers and certain other employees pursuant to these indemnification provisions.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company, LLC. The transfer agent and registrar's address is 6201 15th Avenue, Brooklyn, New York 11219.

### **Listing**

We have applied to list our common stock for trading on The Nasdaq Global Select Market under the symbol "ALKT."

## SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and we cannot predict the effect, if any, that market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price of our common stock prevailing from time to time. Future sales of our common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares of our common stock will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

### Sale of Restricted Shares

Based on the number of shares of our common stock outstanding as of December 31, 2020, upon the closing of this offering and assuming (i) the conversion of all of our redeemable convertible preferred stock outstanding as of December 31, 2020 into 72,225,916 shares of our common stock immediately prior to the completion of this offering, (ii) no exercise of the underwriters' option to purchase additional shares of common stock and (iii) no exercise of outstanding options, we will have outstanding an aggregate of approximately 83,135,445 shares of common stock. Of these shares, all of the 6,000,000 shares of common stock to be sold in this offering by us will be freely tradable in the public market without restriction or further registration under the Securities Act, unless the shares are held by any of our "affiliates" as such term is defined in Rule 144 of the Securities Act, or Rule 144, or subject to lock-up or market stand-off agreements. All remaining shares of common stock held by existing stockholders immediately prior to the consummation of this offering will be "restricted securities," as such term is defined in Rule 144. These restricted securities were issued and sold by us in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under the Securities Act, including the exemptions provided by Rule 144 or Rule 701 of the Securities Act, or Rule 701, which rules are summarized below.

As a result of the lock-up and market stand-off agreements referred to below and the provisions of Rule 144 and Rule 701, based on the number of shares of our common stock outstanding (calculated as of December 31, 2020 on the basis of the assumptions described above), the shares of our common stock (excluding the shares sold in this offering) that will be available for sale in the public market are as follows:

| <u>Approximate Number of Shares</u>   | <u>First Date Available For Sale Into Public Market</u>  |
|---|--|
| Up to 2.3 million shares held by Company Employees (as defined under "Lock-Up and Market Stand-off Agreements" below) | On or after the commencement of the third trading day after we publicly announce earnings for the first completed quarterly period following the most recent period for which financial statements are included in this prospectus (the "First Earnings Release"), subject in some cases to limitations under Rule 144 and Rule 701.   |
| Up to 9.2 million additional shares held by holders other than Company Employees                                      | On or after the commencement of the third trading day after the date of the First Earnings Release; provided that the last reported closing price of our common stock on The Nasdaq Global Select Market is at least 25% greater than the initial public offering price per share set forth on the cover page of this prospectus for any 10 trading days out of any 15-consecutive full trading day period ending no earlier than the second trading day after the date of the First Earnings Release, subject in some |

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| <u>Approximate Number of Shares</u>                   | <u>First Date Available For Sale Into Public Market</u>  |
|---|--|
|   | cases to applicable holding period, volume, manner of sale and other limitations under Rule 144 and Rule 701.  |
| Up to 11.4 million additional shares                  | On or after the commencement of the third trading day after we publicly announce earnings for the second completed quarterly period following the most recent period for which financial statements are included in this prospectus, subject in some cases to applicable volume, manner of sale and other limitations under Rule 144 and Rule 701. |
| All remaining shares not previously eligible for sale | 181 days after the date of this prospectus, upon expiration of the lock-up and market stand-off agreements referred to below, subject in some cases to applicable volume, manner of sale and other limitations under Rule 144 and Rule 701.  |

We may issue shares of common stock from time to time as consideration for future acquisitions, investments or other corporate purposes. In the event that any such acquisition, investment or other transaction is significant, the number of shares of common stock that we may issue may in turn be significant. We may also grant registration rights covering those shares of common stock issued in connection with any such acquisition and investment.

In addition, the shares of common stock reserved for future issuance under our 2021 Plan will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements, the market stand-off agreements, a registration statement under the Securities Act or an exemption from registration, including Rule 144 and Rule 701.

### **Lock-Up and Market Stand-Off Agreements**

All of our directors, officers and the holders of over 90% of our capital stock have entered or will enter into lock-up agreements under which they agree, subject to certain exceptions, not to sell, transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock for a period of up to 180 days after the date of this prospectus, subject to the early release provisions described above and in the "Underwriting" section of this prospectus. Any two of Goldman Sachs & Co., LLC, J.P. Morgan Securities LLC and Barclays Capital Inc. may, in their sole discretion, permit our stockholders who are subject to these lock-up agreements and the market stand-off agreements described below to sell shares prior to their expiration, provided that if any party is granted an early release of a percentage of their shares, then the parties to our fourth amended and restated investors' rights agreement will be released with respect to the same percentage of shares held by such parties, subject to certain exceptions.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with certain security holders, including our fourth amended and restated investors' rights agreement and our standard form of option agreement, that contain market stand-off provisions or incorporate market stand-off provisions from our 2011 Plan imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities during the restricted period. We have agreed to enforce all such market stand-off restrictions on behalf of the underwriters and not to amend or waive any such market stand-off provisions during the restricted period without the prior consent of any two of Goldman Sachs & Co., LLC, J.P. Morgan Securities LLC and Barclays Capital Inc., provided that we may release shares from such restrictions to the extent such shares would be entitled to release under the form of lock-up agreement with the underwriters.

See "Underwriting" for a description of these agreements.

## **Rule 144**

In general, under Rule 144 as currently in effect, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares of our common stock proposed to be sold for at least six months is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares of our common stock proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares of our common stock without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares of our common stock on behalf of our affiliates are entitled to sell upon expiration of the lock-up and market stand-off agreements described above, within any three-month period, a number of shares of our common stock that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 831,354 shares of our common stock immediately after this offering assuming no exercise of the underwriters' option to purchase additional shares; and
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

Sales under Rule 144 by our affiliates or persons selling shares of our common stock on behalf of our affiliates are also subject to certain manner-of-sale provisions and notice requirements and to the availability of current public information about us.

## **Rule 701**

Rule 701 generally allows a stockholder who purchased shares of our capital stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701. Moreover, all Rule 701 shares are subject to lock-up agreements with the underwriters or market stand-off agreements with us as described above and in the section titled "Underwriting" and will not become eligible for sale until the expiration of those agreements.

## **Registration Rights**

The stockholders party to the IRA, who will hold 72,225,916 shares of our common stock upon the completion of this offering, are entitled to certain rights with respect to the registration of those shares under the Securities Act. For a description of these registration rights, see "Description of Capital Stock—Registration Rights." If these shares are registered, in most cases they will be freely tradable with restriction under the Securities Act, and a large number of shares may be sold into the public market.

## **Registration Statement on Form S-8**

We intend to file a registration statement on Form S-8 under the Securities Act promptly after the completion of this offering to register shares of our common stock subject to options, as well as



reserved for future issuance, under our equity compensation plans. The registration statement on Form S-8 is expected to become effective immediately upon filing, and shares of our common stock covered by the registration statement will then become eligible for sale in the public market, subject to the Rule 144 limitations applicable to affiliates, vesting restrictions and any applicable lock-up and market stand-off agreements.

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions and published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or the IRS, in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder’s particular circumstances, including the impact of the Medicare contribution tax on net investment income or the alternative minimum tax. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies and other financial institutions;
- brokers, dealers or traders in securities;
- “controlled foreign corporations,” “passive foreign investment companies” and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- tax-qualified retirement plans; and
- “qualified foreign pension funds” as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds.

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

**INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.**

### **Definition of a Non-U.S. Holder**

For purposes of this discussion, a “Non-U.S. Holder” is any beneficial owner of our common stock that is neither a “U.S. person” nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code) have the authority to control substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person for U.S. federal income tax purposes.

### **Distributions**

As described in the section titled “Dividend Policy,” following the payment of accumulated dividends to holders of our Series B redeemable convertible preferred stock, we do not currently intend to pay any cash dividends on our capital stock for the foreseeable future. However, if we do make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder’s adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under “—Sale or Other Taxable Disposition.”

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax

described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the rates applicable to United States persons. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

### **Sale or Other Taxable Disposition**

Subject to the discussion below regarding backup withholding, a Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest, or USRPI, by reason of our status as a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding such disposition or such Non-U.S. Holder's holding period.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the rates applicable to United States persons. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

A Non-U.S. Holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on gain realized upon the sale or other taxable disposition of our common stock, which may be offset by certain U.S.-source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition of our common stock by a Non-U.S. Holder will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

## **Information Reporting and Backup Withholding**

Payments of dividends on our common stock will not be subject to backup withholding, provided the Non-U.S. Holder certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any distributions on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting if the applicable withholding agent receives the certification described above or the Non-U.S. Holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker that does not have certain enumerated relationships with the United States generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

## **Additional Withholding Tax on Payments Made to Foreign Accounts**

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or FATCA) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (i) the foreign financial institution undertakes certain diligence and reporting obligations, (ii) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (i) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of our common stock on or after January 1, 2019, proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

## UNDERWRITING

The Company and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Barclays Capital Inc. are the representatives of the underwriters.

| Underwriters                    | Number of Shares |
|---------------------------------|------------------|
| Goldman Sachs & Co. LLC         |                  |
| J.P. Morgan Securities LLC      |                  |
| Barclays Capital Inc.           |                  |
| Citigroup Global Markets Inc.   |                  |
| William Blair & Company, L.L.C. |                  |
| JMP Securities LLC              |                  |
| KeyBanc Capital Markets Inc.    |                  |
| Needham & Company, LLC          |                  |
| Total                           | 6,000,000        |

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional 900,000 shares from the Company to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following tables show the per share and total underwriting discounts and commissions to be paid to the underwriters by the Company. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 900,000 additional shares.

### Paid by the Company

|           | <u>No Exercise</u> | <u>Full Exercise</u> |
|-----------|--------------------|----------------------|
| Per Share | \$                 | \$                   |
| Total     | \$                 | \$                   |

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$            per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The Company and its officers, directors and holders of over 90% of the Company's common stock have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of our common stock during the period from the date of this prospectus continuing through the date that is 180 days after the date of this prospectus, except with the prior written consent of any two of the representatives.

Notwithstanding the foregoing,

- (i) up to 25% of the shares of our common stock or securities convertible into or exchangeable for shares of our common stock held by our employees or individual consultants or our

former employees or individual consultants (but excluding any member of our management team, a “Company Employee”) may be sold beginning at the commencement of the third trading day after we publicly announce earnings for the first completed quarterly period following the most recent period for which financial statements are included in this prospectus (the “First Earnings Release”), and up to an additional 25% of the shares of our common stock or securities convertible into or exchangeable for shares of our common stock held by Company Employees may be sold beginning at the commencement of the third trading day after we publicly announce earnings for the second completed quarterly period following the most recent period for which financial statements are included in this prospectus (the “Second Earnings Release”); and

- (ii) up to 15% of the shares of our common stock or securities convertible into or exchangeable for shares of our common stock held by any holder that is not a Company Employee (calculated before giving effect to any sales of common stock by the holder to the underwriters in connection with this offering) may be sold beginning at the commencement of the third trading day after the date of the First Earnings Release; provided that the last reported closing price of our common stock on The Nasdaq Global Select Market is at least 25% greater than the initial public offering price per share set forth on the cover page of this prospectus for any 10 trading days out of any 15-consecutive full trading day period ending no earlier than the second trading day after the date of the First Earnings Release, and up to an additional 15% of the shares of our common stock or securities convertible into or exchangeable for shares of our common stock (calculated before giving effect to any sales of common stock by the holder to the underwriters in connection with this offering) held by any holder that is not a Company Employee may be sold beginning at the commencement of the third trading day after the date of the Second Earnings Release;

provided, that, at least two trading days before the release (if any) pursuant to clause (ii) by the underwriters of each director or “officer” of the Company (as defined in Rule 16a-1(f) under the Exchange Act) from the restrictions under the lock-up agreements, we must issue a press release announcing such release.

The lock-up and market stand-off restrictions described in the preceding paragraphs are subject to specified exceptions, including among other items:

- transfers of shares acquired in this offering or in open market transactions after this offering;
- transfers as a bona fide gift or gifts or for bona fide estate planning purposes, provided that the donee or donees thereof agree to be bound in writing by the lock-up agreement;
- transfers to any trust for the direct or indirect benefit of the transferor or the immediate family of the transferor, provided that the trustee of the trust agrees to be bound in writing by the lock-up agreement; and any such transfer does not involve a disposition for value;
- in connection with the exercise or settlement of options, restricted stock units, warrants or other rights to acquire shares of common stock or any security convertible into or exercisable for shares of common stock in accordance with their terms outstanding as of the date of this prospectus, provided that any such shares issued upon exercise or settlement of such option, restricted stock unit, warrant or other right shall be subject to the lock-up agreement;
- transfers to us in connection with the exercise or settlement of options, restricted stock units, warrants or other rights to acquire shares of common stock or any security convertible into or exercisable for shares of common stock in accordance with their terms (including the settlement of restricted stock units and including, in each case, by way of net exercise and/or to cover withholding tax obligations in connection with such exercise), provided that any such shares issued upon exercise or settlement of such option, restricted stock unit, warrant or other right shall be subject to the lock-up agreement;



- transfers by will or intestacy, provided that the legatee, heir or other transferee agrees to be bound in writing by the lock-up agreement;
- transfers to any immediate family member, provided that such family member agrees to be bound in writing by the lock-up agreement;
- transfers to a partnership, limited liability company or other entity of which the transferor and the immediate family members of the transferor are the legal and beneficial owners of all of the outstanding equity securities or similar interests, provided that such entity agrees to be bound in writing by the lock-up agreement;
- transfers pursuant to a court order or settlement agreement related to the distribution of assets in connection with the dissolution of a marriage or civil union;
- transfers to us pursuant to agreements under which we have the option to repurchase or a right of first refusal with respect to transfers of such shares upon termination of service;
- as part of a distribution, transfer or disposition without consideration by the transferor to its limited or general partners, members, stockholders or affiliates, provided that the transferee agrees to be bound in writing by the lock-up agreement;
- subject to certain limitations, pursuant to a bona fide third-party merger, consolidation, tender offer or other similar transaction involving a change of control of the Company that is approved by our board of directors and made to all holders of our capital stock;
- subject to certain limitations, if the transferor is a corporation, partnership, limited liability company, trust or other business entity, transfers as part of a distribution to the stockholders, partners, members or other equityholders of the transferor, or to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate of the transferor, or to any investment fund or other entity controlled or managed by the transferor or its affiliates, provided that the transferee agrees to be bound by the lock-up agreement, and such transfer does not involve a disposition for value; and
- subject to certain limitations, the establishment of a trading plan pursuant to Rule 10b5-1 of the Exchange Act.

In addition, any two of Goldman Sachs & Co., LLC, J.P. Morgan Securities LLC and Barclays Capital Inc. may, in their sole discretion, permit our stockholders who are subject to these lock-up agreements and the market stand-off agreements described below to sell shares prior to the expiration of the lock-up agreements, provided that certain parties are granted an early release of a percentage of their shares, then the parties to our fourth amended and restated investors' rights agreement will be released with respect to the same percentage of shares held by such parties, subject to certain exceptions.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with certain security holders, including our fourth amended and restated investors' rights agreement and our standard form of option agreement, that contain market stand-off provisions or incorporate market stand-off provisions from our 2011 Plan imposing restrictions on the ability of such securityholders to offer, sell or transfer our equity securities during the restricted period. We have agreed to enforce all such market stand-off restrictions on behalf of the underwriters and not to amend or waive any such market stand-off provisions during the restricted period without the prior consent of any two of Goldman Sachs & Co., LLC, J.P. Morgan Securities LLC and Barclays Capital Inc., provided that we may release shares from such restrictions to the extent such shares would be entitled to release under the form of lock-up agreement with the underwriters.

See "Shares Eligible for Future Sale" for a discussion of certain other transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price has been negotiated among the Company and the representatives of the underwriters. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be the Company's historical performance, estimates of the business potential and earnings prospects of the Company, an assessment of the Company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We have applied to list our common stock for trading on The Nasdaq Global Select Market under the symbol "ALKT."

In connection with the offering, the underwriters may purchase and sell shares of our common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the Company's stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on The Nasdaq Global Select Market, in the over-the-counter market or otherwise.

### **European Economic Area**

In relation to each Member State of the European Economic Area (each a "Relevant State"), no shares of our common stock have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares of our common stock which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that the shares of common stock may be offered to the public in that Relevant State at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the representatives or any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the shares of our common stock shall require us or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the shares of our common stock in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of our common stock, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

#### **United Kingdom**

No shares of our common stock have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares of our common stock which either (i) has been approved by the Financial Conduct Authority or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc (EU Exit) Regulations 2019/1234, except that the share of our common stock may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of representatives for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the share of our common stock shall require us or any representative to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the shares of our common stock in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of our common stock and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

#### **Canada**

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### **Hong Kong**

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

### **Singapore**

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Class of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest

(howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1) of the SFA—The shares shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (“FIEA”). The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

The Company estimates that their share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$5.2 million. The Company has agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to \$35,000.

The Company has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses. For example, an affiliate of one of the underwriters is a lender under our Credit Agreement.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and

other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the

issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

## **LEGAL MATTERS**

The validity of the shares of common stock offered hereby will be passed upon for us by Latham & Watkins LLP. Certain legal matters in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell LLP, Menlo Park, California.

## **EXPERTS**

The consolidated financial statements of the Company as of December 31, 2019 and 2020 and for the years ended December 31, 2019 and 2020 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in its report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The financial statements of ACH Alert, LLC included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Grant Thornton LLP, independent certified public accountants, upon the authority of such firm as experts in accounting and auditing.

## **WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the SEC a registration statement on Form S-1 under the Securities Act, with respect to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules to the registration statement. Please refer to the registration statement and exhibits for further information with respect to the common stock offered by this prospectus. Statements contained in this prospectus regarding the contents of any contract or other document are only summaries. With respect to any contract or document that is filed as an exhibit to the registration statement, you should refer to the exhibit for a copy of the contract or document, and each statement in this prospectus regarding that contract or document is qualified by reference to the exhibit. The SEC maintains a website that contains reports, proxy and information statements and other information regarding issuers, like us, that file documents electronically with the SEC. The address of that website is [www.sec.gov](http://www.sec.gov).

Upon completion of this offering, we will become subject to the information and reporting requirements of the Exchange Act, and, in accordance with this law, will be required to file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the website of the SEC referred to above. We also maintain a website at [www.alkami.com](http://www.alkami.com), at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information contained on, or that can be accessed through, these websites is not a part of this prospectus. We have included these website addresses in this prospectus solely as an inactive textual reference.



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ALKAMI TECHNOLOGY, INC.

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Alkami Technology, Inc.

### *Opinion on the Financial Statements*

We have audited the accompanying consolidated balance sheets of Alkami Technology, Inc. (the Company) as of December 31, 2019 and 2020, the related consolidated statements of operations, changes in redeemable convertible preferred stock and stockholders' equity (deficit) and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2020, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

### *Basis for Opinion*

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.

Dallas, Texas  
March 10, 2021,

except for the 4th and 5th paragraph of Note 17, as to which the date is

April 5, 2021

**ALKAMI TECHNOLOGY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share and per share data)

|  | <b>As of December 31,</b> |                   |
|--|---------------------------|-------------------|
|  | <b>2019</b>               | <b>2020</b>       |
| <b>Assets</b>  |                           |                   |
| Current Assets   |                           |                   |
| Cash and cash equivalents  | \$ 11,982                 | \$ 166,790        |
| Accounts receivable, net   | 9,807                     | 14,103            |
| Deferred implementation costs, current   | 3,794                     | 4,745             |
| Prepaid expenses and other current assets <sup>(1)</sup>   | 2,744                     | 7,598             |
| Total current assets   | <u>28,327</u>             | <u>193,236</u>    |
| Property and equipment, net  | 11,327                    | 10,461            |
| Deferred implementation costs, net of current portion  | 12,041                    | 14,858            |
| Intangibles, net   | 25                        | 8,266             |
| Goodwill   | —                         | 16,218            |
| Other assets   | 1,014                     | 6,127             |
| Total assets   | <u>\$ 52,734</u>          | <u>\$ 249,166</u> |
| <b>Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)</b>  |                           |                   |
| Current Liabilities  |                           |                   |
| Current portion of long-term debt  | \$ —                      | \$ 313            |
| Accounts payable <sup>(2)</sup>  | 354                       | 360               |
| Accrued liabilities  | 11,836                    | 13,099            |
| Capital lease obligations, current   | 11                        | —                 |
| Deferred rent and tenant allowance, current  | 445                       | 596               |
| Deferred revenues, current portion   | 5,799                     | 6,116             |
| Total current liabilities  | <u>18,445</u>             | <u>20,484</u>     |
| Long-term debt, net  | —                         | 24,566            |
| Warrant liability  | 325                       | 2,692             |
| Deferred revenues, net of current portion  | 13,530                    | 14,424            |
| Deferred rent and tenant allowance, net of current portion   | 5,791                     | 5,867             |
| Other non-current liabilities  | —                         | 1,393             |
| Total liabilities  | <u>38,091</u>             | <u>69,426</u>     |
| Commitments and Contingencies (Note 13)  |                           |                   |
| Redeemable Convertible Preferred Stock   |                           |                   |
| Redeemable convertible preferred stock, \$0.001 par, 72,799,602 shares authorized and 54,290,383 and 72,225,916 shares issued and outstanding as of December 31, 2019 and 2020, respectively | 210,033                   | 443,263           |
| Stockholders' Equity (Deficit)   |                           |                   |
| Common stock, \$0.001 par, 101,671,156 shares authorized and 4,537,955 and 4,909,529 shares issued and outstanding as of December 31, 2019 and 2020, respectively                            | 5                         | 5                 |
| Additional paid in capital   | 335                       | —                 |
| Accumulated deficit  | (195,730)                 | (263,528)         |
| Total stockholders' equity (deficit)   | <u>(195,390)</u>          | <u>(263,523)</u>  |
| Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)   | <u>\$ 52,734</u>          | <u>\$ 249,166</u> |

The above financial statements should be read in conjunction with the Notes to Consolidated Financial Statements.

- (1) For December 31, 2020, prepaid expenses and other current assets includes \$1.4 million of related party balances. See Note 14.  
(2) Includes related party accounts payable of \$0.3 million and \$0.3 million for December 31, 2019 and 2020, respectively. See Note 14.

**ALKAMI TECHNOLOGY, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except share and per share data)

|  | <b>Year Ended December 31,</b> |             |
|--|--------------------------------|-------------|
|  | <b>2019</b>                    | <b>2020</b> |
| Revenues   | \$ 73,541                      | \$ 112,142  |
| Cost of revenues(1)  | 43,106                         | 52,986      |
| Gross profit   | 30,435                         | 59,156      |
| Operating Expenses   |                                |             |
| Research and development   | 32,722                         | 40,209      |
| Sales and marketing  | 15,328                         | 16,774      |
| General and administrative(2)  | 24,920                         | 37,276      |
| Total operating expenses   | 72,970                         | 94,259      |
| Loss from operations   | (42,535)                       | (35,103)    |
| Non-operating income (expense)   |                                |             |
| Interest income  | 267                            | 55          |
| Interest expense   | (110)                          | (489)       |
| Gain (loss) on financial instruments   | 509                            | (15,818)    |
| Loss before income tax expense   | (41,869)                       | (51,355)    |
| Provision for income taxes   | —                              | —           |
| Net loss   | (41,869)                       | (51,355)    |
| Less: cumulative dividends and adjustments to redeemable convertible preferred stock | (1,212)                        | (5,290)     |
| Net loss attributable to common stockholders   | \$ (43,081)                    | \$ (56,645) |
| Net loss per share attributable to common stockholders:                              |                                |             |
| Basic and diluted  | \$ (9.91)                      | \$ (11.78)  |
| Weighted average number of common shares outstanding:                                |                                |             |
| Basic and diluted  | 4,346,900                      | 4,809,533   |

The above financial statements should be read in conjunction with the Notes to Consolidated Financial Statements.

- (1) Includes fees paid to a significant investor of \$4.4 million and \$4.4 million for the years ended December 31, 2019 and 2020, respectively. See Note 14.
- (2) Includes fees paid to a related party of less than \$0.1 million for the year ended December 31, 2020. See Note 14.

**ALKAMI TECHNOLOGY, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND**  
**STOCKHOLDERS' EQUITY (DEFICIT)**  
(In thousands, except share data)

|  | Redeemable Convertible Preferred Stock |           | Common Stock |        | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
|--|--|-----------|--------------|--------|----------------------------|---------------------|--------------------------------------|
|  | Shares                                 | Amount    | Shares       | Amount |                            |                     |                                      |
| Balance January 1, 2019  | 50,739,549                             | \$178,813 | 4,180,280    | \$ 4   | \$ —                       | \$ (153,861)        | \$ (153,857)                         |
| Issuance of redeemable convertible preferred stock, net of issuance costs      | 3,540,834                              | 29,992    | —            | —      | —                          | —                   | —                                    |
| Stock-based compensation   | —                                      | —         | —            | —      | 1,250                      | —                   | 1,250                                |
| Proceeds from warrants exercised   | 10,000                                 | 16        | —            | —      | —                          | —                   | —                                    |
| Exercised stock options  | —                                      | —         | 357,675      | 1      | 297                        | —                   | 298                                  |
| Cumulative dividends and adjustments to redeemable convertible preferred stock | —                                      | 1,212     | —            | —      | (1,212)                    | —                   | (1,212)                              |
| Net loss   | —                                      | —         | —            | —      | —                          | (41,869)            | (41,869)                             |
| Balance December 31, 2019  | 54,290,383                             | 210,033   | 4,537,955    | 5      | 335                        | (195,730)           | (195,390)                            |
| Issuance of redeemable convertible preferred stock, net of issuance costs      | 17,935,533                             | 227,940   | —            | —      | —                          | —                   | —                                    |
| Stock-based compensation   | —                                      | —         | —            | —      | 1,954                      | —                   | 1,954                                |
| Preferred Series E Tranche Liability   | —                                      | —         | —            | —      | (892)                      | —                   | (892)                                |
| Exercised stock options  | —                                      | —         | 1,706,780    | 2      | 1,984                      | —                   | 1,986                                |
| Cumulative dividends and adjustments to redeemable convertible preferred stock | —                                      | 5,290     | —            | —      | (3,381)                    | (1,909)             | (5,290)                              |
| Repurchase of common stock in tender offer                                     | —                                      | —         | (1,099,373)  | (2)    | —                          | (11,327)            | (11,329)                             |
| Repurchase of common stock   | —                                      | —         | (235,833)    | —      | —                          | (3,207)             | (3,207)                              |
| Net loss   | —                                      | —         | —            | —      | —                          | (51,355)            | (51,355)                             |
| Balance December 31, 2020  | 72,225,916                             | \$443,263 | 4,909,529    | \$ 5   | \$ —                       | \$ (263,528)        | \$ (263,523)                         |

The above financial statements should be read in conjunction with the Notes to Consolidated Financial Statements.

**ALKAMI TECHNOLOGY, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

|   | Year Ended<br>December 31, |                  |
|---|----------------------------|------------------|
|   | 2019                       | 2020             |
| Cash Flows from Operating Activities  |                            |                  |
| Net loss  | \$(41,869)                 | \$ (51,355)      |
| Adjustments to reconcile net loss to net cash used in operating activities: |                            |                  |
| Depreciation and amortization expense                                       | 2,226                      | 2,775            |
| Stock-based compensation expense  | 1,250                      | 1,954            |
| Amortization of debt issuance costs   | 43                         | 61               |
| (Gain) loss on financial instruments  | (509)                      | 15,818           |
| Change in operating assets and liabilities:                                 |                            |                  |
| Accounts receivable   | (2,958)                    | (3,381)          |
| Prepaid expenses and other current assets                                   | (1,130)                    | (4,239)          |
| Accounts payable and accrued liabilities                                    | 4,003                      | 3,069            |
| Deferred implementation costs   | (3,773)                    | (3,768)          |
| Deferred rent and tenant allowances   | 2,001                      | 226              |
| Deferred revenues   | 1,631                      | 695              |
| Net cash used in operating activities                                       | (39,085)                   | (38,145)         |
| Cash Flows from Investing Activities  |                            |                  |
| Purchases of property and equipment   | (3,689)                    | (2,147)          |
| Acquisition of business   | —                          | (25,073)         |
| Net cash used in investing activities                                       | (3,689)                    | (27,220)         |
| Cash Flows from Financing Activities  |                            |                  |
| Proceeds from issuance of long-term debt                                    | —                          | 25,000           |
| Borrowings on line of credit  | —                          | 13,000           |
| Payments on line of credit  | —                          | (13,000)         |
| Proceeds from stock option exercises  | 298                        | 1,986            |
| Proceeds from exercise of Series B warrants                                 | 16                         | —                |
| Proceeds on sales of preferred stock, net of issuance costs                 | 29,992                     | 213,896          |
| Deferred IPO issuance costs paid  | —                          | (1,154)          |
| Debt issuance costs paid  | (80)                       | (135)            |
| Payments on capital lease obligations                                       | (32)                       | (11)             |
| Repurchase of common stock  | —                          | (3,207)          |
| Repurchase of common stock in tender offer                                  | —                          | (11,329)         |
| Net cash provided by financing activities                                   | 30,194                     | 225,046          |
| Net (decrease) increase in cash and cash equivalents                        | (12,580)                   | 159,681          |
| Cash and cash equivalents and restricted cash, beginning of year            | 24,562                     | 11,982           |
| Cash and cash equivalents and restricted cash, end of year                  | <u>\$ 11,982</u>           | <u>\$171,663</u> |
| Supplemental disclosure of cash flow information                            |                            |                  |
| Cash paid for interest  | <u>\$ 60</u>               | <u>\$ 352</u>    |
| Cash paid for taxes   | <u>\$ 83</u>               | <u>\$ 67</u>     |
| Supplemental disclosure of noncash investing and financing activities       |                            |                  |
| Accrued property additions  | <u>\$ 467</u>              | <u>\$ —</u>      |
| Deferred IPO offering costs not yet paid                                    | <u>\$ —</u>                | <u>\$ 419</u>    |

The above financial statements should be read in conjunction with the Notes to Consolidated Financial Statements.

**ALKAMI TECHNOLOGY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(In thousands unless stated otherwise, except per share data)**

**Note 1. Organization**

**Description of Business**

Alkami Technology, Inc. (the “Company”) is a cloud-based digital banking platform. The Company inspires and empowers community, regional and super-regional financial institutions (“FIs”) to compete with large, technologically advanced and well-resourced banks in the United States. The Company’s solution, the Alkami Platform, allows FIs to onboard and engage new users, accelerate revenues and meaningfully improve operational efficiency, all with the support of a proprietary, true cloud based, multi-tenant architecture. The Company cultivates deep relationships with its clients through long-term, subscription based contractual arrangements, aligning its growth with its clients’ success and generating an attractive unit economic model. The Company was incorporated in Delaware in August 2011, and its principal offices are located in Plano, Texas.

**Note 2. Summary of Significant Accounting Policies**

The accompanying financial statements reflect the application of significant accounting policies as described below.

**Basis of Presentation and Consolidation**

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”) set by the Financial Accounting Standards Board (“FASB”). References to US GAAP issued by the FASB in these notes are to the FASB Accounting Standards Codification (“ASC”). The consolidated financial statements include accounts of the Company’s wholly-owned subsidiary. All intercompany accounts and transactions are eliminated.

The Company has no sources of other comprehensive income and accordingly, net loss presented is the same as comprehensive loss.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates and assumptions include determining the timing and amount of revenue recognition, recoverability and amortization period related to costs to obtain and fulfill contracts, valuation of the Company’s stock and stock based compensation, fair value of assets and liabilities in a business combination, and tranche rights and warrants.

**Operating Segments**

The Company operates as one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker, which is the Company’s chief executive officer, in deciding how to make operating decisions, allocate resources and assess performance. The Company’s chief operating decision maker allocates resources and assesses performance at the consolidated level.



### Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash, restricted cash and cash equivalents, accounts receivable, accounts payable, long-term debt and stock warrants and tranche rights. The carrying values of cash, restricted cash and cash equivalents, accounts receivable, and accounts payable approximate their respective fair values due to the short-term nature of these instruments. The carrying value of long-term debt approximates its fair value due to the variable interest rate. Cash equivalents include amounts held in money market accounts that are measured at fair value using observable market prices. Warrant liabilities are valued using the Black-Scholes option pricing method and are presented at estimated fair value at the end of the reporting period. The assumptions used in preparing the Black-Scholes option pricing calculation include weighted average grant date fair value, volatility, risk-free interest rate, dividends, weighted average expected life in years and estimated forfeiture. Tranche right fair values are estimated each period end using a hybrid, option pricing method within a risk-neutral framework. The assumptions used in preparing the hybrid, option pricing method include weighted average grant date fair value, volatility, risk-free interest rate, dividends, weighted average expected life in years and estimated forfeiture. The tranche rights were settled during the year ended December 31, 2020. Changes in the fair value of warrant and tranche rights are recognized as a gain or loss within net income.

The Company uses a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

**Level 1.** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2.** Significant other inputs that are directly or indirectly observable in the marketplace.

**Level 3.** Significant unobservable inputs which are supported by little or no market activity.

The Company evaluates its financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level in which to classify them for each reporting period. The following table summarizes the Company's financial assets measured at fair value as of December 31, 2019 and 2020 and indicates the fair value hierarchy of the valuation:

|                       | <u>December 31, 2019</u> | Fair Value at Reporting Date Using |                |                |
|-----------------------|--------------------------|------------------------------------|----------------|----------------|
| (in thousands)        |                          | <u>Level 1</u>                     | <u>Level 2</u> | <u>Level 3</u> |
| Assets:               |                          |                                    |                |                |
| Money Market Accounts | \$ 11,008                | \$11,008                           | \$ —           | \$ —           |
| Tranche rights        | 297                      | —                                  | —              | 297            |
| Total Assets          | <u>\$ 11,305</u>         | <u>\$11,008</u>                    | <u>\$ —</u>    | <u>\$ 297</u>  |
| Liabilities:          |                          |                                    |                |                |
| Warrant Liabilities   | \$ 325                   | \$ —                               | \$ —           | \$ 325         |
| Total Liabilities     | \$ 325                   | \$ —                               | \$ —           | \$ 325         |

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|                       | <u>December 31, 2020</u> | <u>Fair Value at Reporting Date Using</u> |                |                 |
|-----------------------|--------------------------|---|----------------|-----------------|
| (In thousands)        |                          | <u>Level 1</u>                            | <u>Level 2</u> | <u>Level 3</u>  |
| Assets:               |                          |   |                |                 |
| Money Market Accounts | \$ 143,277               | \$143,277                                 | \$ —           | \$ —            |
| Total Assets          | <u>\$ 143,277</u>        | <u>\$143,277</u>                          | <u>\$ —</u>    | <u>\$ —</u>     |
| Liabilities:          |                          |   |                |                 |
| Warrant Liabilities   | \$ 2,692                 | \$ —                                      | \$ —           | \$ 2,692        |
| Total Liabilities     | <u>\$ 2,692</u>          | <u>\$ —</u>                               | <u>\$ —</u>    | <u>\$ 2,692</u> |

The reconciliations of the beginning and ending balances during the year ended December 31, 2020 for Level 3 assets and liabilities are as follows (in thousands):

| Asset and liability categories | Beginning Level 3<br>Fair Value at<br>January 1, 2020 | Fair value<br>adjustment | Realized<br>(losses)<br>on<br>settlement | Ending Level 3<br>Fair<br>Value at<br>December 31, 2020 |
|--------------------------------|---|--------------------------|--|---|
| Tranche rights(1)              | \$ 297  | \$ —                     | \$ (297)                                 | \$ —  |
| Warrant liabilities            | \$ 325  | \$ 2,367                 | \$ —                                     | \$ 2,692  |

(1) Excludes \$13.2 million of net realized losses, which were entered into and settled during the year ended December 31, 2020. See Note 9 for further information.

The Level 3 assets and liabilities activity during 2019 was insignificant.

### Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2019 and 2020, \$11.0 million and \$143.3 million, respectively, were held in a cash equivalent money market account. The Company maintains its cash and cash equivalent balances at primarily two financial institutions.

### Restricted Cash

The Company defines restricted cash as cash that is legally restricted as to withdrawal or usage. The amount included in restricted cash on the consolidated balance sheets at December 31, 2020 represents the additional cash proceeds in deposit with an escrow agent related to the acquisition of ACH Alert. See Note 3 for further information. There was no restricted cash at December 31, 2019.

|   | At December 31, |                   |
|---|-----------------|-------------------|
|   | 2019            | 2020              |
| Cash and cash equivalents   | \$11,982        | \$ 166,790        |
| Restricted cash included in other assets  | —               | 4,873             |
| <b>Total cash, cash equivalents, and restricted cash shown in the statement of cash flows</b> | <b>\$11,982</b> | <b>\$ 171,663</b> |

### Accounts Receivable

Accounts receivable represents the trade receivables billed to clients and includes unbilled amounts earned and recognized as revenues prior to period end. The accounts receivable allowance reflects a reserve that reduces the Company's client accounts receivable to the net amount estimated to be collectible. The valuation of accounts receivable is based upon the credit-worthiness of clients, historical collection experience, and current events. At December 31, 2019 and 2020 accounts

receivable is presented net of an allowance for doubtful accounts of less than \$0.1 million and \$0.3 million, respectively. Management also analyzes historical trends of credits issued to clients and specific invoices to estimate an allowance for disputed invoices and billing errors. Accounts receivable are presented net of a reserve for estimated credits of \$0.5 million and \$0.2 million as of December 31, 2019 and 2020, respectively.

The Company had no material activity or balance related to allowance for doubtful accounts for the year ended December 31, 2019. The Company charged \$0.3 million to bad debt expense for a total allowance for doubtful accounts balance of \$0.3 million as of December 31, 2020.

### ***Property and Equipment***

Property and equipment are stated at cost, less accumulated depreciation and amortization, using the straight-line method based on estimated useful lives of the related assets. Leasehold improvements are stated at cost, less accumulated depreciation and amortization, using the straight-line method over the shorter of the lease term or the estimated useful lives of the related assets. Repairs and maintenance are charged to expense as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in the consolidated statements of operations.

### ***Impairment of Long-Lived Assets***

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Impairment would be recognized if the estimated undiscounted future cash flows were less than the carrying value of the related assets, therefore the carrying amount of such assets would be reduced to fair value. There were no impairment charges for the years ended December 31, 2019 and 2020.

### ***Contract Balances***

Client contracts under which revenues have been recognized while the Company is not yet able to invoice results in contract assets. Generally, contract assets arise as a result of reallocating revenues when discounts are more heavily weighted in the early years of a multi-year contract or the client contract has substantive minimum fees that escalate over the term of the contract. Contract assets totaled \$0.5 million and \$0.8 million as of December 31, 2019 and 2020, respectively, which are included in other current assets and other assets in the accompanying consolidated balance sheets.

Contract liabilities are comprised of billings or payments received from the Company's clients in advance of performance under the contract and are represented in deferred revenues in the consolidated balance sheets.

### ***Deferred costs to obtain client contracts***

The Company capitalizes certain incremental costs of obtaining a client contract if the costs are deemed recoverable. Costs include commissions and bonuses earned by sales teams and leaders due to the execution of client contracts along with associated employer taxes. Capitalized amounts do not include commissions which are contingent on continued employment over a substantive service period. Contingent commissions are accrued as liabilities and expensed over the requisite employment service period. Deferred commissions are amortized over the benefit period of the client contract, which is typically between five and seven years. Determining the expected benefit period over which to amortize deferred commissions requires significant judgment. The Company determines the expected benefit period based upon initial contract lengths, expected renewals and the expected benefit of the underlying technology.

### ***Deferred implementation costs***

The Company capitalizes certain costs to fulfill client contracts such as employee salaries, benefits, stock-based compensation and associated payroll taxes that are directly related to the implementation of its solutions and some third-party costs, such as third-party licenses and maintenance. The Company only capitalizes implementation costs that it anticipates will be recoverable under the contract. The Company begins amortizing deferred implementation costs ratably over the expected period of client benefit once access to the software-as-a-service ("SaaS") solution is transferred to the client. Deferred implementation costs are amortized over the benefit period of the client contract, which is typically between five and seven years. The Company determines the period of benefit by considering factors such as the length of the initial SaaS contract, the likelihood of renewal and the estimated useful life of the underlying technology.

### ***Revenue Recognition***

The Company derives primarily all of its revenues from SaaS subscription services charged for the use of its digital banking solutions. Revenues are recognized net of the most likely amount of sales credits and allowances and presented net of sales and usage-based taxes collected from clients on behalf of governmental authorities. SaaS subscription services are generally recognized as revenue over the term of the contract as a series of distinct SaaS services bundled into a single performance obligation. Clients are typically charged a one-time, upfront implementation fee and recurring annual and monthly access fees for the use of the Company's digital banking solution. Implementation and integration of the digital banking platform is complex, and the Company has determined that the one-time, upfront services are not distinct. In determining whether implementation services are distinct from subscription services, the Company considered various factors including the significant level of integration, interdependency, and interrelation between the implementation and subscription service, as well as the inability of the clients' personnel or other service providers to perform significant portions of the services. As a result, the Company defers any arrangement fees for implementation services and recognizes such amounts over time on a ratable basis as one performance obligation with the underlying subscription revenue commencing when the client goes live on the platform, which corresponds with the date the client obtains access to the Company's digital banking solution and begins to benefit from the service.

The Company's performance obligation for the SaaS series of services includes standing ready over the term of the contract to provide access to all of the clients' users and process any transactions initiated by those users. The Company invoices clients each month for the contracted minimum number of registered users with an additional amount for users in excess of those minimums. The Company recognizes variable consideration related to registered user counts in excess of the contractual minimum amounts each month. SaaS subscription revenues also includes annual and monthly charges for maintenance and support services which are recognized over the subscription term. As mentioned above, SaaS contracts include a single performance obligation that consists of a series of distinct SaaS services transferred over time that are substantially the same each month. Standalone selling prices ("SSP") is not required to allocate revenue amongst the distinct services within the series. The Company uses an analysis of pricing and discounting objectives, expected volume of users above contracted minimums and transactions, and client characteristics to ensure the revenue standards' allocation objectives have been met. In limited circumstances when a contract calls for certain discounting to be triggered by volumes above contracted minimums, the Company is required to estimate these volumes in order to calculate revenue recognition in line with the standard's allocation objectives.

As a part of its SaaS subscription services, the Company provides certain services within the SaaS platform using third-party applications. Contracts include monthly fees based on a minimum

number of transactions and additional fees for transactions in excess of those minimums. Generally, minimum transaction fees are recognized on a straight-lined basis over the contract term. Variable consideration earned for transactions in excess of contractual minimums is recognized as revenue in the month the actual transactions are processed. For those services that are processed by third-party applications, management evaluates whether the Company is acting as a principal or an agent based upon the transfer of control of the services to the customer. The Company first obtains control of the inputs to the specific application and directs their use to create the combined output. The Company's control is evidenced by its involvement in the integration of the application on its platform before it is transferred to the client and is further supported by the Company being primarily responsible to the clients and having discretion in establishing pricing. After evaluating each of the applications used to provide SaaS services, the Company has determined that it is acting as the principal in these transactions. Accordingly, the Company records the revenue on a gross basis and the related expenses are recorded as a component of cost of revenues.

During the term of the contract, clients may purchase additional professional services to modify or enhance their licensed SaaS solutions. These services are distinct performance obligations recognized when control of the enhancement is transferred to the client.

### ***Cost of Revenues***

The Company's cost of revenues is comprised primarily of salaries and other personnel-related costs, including employee benefits, bonuses, stock-based compensation, travel and related costs for employees supporting SaaS subscription, implementation and other services. This includes the costs of the implementation, client support and client success teams, development personnel responsible for maintaining and releasing updates to the platform, as well as, third-party cloud-based hosting services. Cost of revenues also includes the direct costs of bill-pay and other third-party intellectual property included in the Company's solutions, the amortization of deferred implementation costs and acquired technology and depreciation.

### ***Stock-Based Compensation***

Stock options are accounted for using the grant date fair value method. Under this method, stock-based compensation expense is measured by the estimated fair value of the granted stock options at the date of grant using the Black-Scholes option pricing model and recognized over the vesting period with a corresponding increase to additional paid-in capital.

Determining the fair value of stock-based awards at the grant date requires significant judgement. The determination of the grant date fair value of stock-based awards using the Black-Scholes option-pricing model is affected by the Company's estimated common stock fair value as well as other subjective assumptions including the volatility, risk-free interest rate, dividends, weighted average expected life and estimated forfeiture rate. The assumptions used in the Company's option-pricing model represent management's best estimates. These assumptions and estimates are as follows:

*Fair Value of Common Stock.* Given the absence of an active market for the Company's shares of common stock prior to its initial public offering, the fair value of the shares of common stock underlying the Company's stock options was determined by the Company's board of directors (the "Board").

