

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2023**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-40465

Marqeta, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

180 Grand Avenue, 6th Floor, Oakland, California

(Address of principal executive offices)

27-4306690

(I.R.S. Employer Identification Number)

94612

(Zip Code)

(888) 462-7738

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.0001 par value per share	MQ	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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 checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input 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 pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 4, 2023, there were 475,928,000 shares of the registrant's Class A common stock, par value \$0.0001 per share, outstanding and 54,671,318 shares of the registrant's Class B common stock, par value \$0.0001 per share, outstanding.

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Note About Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws, which are statements that involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "shall," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- uncertainties related to U.S. and global economies and the effect on our business, results of operations, financial condition, demand for our platform, sales cycles and customer retention;*
- our future financial performance, including our net revenue, costs of revenue, gross profit, and operating expenses and our ability to achieve future profitability;*
- the anticipated accounting treatment of our customer agreements and the risk that such accounting treatment may be subject to further changes or developments;*
- our ability to effectively manage or sustain our growth and expand our operations;*
- our ability to enhance our platform and services and develop and expand our capabilities;*
- our ability to further attract, retain, diversify, and expand our customer base;*
- our ability to maintain our relationships with our Issuing Banks and Card Networks;*
- our strategies, plans, objectives, and goals;*
- our plans to expand internationally;*
- our ability to compete in existing and new markets and offerings;*
- our estimated market opportunity;*
- economic and industry trends, projected growth, or trend analysis;*
- the impact of increasing geopolitical uncertainty, ongoing instability in the financial services and banking sectors, rising inflation, and increased labor market competition;*
- our ability to develop and protect our brand;*
- our ability to comply with laws and regulations;*
- our ability to successfully defend litigation brought against us;*
- our ability to attract and retain qualified employees and key personnel;*
- our ability to recognize efficiencies from the restructuring plan executed during the second quarter of 2023;*
- our ability to repurchase shares under our share repurchase program and receive expected financial benefits;*
- our ability to maintain effective disclosure controls and internal controls over financial reporting, including our ability to remediate our material weakness in our internal control over financial reporting; and*
- the increased expenses associated with being a public company.*

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q. You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, results of operations, financial condition, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements. The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. Unless otherwise indicated or unless the context requires otherwise, all references in this document to "Marqeta", the "Company", the "Registrant," "we", "us", "our", or similar references are to Marqeta, Inc. Capitalized terms used and not defined above are defined elsewhere within this Quarterly Report on Form 10-Q.

PART I - Financial Information

Item 1. Financial Statements

Marqeta, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)
(unaudited)

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 950,157	\$ 1,183,846
Restricted cash	9,375	7,800
Short-term investments	432,354	440,858
Accounts receivable, net	15,253	15,569
Settlements receivable, net	10,515	18,028
Network incentives receivable	67,063	42,661
Prepaid expenses and other current assets	29,098	38,007
Total current assets	1,513,815	1,746,769
Property and equipment, net	14,330	7,440
Operating lease right-of-use assets, net	7,784	9,015
Goodwill	123,446	—
Other assets	44,768	7,122
Total assets	\$ 1,704,143	\$ 1,770,346
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,818	\$ 3,798
Revenue share payable	125,853	142,194
Accrued expenses and other current liabilities	189,669	136,887
Total current liabilities	318,340	282,879
Operating lease liabilities, net of current portion	7,132	9,034
Other liabilities	6,056	5,477
Total liabilities	331,528	297,390
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 100,000,000 and 100,000,000 shares authorized, no shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Common stock, \$0.0001 par value: 1,500,000,000 and 1,500,000,000 Class A shares authorized, 479,526,954 and 486,530,334 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively. 600,000,000 and 600,000,000 Class B shares authorized, 54,689,722 and 54,833,765 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	52	53
Additional paid-in capital	2,103,870	2,082,373
Accumulated other comprehensive loss	(1,476)	(7,237)
Accumulated deficit	(729,831)	(602,233)
Total stockholders' equity	1,372,615	1,472,956
Total liabilities and stockholders' equity	\$ 1,704,143	\$ 1,770,346

See accompanying notes to Condensed Consolidated Financial Statements.

Marqeta, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net revenue	\$ 231,115	\$ 186,678	\$ 448,456	\$ 352,780
Costs of revenue	146,506	108,629	274,685	200,005
Gross profit	84,609	78,049	173,771	152,775
Operating expenses:				
Compensation and benefits	126,788	97,868	274,547	198,216
Technology	13,154	13,154	27,744	24,538
Professional services	4,873	5,794	10,310	10,564
Occupancy	1,057	1,148	2,211	2,263
Depreciation and amortization	2,494	921	4,474	1,900
Marketing and advertising	561	886	1,002	1,445
Other operating expenses	5,103	4,995	10,336	9,838
Total operating expenses	154,030	124,766	330,624	248,764
Loss from operations	(69,421)	(46,717)	(156,853)	(95,989)
Other income (expense), net	10,762	1,802	22,434	(9,875)
Loss before income tax expense	(58,659)	(44,915)	(134,419)	(105,864)
Income tax expense (benefit)	138	(227)	(6,821)	(578)
Net loss	\$ (58,797)	\$ (44,688)	\$ (127,598)	\$ (105,286)
Other comprehensive income (loss), net of taxes:				
Change in foreign currency translation adjustment	100	(181)	119	(200)
Net change in unrealized gain (loss) on short-term investments	1,607	(1,896)	5,642	(7,763)
Net other comprehensive income (loss)	1,707	(2,077)	5,761	(7,963)
Comprehensive loss	\$ (57,090)	\$ (46,765)	\$ (121,837)	\$ (113,249)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.11)	\$ (0.08)	\$ (0.24)	\$ (0.19)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	538,267,449	544,704,146	538,988,940	543,524,008

See accompanying notes to Condensed Consolidated Financial Statements.

Marqeta, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share amounts)
(unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2022	541,364,099	\$ 53	\$ 2,082,373	\$ (7,237)	\$ (602,233)	\$ 1,472,956
Issuance of common stock upon exercise of options	803,333	—	1,051	—	—	1,051
Issuance of common stock upon net settlement of restricted stock units	1,469,996	—	(3,746)	—	—	(3,746)
Vesting of common stock warrants	—	—	2,102	—	—	2,102
Share-based compensation	—	—	47,027	—	—	47,027
Repurchase and retirement of common stock, including excise tax	(3,205,808)	—	(20,993)	—	—	(20,993)
Change in accumulated other comprehensive income (loss)	—	—	—	4,054	—	4,054
Net loss	—	—	—	—	(68,801)	(68,801)
Balance as of March 31, 2023	<u>540,431,620</u>	<u>\$ 53</u>	<u>\$ 2,107,814</u>	<u>\$ (3,183)</u>	<u>\$ (671,034)</u>	<u>\$ 1,433,650</u>
Issuance of common stock upon exercise of options	827,683	—	1,310	—	—	1,310
Issuance of common stock under employee stock purchase plan	446,228	—	1,775	—	—	1,775
Issuance of common stock upon net settlement of restricted stock units	2,679,165	—	(6,324)	—	—	(6,324)
Vesting of common stock warrants	—	—	2,372	—	—	2,372
Share-based compensation	—	—	45,419	—	—	45,419
Repurchase and retirement of common stock, including excise tax	(10,168,020)	(1)	(48,496)	—	—	(48,497)
Change in accumulated other comprehensive income (loss)	—	—	—	1,707	—	1,707
Net loss	—	—	—	—	(58,797)	(58,797)
Balance as of June 30, 2023	<u>534,216,676</u>	<u>\$ 52</u>	<u>\$ 2,103,870</u>	<u>\$ (1,476)</u>	<u>\$ (729,831)</u>	<u>\$ 1,372,615</u>

Marqeta, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share amounts)
(unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2021	541,383,518	\$ 54	\$ 1,993,055	\$ (2,230)	\$ (417,453)	\$ 1,573,426
Issuance of common stock upon exercise of options	1,604,022	—	2,285	—	—	2,285
Repurchase of early exercised stock options	(22,751)	—	—	—	—	—
Issuance of common stock upon net settlement of restricted stock units	642,827	—	(4,702)	—	—	(4,702)
Vesting of common stock warrants	—	—	2,102	—	—	2,102
Share-based compensation	—	—	37,005	—	—	37,005
Change in accumulated other comprehensive income (loss)	—	—	—	(5,886)	—	(5,886)
Net loss	—	—	—	—	(60,598)	(60,598)
Balance as of March 31, 2022	<u>543,607,616</u>	<u>\$ 54</u>	<u>\$ 2,029,745</u>	<u>\$ (8,116)</u>	<u>\$ (478,051)</u>	<u>\$ 1,543,632</u>
Issuance of common stock upon exercise of options	1,314,467	—	1,543	—	—	1,543
Repurchase of early exercised stock options	(28,268)	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	368,955	—	2,775	—	—	2,775
Issuance of common stock upon net settlement of restricted stock units	670,960	—	(3,878)	—	—	(3,878)
Vesting of common stock warrants	—	—	2,102	—	—	2,102
Share-based compensation	—	—	35,148	—	—	35,148
Change in accumulated other comprehensive income (loss)	—	—	—	(2,077)	—	(2,077)
Net loss	—	—	—	—	(44,688)	(44,688)
Balance as of June 30, 2022	<u>545,933,730</u>	<u>\$ 54</u>	<u>\$ 2,067,435</u>	<u>\$ (10,193)</u>	<u>\$ (522,739)</u>	<u>\$ 1,534,557</u>

See accompanying notes to Condensed Consolidated Financial Statements.

Marqeta, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (127,598)	\$ (105,286)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	4,474	1,900
Share-based compensation expense	90,164	72,153
Non-cash postcombination compensation expense	32,430	—
Non-cash operating leases expense	1,231	1,111
Amortization of premium (accretion of discount) on short-term investments	(2,311)	338
Impairment of other financial instruments	—	11,616
Other	499	326
Changes in operating assets and liabilities:		
Accounts receivable	63	5,067
Settlements receivable	7,513	833
Network incentives receivable	(24,402)	17,133
Prepaid expenses and other assets	14,467	(14,982)
Accounts payable	(3,239)	(1,609)
Revenue share payable	(16,341)	(4,092)
Accrued expenses and other liabilities	(11,828)	(6,987)
Operating lease liabilities	(1,642)	(1,464)
Net cash used in operating activities	(36,520)	(23,943)
Cash flows from investing activities:		
Purchases of property and equipment	(668)	(868)
Capitalization of internal-use software	(6,395)	—
Business combination, net of cash acquired	(131,914)	—
Purchases of short-term investments	(279,548)	(12,999)
Maturities of short-term investments	296,000	12,900
Net cash used in investing activities	(122,525)	(967)
Cash flows from financing activities:		
Proceeds from exercise of stock options, including early exercised stock options, net of repurchase of early exercised unvested options	2,299	3,407
Proceeds from shares issued in connection with employee stock purchase plan	1,775	2,775
Taxes paid related to net share settlement of restricted stock units	(10,070)	(8,580)
Repurchase of common stock	(67,073)	—
Net cash used in financing activities	(73,069)	(2,398)
Net decrease in cash, cash equivalents, and restricted cash	(232,114)	(27,308)
Cash, cash equivalents, and restricted cash- Beginning of period	1,191,646	1,255,381
Cash, cash equivalents, and restricted cash - End of period	\$ 959,532	\$ 1,228,073

See accompanying notes to Condensed Consolidated Financial Statements.