The Board intends all options to be exercisable at the fair value of its shares of common stock on the grant date. Such estimates will not be necessary once the underlying shares begin trading. The

assumptions used in the valuation models were based on future expectations and management judgment. The Company used three methods to determine fair value of its aggregate equity as follows:

- *Discounted Cash Flow Method:* the value of the business is estimated on the basis of forecasted cash flows, discounted to present value using an appropriate risk-adjusted discount rate.
- *Guideline Public Company Method:* the value of the business is estimated through the application of multiples observed for public companies engaged in businesses and/or industries that are considered comparable to the Company.
- *Recent Transactions Method:* the value of the business is estimated through the application of multiples observed for M&A transactions involving target companies engaged in businesses and/or industries that are considered comparable to the Company.

To allocate the aggregate equity value of the Company to the various equity interests present, the Company has historically (until September 2020) utilized the Option Pricing Method ("OPM"). The OPM values each equity class by creating a series of call options on the equity value, with exercise prices based on the liquidation preferences and conversion terms. Beginning in September 2020, the Company began applying the hybrid method, which combines elements of the OPM and the probability-weighted expected return method ("PWERM") to determine the value of its shares of common stock. The Company made this change as greater clarity developed regarding a possible initial public offering or other liquidity event. Under the PWERM, the value of the Company's shares of common stock is estimated based on the analysis of future values for the enterprise assuming various possible future events, such as an initial public offering. The future value was discounted to its present value using an appropriate risk-adjusted rate based on the Company's stage of development. Additionally, the Company applied a discount for lack of marketability. The allocation to each share class is based upon the Black-Scholes options pricing model. Under the hybrid method, the per share values calculated under each exit scenario are probability-weighted to determine the fair value of its shares of common stock.

*Volatility.* As the Company does not have trading history for its common stock, the selected volatility used is representative of expected future volatility. The Company bases expected future volatility on the historical and implied volatility of comparable publicly traded companies over a similar expected term.

*Risk-Free Interest Rate.* The Company bases the risk-free interest rate on the rate for a U.S. Treasury zero-coupon issue with a term that closely approximates the expected life of the option grant at the date nearest the option grant date.

*Dividends.* The Company has never declared or paid any cash dividends and does not presently intend to pay cash dividends in the foreseeable future, other than the aggregate accumulated dividends payable to holders of the Company's Series B redeemable convertible preferred stock. As a result, the Company used a dividends assumption of zero.

*Weighted Average Expected Life in Years.* The expected term of employee stock options reflects the period for which the Company believes the option will remain outstanding. To determine the expected term, the Company applies the simplified approach in which the expected term of an award is presumed to be the mid-point between the vesting date and the expiration date of the award.

*Estimated Forfeiture Rate.* The Company's forfeiture rate is based on an analysis of its actual forfeitures. The Company will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover and other factors.

### ***Basic and Diluted Loss per Common Share***

Basic loss per share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period.

Diluted loss per share is calculated by giving effect to all potentially dilutive common stock, which is comprised of redeemable convertible preferred stock, stock options, and warrants, when determining the weighted-average number of common shares outstanding.

### ***Redeemable Convertible Preferred Stock Warrants***

The Company's warrants issued in connection with financing and other arrangements are classified as liabilities. The warrants issued by the Company do not require net cash settlement, however, as the warrants are for the purchase of conditionally redeemable convertible preferred stock, which could require the Company to transfer assets to the holder upon redemption, the Company has recorded the warrants as liabilities on the accompanying consolidated balance sheets. The fair value of these warrants is recorded on the consolidated balance sheets at issuance and marked to market at each reporting period. The change in the fair value of the warrants is recorded in the consolidated statements of operations as a non-cash gain (loss) and is estimated based on the fair value of the redeemable convertible preferred stock to which the warrants relate.

### ***Research and Development***

Research and development costs include salaries and other personnel-related costs, including employee benefits, bonuses, third-party contractor expenses, software development tools, allocated corporate expenses and other related expenses incurred in product strategy, developing new solutions and upgrading and enhancing existing solutions. Research and development costs are expensed as incurred.

### ***Sales and Marketing***

Sales and marketing expenses consist primarily of personnel costs of the Company's sales, marketing and a portion of account management employees, including salaries, sales commissions (net of capitalization) and other incentive compensation, benefits and stock-based compensation expense, travel and related costs. Sales and marketing expenses also include outside consulting fees, marketing programs, including lead generation, costs of the Company's annual client conference, advertising, trade shows, allocated corporate expenses, other event expenses, amortization of deferred commission costs and amortization of acquired client relationships. Advertising costs are expensed when incurred and were not significant for the years ended December 31, 2019 and 2020.

### ***General and Administrative***

General and administrative expenses consist primarily of salaries, benefits and stock-based compensation associated with executive, finance, legal, human resources, information technology, security and compliance as well as other administrative personnel. General and administrative expenses also include accounting, auditing and legal professional services fees, travel and other unallocated corporate-related expenses such as the cost of the Company's facilities, employee relations, corporate telecommunication and software.

### ***Concentrations of Credit Risk***

Significant concentrations of credit risk arise from the Company's revenues and accounts receivable. Management believes that its contract acceptance, billing, and collection policies are adequate to minimize potential credit risk. As of and for the year ended December 31, 2019 and 2020, no client represented more than 10% of either accounts receivable or revenues.



At times cash held in financial institutions may exceed Federal Deposit Insurance Corporation ("FDIC") limits. Management periodically assesses the financial condition of the institutions to assess credit risk. To date the Company has not experienced such losses and believes it is not exposed to significant credit risk. As of December 31, 2019 and 2020, cash exceeded FDIC limits by \$11.7 million and \$165.5 million, respectively.

### ***Income Taxes***

The Company recognizes deferred tax assets and liabilities based on the estimated future tax effects of differences between the financial statement basis and tax basis of assets and liabilities given the provisions of enacted tax law.

The Company evaluates uncertain tax positions with the presumption of audit detection and applies a "more likely than not" standard to evaluate the recognition of tax benefits or positions and the Company records a valuation allowance to reduce its deferred income tax assets to the amount that is believed to be realized. Management considers historical losses, future taxable income, and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance. Management is continuously assessing the ability to realize deferred tax assets.

### ***Business Combinations***

The Company's acquisitions are accounted for using the acquisition method of business combinations accounting. The Company recognizes the consideration transferred (i.e. purchase price) in a business combination as well as the acquired business' identifiable assets, liabilities, and any non-controlling interests at their acquisition date fair value. The excess of the consideration transferred over the fair value of the identifiable assets, liabilities, and non-controlling interest, is recorded as goodwill in the consolidated financial statements. Several valuation methods may be used to determine the fair value of assets acquired and liabilities assumed. The Company uses its best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date. The Company's estimates are inherently uncertain and subject to refinement. Determining the useful life of an intangible asset also requires judgment as different types of intangible assets will have different useful lives and certain assets may even be considered to have indefinite useful lives. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill. In addition, uncertain tax positions and tax-related valuation allowances are initially recorded in connection with a business combination as of the acquisition date. The Company continues to collect information and reevaluate these estimates and assumptions quarterly and record any adjustments to its preliminary estimates to goodwill provided that the Company is within the measurement period. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of operations.

### ***Intangible Assets***

Intangible assets with determinable economic lives are carried at cost, less accumulated amortization. The Company's intangible assets are largely acquired in business combinations and include customer relationships, developed technology, and trade names. Intangible assets are amortized over the shorter of the contractual life or the estimated useful life. Intangible assets are amortized on a straight-line basis.

Estimated useful lives for intangible assets primarily consist of the following:  
Customer relationships – 15 years

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Developed technology – 7 years  
Trade name – 2 years

Amortization of acquired developed technologies is included in Cost of revenue, and amortization of acquired customer relationships and trade names is included in Sales & marketing expenses in the accompanying consolidated statements of operations.

Management tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. This includes but is not limited to significant adverse changes in business climate, market conditions, or other events that indicate an asset's carrying amount may not be recoverable. Recoverability of these assets is measured by comparing the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate. If the undiscounted cash flows used in the test for recoverability are less than the carrying amount of these assets, the carrying amount of such assets is reduced to fair value. There were no impairments of intangible assets during the years ended December 31, 2019 and 2020.

### ***Goodwill***

Goodwill represents the excess of the purchase price in a business combination over the fair value of net assets acquired. Goodwill is not amortized, but rather the carrying amounts of these assets are assessed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Goodwill impairment, if any, is evaluated by comparing the reporting unit's fair value to its carrying value. There was no goodwill impairment for the years ended December 31, 2019 and 2020.

### ***Recent Accounting Pronouncements***

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated balance sheets and disclosing key information about leasing arrangements. The standard is effective for non-public entities for fiscal years beginning after December 15, 2020, and interim period for the fiscal year beginning after December 15, 2021, and early application is permitted. The Company anticipates that the adoption of Topic 842 will impact its consolidated balance sheets as most of its operating lease commitments will be subject to the new standard and recognized as right-of-use assets and corresponding operating lease liabilities upon the adoption of ASU 2016-02. The Company expects to adopt the standard in fiscal year 2021 using the modified retrospective transition approach and interim periods beginning 2022. The Company continues to evaluate quantitative impacts that the adoption of this standard will have. The Company expects total assets and liabilities reported will increase relative to such amounts prior to adoption.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments—Credit Losses (Topic 326)" which modifies the measurement of expected credit losses of certain financial instruments with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The effective date for adoption of the new standard was delayed until calendar years beginning after December 15, 2021, with early adoption permitted. This ASU is not expected to have a material impact on the Company's financial statements.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," which removes Step 2 of the goodwill impairment

test. A goodwill impairment will now be calculated as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This ASU is not expected to have a material impact on the Company's financial statements.

### **Note 3. Business Combination**

On October 4, 2020 the Company acquired substantially all of the assets of ACH Alert, LLC for approximately \$25.0 million in cash consideration. The integrated set of assets and activities acquired from ACH Alert, LLC through the acquisition meet the definition of a business under ASC 805, as updated by ASU 2017-01. A term loan of \$25.0 million ("Term Loan") was borrowed on October 16, 2020, to partially fund the acquisition of ACH Alert, LLC (see Note 8).

The ACH Alert, LLC acquisition also involved \$4.9 million of additional cash consideration on deposit with an escrow agent for continued employment of one of the selling executives, \$2.5 million to be paid in October 2021 and \$2.4 million to be paid in October 2022. Since the payouts are contingent upon the continued and future employment of the former owner, these amounts have been excluded from the purchase price. The Company has classified the amounts held in escrow as restricted cash on the consolidated balance sheets and is accruing the estimated payouts over the requisite service period as a component of general and administrative expense on the consolidated statements of operations. For the year ended December 31, 2020, the Company recognized compensation expense of \$0.6 million related to this agreement.

The following table outlines the estimated fair values of assets acquired and liabilities assumed as of the date of acquisition (in thousands):

| (In thousands)                    | Adjusted Fair<br>Value as of<br>October 4, 2020 |
|-----------------------------------|---|
| Trade accounts receivables        | \$ 915  |
| Other current assets              | 47  |
| Property and equipment            | 20  |
| Goodwill                          | 16,218  |
| Intangible assets                 | 8,450   |
| Total assets acquired             | 25,650  |
| Accounts payable                  | 61  |
| Deferred revenues, current        | 170   |
| Deferred revenues, net of current | 346   |
| Total liabilities assumed         | 577   |
| Net assets acquired               | \$ 25,073                                       |

As of December 31, 2020, the allocation of the purchase price for ACH Alert, LLC has not been finalized and the one-year measurement period has not ended. The preliminary purchase price

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allocations are based upon the valuation of assets and liabilities these estimates and assumptions are subject to change as the Company obtains additional information during the measurement period.

The table below outlines the purchased identifiable intangible assets:

|                                      | Weighted<br>Average<br>Amortization<br>Period<br>(In years) | Total<br>(in thousands) |
|--------------------------------------|---|-------------------------|
| Customer relationships               | 15  | \$ 5,100                |
| Developed technology                 | 7   | 3,300                   |
| Trade names                          | 2   | 50                      |
| Total identifiable intangible assets |   | <u>\$ 8,450</u>         |

Goodwill is mainly attributable to advantages expected from the acquisition such as giving the Company a complimentary solution to its existing platform offering, especially for banks. It is also expected to position the Company to better penetrate the banking market. This goodwill is expected to be deductible for tax purposes.

Included within the consolidated statements of operations are transaction expenses of approximately \$0.2 million for the year ended December 31, 2020. These transaction expenses consist of professional fees incurred as a result of the transaction.

The following table summarizes the unaudited pro forma consolidated information of the Company assuming the acquisition of ACH Alert had occurred as of January 1, 2019. The unaudited pro forma information for all periods presented includes the business combination accounting effects resulting from the transaction, including (i) the incremental impact to revenue, as performance obligations are satisfied, from the fair value adjustment to deferred revenue, (ii) the additional amortization resulting from the fair value adjustments to intangible assets, and adjustments to eliminate amortization expense related to previously capitalized intangible assets (iii) interest expense associated with debt used to fund the acquisition and adjustments to exclude interest expense from debt extinguished, (iv) the additional compensation expense related to a new compensation arrangement in connection with the transaction, (v) reclassification of transaction costs.

The unaudited pro forma results do not include any anticipated synergies or other expected benefits of the acquisitions. The unaudited pro forma financial information as presented below does not purport to be indicative of what the Company's results of operations would have been if the transaction had in fact occurred at the beginning of the period presented and is not intended to be a projection of the Company's future results of operations.

| (In thousands) | Year Ended December 31, |             |
|----------------|-------------------------|-------------|
|                | 2019                    | 2020        |
| Total revenue  | \$ 76,959               | \$ 115,551  |
| Net loss       | \$ (46,075)             | \$ (53,354) |

The significant nonrecurring adjustment reflected in the unaudited pro forma information above includes the reclassification of the transaction costs incurred as a result of the acquisition to the earliest period presented.

### **Note 4. Property and Equipment, Net**

Depreciation expense, including amortization of assets held under capital leases, was \$2.2 and \$2.6 million in 2019 and 2020, respectively. Property and equipment include \$0.1 million of

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assets subject to a capital lease as of December 31, 2019. The Company had no capital leases as of December 31, 2020.

|                                | <u>Useful Life</u> | <u>December 31, 2019</u> | <u>December 31, 2020</u> |
|--------------------------------|--------------------|--------------------------|--------------------------|
| (in thousands)                 |                    |                          |                          |
| Software                       | 1 to 3 years       | \$ 722                   | \$ 722                   |
| Computers and equipment        | 3 years            | 3,244                    | 3,821                    |
| Furniture and fixtures         | 5 years            | 3,583                    | 3,930                    |
| Leasehold improvements         | 3 to 10 years      | 10,880                   | 11,650                   |
|                                |                    | 18,429                   | 20,123                   |
| Less: accumulated depreciation |                    | (7,102)                  | (9,662)                  |
| Property and equipment, net    |                    | <u>\$ 11,327</u>         | <u>\$ 10,461</u>         |

### **Note 5. Revenue and Deferred Costs**

The Company derives the majority of its revenues from recurring monthly subscription fees charged for the use of its SaaS subscription services. Subscription revenues are generally recognized as revenue over the term of the contract as a series of distinct SaaS services bundled into a single performance obligation. Clients are usually charged a one-time, upfront implementation fee and recurring annual and monthly access fees for the use of the online digital relationship banking solution. Implementation and integration of the digital banking platform is complex, and the Company has determined that the one-time, upfront services do not transfer a promised service to the client. As these services are not distinct, they are bundled into the SaaS series of services and the associated fees are recognized on a straight-line basis over the subscription term. Other services includes professional services and custom development.

The following table disaggregates the Company's revenue by major source for the years ended December 31, 2019 and 2020:

|                            | <u>Year Ended<br/>December 31,</u> |                   |
|----------------------------|------------------------------------|-------------------|
|                            | <u>2019</u>                        | <u>2020</u>       |
| (In thousands)             |                                    |                   |
| SaaS subscription services | \$ 67,313                          | \$ 105,049        |
| Implementation services    | 4,191                              | 5,212             |
| Other services             | 2,037                              | 1,881             |
| Total revenues             | <u>\$ 73,541</u>                   | <u>\$ 112,142</u> |

The Company recognized approximately \$4.3 million and \$5.7 million of revenue during the years ended December 31, 2019 and 2020, respectively, which was included in deferred revenues in the accompanying consolidated balance sheets as of the beginning of the reporting period. For those contracts which were wholly or partially unsatisfied as of December 31, 2020, minimum contracted subscription revenues to be recognized in future periods total approximately \$510.0 million. The Company expects to recognize approximately 42% of this amount as subscription services are transferred to clients over the next 24 months, an additional 34% in the next 25 to 48 months, and the balance thereafter. This estimate does not include estimated consideration for excess user and transaction processing fees that the Company expects to earn under its subscription contracts.

### **Deferred Cost Recognition**

The Company capitalized \$2.7 million and \$3.0 million in commissions costs during the years ended December 31, 2019 and 2020, respectively, and recognized \$1.1 million and \$1.6 million of amortization during the years ended December 31, 2019 and 2020, respectively. Amortization expense

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is included in sales and marketing expenses in the accompanying consolidated statements of operations. Deferred commissions are included in deferred implementation costs in the accompanying consolidated balance sheets in the amount of \$7.5 million and \$9.0 million as of December 31, 2019 and 2020, respectively.

The Company capitalized implementation costs of \$3.7 million and \$4.5 million during the years ended December 31, 2019 and 2020, respectively, and recognized amortization expense of \$1.6 million and \$2.2 million during the years ended December 31, 2019 and 2020, respectively. Amortization expense is included in cost of revenues in the accompanying consolidated statements of operations.

Deferred cost assets are reviewed for impairment annually or more frequently if circumstances indicate there may be an impairment. No impairment loss was recognized in relation to these capitalized costs for the years ended December 31, 2019 and 2020.

**Note 6. Accounts Receivable**

Accounts receivable includes the following amounts at December 31, 2019 and 2020:

| (in thousands)                  | December 31,    |                 |
|---------------------------------|-----------------|-----------------|
|                                 | 2019            | 2020            |
| Trade accounts receivable       | \$ 8,679        | \$11,804        |
| Unbilled receivables            | 1,623           | 2,081           |
| Other receivable                | —               | 702             |
| Total receivables               | 10,302          | 14,587          |
| Allowance for doubtful accounts | (36)            | (323)           |
| Reserve for estimated credits   | (459)           | (161)           |
|                                 | <u>\$ 9,807</u> | <u>\$14,103</u> |

**Note 7. Accrued Liabilities**

Accrued liabilities consisted of the following at December 31, 2019 and 2020:

| (in thousands)                           | December 31,    |                 |
|--|-----------------|-----------------|
|  | 2019            | 2020            |
| Bonus accrual                            | \$ 5,126        | \$ 2,636        |
| Accrued vendor purchases                 | 1,687           | 2,542           |
| Commissions accrual                      | 1,178           | 1,309           |
| Accrued hosting services                 | 1,583           | 924             |
| Client refund liability                  | 1,169           | 1,362           |
| Deferred compensation payable            | —               | 625             |
| Accrued consulting and professional fees | 280             | 207             |
| Accrued tax liabilities                  | 460             | 2,394           |
| Other accrued liabilities                | 353             | 1,100           |
|  | <u>\$11,836</u> | <u>\$13,099</u> |

**Note 8. Debt**

On October 16, 2020, the Company entered into a credit agreement with Silicon Valley Bank and KeyBank ("Credit Agreement"). The Credit Agreement replaced the prior credit facility provided by Comerica Bank. The Credit Agreement matures on October 16, 2023. In addition, the Credit Agreement includes the following:

*Revolving Facility:* The Credit Agreement provides \$25.0 million in aggregate commitments for secured revolving loans, with sub-limits of \$10.0 million for the issuance of letters of credit and \$7.5 million for swingline loans ("Revolving Facility").

*Term Loan:* A term loan of \$25.0 million was borrowed on the closing date of the Credit Agreement ("Term Loan"). The proceeds of the Term Loan were used to fund the acquisition of ACH Alert which closed on October 4, 2020.

*Accordion Feature:* The Credit Agreement also allows the Company, subject to certain conditions, to request additional revolving loan commitments in an aggregate principal amount of up to \$30.0 million.

Revolving Facility loans under the Credit Agreement may be voluntarily prepaid and re-borrowed. Principal payments on the Term Loan are due in quarterly installments equal to an initial amount of approximately \$0.3 million, which begin December 31, 2021 and continue through September 30, 2022 and increases to approximately \$0.6 million beginning on December 31, 2022 through the term loan maturity date with the remaining balance due on the term loan maturity date. Once repaid or prepaid, the Term Loans may not be re-borrowed.

Borrowings under the Credit Agreement bear interest at a variable rate based upon, at the Company's option, either the LIBOR rate or the base rate (in each case, as customarily defined) plus an applicable margin. The minimum LIBOR rate to be applied is 1.00%. The applicable margin for LIBOR rate loans ranges, based on an applicable recurring revenue leverage ratio, from 3.00% to 3.50% per annum, and the applicable margin for base rate loans ranges from 2.00 to 2.50% per annum. The Company's minimum interest rate applied to term debt was 4.00% as of December 31, 2020. The Company is required to pay a commitment fee of 0.30% per annum on the undrawn portion available under the Revolving Facility, and variable fees on outstanding letters of credit.

All outstanding principal and accrued but unpaid interest is due, and the commitments for the Revolving Facility terminate, on the maturity date. The Term Loans are subject to mandatory repayment requirements in the event of certain asset sales or if certain insurance or condemnation events occur, subject to customary reinvestment provisions. The Company may prepay the Term Loans in whole or in part at any time without premium or penalty.

The Credit Agreement contains customary affirmative and negative covenants, as well as (i) an annual recurring revenue growth covenant requiring the loan parties to have recurring revenues in any four consecutive fiscal quarter period in an amount that is 10% greater than the recurring revenues for the corresponding four consecutive quarter period in the previous year and (ii) a liquidity (defined as the aggregate amount of cash in bank accounts subject to a control agreement plus availability under the revolving credit facility) covenant, requiring the loan parties to have liquidity, tested on the last day of each calendar month, of \$10.0 million or more. The Credit Agreement also contains customary events of default, which if they occur, could result in the termination of commitments under the Credit Agreement, the declaration that all outstanding loans are immediately due and payable in whole or in part, and the requirement to maintain cash collateral deposits in respect of outstanding letters of credit. The Company was in compliance with all covenants as of December 31, 2020.

### Long-term Debt

The following table summarizes long-term debt obligations as of December 31, 2020 (in thousands):

|   |                 |
|---|-----------------|
| Term Debt                                 | \$25,000        |
| Less unamortized debt issuance costs      | (121)           |
| Net amount                                | <u>24,879</u>   |
| Less current maturities of long-term debt | (313)           |
| Long-term portion                         | <u>\$24,566</u> |

Maturities of long-term debt outstanding as of December 31, 2020, are summarized as follows (in thousands):

|            |                 |
|------------|-----------------|
| 2021       | \$ 313          |
| 2022       | 1,562           |
| 2023       | 23,125          |
| Thereafter | —               |
| Total      | <u>\$25,000</u> |

On July 21, 2018 the Company and Comerica Bank entered into the Amended and Restated Loan and Security Agreement (the "Agreement"). On June 28, 2019, the Agreement was amended to increase the revolving credit line and extend the maturity to June 30, 2021. The availability under the line of credit was up to \$20.0 million inclusive of the aggregate limits of corporate credit cards and letters of credit not to exceed \$1.0 million. Borrowings under the Agreement bear interest at Comerica's prime rate plus 1%, provided such rate is not less than daily adjusted LIBOR rate plus 2.25%. The Company has a standby letter of credit in the amount of \$0.9 million which serves as security under the lease relating to the Company's office space that expires in 2028. At December 31, 2019, there was no outstanding balance on the line of credit.

In conjunction with financing arrangements with Comerica Bank and another prior lender, the Company issued warrants for the purchase of share of the Company's redeemable preferred stock. The following tables summaries warrants outstanding as of December 31, 2020 (in thousands, except share data) and issuance price:

|                  | Shares         | Issuance Date | Issuance price | Expiration date | Current FMV       |                   |
|------------------|----------------|---------------|----------------|-----------------|-------------------|-------------------|
|                  |                |               |                |                 | December 31, 2019 | December 31, 2020 |
| Warrant Series A | 40,000         | 12/10/12      | \$ 1.00        | 12/10/22        | \$ 133            | \$ 618            |
| Warrant Series B | 46,875         | 7/2/14        | \$ 1.60        | 7/7/26          | 105               | 657               |
| Warrant Series B | 15,000         | 9/9/14        | \$ 1.60        | 9/9/24          | 33                | 210               |
| Warrant Series C | 46,875         | 7/7/16        | \$ 3.65        | 7/7/26          | 48                | 566               |
| Warrant Series C | 34,246         | 7/21/17       | \$ 3.65        | 7/20/27         | 5                 | 414               |
| Warrant Series E | 29,412         | 6/27/19       | \$ 8.50        | 6/26/29         | 1                 | 227               |
| Total            | <u>212,408</u> |               |                |                 | <u>\$ 325</u>     | <u>\$ 2,692</u>   |



With respect to the Series A warrant described above, at the time of expiration any unexercised shares with a fair market price will be automatically converted into Series A redeemable convertible preferred stock pursuant to a cashless exercise feature. The warrants are subject to the same anti-dilution provisions to which the respective Series redeemable convertible preferred stock is subject. The outstanding warrants shall be automatically converted into warrants to purchase common stock in connection with the closing of the sale of the Company's common stock pursuant to a firm commitment underwritten public offering registered under the Securities Act of 1933, as amended.

**Note 9. Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)**

The Company is authorized to issue seven classes of stock: common stock, Series A redeemable convertible preferred stock, Series B redeemable convertible preferred stock, Series C redeemable convertible preferred stock, Series D redeemable convertible preferred stock, Series E redeemable convertible preferred stock and Series F redeemable convertible preferred stock. On May 9, 2019, the Board authorized an increase in the number of authorized shares of common stock to 76,000,000 shares; authorized an increase in preferred stock to 57,764,411 and created \$0.001 par value Series E redeemable convertible preferred stock consisting of 6,470,588 shares reserved for sale at \$8.50 per share. During 2019, the Company restricted 2,000,000 shares of common stock to satisfy anti-dilution requirements which may be triggered by employee purchases of common stock under the Company's 2011 Long-Term Incentive Plan, as amended (the "2011 Plan").

On September 23, 2020, the Board authorized an increase in the number of authorized shares of common stock to 101,671,156 shares; authorized an increase in preferred stock to 72,799,602 and created \$0.001 par value Series F redeemable convertible preferred stock consisting of 8,750,000 shares reserved for sale at \$16.00 per share.

During 2019, the Company issued 3,540,834 shares of Series E redeemable convertible preferred stock in exchange for cash proceeds of \$30.1 million. As part of this financing transaction, the Series E purchasers received the right to purchase 2,929,754 additional shares of Series E redeemable convertible preferred stock in May 2020 at a purchase price of \$8.50 per share. The Series E share purchase commitment scheduled for May 2020 was determined to be a forward contract and required to be accounted for separately as an asset and marked to market. The fair value of the preferred tranche right of Series E shares was determined using a risk-neutral, hybrid approach. The tranche right value was \$0.3 million at closing and \$0.3 million as of December 31, 2019, respectively. The tranche right was subsequently settled in 2020.

On May 4, 2020, the Company executed the 2020 Series E Preferred Stock Purchase Agreement allowing existing investors including certain clients to purchase additional shares of Series E redeemable convertible preferred stock at a price of \$8.50 per share. These securities have the same liquidation preference and terms as other Series E redeemable convertible preferred shares. The Agreement calls for future funding to occur on two mutually agreed closing dates in August 2020 and December 2020. The Series E share purchase commitment scheduled for August and December 2020 was determined to be a forward contract and required to be accounted for separately as a liability and marked to market. The fair value of the preferred tranche right of Series E shares was determined using a risk-neutral, hybrid approach. The tranche right value was \$0.9 million at the time of the agreement and was settled prior to December 31, 2020.

On August 5, 2020, the Company sold 3,491,071 shares of Series E redeemable convertible preferred stock resulting in proceeds received of approximately \$29.7 million. Investors who are also clients purchased 600,026 Series E shares.

On September 24, 2020, the Company sold 8,750,000 shares of Series F redeemable convertible preferred stock at \$16.00 per share for proceeds of \$140 million.

Concurrent with the sale of Series F redeemable convertible preferred stock, the funding of the final December 2020 tranche under the 2020 Series E Stock Purchase Agreement was accelerated. On September 24, 2020, the Company sold 2,764,708 shares of Series E redeemable convertible preferred stock at \$8.50 per share resulting in proceeds of approximately \$23.5 million. This Series E share purchase commitment was determined to be a forward contract and required to be accounted for separately as a liability and marked to market immediately before the related shares were issued. The fair value of the preferred tranche right of Series E shares was determined using a risk-neutral, hybrid approach. The tranche right value was \$13.2 million immediately before closing. Since the forward contract was entered into prior to delivery of the initial shares, the mark-to-market impact was recorded as a component of the carrying value upon settlement. As a result, the carrying value exceeded the redemption value as of December 31, 2020.

#### ***Repurchase of Common Stock in Tender Offer***

On October 15, 2020, the Company offered to purchase for cash of \$15.74 per share of vested stock options or common stock representing up to 20% of each employee's holdings from employees employed on September 30, 2020. The expiration date of the tender offer was November 12, 2020 and 1.1 million of vested stock options and common stock were tendered resulting in a total payments of \$17.4 million, which included a \$6.1 million non-recurring payment for the excess of the repurchase price over the fair value of the stock on the date of repurchase, recognized as additional compensation expense in the consolidated statements of operations.

#### ***Repurchase of Common Stock***

In December 2020, a former employee, obtained a third-party offer for the purchase of 0.2 million shares held in the Company. As the Company has the right of first refusal for the sale of shares to a third party, the Company repurchased the shares for \$3.2 million on December 28, 2020 from the former employee at the price offered.

#### ***Voting***

All classes of stock are entitled to vote. Series A redeemable convertible preferred, Series B redeemable convertible preferred, Series C redeemable convertible preferred, Series D redeemable convertible preferred, Series E redeemable convertible preferred and Series F redeemable convertible preferred stockholders have the right to one vote for each share of common stock into which such holder's respective shares of redeemable convertible preferred stock could then be converted.

#### ***Dividends***

Series A, Series C, Series D, Series E and Series F redeemable convertible preferred stockholders are entitled to an 8% preferred dividend, when, as and if declared by the Board. Series A, Series C, Series D, Series E and Series F preferred dividends are not cumulative. Series B redeemable convertible preferred stockholders are entitled to an 8% preferred return upon redemption or liquidation. The Series B preferred return is cumulative and totaled \$7.6 million as of December 31, 2020. This cumulative return is recorded in Redeemable Convertible Preferred Stock on the consolidated balance sheets. In the event the Series B redeemable convertible preferred stock is converted into common stock (at their option or upon a qualified IPO), the holders will be entitled to a 5% dividend on conversion, payable in either cash or common stock at the option of the Company. Common stockholders are also entitled to dividends, when, as and if declared by the Board. Declared and unpaid dividends for each series of redeemable convertible preferred stock are paid upon liquidation.

#### ***Conversion***

Holders of Series A, Series B, Series C, Series D, Series E and Series F redeemable convertible preferred stock are entitled to convert their shares into shares of common stock, at the option of the

holder, at a 1-for-1 conversion rate based on a conversion price of \$1.00, \$1.60, \$3.65, \$6.13, \$8.50 and \$16.00 per share, respectively. The respective conversion rates are subject to anti-dilution clauses if additional shares of common stock are issued at a price per share below the applicable conversion price. As of December 31, 2020, no such anti-dilution events have occurred. The outstanding shares of redeemable convertible preferred stock shall be automatically converted into shares of common stock at the conversion rates described above immediately prior to the closing of the sale of the Company's common stock pursuant to a firm commitment underwritten public offering registered under the Securities Act of 1933, as amended, with (i) a public offering price per share of at least \$17.00 and (ii) aggregate cash proceeds to the Company (net of underwriting discounts and commissions) of at least \$75,000,000.

### ***Liquidation***

Upon a liquidation event, as defined by the Company's certificate of incorporation, including any voluntary or involuntary liquidation, dissolution, winding up or deemed liquidation event, and prior to the payment of other equity holders, liquidation funds, if any, are to be distributed to Series F redeemable convertible preferred stockholders (entitled to a liquidation preference equal to \$16.00 per share plus declared and unpaid dividends), Series E redeemable convertible preferred stockholders (entitled to a liquidation preference equal to \$8.50 per share plus declared and unpaid dividends) and Series D redeemable convertible preferred stockholders (entitled to a liquidation preference equal to \$6.1278 per share), on a pari passu basis. Thereafter, Series C redeemable convertible preferred stockholders are entitled to a liquidation preference equal to \$3.65 per share, after the payment in full of the liquidation preference of Series F, Series E and Series D redeemable convertible preferred stock. Thereafter, Series B redeemable convertible preferred stockholders are entitled to a liquidation preference, after the payment in full of the liquidation preference of the Series F, Series E, Series D and Series C redeemable convertible preferred stock, equal to \$1.60 per share plus an accruing amount of 3% per annum on the purchase price of Series B redeemable convertible preferred stock, plus all accrued (including the 5% accruing dividend) but unpaid and any declared but unpaid dividends. Thereafter, Series A redeemable convertible preferred stockholders are entitled to a liquidation preference, after the payment in full of the liquidation preference on all other redeemable convertible preferred stock, equal to \$1.00 per share plus any declared, but unpaid dividends. Remaining liquidation funds, if any, are then distributed to both common and Series A redeemable convertible preferred stockholders equally, as if the Series A redeemable convertible preferred stock had been converted to common stock.

### ***Redemption***

Holders of all classes of redeemable convertible preferred stock are entitled to require the Company to redeem preferred shares at any time on or after the fourth anniversary of the date the Company first issues Series E redeemable convertible preferred stock. Holders of Series A through C vote together with respect to the redemption of Series A, Series B and Series C redeemable convertible preferred stock, Series D and Series E vote together with respect to the redemption of Series D and Series E redeemable convertible preferred stock, and Series F has a separate right with respect to the redemption of Series F redeemable convertible preferred stock. If at least a majority of any such group vote in favor of redemption, the Company is required to redeem one-third of the then-outstanding shares of the applicable group within each series for cash equal to the Liquidation Amount, as defined by each series ("Initial Redemption Date"). The decision of any such group is not binding on any other group and any group's decision to redeem is independent of any other group's decision to redeem. The Company will then make additional payments on the one-year and two-year anniversary of the Initial Redemption Date.

In accordance with the SEC guidance on temporary equity, all redeemable convertible preferred stock is presented as mezzanine equity given the cash redemption right that is within the holder's

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control. The preferred shares are not currently redeemable, but it is probable the instruments will become redeemable. Therefore, the Company has elected to recognize changes in redemption value immediately as they occur, as a dividend, and adjust the carrying amount of the instrument such that the carrying value is greater than or equal to the redemption value at the end of each reporting period.

As of December 31, 2019 and 2020, the holders of redeemable convertible preferred stock have various rights and preferences as follows:

|   | December 31, 2019 |                    |                                 | December 31, 2020 |                    |                                 |
|---|-------------------|--------------------|---------------------------------|-------------------|--------------------|---------------------------------|
|   | Shares Authorized | Shares Outstanding | Redemption/ Liquidation Amounts | Shares Authorized | Shares Outstanding | Redemption/ Liquidation Amounts |
| (\$ in thousands)                               |                   |                    |                                 |                   |                    |                                 |
| Series A Redeemable Convertible Preferred Stock | 8,488,092         | 8,448,092          | \$ 8,448                        | 8,488,092         | 8,448,092          | \$ 8,448                        |
| Series B Redeemable Convertible Preferred Stock | 8,761,982         | 8,650,107          | 20,356                          | 8,761,982         | 8,650,107          | 21,464                          |
| Series C Redeemable Convertible Preferred Stock | 22,600,000        | 22,228,001         | 81,132                          | 22,600,000        | 22,228,001         | 81,132                          |
| Series D Redeemable Convertible Preferred Stock | 11,443,749        | 11,423,349         | 70,000                          | 11,443,749        | 11,423,349         | 70,000                          |
| Series E Redeemable Convertible Preferred Stock | 6,470,588         | 3,540,834          | 30,097                          | 12,755,779        | 12,726,367         | 108,174                         |
| Series F Redeemable Convertible Preferred Stock | —                 | —                  | —                               | 8,750,000         | 8,750,000          | 140,000                         |
|   | <u>57,764,411</u> | <u>54,290,383</u>  | <u>\$ 210,033</u>               | <u>72,799,602</u> | <u>72,225,916</u>  | <u>\$ 429,218</u>               |

### **Note 10. Equity Compensation Plan**

In 2011, the Board established a long-term incentive plan under which shares of common stock are made available for grants to qualified consultants, directors, or employees of the Company. The vesting of the common stock options is determined by the Company and may be immediately vested in whole, or in part, or all portions may not be vested until a specific date. The exercise price of incentive stock options granted must be at least equal to 100% of the fair value of the Company's common stock at the date of grant, as determined by the Board.

#### **Stock Options**

The Company has the authority to grant options to purchase up to 19.5 million shares of common stock as of December 31, 2020, to qualified consultants, directors, or employees of the Company.

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A summary of option activity is as follows:

| (in thousands except share<br>and per share amounts) | Shares<br>Available for<br>Grant | Options Outstanding |  | Weighted<br>Average<br>Remaining<br>Contractual<br>Life | Aggregate<br>Intrinsic<br>Value |
|--|----------------------------------|---------------------|--|---|---------------------------------|
|  |                                  | Number of<br>Shares | Weighted<br>Average<br>Exercise<br>Price |   |                                 |
| Balances January 1, 2019                             | 238,664                          | 9,671,056           | \$ 1.15                                  |   | \$ 11,538                       |
| Authorized   | 3,500,000                        | —                   | —  |   | —                               |
| Granted  | (3,053,796)                      | 3,053,796           | 2.34                                     |   | —                               |
| Exercised  | —                                | (357,675)           | 0.83                                     |   | (539)                           |
| Forfeited  | 499,731                          | (499,731)           | 1.56                                     |   | (390)                           |
| Balances December 31, 2019                           | 1,184,599                        | 11,867,446          | \$ 1.45                                  | 7.6   | \$ 22,237                       |
| Authorized   | 2,400,000                        | —                   | —  |   | —                               |
| Granted  | (2,176,157)                      | 2,176,157           | 5.14                                     |   | —                               |
| Exercised  | —                                | (1,706,780)         | 1.16                                     |   | (14,333)                        |
| Forfeited  | 733,692                          | (733,692)           | 2.13                                     |   | (3,975)                         |
| Balances December 31, 2020                           | 2,142,134                        | 11,603,131          | \$ 2.14                                  | 7.2   | \$ 154,581                      |
| Exercisable at December 31,<br>2020                  |                                  | 7,706,138           | \$ 1.63                                  | 6.6   | \$ 106,595                      |

The following table summarizes the weighted-average grant date value of options and the assumptions used to develop their fair value using the Black-Scholes option pricing model:

|   | 2019          | 2020           |
|---|---------------|----------------|
| Volatility                              | 32.3%         | 34.8%          |
| Risk-free interest rate                 | 2.0%          | 0.97%          |
| Dividends                               | —             | —              |
| Weighted average grant date fair value  | \$ 0.83       | \$ 1.93        |
| Weighted average expected life in years | 6.1           | 5.9            |
| Estimated forfeiture rate               | 15.0%         | 15%            |
| Fair value of common stock              | \$2.24-\$2.26 | \$3.32-\$10.20 |

The Black-Scholes option-pricing model requires the input of highly subjective assumptions. The Company continues to assess the assumptions and methodologies used to calculate the established fair value of stock-based compensation. Circumstances may change and additional data may become available over time, which could result in changes to these assumptions and methodologies, which could materially impact the fair value determinations.

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The Company recorded \$1.3 million and \$2.0 million of stock-based compensation expense for the years ended December 31, 2019 and 2020, respectively. The amount of stock-based compensation capitalized as part of deferred implementation costs was insignificant in 2019 and 2020. Due to net operating losses, there was no tax expense or benefit recorded in connection with stock-based compensation expense. Stock-based compensation expense was included as follows:

|   | Year Ended December 31, |                |
|---|-------------------------|----------------|
|   | 2019                    | 2020           |
| (In thousands)                          |                         |                |
| Cost of revenues                        | \$ 219                  | \$ 369         |
| Research and development                | 323                     | 417            |
| Sales and marketing                     | 97                      | 147            |
| General and administrative              | 611                     | 1,021          |
| Total stock-based compensation expenses | <u>\$1,250</u>          | <u>\$1,954</u> |

The total fair value of stock options vested during the years ended December 31, 2019 and 2020 was \$1.1 million and \$2.0 million, respectively.

As of December 31, 2020, the total unrecognized stock-based compensation expense related to stock options was \$4.6 million which the Company expects to recognize over the next 2.8 years.

Certain stock option grants provide the option holder the right to exercise their stock options before they vest. As of December 31, 2019 and 2020, 1.1 million and 1.0 million stock options were exercisable that were not yet vested by the option holder at a weighted average exercise price of \$0.82 and \$1.34 per share, respectively.

A summary of the status of non-vested options is as follows:

|                                       | Number of<br>Shares | Weighted<br>Average Grant<br>Date Fair Value<br>Per Share |
|---------------------------------------|---------------------|---|
| Non-vested options, January 1, 2019   | 5,442,275           | \$ 0.59   |
| Granted                               | 3,053,796           | 0.83  |
| Forfeited                             | (390,526)           | 0.65  |
| Vested                                | (1,893,643)         | 0.56  |
| Non-vested options, December 31, 2019 | 6,211,902           | \$ 0.72   |
| Granted                               | 2,176,157           | 1.93  |
| Forfeited                             | (624,481)           | 0.81  |
| Vested                                | (2,790,823)         | 0.71  |
| Non-vested options, December 31, 2020 | <u>4,972,755</u>    | <u>\$ 1.22</u>  |

All non-vested stock options issued as of the date of the option holder's termination will be forfeited, except for certain non-vested stock options granted to executive management that have special vesting provisions upon involuntary termination or resignation. The special provisions call for the accelerated vesting of a portion of the options granted to the employee under certain circumstances.

### **Note 11. Income Taxes**

The provision for income tax expense in the accompanying consolidated statements of operations for the years ended December 31, 2019 and 2020 was \$0. The Company files franchise, business and income tax returns in several states and a US federal return. As a result of operating losses, no federal or state income taxes are owed.

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A reconciliation of income taxes with the amounts computed at the statutory federal income tax rate follows:

|  | Year Ended December 31, |         |             |         |
|--|-------------------------|---------|-------------|---------|
|  | 2019                    |         | 2020        |         |
| (In thousands)   |                         |         |             |         |
| Computed tax at federal statutory rate applied to pre-tax loss | \$ (8,792)              | 21.0%   | \$ (10,785) | 21.0%   |
| State income tax, net of federal tax benefit                   | (940)                   | 2.3%    | (1,708)     | 3.3%    |
| Unrealized loss (gain) on tranche liability                    | (62)                    | 0.2%    | 2,825       | (5.5)%  |
| Stock-based compensation                                       | 219                     | (0.5)%  | (746)       | 1.5%    |
| Other permanent differences, net                               | 369                     | (1.0)%  | 174         | (0.3)%  |
| Other  | 7                       | —%      | (81)        | 0.1%    |
| Valuation allowance increase                                   | 9,199                   | (22.0)% | 10,321      | (20.1)% |
| Total  | \$ —                    | —%      | \$ —        | —%      |

Significant components of the Company's net deferred tax assets and liabilities were as follows as of December 31, 2019 and 2020:

|   | December 31, |          |
|---|--------------|----------|
|   | 2019         | 2020     |
| (In thousands)  |              |          |
| Deferred tax assets:  |              |          |
| Deferred revenues   | \$ 4,759     | \$ 5,060 |
| Deferred rent   | 1,536        | 1,592    |
| Accrued expenses  | 1,420        | 1,658    |
| Stock option expense  | 59           | 167      |
| Net operating loss carryforwards (federal and state)        | 37,262       | 45,708   |
| Reserve for estimated credits                               | 360          | 419      |
| Goodwill  | —            | 87       |
| Intangible assets   | —            | 51       |
| Warrant liability   | 186          | 616      |
| Other   | 59           | 149      |
| Total deferred tax assets                                   | 45,641       | 55,507   |
| Valuation allowance for deferred tax assets                 | (43,884)     | (54,205) |
| Deferred tax assets, net of valuation allowance             | 1,757        | 1,302    |
| Deferred tax liabilities:                                   |              |          |
| Amortization  | (2)          | —        |
| Loss on financial instruments                               | (31)         | —        |
| Fixed assets  | (598)        | (760)    |
| Deferred implementation costs                               | (1,126)      | (542)    |
| Total deferred tax liabilities                              | (1,757)      | (1,302)  |
| Deferred income tax assets, net of deferred tax liabilities | \$ —         | \$ —     |

At December 31, 2019 and 2020, the Company had federal net operating loss carry forwards of \$153.7 million and \$187.1 million, respectively, of which \$92.2 million and \$92.6 million are subject to limited carryforward periods and begin to expire in 2031. At December 31, 2019 and 2020, the Company had various apportioned state net operating loss carryforwards of \$89.8 million and \$111.9 million, respectively, which are subject to varying carryforwards that begin to expire in 2024. The Company's ability to utilize net operating loss carry forwards and other tax attributes to reduce future federal taxable income is subject to potential limitations under Internal Revenue Code Section 382.