Marqeta, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2023	2022
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	\$ 950,157	\$ 1,220,273
Restricted cash	9,375	7,800
Total cash, cash equivalents, and restricted cash	\$ 959,532	\$ 1,228,073
Supplemental disclosures of cash flow information:		
Cash paid for operating lease liabilities	\$ 2,096	\$ 2,039
Cash paid for income taxes	\$ 915	\$ 84
Supplemental disclosures of non-cash investing and financing activities:		
Purchase of property and equipment accrued and not yet paid	\$ 137	\$ 1,184
Share-based compensation capitalized to internal-use software	\$ 2,282	\$ —
Repurchase of common stock, including excise tax, accrued and not yet paid	\$ 2,417	\$ —

See accompanying notes to Condensed Consolidated Financial Statements.

Marqeta, Inc.
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)
(unaudited)

1. Business Overview and Basis of Presentation

Marqeta, Inc., (“the Company”) creates digital payment technology for innovation leaders. The Company’s modern card issuing platform places control over payment transactions into the hands of its customers enabling them to develop modern, state-of-the-art product experiences.

The Company provides all of its customers with issuer processor services and for most of its customers it also acts as a card program manager. The Company primarily earns revenue from processing card transactions for its customers.

The Company was incorporated in the state of Delaware in 2010 and is headquartered in Oakland, California, with offices in the United States and United Kingdom and a legal entity in Australia, Brazil, Canada, and Singapore as of June 30, 2023.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and the applicable rules and regulations of the Securities and Exchange Commission, (“SEC”), for interim reporting. Certain information and note disclosures included in the Company’s annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The Condensed Consolidated Balance Sheet as of December 31, 2022 has been derived from the Company’s audited consolidated financial statements, which are included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the SEC on February 28, 2023. The accompanying Condensed Consolidated Financial Statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto included in the Annual Report on Form 10-K.

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, the accompanying Condensed Consolidated Financial Statements reflect all adjustments of a normal, recurring nature considered necessary for a fair presentation of the Company’s consolidated financial position, results of operations, comprehensive loss, and cash flows for the interim periods presented. The interim results for the three and six months ended June 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023, or for any other future annual or interim period.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions relating to reported amounts of assets and liabilities, disclosure of contingent liabilities, and reported amounts of revenue and expenses. Significant estimates and assumptions include, but are not limited to, the fair value and useful lives of assets acquired and liabilities assumed through business combinations, the estimation of contingent liabilities, the estimation of variable consideration in contracts with customers, and the reserve for contract contingencies and processing errors. Actual results could differ materially from these estimates.

Business Risks and Uncertainties

The Company has incurred net losses since its inception. For the three and six months ended June 30, 2023, the Company incurred net losses of \$58.8 million and \$127.6 million, respectively, and had an accumulated deficit of \$729.8 million as of June 30, 2023. The Company expects to incur net losses from operations for the foreseeable future as it incurs costs and expenses related to creating new products for customers, acquiring new customers, developing its brand, expanding into new geographies and developing the existing platform infrastructure. The Company believes that its Cash and cash equivalents of \$950.2 million and Short-term investments of \$432.4 million as of June 30, 2023 are sufficient to fund its operations through at least the next twelve months from the issuance of these financial statements.

2. Summary of Significant Accounting Policies

The Company's significant accounting policies are discussed in "Consolidated Financial Statements—Note 2. Summary of Significant Accounting Policies" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022. There have been no significant changes to these policies during the three and six months ended June 30, 2023, except for the addition of new policies relating to business combinations, goodwill and acquisition-related intangible assets, and restructuring as described below.

Segment Information

The Company operates as a single operating segment. The Company's chief operating decision maker is its Chief Executive Officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance, allocating resources, and evaluating the Company's financial performance.

For the three and six months ended June 30, 2023 and 2022, revenue outside of the United States, based on the billing address of the customer, was not material. As of June 30, 2023 and December 31, 2022, long-lived assets located outside of the United States were not material.

Restricted Cash

Restricted cash consists of deposits with financial institutions that issue payment cards (credit, debit, or prepaid) either on their own behalf or on behalf of businesses that issue customized card products to their end users ("Issuing Banks") to provide the Issuing Bank collateral in the event that customers' funds are not deposited at the Issuing Banks in time to settle customers' transactions with the networks that provide the infrastructure for settlement and card payment information flows ("Card Networks"). Restricted cash also includes cash used to secure a letter of credit for the Company's lease of its office headquarters in Oakland, California.

Capitalized Internal-use Software Development Costs

The Company capitalizes certain costs incurred in developing internal-use software when capitalization requirements have been met. Internal and external costs incurred in the preliminary project stage of internal-use software development are expensed as incurred. Once the software development process reaches the application development stage, qualifying internal costs including compensation and benefits costs of employees who are directly associated with and devote time to the software project as well as external direct costs are capitalized. Capitalization of costs ends when the developed software is substantially complete and ready for its intended internal use, which is typically upon completion of all substantial testing. Capitalized internal-use software development costs are included in property and equipment, net, and then amortized on a straight-line basis over the estimated useful life of the software. The amortization of these costs is recorded within Depreciation and amortization expense on the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Business Combinations

The Company allocates the purchase consideration for acquired companies to tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date, with the excess recorded to goodwill. These estimates are inherently uncertain and subject to refinement. 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. 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 Condensed Consolidated Statements of Operations and Comprehensive Loss. Acquisition-related expenses and postcombination integration and employee compensation costs are recognized separately from the business combination and are expensed as incurred.

Goodwill and Acquisition-related Intangible Assets

The excess purchase price over the fair value of assets acquired is recorded as goodwill. Goodwill amounts are not amortized. Acquisition-related intangible assets with finite lives are amortized over their estimated useful lives on a straight-line basis. Goodwill and acquisition-related intangible assets are tested for impairment at least annually, and more frequently whenever events or changes in circumstances indicate its carrying value may not be recoverable.

Deferred Contract Costs

Deferred contract costs mainly consist of sales commissions and related fringe benefits that are incremental costs of obtaining contracts with customers. The Company amortizes the costs incurred on initial contracts on a straight-line basis over an estimated period of benefit determined to be approximately four years. The period of benefit is determined based on a review of customer contract terms and churn rates. The Company exercises the practical expedient to expense commissions on arrangements in which the amortization period is expected to be one year or less. Deferred contract costs that will be recognized during the succeeding 12-month period are recorded as prepaid expenses and other current assets, and the remaining portion is recorded as other assets on the Condensed Consolidated Balance Sheets. The amortization of these costs is recorded within Compensation and benefits expenses on the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Restructuring

Restructuring costs stem from employee related severance charges and include both cash and non-cash compensation. The Company generally recognizes restructuring costs upon communication of the plan to the identified employees or when payments are probable and amounts are estimable, depending on the region an employee works. Restructuring liabilities are classified in Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets.

3. Revenue**Disaggregation of Revenue**

The following table provides information about disaggregated revenue from customers:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Platform services revenue, net	\$ 226,198	\$ 181,102	\$ 436,530	\$ 342,100
Other services revenue	4,917	5,576	11,926	10,680
Total net revenue	\$ 231,115	\$ 186,678	\$ 448,456	\$ 352,780

Contract Balances

The following table provides information about contract assets and deferred revenue:

Contract balance	Balance sheet line reference	June 30, 2023	December 31, 2022
Contract assets - current	Prepaid expenses and other current assets	\$ 134	\$ 621
Contract assets - non-current	Other assets	2,107	1,323
Total contract assets		\$ 2,241	\$ 1,944
Deferred revenue - current	Accrued expenses and other current liabilities	\$ 12,971	\$ 17,048
Deferred revenue - non-current	Other liabilities	4,954	4,202
Total deferred revenue		\$ 17,925	\$ 21,250

Net revenue recognized during the three months ended June 30, 2023 and 2022 that was included in the deferred revenue balances at the beginning of the respective periods was \$3.2 million and \$3.4 million, respectively. Net revenue recognized during the six months ended June 30, 2023 and 2022 that was included in the deferred revenue balances at the beginning of the respective periods was \$7.8 million and \$8.4 million, respectively.

Remaining Performance Obligations

The Company has performance obligations associated with commitments in customer contracts for future stand-ready obligations to process transactions throughout the contractual term.

4. Short-term Investments

During the second quarter of 2023, the Company renamed the Marketable securities financial statement line item to Short-term investments in the Condensed Consolidated Balances Sheets to more accurately align with the Company's current investment portfolio.

The amortized cost, unrealized gain (loss), and estimated fair value of the Company's short-term investments consisted of the following:

	June 30, 2023			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Short-term Investments				
U.S. treasury securities	\$ 251,806	\$ —	\$ (1,201)	\$ 250,605
U.S. agency securities	68,403	3	(64)	68,342
Commercial paper	28,262	1	—	28,263
Asset-backed securities	11,705	—	(39)	11,666
Corporate debt securities	11,013	—	(28)	10,985
Certificate of deposits	62,493	—	—	62,493
Total short-term investments	\$ 433,682	\$ 4	\$ (1,332)	\$ 432,354

	December 31, 2022			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Short-term investments				
U.S. treasury securities	\$ 384,951	\$ —	\$ (6,949)	\$ 378,002
U.S. agency securities	29,012	47	—	29,059
Commercial paper	28,815	—	—	28,815
Corporate debt securities	5,049	—	(67)	4,982
Total short-term investments	\$ 447,827	\$ 47	\$ (7,016)	\$ 440,858

The Company had thirty-seven and thirteen separate short-term investments in unrealized loss positions as of June 30, 2023 and December 31, 2022, respectively. The Company does not intend to sell any short-term investments that have unrealized losses as of June 30, 2023, and it is not more likely than not that the Company will be required to sell such securities before any anticipated recovery of the entire amortized cost basis.