("Section 382") and its related tax regulations. The utilization of these attributes may be limited if certain ownership changes by 5% stockholders (as defined in Treasury regulations pursuant to Section 382) and the effects of stock issuances by the Company during any three-year period result in a cumulative change or more than 50% in the beneficial ownership of the Company. The Company is currently conducting Section 382 analysis to determine if an ownership change has occurred. If it is determined that an ownership change has occurred under these rules, the Company would generally be subject to an annual limitation on the use of pre-ownership change in net operating loss carry forwards and certain other losses and/or credits. In addition, certain future transactions regarding the Company's equity, including the cumulative effects of small transactions as well as transactions beyond the Company's control, could cause an ownership change and therefore a potential limitation on the annual utilization of their deferred tax assets. At December 31, 2019 and 2020, the Company established a full valuation allowance for its net deferred tax assets as realization of the net asset is not reasonably assured based upon a more-likely-than-not threshold. The valuation allowance increased by \$9.2 million and \$10.3 million during the year ended December 31, 2019 and 2020, respectively.

The Company files income tax returns in the U.S. federal jurisdiction and several state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for tax years before 2016. Operating losses generated in years prior to 2016 remain open to adjustment until the statute of limitations closes for the tax year in which the net operating losses are utilized. The tax years 2016 and forward remain open to examination by all the major taxing jurisdictions to which the Company is subject, though the Company is not currently under examination by any major taxing jurisdiction. The Company did not have any uncertain tax positions as of December 31, 2019 and 2020. The Company's policy is to accrue interest and penalties related to uncertain tax positions as a component of income tax expense. For the years ended December 31, 2019 and 2020, the Company did not recognize any interest or penalties.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security ("CARES") Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carry back periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The relevant tax implication impacting the Company is the deferral of employer side social security payments resulting in a deferred tax asset for the year ended December 31, 2020. The Company will continue to assess the effect of the CARES Act and ongoing government guidance related to COVID-19 as it is issued.

#### **Note 12. Earnings Per Share**

Net loss attributable to common stockholders used in computing basic and diluted earnings per share ("EPS") has been calculated as the net loss less Series B cumulative dividends and other adjustments to redeemable convertible preferred stock of \$1.2 million and \$5.3 million for the years ended December 31, 2019 and 2020, respectively. All of the Company's outstanding series of redeemable convertible preferred stock are considered to be participating securities. The holders of the Company's redeemable convertible preferred stock do not have a contractual obligation to share in the Company's losses; therefore, no amount of total undistributed loss is allocated to redeemable convertible preferred stock.

Basic net loss per share attributable to common stockholders is computed by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period. Because the Company has reported a net loss for 2019 and 2020, the number of shares used to calculate diluted net loss per share of common stock attributable to common stockholders is the same as the number of shares used to calculate basic net loss per share of



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common stock attributable to common stockholders for the period presented because the potentially dilutive shares would have been anti-dilutive if included in the calculation.

The computation of basic and diluted EPS is as follows for the years ended December 31, 2019 and 2020:

| (In thousands, except shares and per share amounts)                                  | Year Ended December 31, |             |
|--|-------------------------|-------------|
|  | 2019                    | 2020        |
| Net loss   | \$ (41,869)             | (51,355)    |
| Less: cumulative dividends and adjustments to redeemable convertible preferred stock | (1,212)                 | (5,290)     |
| Net loss attributable to common stockholders   | \$ (43,081)             | \$ (56,645) |
| Weighted average common shares outstanding—basic and diluted                         | 4,346,900               | 4,809,533   |
| Loss per common share—basic and diluted  | \$ (9.91)               | \$ (11.78)  |

For the years ended December 31, 2019 and 2020, the following potential common shares were excluded from diluted EPS as such shares have an anti-dilutive impact:

|  | Year Ended December 31, |                   |
|--|-------------------------|-------------------|
|  | 2019                    | 2020              |
| Stock options                          | 11,857,752              | 11,603,131        |
| Redeemable convertible preferred stock | 54,290,383              | 72,225,916        |
| Warrants                               | 212,408                 | 212,408           |
|  | <u>66,360,543</u>       | <u>84,041,455</u> |

### **Note 13. Commitments and Contingencies**

#### **Operating and Capital Lease Commitments**

The Company leases office space under non-cancellable operating leases for its corporate headquarters in Plano, Texas pursuant to a 10 year lease agreement under which the Company leases approximately 125,000 square feet of office space with an initial term that expires on August 31, 2028, with the option to extend the lease for either two additional terms of five years each or one additional term of ten years. Rent expense under operating leases was \$3.8 million and \$4.7 million for the years ended December 31, 2019 and 2020, respectively.

Future minimum payments required under operating and capital leases that have initial or remaining non-cancelable lease terms in excess of one year at December 31, 2020 were as follows (in thousands):

| Year Ended December 31,      | Operating Leases |
|------------------------------|------------------|
| 2021                         | \$ 3,636         |
| 2022                         | 3,710            |
| 2023                         | 3,773            |
| 2024                         | 3,835            |
| 2025                         | 3,898            |
| Thereafter                   | 10,697           |
| Total minimum lease payments | <u>\$ 29,549</u> |

### Deferred Rent and Tenant Allowances

Deferred rent and tenant allowances are amortized and applied against rental expense over the lease term on a straight-line basis. As of December 31, 2019 and 2020, the Company had deferred rent and tenant allowance balances as follows:

| (In thousands)   | December 31,   |                |
|--|----------------|----------------|
|  | 2019           | 2020           |
| Deferred rent and tenant allowance                         | \$6,236        | \$6,463        |
| Less: current portion                                      | (445)          | (596)          |
| Deferred rent and tenant allowance, net of current portion | <u>\$5,791</u> | <u>\$5,867</u> |

### Contractual Commitments

The Company has non-cancelable contractual commitments related to third-party products, hosting services and other service costs. The Company is party to several purchase commitments for third-party services that contain both a contractual minimum obligation and a variable obligation based upon usage or other factors which can change on a monthly basis. The estimated amounts for usage and other factors are not included within the table below. Future minimum contractual commitments that have initial or remaining non-cancelable terms in excess of one year were as follows:

| Year Ended December 31,<br>(in thousands) | Contractual<br>Commitments |
|---|----------------------------|
| 2021                                      | \$ 11,949                  |
| 2022                                      | 12,511                     |
| 2023                                      | 12,372                     |
| 2024                                      | 12,000                     |
| Total                                     | <u>\$ 48,832</u>           |

### Legal Proceedings

The Company may become party to various legal actions during the ordinary course of business. Defending such proceedings is costly and can impose a significant burden on management and employees, it may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurances that favorable final outcomes will be obtained. In addition, the Company's industry is characterized by the existence of a large number of patents, copyrights, trademarks, trade secrets and other intellectual property and proprietary rights. Companies in its industry are often required to defend against litigation claims based on allegations of infringement or other violations of intellectual property rights. Furthermore, client agreements typically require the Company to indemnify clients against liabilities incurred in connection with claims alleging its solutions infringe the intellectual property rights of a third party. From time to time, the Company has been involved in disputes related to patent and other intellectual property rights of third parties, none of which have resulted in material liabilities. The Company expects these types of disputes may continue to arise in the future. Based upon present information, the Company believes that its liability, if any, arising from such pending legal proceedings, asserted legal claims and known potential legal claims which are likely to be asserted, is not reasonably likely to be material to the Company's financial position, results of operations, or cash flows, taking into account established accruals for estimated liabilities.

### Note 14. Related Party Transactions

For the years ended December 31, 2019 and 2020, CU Cooperative Systems, Inc. ("CU Cooperative"), an investor who is also a vendor, was paid fees of \$4.4 million and \$4.4 million,

respectively, which relates to services resold to the Company's clients. As of December 31, 2019 and 2020, accounts payable included amounts due to CU Cooperative of \$0.3 million and \$0.3 million, respectively. Mr. Todd Clark, who has served as President and Chief Executive Officer of CU Cooperative since 2016, is a member of the Board and was designated to serve as a member of the Board by CU Cooperative. CU Cooperative held 5% or more of the Company's capital stock as of December 31, 2020.

For the year ended December 31, 2020, the Company employed a former owner of acquired business ACH Alert, LLC. For certain operating payments made on the former owner's behalf and lockbox cash receipts due to the Company, a receivable of \$1.4 million from the former owner was included in prepaid and other current assets. Also, for the year ended December 31, 2020, fees of less than \$0.1 million were paid for consulting services to one of the former owners of ACH Alert, LLC, who is related to a current employee.

#### **Note 15. Employee Benefit Plan**

The Company sponsors a 401(k) savings plan that covers substantially all employees who have attained 21 years of age. Employees can defer a portion of their annual gross compensation up to limits established by the Internal Revenue Code. The Company currently matches employee contributions at 25% of employee contributions up to 8% of salary. Matching contributions vest 20% annually. Prior to this change, the plan provided for employer contributions to be made only at the Company's discretion. Contributions for the years ended December 31, 2019 and 2020, were \$0.8 million and \$1.0 million, respectively.

#### **Note 16. Goodwill and Other Intangibles**

Goodwill and intangible assets deemed to have an indefinite life are not amortized, but are reviewed annually for impairment of value or when indicators of a potential impairment are present. As part of the Company's business planning cycle, the Company will perform an annual goodwill impairment test in the fourth quarter of the fiscal year beginning in 2021. There were no indications of impairment of goodwill noted for the year ended December 31, 2020. Goodwill has a carrying value of \$16.2 million as of December 31, 2020.

Total intangibles, net, consisted of the following as of December 31, 2020:

| <u>(In thousands)</u>                  | <u>Carrying Value</u> | <u>Accumulated Amortization</u> | <u>Net Carrying Value</u> |
|--|-----------------------|---------------------------------|---------------------------|
| Finite-lived:                          |                       |                                 |                           |
| Customer relationships                 | \$ 5,100              | \$ (85)                         | \$ 5,015                  |
| Developed technology                   | 3,300                 | (118)                           | 3,182                     |
| Tradenames                             | 50                    | (6)                             | 44                        |
| Subtotal amortizable intangible assets | 8,450                 | (209)                           | 8,241                     |
| Website domain name                    | 25                    | —                               | 25                        |
| <b>Total intangible assets</b>         | <b>\$ 8,475</b>       | <b>\$ (209)</b>                 | <b>\$ 8,266</b>           |

Amortization expense recognized on intangible assets was \$0 and \$0.2 million for the years ended December 31, 2019 and 2020, respectively. The Company did not have material intangible assets in the year ended December 31, 2019.

The following table shows the estimated annual amortization expense of the definite-lived intangible assets for the next five years and thereafter (in thousands):

|            |                |
|------------|----------------|
| 2021       | \$ 836         |
| 2022       | 830            |
| 2023       | 811            |
| 2024       | 811            |
| 2025       | 811            |
| Thereafter | 4,142          |
|            | <u>\$8,241</u> |

**Note 17. Subsequent Events**

The Company has evaluated events or transactions occurring after December 31, 2020, the consolidated balance sheet date, through March 10, 2021, the date these financial statements were available to be issued.

In February 2021, 11 former employees obtained third-party offers for the purchase of 0.2 million shares held of the Company. As the Company has the right of first refusal for the sale of shares to a third-party, the Company re-purchased the shares for \$3.5 million on February 26, 2021 from the former employees at the price offered.

On February 5, 2021, the board of directors authorized an increase in the number of authorized shares reserved for stock option grants to qualified consultants, directors, or employees of the Company to 20.4 million.

On February 5, 2021 and February 10, 2021, following approval by the Company's board of directors, the Company issued options to purchase an aggregate of 2.4 million shares of the Company's common stock, with an exercise price of \$15.46 on the grant date to employees under the 2011 Plan. The stock option grants expire in ten years. Of the stock options, 0.2 million vest 25% after one year and then monthly prospectively for a three-year period with the remaining 2.2 million stock options vesting monthly over a four-year period in 48 equal monthly installments. In order to determine the appropriate stock-based compensation expense for financial reporting purposes, the Company utilized a fair value per share of its common stock as of the date of the awards of \$19.35 and \$19.72, respectively. The grant-date fair value of the stock options granted on February 5, 2021 and February 10, 2021 is approximately \$20.0 million, which is expected to be recognized, net of estimated forfeitures, over a requisite service period of 4 years.

On February 25, 2021, following approval by the Company's board of directors, the Company issued options to purchase an aggregate of 0.3 million shares of the Company's common stock, with an exercise price of \$18.62 on the grant date to employees under the 2011 Plan. The stock option grants expire in ten years. The stock options generally vest 25% after one year and then monthly prospectively for a three-year period. In order to determine the appropriate stock-based compensation expense for financial reporting purposes, the Company utilized a fair value per share of its common stock as of the date of the awards of \$20.80. The grant-date fair value of the stock options granted on February 25, 2021 is approximately \$2.9 million, which is expected to be recognized, net of estimated forfeitures, over a requisite service period of generally 4 years.

On February 25, 2021 the board of directors of the Company approved, subject to stockholder approval and the effectiveness of the Registration Statement, the 2021 Employee Stock Purchase Plan (the "ESPP") pursuant to which employees would be able to purchase shares of Company common

stock at a 15% discount. The board of directors provided for a share reserve with respect to the ESPP of 2% of the total number of shares outstanding after the Initial Public Offering ("IPO"). The board of directors further provided that the share reserve will be refreshed by an evergreen provision of 1% of the Company's outstanding common stock at the end of the prior year, or such lesser amount as the board of directors or the compensation committee may determine.

On February 25, 2021 the board of directors of the Company approved, subject to stockholder approval and the effectiveness of the Registration Statement, the 2021 Incentive Award Plan (the "2021 Plan") pursuant to which incentive awards may be awarded to employees, directors and consultants. The board of directors provided that the maximum number of shares of common stock (subject to stock splits, dividends, recapitalizations and the like) issuable under the 2021 Plan is equal to a number of shares equal to (i) 11.0% of the shares of common stock outstanding immediately prior to the effectiveness of the IPO after giving effect to the number of shares being sold in the IPO (including shares subject to outstanding equity awards, and the 2021 share reserve and the ESPP share reserve (as described above)) and assuming no exercise of the underwriters' option to purchase additional shares, plus (ii) an annual increase on the first day of each year beginning in 2022 and ending in 2031, equal to the lesser of: (a) 5.0% of the shares outstanding on the last day of the prior fiscal year or (b) such lesser amount as determined by the board of directors, plus (iii) any shares underlying awards outstanding under the 2011 Plan, as of immediately prior to the effectiveness of the IPO that are thereafter forfeited, terminated, expired or repurchased for the original purchase price thereof, subject to certain statutory limits related to "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code.

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ACH Alert, LLC

We have audited the accompanying financial statements of ACH Alert, LLC, which comprise the balance sheets as of September 30, 2020 and December 31, 2019, and the related statements of income, changes in members' equity, and cash flows for the nine-month period ended September 30, 2020 and the year ended December 31, 2019, and the related notes to the financial statements.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACH Alert, LLC as of September 30, 2020 and December 31, 2019, and the results of its operations and its cash flows for the nine-month period ended September 30, 2020 and the year ended December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Dallas, Texas  
January 22, 2021

**ACH Alert, LLC**  
**Balance Sheets**  
**As of September 30, 2020 and December 31, 2019**

|  | September 30,<br>2020 | December 31,<br>2019 |
|--|-----------------------|----------------------|
| <b>Assets</b>                          |                       |                      |
| <b>Current assets</b>                  |                       |                      |
| Cash and cash equivalents              | \$ 1,806,330          | \$ 837,667           |
| Accounts receivable, net               | 201,640               | 209,926              |
| Prepaid expenses                       | 52,006                | 19,501               |
| Total current assets                   | 2,059,976             | 1,067,094            |
| <b>Property and equipment, net</b>     | 22,929                | 965                  |
| <b>Software development cost, net</b>  | 304,164               | 440,071              |
| Total assets                           | <u>\$ 2,387,069</u>   | <u>\$ 1,508,130</u>  |
| <b>Liabilities and Members' Equity</b> |                       |                      |
| <b>Current liabilities</b>             |                       |                      |
| Accounts payable                       | \$ 5,144              | \$ 27,542            |
| Accrued expenses                       | 70,619                | 31,978               |
| Deferred revenue, current              | 228,235               | 241,723              |
| PPP refundable advance                 | 252,093               | —                    |
| Current portion of note payable        | 10,000                | 10,000               |
| Total current liabilities              | 566,091               | 311,243              |
| <b>Long-term payables</b>              |                       |                      |
| Note payable                           | 20,000                | 20,000               |
| Deferred revenue                       | 636,201               | 599,043              |
|  | 656,201               | 619,043              |
| <b>Members' equity</b>                 | 1,164,777             | 577,844              |
| Total liabilities and members' equity  | <u>\$ 2,387,069</u>   | <u>\$ 1,508,130</u>  |

See Accompanying Footnotes

**ACH Alert, LLC**  
**Statements of Income**  
**For the nine months ended September 30, 2020 and the year ended December 31, 2019**

|  | September 30,<br>2020 | December 31,<br>2019 |
|--|-----------------------|----------------------|
| <b>Net sales</b>                           | \$ 3,408,927          | \$ 3,462,256         |
| <b>Cost of sales</b>                       | <u>1,421,421</u>      | <u>1,571,836</u>     |
| Gross profit                               | 1,987,506             | 1,890,420            |
| <b>General and administrative expenses</b> | <u>918,939</u>        | <u>1,114,046</u>     |
| Income from operations                     | 1,068,567             | 776,374              |
| <b>Other income (expense)</b>              |                       |                      |
| Settlement expense                         | (180,000)             | (35,000)             |
| Interest income, net                       | <u>1,831</u>          | <u>5,168</u>         |
| Total other expense                        | <u>(178,169)</u>      | <u>(29,832)</u>      |
| Net income                                 | <u>\$ 890,398</u>     | <u>\$ 746,542</u>    |

See Accompanying Footnotes



**ACH Alert, LLC**  
**Statements of Changes in Members' Equity**  
**For the nine months ended September 30, 2020 and the year ended December 31, 2019**

|  | September 30,<br>2020      | December 31,<br>2019     |
|--|----------------------------|--------------------------|
| <b><i>Members' equity, beginning of period</i></b> | <b>\$ 577,844</b>          | <b>\$ 553,323</b>        |
| Net income   | 890,398                    | 746,542                  |
| Distributions                                      | (303,465)                  | (722,021)                |
| <b><i>Members' equity, end of period</i></b>       | <b><u>\$ 1,164,777</u></b> | <b><u>\$ 577,844</u></b> |

See Accompanying Footnotes

**ACH Alert, LLC**  
**Statements of Cash Flows**  
**For the nine months ended September 30, 2020 and the year ended December 31, 2019**

|  | September 30,<br>2020      | December 31,<br>2019     |
|--|----------------------------|--------------------------|
| <b>Operating activities</b>  |                            |                          |
| Net income   | \$ 890,398                 | \$ 746,542               |
| Adjustments to reconcile net income to net cash flows from operating activities: |                            |                          |
| Depreciation expense   | 3,650                      | 598                      |
| Amortization expense   | 135,907                    | 201,722                  |
| Bad debt expense   | 172,029                    | 15,963                   |
| Changes in operating assets and liabilities:                                     |                            |                          |
| Accounts receivables   | (163,743)                  | 150,133                  |
| Prepaid expenses   | (32,505)                   | (2,432)                  |
| Accounts payable   | (22,398)                   | (14,651)                 |
| Accrued expenses   | 38,641                     | 27,152                   |
| Deferred revenue   | 23,670                     | 241,652                  |
| Net cash flows from operating activities   | <u>1,045,649</u>           | <u>1,366,679</u>         |
| <b>Investing activities</b>  |                            |                          |
| Software development cost  | —                          | (7,274)                  |
| Purchase of equipment  | (25,614)                   | —                        |
| Net cash flows from investing activities   | <u>(25,614)</u>            | <u>(7,274)</u>           |
| <b>Financing activities</b>  |                            |                          |
| Distributions  | (303,465)                  | (722,021)                |
| Proceeds from PPP refundable advance   | 252,093                    | —                        |
| Repayment of note payable  | —                          | (10,000)                 |
| Net cash flows from financing activities   | <u>(51,372)</u>            | <u>(732,021)</u>         |
| Net change in cash and cash equivalents  | 968,663                    | 627,384                  |
| <b>Cash and cash equivalents, beginning of period</b>                            | 837,667                    | 210,283                  |
| <b>Cash and cash equivalents, end of period</b>                                  | <u><u>\$ 1,806,330</u></u> | <u><u>\$ 837,667</u></u> |

See Accompanying Footnotes

**ACH Alert, LLC**  
**Notes to Financial Statements**  
**September 30, 2020 and December 31, 2019**

**Note 1. Nature of Business and Significant Accounting Policies**

A summary of significant accounting policies and practices used in the preparation of the financial statements follows:

**Nature of business:**

ACH Alert, LLC (the "Company") creates software to provide fraud protection for customers of credit unions, community banks and large regional banks located throughout the United States and indirectly through channel partner alliances.

**Basis of accounting:**

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) has established the Accounting Standards Codification (ASC) as the sole source of authoritative GAAP.

**Cash and cash equivalents:**

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company maintains cash accounts at various financial institutions which may at times exceed federally insured amounts.

The Company maintains cash equivalent balances in money market funds totaling \$1,355,820 as of September 30, 2020 and \$749,893 as of December 31, 2019. Such balances are not insured.

**Accounts receivable:**

The Company performs ongoing credit evaluations of its customers' financial condition but does not require collateral to support customer receivables. The Company maintains an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts.

**Property and equipment:**

Property and equipment are stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred and additions and improvements that significantly extend the lives of assets are capitalized. Upon the sale or other retirement of depreciable property, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

Depreciation is provided using straight-line over the estimated useful lives of the depreciable assets which ranges from three to seven years.

**Capitalized software development cost:**

Costs of materials, consulting, payroll and payroll related costs for employees incurred in developing internal-use computer software are capitalized. The cost of certain upgrades and

enhancements to internal-use software that result in additional functionality are also capitalized. Costs incurred during the preliminary project and post implementation stages are charged to expense as incurred. Once a development project is substantially complete and the software is ready for its intended use, these costs are amortized on a straight-line basis over 5 years which is the estimated economic life of the product. Amortization expense was \$135,907 for the nine months ended September 30, 2020 and \$201,722 for the year ended December 31, 2019.

***Long-lived assets:***

The carrying value of long-lived assets, such as property and equipment and software development cost, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the nine months ended September 30, 2020 and the year ended December 31, 2019, the Company recognized no impairment losses on long-lived assets.

***Income taxes:***

The Company, with the consent of its members, has elected to be taxed as a pass through entity under the provisions of the Internal Revenue Code. The members are personally liable for their proportionate share of the Company's federal taxable income. Therefore, no provision for federal income taxes is reflected in these financial statements. The Company is a taxable entity for state purposes.

Deferred tax assets and liabilities, if significant, are recognized for the estimated future tax affects attributed to temporary differences between the book and tax bases of assets and liabilities and for carryforward items. The measurement of current and deferred tax assets and liabilities is based on enacted law. Deferred tax assets are reduced, if necessary, by a valuation allowance for the amount of tax benefits that are not more likely than not to be realized. As of September 30, 2020 and December 31, 2019, management determined that a full valuation allowance was required against the Company's net deferred tax asset due to the uncertainty of future taxable income.

Management evaluates the Company's tax positions on a periodic basis and has concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements as of September 30, 2020 and December 31, 2019.

The Company files federal and state income tax returns in the U.S. federal jurisdiction and in Tennessee.

***Estimates and uncertainties:***

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

***Revenue recognition:***

In May 2014, the FASB issued ASU 2014-09 *Revenue from Contracts with Customers* (ASU 2014-09 or Topic 606), which requires a company to recognize revenue when the company transfers

control of promised goods and services to the customer. Revenue is recognized in an amount that reflects the consideration a company expects to receive in exchange for those goods or services.

The Company only has revenue from customers. The Company recognizes revenue when it satisfies performance obligations under the terms of its contracts, and control of its products and services are transferred to its customers in an amount that reflects the consideration the Company expects to receive from its customers in exchange for those products and services. This process involves identifying the customer contract, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it (a) provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and (b) is separately identified in the contract. The Company considers a performance obligation satisfied once it has transferred control of a product or service to a customer, meaning the customer has the ability to use and obtain the benefit of the product.

Taxes assessed by a government authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from sales.

The Company's primary source of revenue is from providing its Fraud Prevention HQ SaaS services to financial institutions and their customers. The Company does not act as an agent in any of its revenue arrangements. Contracts with customers generally state the terms of the sale, including the quantity and price of each product or service purchased. Contracts generally consist of monthly minimum fees plus monthly additional usage fees. Customer usage resets each month and is evaluated to determine the additional usage fees based on the contractual terms. Some contracts may include upfront implementation and customization fees which have been determined to not be distinct from the SaaS offering given the complexity of the implementation and customization services provided. These services are only capable of being performed by the Company and are considered part of delivering the overall Fraud Prevention HQ solution to the customer.

Payment terms and conditions for monthly minimum and usage fees may vary by contract, although terms generally include a requirement of payment within a range of 30 to 60 days. Implementation and customization fees require payment upfront and are recognized as deferred revenue and amortized over the life of the customer contract which ranges for 24-60 months. As a result, the contracts do not include a significant financing component. In addition, contracts typically do not contain variable consideration as the contracts include stated prices and the delivery of the SaaS services qualifies for the series guidance in ASU 2014-09. The Company provides assurance type warranties on all of its products, which are not separate performance obligations and are outside the scope of Topic 606.

***Recently issued accounting pronouncement:***

In February 2016, the FASB amended the Leases topic of the ASC to require all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the income statement. The amendments will be effective for the Company for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

### Subsequent events:

The Company has evaluated subsequent events for potential recognition and disclosure through January 22, 2021, the date the financial statements were available to be issued, as disclosed in Notes 8, 9 and 10.

### Note 2. Accounts Receivable

Accounts receivable consist of the following:

|                                 | September 30,<br>2020 | December 31,<br>2019 |
|---------------------------------|-----------------------|----------------------|
| Accounts receivables            | \$ 410,832            | \$ 247,089           |
| Allowance for doubtful accounts | (209,192)             | (37,163)             |
|                                 | <u>\$ 201,640</u>     | <u>\$ 209,926</u>    |

### Note 3. Property and Equipment

Property and equipment consist of the following major classifications:

|                          | September 30,<br>2020 | December 31,<br>2019 |
|--------------------------|-----------------------|----------------------|
| Equipment                | \$ 64,351             | \$ 38,737            |
| Furniture                | 4,069                 | 4,069                |
| Software                 | 75,833                | 75,833               |
| Vehicles                 | —                     | 900                  |
|                          | <u>144,253</u>        | <u>119,539</u>       |
| Accumulated depreciation | <u>121,324</u>        | <u>118,574</u>       |
|                          | <u>\$ 22,929</u>      | <u>\$ 965</u>        |

### Note 4. Related Party Operating Lease

The Company leases office space from the owners of the Company under a non-cancelable operating lease in the amount of \$13,996 per month expiring in March 2028. Future minimum lease payments for the next five years are \$167,959 for each of the annual periods ending December 31.

Rent expense totaled \$126,741 for the nine months ended September 30, 2020 and \$171,310 for the year ended December 31, 2019, and is reported in general and administrative expenses on the statements of income.

### Note 5. Major Customers

Concentrations with major customers are summarized as follows:

|  | September 30,<br>2020 | December 31,<br>2019 |
|--|-----------------------|----------------------|
| Accounts receivables from major customers (customers that account for 10% or more of accounts receivables) | \$ 181,310            | \$ 168,782           |
| Percent of trade receivables   | 44%                   | 68%                  |
| Number of customers  | 2                     | 3                    |
| Sales to major customers (customers that account for 10% or more of sales)                                 | \$ 487,226            | \$ 590,720           |
| Percent of sales   | 14%                   | 16%                  |
| Number of customers  | 1                     | 1                    |

### Note 6. Note Payable

During 2017, the Company entered into a \$50,000 note payable to buy back a membership interest purchase warrant. In accordance with terms of the note, principal payments of \$10,000 will be made annually on December 1 plus interest at the federal midterm rate through 2022. As of September 30, 2020 and December 31, 2019, the outstanding balance on the note payable totaled \$30,000.

### Note 7. Income Taxes

The provision for state income taxes for the Company for the nine months ended September 30, 2020 and the year ended December 31, 2019, consists of the following:

|                               | September 30,<br>2020 | December 31,<br>2019 |
|-------------------------------|-----------------------|----------------------|
| <b>Deferred</b>               |                       |                      |
| Change in valuation allowance | \$ 4,150              | \$ 31,250            |
| Deferred tax                  | (4,150)               | (31,250)             |
|                               | <u>\$ —</u>           | <u>\$ —</u>          |

The tax effect of the components of deferred tax assets and liabilities for the Company as of September 30, 2020 and December 31, 2019, consists of the following:

|   | September 30,<br>2020 | December 31,<br>2019 |
|---|-----------------------|----------------------|
| <b>Deferred tax assets</b>                        |                       |                      |
| Accounts payable                                  | \$ 360                | \$ 1,790             |
| Accrued expenses                                  | 4,590                 | 2,000                |
| Deferred revenue                                  | 56,200                | 54,650               |
| Net operating loss carryforward                   | 109,150               | 109,150              |
|   | <u>170,300</u>        | <u>167,590</u>       |
| <b>Deferred tax liabilities</b>                   |                       |                      |
| Accounts receivable                               | 13,100                | 13,640               |
| Prepaid expenses                                  | 3,400                 | 1,270                |
| Software development cost                         | 39,600                | 44,070               |
| Property and equipment                            | 1,500                 | 60                   |
|   | <u>57,600</u>         | <u>59,040</u>        |
| Net deferred tax asset before valuation allowance | 112,700               | 108,550              |
| Valuation allowance                               | (112,700)             | (108,550)            |
| Net deferred tax liability                        | <u>\$ —</u>           | <u>\$ —</u>          |

As of September 30, 2020, the Company had approximately \$1,680,000 in state net operating losses available to reduce future state taxable income which will begin to expire in 2024. Based on the nature of the income and how the net operating loss may be utilized, the Company recognized a valuation allowance as of September 30, 2020 and December 31, 2019, because it does not expect to fully realize the total amount of state operating losses available.

### Note 8. Phantom Stock Agreement and Settlement Expense

In July 2017, the Company adopted a Phantom Units Plan (the "Plan") to reward past, current and future service of its employees. Phantom units issued under the Plan are restricted and subject to

forfeiture. All phantom unit grants become settled only upon consummation of a sale event as defined in the Plan. Participants are entitled to receive an amount which was vested at the time of sale times the phantom unit value. Phantom unit grants are not directly or indirectly equity interests in the Company and the participant has no rights as a member of the Company.

As of September 30, 2020, the Company had issued 8 phantom unit grants. Because the phantom unit grants can generally only be exercised upon a sale event, they contain a performance condition which must be probable of occurring before the value of the phantom stock units are recognized on the books of the Company. As discussed in Note 10, the Company executed an asset purchase agreement with Alkami Acquisition Corporation which triggered recognition of the phantom stock grant liability on October 4, 2020. Subsequent to September 30, 2020, the Company paid four participants with formalized Plan agreements holding 7.5 units \$1,875,000. An additional payment of \$200,000 was made to an employee under the premise of the Plan, however that arrangement was verbal.

During 2019 and 2020, the Company settled certain informal arrangements with prior employees who did not wish to participate in the Phantom Units Plan. Settlement expense of \$180,000 was recorded in 2020 and \$35,000 in 2019 on the statements of income as other expense.

#### **Note 9. Uncertainties**

The 2019 novel coronavirus ("COVID-19") has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. It is unknown the extent to which COVID-19 may spread, may have a destabilizing effect on financial and economic activity and may increasingly have the potential to negatively impact the Company's and its customers' costs, demand for the Company's products and services, and the U.S. economy. These conditions could adversely affect the Company's business, financial condition, and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of the Company's operations or other businesses of the Company's customers and suppliers, which could significantly disrupt the Company's operations and the operations of the Company's customers. The extent of the adverse impact of the COVID-19 outbreak on the Company cannot be predicted at this time.

In response to the uncertainty caused by COVID-19, the Company executed a loan with Pinnacle Bank for a principal amount of \$252,093 during 2020 pursuant to the Paycheck Protection Program (PPP Loan) under the Coronavirus Aid, Relief, and Economic Security Act ("CARES"). The PPP Loan is unsecured and guaranteed by the United States Small Business Administration. The Company planned to apply to the financial institution for forgiveness of the PPP Loan in accordance with the terms of the CARES Act, however, due to the asset purchase agreement executed with Alkami Acquisition Corporation on October 4, 2020, as discussed in Note 10, Pinnacle Bank called the loan resulting in the payment of principal and interest totaling \$253,281 on that same date.

#### **Note 10. Subsequent Events**

On October 4, 2020, the Company entered into an asset purchase agreement with Alkami Acquisition Corporation, a wholly owned subsidiary of Alkami Technology, Incorporated. The agreement transfers substantially all the assets, business and operations of the Company together with certain obligations and liabilities to the purchaser.



Through and including \_\_\_\_\_, 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

6,000,000 Shares



**Alkami Technology, Inc.**

Common Stock

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**PROSPECTUS**

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, 2021

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**PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****Item 13. Other Expenses of Issuance and Distribution**

The following table sets forth the costs and expenses, other than the underwriting discounts and commissions, payable by the Registrant in connection with the offering and sale of the common stock being registered. All amounts shown are estimates except for the SEC registration fee, the Financial Industry Regulatory Authority, Inc. ("FINRA") filing fee and the exchange listing fee.

|  | Amount<br>Paid or<br>to Be Paid |
|--|---------------------------------|
| SEC registration fee                           | \$ 32,741                       |
| FINRA filing fee                               | 45,515                          |
| Exchange listing fee                           | 225,000                         |
| Printing and engraving expenses                | 525,000                         |
| Legal fees and expenses                        | 2,035,000                       |
| Accounting fees and expenses                   | 2,000,000                       |
| Blue sky fees and expenses                     | 30,000                          |
| Transfer agent and registrar fees and expenses | 40,000                          |
| Miscellaneous expenses                         | 257,244                         |
| Total  | <u>\$ 5,190,500</u>             |

**Item 14. Indemnification of Directors and Officers**

Section 145(a) of the General Corporation Law of the State of Delaware provides, in general, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), because he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 145(b) of the General Corporation Law of the State of Delaware provides, in general, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor because the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made with respect to any claim, issue or matter as to which he or she shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, he or she is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or other adjudicating court shall deem proper.

Section 145(g) of the General Corporation Law of the State of Delaware provides, in general, that a corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify the person against such liability under Section 145 of the General Corporation Law of the State of Delaware.

In connection with the sale of common stock being registered hereby, we have entered into indemnification agreements with each of our directors, officers and certain other employees. These agreements will provide that we will indemnify each of our directors, officers and such employees to the fullest extent permitted by law and our amended and restated certificate of incorporation and bylaws.

We also maintain a general liability insurance policy which covers certain liabilities of directors and officers of our company arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act of 1933, as amended, referred to herein as the "Securities Act," against certain liabilities.

#### ***Item 15. Recent Sales of Unregistered Securities***

Since December 31, 2017, we have made the following sales of unregistered securities:

##### ***Equity Plan-Related Issuances***

- (1) Since December 31, 2017, we have granted to our directors, employees and consultants options to purchase 11,160,701 shares of our common stock with per share exercise prices ranging from \$1.70 to \$18.62 under our 2011 Long-Term Incentive Plan ("2011 Plan") as of March 31, 2021.
- (2) Since December 31, 2017, we have issued to certain of our directors, employees and consultants an aggregate of 5,417,884 shares of our common stock at per share purchase prices ranging from \$0.03 to \$15.46 pursuant to exercises of options under the 2011 Plan for an aggregate purchase price of \$5,579,083 as of March 31, 2021.

##### ***Sales of Redeemable Convertible Preferred Stock and Warrants***

- (3) In December 2018, we issued and sold an aggregate of 4,895,721 shares of Series D redeemable convertible preferred stock to two accredited investors at \$6.1278 per share for gross proceeds of \$30.0 million.
- (4) Between May 2019 and September 2020, we issued and sold an aggregate of 12,726,367 shares of Series E redeemable convertible preferred stock to 33 accredited investors at \$8.50 per share for gross proceeds of \$108.2 million.
- (5) In June 2019, we issued a warrant to purchase an aggregate of 29,412 shares of Series E redeemable convertible preferred stock with an exercise price of \$8.50 per share to one accredited investor.



- (6) In September 2020, we issued and sold an aggregate of 8,750,000 shares of Series F redeemable convertible preferred stock to 15 accredited investors at \$16.00 per share for gross proceeds of \$140.0 million.

The offers, sales and issuances of the securities described in paragraphs (1) and (2) were deemed to be exempt from registration under Rule 701 promulgated under the Securities Act as transactions under compensatory benefit plans and contracts relating to compensation, or under Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering. The recipients of such securities were our directors, employees or bona fide consultants and received the securities under our equity incentive plans. Appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us.

The offers, sales and issuances of the securities described in paragraphs (3) through (6) were deemed to be exempt under Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D under the Securities Act as a transaction by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act and had adequate access to information about us. No underwriters were involved in these transactions.

#### ***Item 16. Exhibits and Financial Statement Schedules***

##### ***(a) Exhibits***

A list of exhibits required to be filed under this item is set forth on the Exhibit Index of this registration statement and is incorporated in this Item 16(a) by reference.

##### ***(b) Financial Statement Schedules***

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

#### ***Item 17. Undertakings***

The undersigned Registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

## INDEX TO EXHIBITS

The following exhibits are filed as part of this registration statement.

| Exhibit<br>Number | Exhibit Description  | Incorporated by Reference |           |        | Filed<br>Herewith |
|-------------------|--|---------------------------|-----------|--------|-------------------|
|                   |  | Form                      | Date      | Number |                   |
| 1.1               | <a href="#">Form of Underwriting Agreement.</a>  |                           |           |        | X                 |
| 2.1†              | <a href="#">Asset Purchase Agreement, by and among ACH Alert, LLC, Deborah Peace, David Peace, Alkami Acquisition Corp. and Alkami Technology, Inc., dated as of October 4, 2020</a> | S-1                       | 3/10/2021 | 2.1    |                   |
| 3.1               | <a href="#">Fifth Amended and Restated Certificate of Incorporation of Alkami Technology, Inc., currently in effect.</a>   | S-1                       | 3/10/2021 | 3.1    |                   |
| 3.2               | <a href="#">Form of Amended and Restated Certificate of Incorporation of Alkami Technology, Inc., to be in effect immediately prior to the completion of this offering.</a>          |                           |           |        | X                 |
| 3.3               | <a href="#">Bylaws of Alkami Technology, Inc., currently in effect.</a>  | S-1                       | 3/10/2021 | 3.3    |                   |
| 3.4               | <a href="#">Form of Amended and Restated Bylaws of Alkami Technology, Inc., to be in effect immediately prior to the completion of this offering.</a>                                |                           |           |        | X                 |
| 4.1               | <a href="#">Form of Specimen Stock Certificate evidencing the shares of common stock.</a>  | S-1                       | 3/10/2021 | 4.1    |                   |
| 4.2               | <a href="#">Fourth Amended and Restated Investors' Rights Agreement, by and among Alkami Technology, Inc. and the investors listed therein, dated as of September 24, 2020.</a>      | S-1                       | 3/10/2021 | 4.2    |                   |
| 4.3               | <a href="#">Warrant to Purchase Stock, dated December 10, 2012, between Alkami Technology, Inc. and Silicon Valley Bank.</a>   | S-1                       | 3/10/2021 | 4.3    |                   |
| 4.4               | <a href="#">Warrant to Purchase Stock, dated July 2, 2014, between Alkami Technology, Inc. and Comerica Bank.</a>  | S-1                       | 3/10/2021 | 4.4    |                   |
| 4.5               | <a href="#">First Amendment to Warrant, dated July 7, 2016, between Alkami Technology, Inc. and Comerica Ventures Incorporated.</a>  | S-1                       | 3/10/2021 | 4.5    |                   |
| 4.6               | <a href="#">Warrant to Purchase Stock, dated September 9, 2014, between Alkami Technology, Inc. and Comerica Bank.</a>   | S-1                       | 3/10/2021 | 4.6    |                   |
| 4.7               | <a href="#">Warrant to Purchase Stock, dated July 7, 2016, between Alkami Technology, Inc. and Comerica Bank.</a>  | S-1                       | 3/10/2021 | 4.7    |                   |

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| <u>Exhibit<br/>Number</u> | <u>Exhibit Description</u>   | <u>Incorporated by Reference</u> |             |               |                           |
|---------------------------|--|----------------------------------|-------------|---------------|---------------------------|
|                           |  | <u>Form</u>                      | <u>Date</u> | <u>Number</u> | <u>Filed<br/>Herewith</u> |
| 4.8                       | <a href="#"><u>Warrant to Purchase Stock, dated July 21, 2017, between Alkami Technology, Inc. and Comerica Bank.</u></a>  | S-1                              | 3/10/2021   | 4.8           |                           |
| 4.9                       | <a href="#"><u>Warrant to Purchase Stock, dated June 28, 2019, between Alkami Technology, Inc. and Comerica Bank.</u></a>  | S-1                              | 3/10/2021   | 4.9           |                           |
| 5.1                       | <a href="#"><u>Opinion of Latham &amp; Watkins LLP.</u></a>  |                                  |             | 5.1           | X                         |
| 10.1                      | <a href="#"><u>Amended and Restated Office Lease by and between Granite Park III, Ltd and Alkami Technology, Inc., dated as of September 6, 2017.</u></a>  | S-1                              | 3/10/2021   | 10.1          |                           |
| 10.2                      | <a href="#"><u>First Amendment to Amended and Restated Office Lease by and between Granite Park III, Ltd and Alkami Technology, Inc., dated as of June 29, 2018.</u></a>   | S-1                              | 3/10/2021   | 10.2          |                           |
| 10.3                      | <a href="#"><u>Second Amendment to Amended and Restated Office Lease by and between Granite Park III, Ltd and Alkami Technology, Inc., dated as of November 8, 2018.</u></a>   | S-1                              | 3/10/2021   | 10.3          |                           |
| 10.4                      | <a href="#"><u>Third Amendment to Amended and Restated Office Lease by and between Granite Park NM/GP III LP, as successor in interest to Granite Park III, Ltd and Alkami Technology, Inc., dated as of January 7, 2019.</u></a>  | S-1                              | 3/10/2021   | 10.4          |                           |
| 10.5                      | <a href="#"><u>Fourth Amendment to Amended and Restated Office Lease by and between Granite Park NM/GP III LP, as successor in interest to Granite Park III, Ltd and Alkami Technology, Inc., dated as of December 27, 2019.</u></a>   | S-1                              | 3/10/2021   | 10.5          |                           |
| 10.6                      | <a href="#"><u>Fifth Amendment to Amended and Restated Office Lease by and between Granite Park NM/GP III LP, as successor in interest to Granite Park III, Ltd and Alkami Technology, Inc., dated as of November 3, 2020.</u></a>   | S-1                              | 3/10/2021   | 10.6          |                           |
| 10.7                      | <a href="#"><u>Senior Secured Credit Facilities Credit Agreement, among Alkami Technology, Inc., as the Borrower, the Several Lenders from time to time party thereto and Silicon Valley Bank, as Administrative Agent, Issuing Lender and Swingline Lender, dated as of October 16, 2020.</u></a> | S-1                              | 3/10/2021   | 10.7          |                           |
| 10.8                      | <a href="#"><u>Guarantee and Collateral Agreement, among Alkami Technology, Inc. as the Borrower, the other Grantors referred to therein, and Silicon Valley Bank, as Administrative Agent, dated as of October 16, 2020.</u></a>  | S-1                              | 3/10/2021   | 10.8          |                           |



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| <u>Exhibit<br/>Number</u> | <u>Exhibit Description</u>  | <u>Incorporated by Reference</u> |             |               |                           |
|---------------------------|---|----------------------------------|-------------|---------------|---------------------------|
|                           |   | <u>Form</u>                      | <u>Date</u> | <u>Number</u> | <u>Filed<br/>Herewith</u> |
| 10.9†                     | <a href="#">Bill Pay Service Reseller Agreement by and between CO-OP eCom, LLC and Alkami Technology, Inc., dated as of June 28, 2013.</a>  | S-1                              | 3/10/2021   | 10.9          |                           |
| 10.10†                    | <a href="#">First Amendment to Bill Pay Service Reseller Agreement by and between CO-OP eCom, LLC and Alkami Technology, Inc., dated as of May 19, 2015.</a>                              | S-1                              | 3/10/2021   | 10.10         |                           |
| 10.11†                    | <a href="#">Second Amendment to Bill Pay Service Reseller Agreement by and between CO-OP eCom, LLC and Alkami Technology, Inc., dated as of February 11, 2016.</a>                        | S-1                              | 3/10/2021   | 10.11         |                           |
| 10.12†                    | <a href="#">Third Amendment to Bill Pay Service Reseller Agreement by and between CO-OP eCom, LLC and Alkami Technology, Inc., dated as of March 7, 2017.</a>                             | S-1                              | 3/10/2021   | 10.12         |                           |
| 10.13†                    | <a href="#">Fourth Amendment to Bill Pay Service Reseller Referral Agreement by and between Alkami Technology, Inc. and CU Cooperative Systems, Inc., dated as of September 14, 2019.</a> | S-1                              | 3/10/2021   | 10.13         |                           |
| 10.14†                    | <a href="#">Fifth Amendment to Bill Pay Service Reseller Agreement by and between Alkami Technology, Inc. and CU Cooperative Systems, Inc., dated as of June 1, 2020.</a>                 | S-1                              | 3/10/2021   | 10.14         |                           |
| 10.15#                    | <a href="#">Alkami Technology, Inc. 2011 Long-Term Incentive Plan.</a>  | S-1                              | 3/10/2021   | 10.15         |                           |
| 10.16#                    | <a href="#">Alkami Technology, Inc. 2021 Incentive Award Plan.</a>  | S-1                              | 3/10/2021   | 10.16         |                           |
| 10.17#                    | <a href="#">Form of Stock Option Grant Notice and Stock Option Agreement under the 2021 Incentive Award Plan.</a>   | S-1                              | 3/10/2021   | 10.17         |                           |
| 10.18#                    | <a href="#">Form of Restricted Stock Award Grant Notice and Restricted Stock Award Agreement under the 2021 Incentive Award Plan.</a>   | S-1                              | 3/10/2021   | 10.18         |                           |
| 10.19#                    | <a href="#">Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement under the 2021 Incentive Award Plan.</a>   | S-1                              | 3/10/2021   | 10.19         |                           |
| 10.20#                    | <a href="#">Alkami Technology, Inc. Employee Stock Purchase Plan.</a>   | S-1                              | 3/10/2021   | 10.20         |                           |
| 10.21#                    | <a href="#">Amended &amp; Restated Executive Employment Agreement, by and between Alkami Technology, Inc. and Stephen Bohanon.</a>  |                                  |             |               | X                         |
| 10.22#                    | <a href="#">Amended &amp; Restated Executive Employment Agreement, by and between Alkami Technology, Inc. and Michael Hansen.</a>   |                                  |             |               | X                         |

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| <u>Exhibit<br/>Number</u> | <u>Exhibit Description</u>   | <u>Incorporated by Reference</u> |             |               |                           |
|---------------------------|--|----------------------------------|-------------|---------------|---------------------------|
|                           |  | <u>Form</u>                      | <u>Date</u> | <u>Number</u> | <u>Filed<br/>Herewith</u> |
| 10.23#                    | <a href="#">Amended &amp; Restated Executive Employment Agreement, by and between Alkami Technology, Inc. and Bryan Hill.</a>            |                                  |             |               | X                         |
| 10.24#                    | <a href="#">Amended &amp; Restated Executive Employment Agreement, by and between Alkami Technology, Inc. and Douglas A. Linebarger.</a> |                                  |             |               | X                         |
| 10.25#                    | <a href="#">Form of Indemnification Agreement for directors and officers.</a>  |                                  |             |               | X                         |
| 10.26#                    | <a href="#">Non-Employee Director Compensation Program.</a>  | S-1                              | 3/10/2021   | 10.26         |                           |
| 21.1                      | <a href="#">List of Subsidiaries.</a>  | S-1                              | 3/10/2021   | 21.1          |                           |
| 23.1                      | <a href="#">Consent of Latham &amp; Watkins LLP (included in Exhibit 5.1).</a>   |                                  |             |               |                           |
| 23.2                      | <a href="#">Consent of Ernst &amp; Young LLP.</a>  |                                  |             |               | X                         |
| 23.3                      | <a href="#">Consent of Grant Thornton LLP.</a>   |                                  |             |               | X                         |
| 24.1                      | <a href="#">Powers of Attorney (included in the signature pages to this registration statement).</a>                                     | S-1                              | 3/10/2021   | 24.1          |                           |

# Indicates a management contract or compensatory plan.

† Certain portions of this document that constitute confidential information have been redacted in accordance with Regulation S-K, Item 601(b)(2).