There were no realized gains or losses from short-term investments that were reclassified out of accumulated other comprehensive loss for the three and six months ended June 30, 2023 and 2022. For short-term investments that have unrealized losses, the Company evaluated whether (i) the Company has the intention to sell any of these investments, (ii) it is not more likely than not that the Company will be required to sell any of these available-for-sale debt securities before recovery of the entire amortized cost basis and (iii) the decline in the fair value of the investment is due to credit or non-credit related factors. Based on this evaluation, the Company determined that for its short-term investments, there were no material credit or non-credit related impairments as of June 30, 2023.

The following table summarizes the stated maturities of the Company's short-term investments:

	June 30, 2023		December 31, 2022	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due within one year	\$ 309,082	\$ 308,166	\$ 447,827	\$ 440,858
Due after one year through two years	124,600	124,188	—	—
Total	\$ 433,682	\$ 432,354	\$ 447,827	\$ 440,858

5. Fair Value Measurements

The following tables present the fair value hierarchy for assets and liabilities measured at fair value:

	June 30, 2023			Total Fair Value
	Level 1	Level 2	Level 3	
Cash equivalents				
Money market funds	\$ 447,636	\$ —	\$ —	\$ 447,636
Commercial paper	—	19,983	—	19,983
Short-term investments				
U.S. government securities	250,605	—	—	250,605
U.S. agency securities	—	68,342	—	68,342
Commercial paper	—	28,263	—	28,263
Asset-backed securities	—	11,666	—	11,666
Corporate debt securities	—	10,985	—	10,985
Certificate of deposit	\$ —	\$ 62,493	—	62,493
Total assets	\$ 698,241	\$ 201,732	\$ —	\$ 899,973
Accrued expenses and other current liabilities				
Contingent consideration liability	\$ —	\$ —	\$ 53,067	\$ 53,067
Total liabilities	\$ —	\$ —	\$ 53,067	\$ 53,067

	December 31, 2022			Total Fair Value
	Level 1	Level 2	Level 3	
Cash equivalents				
Money market funds	\$ 462,459	\$ —	\$ —	\$ 462,459
Short-term investments				
U.S. government securities	378,002	—	—	378,002
U.S. agency securities	—	29,059	—	29,059
Commercial paper	—	28,815	—	28,815
Corporate debt securities	—	4,982	—	4,982
Total assets	\$ 840,461	\$ 62,856	\$ —	\$ 903,317

The Company classifies money market funds, commercial paper, U.S. government securities, U.S. agency securities, asset-backed securities, corporate debt securities, and certificate of deposits within Level 1 or Level 2 of the fair value hierarchy because the Company values these investments using quoted market prices or alternative pricing sources and models utilizing market observable inputs.

The Company determines the fair value of contingent consideration based on a probability-weighted discounted cash flow analysis. The fair value remeasurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in the fair value hierarchy. In each period, the Company reassesses its current estimates of performance relative to the stated targets and adjusts the liability to fair value. Any such adjustments are included in Other income (expense), net in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

There were no transfers of financial instruments between the fair value hierarchy levels during the three and six months ended June 30, 2023 and the year ended December 31, 2022.

6. Certain Balance Sheet Components

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	June 30, 2023	December 31, 2022
Prepaid expenses	\$ 8,569	\$ 9,082
Inventory	5,046	5,150
Prepaid hosting and data costs	4,672	6,443
Accrued interest receivable	4,164	3,983
Prepaid insurance	392	3,729
Card program deposits	128	2,128
Contract assets, current	135	621
Other current assets	5,992	6,871
Prepaid expenses and other current assets	<u>\$ 29,098</u>	<u>\$ 38,007</u>

Property and Equipment, net

Property and equipment consisted of the following:

	June 30, 2023	December 31, 2022
Leasehold improvements	\$ 8,110	\$ 8,110
Computer equipment	8,965	9,115
Furniture and fixtures	2,519	2,542
Internally developed and purchased software	11,813	3,082
	<u>31,407</u>	<u>22,849</u>
Accumulated depreciation and amortization	(17,077)	(15,409)
Property and equipment, net	<u>\$ 14,330</u>	<u>\$ 7,440</u>

Depreciation and amortization expense was \$2.5 million and \$0.9 million for the three months ended June 30, 2023 and 2022, respectively, and \$4.5 million and \$1.9 million for the six months ended June 30, 2023 and 2022, respectively.

The Company capitalized \$4.6 million and \$8.7 million as internal-use software development costs during the three and six months ended June 30, 2023, respectively. Internal-use software development costs during the three and six months ended June 30, 2022 were not material during the respective periods.

Other Assets

Other assets consisted of the following:

	June 30, 2023	December 31, 2022
Contract assets, noncurrent	\$ 2,106	\$ 1,323
Deferred tax assets	776	1,240
Other noncurrent assets	3,326	4,559
Acquired developed technology, net	38,560	—
Other assets	<u>\$ 44,768</u>	<u>\$ 7,122</u>

The amortization period for acquired developed technology is 7 years. Amortization expense for acquired developed technology was \$1.5 million and \$2.4 million for three and six months ended June 30, 2023, respectively.

Expected future amortization expense for acquired developed technology was as follows as of June 30, 2023:

Remainder of 2023	\$	2,929
2024		5,857
2025		5,857
2026		5,857
2027		5,857
Thereafter		12,203
Total expected future amortization expense for acquired developed technology	\$	<u>38,560</u>

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	June 30, 2023	December 31, 2022
Accrued costs of revenue	\$ 66,272	\$ 57,191
Contingent consideration liability	53,067	—
Accrued compensation and benefits	18,161	41,268
Accrued restructuring	9,567	—
Deferred revenue	12,971	17,048
Accrued tax liabilities	4,573	4,978
Accrued professional services	3,885	4,784
Operating lease liabilities, current portion	3,654	3,394
Reserve for contract contingencies and processing errors	2,538	2,494
Other accrued liabilities	14,981	5,730
Accrued expenses and other current liabilities	<u>\$ 189,669</u>	<u>\$ 136,887</u>

Other Liabilities

Other liabilities consisted of the following:

	June 30, 2023	December 31, 2022
Deferred revenue, net of current portion	\$ 4,954	\$ 4,202
Other long-term liabilities	1,102	1,275
Other liabilities	<u>\$ 6,056</u>	<u>\$ 5,477</u>

7. Commitments and Contingencies

Operating Leases

The Company has a lease agreement for its corporate headquarters in Oakland, California for a total of 63,000 square feet. The non-cancellable operating lease expires in February 2026 and includes options to extend the lease term, generally at the then-market rates. The Company excludes extension options that are not reasonably certain to be exercised from its lease terms. The Company's lease payments consist primarily of fixed rental payments for the right to use the underlying leased assets over the lease terms. The Company is responsible for operating expenses that exceed the amount of base operating expenses as defined in the original lease agreement.

The Company's operating lease costs are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating lease cost	\$ 843	\$ 843	\$ 1,686	\$ 1,686
Variable lease cost	98	261	229	418
Short-term lease cost	39	219	147	331
Total lease cost	\$ 980	\$ 1,323	\$ 2,062	\$ 2,435

The Company does not have any sublease income and the Company's lease agreements do not contain any residual value guarantees or material restrictive covenants.

The weighted average remaining operating lease term and the weighted average discount rate used in the calculation of the Company's lease assets and lease liabilities were as follows:

	June 30, 2023	December 31, 2022
Weighted average remaining operating lease term (in years)	2.6	3.1
Weighted average discount rate	7.7%	7.7%

Maturities of the Company's operating lease liabilities by year are as follows as of June 30, 2023:

Remainder of 2023	\$ 2,142
2024	4,472
2025	4,599
2026	780
Total lease payments	11,993
Less imputed interest	(1,207)
Total operating lease liabilities	\$ 10,786

Letters of Credit

In connection with the lease for its corporate headquarters office space, the Company is required to provide the landlord a letter of credit in the amount of \$1.5 million. The Company has secured this letter of credit by depositing \$1.5 million with the issuing financial institution, which deposit is classified as Restricted cash in the Condensed Consolidated Balance Sheets.

Purchase Obligations

As of June 30, 2023, the Company had non-cancellable purchase commitments with certain service providers and Issuing Banks of \$213.0 million, payable over the next 5 years. These purchase obligations include \$197.7 million related to minimum commitments as part of a cloud-computing service agreement. The remaining obligations are related to various service providers and Issuing Banks processing fees over the fixed, non-cancellable respective contract terms.

Defined Contribution Plans

The Company maintains defined contribution plans for eligible employees, including a 401(k) plan that covers substantially all of its U.S. based employees and to which the Company provides a matching contribution of 50% of the first 6% of eligible compensation that an employee contributes. During the three months ended June 30, 2023 and 2022, the Company contributed a total of \$1.5 million and \$1.3 million to its defined contribution plans, respectively. During the six months ended June 30, 2023 and 2022, the Company contributed a total of \$3.7 million and \$3.4 million to its defined contribution plans, respectively.

Legal Contingencies

From time to time in the normal course of business, the Company may be subject to various legal matters such as threatened or pending claims or proceedings. As of June 30, 2023 and December 31, 2022, there were no legal contingency matters, either individually or in aggregate, that would have a material adverse effect on the Company's financial position, results of operations, or cash flows. Given the unpredictable nature of legal proceedings, the Company bases its assessment on the information available at the time. As additional information becomes available, the Company reassesses the potential liability and may revise the estimate.

Settlement of Payment Transactions

Customers deposit a certain amount of pre-funding into accounts maintained at Issuing Banks to settle their payment transactions. Such pre-funding amounts may only be used to settle customers' payment transactions and are not considered assets of the Company. As such, the funds held in customers' accounts at Issuing Banks are not reflected on the Company's Condensed Consolidated Balance Sheets. If a customer fails to deposit sufficient funds to settle a transaction, the Company is liable to the Issuing Bank to settle the transaction and would therefore incur losses if such amounts cannot be subsequently recovered from the customer.

Indemnifications

In the ordinary course of business, the Company enters into agreements of varying scope and terms pursuant to which it agrees to indemnify customers, vendors, lessors, business partners, and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, services to be provided by the Company or from intellectual property infringement claims made by third parties. With respect to Issuing Banks, the Company has received requests for indemnification from time to time and may indemnify the Issuing Bank for losses the Issuing Bank may incur for non-compliance with applicable law and regulation, if those losses resulted from the Company's failure to perform under its program agreement with the Issuing Bank.

In addition, the Company has entered into indemnification agreements with its directors and certain officers and employees that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers, or employees. No demands have been made upon the Company to provide indemnification under such agreements and there are no claims that the Company is aware of that could have a material effect on its Condensed Consolidated Financial Statements.

The Company also includes service level commitments to its customers, warranting certain levels of performance and permitting those customers to receive credits in the event the Company fails to meet the levels specified.