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Plano, state of Texas on April 5, 2021.

Alkami Technology, Inc.

By: /s/ Michael Hansen  
Michael Hansen  
Chief Executive Officer and Director

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

| <u>Signature</u>                            | <u>Title</u>  | <u>Date</u>   |
|---|---|---------------|
| <u>/s/ Michael Hansen</u><br>Michael Hansen | Chief Executive Officer and Director<br>(Principal Executive Officer) | April 5, 2021 |
| <u>/s/ W. Bryan Hill</u><br>W. Bryan Hill   | Chief Financial Officer<br>(Principal Financial Officer)              | April 5, 2021 |
| <u>/s/ Kristy Ramundi</u><br>Kristy Ramundi | Chief Accounting Officer<br>(Principal Accounting Officer)            | April 5, 2021 |
| <u>*</u><br>Brian R. Smith                  | Director and Chairperson  | April 5, 2021 |
| <u>*</u><br>Todd Clark                      | Director  | April 5, 2021 |
| <u>*</u><br>Charles Kane                    | Director  | April 5, 2021 |
| <u>*</u><br>Gene Lockhart                   | Director  | April 5, 2021 |
| <u>*</u><br>Steve Mitchell                  | Director  | April 5, 2021 |
| <u>*</u><br>Gary Nelson                     | Director  | April 5, 2021 |
| <u>*</u><br>Raph Osnoos                     | Director  | April 5, 2021 |

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| <u>Signature</u>                           | <u>Title</u> | <u>Date</u>   |
|--|--------------|---------------|
| <div>*<br/>_____<br/>Merline Saintil</div> | Director     | April 5, 2021 |
| <div>*<br/>_____<br/>Barbara Yastine</div> | Director     | April 5, 2021 |

\*By: /s/ W. Bryan Hill  
W. Bryan Hill  
Attorney-in-Fact

## Alkami Technology, Inc.

## Common Stock

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Underwriting Agreement

[•], 2021

Goldman Sachs & Co. LLC  
J.P. Morgan Securities LLC  
Barclays Capital Inc.

As representatives (the “**Representatives**”) of the several Underwriters named in Schedule I hereto,

c/o Goldman Sachs & Co. LLC  
200 West Street  
New York, New York 10282

c/o J.P. Morgan Securities LLC  
383 Madison Avenue  
New York, New York 10179

c/o Barclays Capital Inc.  
745 Seventh Avenue  
New York, New York 10019

Ladies and Gentlemen:

Alkami Technology, Inc., a Delaware corporation (the “**Company**”), proposes, subject to the terms and conditions stated in this agreement (this “**Agreement**”), to issue and sell to the Underwriters named in Schedule I hereto (the “**Underwriters**”) an aggregate of [•] shares (the “**Firm Shares**”) and, at the election of the Underwriters, up to [•] additional shares (the “**Optional Shares**”) of common stock, par value \$0.001 per share (“**Stock**”) of the Company (the Firm Shares and the Optional Shares that the Underwriters elect to purchase pursuant to Section 2 hereof are herein collectively called the “**Shares**”).

1. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) A registration statement on Form S-1 (File No. 333-254108) (the “**Initial Registration Statement**”) in respect of the Shares has been filed with the Securities and Exchange Commission (the “**Commission**”); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to the Representatives, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (a “**Rule 462(b) Registration Statement**”), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the “**Act**”), which became effective upon filing, no other document with respect to the Initial Registration Statement has been filed with the Commission; and no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration

Statement, if any, has been issued and no proceeding for that purpose or pursuant to Section 8A of the Act has been initiated or, to the Company's knowledge, threatened by the Commission (any preliminary prospectus included in the Initial Registration Statement or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Act is hereinafter called a "**Preliminary Prospectus**"; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the Initial Registration Statement at the time it was declared effective, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the "**Registration Statement**"; the Preliminary Prospectus relating to the Shares that was included in the Registration Statement immediately prior to the Applicable Time (as defined in Section 1(a)(iii) hereof) is hereinafter called the "**Pricing Prospectus**"; such final prospectus, in the form first filed pursuant to Rule 424(b) under the Act, is hereinafter called the "**Prospectus**"; any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Act or Rule 163B under the Act is hereinafter called a "**Testing-the-Waters Communication**"; and any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Act is hereinafter called a "**Written Testing-the-Waters Communication**"; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Shares is hereinafter called an "**Issuer Free Writing Prospectus**";

(b) (A) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and (B) each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the applicable requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information (as defined in Section 9(b) of this Agreement);

(c) For the purposes of this Agreement, the "**Applicable Time**" is [•] [a/p].m. (Eastern time) on the date of this Agreement; the Pricing Prospectus, as supplemented by the information listed on Schedule II(c) hereto, taken together (collectively, the "**Pricing Disclosure Package**"), as of the Applicable Time, did not, and as of each Time of Delivery (as defined in Section 4(a) of this Agreement) will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus and each Written Testing-the-Waters Communication does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus, and each Issuer Free Writing Prospectus and each Written Testing-the-Waters Communication, as supplemented by and taken together with the Pricing Disclosure Package, as of the Applicable Time, did not, and as of each Time of Delivery, will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(d) No documents were filed with the Commission since the Commission's close of business on the business day immediately prior to the date of this Agreement and prior to the execution of this Agreement, except as set forth on Schedule II(b) hereto;

(e) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the applicable requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to each part of the Registration Statement, as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, and as of each Time of Delivery, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(f) Neither the Company nor any of its subsidiaries has, since the date of the latest audited financial statements included in the Pricing Prospectus, (i) sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree or (ii) entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole, in each case otherwise than as set forth or contemplated in the Pricing Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, there has not been (x) any change in the capital stock (other than as a result of (i) the exercise, if any, of stock options or the award, if any, of stock options or restricted stock in the ordinary course of business pursuant to the Company's equity plans that are described in the Pricing Prospectus and the Prospectus or (ii) the issuance, if any, of stock upon conversion of Company securities as described in the Pricing Prospectus and the Prospectus) or long-term debt of the Company or any of its subsidiaries or (y) any Material Adverse Effect (as defined below); as used in this Agreement, "Material Adverse Effect" shall mean any material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting (i) the business, properties, general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus, or (ii) the ability of the Company to perform its obligations under this Agreement, including the issuance and sale of the Shares, or to consummate the transactions contemplated in the Pricing Prospectus and the Prospectus;

(g) The Company and its subsidiaries do not own any real property. Except as would not reasonably be expected to have a Material Adverse Effect, the Company and its subsidiaries have good and marketable title to all personal property owned by them, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and its subsidiaries; and any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries;

(h) Each of the Company and each of its subsidiaries has been (i) duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Prospectus, and (ii) duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except, in the case of this clause (ii), where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect; and each subsidiary of the Company required to be identified in the Registration Statement is set forth on Exhibit 21.1 to the Registration Statement;

(i) The Company has an authorized capitalization as set forth in the Pricing Prospectus and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and conform to the description of capital stock contained in the Pricing Disclosure Package and the Prospectus; and all of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and (except, in the case of any foreign subsidiary, for directors' qualifying shares) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims;

(j) The Shares to be issued and sold by the Company to the Underwriters hereunder have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and non-assessable and will conform to the description of the Stock contained in the Pricing Disclosure Package and the Prospectus; and the issuance of the Shares is not subject to any preemptive or similar rights, in each case other than rights which have been complied with or waived;

(k) The issue and sale of the Shares and the execution, delivery and performance by the Company of or under this Agreement and the consummation by the Company of the transactions contemplated in this Agreement and the Pricing Prospectus will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, as applicable, (A) any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (B) the certificate of incorporation or by-laws (or other applicable organizational document) of the Company or any of its subsidiaries, or (C) any statute applicable to the Company or any of its subsidiaries of any of their properties or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties except, in the case of clauses (A) and (C) for such defaults, breaches or violations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except such as have been obtained under the Act, the registration of the Stock under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), the approval by the Financial Industry Regulatory Authority ("**FINRA**") of the underwriting terms and arrangements, the approval for listing on The Nasdaq Global Select Market (the "**Exchange**") and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters;



(l) Neither the Company nor any of its subsidiaries is (i) in violation of its certificate of incorporation or by-laws (or other applicable organizational document), (ii) in violation of any statute applicable to the Company or any of its subsidiaries or any of their properties or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, or (iii) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except, in the case of the foregoing clauses (ii) and (iii), for such violations or defaults as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(m) The statements set forth in the Pricing Prospectus and the Prospectus under the caption “Description of Capital Stock”, insofar as they purport to constitute a summary of the terms of the Stock, and under the caption “Material U.S. Federal Income Tax Consequences to Non-U.S. Holders”, insofar as they purport to constitute a summary of U.S. federal income tax laws and regulations with respect thereto, are accurate, complete and fair in all material respects;

(n) Other than as set forth in the Pricing Prospectus, there are no legal, governmental or regulatory investigations, actions, demands, claims, suits, arbitrations, inquiries or proceedings (“**Actions**”) pending to which the Company or any of its subsidiaries or, to the Company’s knowledge, any officer or director of the Company is a party or of which any property or assets of the Company or any of its subsidiaries or, to the Company’s knowledge, any officer or director of the Company is the subject which, if determined adversely to the Company or any of its subsidiaries (or such officer or director), would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and, to the Company’s knowledge, no such proceedings are threatened or contemplated by governmental authorities or others; there are no current or pending Actions that are required under the Act to be described in the Registration Statement or the Pricing Prospectus that are not so described therein; and there are no statutes, regulations or contracts or other documents that are required under the Act to be filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Prospectus that are not so filed as exhibits to the Registration Statement or described in the Registration Statement and the Pricing Prospectus;

(o) The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof, will not be an “**investment company**”, as such term is defined in the Investment Company Act of 1940, as amended;

(p) At the time of filing the Initial Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Shares, and at the date hereof, the Company was not and is not an “**ineligible issuer**,” as defined in Rule 405 under the Act;

(q) Ernst & Young LLP, who have certified certain financial statements of the Company and its subsidiaries, and Grant Thornton LLP, who have certified certain financial statements of ACH Alert, LLC are each independent public accountants as required by the Act and the rules and regulations of the Commission thereunder;

(r) The Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act that (i) complies with the applicable requirements of the Exchange Act, (ii) has been designed by the Company's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the applicable provisions of U.S. generally accepted accounting principles ("GAAP") and (iii) is sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorization, (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable provisions of GAAP and to maintain accountability for assets, (C) access to assets is permitted only in accordance with management's general or specific authorization and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and the Company's internal control over financial reporting is effective and the Company is not aware of any material weaknesses in its internal control over financial reporting; provided, however, that this subsection does not require that the Company comply with Section 404 of the Sarbanes-Oxley Act of 2002, as amended and the rules and regulations promulgated in connection therewith or implementing the provisions thereof (the "**Sarbanes-Oxley Act**") as of an earlier date than it would otherwise be required to so comply under applicable law;

(s) Since the date of the latest audited financial statements included in the Pricing Prospectus, there has been no change in the Company's internal control over financial reporting that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Company's internal control over financial reporting;

(t) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply with the applicable requirements of the Exchange Act; such disclosure controls and procedures have been designed to ensure that material information relating to the Company and its subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within those entities; and such disclosure controls and procedures are effective;

(u) This Agreement has been duly authorized, executed and delivered by the Company;

(v) Neither the Company nor any of its subsidiaries, nor any director or officer of the Company or any of its subsidiaries nor, to the knowledge of the Company, any agent, employee, affiliate, representative or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) made, offered, promised or authorized any unlawful contribution, gift, entertainment or other unlawful expense (or taken any act in furtherance thereof); (ii) made, offered, promised or authorized any direct or indirect unlawful payment; or (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or the rules and regulations thereunder, the Bribery Act 2010 of the United Kingdom or any other applicable anti-corruption, anti-bribery or related law, statute or regulation (collectively, "**Anti-Corruption Laws**"); the Company and its subsidiaries have conducted their businesses in compliance with applicable Anti-Corruption Laws and have instituted and maintained and will continue to maintain policies and procedures reasonably designed to promote and achieve compliance with such laws and with the representations and warranties contained herein; neither the Company nor any of its subsidiaries will use, directly or indirectly, the proceeds of the offering in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of applicable Anti-Corruption Laws;

(w) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with the requirements of applicable anti-money laundering laws, including, but not limited to, the Bank Secrecy Act of 1970, as amended by the USA PATRIOT ACT of 2001, and the rules and regulations promulgated thereunder, and the applicable anti-money laundering laws of the various jurisdictions in which the Company and its subsidiaries conduct business and the rules and regulations thereunder (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;

(x) Neither the Company nor any of its subsidiaries, nor any director, officer of the Company or any of its subsidiaries nor, to the knowledge of the Company, any agent, employee, affiliate, representative or other person associated with or acting on behalf of the Company or any of its subsidiaries is (i) currently the subject or the target of any sanctions administered or enforced by the U.S. Government, including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury (“**OFAC**”), or the U.S. Department of State and including, without limitation, the designation as a “specially designated national” or “blocked person,” the European Union, Her Majesty’s Treasury, the United Nations Security Council, or other relevant sanctions authority (collectively, “**Sanctions**”), (ii) located, organized, or resident in a country or territory that is the subject or target of Sanctions (including, without limitation, Crimea, Cuba, Iran, North Korea and Syria) (each a “**Sanctioned Jurisdiction**”), and the Company will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person, or in any country or territory, that, at the time of such funding, is the subject or the target of Sanctions or (ii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions; neither the Company nor any of its subsidiaries is engaged in, or has, at any time in the past five years, engaged in, any dealings or transactions with or involving any individual or entity that was or is, as applicable, at the time of such dealing or transaction, the subject or target of Sanctions or with any Sanctioned Jurisdiction; the Company and its subsidiaries have instituted, and maintain, policies and procedures designed to promote and achieve continued compliance with Sanctions;

(y) The financial statements included in the Registration Statement, the Pricing Prospectus and the Prospectus, together with the related schedules and notes, present fairly in all material respects the financial position of the Company and its subsidiaries at the dates indicated and the statement of operations, stockholders’ equity and cash flows of the Company and its subsidiaries for the periods specified; said financial statements have been prepared in conformity with applicable provisions of GAAP applied on a consistent basis throughout the periods involved. The supporting schedules, if any, present fairly in all material respects in accordance with applicable provisions of GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Registration Statement, the Pricing Prospectus and the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included therein. The pro forma financial statements and the related notes thereto included in the Registration Statement, the Pricing Prospectus and the Prospectus present fairly in all material respects the information shown therein, have been prepared in accordance with the Commission’s rules and guidelines with respect to pro forma financial statements and have been properly compiled on the basis described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement, the Pricing Prospectus or the Prospectus under the Act or the rules and regulations promulgated thereunder. All disclosures contained in the Registration Statement, the Pricing Prospectus and the Prospectus regarding “**non-GAAP financial measures**” (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Act, to the extent applicable;

(z) From the time of initial confidential submission of a registration statement relating to the Shares with the Commission (or, if earlier, the first date on which a Written Testing-the-Waters Communication was made) through the date hereof, the Company has been and is an “**emerging growth company**” as defined in Section 2(a)(19) of the Act (an “**Emerging Growth Company**”);

(aa) Since the date as of which information is given in the Pricing Prospectus and Prospectus, and except as may otherwise be disclosed in the Pricing Prospectus and Prospectus, the Company has not (i) issued or granted any securities, other than pursuant to employee benefit plans, stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants, (ii) incurred any liability or obligation, direct or contingent, other than liabilities and obligations which were incurred in the ordinary course of business, (iii) entered into any material transaction not in the ordinary course of business or (iv) declared or paid any dividends on its capital stock;

(bb) The Company and its subsidiaries own or possess, or have a valid and enforceable right or license to use, all inventions, patents, trademarks, service marks, trade names, trade dress, domain names, copyrights, know-how, trade secrets, software, social media identifiers and accounts and other intellectual property and proprietary or confidential information in any jurisdiction throughout the world (including all goodwill associated with, and all registrations of and applications for registration of, the foregoing) (collectively, “**Intellectual Property**”) used in, or otherwise necessary for or material to the conduct of their respective businesses as currently conducted and as described in the Pricing Prospectus and the Prospectus, except where the failure to own, possess or have a valid and enforceable right or license to use any of the foregoing would not, individually or in the aggregate, have a Material Adverse Effect on the Company and its subsidiaries. To the Company’s knowledge, the material Intellectual Property rights owned by the Company and its subsidiaries are valid, subsisting and enforceable. To the Company’s knowledge, neither the Company nor any of its subsidiaries, nor the conduct of their respective businesses, infringes, misappropriates or otherwise violates, or has infringed, misappropriated or violated, any Intellectual Property of others, except where such infringement, misappropriation or other violation would not reasonably be expected to have a Material Adverse Effect on the Company and its subsidiaries. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company and its subsidiaries, there is no pending or, to the Company’s knowledge, threatened in writing, action, suit, proceeding or claim (i) challenging the Company’s or any subsidiary of the Company’s rights in or to any of their Intellectual Property; (ii) alleging that the Company or any of its subsidiaries has infringed, misappropriated or otherwise violated any Intellectual Property of any third party;

or (iii) challenging the ownership, validity, scope or enforceability of any Intellectual Property owned by the Company or any of its subsidiaries. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company and its subsidiaries, (a) all Intellectual Property owned by the Company or its subsidiaries is owned solely by the Company or its subsidiaries, is owned free and clear of all liens, encumbrances, defects and other restrictions (except for non-exclusive licenses granted to third parties in the ordinary course of business consistent with past practice), and (b) to the knowledge of the Company, no third party is infringing, misappropriating or otherwise violating, or has infringed, misappropriated or otherwise violated, any Intellectual Property owned by the Company or any of its subsidiaries. All employees or contractors engaged in the development of any material Intellectual Property on behalf of the Company or any subsidiary of the Company have executed an invention assignment agreement whereby such employees or contractors presently assign or have assigned all of their right, title and interest in and to such Intellectual Property to the Company or the applicable subsidiary to the extent such Intellectual Property is not owned by the Company or the applicable subsidiary by operation of applicable laws, and to the Company's knowledge no such agreement has been breached or violated. The Company and its subsidiaries take, and have taken, commercially reasonable steps in accordance with customary industry practice to maintain the confidentiality of all material trade secrets that are part of the Intellectual Property owned by the Company, the value of which to the Company or any of its subsidiaries is contingent upon maintaining the confidentiality thereof, and no such material trade secrets have been disclosed other than pursuant to written confidentiality agreements;

(cc) The Company and its subsidiaries own or have a valid right to access and use all information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases that are used by the Company for the Company and its subsidiaries' businesses or as described in the Pricing Prospectus and the Prospectus (collectively, "**IT Systems**") except where the failure to own or have a valid right to access any of the foregoing would not, individually or in the aggregate, have a Material Adverse Effect on the Company and its subsidiaries. To the Company's knowledge, the Company's and its subsidiaries' IT Systems: (i) are designed to be adequate for, and operate and perform, in all material respects as required in connection with the operation of the business of the Company and its subsidiaries as currently conducted and as described in the Pricing Prospectus and the Prospectus, and (ii) have not materially malfunctioned or failed. The Company and its subsidiaries have, in all material respects, used reasonable efforts to establish, implement and maintain reasonable controls, policies, procedures, and safeguards consistent with applicable regulatory standards and customary industry practices which are designed to maintain and protect the integrity, continuous operation, redundancy and security of all IT Systems and all material information (including all personal, personally identifiable, sensitive, and confidential information) used, maintained or otherwise processed by or on behalf of the Company or any of its subsidiaries in connection with their businesses ("**Data**"). To the knowledge of the Company, there have been no breaches, violations, outages, destructions, losses, disablements, misappropriations, modifications, misuses, disclosures or unauthorized uses of or accesses to the same (each, a "**Breach**"), except for those that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect on the Company and its subsidiaries. The Company and its subsidiaries have not been notified in writing of and have no knowledge of any Breach, nor have any knowledge of any incidents under internal review or investigations relating to the same that would individually or in the aggregate reasonably be expected to have a Material Adverse Effect on the Company and its subsidiaries.

The Company and its subsidiaries have complied and are presently in compliance in all material respects with all applicable laws, statutes and industry standards, Company internal and external privacy policies, contractual obligations and any other applicable legal obligations, in each case, relating to the collection, use, processing, transfer, import, export, storage, protection, disposal, privacy and security and disclosure by the Company or any of its subsidiaries of Data (“**Data Security Obligations**”), except to the extent such non-compliance would not be reasonably expected to have a Material Adverse Effect on the Company and its subsidiaries. To the knowledge of the Company, neither the Company nor any of its subsidiaries has received any written notification of or written complaint regarding non-compliance with any Data Security Obligation and there is no action, suit or proceeding by or before any court or governmental agency, authority or body pending or, to the Company’s knowledge, threatened, alleging non-compliance with any Data Security Obligation. The Company and its subsidiaries have, in all material respects, implemented reasonable backup and disaster recovery technology consistent with applicable regulatory standards and customary industry practices, except where in each of the foregoing cases, such failure has not had and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company and its subsidiaries;

(dd) No forward-looking statement (within the meaning of Section 27A of the Act and Section 21E of the Exchange Act) contained in the Registration Statement, the Pricing Prospectus or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith;

(ee) Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data included in each of the Registration Statement, the Pricing Prospectus and the Prospectus is not based on or derived from sources that are reliable and accurate in all material respects;

(ff) To the extent applicable to the Company on the date hereof, there is and has been no failure on the part of the Company or any of the Company’s directors or officers, in their capacities as such, to comply with any provision of the Sarbanes-Oxley Act, including Section 402 related to loans and Sections 302 and 906 related to certifications;

(gg) Neither the Company nor any of its affiliates has taken or will take, directly or indirectly, any action which is designed to or which has constituted or which would reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(hh) The Company and each of its subsidiaries possess and are in compliance with all permits, licenses, certificates and other authorizations from, and have made all declarations and filings with, all governmental authorities required or necessary to own or lease, as the case may be, and to operate their respective properties and to carry on their respective businesses as currently conducted by them or as described in the Registration Statement, the Pricing Prospectus and the Prospectus to be conducted by them (“**Permits**”), except where the failure to obtain, possess or be in compliance with such Permits would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received notice of any proceedings related to the revocation or modification of any such Permits that, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect;

(ii) The Company and its subsidiaries, taken as a whole, are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are, in the Company's judgement, commercially responsible and customary for the conduct of their collective business; and the Company has no reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers;

(jj) There are no contracts or other documents of a character required to be described in the Registration Statement, the Pricing Prospectus or the Prospectus or to be filed as an exhibit to the Registration Statement which are not described or filed as required;

(kk) The Company and its subsidiaries have no off-balance sheet arrangements (as defined in Regulation S-K Item 303(a)(4)(ii)) that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures or capital resources;

(ll) (1) Neither the Company nor any of its subsidiaries is in material violation of any applicable statute, law, rule, regulation, ordinance, code, rule of common law or order of or with any governmental agency or body or any court, domestic or foreign, relating to the use, management, disposal or release of hazardous or toxic substances or wastes or relating to pollution or the protection of the environment or human health or relating to exposure to hazardous or toxic substances or wastes (collectively, "**Environmental Laws**") applicable to such entity, (2) neither the Company nor any of its subsidiaries has received any written claim, written request for information or written notice of liability or investigation arising under, relating to or based upon any Environmental Laws, and (3) neither the Company nor any of its subsidiaries is aware of any pending or threatened notice, claim, proceeding or investigation which might lead to liability under Environmental Laws, except, in each case, where the failure to comply or the potential liability or obligation would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect;

(mm) No material labor dispute with or disturbance by the employees of the Company or any of its subsidiaries exists or, to the Company's knowledge, is threatened, and neither the Company nor any of its subsidiaries has received written notice of any pending or threatened activities or proceedings by any labor union or similar entity to organize any employees of the Company or its subsidiaries that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect;

(nn) Except as described in the Pricing Prospectus and the Prospectus, there are no contracts, agreements or understandings between the Company nor any of its subsidiaries and any person that would give rise to a valid claim against the Company or any of its subsidiaries or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with the offering and sale of the Shares;

(oo) The Company has not, directly or indirectly, including through any subsidiary, extended or maintained credit, or arranged for the extension of credit, or renewed any extension of credit, in the form of a personal loan to or for any of its directors or executive officers that was outstanding at or after the time of the first filing of the Registration Statement with the Commission;

(pp) There are no contracts, agreements or understandings between the Company and any person granting such person the right (other than rights which have been waived in writing or otherwise satisfied) to (1) require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act (except as described in the Pricing Prospectus or Prospectus) or (2) preemptive rights or other rights to subscribe for the Shares;

(qq) Except as described in the Pricing Prospectus and the Prospectus, the Company has not sold or issued any shares of capital stock during the six-month period preceding the date of the Prospectus, including any sales pursuant to Rule 144A under, or Regulation D or S of, the Act, other than shares issued pursuant to employee benefit plans, stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants;

(rr) The Company and each of its subsidiaries have filed all federal, state, local and foreign tax returns required to be filed through the date of this Agreement or have requested extensions thereof (except where the failure to file would not, individually or in the aggregate, have a Material Adverse Effect) and have paid all taxes required to be paid thereon (except for cases in which the failure to file or pay would not have a Material Adverse Effect, or, except as currently being contested in good faith and for which reserves required by U.S. GAAP have been created in the financial statements of the Company), and no tax deficiency has been determined adversely to the Company or any of its subsidiaries which has had (nor does the Company nor any of its subsidiaries have any notice or knowledge of any tax deficiency which could reasonably be expected to be determined adversely to the Company or its subsidiaries and which could reasonably be expected to have) a Material Adverse Effect;

(ss) [Reserved]

(tt) The Company has taken all necessary actions to ensure that, upon the effectiveness of the Registration Statement (or earlier, if required by applicable provisions), it will be in compliance with all provisions of the Sarbanes-Oxley Act that are then in effect and with which the Company is required to comply as of the effectiveness of the Registration Statement;

(uu) (1) Each “employee benefit plan” (within the meaning of Section 3(3) of the Employee Retirement Security Act of 1974, as amended (“ERISA”)) for which the Company or any member of its “**Controlled Group**” (defined as any organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended (the “**Code**”)) would have any liability (each, a “**Plan**”) complies in form with the requirements of all applicable statutes, rules and regulations including ERISA and the Code, and has been maintained and administered in substantial compliance with its terms and with the requirements of all applicable statutes, rules and regulations including ERISA and the Code; (2) with respect to each Plan subject to Title IV of ERISA or Section 302 of ERISA or Section 412 and 430 of the Code (A) no “reportable event” (within the meaning of Section 4043(c) of ERISA) has occurred or is reasonably expected to occur, (B) no failure to satisfy the minimum funding standard (within the meaning of Section 302 of ERISA or Section 412 and 430 of the Code), whether or not waived, has occurred or is reasonably expected to occur, (C) the fair market value of the assets under each Plan (excluding for these purposes accrued but unpaid contributions) exceeds the present value of all benefits accrued under such Plan (determined based on those assumptions used to fund such Plan) and (D) neither the Company or any



member of its Controlled Group has incurred, or reasonably expects to incur, any liability under Title IV of ERISA (other than contributions to the Plan or premiums to the Pension Benefit Guaranty Corporation in the ordinary course and without default) in respect of a Plan (including a “multiemployer plan”, within the meaning of Section 4001(a)(3) of ERISA); (3) each Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service or is the subject of a favorable opinion letter from the Internal Revenue Service on the form of such Plan and, to the knowledge of the Company, nothing has occurred, whether by action or by failure to act, which would reasonably be expected to cause the loss of such qualification; and (4) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any Plan excluding transactions to which a statutory or administrative prohibited transaction exemption applies; except in each case as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

2. Subject to the terms and conditions herein set forth, (a) the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of \$[•], the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I hereto and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price per share set forth in clause (a) of this Section 2 (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares), that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by the Representatives so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction, the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

The Company hereby grants to the Underwriters the right to purchase at their election up to [•] Optional Shares, at the purchase price per share set forth in the paragraph above, provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares. Any such election to purchase Optional Shares may be exercised only by written notice from the Representatives to the Company, given within a period of 30 calendar days after the date of this Agreement and setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by the Representatives but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless the Representatives and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by the Representatives of the release of the Shares, the several Underwriters propose to offer the Shares for sale upon the terms and conditions set forth in the Pricing Disclosure Package and the Prospectus.

4. (a) The Shares to be purchased by each Underwriter hereunder, in definitive or book-entry form, and in such authorized denominations and registered in such names as the Representatives may request upon at least forty-eight hours' prior notice to the Company shall be delivered by or on behalf of the Company to the Representatives, through the facilities of the Depository Trust Company ("**DTC**"), for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to the Representatives at least forty-eight hours in advance. The Company will cause the certificates, if any, representing the Shares to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery (as defined below) with respect thereto at the office of DTC or its designated custodian (the "**Designated Office**"). The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York time, on [•], 2021 or such other time and date as the Representatives and the Company may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York time, on the date specified by the Representatives in each written notice given by the Representatives of the Underwriters' election to purchase such Optional Shares, or such other time and date as the Representatives and the Company. Such time and date for delivery of the Firm Shares is herein called the "First Time of Delivery", each such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the "Second Time of Delivery", and each such time and date for delivery is herein called a "Time of Delivery".

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross receipt for the Shares and any additional documents requested by the Underwriters pursuant to Section 8(l) hereof will be delivered at the offices of Davis Polk & Wardwell LLP, 1600 El Camino Real, Menlo Park, California 94025 (the "**Closing Location**"), and the Shares will be delivered at the Designated Office, all at such Time of Delivery. A telephonic meeting will be held at [•] [a/p].m., New York City time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 4, "New York Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York are generally authorized or obligated by law or executive order to close.

5. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Act; to make no further amendment or any supplement to the Registration Statement or the Prospectus prior to the last Time of Delivery which shall be disapproved by the Representatives promptly after reasonable notice thereof; to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish the Representatives with copies thereof; to file promptly all material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to advise the Representatives, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Shares, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its best efforts to obtain the withdrawal of such order;

(b) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Shares for offering and sale under the securities laws of such jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation (where not otherwise required) or to file a general consent to service of process in any jurisdiction (where not otherwise required);

(c) Prior to 10:00 a.m., New York City time, on the New York Business Day next succeeding the date of this Agreement and from time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in New York City in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus in order to comply with the Act, to notify the Representatives and upon the Representatives' request to prepare and furnish without charge to each Underwriter and to any dealer in securities as many written and electronic copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Shares at any time nine months or more after the time of issue of the Prospectus, upon the Representatives' request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as the Representatives may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its securityholders as soon as practicable (which may be satisfied by filing with the Commission's Electronic Data Gathering, Analysis and Retrieval System or any successor thereto ("**EDGAR**")), but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e) (i) During the period beginning from the date hereof and continuing to and including the date 180 days after the date of the Prospectus (the "**Company Lock-Up Period**"), not to (i) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, or file with or confidentially submit to the Commission a registration statement under the Act relating to, any securities of the Company that are substantially similar to the Shares, including but not limited to any options or warrants to purchase shares of Stock or any securities that are convertible into or exchangeable for, or that represent the right to receive, Stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Stock or such other

securities, in cash or otherwise (other than the Shares to be sold hereunder or pursuant to employee stock option plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date of this Agreement), without the prior written consent of any two Representatives (the “**Releasing Representatives**”); provided, however, that the foregoing restrictions shall not apply to (A) the Shares to be sold hereunder, (B) the issuance by the Company of shares of Stock upon the exercise of an option or warrant, in each case, that is outstanding on the date of this Agreement and described in the Pricing Prospectus, (C) the issuance by the Company of Stock or grants of awards or other securities convertible into or exercisable for shares of Stock, in each case pursuant to the Company’s equity incentive plans, provided that such equity incentive plans are described in the Pricing Prospectus, (D) any shares of Stock or any security convertible into or exercisable for shares of Stock issued by the Company in connection with the acquisition by the Company or any of its subsidiaries of not less than a majority or controlling portion of the securities, business, property or other assets of another person or entity or pursuant to an employee benefit plan assumed by the Company in connection with such acquisition, (E) any shares of Stock or any security convertible into or exercisable for shares of Stock issued by the Company in connection with a transaction with an unaffiliated third party that includes a bona fide commercial relationship (including joint ventures, marketing or distribution arrangements, collaboration agreements or intellectual property license agreements), (F) the filing of any registration statement on Form S-8 relating to any benefit plans or arrangements disclosed in the Pricing Prospectus or the Prospectus and the issuance of securities registered pursuant thereto; provided that in the case of clauses (D) or (E), the aggregate number of shares of Stock that the Company may sell or issue or agree to sell or issue pursuant to clauses (D) and (E) shall not exceed 5% of the total number of shares of the Stock issued and outstanding immediately following the completion of the transactions contemplated by this Agreement; provided further that in the case of clauses (D) and (E), the Company shall cause each recipient of such securities to execute and deliver to the Releasing Representatives, on or prior to the issuance of such securities, a lock-up agreement with substantially the same terms as the lock-up agreements referenced in Section 8(k) of this Agreement for the remainder of the Company Lock-Up Period, and enter stop transfer instructions with the Company’s transfer agent and registrar against the transfer of such securities or shares of Stock, which the Company agrees it will not waive or amend without the prior written consent of the Releasing Representatives;

(ii) If the Releasing Representatives, in their sole discretion, agree to release or waive the restrictions in lock-up agreements pursuant to Section 8(j) hereof, in each case for an officer or director of the Company, and provide the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Annex II hereto through a major news service at least two business days before the effective date of the release or waiver;

(f) So long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to its stockholders as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders’ equity and cash flows of the Company and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to its stockholders consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail; provided that no report or other information need be furnished pursuant to this Section 5(f) to the extent that it is available on EDGAR;

(g) During a period of three years from the effective date of the Registration Statement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to the Representatives copies of all reports or other communications (financial or other) furnished to stockholders, and to deliver to the Representatives as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; provided that no report or other information need be furnished pursuant to this Section 5(g) to the extent it is available on EDGAR;

(h) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(i) To use its best efforts to list for trading, subject to official notice of issuance, the Shares on the Exchange;

(j) To file with the Commission such information on Form 10-Q or Form 10-K as may be required by Rule 463 under the Act;

(k) If the Company elects to rely upon Rule 462(b), the Company shall file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 p.m., Washington, D.C. time, on the date of this Agreement, and the Company shall at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 3a(c) of the Commission's Informal and Other Procedures (16 CFR 202.3a);

(l) Upon written request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Shares (the "**License**"); provided, however, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred;

(n) To promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Shares within the meaning of the Act and (ii) the last Time of Delivery; and

(o) To enforce the terms of all existing agreements, plans and arrangements restricting the transfer by any holder of such holder's shares of Stock or securities convertible into or exercisable or exchangeable for Stock (the "**Securities**") following the offering of the Shares contemplated hereby. The Company will issue stop-transfer instructions to the transfer agent with respect to any transaction that would constitute a breach of, or default under, such provisions. During the Company Lock-Up Period, the Company will enforce, and not waive or amend, such stop-transfer instructions and any transfer restriction, including any "market standoff," "holdback" or similar agreement or provision, applicable to any Securities unless the Company shall have obtained the prior written consent of the Releasing Representatives (as defined in Section 5(e) of this Agreement); provided that this Section 5(o) shall not prohibit the Company from effecting such a waiver or amendment to permit a transfer of securities which is permissible under the terms of the lock-up agreements referenced in Section 8(k) of this Agreement.

6. (a) The Company represents and agrees that, without the prior consent of the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; and each Underwriter represents and agrees that, without the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus required to be filed with the Commission; any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II(a) hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show;

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus or Written Testing-the-Waters Communication any event occurred or occurs as a result of which such Issuer Free Writing Prospectus or Written Testing-the-Waters Communication would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus, Written Testing-the-Waters Communication or other document which will correct such conflict, statement or omission; provided, however, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with Underwriter Information;

(d) The Company represents and agrees that, since October 30, 2020, except as disclosed to the Representatives, (i) it has not engaged in, or authorized any other person to engage in, any Testing-the-Waters Communications, other than Testing-the-Waters Communications with the prior consent of the Representatives with entities that the Company reasonably believes are qualified institutional buyers as defined in Rule 144A under the Act (“QIBs”) or institutions that are accredited investors as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7), (a)(8), (a)(9), (a)(12) or (a)(13) under the Act; and (ii) it has not distributed, or authorized any other person to distribute, any Written Testing-the-Waters Communication, other than those distributed with the prior consent of the Representatives that are listed on Schedule II(d) hereto; and the Company reconfirms that the Underwriters have been authorized to act on its behalf in engaging in Testing-the-Waters Communications;

(e) Each Underwriter represents and agrees that any Testing-the-Waters Communications undertaken by it were with entities that such Underwriter reasonably believes are QIBs or institutions that are accredited investors as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7), (a)(8), (a)(9), (a)(12) or (a)(13) under the Act.

7. The Company covenants and agrees with the several Underwriters that the Company will pay or cause the following: (i) the fees, disbursements and expenses of the Company’s counsel and accountants in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, any Preliminary Prospectus, any Written Testing-the-Waters Communication, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, the Blue Sky Memorandum, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all reasonable and documented expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(b) hereof, including the reasonable and documented fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey; (iv) all fees and expenses in connection with listing the Shares on the Exchange; (v) the reasonable filing fees incident to, and the reasonable and documented fees and disbursements of counsel for the Underwriters in connection with, any required review by FINRA of the terms of the sale of the Shares; (vi) the cost of preparing stock certificates, if applicable; (vii) the cost and charges of any transfer agent or registrar; (viii) any transfer, stamp or similar taxes payable in connection with the issuance, sale and

delivery of the Shares by the Company to the Representatives and (ix) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section, provided that the amounts payable by the Company pursuant to subsections (iii) and (v), solely with respect to fees and disbursements for underwriters' counsel, shall not exceed \$35,000 in the aggregate. It is understood, however, that the Company shall bear the cost of any other matters not directly relating to the sale and purchase of the Shares pursuant to this Agreement, and that, except as provided in this Section, and Sections 9 and 12 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, stock transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make.