8. Stock Incentive Plans

The Company has granted share-based awards to employees, non-employee directors, and other service providers of the Company under the Amended and Restated 2011 Equity Incentive Plan ("2011 Plan") and the 2021 Stock Option and Incentive Plan ("2021 Plan"), collectively, the Plans. The 2011 Plan was terminated in June 2021 in connection with the Company's initial public offering ("IPO") but continues to govern the terms of outstanding awards that were granted prior to the IPO. Additionally, the Company offers an employee stock purchase plan ("ESPP"), which allows employees to purchase shares of common

stock at 85% of the fair value of the Company's Class A common stock on the first or last day of the offering period, whichever is lower. The offering periods are six months long and start in May and November of each year.

The following table presents the share-based compensation expense recognized in the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Restricted stock units	\$ 25,179	\$ 15,078	\$ 49,970	\$ 30,423
Stock options	5,309	6,160	12,793	13,818
Executive Chairman Long-Term Performance Award	13,267	13,267	26,388	26,388
Employee Stock Purchase Plan	410	643	1,013	1,524
Total	\$ 44,165	\$ 35,148	\$ 90,164	\$ 72,153

Restricted Stock Units

Restricted stock units ("RSUs"), generally vest over three or four years.

A summary of the Company's RSU activity under the Plans is as follows:

	Number of Restricted Stock Units	Weighted-average grant date fair value per share
Balance as of December 31, 2022	34,146,546	\$ 9.74
Granted	26,556,500	4.45
Vested	(6,289,563)	9.60
Canceled and forfeited	(9,271,109)	8.39
Balance as of June 30, 2023	45,142,374	\$ 6.92

As of June 30, 2023, unrecognized compensation costs related to unvested RSUs was \$283.4 million. These costs are expected to be recognized over a weighted-average period of 2.9 years.

Stock Options

Under the Plans, the exercise price of a stock option shall not be less than the fair market value per share of the Company's common stock on the date of grant (and not less than 110% of the fair market value per share of common stock for grants to stockholders owning more than 10% of the total combined voting power of all classes of stock of the Company, or a 10% stockholder). Options are exercisable over periods not to exceed ten years from the date of grant (five years for incentive stock options granted to 10% stockholders).

A summary of the Company's stock option activity under the Plans is as follows:

	Number of Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value ⁽¹⁾
Balance as of December 31, 2022	36,156,445	\$ 16.37	7.67 years	\$ 29,101
Granted	6,080,148	5.35		
Exercised	(1,631,016)	1.41		
Canceled and forfeited	(2,228,604)	10.45		
Balance as of June 30, 2023	38,376,973	\$ 15.61	7.75 years	\$ 14,943
Exercisable as of June 30, 2023 ⁽²⁾	11,157,842	\$ 11.17	7.39 years	\$ 13,162
Vested as of June 30, 2023	8,267,104	\$ 9.39	6.26 years	\$ 11,972

⁽¹⁾ Intrinsic value is calculated based on the difference between the exercise price of in-the-money-stock options and the fair value of the common stock as of the respective balance sheet dates.

⁽²⁾ The 2011 Plan allows for early exercise of stock options. Accordingly, options granted under this plan are included as exercisable stock options regardless of vesting status.

As of June 30, 2023, aggregate unrecognized compensation costs related to unvested outstanding stock options, excluding the Executive Chairman Long-Term Performance Award, was \$57.0 million. These costs are expected to be recognized over a weighted-average period of 2.5 years.

The fair value of stock options granted was estimated using the Black-Scholes option pricing model and the following weighted average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023 ⁽¹⁾	2022	2023	2022
Dividend yield	—%	0.0%	0.0%	0.0%
Expected volatility	—%	61.90%	70.78%	59.37%
Expected term (in years)	—	6.08	6.04	6.08
Risk-free interest rate	—%	2.81%	3.78%	2.18%

⁽¹⁾ The Company did not grant any stock options during the three months ended June 30, 2023.

The fair value of the Company's common stock is determined by the closing price, on the date of grant, of its Class A common stock, which is traded on the Nasdaq Global Select Market.

Executive Chairman Long-Term Performance Award

In April and May 2021, the Company's board of directors granted the Company's Executive Chairman and then-Chief Executive Officer equity incentive awards in the form of performance-based stock options covering 19,740,923 and 47,267 shares of the Company's Class B common stock with an exercise price of \$21.49 and \$23.40 per share, respectively (collectively, the "Executive Chairman Long-Term Performance Award," formerly known as the CEO Long-Term Performance Award). The Executive Chairman Long-Term Performance Award vests upon the satisfaction of a service condition and the achievement of certain stock price hurdles over a seven-year performance period following the expiration of the lock-up period associated with the Company's IPO in 2021. The stock price hurdle will be achieved if the average closing price of a share of the Company's Class A common stock during any 90 consecutive trading day period during the performance period equals or exceeds the Company stock price hurdle set forth in the table below.

The Executive Chairman Long-Term Performance Award is divided into seven equal tranches which vest upon the achievement of the following Company stock price hurdles:

Tranche	Company Stock Price Hurdle	Number of Options Eligible to Vest
1	\$67.50	2,826,884
2	\$78.98	2,826,884
3	\$92.40	2,826,884
4	\$108.11	2,826,884
5	\$126.49	2,826,884
6	\$147.99	2,826,884
7	\$173.15	2,826,884
Total		19,788,188

The grant date fair value of the Executive Chairman Long-Term Performance Award was estimated using a Monte Carlo simulation model that incorporated multiple stock price paths and probabilities that the Company stock price hurdles are met. The weighted-average grant date fair value of the seven tranches of the Executive Chairman Long-Term Performance Award was estimated to be \$10.53 per option share.