8. The obligations of the Underwriters hereunder, as to the Shares to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Applicable Time and such Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; all material required to be filed by the Company pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433; if the Company has elected to rely upon Rule 462(b) under the Act, the Rule 462(b) Registration Statement shall have become effective by 10:00 p.m., Washington, D.C. time, on the date of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission no stop order suspending or preventing the use of the Pricing Prospectus, Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the Representatives' reasonable satisfaction;

(b) Davis Polk & Wardwell LLP, counsel for the Underwriters, shall have furnished to the Representatives their written opinion and negative assurance letter, dated such Time of Delivery, in form and substance satisfactory to the Representatives, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Latham & Watkins LLP, counsel for the Company, shall have furnished to the Representatives their written opinions and negative assurance letter, dated such Time of Delivery, in form and substance satisfactory to the Representatives;

(d) On the date of the Prospectus at a time prior to the execution of this Agreement, at 9:30 a.m., New York City time, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, the Representatives shall have received a letter from each of (i) Ernst & Young LLP, independent public accountants for the Company and (ii) Grant Thornton LLP, former independent auditors for ACH Alert, LLC, dated the respective dates of delivery thereof, in form and substance satisfactory to the Representatives;

(e) The chief financial officer of the Company shall have furnished to the Representatives a certificate as to the accuracy of certain financial and other information included in the Registration Statement, the Pricing Prospectus, the Prospectus and any roadshow, dated the date of this Agreement and such Time of Delivery, in form and substance reasonably satisfactory to the Representatives;

(f) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included in the Pricing Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and (ii) since the respective dates as of which information is given in the Pricing Prospectus there shall not have been any change in the capital stock or long-term debt of the Company or any of its subsidiaries or any change or effect, or any development involving a prospective change or effect, in or affecting (x) the business, properties, general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus and the Prospectus, or (y) the ability of the Company to perform its obligations under this Agreement, including the issuance and sale of the Shares, or to consummate the transactions contemplated in the Pricing Prospectus and the Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the Representatives' judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(g) On or after the Applicable Time (i) no downgrading shall have occurred in the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization", as defined in Section 3(a)(62) of the Exchange Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities;

(h) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the Exchange; (ii) a suspension or material limitation in trading in the Company's securities on the Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the Representatives' judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(i) The Shares to be sold at such Time of Delivery shall have been duly listed, subject to official notice of issuance, on the Exchange;

(j) The Company shall have obtained and delivered to the Underwriters executed copies of an agreement from each officer, director and person or entity that (together with any investment funds affiliated with such person or entity) beneficially owns 1% or more of the total outstanding Stock of the Company, substantially to the effect set forth in Annex I hereto in form and substance satisfactory to the Representatives;



(k) The Company shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of prospectuses on the New York Business Day next succeeding the date of this Agreement; and

(l) The Company shall have furnished or caused to be furnished to the Representatives at such Time of Delivery certificates of officers of the Company satisfactory to the Representatives as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its respective obligations hereunder to be performed at or prior to such Time of Delivery, as to such other matters as the Representatives may reasonably request, and the Company shall have furnished or caused to be furnished certificates as to the matters set forth in subsections (a) and (f) of this Section 8.

9. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any **“roadshow”** as defined in Rule 433(h) under the Act (a **“roadshow”**), any **“issuer information”** filed or required to be filed pursuant to Rule 433(d) under the Act or any Testing-the-Waters Communication, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus or any Testing-the-Waters Communication, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter, severally and not jointly, will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow, or any Testing-the-Waters Communication, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow, or any Testing-the-Waters Communication, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred. As used in this Agreement with respect to an Underwriter and an applicable document, “Underwriter

Information” shall mean the written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures appearing in the [•] paragraph under the caption “Underwriting”, and the information contained in the [•] paragraph under the caption “Underwriting”.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) of this Section 9 of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; provided that the failure to notify the indemnifying party shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 9 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under the preceding paragraphs of this Section 9. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which

does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 9 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each employee, officer and director of each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer or other affiliate of any Underwriter; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Act.

10. (a) If any Underwriter shall default in its obligation to purchase the Shares that it has agreed to purchase hereunder at a Time of Delivery, the Representatives may in their discretion arrange for the Representatives or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter, the Representatives do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Shares on such terms. In the event that, within the respective prescribed periods, the Representatives notify the Company that the Representatives have so arranged for the purchase of such Shares, or the Company notifies the Representatives that it has so arranged for the purchase of such Shares, the Representatives or the Company shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in the Representatives' opinion may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives, the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives, the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all of the Shares to be purchased at such Time of Delivery, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to a Second Time of Delivery, the obligations of the Underwriters to purchase and of the Company to sell the Optional Shares) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. The respective indemnities, rights of contribution, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any director, officer, employee, affiliate or controlling person of any Underwriter, or the Company or any officer or director or controlling person of the Company and shall survive delivery of and payment for the Shares.

12. If this Agreement shall be terminated pursuant to Section 10 hereof, the Company shall not then be under any liability to any Underwriter except as provided in Sections 7 and 9 hereof; but, if for any other reason (other than those set forth in clauses (i), (iii), (iv) and (v) of Section 8(i)), any Shares are not delivered by or on behalf of the Company as provided herein, or the Underwriters decline to purchase the Shares for any reason permitted under this Agreement, the Company will reimburse the Underwriters through the Representatives for all out-of-pocket expenses approved in writing by the Representatives, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company shall then be under no further liability to any Underwriter except as provided in Sections 7 and 9 hereof.

13. In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Registration Department; J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: (212) 622-8358), Attention: Equity Syndicate Desk; and Barclays Capital Inc., 745 Seventh Avenue, New York, New York 10019 (fax: (212) 526-0015), Attention: Syndicate Registration; if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth on the cover of the Registration Statement, Attention: Chief Legal Officer; provided, however, that any notice to an Underwriter pursuant to Section 9(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire or telex constituting such Questionnaire, which address will be supplied to the Company by the Representatives on request; provided further that notices under subsection 5(e) shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to the Representatives

at Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Control Room; J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: (212) 622-8358), Attention: Equity Syndicate Desk; and Barclays Capital Inc., 745 Seventh Avenue, New York, New York 10019 (fax: (212) 526-0015), Attention: Syndicate Registration. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters and the Company, to the extent provided in Sections 9 and 11 hereof, the officers and directors of the Company and each person who controls the Company or any director, officer or employee of any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. Time shall be of the essence of this Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

16. The Company acknowledges and agrees that (i) the purchase and sale of the Shares pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement and (iv) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate, and (v) none of the activities of the Underwriters in connection with the transactions contemplated herein constitutes a recommendation, investment advice, or solicitation of any action by the Underwriters with respect to any entity or natural person. The Company agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

17. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

18. This Agreement and any transaction contemplated by this Agreement and any claim, controversy or dispute arising under or related thereto shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws that would results in the application of any other law than the laws of the State of New York. The Company agrees that any suit or proceeding arising in respect of this Agreement or any transaction contemplated by this Agreement will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in The City and County of New York and the Company agrees to submit to the jurisdiction of, and to venue in, such courts.

19. The Company and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

20. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., [www.docusign.com](http://www.docusign.com)) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

21. Notwithstanding anything herein to the contrary, the Company is authorized to disclose to any persons the U.S. federal and state income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, "tax structure" is limited to any facts that may be relevant to that treatment.

22. Recognition of the U.S. Special Resolution Regimes.

(a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

(c) As used in this section:

"BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

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“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“U.S. Special Resolution Regime” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with the Representatives’ understanding, please sign and return to the Representatives one for the Company and each of the Representatives plus one for each counsel counterparts hereof, and upon the acceptance hereof by the Representatives, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement among each of the Underwriters and the Company. It is understood that the Representatives’ acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination, upon request, but without warranty on the Representatives’ part as to the authority of the signers thereof.

Very truly yours,

**Alkami Technology, Inc.**

By: \_\_\_\_\_  
Name:  
Title:

Accepted as of the date hereof  
in New York, New York

**Goldman Sachs & Co. LLC**  
**J.P. Morgan Securities LLC**  
**Barclays Capital Inc.**

Goldman Sachs & Co. LLC

By: \_\_\_\_\_  
Name:  
Title:

J.P. Morgan Securities LLC

By: \_\_\_\_\_  
Name:  
Title:

Barclays Capital Inc.

By: \_\_\_\_\_  
Name:  
Title:

On behalf of each of the Underwriters



SCHEDULE I

|                                 | <u>Underwriter</u> | <u>Total Number of<br/>Firm Shares<br/>to be Purchased</u> | <u>Number of<br/>Optional<br/>Shares to be<br/>Purchased if<br/>Maximum Option<br/>Exercised</u> |
|---------------------------------|--------------------|--|--|
| Goldman Sachs & Co. LLC         |                    |  |  |
| J.P. Morgan Securities LLC      |                    |  |  |
| Barclays Capital Inc.           |                    |  |  |
| Citigroup Global Markets Inc.   |                    |  |  |
| William Blair & Company, L.L.C. |                    |  |  |
| JMP Securities LLC              |                    |  |  |
| KeyBanc Capital Markets Inc.    |                    |  |  |
| Needham & Company, LLC          |                    |  |  |
| Total                           |                    |  |  |

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## SCHEDULE II

(a) Issuer Free Writing Prospectuses not included in the Pricing Disclosure Package

[Electronic Roadshow dated [•]]

(b) Additional documents incorporated by reference

[None]

(c) Information other than the Pricing Prospectus that comprise the Pricing Disclosure Package

The initial public offering price per share for the Shares is \$[•]

The number of Shares purchased by the Underwriters is [•].

[•]

(d) Written Testing-the-Waters Communications

[•]

**[FORM OF LOCK-UP AGREEMENT]**

*[Circulated Separately]*

## [FORM OF PRESS RELEASE]

**Alkami Technology, Inc.**

**[Date]**

Alkami Technology, Inc. (the “**Company**”) announced today that [Goldman Sachs & Co. LLC,] [J.P. Morgan Securities LLC] and [Barclays Capital Inc.], two of the lead book-running managers in the recent public sale of                      shares of the Company’s [common stock], is [waiving] [releasing] a lock-up restriction with respect to    shares of the Company’s [common stock] held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on                      , 20    , and the shares may be sold on or after such date.

**This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.**

## ALKAMI TECHNOLOGY, INC.

## AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

Alkami Technology, Inc., a corporation organized and existing under and by virtue of the Delaware General Corporation Law, hereby certifies as follows:

The name of the Corporation is Alkami Technology, Inc. The Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on August 18, 2011.

The Amended and Restated Certificate of Incorporation in the form of Exhibit A attached hereto has been duly adopted in accordance with the provisions of Sections 242, 245 and 228 of the Delaware General Corporation Law.

The text of the Amended and Restated Certificate of Incorporation as heretofore amended or supplemented is hereby restated and further amended to read in its entirety as set forth in Exhibit A attached hereto. The Amended and Restated Certificate of Incorporation shall be effective as of [ • ] a.m. Eastern Time on [ • ], 2021.

**IN WITNESS WHEREOF**, this Amended and Restated Certificate of Incorporation has been signed this [ • ] day of [ • ], 2021.

**ALKAMI TECHNOLOGY, INC.**

By: \_\_\_\_\_  
Michael Hansen  
Chief Executive Officer

**EXHIBIT A**

**AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION OF  
ALKAMI TECHNOLOGY, INC.**

**ARTICLE I  
NAME**

The name of the corporation is Alkami Technology, Inc. (the “Corporation”).

**ARTICLE II  
REGISTERED OFFICE AND AGENT**

The address of the Corporation’s registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of its registered agent at such address is The Corporation Trust Company.

**ARTICLE III  
PURPOSE AND DURATION**

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law. The Corporation is to have a perpetual existence.

**ARTICLE IV  
CAPITAL STOCK**

**Section 1.** This Corporation is authorized to issue two classes of capital stock which shall be designated, respectively, “Common Stock” and “Preferred Stock.” The total number of shares that the Corporation is authorized to issue is 510,000,000, of which 500,000,000 shares shall be Common Stock and 10,000,000 shares shall be Preferred Stock. The Common Stock shall have a par value of \$0.001 per share and the Preferred Stock shall have a par value of \$0.001 per share. Subject to the rights of the holders of any series of Preferred Stock, the number of authorized shares of any of the Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation with the power to vote thereon irrespective of the provisions of Section 242(b)(2) of the Delaware General Corporation Law or any successor provision thereof, and no vote of the holders of any of the Common Stock or Preferred Stock voting separately as a class shall be required therefor.

**Section 2.** Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Corporation (the “Board of Directors”) is hereby authorized to provide from time to time by resolution or resolutions for the creation and issuance, out of the authorized and unissued shares of Preferred Stock, of one or more series of Preferred Stock by filing a certificate (a “Certificate of Designation”) pursuant to the Delaware General Corporation Law, setting forth such resolution and, with respect to each such series, establishing the designation of such series and the number of shares to be included in such series and fixing the voting powers (full or limited, or no voting power), preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, of the shares of each such series. Without limiting the generality of the foregoing, the resolution or resolutions providing for the establishment of any series of Preferred Stock may, to the extent permitted by law, provide that such series shall be superior to, rank equally with or be junior to the Preferred Stock of any other series. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may be different from those of any and all other series at any time outstanding. Except as otherwise expressly provided in the resolution or resolutions providing for the establishment of any series of Preferred Stock, no vote of the holders of shares of Preferred Stock or Common Stock shall be a prerequisite to the issuance of any shares of any series of the Preferred Stock so authorized in accordance with this Amended and Restated Certificate of Incorporation. Unless otherwise provided in the Certificate of Designation establishing a series of Preferred Stock, the Board of Directors may, by resolution or resolutions, increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of such series and, if the number of shares of such series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

## **ARTICLE V**

### **BOARD OF DIRECTORS**

For the management of the business and for the conduct of the affairs of the Corporation it is further provided that:

#### **Section 1.**

(a) The management of the business and the conduct of the affairs of the Corporation shall be vested in the Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed exclusively by one or more resolutions adopted from time to time by the Board of Directors. Except as otherwise expressly delegated by resolution of the Board of Directors, the Board of Directors shall have the exclusive power and authority to appoint and remove officers of the Corporation.

(b) Other than any directors elected by the separate vote of the holders of one or more series of Preferred Stock, the Board of Directors shall be and is divided into three classes, designated as Class I, Class II and Class III, as nearly equal in number as possible. Directors shall be assigned to each class in accordance with a resolution or resolutions adopted

by the Board of Directors. At the first annual meeting of stockholders following the effectiveness of this Amended and Restated Certificate of Incorporation (the “Qualifying Record Date”), the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the Qualifying Record Date, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the Qualifying Record Date, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. Subject to the special rights of the holders of one or more series of Preferred Stock to elect directors, at each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this Article V, Section 1(b), each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(c) Subject to the special rights of the holders of one or more series of Preferred Stock to elect directors, the Board of Directors or any individual director may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of sixty-six and two-thirds percent (66-2/3%) of the voting power of all the then outstanding shares of voting stock of the Corporation with the power to vote at an election of directors (the “Voting Stock”).

(d) Subject to the special rights of the holders of one or more series of Preferred Stock to elect directors, any vacancies on the Board of Directors resulting from death, resignation or removal and any newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders, and except as otherwise provided by law, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum, or by a sole remaining director, and shall not be filled by the stockholders. Any director appointed in accordance with the preceding sentence shall hold office for a term that shall coincide with the remaining term of the class to which the director shall have been appointed and until such director’s successor shall have been elected and qualified or until his or her earlier death, resignation or removal.

## **Section 2.**

(a) In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter or repeal Bylaws of the Corporation. In addition to any vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Amended and Restated Certificate of Incorporation (including any Certificate of Designation in respect of one or more series of



Preferred Stock), the adoption, amendment or repeal of the Bylaws of the Corporation by the stockholders of the Corporation shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all the then-outstanding shares of the Voting Stock, voting together as a single class.

(b) The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

## **ARTICLE VI** **STOCKHOLDERS**

**Section 1.** Subject to the special rights of the holders of one or more series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation, and the taking of any action by written consent of the stockholders in lieu of a meeting of the stockholders is specifically denied.

**Section 2.** Subject to the special rights of the holders of one or more series of Preferred Stock, special meetings of the stockholders of the Corporation may be called, for any purpose or purposes, at any time by the Board of Directors, but such special meetings may not be called by stockholders or any other person or persons.

**Section 3.** Advance notice of stockholder nominations for the election of directors and of other business proposed to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

## **ARTICLE VII** **LIABILITY AND INDEMNIFICATION**

**Section 1.** To the fullest extent permitted by the Delaware General Corporation Law, as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the Delaware General Corporation Law is amended after approval by the stockholders of this Article VII to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law as so amended, automatically and without further action, upon the date of such amendment.

**Section 2.** The Corporation, to the fullest extent permitted by law, shall indemnify and advance expenses to any person made or threatened to be made a party to an action, suit or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he or she, or his or her testator or intestate, is or was a director or officer of the Corporation or any predecessor of the Corporation, or serves or served at any other enterprise as a director or officer at the request of the Corporation or any predecessor to the Corporation.

**Section 3.** The Corporation, to the fullest extent permitted by law, may indemnify and advance expenses to any person made or threatened to be made a party to an action, suit or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he or she, or his or her testator or intestate, is or was an employee or agent of the Corporation or any predecessor of the Corporation, or serves or served at any other enterprise as an employee or agent at the request of the Corporation or any predecessor to the Corporation.

**Section 4.** Neither any amendment nor repeal of this Article VII, nor the adoption by amendment of this Amended and Restated Certificate of Incorporation of any provision inconsistent with this Article VII, shall eliminate or reduce the effect of this Article VII in respect of any matter occurring, or any action or proceeding accruing or arising (or that, but for this Article VII, would accrue or arise) prior to such amendment or repeal or adoption of an inconsistent provision.

## **ARTICLE VIII**

### **EXCLUSIVE FORUM**

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director, officer, other employee, agent or stockholder of the Corporation to the Corporation or the Corporation's stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (iii) any action asserting a claim against the Corporation or any current or former director, officer, employee, agent or stockholder of the Corporation arising pursuant to any provision of the Delaware General Corporation Law or the Certificate of Incorporation or Bylaws or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim related to or involving the Corporation that is governed by the internal affairs doctrine.

Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Nothing in this Amended and Restated Certificate of Incorporation shall preclude stockholders that assert claims under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), from bringing such claims in federal court to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law.

For the avoidance of doubt, the provisions of this Article VIII are intended to benefit and may be enforced by the Corporation, its officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional or entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering.

Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article VIII.

Failure to enforce the foregoing provisions would cause the Corporation irreparable harm, and the Corporation shall be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions.

## **ARTICLE IX** **AMENDMENTS**

Notwithstanding any other provisions of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law or by this Amended and Restated Certificate of Incorporation (including any Certificate of Designation in respect of one or more series of Preferred Stock), the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class, shall be required to alter, amend or repeal Articles V, VI, VII and VIII and this Article IX.

\* \* \* \*

**Amended and Restated Bylaws of**  
**Alkami Technology, Inc.**  
**(a Delaware corporation)**

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**Amended and Restated Bylaws of  
Alkami Technology, Inc.**

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**ARTICLE I - Corporate Offices**

1.1 Registered Office.

The address of the registered office of Alkami Technology, Inc. (the “Corporation”) in the State of Delaware, and the name of its registered agent at such address, shall be as set forth in the Corporation’s certificate of incorporation, as the same may be amended and/or restated from time to time (the “Certificate of Incorporation”).

1.2 Other Offices.

The Corporation may have additional offices at any place or places, within or outside the State of Delaware, as the Corporation’s board of directors (the “Board”) may from time to time establish or as the business of the Corporation may require.

**ARTICLE II - Meetings of Stockholders**

2.1 Place of Meetings.

Meetings of stockholders shall be held at such place, if any, within or outside the State of Delaware, designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware (the “DGCL”). In the absence of any such designation or determination, stockholders’ meetings shall be held at the Corporation’s principal executive office.

2.2 Annual Meeting.

The Board shall designate the date and time of the annual meeting. At the annual meeting, directors shall be elected and other proper business properly brought before the meeting in accordance with Section 2.4 may be transacted.

2.3 Special Meeting.

Special meetings of the stockholders may be called only by such Persons and only in such manner as set forth in the Certificate of Incorporation. As used in these bylaws, “Person” means any individual, general partnership, limited partnership, limited liability company, corporation, trust, business trust, joint stock company, joint venture, unincorporated association, cooperative or association or any other legal entity or organization of whatever nature, and shall include any successor (by merger or otherwise) of such entity.

No business may be transacted at any special meeting of stockholders other than the business specified in the notice of such meeting.

#### 2.4 Advance Notice Procedures for Business Brought before a Meeting.

(i) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in a notice of meeting given by or at the direction of the Board, (b) if not specified in a notice of meeting, otherwise brought before the meeting by the Board or the chairperson of the meeting, or (c) otherwise properly brought before the meeting by a stockholder present in person who (A)(1) was a stockholder of the Corporation both at the time of giving the notice provided for in this Section 2.4 and at the time of the meeting, (2) is entitled to vote at the meeting and (3) has complied with this Section 2.4 or (B) properly made such proposal in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (as so amended and inclusive of such rules and regulations, the “Exchange Act”), which proposal has been included in the proxy statement for the annual meeting. The foregoing clause (c) shall be the exclusive means for a stockholder to propose business to be brought before an annual meeting of the stockholders. The only matters that may be brought before a special meeting are the matters specified in the Corporation’s notice of meeting given by or at the direction of the Person calling the meeting pursuant to the Certificate of Incorporation and Section 2.3 of these bylaws. For purposes of this Section 2.4 and Section 2.5 of these bylaws, “present in person” shall mean that the stockholder proposing that the business be brought before the annual or special meeting of the Corporation, or, if the proposing stockholder is not an individual, a qualified representative of such proposing stockholder, appear at such annual meeting, and a “qualified representative” of such proposing stockholder shall be, if such proposing stockholder is (x) a general or limited partnership, any general partner or Person who functions as a general partner of the general or limited partnership or who controls the general or limited partnership, (y) a corporation or a limited liability company, any officer or Person who functions as an officer of the corporation or limited liability company or any officer, director, general partner or Person who functions as an officer, director or general partner of any entity ultimately in control of the corporation or limited liability company or (z) a trust, any trustee of such trust. This Section 2.4 shall apply to any business that may be brought before an annual or special meeting of stockholders other than nominations for election to the Board at an annual meeting, which shall be governed by Section 2.5 of these bylaws. Stockholders seeking to nominate Persons for election to the Board must comply with Section 2.5 of these bylaws, and this Section 2.4 shall not be applicable to nominations for election to the Board except as expressly provided in Section 2.5 of these bylaws.



(ii) Without qualification, for business to be properly brought before an annual meeting by a stockholder, the stockholder must (a) provide Timely Notice (as defined below) thereof in writing and in proper form to the Secretary of the Corporation and (b) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.4. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the one-year anniversary of the preceding year's annual meeting; *provided, however*, that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered, or mailed and received, not later than the ninetieth (90<sup>th</sup>) day prior to such annual meeting or, if later, the tenth (10<sup>th</sup>) day following the day on which public disclosure of the date of such annual meeting was first made by the Corporation (such notice within such time periods, "Timely Notice"). In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of Timely Notice as described above.

(iii) To be in proper form for purposes of this Section 2.4, a stockholder's notice to the Secretary shall set forth:

(a) As to each Proposing Person (as defined below), (A) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation's books and records); and (B) the number of shares of each class or series of stock of the Corporation that are, directly or indirectly, owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of stock of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future (the disclosures to be made pursuant to the foregoing clauses (A) and (B) are referred to as "Stockholder Information");

(b) As to each Proposing Person, (A) the full notional amount of any securities that, directly or indirectly, underlie any "derivative security" (as such term is defined in Rule 16a-1(c) under the Exchange Act) that constitutes a "call equivalent position" (as such term is defined in Rule 16a-1(b) under the Exchange Act) ("Synthetic Equity Position") and that is, directly or indirectly, held or maintained by such Proposing Person with respect to any shares of any class or series of stock of the Corporation; *provided* that, for the purposes of the definition of "Synthetic Equity Position," the term "derivative security" shall also include any security or instrument that would not otherwise constitute a "derivative security" as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence, in which case the determination

of the amount of securities into which such security or instrument would be convertible or exercisable shall be made assuming that such security or instrument is immediately convertible or exercisable at the time of such determination; and, *provided, further*, that any Proposing Person satisfying the requirements of Rule 13d-1(b)(1) under the Exchange Act (other than a Proposing Person that so satisfies Rule 13d-1(b)(1) under the Exchange Act solely by reason of Rule 13d-1(b)(1)(ii)(E)) shall not be deemed to hold or maintain the notional amount of any securities that underlie a Synthetic Equity Position held by such Proposing Person as a hedge with respect to a bona fide derivatives trade or position of such Proposing Person arising in the ordinary course of such Proposing Person's business as a derivatives dealer, (B) any rights to dividends on the shares of any class or series of stock of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, (C) any material pending or threatened legal proceeding in which such Proposing Person is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (D) any other material relationship between such Proposing Person, on the one hand, and the Corporation or any affiliate of the Corporation, on the other hand, (E) any direct or indirect material interest in any material contract or agreement of such Proposing Person with the Corporation or any affiliate of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement) and (F) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (A) through (F) are referred to as "Disclosable Interests"); *provided, however*, that Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these bylaws on behalf of a beneficial owner; and

(c) As to each item of business that the stockholder proposes to bring before the annual meeting, (A) a brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of each Proposing Person, (B) the text of the proposal or business (including the text of any resolutions proposed for consideration), (C) a reasonably detailed description of all agreements, arrangements and understandings (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other Person or

entity (including their names) in connection with the proposal of such business by such stockholder and (D) any other information relating to such item of business that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act; *provided, however*, that the disclosures required by this Section 2.4(iii) shall not include any disclosures with respect to any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these bylaws on behalf of a beneficial owner.

(iv) For purposes of this Section 2.4, the term “Proposing Person” shall mean (a) the stockholder providing the notice of business proposed to be brought before an annual meeting, (b) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is made, (c) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A) with such stockholder in such solicitation or (d) any associate (within the meaning of Rule 12b-2 under the Exchange Act for the purposes of these bylaws) of such stockholder, beneficial owner or any other participant.

(v) A Proposing Person shall update and supplement its notice to the Corporation of its intent to propose business at an annual meeting, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.4 shall be true and correct as of the record date for notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(vi) Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at an annual meeting that is not properly brought before the meeting in accordance with this Section 2.4. The presiding officer of the meeting shall, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with this Section 2.4, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(vii) In addition to the requirements of this Section 2.4 with respect to any business proposed to be brought before an annual meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such business. Nothing in this Section 2.4 shall be deemed to affect the rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(viii) For purposes of these bylaws, "public disclosure" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

## 2.5 Advance Notice Procedures for Nominations of Directors.

(i) Nominations of any Person for election to the Board at an annual meeting may be made at such meeting only (a) by or at the direction of the Board, including by any committee or Persons authorized to do so by the Board or these bylaws, or (b) by a stockholder present in person (as defined in Section 2.4) (1) who was a beneficial owner of shares of the Corporation both at the time of giving the notice provided for in this Section 2.5 and at the time of the meeting, (2) is entitled to vote at the meeting and (3) has complied with this Section 2.5 as to such notice and nomination. The foregoing clause (b) shall be the exclusive means for a stockholder to make any nomination of a Person or Persons for election to the Board at any annual meeting of stockholders.

(ii) Without qualification, for a stockholder to make any nomination of a Person or Persons for election to the Board at an annual meeting, the stockholder must (a) provide Timely Notice (as defined in Section 2.4(ii) of these bylaws) thereof in writing and in proper form to the Secretary of the Corporation, (b) provide the information, agreements and questionnaires with respect to such stockholder and its candidate for nomination as required to be set forth by this Section 2.5, and (c) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.5. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(iii) To be in proper form for purposes of this Section 2.5, a stockholder's notice to the Secretary shall set forth:

(a) As to each Nominating Person (as defined below), the Stockholder Information (as defined in Section 2.4(iii)(a) of these bylaws) except that for purposes of this Section 2.5, the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(iii)(a);

(b) As to each Nominating Person, any Disclosable Interests (as defined in Section 2.4(iii)(b)), except that for purposes of this Section 2.5 the term “Nominating Person” shall be substituted for the term “Proposing Person” in all places it appears in Section 2.4(iii)(b) and the disclosure with respect to the business to be brought before the meeting in Section 2.4(iii)(c) shall be made with respect to nomination of each Person for election as a director at the meeting); and

(c) As to each candidate whom a Nominating Person proposes to nominate for election as a director, (A) all information with respect to such candidate for nomination that would be required to be set forth in a stockholder’s notice pursuant to this Section 2.5 if such candidate for nomination were a Nominating Person, (B) all information relating to such candidate for nomination that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14(a) under the Exchange Act (including such candidate’s written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (C) a description of any direct or indirect material interest in any material contract or agreement between or among any Nominating Person, on the one hand, and each candidate for nomination or his or her respective associates or any other participants in such solicitation, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Nominating Person were the “registrant” for purposes of such rule and the candidate for nomination were a director or executive officer of such registrant (the disclosures to be made pursuant to the foregoing clauses (A) through (C) are referred to as “Nominee Information”), and (D) a completed and signed questionnaire, representation and agreement as provided in Section 2.5(vi).

(iv) For purposes of this Section 2.5, the term “Nominating Person” shall mean (a) the stockholder providing the notice of the nomination proposed to be made at the meeting, (b) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at the meeting is made, (c) any other participant in such solicitation and (d) any associate of such stockholder or beneficial owner or any other participant in such solicitation.

(v) A stockholder providing notice of any nomination proposed to be made at a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.5 shall be true and correct as of the record date for notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(vi) To be eligible to be a candidate for election as a director of the Corporation at an annual meeting, a candidate must be nominated in the manner prescribed in this Section 2.5 and the candidate for nomination, whether nominated by the Board or by a stockholder of record, must have previously delivered (in accordance with the time period prescribed for delivery in a notice to such candidate given by or on behalf of the Board), to the Secretary at the principal executive offices of the Corporation, (a) a completed written questionnaire (in the form provided by the Corporation) with respect to the background, qualifications, stock ownership and independence of such candidate for nomination and (b) a written representation and agreement (in the form provided by the Corporation) that such candidate for nomination (A) is not, and will not become a party to, any agreement, arrangement or understanding with any Person or entity other than the Corporation with respect to any direct or indirect compensation or reimbursement for service as a director of the Corporation that has not been disclosed therein and (B) if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, stock ownership and trading and other policies and guidelines of the Corporation applicable to all directors and in effect during such Person's term in office as a director (and, if requested by any candidate for nomination, the Secretary of the Corporation shall provide to such candidate for nomination all such policies and guidelines then in effect).

(vii) The Board may also require any proposed candidate for nomination as a Director to furnish such other information as may reasonably be requested by the Board in writing prior to the meeting of stockholders at which such candidate's nomination is to be acted upon in order for the Board to determine the eligibility of such candidate for nomination to be an independent director of the Corporation.

(viii) In addition to the requirements of this Section 2.5 with respect to any nomination proposed to be made at a meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such nominations.

(ix) No candidate shall be eligible for nomination as a director of the Corporation unless such candidate for nomination and the Nominating Person seeking to place such candidate's name in nomination has complied with this Section 2.5, as applicable. The presiding officer at the meeting shall, if the facts warrant, determine that a nomination was not properly made in accordance with this Section 2.5, and if he or she should so determine, he or she shall so declare such determination to the meeting, the defective nomination shall be disregarded and any ballots cast for the candidate in question (but in the case of any form of ballot listing other qualified nominees, only the ballots cast for the nominee in question) shall be void and of no force or effect.

(x) Notwithstanding anything in these bylaws to the contrary, no candidate for nomination shall be eligible to be seated as a director of the Corporation unless nominated and elected in accordance with this Section 2.5.

## 2.6 Notice of Stockholders' Meetings.

Unless otherwise provided by law, the Certificate of Incorporation or these bylaws, the notice of any meeting of stockholders shall be sent or otherwise given in accordance with either Section 2.7 or Section 8.1 of these bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. The notice shall specify the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

## 2.7 Manner of Giving Notice; Affidavit of Notice.

Notice of any meeting of stockholders shall be deemed given:

- (i) if mailed, when deposited in the U.S. mail, postage prepaid, directed to the stockholder at his or her address as it appears on the Corporation's records; or
- (ii) if electronically transmitted as provided in Section 8.1 of these bylaws.

An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or any other agent of the Corporation that the notice has been given by mail or by a form of electronic transmission, as applicable, shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

## 2.8 Quorum.

Unless otherwise provided by law, the Certificate of Incorporation or these bylaws, the holders of a majority in voting power of the stock issued and outstanding and entitled to vote, present in person, or by remote communication, if applicable, or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. If, however, a quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting or (ii) a majority in voting power of the stockholders entitled to vote at the meeting, present in person, or by remote communication, if applicable, or represented by proxy, shall have power to adjourn the meeting from time to time in the manner provided in Section 2.9 of these bylaws until a quorum is present or represented.

## 2.9 Adjourned Meeting; Notice.

When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At any adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting.

## 2.10 Conduct of Business.

The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the Person presiding over the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chairperson of any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chairperson of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other Persons as the chairperson of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

## 2.11 Voting.

Except as may be otherwise provided in the Certificate of Incorporation, these bylaws or the DGCL, each stockholder shall be entitled to one (1) vote for each share of capital stock held by such stockholder.



Except as otherwise provided by the Certificate of Incorporation, at all duly called or convened meetings of stockholders at which a quorum is present, for the election of directors, a plurality of the votes cast shall be sufficient to elect a director. Except as otherwise provided by the Certificate of Incorporation, these bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or applicable law or pursuant to any regulation applicable to the Corporation or its securities, each other matter presented to the stockholders at a duly called or convened meeting at which a quorum is present shall be decided by the affirmative vote of the holders of a majority of the votes cast (excluding abstentions and broker non-votes) on such matter.

#### 2.12 Record Date for Stockholder Meetings and Other Purposes.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is first given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for the adjourned meeting; and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of capital stock, or for the purposes of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

## 2.13 Proxies.

Each stockholder entitled to vote at a meeting of stockholders may authorize another Person or Persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but, no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL. A proxy may be in the form of an electronic transmission which sets forth or is submitted with information from which it can be determined that the transmission was authorized by the stockholder.

Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board.

## 2.14 List of Stockholders Entitled to Vote.

The Corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (*provided, however*, that if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Corporation's principal executive office. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 2.14 or to vote in Person or by proxy at any meeting of stockholders.

## 2.15 Inspectors of Election.

Before any meeting of stockholders, the Corporation shall appoint an inspector or inspectors of election to act at the meeting or its adjournment and make a written report thereof. The Corporation may designate one or more Persons as alternate inspectors to replace any inspector who fails to act. If any Person appointed as inspector or any alternate fails to appear or fails or refuses to act, then the chairperson of the meeting shall appoint a Person to fill that vacancy.

Such inspectors shall:

- (i) determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting and the validity of any proxies and ballots;
- (ii) count all votes or ballots;
- (iii) count and tabulate all votes;
- (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspector(s); and
- (v) certify its or their determination of the number of shares represented at the meeting and its or their count of all votes and ballots.

Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspection with strict impartiality and according to the best of such inspector's ability. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein. The inspectors of election may appoint such Persons to assist them in performing their duties as they determine.

## ARTICLE III - Directors

### 3.1 Powers.

Except as otherwise provided by the Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board.

### 3.2 Number of Directors.

Subject to the Certificate of Incorporation, the total number of directors constituting the Board shall be determined from time to time by resolution of the Board. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

### 3.3 Election, Qualification and Term of Office of Directors.

Except as provided in Section 3.4 of these bylaws, each director, including a director elected to fill a vacancy or newly created directorship, shall hold office until the expiration of the term of the class, if any, for which elected and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders. The Certificate of Incorporation or these bylaws may prescribe qualifications for directors.

### 3.4 Resignation and Vacancies.

Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. The resignation shall take effect at the time specified therein or upon the happening of an event specified therein, and if no time or event is specified, at the time of its receipt. When one or more directors so resigns and the resignation is effective at a future date or upon the happening of an event to occur on a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section in the filling of other vacancies.

Unless otherwise provided in the Certificate of Incorporation or these bylaws, vacancies and newly created directorships resulting from any increase in the authorized number of directors shall be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director appointed in accordance with the preceding sentence shall hold office for the remainder of the term of the class, if any, to which the director is appointed and until such director's successor shall have been elected and qualified. A vacancy in the Board shall be deemed to exist under these bylaws in the case of the death, removal or resignation of any director.

### 3.5 Place of Meetings; Meetings by Telephone.

The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the Certificate of Incorporation or these bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone, video conferencing or other communications equipment by means of which all Persons participating in the meeting can hear each other, and such participation in a meeting pursuant to this bylaw shall constitute presence in Person at the meeting.

### 3.6 Regular Meetings.

Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

### 3.7 Special Meetings; Notice.

Special meetings of the Board for any purpose or purposes may be called at any time by a majority of the total number of directors constituting the Board.

Notice of the time and place of special meetings shall be:

- (i) delivered personally by hand, by courier or by telephone;
- (ii) sent by United States first-class mail, postage prepaid;
- (iii) sent by facsimile or electronic mail; or
- (iv) sent by other means of electronic transmission,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, or other address for electronic transmission, as the case may be, as shown on the Corporation's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or electronic mail, or (iii) sent by other means of electronic transmission, it shall be delivered or sent at least twenty-four (24) hours before the time of the holding of the meeting. If the notice is sent by U.S. mail, it shall be deposited in the U.S. mail at least four (4) days before the time of the holding of the meeting. The notice need not specify the place of the meeting (if the meeting is to be held at the Corporation's principal executive office) nor the purpose of the meeting.

### 3.8 Quorum.

At all meetings of the Board, a majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the Certificate of Incorporation or these bylaws. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

### 3.9 Board Action by Written Consent without a Meeting.

Unless otherwise restricted by the Certificate of Incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

### 3.10 Fees and Compensation of Directors.

Unless otherwise restricted by the Certificate of Incorporation or these bylaws, the Board shall have the authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

## **ARTICLE IV - Committees**

### 4.1 Committees of Directors.

The Board may designate one (1) or more committees, each committee to consist, of one (1) or more of the directors of the Corporation. The Board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Corporation.

#### 4.2 Committee Minutes.

Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

#### 4.3 Meetings and Actions of Committees.

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

- (i) Section 3.5 (place of meetings and meetings by telephone);
- (ii) Section 3.6 (regular meetings);
- (iii) Section 3.7 (special meetings and notice);
- (iv) Section 3.9 (action without a meeting); and
- (v) Section 7.12 (waiver of notice),

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board and its members. *However:*

- (i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;
- (ii) special meetings of committees may also be called by resolution of the Board or the chairperson of the applicable committee; and
- (iii) the Board may adopt rules for the governance of any committee to override the provisions that would otherwise apply to the committee pursuant to this Section 4.3, provided that such rules do not violate the provisions of the Certificate of Incorporation or applicable law.

### **ARTICLE V - Officers**

#### 5.1 Officers.

The officers of the Corporation shall include a president and a secretary. The Corporation may also have, at the discretion of the Board, a chairperson of the Board, a vice chairperson of the Board, a chief executive officer, a chief financial officer, a treasurer, one (1) or more vice presidents, one (1) or more assistant vice presidents, one (1) or more assistant treasurers, one (1) or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same Person.

## 5.2 Appointment of Officers.

The Board shall appoint the officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 of these bylaws.

## 5.3 Subordinate Officers.

The Board may appoint, or empower the chief executive officer or, in the absence of a chief executive officer, the president, to appoint, such other officers and agents as the business of the Corporation may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board may from time to time determine.

## 5.4 Removal and Resignation of Officers.

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

## 5.5 Vacancies in Offices.

Any vacancy occurring in any office of the Corporation shall be filled by the Board or as provided in Section 5.2.

## 5.6 Representation of Shares of Other Corporations.

The chairperson of the Board, the chief executive officer, the president, any vice president, the treasurer, the secretary or assistant secretary of this Corporation, or any other Person authorized by the Board, the chief executive officer, the president or a vice president, is authorized to vote, represent and exercise on behalf of this Corporation all rights incident to any and all shares or other ownership interests of any other corporation or corporations or other entity or entities standing in the name of this Corporation. The authority granted herein may be exercised either by such Person directly or by any other Person authorized to do so by proxy or power of attorney duly executed by such Person having the authority.



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5.7 Authority and Duties of Officers.

All officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be provided herein or designated from time to time by the Board and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

**ARTICLE VI - Records**

A stock ledger consisting of one or more records in which the names of all of the Corporation's stockholders of record, the address and number of shares registered in the name of each such stockholder, and all issuances and transfers of stock of the corporation are recorded in accordance with Section 224 of the DGCL shall be administered by or on behalf of the Corporation. Any records administered by or on behalf of the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on, or by means of, or be in the form of, any information storage device, or method, or one or more electronic networks or databases (including one or more distributed electronic networks or databases), provided that the records so kept can be converted into clearly legible paper form within a reasonable time and, with respect to the stock ledger, that the records so kept (i) can be used to prepare the list of stockholders specified in Sections 219 and 220 of the DGCL, (ii) record the information specified in Sections 156, 159, 217(a) and 218 of the DGCL, and (iii) record transfers of stock as governed by Article 8 of the Uniform Commercial Code.

**ARTICLE VII - General Matters**

7.1 Execution of Corporate Contracts and Instruments.

The Board, except as otherwise provided in these bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

7.2 Stock Certificates.

The shares of the Corporation shall be represented by certificates, provided that the Board by resolution may provide that some or all of the shares of any class or series of stock of the Corporation shall be uncertificated. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock represented by a certificate shall be entitled to have a certificate signed by, or in the name of the

Corporation by, any two officers authorized to sign stock certificates representing the number of shares registered in certificate form. The chairperson or vice chairperson of the Board, the president, vice president, the treasurer, any assistant treasurer, the secretary or any assistant secretary of the Corporation shall be specifically authorized to sign stock certificates. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

### 7.3 Lost Certificates.

The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

### 7.4 Shares Without Certificates.

The Corporation may adopt a system of issuance, recordation and transfer of its shares of stock by electronic or other means not involving the issuance of certificates, provided the use of such system by the Corporation is permitted in accordance with applicable law.

### 7.5 Construction; Definitions.

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural and the plural number includes the singular.

### 7.6 Dividends.

The Board, subject to any restrictions contained in either (i) the DGCL or (ii) the Certificate of Incorporation, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in cash, in property or in shares of the Corporation's capital stock.

The Board may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the Corporation, and meeting contingencies.

7.7 Fiscal Year.

The fiscal year of the Corporation shall be fixed by resolution of the Board and may be changed by the Board.

7.8 Seal.

The Corporation may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The Corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

7.9 Transfer of Stock.

Shares of the Corporation shall be transferable in the manner prescribed by law and in these bylaws. Shares of stock of the Corporation shall be transferred on the books of the Corporation only by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates representing such shares endorsed by the appropriate Person or Persons (or by delivery of duly executed instructions with respect to uncertificated shares), with such evidence of the authenticity of such endorsement or execution, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing the names of the Persons from and to whom it was transferred.

7.10 Stock Transfer Agreements.

The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes or series of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

7.11 Registered Stockholders.

The Corporation:

(i) shall be entitled to recognize the exclusive right of a Person registered on its books as the owner of shares to receive dividends and to vote as such owner; and

(ii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

#### 7.12 Waiver of Notice.

Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these bylaws, a written waiver, signed by the Person entitled to notice, or a waiver by electronic transmission by the Person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a Person at a meeting shall constitute a waiver of notice of such meeting, except when the Person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate of Incorporation or these bylaws.

### **ARTICLE VIII - Notice by Electronic Transmission**

#### 8.1 Notice by Electronic Transmission.

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the Certificate of Incorporation or these bylaws, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if:

(i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation in accordance with such consent; and

(ii) such inability becomes known to the secretary or an assistant secretary of the Corporation or to the transfer agent, or other Person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

- (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;
- (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

- (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and
- (iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

## 8.2 Definition of Electronic Transmission.

An “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

# ARTICLE IX - Indemnification

## 9.1 Indemnification of Directors and Officers.

The Corporation shall indemnify and hold harmless, to the fullest extent permitted by the DGCL as it presently exists or may hereafter be amended, any director or officer of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a “Proceeding”) by reason of the fact that he or she, or a Person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, non-profit entity or other enterprise, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred by such Person in connection with any such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 9.4, the Corporation shall be required to indemnify a Person in connection with a Proceeding initiated by such Person only if the Proceeding was authorized in the specific case by the Board.

## 9.2 Indemnification of Others.

The Corporation shall have the power to indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any employee or agent of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any Proceeding by reason of the fact that he or she, or a Person for whom he or she is the legal representative, is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, non-profit entity or other enterprise, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such Person in connection with any such Proceeding.

## 9.3 Prepayment of Expenses.

The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by any officer or director of the Corporation, and may pay the expenses incurred by any employee or agent of the Corporation, in defending any Proceeding in advance of its final disposition; *provided, however*, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Person to repay all amounts advanced if it should be ultimately determined that the Person is not entitled to be indemnified under this Article IX or otherwise.

## 9.4 Determination; Claim.

If a claim for indemnification (following the final disposition of such Proceeding) under this Article IX is not paid in full within sixty (60) days, or a claim for advancement of expenses under this Article IX is not paid in full within thirty (30) days, after a written claim therefor has been received by the Corporation the claimant may thereafter (but not before) file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by law. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

## 9.5 Non-Exclusivity of Rights.

The rights conferred on any Person by this Article IX shall not be exclusive of any other rights which such Person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

## 9.6 Insurance.

The Corporation may purchase and maintain insurance on behalf of any Person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, non-profit entity or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of the DGCL.

9.7 Other Indemnification.

The Corporation's obligation, if any, to indemnify or advance expenses to any Person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, non-profit entity or other enterprise shall be reduced by any amount such Person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, non-profit entity or other enterprise.

9.8 Continuation of Indemnification.

The rights to indemnification and to prepayment of expenses provided by, or granted pursuant to, this Article IX shall continue notwithstanding that the Person has ceased to be a director or officer of the Corporation and shall inure to the benefit of the estate, heirs, executors, administrators, legatees and distributees of such Person.

9.9 Amendment or Repeal; Interpretation.

The provisions of this Article IX shall constitute a contract between the Corporation, on the one hand, and, on the other hand, each individual who serves or has served as a director or officer of the Corporation (whether before or after the adoption of these bylaws), in consideration of such Person's performance of such services, and pursuant to this Article IX the Corporation intends to be legally bound to each such current or former director or officer of the Corporation. With respect to current and former directors and officers of the Corporation, the rights conferred under this Article IX are present contractual rights and such rights are fully vested, and shall be deemed to have vested fully, immediately upon adoption of these bylaws. With respect to any directors or officers of the Corporation who commence service following adoption of these bylaws, the rights conferred under this provision shall be present contractual rights and such rights shall fully vest, and be deemed to have vested fully, immediately upon such director or officer commencing service as a director or officer of the Corporation. Any repeal or modification of the foregoing provisions of this Article IX shall not adversely affect any right or protection (i) hereunder of any Person in respect of any act or omission occurring prior to the time of such repeal or modification or (ii) under any agreement providing for indemnification or advancement of expenses to an officer or director of the Corporation in effect prior to the time of such repeal or modification.

Any reference to an officer of the Corporation in this Article IX shall be deemed to refer exclusively to the chairperson of the Board, a vice chairperson of the Board, a chief executive officer, a chief financial officer, a treasurer appointed pursuant to Article V of these bylaws, and to any vice president, assistant secretary, assistant treasurer or other officer of the Corporation

appointed by (x) the Board pursuant to Article V of these Bylaws or (y) an officer to whom the Board has delegated the power to appoint officers pursuant to Article V of these bylaws, and any reference to an officer of any other corporation, partnership, joint venture, trust, employee benefit plan, non-profit entity or other enterprise shall be deemed to refer exclusively to an officer appointed by the board of directors (or equivalent governing body) of such other entity pursuant to the Certificate of Incorporation and bylaws (or equivalent organizational documents) of such other corporation, partnership, joint venture, trust, employee benefit plan, non-profit entity or other enterprise. The fact that any Person who is or was an employee of the Corporation or an employee of any other corporation, partnership, joint venture, trust, employee benefit plan, non-profit entity or other enterprise has been given or has used the title of “vice president” or any other title that could be construed to suggest or imply that such Person is or may be an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan, non-profit entity or other enterprise shall not result in such Person being constituted as, or being deemed to be, an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan, non-profit entity or other enterprise for purposes of this Article IX.

#### **ARTICLE X - Amendments**

The Board is expressly empowered to adopt, amend or repeal the bylaws of the Corporation. The stockholders also shall have power to adopt, amend or repeal the bylaws of the Corporation; *provided, however*, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least 66 2/3% of the voting power of all the then-outstanding shares of voting stock of the Corporation with the power to vote at an election of directors, voting together as a single class.

#### **ARTICLE XI - Forum Selection**

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director, officer, other employee, agent or stockholder of the Corporation to the Corporation or the Corporation’s stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (iii) any action asserting a claim against the Corporation or any current or former director, officer, employee, agent or stockholder of the Corporation arising pursuant to any provision of the DGCL or the Certificate of Incorporation or bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim related to or involving the Corporation that is governed by the internal affairs doctrine.



Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Nothing in these bylaws shall preclude stockholders that assert claims under the Exchange Act from bringing such claims in federal court to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law.

For the avoidance of doubt, the provisions of this Article XI are intended to benefit and may be enforced by the Corporation, its officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional or entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering.

Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XI.

Failure to enforce the foregoing provisions would cause the Corporation irreparable harm, and the Corporation shall be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions.

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**Alkami Technology, Inc.**

**Certificate of Amendment and Restatement of Bylaws**

\_\_\_\_\_

The undersigned hereby certifies that he is the duly elected, qualified, and acting Secretary of Alkami Technology, Inc., a Delaware corporation (the "Corporation"), and that the foregoing bylaws were approved on \_\_\_\_\_, 2021, effective as of \_\_\_\_\_, 2021 by the Corporation's board of directors.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this \_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Douglas A. Linebarger  
Secretary

140 Scott Drive  
Menlo Park, California 94025  
Tel: +1.650.328.4600 Fax: +1.650.463.2600  
www.lw.com

# LATHAM & WATKINS LLP

## FIRM / AFFILIATE OFFICES

|              |                  |
|--------------|------------------|
| Beijing      | Moscow           |
| Boston       | Munich           |
| Brussels     | New York         |
| Century City | Orange County    |
| Chicago      | Paris            |
| Dubai        | Riyadh           |
| Düsseldorf   | San Diego        |
| Frankfurt    | San Francisco    |
| Hamburg      | Seoul            |
| Hong Kong    | Shanghai         |
| Houston      | Silicon Valley   |
| London       | Singapore        |
| Los Angeles  | Tokyo            |
| Madrid       | Washington, D.C. |
| Milan        |                  |

April 5, 2021

Alkami Technology, Inc.  
5601 Granite Parkway, Suite 120  
Plano, Texas 75024

Re: Registration Statement on Form S-1 (Registration No. 333-254108)

Ladies and Gentlemen:

We have acted as special counsel to Alkami Technology, Inc., a Delaware corporation (the “**Company**”), in connection with the proposed issuance of up to 12,004,000 shares of common stock, par value \$0.001 per share (the “**Shares**”). The Shares are included in a registration statement on Form S-1 under the Securities Act of 1933, as amended (the “**Act**”), filed with the Securities and Exchange Commission (the “**Commission**”) on March 10, 2021 (Registration No. 333-254108) (as amended, the “**Registration Statement**”). This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related prospectus (the “**Prospectus**”), other than as expressly stated herein with respect to the issue of the Shares.

As such counsel, we have examined such matters of fact and questions of law as we have considered appropriate for purposes of this letter. With your consent, we have relied upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified such factual matters. We are opining herein as to General Corporation Law of the State of Delaware, and we express no opinion with respect to any other laws.

Subject to the foregoing and the other matters set forth herein, it is our opinion that, as of the date hereof, upon the proper filing of the Amended and Restated Certificate of Incorporation of the Company, substantially in the form most recently filed as an exhibit to the Registration Statement, with the Secretary of State of the State of Delaware and when the Shares shall have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the purchasers and have been issued by the Company against payment therefor (not less than par value) in the circumstances contemplated by the form of underwriting agreement most recently filed as an exhibit to the Registration Statement, the issue and sale of the Shares will have

**LATHAM & WATKINS**<sup>LLP</sup>

been duly authorized by all necessary corporate action of the Company, and the Shares will be validly issued, fully paid and non-assessable. In rendering the foregoing opinion, we have assumed that the Company will comply with all applicable notice requirements regarding uncertificated shares provided in the General Corporation Law of the State of Delaware.

This opinion is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of the Act. We consent to your filing this opinion as an exhibit to the Registration Statement and to the reference to our firm in the Prospectus under the heading “Legal Matters.” We further consent to the incorporation by reference of this letter and consent into any post-effective amendment to the Registration Statement filed pursuant to Rule 462(b) with respect to the Shares. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Latham & Watkins LLP

## ALKAMI TECHNOLOGY, INC.

## AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of March 22, 2021 (the "Effective Date"), by and between Alkami Technology, Inc., a Delaware corporation (the "Company"), and Stephen Bohanon ("Executive"). This Agreement amends and restates in its entirety the Executive Employment Agreement between Executive and the Company, dated November 2, 2017 (as amended, the "Prior Agreement").

## R E C I T A L S

WHEREAS, the Company desires to enter into an agreement documenting the terms of Executive's continued employment with the Company as Chief Strategy and Sales Officer;

WHEREAS, Executive also desires to document the terms and enter into such an agreement;

WHEREAS, Executive acknowledges Executive's continuing obligations under the Employee Proprietary Information Agreement between Executive and the Company, dated November 2, 2017 (the "EPIA");

WHEREAS, the Company considers it essential to its best interests and the best interests of its stockholders to employ Executive as the Chief Strategy and Sales Officer for the term of this Agreement; and

WHEREAS, Executive is willing to continue employment with the Company on the terms hereinafter set forth in this Agreement.

## A G R E E M E N T

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. *Duties and Scope of Employment.*

(a) *Positions and Duties.* On the Effective Date, Executive will continue employment with the Company as the Chief Strategy and Sales Officer of the Company. Executive will report directly to the Company's President and Chief Executive Officer (the "CEO"). Executive shall provide senior leadership and support in the day to day sales, product and strategy-related operations of the Company, shall perform business and professional services as are customarily associated with the position of Chief Strategy and Sales Officer, and shall perform such other duties and functions as shall from time to time be reasonably assigned or delegated to Executive by the CEO or the Company's Board of Directors (the "Board"). The period of Executive's employment under this Agreement is referred to herein as the "Employment Term."

(b) *Obligations.* During the Employment Term, Executive will perform the assigned duties faithfully and to the best of Executive's ability and will devote Executive's full business efforts and time to the Company. For the duration of the Employment Term, Executive agrees not to engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior approval of the Board, *provided* that Executive may serve as a compensated member of the board of directors of a third party of Executive's choosing so long as such third party does not present a conflict of interest and Executive receives prior written consent of the CEO, with such consent not to be unreasonably withheld.

2. *At-Will Employment.* Subject to Sections 7, 8 and 9 below, the Company agrees to employ Executive, and Executive agrees to serve the Company, on an "at-will" basis, which means that either the Company or Executive may terminate Executive's employment with the Company at any time and for any or no reason.

3. *Compensation.*

(a) *Base Salary.* During the Employment Term, the Company will pay Executive as compensation for Executive's services a base salary at a rate of no less than \$420,000 per year, as modified from time to time at the discretion of the Board (the "Base Salary"). The Base Salary will be paid in regular installments in accordance with the Company's normal payroll practices (subject to required withholding).

(b) *Annual Bonus.* Commencing with the Effective Date, Executive will be eligible for a target annual bonus of up to sixty percent (60%) of the Base Salary in each calendar year during the Employment Term as such bonus amount will be determined by the Board based on Executive's achievement of specified performance goals as determined by the Board. Any bonus pursuant to this Section 3(b) shall be paid to Executive between February 1 and March 15 of the calendar year following the calendar year in which such bonus applies.

(c) *Equity Awards.*

(i) Executive has been granted options to purchase shares of the Company's Common Stock (including any future stock or equity grants or awards, "Stock Options") under the Alkami Technology, Inc. 2011 Long Term Incentive Plan (including any subsequent or successor plans, the "LTIP") with an exercise price per share equal to the fair market value of one share of Common Stock on the date of the option grant as determined by the Board.

(ii) The Stock Options will vest in accordance with the terms of the respective stock option agreements evidencing such Stock Options (each, the "Applicable Option Agreement"). Each Applicable Option Agreement and each agreement evidencing any other equity award granted to Executive by the Company shall provide for the accelerated vesting in full of the Stock Options or other equity awards if either (x) the Stock Options or other equity awards are not assumed or continued or substituted (as such terms are used in the LTIP) for similar awards of at least equal value, in connection with a Change of Control (as defined below) or (y) the Stock Options or other equity awards are assumed, continued or substituted for similar awards of at least equal value in connection with a Change of Control, Executive's employment is terminated without Cause (as defined below) by the Company or Executive resigns from Executive's employment for Good Reason (as defined below), if such termination or resignation occurs either three (3) months prior to, or within two years following, the date of such Change of

Control (such twenty-seven month period being the “Protection Period”) and Executive delivers a release of claims in accordance with Section 9(b) below that becomes effective and irrevocable within 60 days following such termination or resignation. For avoidance of doubt, the provisions of this paragraph supersede and override any conflicting terms set forth in the LTIP, the Applicable Option Agreement or any other agreement evidencing an equity award.

(iii) When determining the termination date of a Stock Option, and notwithstanding that the terms of the Applicable Option Agreement provide for a termination date that is three (3) months following the date of Executive’s termination of Continuous Service (each as defined in the Applicable Option Agreement) for any reason other than the termination of Executive’s Continuous Service by the Company for Cause, such termination date shall be extended until the date that is twelve (12) months following the earlier of (A) Executive’s termination of Continuous Service for any reason other than by the Company for Cause or (B) the original expiration date of the Stock Option. For avoidance of doubt, the provisions of this paragraph supersede and override any conflicting terms set forth in the LTIP or the Applicable Option Agreement.

(iv) Each Stock Option shall also be exercisable by a “net exercise” under which the Company will reduce the number of shares of Common Stock issued upon exercise of the Stock Option by the largest whole number of shares of Common Stock with a Fair Market Value (as defined in the Applicable Option Agreement) that does not exceed the sum of the aggregate exercise price payable for such shares and the withholding taxes due in connection with such exercise (calculated based on maximum statutory tax rates); provided, however, that the Company shall accept a cash or other payment from the Executive to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; provided, further, that shares of Common Stock will no longer be outstanding under the Stock Option and will not be exercisable thereafter to the extent that (i) shares are used to pay the exercise price pursuant to the “net exercise,” (ii) shares are delivered to the Executive as a result of such exercise, and (iii) shares are withheld to satisfy tax withholding obligations.

4. *Employee Benefits.* During the Employment Term, Executive will be entitled to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other senior executives of the Company and will be entitled to receive such other benefits as are approved by the Board. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time. Notwithstanding and without limiting the foregoing, during the Employment Term, Executive shall receive an expense allowance of \$200 per calendar month for Executive’s cell phone/mobile data plan.

5. *Vacation.* Executive will be placed on the Company’s Peak Performance Vacation Plan with the timing and duration of specific vacations mutually and reasonably agreed to by Executive and the CEO.

6. *Business Expenses.* During the Employment Term, the Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in the furtherance of or in connection with the performance of Executive’s duties hereunder, in accordance with the Company’s expense reimbursement policy as in effect from time to time.

#### 7. Termination on Death or Disability.

(a) Executive's employment will terminate automatically upon Executive's death or, upon fourteen (14) days prior written notice from the Company, in the event of Disability.

(b) For purposes of this Section 7, "Disability" means that Executive, at the time notice is given, has been unable to substantially perform Executive's duties under this Agreement for not less than ninety (90) work days within a twelve (12) consecutive month period as a result of Executive's incapacity due to a physical or mental condition and, if reasonable accommodation is required by law, after any reasonable accommodation. Upon any termination for death or Disability, Executive shall be entitled to: (i) Executive's Base Salary through the effective date of termination; (ii) the right to continue health care benefits under COBRA, at Executive's cost, to the extent required and available by law; (iii) reimbursement of expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which Executive has not yet been reimbursed; and (iv) no other severance or benefits of any kind, unless required by law or pursuant to any other Company plans or policies, as then in effect.

#### 8. Involuntary Termination for Cause; Resignation without Good Reason.

(a) *Effectiveness.* Notwithstanding any other provision of this Agreement, the Company may terminate Executive's employment at any time for Cause, and Executive may at any time voluntarily resign without Good Reason. Termination for Cause shall be effective on the date the Company gives notice to Executive of such termination in accordance with this Agreement unless otherwise agreed by the parties. Resignation by Executive without Good Reason shall be effective on the date Executive gives notice to the Company of such resignation in accordance with this Agreement unless otherwise agreed by the parties.

(b) *Effect of Termination.* In the case of the Company's termination of Executive's employment for Cause or Executive's resignation from employment without Good Reason, Executive shall be entitled to receive: (i) Base Salary through the effective date of the termination; (ii) reimbursement of all expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which she has not yet been reimbursed; (iii) the right to continue health care benefits under COBRA, at Executive's cost, to the extent required and available by law; and (iv) no other severance or benefits of any kind, unless required by law or pursuant to any other Company plans or policies, as then in effect.

#### 9. Involuntary Termination Without Cause; Resignation for Good Reason.

(a) *Effect of Termination.* The Company shall be entitled to terminate Executive with or without Cause and Executive shall be entitled to resign with or without Good Reason, in each case at any time, subject to the following: If Executive is terminated by the Company involuntarily without Cause (excluding any termination due to death or Disability) or if Executive resigns with Good Reason, then, subject to the conditions and limitations of Sections 10(c) and 25 below (other than clauses (A) and (C) which shall not be subject to such conditions and limitations), Executive shall be entitled to receive: (A) Base Salary through the date of termination; (B) continuing severance pay at a rate equal to one-hundred percent (100%) of Base Salary (provided that in connection with a Change of Control where Executive's employment is terminated without Cause by the Company or Executive's resignation from Executive's employment for Good Reason during the Protection Period then continuing severance pay shall instead be at a rate equal to one-hundred percent (100%) of Base Salary and one-hundred percent



(100%) of the annual target bonus amount for the year of termination *and* the pro rated annual target bonus amount for the year of termination), in each case as then in effect (less applicable withholding), for a period equal to twelve (12) months commencing from the date of such termination, to be paid periodically in accordance with the Company's normal payroll practices (the "Severance Payments"); (C) reimbursement of all expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which she has not yet been reimbursed; (D) the right to continue health care benefits under COBRA at Company's cost for the first nine (9) months commencing from the date of termination and at Executive's cost thereafter to the extent required and available by law (provided that in connection with a Change of Control where Executive's employment is terminated without Cause by the Company or Executive's resignation from Executive's employment for Good Reason during the Protection Period then the right to continue health care benefits under COBRA at Company's cost for the first twelve (12) months commencing from the date of termination and at Executive's cost thereafter); (E) accelerated vesting of any then outstanding Stock Options or other equity awards (to the extent not fully-vested) as and to the extent provided in Section 3(c)(ii) hereof, (F) any earned, but unpaid bonuses owed to the Executive according to the normal payout practices, and (G) no other severance or benefits of any kind, unless required by law or pursuant to any other Company plans or policies, as then in effect. If (1) any plan pursuant to which COBRA benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover Executive or Executive's dependents under its group health plans, or (3) the Company cannot provide the COBRA benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining Company COBRA subsidy under clause (B) above shall thereafter be paid to Executive in substantially equal monthly installments over the remaining coverage period.

(b) *Conditions Precedent.* Any severance payments and/or benefits contemplated by Section 9(a) above are conditional on Executive:

(i) continuing to comply with the terms of this Agreement and the EPIA, which are incorporated herein by reference; (ii) delivering prior to or contemporaneously with the commencement of any such severance payments, and not revoking, a general release of claims relating to Executive's employment and/or this Agreement against the Company or its successor, its subsidiaries and their respective directors, officers and stockholders and affirmation of obligations hereunder and under the EPIA in a form acceptable to the Company or its successor that becomes effective and irrevocable within sixty (60) days following the applicable termination of employment; and (iii) in the event of a resignation for Good Reason, providing the CEO with written notice of the acts or omissions constituting the grounds for Good Reason within sixty (60) days of the initial existence of the grounds for Good Reason and a reasonable opportunity for the Company to cure the conditions giving rise to such Good Reason, which shall not be less than thirty (30) days following the date of notice from Executive. If the Company cures the conditions giving rise to such Good Reason within thirty (30) days of the date of such notice, Executive will not be entitled to severance payments and/or benefits contemplated by Section 9(a) above if Executive thereafter resigns from the Company based on such grounds. Unless otherwise required by law, no severance payments and/or benefits under Section 9(a) will be paid and/or provided until after the expiration of any relevant revocation period (according to applicable law). Notwithstanding the foregoing, this Section 9(b) shall not limit Executive's ability to obtain expense reimbursements under Section 6 or any other compensation or benefits otherwise required by law or in accordance with Company plans or policies, as then in effect.

(c) *Suspension of Severance Payments Based Upon Detrimental Conduct.* In addition to the Conditions Precedent in subsection (b), above, the Company's obligation to provide the Severance Payments shall immediately and permanently cease immediately upon Executive's engagement in Detrimental Conduct. For purposes of this paragraph, "Detrimental Conduct" shall mean: (i) any violation of the EPIA; (ii) Executive is or becomes a principal, owner, officer, director, stockholder or other equity owner (other than a holder of less than 5% of the outstanding shares or other equity interests of a publicly traded company) of a Competitor (as defined below); or (iii) Executive is or becomes a partner or joint venturer in any business or other enterprise or undertaking with a Competitor. For purposes of this paragraph, "Competitor" shall mean any entity, or other business concern that offers or plans to offer products or services that are competitive in any way with any of the products or services being manufactured, offered, marketed, or are actively developed by the Company or any of its affiliates as of the date Executive's employment ends; provided, however that it does not include a division or subsidiary of such a business so long as that division or subsidiary does not offer or plan to offer products or services that are competitive with the Company in any way (and provided that Executive does not provide advice or other services to the competing business portion of such business).

#### 10. Definitions.

(a) *Cause.* For purposes of this Agreement, "Cause" shall mean (i) the Executive's continued failure to substantially perform the duties and obligations under this Agreement (for reasons other than death or Disability), which failure, if curable within the discretion of the CEO, is not cured to the reasonable satisfaction of the CEO within thirty (30) days after receipt of written notice from the CEO of such failure; (ii) Executive's failure or refusal to comply with reasonable written policies, standards and regulations established by the CEO from time to time which failure, if curable in the discretion of the CEO, is not cured to the reasonable satisfaction of the CEO within thirty (30) days after receipt of written notice of such failure from the CEO; (iii) any act of personal dishonesty, fraud, embezzlement, misrepresentation, or other unlawful act committed by Executive that results in a substantial gain or personal enrichment of Executive at the expense of the Company; (iv) Executive's violation of a federal or state law or regulation applicable to the Company's business, which violation was or is reasonably likely to be materially injurious to the Company's business, financial condition, good will or reputation; (v) Executive's violation of, or a plea of *nolo contendere* or guilty to, a felony under the laws of the United States or any State; or (vi) Executive's material breach of the terms of this Agreement or the EPIA.

(b) *Change of Control.* For purposes of this Agreement, "Change of Control" shall mean (i) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any merger, consolidation or other form of reorganization in which outstanding shares of the Company are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring entity or its subsidiary) (each a "Merger Transaction"), unless the Company's stockholders of record as constituted immediately prior to such Merger Transaction will, immediately after such Merger Transaction, hold at least a majority of the voting power of the surviving or acquiring entity in the same relative proportions, (ii) a sale of all or substantially all of the assets of the Company or the exclusive license of all or substantially all of the Company's intellectual property by means of any transaction or series of related transactions, or (iii) a liquidation, dissolution or winding up of the Company.

(c) *Good Reason*. For purposes of this Agreement, “Good Reason” shall mean, without Executive’s written consent: (i) a material reduction of the level of Executive’s Base Salary and/or Annual Bonus target amounts (except where there is a general reduction applicable to the management team generally), (ii) a material reduction in Executive’s overall responsibilities or authority, or scope of duties; or (iii) a material change in the geographic location at which Executive must perform the services described herein; *provided*, that in no instance will the relocation of Executive to a facility or a location of twenty-five (25) miles or less from Executive’s then current office be deemed material for purposes of this Agreement.

11. *Assignment*. This Agreement will be binding upon and inure to the benefit of: (a) the heirs, executors and legal representatives of Executive upon Executive’s death, and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, “successor” means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance or other disposition of Executive’s right to compensation or other benefits will be null and void.

12. *Notices*. All notices, requests, demands and other communications called for under this Agreement shall be in writing and shall be delivered by email or personally by hand or by courier, mailed by United States first-class mail, postage prepaid, or sent by facsimile directed to the party to be notified at the address or facsimile number indicated for such party on the signature page to this Agreement, or at such other address or facsimile number as such party may designate by ten (10) days’ advance written notice to the other parties hereto. All such notices and other communications shall be deemed given upon email delivery or personal delivery, three (3) days after the date of mailing, or upon confirmation of facsimile transfer.

13. *Severability*. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement will continue in full force and effect without said provision.

14. *Confidentiality*. During the Employment Term and thereafter, Executive agrees to use Executive’s best efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, including any documents incorporated by reference, the consideration for this Agreement (hereinafter collectively referred to as “Employment Information”); provided that this section shall not prohibit discussions revealing Employment Information to Executive’s family and advisors. Executive agrees to take every reasonable precaution to prevent disclosure of any Employment Information to third parties, and agree that there will be no publicity, directly or indirectly, concerning any Employment Information.

15. *Whistleblower Protections and Trade Secrets*. Notwithstanding anything to the contrary contained herein, nothing in this Agreement prohibits Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other

whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (i) Executive shall not be in breach of this Agreement, and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (ii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

16. *Company Matters.*

(a) *Employee Proprietary Information Agreement.* Executive acknowledges and agrees that Executive shall continue to be bound and shall abide by the terms of the EPIA, including the provisions governing the non-disclosure of confidential information and restrictive covenants contained therein.

(b) *Ventures.* If, during employment, Executive is engaged in or associated with planning or implementing of any project, program or venture involving the Company and any third parties, all rights in such project, program or venture shall belong to the Company (or third party, to the extent provided in any agreement between the Company and the third party). Except as formally approved by the Company, Executive shall not be entitled to any interest in such project, program or venture or to any commission, finder's fee or other compensation in connection therewith other than the salary or other compensation to be paid to Executive as provided in this Agreement.

(c) *Resignation on Termination.* On termination of employment, Executive shall immediately (and with contemporaneous effect) be deemed to resign any directorships, offices or other positions that Executive may hold in the Company or any affiliate, unless otherwise agreed in writing by the parties.

(d) *Notification of New Employer.* In the event that Executive leaves the employ of the Company, Executive grants consent to notification by the Company to Executive's new employer about the rights and obligations under this Agreement and the EPIA.

17. *Arbitration.*

(a) *General.* In consideration of Executive's service to the Company, its promise to arbitrate all employment related disputes and Executive's receipt of the compensation and other benefits paid to Executive by the Company, at present and in the future, Executive agrees that any and all controversies, claims, or disputes (with the sole exception of those disputes that may arise from the EPIA, which shall be resolved in accordance with the dispute resolution procedures set forth therein) with Company, including any breach of this Agreement, shall be subject to binding arbitration under the arbitration rules set forth by the American Arbitration Association ("AAA") for the resolution of employment disputes and pursuant to Texas law, which shall be held in Dallas County, Texas. Disputes which Executive agrees to arbitrate, and thereby agrees to waive

any right to a trial by jury, include, to the extent permissible by law, any statutory claims under state or federal law, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Texas Commission on Human Rights Act, claims of harassment, discrimination or wrongful termination and any statutory claims. Executive further understands that this Agreement to arbitrate also applies to any disputes that the Company may have with Executive.

(b) *Procedure*. Any arbitration will be administered by AAA and a neutral arbitrator will be selected in a manner consistent with its National Rules for the Resolution of Employment Disputes (the “Rules”). The arbitration proceedings will allow for discovery according to the Rules. The arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication and motions to dismiss and demurrers, prior to any arbitration hearing. The arbitrator shall issue a written decision including findings of fact and conclusions of law on the merits of its award. The arbitrator shall have the power to award any remedies, including attorneys’ fees and costs, available under applicable law. To the extent permitted by law, the Company shall pay the administrative fees associated with the arbitration, except for the first \$200.00 in administrative fees for any arbitration that is initiated by Executive, and Company and Executive shall separately pay independent counsel fees and expenses. The arbitrator shall administer and conduct any arbitration in a manner consistent with the Rules.

(c) *Remedy*. Arbitration shall be the sole, exclusive and final remedy for any dispute (with the sole exception of those disputes that may arise from the EPIA, which shall be resolved in accordance with the dispute resolution procedures set forth therein) between Executive and the Company. Accordingly, except as otherwise provided herein, neither Executive nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration. Notwithstanding, the arbitrator will not have the authority to disregard or refuse to enforce any lawful Company policy, and the arbitrator shall not order or require the Company to adopt a policy not otherwise required by law, which the Company has not adopted.

(d) *Availability of Equitable Relief*. Any party may also petition the court for injunctive or other equitable relief where either party alleges or claims a violation of this Agreement or the EPIA. In the event that either party seeks such relief, no bond shall be required and the prevailing party shall be entitled to recover reasonable costs and attorneys’ fees. Any such relief will be filed in any state or federal court serving Dallas County, Texas.

(e) EXECUTIVE ACKNOWLEDGES AND UNDERSTANDS THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EXECUTIVE’S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, DISCRIMINATION CLAIMS.

18. *Integration*. This Agreement, together with the EPIA, represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral regarding the same, including the Prior Agreement. No waiver, alteration or modification of any of the provisions of this Agreement will be binding unless in writing and signed by duly authorized representatives of the parties hereto.

19. *Tax Withholding.* All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

20. *Waiver.* No party shall be deemed to have waived any right, power or privilege under this Agreement or any provisions hereof unless such waiver shall have been duly executed in writing and acknowledged by the party to be charged with such waiver. The failure of any party at any time to insist on performance of any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement or any part hereof. No waiver of any breach of this Agreement shall be held to be a waiver of any other subsequent breach.

21. *Governing Law.* This Agreement will be governed by the laws of the State of Texas, without regard for conflicts of law provisions.

22. *Acknowledgment.* Executive acknowledges that Executive has had the opportunity to discuss this matter with and obtain advice from independent counsel, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

23. *Counterparts.* This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, and all such counterparts shall constitute but one instrument.

24. *Effect of Headings.* The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.

25. *Construction of Agreement.* This Agreement has been negotiated by the respective parties, and the language shall not be construed for or against either party.

26. *Section 409A.*

(a) Separation from Service. Notwithstanding anything to the contrary in this Agreement, with respect to any amounts payable to Executive under this Agreement in connection with a termination of Executive's employment that would be considered "non-qualified deferred compensation" under Section 409A of the Code, in no event shall a termination of employment be considered to have occurred under this Agreement unless such termination constitutes Executive's "separation from service" with the Company as such term is defined in Treasury Regulation Section 1.409A-1(h), and any successor provision thereto ("Separation from Service").

(b) Section 409A Compliance; Payment Delays.

(i) Notwithstanding anything to the contrary in this Agreement, to the maximum extent permitted by applicable law, the severance payments payable to Executive pursuant to this Agreement shall be made in reliance upon Treasury Regulation Section 1.409A-1(b)(9)(iii) (relating to separation pay plans) or Treasury Regulation Section 1.409A-1(b)(4) (relating to short-term deferrals). However, to the extent any such payments are treated as "non-qualified deferred compensation" subject to Section 409A of the Code, and if Executive is deemed at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then to the extent delayed commencement of

any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited payment under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's Separation from Service benefits shall not be provided to Executive prior to the earlier of (A) the expiration of the six-month period measured from the date of Executive's Separation from Service or (B) the date of Executive's death. Upon the earlier of such dates, all payments deferred pursuant to this Section 25(b)(i) shall be paid in a lump sum to Executive (or Executive's estate).

(ii) The determination of whether Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Executive's Separation from Service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including, without limitation, Treasury Regulation Section 1.409A-1(i) and any successor provision thereto).

(iii) Notwithstanding anything to the contrary in this Agreement, with respect to any amounts payable to Executive under this Agreement that would be considered "non-qualified deferred compensation" under Section 409A of the Code and are payable within sixty days following Executive's termination of employment and conditioned on Executive's delivery of the general release described in Section 9(b) (the "Release"), payment of such amounts will be measured from Executive's date of termination, but shall commence on the 60<sup>th</sup> day following Executive's date of termination (the "Payment Commencement Date"), provided that on or before the Payment Commencement Date, Executive shall have executed the Release (which form shall be delivered to Executive by the Company within five days following the Termination Date) and the revocation period applicable to the Release shall have expired; and provided further, that the first payment will include an amount equal to all payments that would have been made between the Termination Date and the Payment Commencement Date if such payments had commenced on the Company's next regularly scheduled payroll date following the Termination Date.

(c) Section 409A; Separate Payments. This Agreement is intended to be written, administered, interpreted and construed in a manner such that no payment or benefits provided under this Agreement become subject to (a) the gross income inclusion set forth within Section 409A(a)(1)(A) of the Code or (b) the interest and additional tax set forth within Section 409A(a)(1)(B) of the Code (collectively, "Section 409A Penalties"), including, where appropriate, the construction of defined terms to have meanings that would not cause the imposition of Section 409A Penalties. To the extent that any provision of this Agreement violates Section 409A of the Code and/or Treasury Regulations issued under Section 409A of the Code, such that amounts would be taxable to Executive prior to payment, the Company and Executive agree to negotiate in good faith to revise or strike such provision (and take any other action reasonably necessary) to preserve the intent hereof to the extent permissible under Section 409A of the Code, Treasury Regulations issued under Section 409A of the Code and applicable guidance issued by the Internal Revenue Service. Notwithstanding anything to the contrary in this Agreement, the Company does not guarantee any particular tax result to Executive relating to amounts payable under this Agreement. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), each payment that Executive may be eligible to receive under this Agreement shall be treated as a separate and distinct payment and shall not collectively be treated as a single payment.

(d) In-kind Benefits and Reimbursements. Notwithstanding anything to the contrary in this Agreement or in any Company policy with respect to such payments, in-kind benefits and reimbursements provided under this Agreement during any tax year of Executive shall not affect in-kind benefits or reimbursements to be provided in any other tax year of Executive and are not subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, reimbursement requests must be timely submitted by Executive and, if timely submitted, reimbursement payments shall be made to Executive as soon as administratively practicable following such submission in accordance with the Company's policies regarding reimbursements, but in no event later than the last day of Executive's taxable year following the taxable year in which the expense was incurred. This Section 25(d) shall only apply to in-kind benefits and reimbursements that would result in taxable compensation income to Executive.



IN WITNESS WHEREOF, each of the parties has executed this Executive Employment Agreement as of the day and year first above written.

“COMPANY”

**ALKAMI TECHNOLOGY, INC.**

By: /s/ Mike Hansen

Address:

Alkami Technology, Inc.  
Attention: President & CEO  
5601 Granite Parkway, Suite 120  
Plano, TX 75024

“EXECUTIVE”

/s/ Stephen Bohanon

**Stephen Bohanon**

Address:

5601 Granite Parkway, Suite 120  
Plano, TX 75024

## ALKAMI TECHNOLOGY, INC.

## AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of March 22, 2021 (the "Effective Date"), by and between Alkami Technology, Inc., a Delaware corporation (the "Company"), and Mike Hansen ("Executive"). This Agreement amends and restates in its entirety the Executive Employment Agreement between Executive and the Company, dated November 2, 2017 (as amended, the "Prior Agreement").

## R E C I T A L S

WHEREAS, the Company desires to enter into an agreement documenting the terms of Executive's continued employment with the Company as Chief Executive Officer;

WHEREAS, Executive also desires to document the terms and enter into such an agreement;

WHEREAS, Executive acknowledges Executive's continuing obligations under the Employee Proprietary Information Agreement between Executive and the Company, dated November 2, 2017 (the "EPIA");

WHEREAS, the Company considers it essential to its best interests and the best interests of its stockholders to employ Executive as the Chief Executive Officer of the Company for the term of this Agreement; and

WHEREAS, Executive is willing to continue employment with the Company on the terms hereinafter set forth in this Agreement.

## A G R E E M E N T

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. *Duties and Scope of Employment.*

(a) *Positions and Duties.* On the Effective Date, Executive will continue employment with the Company as the Chief Executive Officer of the Company. Executive will report directly to the Company's Board of Directors. Executive shall provide senior leadership and support in the day to day business operations of the Company, shall perform business and professional services as are customarily associated with the position of Chief Executive Officer, and shall perform such other duties and functions as shall from time to time be reasonably assigned or delegated to Executive by Company's Board of Directors (the "Board"). The period of Executive's employment under this Agreement is referred to herein as the "Employment Term."

(b) *Obligations.* During the Employment Term, Executive will perform the assigned duties faithfully and to the best of Executive's ability and will devote Executive's full business efforts and time to the Company. For the duration of the Employment Term, Executive agrees not to engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior approval of the Board, *provided* that Executive may serve as a compensated member of the board of directors of a third party of Executive's choosing so long as such third party does not present a conflict of interest and Executive receives prior written consent of the CEO, with such consent not to be unreasonably withheld.

2. *At-Will Employment.* Subject to Sections 7, 8 and 9 below, the Company agrees to employ Executive, and Executive agrees to serve the Company, on an "at-will" basis, which means that either the Company or Executive may terminate Executive's employment with the Company at any time and for any or no reason.

3. *Compensation.*

(a) *Base Salary.* During the Employment Term, the Company will pay Executive as compensation for Executive's services a base salary at a rate of no less than \$425,000 per year, as modified from time to time at the discretion of the Board (the "Base Salary"). The Base Salary will be paid in regular installments in accordance with the Company's normal payroll practices (subject to required withholding).

(b) *Annual Bonus.* Commencing with the Effective Date, Executive will be eligible for a target annual bonus of up to one hundred percent (100%) of the Base Salary in each calendar year during the Employment Term as such bonus amount will be determined by the Board based on Executive's achievement of specified performance goals as determined by the Board. Any bonus pursuant to this Section 3(b) shall be paid to Executive between February 1 and March 15 of the calendar year following the calendar year in which such bonus applies.

(c) *Equity Awards.*

(i) Executive has been granted options to purchase shares of the Company's Common Stock (including any future stock or equity grants or awards, "Stock Options") under the Alkami Technology, Inc. 2011 Long Term Incentive Plan (including any subsequent or successor plans, the "LTIP") with an exercise price per share equal to the fair market value of one share of Common Stock on the date of the option grant as determined by the Board.

(ii) The Stock Options will vest in accordance with the terms of the respective stock option agreements evidencing such Stock Options (each, the "Applicable Option Agreement"). Each Applicable Option Agreement and each agreement evidencing any other equity award granted to Executive by the Company shall provide for the accelerated vesting in full of the Stock Options or other equity awards if either (x) the Stock Options or other equity awards are not assumed or continued or substituted (as such terms are used in the LTIP) for similar awards of at least equal value, in connection with a Change of Control (as defined below) or (y) the Stock Options or other equity awards are assumed, continued or substituted for similar awards of at least equal value in connection with a Change of Control, Executive's employment is terminated without Cause (as defined below) by the Company or Executive resigns from Executive's employment for Good Reason (as defined below), if such termination or resignation occurs either three (3) months prior to, or within two years following, the date of such Change of Control (such twenty-seven month period being the "Protection Period") and Executive delivers a release of claims in accordance with Section 9(b) below that becomes effective and irrevocable within 60 days following such termination or resignation. For avoidance of doubt, the provisions of this paragraph supersede and override any conflicting terms set forth in the LTIP, the Applicable Option Agreement or any other agreement evidencing an equity award.

(iii) When determining the termination date of a Stock Option, and notwithstanding that the terms of the Applicable Option Agreement provide for a termination date that is three (3) months following the date of Executive's termination of Continuous Service (each as defined in the Applicable Option Agreement) for any reason other than the termination of Executive's Continuous Service by the Company for Cause, such termination date shall be extended until the date that is twelve (12) months following the earlier of (A) Executive's termination of Continuous Service for any reason other than by the Company for Cause or (B) the original expiration date of the Stock Option. For avoidance of doubt, the provisions of this paragraph supersede and override any conflicting terms set forth in the LTIP or the Applicable Option Agreement.

(iv) Each Stock Option shall also be exercisable by a "net exercise" under which the Company will reduce the number of shares of Common Stock issued upon exercise of the Stock Option by the largest whole number of shares of Common Stock with a Fair Market Value (as defined in the Applicable Option Agreement) that does not exceed the sum of the aggregate exercise price payable for such shares and the withholding taxes due in connection with such exercise (calculated based on maximum statutory tax rates); provided, however, that the Company shall accept a cash or other payment from the Executive to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; provided, further, that shares of Common Stock will no longer be outstanding under the Stock Option and will not be exercisable thereafter to the extent that (i) shares are used to pay the exercise price pursuant to the "net exercise," (ii) shares are delivered to the Executive as a result of such exercise, and (iii) shares are withheld to satisfy tax withholding obligations.

4. *Employee Benefits.* During the Employment Term, Executive will be entitled to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other senior executives of the Company and will be entitled to receive such other benefits as are approved by the Board. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time. Notwithstanding and without limiting the foregoing, during the Employment Term, Executive shall receive an expense allowance of \$200 per calendar month for Executive's cell phone/mobile data plan.

5. *Vacation.* Executive will be placed on the Company's Peak Performance Vacation Plan with the timing and duration of specific vacations mutually and reasonably agreed to by Executive and the Chair of the Board.

6. *Business Expenses.* During the Employment Term, the Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in the furtherance of or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

#### *7. Termination on Death or Disability.*

(a) Executive's employment will terminate automatically upon Executive's death or, upon fourteen (14) days prior written notice from the Company, in the event of Disability.

(b) For purposes of this Section 7, "Disability" means that Executive, at the time notice is given, has been unable to substantially perform Executive's duties under this Agreement for not less than ninety (90) work days within a twelve (12) consecutive month period as a result of Executive's incapacity due to a physical or mental condition and, if reasonable accommodation is required by law, after any reasonable accommodation. Upon any termination for death or Disability, Executive shall be entitled to: (i) Executive's Base Salary through the effective date of termination; (ii) the right to continue health care benefits under COBRA, at Executive's cost, to the extent required and available by law; (iii) reimbursement of expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which Executive has not yet been reimbursed; and (iv) no other severance or benefits of any kind, unless required by law or pursuant to any other Company plans or policies, as then in effect.

#### *8. Involuntary Termination for Cause; Resignation without Good Reason.*

(a) *Effectiveness.* Notwithstanding any other provision of this Agreement, the Company may terminate Executive's employment at any time for Cause, and Executive may at any time voluntarily resign without Good Reason. Termination for Cause shall be effective on the date the Company gives notice to Executive of such termination in accordance with this Agreement unless otherwise agreed by the parties. Resignation by Executive without Good Reason shall be effective on the date Executive gives notice to the Company of such resignation in accordance with this Agreement unless otherwise agreed by the parties.

(b) *Effect of Termination.* In the case of the Company's termination of Executive's employment for Cause or Executive's resignation from employment without Good Reason, Executive shall be entitled to receive: (i) Base Salary through the effective date of the termination; (ii) reimbursement of all expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which she has not yet been reimbursed; (iii) the right to continue health care benefits under COBRA, at Executive's cost, to the extent required and available by law; and (iv) no other severance or benefits of any kind, unless required by law or pursuant to any other Company plans or policies, as then in effect.

#### *9. Involuntary Termination Without Cause; Resignation for Good Reason.*

(a) *Effect of Termination.* The Company shall be entitled to terminate Executive with or without Cause and Executive shall be entitled to resign with or without Good Reason, in each case at any time, subject to the following: If Executive is terminated by the Company involuntarily without Cause (excluding any termination due to death or Disability) or if Executive resigns with Good Reason, then, subject to the conditions and limitations of Sections 10(c) and 25 below (other than clauses (A) and (C) which shall not be subject to such conditions and limitations), Executive shall be entitled to receive: (A) Base Salary through the date of termination; (B) continuing severance pay at a rate equal to one-hundred percent (100%) of Base Salary (provided that in connection with a Change of Control where Executive's employment is terminated without Cause by the Company or Executive's resignation from Executive's employment for Good Reason during the Protection Period then continuing severance pay shall instead be at a rate equal to one-hundred fifty percent (150%) of Base Salary and one-hundred

percent (100%) of the annual target bonus amount for the year of termination *and* the pro rated annual target bonus amount for the year of termination), in each case as then in effect (less applicable withholding), for a period equal to twelve (12) months commencing from the date of such termination, to be paid periodically in accordance with the Company's normal payroll practices (the "Severance Payments"); (C) reimbursement of all expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which she has not yet been reimbursed; (D) the right to continue health care benefits under COBRA at Company's cost for the first twelve (12) months commencing from the date of termination and at Executive's cost thereafter to the extent required and available by law (provided that in connection with a Change of Control where Executive's employment is terminated without Cause by the Company or Executive's resignation from Executive's employment for Good Reason during the Protection Period then the right to continue health care benefits under COBRA at Company's cost for the first eighteen (18) months commencing from the date of termination and at Executive's cost thereafter); (E) accelerated vesting of any then outstanding Stock Options or other equity awards (to the extent not fully-vested) as and to the extent provided in Section 3(c)(ii) hereof, (F) any earned, but unpaid bonuses owed to the Executive according to the normal payout practices, and (G) no other severance or benefits of any kind, unless required by law or pursuant to any other Company plans or policies, as then in effect. If (1) any plan pursuant to which COBRA benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover Executive or Executive's dependents under its group health plans, or (3) the Company cannot provide the COBRA benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining Company COBRA subsidy under clause (B) above shall thereafter be paid to Executive in substantially equal monthly installments over the remaining coverage period.

(b) *Conditions Precedent.* Any severance payments and/or benefits contemplated by Section 9(a) above are conditional on Executive: (i) continuing to comply with the terms of this Agreement and the EPIA, which are incorporated herein by reference; (ii) delivering prior to or contemporaneously with the commencement of any such severance payments, and not revoking, a general release of claims relating to Executive's employment and/or this Agreement against the Company or its successor, its subsidiaries and their respective directors, officers and stockholders and affirmation of obligations hereunder and under the EPIA in a form acceptable to the Company or its successor that becomes effective and irrevocable within sixty (60) days following the applicable termination of employment; and (iii) in the event of a resignation for Good Reason, providing the CEO with written notice of the acts or omissions constituting the grounds for Good Reason within sixty (60) days of the initial existence of the grounds for Good Reason and a reasonable opportunity for the Company to cure the conditions giving rise to such Good Reason, which shall not be less than thirty (30) days following the date of notice from Executive. If the Company cures the conditions giving rise to such Good Reason within thirty (30) days of the date of such notice, Executive will not be entitled to severance payments and/or benefits contemplated by Section 9(a) above if Executive thereafter resigns from the Company based on such grounds. Unless otherwise required by law, no severance payments and/or benefits under Section 9(a) will be paid and/or provided until after the expiration of any relevant revocation period (according to applicable law). Notwithstanding the foregoing, this Section 9(b) shall not limit Executive's ability to obtain expense reimbursements under Section 6 or any other compensation or benefits otherwise required by law or in accordance with Company plans or policies, as then in effect.

(c) *Suspension of Severance Payments Based Upon Detrimental Conduct.* In addition to the Conditions Precedent in subsection (b), above, the Company's obligation to provide the Severance Payments shall immediately and permanently cease immediately upon Executive's engagement in Detrimental Conduct. For purposes of this paragraph, "Detrimental Conduct" shall mean: (i) any violation of the EPIA; (ii) Executive is or becomes a principal, owner, officer, director, stockholder or other equity owner (other than a holder of less than 5% of the outstanding shares or other equity interests of a publicly traded company) of a Competitor (as defined below); or (iii) Executive is or becomes a partner or joint venturer in any business or other enterprise or undertaking with a Competitor. For purposes of this paragraph, "Competitor" shall mean any entity, or other business concern that offers or plans to offer products or services that are competitive in any way with any of the products or services being manufactured, offered, marketed, or are actively developed by the Company or any of its affiliates as of the date Executive's employment ends; provided, however that it does not include a division or subsidiary of such a business so long as that division or subsidiary does not offer or plan to offer products or services that are competitive with the Company in any way (and provided that Executive does not provide advice or other services to the competing business portion of such business).

#### 10. Definitions.

(a) *Cause.* For purposes of this Agreement, "Cause" shall mean (i) the Executive's continued failure to substantially perform the duties and obligations under this Agreement (for reasons other than death or Disability), which failure, if curable within the discretion of the Company's Board of Directors, is not cured to the reasonable satisfaction of the Company's Board of Directors within thirty (30) days after receipt of written notice from the CEO of such failure; (ii) Executive's failure or refusal to comply with reasonable written policies, standards and regulations established by the Company's Board of Directors from time to time which failure, if curable in the discretion of the Company's Board of Directors, is not cured to the reasonable satisfaction of the CEO within thirty (30) days after receipt of written notice of such failure from the Company's Board of Directors; (iii) any act of personal dishonesty, fraud, embezzlement, misrepresentation, or other unlawful act committed by Executive that results in a substantial gain or personal enrichment of Executive at the expense of the Company; (iv) Executive's violation of a federal or state law or regulation applicable to the Company's business, which violation was or is reasonably likely to be materially injurious to the Company's business, financial condition, good will or reputation; (v) Executive's violation of, or a plea of *nolo contendere* or guilty to, a felony under the laws of the United States or any State; or (vi) Executive's material breach of the terms of this Agreement or the EPIA.

(b) *Change of Control.* For purposes of this Agreement, "Change of Control" shall mean (i) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any merger, consolidation or other form of reorganization in which outstanding shares of the Company are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring entity or its subsidiary) (each a "Merger Transaction"), unless the Company's stockholders of record as constituted immediately prior to such Merger Transaction will, immediately after such Merger Transaction, hold at least a majority of the voting power of the surviving or acquiring entity in the same relative proportions, (ii) a sale of all or substantially all of the assets of the Company or the exclusive license of all or substantially all of the Company's intellectual property by means of any transaction or series of related transactions, or (iii) a liquidation, dissolution or winding up of the Company.

(c) *Good Reason*. For purposes of this Agreement, “Good Reason” shall mean, without Executive’s written consent: (i) a material reduction of the level of Executive’s Base Salary and/or Annual Bonus target amounts (except where there is a general reduction applicable to the management team generally), (ii) a material reduction in Executive’s overall responsibilities or authority, or scope of duties; or (iii) a material change in the geographic location at which Executive must perform the services described herein; *provided*, that in no instance will the relocation of Executive to a facility or a location of twenty-five (25) miles or less from Executive’s then current office be deemed material for purposes of this Agreement.

11. *Assignment*. This Agreement will be binding upon and inure to the benefit of: (a) the heirs, executors and legal representatives of Executive upon Executive’s death, and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, “successor” means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance or other disposition of Executive’s right to compensation or other benefits will be null and void.

12. *Notices*. All notices, requests, demands and other communications called for under this Agreement shall be in writing and shall be delivered by email or personally by hand or by courier, mailed by United States first-class mail, postage prepaid, or sent by facsimile directed to the party to be notified at the address or facsimile number indicated for such party on the signature page to this Agreement, or at such other address or facsimile number as such party may designate by ten (10) days’ advance written notice to the other parties hereto. All such notices and other communications shall be deemed given upon email delivery or personal delivery, three (3) days after the date of mailing, or upon confirmation of facsimile transfer.

13. *Severability*. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement will continue in full force and effect without said provision.

14. *Confidentiality*. During the Employment Term and thereafter, Executive agrees to use Executive’s best efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, including any documents incorporated by reference, the consideration for this Agreement (hereinafter collectively referred to as “Employment Information”); provided that this section shall not prohibit discussions revealing Employment Information to Executive’s family and advisors. Executive agrees to take every reasonable precaution to prevent disclosure of any Employment Information to third parties, and agree that there will be no publicity, directly or indirectly, concerning any Employment Information.



15. *Whistleblower Protections and Trade Secrets.* Notwithstanding anything to the contrary contained herein, nothing in this Agreement prohibits Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (i) Executive shall not be in breach of this Agreement, and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (ii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

16. *Company Matters.*

(a) *Employee Proprietary Information Agreement.* Executive acknowledges and agrees that Executive shall continue to be bound and shall abide by the terms of the EPIA, including the provisions governing the non-disclosure of confidential information and restrictive covenants contained therein.

(b) *Ventures.* If, during employment, Executive is engaged in or associated with planning or implementing of any project, program or venture involving the Company and any third parties, all rights in such project, program or venture shall belong to the Company (or third party, to the extent provided in any agreement between the Company and the third party). Except as formally approved by the Company, Executive shall not be entitled to any interest in such project, program or venture or to any commission, finder's fee or other compensation in connection therewith other than the salary or other compensation to be paid to Executive as provided in this Agreement.

(c) *Resignation on Termination.* On termination of employment, Executive shall immediately (and with contemporaneous effect) be deemed to resign any directorships, offices or other positions that Executive may hold in the Company or any affiliate, unless otherwise agreed in writing by the parties.

(d) *Notification of New Employer.* In the event that Executive leaves the employ of the Company, Executive grants consent to notification by the Company to Executive's new employer about the rights and obligations under this Agreement and the EPIA.

17. *Arbitration.*

(a) *General.* In consideration of Executive's service to the Company, its promise to arbitrate all employment related disputes and Executive's receipt of the compensation and other benefits paid to Executive by the Company, at present and in the future, Executive agrees that any and all controversies, claims, or disputes (with the sole exception of those disputes that may arise from the EPIA, which shall be resolved in accordance with the dispute resolution procedures set forth therein) with Company, including any breach of this Agreement, shall be subject to binding arbitration under the arbitration rules set forth by the American Arbitration Association ("AAA") for the resolution of employment disputes and pursuant to Texas law, which shall be held in

Dallas County, Texas. Disputes which Executive agrees to arbitrate, and thereby agrees to waive any right to a trial by jury, include, to the extent permissible by law, any statutory claims under state or federal law, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Texas Commission on Human Rights Act, claims of harassment, discrimination or wrongful termination and any statutory claims. Executive further understands that this Agreement to arbitrate also applies to any disputes that the Company may have with Executive.

(b) *Procedure*. Any arbitration will be administered by AAA and a neutral arbitrator will be selected in a manner consistent with its National Rules for the Resolution of Employment Disputes (the “Rules”). The arbitration proceedings will allow for discovery according to the Rules. The arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication and motions to dismiss and demurrers, prior to any arbitration hearing. The arbitrator shall issue a written decision including findings of fact and conclusions of law on the merits of its award. The arbitrator shall have the power to award any remedies, including attorneys’ fees and costs, available under applicable law. To the extent permitted by law, the Company shall pay the administrative fees associated with the arbitration, except for the first \$200.00 in administrative fees for any arbitration that is initiated by Executive, and Company and Executive shall separately pay independent counsel fees and expenses. The arbitrator shall administer and conduct any arbitration in a manner consistent with the Rules.

(c) *Remedy*. Arbitration shall be the sole, exclusive and final remedy for any dispute (with the sole exception of those disputes that may arise from the EPIA, which shall be resolved in accordance with the dispute resolution procedures set forth therein) between Executive and the Company. Accordingly, except as otherwise provided herein, neither Executive nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration. Notwithstanding, the arbitrator will not have the authority to disregard or refuse to enforce any lawful Company policy, and the arbitrator shall not order or require the Company to adopt a policy not otherwise required by law, which the Company has not adopted.

(d) *Availability of Equitable Relief*. Any party may also petition the court for injunctive or other equitable relief where either party alleges or claims a violation of this Agreement or the EPIA. In the event that either party seeks such relief, no bond shall be required and the prevailing party shall be entitled to recover reasonable costs and attorneys’ fees. Any such relief will be filed in any state or federal court serving Dallas County, Texas.

(e) EXECUTIVE ACKNOWLEDGES AND UNDERSTANDS THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EXECUTIVE’S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, DISCRIMINATION CLAIMS.

18. *Integration*. This Agreement, together with the EPIA, represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral regarding the same, including the Prior Agreement. No waiver, alteration or modification of any of the provisions of this Agreement will be binding unless in writing and signed by duly authorized representatives of the parties hereto.

19. *Tax Withholding.* All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

20. *Waiver.* No party shall be deemed to have waived any right, power or privilege under this Agreement or any provisions hereof unless such waiver shall have been duly executed in writing and acknowledged by the party to be charged with such waiver. The failure of any party at any time to insist on performance of any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement or any part hereof. No waiver of any breach of this Agreement shall be held to be a waiver of any other subsequent breach.

21. *Governing Law.* This Agreement will be governed by the laws of the State of Texas, without regard for conflicts of law provisions.

22. *Acknowledgment.* Executive acknowledges that Executive has had the opportunity to discuss this matter with and obtain advice from independent counsel, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

23. *Counterparts.* This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, and all such counterparts shall constitute but one instrument.

24. *Effect of Headings.* The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.

25. *Construction of Agreement.* This Agreement has been negotiated by the respective parties, and the language shall not be construed for or against either party.

26. *Section 409A.*

(a) Separation from Service. Notwithstanding anything to the contrary in this Agreement, with respect to any amounts payable to Executive under this Agreement in connection with a termination of Executive's employment that would be considered "non-qualified deferred compensation" under Section 409A of the Code, in no event shall a termination of employment be considered to have occurred under this Agreement unless such termination constitutes Executive's "separation from service" with the Company as such term is defined in Treasury Regulation Section 1.409A-1(h), and any successor provision thereto ("Separation from Service").

(b) Section 409A Compliance; Payment Delays.

(i) Notwithstanding anything to the contrary in this Agreement, to the maximum extent permitted by applicable law, the severance payments payable to Executive pursuant to this Agreement shall be made in reliance upon Treasury Regulation Section 1.409A-1(b)(9)(iii) (relating to separation pay plans) or Treasury Regulation Section 1.409A-1(b)(4) (relating to short-term deferrals). However, to the extent any such payments are treated as "non-qualified deferred compensation" subject to Section 409A of the Code, and if Executive is deemed at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then to the extent delayed commencement of

any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited payment under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's Separation from Service benefits shall not be provided to Executive prior to the earlier of (A) the expiration of the six-month period measured from the date of Executive's Separation from Service or (B) the date of Executive's death. Upon the earlier of such dates, all payments deferred pursuant to this Section 25(b)(i) shall be paid in a lump sum to Executive (or Executive's estate).

(ii) The determination of whether Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Executive's Separation from Service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including, without limitation, Treasury Regulation Section 1.409A-1(i) and any successor provision thereto).

(iii) Notwithstanding anything to the contrary in this Agreement, with respect to any amounts payable to Executive under this Agreement that would be considered "non-qualified deferred compensation" under Section 409A of the Code and are payable within sixty days following Executive's termination of employment and conditioned on Executive's delivery of the general release described in Section 9(b) (the "Release"), payment of such amounts will be measured from Executive's date of termination, but shall commence on the 60<sup>th</sup> day following Executive's date of termination (the "Payment Commencement Date"), provided that on or before the Payment Commencement Date, Executive shall have executed the Release (which form shall be delivered to Executive by the Company within five days following the Termination Date) and the revocation period applicable to the Release shall have expired; and provided further, that the first payment will include an amount equal to all payments that would have been made between the Termination Date and the Payment Commencement Date if such payments had commenced on the Company's next regularly scheduled payroll date following the Termination Date.

(c) Section 409A; Separate Payments. This Agreement is intended to be written, administered, interpreted and construed in a manner such that no payment or benefits provided under this Agreement become subject to (a) the gross income inclusion set forth within Section 409A(a)(1)(A) of the Code or (b) the interest and additional tax set forth within Section 409A(a)(1)(B) of the Code (collectively, "Section 409A Penalties"), including, where appropriate, the construction of defined terms to have meanings that would not cause the imposition of Section 409A Penalties. To the extent that any provision of this Agreement violates Section 409A of the Code and/or Treasury Regulations issued under Section 409A of the Code, such that amounts would be taxable to Executive prior to payment, the Company and Executive agree to negotiate in good faith to revise or strike such provision (and take any other action reasonably necessary) to preserve the intent hereof to the extent permissible under Section 409A of the Code, Treasury Regulations issued under Section 409A of the Code and applicable guidance issued by the Internal Revenue Service. Notwithstanding anything to the contrary in this Agreement, the Company does not guarantee any particular tax result to Executive relating to amounts payable under this Agreement. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), each payment that Executive may be eligible to receive under this Agreement shall be treated as a separate and distinct payment and shall not collectively be treated as a single payment.

(d) In-kind Benefits and Reimbursements. Notwithstanding anything to the contrary in this Agreement or in any Company policy with respect to such payments, in-kind benefits and reimbursements provided under this Agreement during any tax year of Executive shall not affect in-kind benefits or reimbursements to be provided in any other tax year of Executive and are not subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, reimbursement requests must be timely submitted by Executive and, if timely submitted, reimbursement payments shall be made to Executive as soon as administratively practicable following such submission in accordance with the Company's policies regarding reimbursements, but in no event later than the last day of Executive's taxable year following the taxable year in which the expense was incurred. This Section 25(d) shall only apply to in-kind benefits and reimbursements that would result in taxable compensation income to Executive.

IN WITNESS WHEREOF, each of the parties has executed this Executive Employment Agreement as of the day and year first above written.

“COMPANY”

**ALKAMI TECHNOLOGY, INC.**

By: /s/ Brian R. Smith

Address:

Alkami Technology, Inc.  
Attention: Chair of Board of Directors  
5601 Granite Parkway, Suite 120  
Plano, TX 75024

“EXECUTIVE”

/s/ Mike Hansen

**Mike Hansen**

Address:

5601 Granite Parkway, Suite 120  
Plano, TX 75024

## ALKAMI TECHNOLOGY, INC.

## AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of March 22, 2021 (the "Effective Date"), by and between Alkami Technology, Inc., a Delaware corporation (the "Company"), and Bryan Hill ("Executive"). This Agreement amends and restates in its entirety the Executive Employment Agreement between Executive and the Company, dated April 1, 2019 (as amended, the "Prior Agreement").

## R E C I T A L S

WHEREAS, the Company desires to enter into an agreement documenting the terms of Executive's continued employment with the Company as Chief Financial Officer;

WHEREAS, Executive also desires to document the terms and enter into such an agreement;

WHEREAS, Executive acknowledges Executive's continuing obligations under the Employee Proprietary Information Agreement between Executive and the Company, dated April 1, 2019 (the "EPIA");

WHEREAS, the Company considers it essential to its best interests and the best interests of its stockholders to employ Executive as the Chief Financial Officer of the Company for the term of this Agreement; and

WHEREAS, Executive is willing to continue employment with the Company on the terms hereinafter set forth in this Agreement.

## A G R E E M E N T

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. *Duties and Scope of Employment.*

(a) *Positions and Duties.* On the Effective Date, Executive will continue employment with the Company as the Chief Financial Officer of the Company. Executive will report directly to the Company's President and Chief Executive Officer (the "CEO"). Executive shall provide senior leadership and support in the day to day financial, accounting and administration operations of the Company, shall perform business and professional services as are customarily associated with the position of Chief Financial Officer, and shall perform such other duties and functions as shall from time to time be reasonably assigned or delegated to Executive by the CEO or the Company's Board of Directors (the "Board"). The period of Executive's employment under this Agreement is referred to herein as the "Employment Term."

(b) *Obligations.* During the Employment Term, Executive will perform the assigned duties faithfully and to the best of Executive's ability and will devote Executive's full business efforts and time to the Company. For the duration of the Employment Term, Executive agrees not to engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior approval of the Board, *provided* that Executive may serve as a compensated member of the board of directors of a third party of Executive's choosing so long as such third party does not present a conflict of interest and Executive receives prior written consent of the CEO, with such consent not to be unreasonably withheld.

2. *At-Will Employment.* Subject to Sections 7, 8 and 9 below, the Company agrees to employ Executive, and Executive agrees to serve the Company, on an "at-will" basis, which means that either the Company or Executive may terminate Executive's employment with the Company at any time and for any or no reason.

3. *Compensation.*

(a) *Base Salary.* During the Employment Term, the Company will pay Executive as compensation for Executive's services a base salary at a rate of no less than \$420,000 per year, as modified from time to time at the discretion of the Board (the "Base Salary"). The Base Salary will be paid in regular installments in accordance with the Company's normal payroll practices (subject to required withholding).

(b) *Annual Bonus.* Commencing with the Effective Date, Executive will be eligible for a target annual bonus of up to sixty percent (60%) of the Base Salary in each calendar year during the Employment Term as such bonus amount will be determined by the Board based on Executive's achievement of specified performance goals as determined by the Board. Any bonus pursuant to this Section 3(b) shall be paid to Executive between February 1 and March 15 of the calendar year following the calendar year in which such bonus applies.

(c) *Equity Awards.*

(i) Executive has been granted options to purchase shares of the Company's Common Stock (including any future stock or equity grants or awards, "Stock Options") under the Alkami Technology, Inc. 2011 Long Term Incentive Plan (including any subsequent or successor plans, the "LTIP") with an exercise price per share equal to the fair market value of one share of Common Stock on the date of the option grant as determined by the Board.

(ii) The Stock Options will vest in accordance with the terms of the respective stock option agreements evidencing such Stock Options (each, the "Applicable Option Agreement"). Each Applicable Option Agreement and each agreement evidencing any other equity award granted to Executive by the Company shall provide for the accelerated vesting in full of the Stock Options or other equity awards if either (x) the Stock Options or other equity awards are not assumed or continued or substituted (as such terms are used in the LTIP) for similar awards of at least equal value, in connection with a Change of Control (as defined below) or (y) the Stock Options or other equity awards are assumed, continued or substituted for similar awards of at least equal value in connection with a Change of Control, Executive's employment is terminated without Cause (as defined below) by the Company or Executive resigns from Executive's employment for Good Reason (as defined below), if such termination or resignation occurs either three (3) months prior to, or within two years following, the date of such Change of Control (such twenty-seven month period being the "Protection Period") and Executive delivers a release of claims in accordance with Section 9(b) below that becomes effective and irrevocable within 60 days following such termination or resignation. For avoidance of doubt, the provisions of this paragraph supersede and override any conflicting terms set forth in the LTIP, the Applicable Option Agreement or any other agreement evidencing an equity award.



(iii) When determining the termination date of a Stock Option, and notwithstanding that the terms of the Applicable Option Agreement provide for a termination date that is three (3) months following the date of Executive's termination of Continuous Service (each as defined in the Applicable Option Agreement) for any reason other than the termination of Executive's Continuous Service by the Company for Cause, such termination date shall be extended until the date that is twelve (12) months following the earlier of (A) Executive's termination of Continuous Service for any reason other than by the Company for Cause or (B) the original expiration date of the Stock Option. For avoidance of doubt, the provisions of this paragraph supersede and override any conflicting terms set forth in the LTIP or the Applicable Option Agreement.

(iv) Each Stock Option shall also be exercisable by a "net exercise" under which the Company will reduce the number of shares of Common Stock issued upon exercise of the Stock Option by the largest whole number of shares of Common Stock with a Fair Market Value (as defined in the Applicable Option Agreement) that does not exceed the sum of the aggregate exercise price payable for such shares and the withholding taxes due in connection with such exercise (calculated based on maximum statutory tax rates); provided, however, that the Company shall accept a cash or other payment from the Executive to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; provided, further, that shares of Common Stock will no longer be outstanding under the Stock Option and will not be exercisable thereafter to the extent that (i) shares are used to pay the exercise price pursuant to the "net exercise," (ii) shares are delivered to the Executive as a result of such exercise, and (iii) shares are withheld to satisfy tax withholding obligations.

4. *Employee Benefits.* During the Employment Term, Executive will be entitled to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other senior executives of the Company and will be entitled to receive such other benefits as are approved by the Board. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time. Notwithstanding and without limiting the foregoing, during the Employment Term, Executive shall receive an expense allowance of \$200 per calendar month for Executive's cell phone/mobile data plan.

5. *Vacation.* Executive will be placed on the Company's Peak Performance Vacation Plan with the timing and duration of specific vacations mutually and reasonably agreed to by Executive and the CEO.

6. *Business Expenses.* During the Employment Term, the Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in the furtherance of or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

#### *7. Termination on Death or Disability.*

(a) Executive's employment will terminate automatically upon Executive's death or, upon fourteen (14) days prior written notice from the Company, in the event of Disability.

(b) For purposes of this Section 7, "Disability," means that Executive, at the time notice is given, has been unable to substantially perform Executive's duties under this Agreement for not less than ninety (90) work days within a twelve (12) consecutive month period as a result of Executive's incapacity due to a physical or mental condition and, if reasonable accommodation is required by law, after any reasonable accommodation. Upon any termination for death or Disability, Executive shall be entitled to: (i) Executive's Base Salary through the effective date of termination; (ii) the right to continue health care benefits under COBRA, at Executive's cost, to the extent required and available by law; (iii) reimbursement of expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which Executive has not yet been reimbursed; and (iv) no other severance or benefits of any kind, unless required by law or pursuant to any other Company plans or policies, as then in effect.

#### *8. Involuntary Termination for Cause; Resignation without Good Reason.*

(a) *Effectiveness.* Notwithstanding any other provision of this Agreement, the Company may terminate Executive's employment at any time for Cause, and Executive may at any time voluntarily resign without Good Reason. Termination for Cause shall be effective on the date the Company gives notice to Executive of such termination in accordance with this Agreement unless otherwise agreed by the parties. Resignation by Executive without Good Reason shall be effective on the date Executive gives notice to the Company of such resignation in accordance with this Agreement unless otherwise agreed by the parties.

(b) *Effect of Termination.* In the case of the Company's termination of Executive's employment for Cause or Executive's resignation from employment without Good Reason, Executive shall be entitled to receive: (i) Base Salary through the effective date of the termination; (ii) reimbursement of all expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which she has not yet been reimbursed; (iii) the right to continue health care benefits under COBRA, at Executive's cost, to the extent required and available by law; and (iv) no other severance or benefits of any kind, unless required by law or pursuant to any other Company plans or policies, as then in effect.

#### *9. Involuntary Termination Without Cause; Resignation for Good Reason.*

(a) *Effect of Termination.* The Company shall be entitled to terminate Executive with or without Cause and Executive shall be entitled to resign with or without Good Reason, in each case at any time, subject to the following: If Executive is terminated by the Company involuntarily without Cause (excluding any termination due to death or Disability) or if Executive resigns with Good Reason, then, subject to the conditions and limitations of Sections 10(c) and 25 below (other than clauses (A) and (C) which shall not be subject to such conditions and limitations), Executive shall be entitled to receive: (A) Base Salary through the date of termination; (B) continuing severance pay at a rate equal to one-hundred percent (100%) of Base Salary (provided that in connection with a Change of Control where Executive's employment is terminated without Cause by the Company or Executive's resignation from Executive's employment for Good Reason during the Protection Period then continuing severance pay shall instead be at a rate equal to one-hundred percent (100%) of Base Salary *and* one-hundred percent

(100%) of the annual target bonus amount for the year of termination *and* the pro rated annual target bonus amount for the year of termination), in each case as then in effect (less applicable withholding), for a period equal to twelve (12) months commencing from the date of such termination, to be paid periodically in accordance with the Company's normal payroll practices (the "Severance Payments"); (C) reimbursement of all expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which she has not yet been reimbursed; (D) the right to continue health care benefits under COBRA at Company's cost for the first nine (9) months commencing from the date of termination and at Executive's cost thereafter to the extent required and available by law (provided that in connection with a Change of Control where Executive's employment is terminated without Cause by the Company or Executive's resignation from Executive's employment for Good Reason during the Protection Period then the right to continue health care benefits under COBRA at Company's cost for the first twelve (12) months commencing from the date of termination and at Executive's cost thereafter); (E) accelerated vesting of any then outstanding Stock Options or other equity awards (to the extent not fully-vested) as and to the extent provided in Section 3(c)(ii) hereof, (F) any earned, but unpaid bonuses owed to the Executive according to the normal payout practices, and (G) no other severance or benefits of any kind, unless required by law or pursuant to any other Company plans or policies, as then in effect. If (1) any plan pursuant to which COBRA benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover Executive or Executive's dependents under its group health plans, or (3) the Company cannot provide the COBRA benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining Company COBRA subsidy under clause (B) above shall thereafter be paid to Executive in substantially equal monthly installments over the remaining coverage period.

(b) *Conditions Precedent.* Any severance payments and/or benefits contemplated by Section 9(a) above are conditional on Executive: (i) continuing to comply with the terms of this Agreement and the EPIA, which are incorporated herein by reference; (ii) delivering prior to or contemporaneously with the commencement of any such severance payments, and not revoking, a general release of claims relating to Executive's employment and/or this Agreement against the Company or its successor, its subsidiaries and their respective directors, officers and stockholders and affirmation of obligations hereunder and under the EPIA in a form acceptable to the Company or its successor that becomes effective and irrevocable within sixty (60) days following the applicable termination of employment; and (iii) in the event of a resignation for Good Reason, providing the CEO with written notice of the acts or omissions constituting the grounds for Good Reason within sixty (60) days of the initial existence of the grounds for Good Reason and a reasonable opportunity for the Company to cure the conditions giving rise to such Good Reason, which shall not be less than thirty (30) days following the date of notice from Executive. If the Company cures the conditions giving rise to such Good Reason within thirty (30) days of the date of such notice, Executive will not be entitled to severance payments and/or benefits contemplated by Section 9(a) above if Executive thereafter resigns from the Company based on such grounds. Unless otherwise required by law, no severance payments and/or benefits under Section 9(a) will be paid and/or provided until after the expiration of any relevant revocation period (according to applicable law). Notwithstanding the foregoing, this Section 9(b) shall not limit Executive's ability to obtain expense reimbursements under Section 6 or any other compensation or benefits otherwise required by law or in accordance with Company plans or policies, as then in effect.

(c) *Suspension of Severance Payments Based Upon Detrimental Conduct.* In addition to the Conditions Precedent in subsection (b), above, the Company's obligation to provide the Severance Payments shall immediately and permanently cease immediately upon Executive's engagement in Detrimental Conduct. For purposes of this paragraph, "Detrimental Conduct" shall mean: (i) any violation of the EPIA; (ii) Executive is or becomes a principal, owner, officer, director, stockholder or other equity owner (other than a holder of less than 5% of the outstanding shares or other equity interests of a publicly traded company) of a Competitor (as defined below); or (iii) Executive is or becomes a partner or joint venturer in any business or other enterprise or undertaking with a Competitor. For purposes of this paragraph, "Competitor" shall mean any entity, or other business concern that offers or plans to offer products or services that are competitive in any way with any of the products or services being manufactured, offered, marketed, or are actively developed by the Company or any of its affiliates as of the date Executive's employment ends; provided, however that it does not include a division or subsidiary of such a business so long as that division or subsidiary does not offer or plan to offer products or services that are competitive with the Company in any way (and provided that Executive does not provide advice or other services to the competing business portion of such business).

#### 10. Definitions.

(a) *Cause.* For purposes of this Agreement, "Cause" shall mean (i) the Executive's continued failure to substantially perform the duties and obligations under this Agreement (for reasons other than death or Disability), which failure, if curable within the discretion of the CEO, is not cured to the reasonable satisfaction of the CEO within thirty (30) days after receipt of written notice from the CEO of such failure; (ii) Executive's failure or refusal to comply with reasonable written policies, standards and regulations established by the CEO from time to time which failure, if curable in the discretion of the CEO, is not cured to the reasonable satisfaction of the CEO within thirty (30) days after receipt of written notice of such failure from the CEO; (iii) any act of personal dishonesty, fraud, embezzlement, misrepresentation, or other unlawful act committed by Executive that results in a substantial gain or personal enrichment of Executive at the expense of the Company; (iv) Executive's violation of a federal or state law or regulation applicable to the Company's business, which violation was or is reasonably likely to be materially injurious to the Company's business, financial condition, good will or reputation; (v) Executive's violation of, or a plea of *nolo contendere* or guilty to, a felony under the laws of the United States or any State; or (vi) Executive's material breach of the terms of this Agreement or the EPIA.

(b) *Change of Control.* For purposes of this Agreement, "Change of Control" shall mean (i) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any merger, consolidation or other form of reorganization in which outstanding shares of the Company are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring entity or its subsidiary) (each a "Merger Transaction"), unless the Company's stockholders of record as constituted immediately prior to such Merger Transaction will, immediately after such Merger Transaction, hold at least a majority of the voting power of the surviving or acquiring entity in the same relative proportions, (ii) a sale of all or substantially all of the assets of the Company or the exclusive license of all or substantially all of the Company's intellectual property by means of any transaction or series of related transactions, or (iii) a liquidation, dissolution or winding up of the Company.

(c) *Good Reason*. For purposes of this Agreement, “Good Reason” shall mean, without Executive’s written consent: (i) a material reduction of the level of Executive’s Base Salary and/or Annual Bonus target amounts (except where there is a general reduction applicable to the management team generally), (ii) a material reduction in Executive’s overall responsibilities or authority, or scope of duties; or (iii) a material change in the geographic location at which Executive must perform the services described herein; *provided*, that in no instance will the relocation of Executive to a facility or a location of twenty-five (25) miles or less from Executive’s then current office be deemed material for purposes of this Agreement.

11. *Assignment*. This Agreement will be binding upon and inure to the benefit of: (a) the heirs, executors and legal representatives of Executive upon Executive’s death, and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, “successor” means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance or other disposition of Executive’s right to compensation or other benefits will be null and void.

12. *Notices*. All notices, requests, demands and other communications called for under this Agreement shall be in writing and shall be delivered by email or personally by hand or by courier, mailed by United States first-class mail, postage prepaid, or sent by facsimile directed to the party to be notified at the address or facsimile number indicated for such party on the signature page to this Agreement, or at such other address or facsimile number as such party may designate by ten (10) days’ advance written notice to the other parties hereto. All such notices and other communications shall be deemed given upon email delivery or personal delivery, three (3) days after the date of mailing, or upon confirmation of facsimile transfer.

13. *Severability*. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement will continue in full force and effect without said provision.

14. *Confidentiality*. During the Employment Term and thereafter, Executive agrees to use Executive’s best efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, including any documents incorporated by reference, the consideration for this Agreement (hereinafter collectively referred to as “Employment Information”); provided that this section shall not prohibit discussions revealing Employment Information to Executive’s family and advisors. Executive agrees to take every reasonable precaution to prevent disclosure of any Employment Information to third parties, and agree that there will be no publicity, directly or indirectly, concerning any Employment Information.

15. *Whistleblower Protections and Trade Secrets*. Notwithstanding anything to the contrary contained herein, nothing in this Agreement prohibits Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other

whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (i) Executive shall not be in breach of this Agreement, and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (ii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

16. *Company Matters.*

(a) *Employee Proprietary Information Agreement.* Executive acknowledges and agrees that Executive shall continue to be bound and shall abide by the terms of the EPIA, including the provisions governing the non-disclosure of confidential information and restrictive covenants contained therein.

(b) *Ventures.* If, during employment, Executive is engaged in or associated with planning or implementing of any project, program or venture involving the Company and any third parties, all rights in such project, program or venture shall belong to the Company (or third party, to the extent provided in any agreement between the Company and the third party). Except as formally approved by the Company, Executive shall not be entitled to any interest in such project, program or venture or to any commission, finder's fee or other compensation in connection therewith other than the salary or other compensation to be paid to Executive as provided in this Agreement.

(c) *Resignation on Termination.* On termination of employment, Executive shall immediately (and with contemporaneous effect) be deemed to resign any directorships, offices or other positions that Executive may hold in the Company or any affiliate, unless otherwise agreed in writing by the parties.

(d) *Notification of New Employer.* In the event that Executive leaves the employ of the Company, Executive grants consent to notification by the Company to Executive's new employer about the rights and obligations under this Agreement and the EPIA.

17. *Arbitration.*

(a) *General.* In consideration of Executive's service to the Company, its promise to arbitrate all employment related disputes and Executive's receipt of the compensation and other benefits paid to Executive by the Company, at present and in the future, Executive agrees that any and all controversies, claims, or disputes (with the sole exception of those disputes that may arise from the EPIA, which shall be resolved in accordance with the dispute resolution procedures set forth therein) with Company, including any breach of this Agreement, shall be subject to binding arbitration under the arbitration rules set forth by the American Arbitration Association ("AAA") for the resolution of employment disputes and pursuant to Texas law, which shall be held in Dallas County, Texas. Disputes which Executive agrees to arbitrate, and thereby agrees to waive

any right to a trial by jury, include, to the extent permissible by law, any statutory claims under state or federal law, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Texas Commission on Human Rights Act, claims of harassment, discrimination or wrongful termination and any statutory claims. Executive further understands that this Agreement to arbitrate also applies to any disputes that the Company may have with Executive.

(b) *Procedure*. Any arbitration will be administered by AAA and a neutral arbitrator will be selected in a manner consistent with its National Rules for the Resolution of Employment Disputes (the “Rules”). The arbitration proceedings will allow for discovery according to the Rules. The arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication and motions to dismiss and demurrers, prior to any arbitration hearing. The arbitrator shall issue a written decision including findings of fact and conclusions of law on the merits of its award. The arbitrator shall have the power to award any remedies, including attorneys’ fees and costs, available under applicable law. To the extent permitted by law, the Company shall pay the administrative fees associated with the arbitration, except for the first \$200.00 in administrative fees for any arbitration that is initiated by Executive, and Company and Executive shall separately pay independent counsel fees and expenses. The arbitrator shall administer and conduct any arbitration in a manner consistent with the Rules.

(c) *Remedy*. Arbitration shall be the sole, exclusive and final remedy for any dispute (with the sole exception of those disputes that may arise from the EPIA, which shall be resolved in accordance with the dispute resolution procedures set forth therein) between Executive and the Company. Accordingly, except as otherwise provided herein, neither Executive nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration. Notwithstanding, the arbitrator will not have the authority to disregard or refuse to enforce any lawful Company policy, and the arbitrator shall not order or require the Company to adopt a policy not otherwise required by law, which the Company has not adopted.

(d) *Availability of Equitable Relief*. Any party may also petition the court for injunctive or other equitable relief where either party alleges or claims a violation of this Agreement or the EPIA. In the event that either party seeks such relief, no bond shall be required and the prevailing party shall be entitled to recover reasonable costs and attorneys’ fees. Any such relief will be filed in any state or federal court serving Dallas County, Texas.

(e) EXECUTIVE ACKNOWLEDGES AND UNDERSTANDS THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EXECUTIVE’S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, DISCRIMINATION CLAIMS.

18. *Integration*. This Agreement, together with the EPIA, represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral regarding the same, including the Prior Agreement. No waiver, alteration or modification of any of the provisions of this Agreement will be binding unless in writing and signed by duly authorized representatives of the parties hereto.

19. *Tax Withholding.* All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

20. *Waiver.* No party shall be deemed to have waived any right, power or privilege under this Agreement or any provisions hereof unless such waiver shall have been duly executed in writing and acknowledged by the party to be charged with such waiver. The failure of any party at any time to insist on performance of any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement or any part hereof. No waiver of any breach of this Agreement shall be held to be a waiver of any other subsequent breach.

21. *Governing Law.* This Agreement will be governed by the laws of the State of Texas, without regard for conflicts of law provisions.

22. *Acknowledgment.* Executive acknowledges that Executive has had the opportunity to discuss this matter with and obtain advice from independent counsel, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

23. *Counterparts.* This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, and all such counterparts shall constitute but one instrument.

24. *Effect of Headings.* The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.

25. *Construction of Agreement.* This Agreement has been negotiated by the respective parties, and the language shall not be construed for or against either party.

26. *Section 409A.*

(a) Separation from Service. Notwithstanding anything to the contrary in this Agreement, with respect to any amounts payable to Executive under this Agreement in connection with a termination of Executive's employment that would be considered "non-qualified deferred compensation" under Section 409A of the Code, in no event shall a termination of employment be considered to have occurred under this Agreement unless such termination constitutes Executive's "separation from service" with the Company as such term is defined in Treasury Regulation Section 1.409A-1(h), and any successor provision thereto ("Separation from Service").

(b) Section 409A Compliance; Payment Delays.

(i) Notwithstanding anything to the contrary in this Agreement, to the maximum extent permitted by applicable law, the severance payments payable to Executive pursuant to this Agreement shall be made in reliance upon Treasury Regulation Section 1.409A-1(b)(9)(iii) (relating to separation pay plans) or Treasury Regulation Section 1.409A-1(b)(4) (relating to short-term deferrals). However, to the extent any such payments are treated as "non-qualified deferred compensation" subject to Section 409A of the Code, and if Executive is deemed at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then to the extent delayed commencement of



any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited payment under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's Separation from Service benefits shall not be provided to Executive prior to the earlier of (A) the expiration of the six-month period measured from the date of Executive's Separation from Service or (B) the date of Executive's death. Upon the earlier of such dates, all payments deferred pursuant to this Section 25(b)(i) shall be paid in a lump sum to Executive (or Executive's estate).

(ii) The determination of whether Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Executive's Separation from Service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including, without limitation, Treasury Regulation Section 1.409A-1(i) and any successor provision thereto).

(iii) Notwithstanding anything to the contrary in this Agreement, with respect to any amounts payable to Executive under this Agreement that would be considered "non-qualified deferred compensation" under Section 409A of the Code and are payable within sixty days following Executive's termination of employment and conditioned on Executive's delivery of the general release described in Section 9(b) (the "Release"), payment of such amounts will be measured from Executive's date of termination, but shall commence on the 60<sup>th</sup> day following Executive's date of termination (the "Payment Commencement Date"), provided that on or before the Payment Commencement Date, Executive shall have executed the Release (which form shall be delivered to Executive by the Company within five days following the Termination Date) and the revocation period applicable to the Release shall have expired; and provided further, that the first payment will include an amount equal to all payments that would have been made between the Termination Date and the Payment Commencement Date if such payments had commenced on the Company's next regularly scheduled payroll date following the Termination Date.

(c) Section 409A; Separate Payments. This Agreement is intended to be written, administered, interpreted and construed in a manner such that no payment or benefits provided under this Agreement become subject to (a) the gross income inclusion set forth within Section 409A(a)(1)(A) of the Code or (b) the interest and additional tax set forth within Section 409A(a)(1)(B) of the Code (collectively, "Section 409A Penalties"), including, where appropriate, the construction of defined terms to have meanings that would not cause the imposition of Section 409A Penalties. To the extent that any provision of this Agreement violates Section 409A of the Code and/or Treasury Regulations issued under Section 409A of the Code, such that amounts would be taxable to Executive prior to payment, the Company and Executive agree to negotiate in good faith to revise or strike such provision (and take any other action reasonably necessary) to preserve the intent hereof to the extent permissible under Section 409A of the Code, Treasury Regulations issued under Section 409A of the Code and applicable guidance issued by the Internal Revenue Service. Notwithstanding anything to the contrary in this Agreement, the Company does not guarantee any particular tax result to Executive relating to amounts payable under this Agreement. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), each payment that Executive may be eligible to receive under this Agreement shall be treated as a separate and distinct payment and shall not collectively be treated as a single payment.

(d) In-kind Benefits and Reimbursements. Notwithstanding anything to the contrary in this Agreement or in any Company policy with respect to such payments, in-kind benefits and reimbursements provided under this Agreement during any tax year of Executive shall not affect in-kind benefits or reimbursements to be provided in any other tax year of Executive and are not subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, reimbursement requests must be timely submitted by Executive and, if timely submitted, reimbursement payments shall be made to Executive as soon as administratively practicable following such submission in accordance with the Company's policies regarding reimbursements, but in no event later than the last day of Executive's taxable year following the taxable year in which the expense was incurred. This Section 25(d) shall only apply to in-kind benefits and reimbursements that would result in taxable compensation income to Executive.

IN WITNESS WHEREOF, each of the parties has executed this Executive Employment Agreement as of the day and year first above written.

“COMPANY”

**ALKAMI TECHNOLOGY, INC.**

By: /s/ Mike Hansen

Address:

Alkami Technology, Inc.  
Attention: President & CEO  
5601 Granite Parkway, Suite 120  
Plano, TX 75024

“EXECUTIVE”

/s/ W. Bryan Hill

**Bryan Hill**

Address:

5601 Granite Parkway, Suite 120  
Plano, TX 75024

## ALKAMI TECHNOLOGY, INC.

## AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of March 22, 2021 (the "Effective Date"), by and between Alkami Technology, Inc., a Delaware corporation (the "Company"), and Doug Linebarger ("Executive"). This Agreement amends and restates in its entirety the Executive Employment Agreement between Executive and the Company, dated March 5, 2018 (as amended, the "Prior Agreement").

## R E C I T A L S

WHEREAS, the Company desires to enter into an agreement documenting the terms of Executive's continued employment with the Company as Chief Legal Officer;

WHEREAS, Executive also desires to document the terms and enter into such an agreement;

WHEREAS, Executive acknowledges Executive's continuing obligations under the Employee Proprietary Information Agreement between Executive and the Company, dated March 5, 2018 (the "EPIA");

WHEREAS, the Company considers it essential to its best interests and the best interests of its stockholders to employ Executive as the Chief Legal Officer of the Company for the term of this Agreement; and

WHEREAS, Executive is willing to continue employment with the Company on the terms hereinafter set forth in this Agreement.

## A G R E E M E N T

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. *Duties and Scope of Employment.*

(a) *Positions and Duties.* On the Effective Date, Executive will continue employment with the Company as the Chief Legal Officer of the Company. Executive will report directly to the Company's President and Chief Executive Officer (the "CEO"). Executive shall provide senior leadership and support in the day to day legal, compliance and information security operations of the Company, shall perform business and professional services as are customarily associated with the position of Chief Legal Officer, and shall perform such other duties and functions as shall from time to time be reasonably assigned or delegated to Executive by the CEO or the Company's Board of Directors (the "Board"). The period of Executive's employment under this Agreement is referred to herein as the "Employment Term."

(b) *Obligations.* During the Employment Term, Executive will perform the assigned duties faithfully and to the best of Executive's ability and will devote Executive's full business efforts and time to the Company. For the duration of the Employment Term, Executive agrees not to engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior approval of the Board, *provided* that Executive may serve as a compensated member of the board of directors of a third party of Executive's choosing so long as such third party does not present a conflict of interest and Executive receives prior written consent of the CEO, with such consent not to be unreasonably withheld.

2. *At-Will Employment.* Subject to Sections 7, 8 and 9 below, the Company agrees to employ Executive, and Executive agrees to serve the Company, on an "at-will" basis, which means that either the Company or Executive may terminate Executive's employment with the Company at any time and for any or no reason.

3. *Compensation.*

(a) *Base Salary.* During the Employment Term, the Company will pay Executive as compensation for Executive's services a base salary at a rate of no less than \$330,000 per year, as modified from time to time at the discretion of the Board (the "Base Salary"). The Base Salary will be paid in regular installments in accordance with the Company's normal payroll practices (subject to required withholding).

(b) *Annual Bonus.* Commencing with the Effective Date, Executive will be eligible for a target annual bonus of up to forty-five percent (45%) of the Base Salary in each calendar year during the Employment Term as such bonus amount will be determined by the Board based on Executive's achievement of specified performance goals as determined by the Board. Any bonus pursuant to this Section 3(b) shall be paid to Executive between February 1 and March 15 of the calendar year following the calendar year in which such bonus applies.

(c) *Equity Awards.*

(i) Executive has been granted options to purchase shares of the Company's Common Stock (including any future stock or equity grants or awards, "Stock Options") under the Alkami Technology, Inc. 2011 Long Term Incentive Plan (including any subsequent or successor plans, the "LTIP") with an exercise price per share equal to the fair market value of one share of Common Stock on the date of the option grant as determined by the Board.

(ii) The Stock Options will vest in accordance with the terms of the respective stock option agreements evidencing such Stock Options (each, the "Applicable Option Agreement"). Each Applicable Option Agreement and each agreement evidencing any other equity award granted to Executive by the Company shall provide for the accelerated vesting in full of the Stock Options or other equity awards if either (x) the Stock Options or other equity awards are not assumed or continued or substituted (as such terms are used in the LTIP) for similar awards of at least equal value, in connection with a Change of Control (as defined below) or (y) the Stock Options or other equity awards are assumed, continued or substituted for similar awards of at least equal value in connection with a Change of Control, Executive's employment is terminated without Cause (as defined below) by the Company or Executive resigns from Executive's employment for Good Reason (as defined below), if such termination or resignation occurs either three (3) months prior to, or within two years following, the date of such Change of Control (such twenty-seven month period being the "Protection Period") and Executive delivers a release of claims in accordance with Section 9(b) below that becomes effective and irrevocable within 60 days following such termination or resignation. For avoidance of doubt, the provisions of this paragraph supersede and override any conflicting terms set forth in the LTIP, the Applicable Option Agreement or any other agreement evidencing an equity award.

(iii) When determining the termination date of a Stock Option, and notwithstanding that the terms of the Applicable Option Agreement provide for a termination date that is three (3) months following the date of Executive's termination of Continuous Service (each as defined in the Applicable Option Agreement) for any reason other than the termination of Executive's Continuous Service by the Company for Cause, such termination date shall be extended until the date that is twelve (12) months following the earlier of (A) Executive's termination of Continuous Service for any reason other than by the Company for Cause or (B) the original expiration date of the Stock Option. For avoidance of doubt, the provisions of this paragraph supersede and override any conflicting terms set forth in the LTIP or the Applicable Option Agreement.

(iv) Each Stock Option shall also be exercisable by a "net exercise" under which the Company will reduce the number of shares of Common Stock issued upon exercise of the Stock Option by the largest whole number of shares of Common Stock with a Fair Market Value (as defined in the Applicable Option Agreement) that does not exceed the sum of the aggregate exercise price payable for such shares and the withholding taxes due in connection with such exercise (calculated based on maximum statutory tax rates); provided, however, that the Company shall accept a cash or other payment from the Executive to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; provided, further, that shares of Common Stock will no longer be outstanding under the Stock Option and will not be exercisable thereafter to the extent that (i) shares are used to pay the exercise price pursuant to the "net exercise," (ii) shares are delivered to the Executive as a result of such exercise, and (iii) shares are withheld to satisfy tax withholding obligations.

4. *Employee Benefits.* During the Employment Term, Executive will be entitled to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other senior executives of the Company and will be entitled to receive such other benefits as are approved by the Board. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time. Notwithstanding and without limiting the foregoing, during the Employment Term, Executive shall receive an expense allowance of \$200 per calendar month for Executive's cell phone/mobile data plan.

5. *Vacation.* Executive will be placed on the Company's Peak Performance Vacation Plan with the timing and duration of specific vacations mutually and reasonably agreed to by Executive and the CEO.

6. *Business Expenses.* During the Employment Term, the Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in the furtherance of or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

#### *7. Termination on Death or Disability.*

(a) Executive's employment will terminate automatically upon Executive's death or, upon fourteen (14) days prior written notice from the Company, in the event of Disability.

(b) For purposes of this Section 7, "Disability," means that Executive, at the time notice is given, has been unable to substantially perform Executive's duties under this Agreement for not less than ninety (90) work days within a twelve (12) consecutive month period as a result of Executive's incapacity due to a physical or mental condition and, if reasonable accommodation is required by law, after any reasonable accommodation. Upon any termination for death or Disability, Executive shall be entitled to: (i) Executive's Base Salary through the effective date of termination; (ii) the right to continue health care benefits under COBRA, at Executive's cost, to the extent required and available by law; (iii) reimbursement of expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which Executive has not yet been reimbursed; and (iv) no other severance or benefits of any kind, unless required by law or pursuant to any other Company plans or policies, as then in effect.

#### *8. Involuntary Termination for Cause; Resignation without Good Reason.*

(a) *Effectiveness.* Notwithstanding any other provision of this Agreement, the Company may terminate Executive's employment at any time for Cause, and Executive may at any time voluntarily resign without Good Reason. Termination for Cause shall be effective on the date the Company gives notice to Executive of such termination in accordance with this Agreement unless otherwise agreed by the parties. Resignation by Executive without Good Reason shall be effective on the date Executive gives notice to the Company of such resignation in accordance with this Agreement unless otherwise agreed by the parties.

(b) *Effect of Termination.* In the case of the Company's termination of Executive's employment for Cause or Executive's resignation from employment without Good Reason, Executive shall be entitled to receive: (i) Base Salary through the effective date of the termination; (ii) reimbursement of all expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which she has not yet been reimbursed; (iii) the right to continue health care benefits under COBRA, at Executive's cost, to the extent required and available by law; and (iv) no other severance or benefits of any kind, unless required by law or pursuant to any other Company plans or policies, as then in effect.

#### *9. Involuntary Termination Without Cause; Resignation for Good Reason.*

(a) *Effect of Termination.* The Company shall be entitled to terminate Executive with or without Cause and Executive shall be entitled to resign with or without Good Reason, in each case at any time, subject to the following: If Executive is terminated by the Company involuntarily without Cause (excluding any termination due to death or Disability) or if Executive resigns with Good Reason, then, subject to the conditions and limitations of Sections 10(c) and 25 below (other than clauses (A) and (C) which shall not be subject to such conditions and limitations), Executive shall be entitled to receive: (A) Base Salary through the date of termination; (B) continuing severance pay at a rate equal to one-hundred percent (100%) of Base Salary (provided that in connection with a Change of Control where Executive's employment is terminated without Cause by the Company or Executive's resignation from Executive's employment for Good Reason during the Protection Period then continuing severance pay shall instead be at a rate equal to one-hundred percent (100%) of Base Salary and one-hundred percent

(100%) of the annual target bonus amount for the year of termination *and* the pro rated annual target bonus amount for the year of termination), in each case as then in effect (less applicable withholding), for a period equal to twelve (12) months commencing from the date of such termination, to be paid periodically in accordance with the Company's normal payroll practices (the "Severance Payments"); (C) reimbursement of all expenses for which Executive is entitled to be reimbursed pursuant to Section 6 above, but for which she has not yet been reimbursed; (D) the right to continue health care benefits under COBRA at Company's cost for the first nine (9) months commencing from the date of termination and at Executive's cost thereafter to the extent required and available by law (provided that in connection with a Change of Control where Executive's employment is terminated without Cause by the Company or Executive's resignation from Executive's employment for Good Reason during the Protection Period then the right to continue health care benefits under COBRA at Company's cost for the first twelve (12) months commencing from the date of termination and at Executive's cost thereafter); (E) accelerated vesting of any then outstanding Stock Options or other equity awards (to the extent not fully-vested) as and to the extent provided in Section 3(c)(ii) hereof, (F) any earned, but unpaid bonuses owed to the Executive according to the normal payout practices, and (G) no other severance or benefits of any kind, unless required by law or pursuant to any other Company plans or policies, as then in effect. If (1) any plan pursuant to which COBRA benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover Executive or Executive's dependents under its group health plans, or (3) the Company cannot provide the COBRA benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining Company COBRA subsidy under clause (B) above shall thereafter be paid to Executive in substantially equal monthly installments over the remaining coverage period.

(b) *Conditions Precedent.* Any severance payments and/or benefits contemplated by Section 9(a) above are conditional on Executive: (i) continuing to comply with the terms of this Agreement and the EPIA, which are incorporated herein by reference; (ii) delivering prior to or contemporaneously with the commencement of any such severance payments, and not revoking, a general release of claims relating to Executive's employment and/or this Agreement against the Company or its successor, its subsidiaries and their respective directors, officers and stockholders and affirmation of obligations hereunder and under the EPIA in a form acceptable to the Company or its successor that becomes effective and irrevocable within sixty (60) days following the applicable termination of employment; and (iii) in the event of a resignation for Good Reason, providing the CEO with written notice of the acts or omissions constituting the grounds for Good Reason within sixty (60) days of the initial existence of the grounds for Good Reason and a reasonable opportunity for the Company to cure the conditions giving rise to such Good Reason, which shall not be less than thirty (30) days following the date of notice from Executive. If the Company cures the conditions giving rise to such Good Reason within thirty (30) days of the date of such notice, Executive will not be entitled to severance payments and/or benefits contemplated by Section 9(a) above if Executive thereafter resigns from the Company based on such grounds. Unless otherwise required by law, no severance payments and/or benefits under Section 9(a) will be paid and/or provided until after the expiration of any relevant revocation period (according to applicable law). Notwithstanding the foregoing, this Section 9(b) shall not limit Executive's ability to obtain expense reimbursements under Section 6 or any other compensation or benefits otherwise required by law or in accordance with Company plans or policies, as then in effect.



(c) *Suspension of Severance Payments Based Upon Detrimental Conduct.* In addition to the Conditions Precedent in subsection (b), above, the Company's obligation to provide the Severance Payments shall immediately and permanently cease immediately upon Executive's engagement in Detrimental Conduct. For purposes of this paragraph, "Detrimental Conduct" shall mean: (i) any violation of the EPIA; (ii) Executive is or becomes a principal, owner, officer, director, stockholder or other equity owner (other than a holder of less than 5% of the outstanding shares or other equity interests of a publicly traded company) of a Competitor (as defined below); or (iii) Executive is or becomes a partner or joint venturer in any business or other enterprise or undertaking with a Competitor. For purposes of this paragraph, "Competitor" shall mean any entity, or other business concern that offers or plans to offer products or services that are competitive in any way with any of the products or services being manufactured, offered, marketed, or are actively developed by the Company or any of its affiliates as of the date Executive's employment ends; provided, however that it does not include a division or subsidiary of such a business so long as that division or subsidiary does not offer or plan to offer products or services that are competitive with the Company in any way (and provided that Executive does not provide advice or other services to the competing business portion of such business).

#### 10. Definitions.

(a) *Cause.* For purposes of this Agreement, "Cause" shall mean (i) the Executive's continued failure to substantially perform the duties and obligations under this Agreement (for reasons other than death or Disability), which failure, if curable within the discretion of the CEO, is not cured to the reasonable satisfaction of the CEO within thirty (30) days after receipt of written notice from the CEO of such failure; (ii) Executive's failure or refusal to comply with reasonable written policies, standards and regulations established by the CEO from time to time which failure, if curable in the discretion of the CEO, is not cured to the reasonable satisfaction of the CEO within thirty (30) days after receipt of written notice of such failure from the CEO; (iii) any act of personal dishonesty, fraud, embezzlement, misrepresentation, or other unlawful act committed by Executive that results in a substantial gain or personal enrichment of Executive at the expense of the Company; (iv) Executive's violation of a federal or state law or regulation applicable to the Company's business, which violation was or is reasonably likely to be materially injurious to the Company's business, financial condition, good will or reputation; (v) Executive's violation of, or a plea of *nolo contendere* or guilty to, a felony under the laws of the United States or any State; or (vi) Executive's material breach of the terms of this Agreement or the EPIA.

(b) *Change of Control.* For purposes of this Agreement, "Change of Control" shall mean (i) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any merger, consolidation or other form of reorganization in which outstanding shares of the Company are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring entity or its subsidiary) (each a "Merger Transaction"), unless the Company's stockholders of record as constituted immediately prior to such Merger Transaction will, immediately after such Merger Transaction, hold at least a majority of the voting power of the surviving or acquiring entity in the same relative proportions, (ii) a sale of all or substantially all of the assets of the Company or the exclusive license of all or substantially all of the Company's intellectual property by means of any transaction or series of related transactions, or (iii) a liquidation, dissolution or winding up of the Company.

(c) *Good Reason*. For purposes of this Agreement, “Good Reason” shall mean, without Executive’s written consent: (i) a material reduction of the level of Executive’s Base Salary and/or Annual Bonus target amounts (except where there is a general reduction applicable to the management team generally), (ii) a material reduction in Executive’s overall responsibilities or authority, or scope of duties; or (iii) a material change in the geographic location at which Executive must perform the services described herein; *provided*, that in no instance will the relocation of Executive to a facility or a location of twenty-five (25) miles or less from Executive’s then current office be deemed material for purposes of this Agreement.

11. *Assignment*. This Agreement will be binding upon and inure to the benefit of: (a) the heirs, executors and legal representatives of Executive upon Executive’s death, and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, “successor” means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance or other disposition of Executive’s right to compensation or other benefits will be null and void.

12. *Notices*. All notices, requests, demands and other communications called for under this Agreement shall be in writing and shall be delivered by email or personally by hand or by courier, mailed by United States first-class mail, postage prepaid, or sent by facsimile directed to the party to be notified at the address or facsimile number indicated for such party on the signature page to this Agreement, or at such other address or facsimile number as such party may designate by ten (10) days’ advance written notice to the other parties hereto. All such notices and other communications shall be deemed given upon email delivery or personal delivery, three (3) days after the date of mailing, or upon confirmation of facsimile transfer.

13. *Severability*. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement will continue in full force and effect without said provision.

14. *Confidentiality*. During the Employment Term and thereafter, Executive agrees to use Executive’s best efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, including any documents incorporated by reference, the consideration for this Agreement (hereinafter collectively referred to as “Employment Information”); provided that this section shall not prohibit discussions revealing Employment Information to Executive’s family and advisors. Executive agrees to take every reasonable precaution to prevent disclosure of any Employment Information to third parties, and agree that there will be no publicity, directly or indirectly, concerning any Employment Information.

15. *Whistleblower Protections and Trade Secrets*. Notwithstanding anything to the contrary contained herein, nothing in this Agreement prohibits Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other

whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (i) Executive shall not be in breach of this Agreement, and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (ii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

16. *Company Matters.*

(a) *Employee Proprietary Information Agreement.* Executive acknowledges and agrees that Executive shall continue to be bound and shall abide by the terms of the EPIA, including the provisions governing the non-disclosure of confidential information and restrictive covenants contained therein.

(b) *Ventures.* If, during employment, Executive is engaged in or associated with planning or implementing of any project, program or venture involving the Company and any third parties, all rights in such project, program or venture shall belong to the Company (or third party, to the extent provided in any agreement between the Company and the third party). Except as formally approved by the Company, Executive shall not be entitled to any interest in such project, program or venture or to any commission, finder's fee or other compensation in connection therewith other than the salary or other compensation to be paid to Executive as provided in this Agreement.

(c) *Resignation on Termination.* On termination of employment, Executive shall immediately (and with contemporaneous effect) be deemed to resign any directorships, offices or other positions that Executive may hold in the Company or any affiliate, unless otherwise agreed in writing by the parties.

(d) *Notification of New Employer.* In the event that Executive leaves the employ of the Company, Executive grants consent to notification by the Company to Executive's new employer about the rights and obligations under this Agreement and the EPIA.

17. *Arbitration.*

(a) *General.* In consideration of Executive's service to the Company, its promise to arbitrate all employment related disputes and Executive's receipt of the compensation and other benefits paid to Executive by the Company, at present and in the future, Executive agrees that any and all controversies, claims, or disputes (with the sole exception of those disputes that may arise from the EPIA, which shall be resolved in accordance with the dispute resolution procedures set forth therein) with Company, including any breach of this Agreement, shall be subject to binding arbitration under the arbitration rules set forth by the American Arbitration Association ("AAA") for the resolution of employment disputes and pursuant to Texas law, which shall be held in Dallas County, Texas. Disputes which Executive agrees to arbitrate, and thereby agrees to waive

any right to a trial by jury, include, to the extent permissible by law, any statutory claims under state or federal law, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Texas Commission on Human Rights Act, claims of harassment, discrimination or wrongful termination and any statutory claims. Executive further understands that this Agreement to arbitrate also applies to any disputes that the Company may have with Executive.

(b) *Procedure*. Any arbitration will be administered by AAA and a neutral arbitrator will be selected in a manner consistent with its National Rules for the Resolution of Employment Disputes (the “Rules”). The arbitration proceedings will allow for discovery according to the Rules. The arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication and motions to dismiss and demurrers, prior to any arbitration hearing. The arbitrator shall issue a written decision including findings of fact and conclusions of law on the merits of its award. The arbitrator shall have the power to award any remedies, including attorneys’ fees and costs, available under applicable law. To the extent permitted by law, the Company shall pay the administrative fees associated with the arbitration, except for the first \$200.00 in administrative fees for any arbitration that is initiated by Executive, and Company and Executive shall separately pay independent counsel fees and expenses. The arbitrator shall administer and conduct any arbitration in a manner consistent with the Rules.

(c) *Remedy*. Arbitration shall be the sole, exclusive and final remedy for any dispute (with the sole exception of those disputes that may arise from the EPIA, which shall be resolved in accordance with the dispute resolution procedures set forth therein) between Executive and the Company. Accordingly, except as otherwise provided herein, neither Executive nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration. Notwithstanding, the arbitrator will not have the authority to disregard or refuse to enforce any lawful Company policy, and the arbitrator shall not order or require the Company to adopt a policy not otherwise required by law, which the Company has not adopted.

(d) *Availability of Equitable Relief*. Any party may also petition the court for injunctive or other equitable relief where either party alleges or claims a violation of this Agreement or the EPIA. In the event that either party seeks such relief, no bond shall be required and the prevailing party shall be entitled to recover reasonable costs and attorneys’ fees. Any such relief will be filed in any state or federal court serving Dallas County, Texas.

(e) EXECUTIVE ACKNOWLEDGES AND UNDERSTANDS THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EXECUTIVE’S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, DISCRIMINATION CLAIMS.

18. *Integration*. This Agreement, together with the EPIA, represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral regarding the same, including the Prior Agreement. No waiver, alteration or modification of any of the provisions of this Agreement will be binding unless in writing and signed by duly authorized representatives of the parties hereto.

19. *Tax Withholding.* All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

20. *Waiver.* No party shall be deemed to have waived any right, power or privilege under this Agreement or any provisions hereof unless such waiver shall have been duly executed in writing and acknowledged by the party to be charged with such waiver. The failure of any party at any time to insist on performance of any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement or any part hereof. No waiver of any breach of this Agreement shall be held to be a waiver of any other subsequent breach.

21. *Governing Law.* This Agreement will be governed by the laws of the State of Texas, without regard for conflicts of law provisions.

22. *Acknowledgment.* Executive acknowledges that Executive has had the opportunity to discuss this matter with and obtain advice from independent counsel, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

23. *Counterparts.* This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, and all such counterparts shall constitute but one instrument.

24. *Effect of Headings.* The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.

25. *Construction of Agreement.* This Agreement has been negotiated by the respective parties, and the language shall not be construed for or against either party.

26. *Section 409A.*

(a) Separation from Service. Notwithstanding anything to the contrary in this Agreement, with respect to any amounts payable to Executive under this Agreement in connection with a termination of Executive's employment that would be considered "non-qualified deferred compensation" under Section 409A of the Code, in no event shall a termination of employment be considered to have occurred under this Agreement unless such termination constitutes Executive's "separation from service" with the Company as such term is defined in Treasury Regulation Section 1.409A-1(h), and any successor provision thereto ("Separation from Service").

(b) Section 409A Compliance; Payment Delays.

(i) Notwithstanding anything to the contrary in this Agreement, to the maximum extent permitted by applicable law, the severance payments payable to Executive pursuant to this Agreement shall be made in reliance upon Treasury Regulation Section 1.409A-1(b)(9)(iii) (relating to separation pay plans) or Treasury Regulation Section 1.409A-1(b)(4) (relating to short-term deferrals). However, to the extent any such payments are treated as "non-qualified deferred compensation" subject to Section 409A of the Code, and if Executive is deemed at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then to the extent delayed commencement of

any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited payment under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's Separation from Service benefits shall not be provided to Executive prior to the earlier of (A) the expiration of the six-month period measured from the date of Executive's Separation from Service or (B) the date of Executive's death. Upon the earlier of such dates, all payments deferred pursuant to this Section 25(b)(i) shall be paid in a lump sum to Executive (or Executive's estate).

(ii) The determination of whether Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Executive's Separation from Service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including, without limitation, Treasury Regulation Section 1.409A-1(i) and any successor provision thereto).

(iii) Notwithstanding anything to the contrary in this Agreement, with respect to any amounts payable to Executive under this Agreement that would be considered "non-qualified deferred compensation" under Section 409A of the Code and are payable within sixty days following Executive's termination of employment and conditioned on Executive's delivery of the general release described in Section 9(b) (the "Release"), payment of such amounts will be measured from Executive's date of termination, but shall commence on the 60<sup>th</sup> day following Executive's date of termination (the "Payment Commencement Date"), provided that on or before the Payment Commencement Date, Executive shall have executed the Release (which form shall be delivered to Executive by the Company within five days following the Termination Date) and the revocation period applicable to the Release shall have expired; and provided further, that the first payment will include an amount equal to all payments that would have been made between the Termination Date and the Payment Commencement Date if such payments had commenced on the Company's next regularly scheduled payroll date following the Termination Date.

(c) Section 409A; Separate Payments. This Agreement is intended to be written, administered, interpreted and construed in a manner such that no payment or benefits provided under this Agreement become subject to (a) the gross income inclusion set forth within Section 409A(a)(1)(A) of the Code or (b) the interest and additional tax set forth within Section 409A(a)(1)(B) of the Code (collectively, "Section 409A Penalties"), including, where appropriate, the construction of defined terms to have meanings that would not cause the imposition of Section 409A Penalties. To the extent that any provision of this Agreement violates Section 409A of the Code and/or Treasury Regulations issued under Section 409A of the Code, such that amounts would be taxable to Executive prior to payment, the Company and Executive agree to negotiate in good faith to revise or strike such provision (and take any other action reasonably necessary) to preserve the intent hereof to the extent permissible under Section 409A of the Code, Treasury Regulations issued under Section 409A of the Code and applicable guidance issued by the Internal Revenue Service. Notwithstanding anything to the contrary in this Agreement, the Company does not guarantee any particular tax result to Executive relating to amounts payable under this Agreement. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), each payment that Executive may be eligible to receive under this Agreement shall be treated as a separate and distinct payment and shall not collectively be treated as a single payment.

(d) In-kind Benefits and Reimbursements. Notwithstanding anything to the contrary in this Agreement or in any Company policy with respect to such payments, in-kind benefits and reimbursements provided under this Agreement during any tax year of Executive shall not affect in-kind benefits or reimbursements to be provided in any other tax year of Executive and are not subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, reimbursement requests must be timely submitted by Executive and, if timely submitted, reimbursement payments shall be made to Executive as soon as administratively practicable following such submission in accordance with the Company's policies regarding reimbursements, but in no event later than the last day of Executive's taxable year following the taxable year in which the expense was incurred. This Section 25(d) shall only apply to in-kind benefits and reimbursements that would result in taxable compensation income to Executive.

IN WITNESS WHEREOF, each of the parties has executed this Executive Employment Agreement as of the day and year first above written.

“COMPANY”

**ALKAMI TECHNOLOGY, INC.**

By: Mike Hansen

Address:

Alkami Technology, Inc.  
Attention: President & CEO  
5601 Granite Parkway, Suite 120  
Plano, TX 75024

“EXECUTIVE”

/s/ Douglas A. Linebarger

**Doug Linebarger**

Address:

5601 Granite Parkway, Suite 120  
Plano, TX 75024



**FORM OF INDEMNIFICATION AND ADVANCEMENT AGREEMENT**

This Indemnification and Advancement Agreement ("Agreement") is effective as of \_\_\_\_\_, 20\_\_ by and between Alkami Technology, Inc., a Delaware corporation (the "Company"), and \_\_\_\_\_, [a member of the Board of Directors/an officer/an employee/an agent] of the Company ("Indemnitee"). This Agreement supersedes and replaces any and all previous agreements between the Company and Indemnitee covering indemnification and advancement.

**RECITALS**

WHEREAS, the Board of Directors of the Company (the "Board") believes that highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers, or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification and advancement of expenses against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Bylaws and Certificate of Incorporation of the Company as now or hereafter in effect require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "DGCL"). The Bylaws, Certificate of Incorporation and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification and advancement of expenses;

WHEREAS, the uncertainties relating to such insurance, to indemnification, and to advancement of expenses may increase the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws, Certificate of Incorporation and any resolutions adopted pursuant thereto, and is not a substitute therefor, nor diminishes or abrogates any rights of Indemnatee thereunder; and

WHEREAS, Indemnatee does not regard the protection available under the Bylaws, the Certificate of Incorporation, the DGCL and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as an officer or director without adequate additional protection, and the Company desires Indemnatee to serve or continue to serve in such capacity. Indemnatee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnatee be so indemnified and be advanced expenses.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnatee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnatee agrees to serve as [a director/an officer/an employee/an agent] of the Company. Indemnatee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). This Agreement does not create any obligation on the Company to continue Indemnatee in such position and is not an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnatee.

Section 2. Definitions. As used in this Agreement:

(a) “Agent” means any person who is authorized by the Company or an Enterprise to act for or represent the interests of the Company or an Enterprise, respectively.

(b) A “Change in Control” occurs upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company’s then outstanding securities unless the change in relative beneficial ownership of the Company’s securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect

a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

vi. For purposes of this Section 2(b), the following terms have the following meanings:

- 1) "Beneficial Owner" has the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner excludes any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.
- 2) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.
- 3) "Person" has the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person excludes (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(c) “Corporate Status” describes the status of a person who is or was acting as a director, officer, employee, fiduciary, or Agent of the Company or an Enterprise.

(d) “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnatee.

(e) “Enterprise” means any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity for which Indemnatee is or was serving at the request of the Company as a director, officer, employee, or Agent.

(f) “Expenses” includes all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnatee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 14(d) only, Expenses incurred by Indemnatee in connection with the interpretation, enforcement or defense of Indemnatee’s rights under this Agreement, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which Indemnatee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnatee’s counsel as being reasonable in the good faith judgment of such counsel will be presumed conclusively to be reasonable. Expenses, however, do not include amounts paid in settlement by Indemnatee or the amount of judgments or fines against Indemnatee.

(g) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnatee in any matter material to either such party (other than with respect to matters concerning the Indemnatee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnatee in an action to determine Indemnatee’s rights under this Agreement.

(h) “Potential Change in Control” means the occurrence of any of the following events: (i) the Company enters into any written or oral agreement, undertaking or arrangement, the consummation of which would result in the occurrence of a Change in Control; (ii) any Person or the Company publicly announces an intention to take or consider taking actions

which if consummated would constitute a Change in Control; (iii) any Person who becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 5% or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors increases his beneficial ownership of such securities by 5% or more over the percentage so owned by such Person on the date hereof; or (iv) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(i) The term "Proceeding" includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of Indemnitee's Corporate Status or by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee's part while acting pursuant to Indemnitee's Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. A Proceeding also includes a situation the Indemnitee believes in good faith may lead to or culminate in the institution of a Proceeding.

Section 3. Indemnity in Third-Party Proceedings. The Company will indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company will indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. The Company will not indemnify Indemnitee for Expenses under this Section 4 related to any claim, issue or matter in a Proceeding for which Indemnitee has been finally adjudged by a court to be liable to the Company, unless, and only to the extent that, the Delaware Court of Chancery or any court in which the Proceeding was brought determines upon application by Indemnitee that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding the extent that Indemnitee is successful, on the merits or otherwise. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, will be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement and to the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding to which Indemnitee is not a party but to which Indemnitee is a witness, deponent, interviewee, or otherwise asked to participate.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company will indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification. Notwithstanding any limitation in Sections 3, 4, or 5, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law (including, but not limited to, the DGCL and any amendments to or replacements of the DGCL adopted after the date of this Agreement that expand the Company's ability to indemnify its officers and directors) if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor).

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company is not obligated under this Agreement to make any indemnification payment to Indemnitee in connection with any Proceeding:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except to the extent provided in Section 16(b) of this Agreement and except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including, but not limited to, any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Proceeding or part of any Proceeding is to enforce Indemnitee’s rights to indemnification or advancement, of Expenses, including a Proceeding (or any part of any Proceeding) initiated pursuant to Section 14 of this Agreement, (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

#### Section 10. Advances of Expenses.

(a) The Company will advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee or any Proceeding (or any part of any Proceeding) initiated by Indemnitee if (i) the Proceeding or part of any Proceeding is to enforce Indemnitee’s rights to obtain indemnification or advancement of Expenses from the Company or Enterprise, including a proceeding initiated pursuant to Section 14 or (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation. The Company will advance the Expenses within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding.

(b) Advances will be unsecured and interest free. Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, thus Indemnitee qualifies for advances upon the execution of this Agreement and delivery to the Company. No other form of undertaking is required other than the execution of this Agreement. The Company will make advances without regard to Indemnitee’s ability to repay the Expenses and without regard to Indemnitee’s ultimate entitlement to indemnification under the other provisions of this Agreement.

Section 11. Procedure for Notification of Claim for Indemnification or Advancement.

(a) Indemnitee will notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. Indemnitee will include in the written notification to the Company a description of the nature of the Proceeding and the facts underlying the Proceeding and provide such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Indemnitee's failure to notify the Company will not relieve the Company from any obligation it may have to Indemnitee under this Agreement, and any delay in so notifying the Company will not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company will, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification or advancement.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Unless a Change of Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made:

- i. by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;
- ii. by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;
- iii. if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by written opinion provided by Independent Counsel selected by the Board; or
- iv. if so directed by the Board, by the stockholders of the Company.

(b) If a Change in Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made by written opinion provided by Independent Counsel selected by Indemnitee (unless Indemnitee requests such selection be made by the Board).

(c) The party selecting Independent Counsel pursuant to subsection (a)(iii) or (b) of this Section 12 will provide written notice of the selection to the other party. The notified party may, within ten (10) days after receiving written notice of the selection of Independent Counsel, deliver to the selecting party a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of



this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within thirty (30) days after the later of (i) submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and (ii) the final disposition of the Proceeding, Independent Counsel has not been selected or, if selected, any objection to has not been resolved, either the Company or Indemnitee may petition the Delaware Court for the appointment as Independent Counsel of a person selected by such court or by such other person as such court designates. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel will be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) Indemnitee will cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company will advance and pay any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making the indemnification determination irrespective of the determination as to Indemnitee's entitlement to indemnification and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing of the determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied and providing a copy of any written opinion provided to the Board by Independent Counsel.

(e) If it is determined that Indemnitee is entitled to indemnification, the Company will make payment to Indemnitee within ten (10) days after such determination.

### Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination will, to the fullest extent not prohibited by law, presume Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company will, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, will be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the determination of the Indemnatee's entitlement to indemnification has not been made pursuant to Section 12 within sixty (60) days after the later of (i) receipt by the Company of Indemnatee's request for indemnification pursuant to Section 11(a) and (ii) the final disposition of the Proceeding for which Indemnatee requested Indemnification (the "Determination Period"), the requisite determination of entitlement to indemnification will, to the fullest extent not prohibited by law, be deemed to have been made and Indemnatee will be entitled to such indemnification, absent (i) a misstatement by Indemnatee of a material fact, or an omission of a material fact necessary to make Indemnatee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law. The Determination Period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, the Determination Period may be extended an additional fifteen (15) days if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a)(iv) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, will not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnatee to indemnification or create a presumption that Indemnatee did not act in good faith and in a manner which Indemnatee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnatee had reasonable cause to believe that Indemnatee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnatee will be deemed to have acted in good faith if Indemnatee acted based on the records or books of account of the Company, its subsidiaries, or an Enterprise, including financial statements, or on information supplied to Indemnatee by the directors or officers of the Company, its subsidiaries, or an Enterprise in the course of their duties, or on the advice of legal counsel for the Company, its subsidiaries, or an Enterprise or on information or records given or reports made to the Company or an Enterprise by an independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of the Company, its subsidiaries, or an Enterprise. Further, Indemnatee will be deemed to have acted in a manner "not opposed to the best interests of the Company," as referred to in this Agreement if Indemnatee acted in good faith and in a manner Indemnatee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan. The provisions of this Section 13(d) is not exclusive and does not limit in any way the other circumstances in which the Indemnatee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise may not be imputed to Indemnatee for purposes of determining Indemnatee's right to indemnification under this Agreement.

#### Section 14. Remedies of Indemnatee.

(a) Indemnatee may commence litigation against the Company in the Delaware Court of Chancery to obtain indemnification or advancement of Expenses provided by this Agreement in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnatee is not entitled to indemnification under this Agreement, (ii) the Company does not advance Expenses pursuant to Section 10 of this Agreement, (iii) the determination of entitlement to indemnification is not made pursuant to Section 12 of this Agreement within the Determination Period, (iv) the Company does not indemnify Indemnatee pursuant to Section 5 or 6 or the second to last sentence of Section 12(d) of this Agreement within thirty (30) days after receipt by the Company of a written request therefor, (v) the Company does not indemnify Indemnatee pursuant to Section 3, 4, 7, or 8 of this Agreement within thirty (30) days after a determination has been made that Indemnatee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnatee the benefits provided or intended to be provided to the Indemnatee hereunder. Alternatively, Indemnatee, at Indemnatee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnatee must commence such Proceeding seeking an adjudication or an award in arbitration within one hundred eighty (180) days following the date on which Indemnatee first has the right to commence such Proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause does not apply in respect of a Proceeding brought by Indemnatee to enforce Indemnatee's rights under Section 5 of this Agreement. The Company will not oppose Indemnatee's right to seek any such adjudication or award in arbitration.

(b) If a determination is made pursuant to Section 12 of this Agreement that Indemnatee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 will be conducted in all respects as a *de novo* trial, or arbitration, on the merits and Indemnatee may not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company will have the burden of proving Indemnatee is not entitled to indemnification or advancement of Expenses, as the case may be and will not introduce evidence of the determination made pursuant to Section 12 of this Agreement.

(c) If a determination is made pursuant to Section 12 of this Agreement that Indemnatee is entitled to indemnification, the Company will be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnatee of a material fact, or an omission of a material fact necessary to make Indemnatee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company is, to the fullest extent not prohibited by law, precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company, to the fullest extent permitted by law, will (within thirty (30) days after receipt by the Company of a written request therefor) advance to Indemnitee such Expenses which are incurred by Indemnitee in connection with any action concerning this Agreement, Indemnitee's right to indemnification or advancement of Expenses from the Company, or concerning any directors' and officers' liability insurance policies maintained by the Company and will indemnify Indemnitee against any and all such Expenses unless the court determines that each of the Indemnitee's claims in such Proceeding were made in bad faith or were frivolous or are prohibited by law.

#### Section 15. Establishment of Trust.

(a) In the event of a Potential Change in Control or a Change in Control, the Company will, upon written request by Indemnitee, create a trust for the benefit of Indemnitee (the "Trust") and from time to time upon written request of Indemnitee will fund such Trust in an amount sufficient to satisfy the reasonably anticipated indemnification and advancement obligations of the Company to the Indemnitee in connection with any Proceeding for which Indemnitee has demanded indemnification and/or advancement prior to the Potential Change in Control or Change in Control (the "Funding Obligation"). The trustee of the Trust (the "Trustee") will be a bank or trust company or other individual or entity chosen by the Indemnitee and reasonably acceptable to the Company. Nothing in this Section 15 relieves the Company of any of its obligations under this Agreement.

(b) The amount or amounts to be deposited in the Trust pursuant to the Funding Obligation will be determined by mutual agreement of the Indemnitee and the Company or, if the Company and the Indemnitee are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement. The terms of the Trust will provide that, except upon the consent of both the Indemnitee and the Company, upon a Change in Control: (i) the Trust may not be revoked, or the principal thereof invaded, without the written consent of the Indemnitee; (ii) the Trustee will advance Expenses incurred by Indemnitee, to the fullest extent permitted by applicable law, within two (2) business days of a request by the Indemnitee; (iii) the Company will continue to fund the Trust in accordance with the Funding Obligation; (iv) the Trustee will promptly pay to the Indemnitee all amounts for which the

Indemnatee is entitled to indemnification pursuant to this Agreement or otherwise; and (v) all unexpended funds in such Trust revert to the Company upon mutual agreement by the Indemnatee and the Company or, if the Indemnatee and the Company are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement, that the Indemnatee has been fully indemnified under the terms of this Agreement. New York law (without regard to its conflicts of laws rules) governs the Trust and the Trustee will consent to the exclusive jurisdiction of Delaware Court of Chancery, in accordance with Section 25 of this Agreement.

Section 16. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The indemnification and advancement of Expenses provided by this Agreement are not exclusive of any other rights to which Indemnatee may at any time be entitled under applicable law, the Bylaws, the Certificate of Incorporation, any agreement, a vote of stockholders or a resolution of directors, or otherwise. The indemnification and advancement of Expenses provided by this Agreement may not be limited or restricted by any amendment, alteration or repeal of this Agreement in any way with respect to any action taken or omitted by Indemnatee in Indemnatee's Corporate Status occurring prior to any amendment, alteration or repeal of this Agreement. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws, Certificate of Incorporation, or this Agreement, it is the intent of the parties hereto that Indemnatee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy is cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company hereby acknowledges that Indemnatee may have certain rights to indemnification, advancement of Expenses and/or insurance provided by one or more Persons with whom or which Indemnatee may be associated [(including, without limitation, [Fund] and certain of its affiliates, collectively, the "Fund Indemnitors")].

i. The Company hereby acknowledges and agrees:

1) the Company is the indemnitor of first resort with respect to any request for indemnification or advancement of Expenses made pursuant to this Agreement concerning any Proceeding arising from or related to Indemnatee's Corporate Status with the Company;

2) the Company is primarily liable for all indemnification and indemnification or advancement of Expenses obligations for any Proceeding arising from or related to Indemnatee's Corporate Status, whether created by law, organizational or constituent documents, contract (including this Agreement) or otherwise;

3) any obligation of any other Persons with whom or which Indemnatee may be associated [(including, without limitation, any Fund Indemnitor)] to indemnify Indemnatee and/or advance Expenses to Indemnatee in respect of any proceeding are secondary to the obligations of the Company's obligations;

4) the Company will indemnify Indemnatee and advance Expenses to Indemnatee hereunder to the fullest extent provided herein without regard to any rights Indemnatee may have against any other Person with whom or which Indemnatee may be associated [(including any Fund Indemnitor)] or insurer of any such Person; and

ii. the Company irrevocably waives, relinquishes and releases [(A)] any other Person with whom or which Indemnatee may be associated [(including, without limitation, any Fund Indemnitor)] from any claim of contribution, subrogation, reimbursement, exoneration or indemnification, or any other recovery of any kind in respect of amounts paid by the Company to Indemnatee pursuant to this Agreement[ and (B) any right to participate in any claim or remedy of Indemnatee against any Person (including, without limitation, any Fund Indemnitor (or former Fund Indemnitor)), whether or not such claim, remedy or right arises in equity or under contract, statute or common law[, including, without limitation, the right to take or receive from any Person (including, without limitation, any Fund Indemnitor (or former Fund Indemnitor), directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right].

iii. In the event any other Person with whom or which Indemnatee may be associated [(including, without limitation, any Fund Indemnitor)] or their insurers advances or extinguishes any liability or loss for Indemnatee, the payor has a right of subrogation against the Company or its insurers for all amounts so paid which would otherwise be payable by the Company or its insurers under this Agreement. In no event will payment by any other Person with whom or which Indemnatee may be associated [(including, without limitation, any Fund Indemnitor)] or their insurers affect the obligations of the Company hereunder or shift primary liability for the Company's obligation to indemnify or advance of Expenses to any other Person with whom or which Indemnatee may be associated [(including, without limitation, any Fund Indemnitor)].

iv. Any indemnification or advancement of Expenses provided by any other Person with whom or which Indemnatee may be associated [(including, without limitation, any Fund Indemnitor)] is specifically in excess over the Company's obligation to indemnify and advance Expenses or any valid and collectible insurance (including, but not limited to, any malpractice insurance or professional errors and omissions insurance) provided by the Company.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company, the Company will obtain a policy or policies covering Indemnatee to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies, including coverage in the event the Company does not or cannot, for any reason, indemnify or advance Expenses to Indemnatee as required by this Agreement. If, at the time of the receipt of

a notice of a claim pursuant to this Agreement, the Company has director and officer liability insurance in effect, the Company will give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company will thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Indemnitee agrees to assist the Company efforts to cause the insurers to pay such amounts and will comply with the terms of such policies, including selection of approved panel counsel, if required.

(d) Subject to Section 16(b) of this Agreement, the Company's obligation to indemnify or advance Expenses hereunder to Indemnitee for any Proceeding concerning Indemnitee's Corporate Status with an Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise. The Company and Indemnitee intend that any such Enterprise (and its insurers) be the indemnitor of first resort with respect to indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise. The Company's obligation to indemnify and advance Expenses to Indemnitee is secondary to the obligations the Enterprise or its insurers owe to Indemnitee. Indemnitee agrees to take all reasonably necessary and desirable action to obtain from an Enterprise indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise.

(e) In the event of any payment made by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee from any Enterprise or insurance carrier. Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 17. Duration of Agreement. This Agreement continues until and terminates upon the later of (a) ten (10) years after the date that Indemnitee ceases to have a Corporate Status and (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of Expenses rights provided by or granted pursuant to this Agreement are binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 18. Severability. If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal

or unenforceable, that is not itself invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and remain enforceable to the fullest extent permitted by law; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested thereby.

Section 19. Interpretation. Any ambiguity in the terms of this Agreement will be resolved in favor of Indemnitee and in a manner to provide the maximum indemnification and advancement of Expenses permitted by law. The Company and Indemnitee intend that this Agreement provide to the fullest extent permitted by law for indemnification in excess of that expressly provided, without limitation, by the Bylaws, the Certificate of Incorporation, vote of the Company stockholders or Disinterested Directors or applicable law.

Section 20. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Bylaws, the Certificate of Incorporation and applicable law, and is not a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 21. Modification and Waiver. No supplement, modification or amendment of this Agreement is binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed or constitutes a waiver of any other provisions of this Agreement nor will any waiver constitute a continuing waiver.

Section 22. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 23. Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given if (a) delivered by hand to the other party, (b) sent by reputable overnight courier to the other party or (c) sent by facsimile transmission or electronic mail, with receipt of oral confirmation that such communication has been received:



(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee provides to the Company.

(b) If to the Company to:

Name: Alkami Technology, Inc.  
Address: 5601 Granite Parkway, Suite 120  
Plano, Texas 75024  
Attention: Chief Legal Officer  
Email: [ ]

or to any other address as may have been furnished to Indemnitee by the Company.

Section 24. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, will contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 25. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties are governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or Proceeding arising out of or in connection with this Agreement may be brought only in the Delaware Court of Chancery and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or Proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or Proceeding in the Delaware Court and (iv) waive, and agree not to plead or to make, any claim that any such action or Proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 26. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which will for all purposes be deemed to be an original but all of which together constitutes one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

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Section 27. Headings. The headings of this Agreement are inserted for convenience only and do not constitute part of this Agreement or affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

ALKAMI TECHNOLOGY, INC.

INDEMNITEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Office: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_

[Signature Page to Indemnification Agreement]

**Consent of Independent Registered Public Accounting Firm**

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated March 10, 2021 (except for the 4th and 5th paragraph of Note 17, as to which the date is April 5, 2021), in Amendment No. 1 to the Registration Statement (Form S-1 No. 333-254108) and related Prospectus of Alkami Technology, Inc. for the registration of shares of its common stock.

/s/ Ernst & Young LLP

Dallas, Texas

April 5, 2021

**CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

We have issued our report dated January 22, 2021, with respect to the financial statements of ACH Alert, LLC contained in the Registration Statement and Prospectus. We consent to the use of the aforementioned report in this Registration Statement and Prospectus, and to the use of our name as it appears under the caption “Experts.”

/s/ GRANT THORNTON LLP

Dallas, Texas  
April 5, 2021