As of June 30, 2023, the aggregate unrecognized compensation cost of the Executive Chairman Long-Term Performance Award was \$90.6 million, which is expected to be recognized over the remaining derived service period of 2.6 years.

9. Stockholders' Equity Transactions

Warrants to Purchase Common Stock

In 2021 and 2020, the Company issued warrants to customers to purchase up to 1,150,000 and 750,000 shares of the Company's common stock, respectively. These warrants vest based on certain performance conditions that include issuing a specific percentage of new cards on the Company's platform over a defined measurement period and reaching certain annual transaction count thresholds over the contract term, respectively. All warrants have an exercise price of \$0.01 per share. These warrants are classified as equity instruments and are treated as consideration payable to a customer. The grant date fair values of these warrants are recorded as a reduction to net revenue over the term of the respective customer contract based on the expected pattern of processing volume generated by the customer and the probability of vesting conditions being met. The aggregate fair values of the warrants issued in 2021 and 2020 were \$26.4 million and \$5.7 million, respectively.

As of June 30, 2023, 886,470 warrants were vested. The Company recorded \$2.4 million and \$4.5 million as a reduction of revenue during the three and six months ended June 30, 2023, respectively. The Company recorded \$1.8 million and \$3.4 million as a reduction of revenue during the three and six months ended June 30, 2022, respectively. Upon vesting, the fair values of the vested warrants are recorded into the Company's Additional paid-in capital. Timing differences caused by the pattern of processing volume generated by the customer over the term of the contract and the vesting schedules of the warrants can cause differences in the amount of grant date fair value that is credited to additional paid in capital upon vesting and the amount recorded as a reduction in net revenue during any particular reporting period.

Share Repurchase Programs

On September 14, 2022, the Company's board of directors authorized a share repurchase program of up to \$100 million of the Company's Class A common stock beginning September 15, 2022 ("2022 Share Repurchase Program"). Under the 2022 Share Repurchase Program, the Company was authorized to repurchase shares through open market purchases, in privately negotiated transactions or by other means, in accordance with applicable federal securities laws, including through trading plans under Rule 10b5-1 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). The number of shares repurchased and the timing of purchases are based on general business and market conditions, and other factors, including legal requirements. The 2022 Share Repurchase Program has no set expiration date; however, repurchases under the program were complete as of March 31, 2023.

During the six months ended June 30, 2023, the Company repurchased and subsequently retired 3.2 million shares for \$21.0 million under the 2022 Share Repurchase Program, for an average price of \$6.46. The total price of the shares repurchased and related transaction costs and excise taxes are reflected as a reduction to Common stock and additional paid-in capital on the Company's Condensed Consolidated Balance Sheets.

On May 8, 2023, the Company's board of directors authorized a share repurchase program of up to \$200 million of the Company's Class A common stock ("2023 Share Repurchase Program"). Under the 2023 Share Repurchase Program, the Company is authorized to repurchase shares through open market purchases, in privately negotiated transactions or by other means, in accordance with applicable federal securities laws, including through trading plans under Rule 10b5-1 of the Exchange Act. The number of shares repurchased and the timing of purchases are based on general business and market conditions, and other factors, including legal requirements. The 2023 Share Repurchase Program has no set expiration date.

During the three and six months ended June 30, 2023, the Company repurchased and subsequently retired 10.2 million shares for \$48.5 million under the 2023 Share Repurchase Program, for an average price of \$4.75. The total price of the shares repurchased and related transaction costs and excise taxes are reflected as a reduction to Common stock and additional paid-in capital on the Company's Condensed Consolidated Balance Sheets.

As of June 30, 2023, \$151.7 million remained available for future share repurchases under the 2023 Share Repurchase Program.

10. Net Loss Per Share Attributable to Common Stockholders

The Company calculated basic and diluted net loss per share attributable to common stockholders as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator				
Net loss attributable to Class A and Class B common stockholders	\$ (58,797)	\$ (44,688)	\$ (127,598)	\$ (105,286)
Denominator				
Weighted-average shares used in computing net loss per share attributable to Class A and Class B common stockholders, basic and diluted	538,267,449	544,704,146	538,988,940	543,524,008
Net loss per share attributable to Class A and Class B common stockholders, basic and diluted	\$ (0.11)	\$ (0.08)	\$ (0.24)	\$ (0.19)

Basic net loss per share is the same as diluted net loss per share because the Company reported a net loss for the three and six months ended June 30, 2023 and 2022.

The rights, including the liquidation and dividend rights, of the holders of Class A common stock and Class B common stock are identical, except with respect to voting. As the liquidation and dividend rights are identical for Class A common stock and Class B common stock, the undistributed earnings are allocated on a proportionate basis and the resulting loss per share will, therefore, be the same for both Class A common stock and Class B common stock on an individual or combined basis.

The Company considered its proportionate share of the potentially dilutive shares issued by its former equity method investee in its dilutive net loss per share calculation for prior periods. All potentially dilutive shares of its equity method investee were excluded from the computation as they would have an anti-dilutive effect.

Potentially dilutive securities that were excluded from the computation of diluted net loss per share because including them would have had an anti-dilutive effect were as follows:

	As of June 30,	
	2023	2022
Warrants to purchase Class B common stock	1,900,000	1,900,000
Stock options outstanding, including early exercise of options	38,376,973	41,524,641
Unvested RSUs outstanding	45,142,374	20,470,957
Shares committed under the ESPP	277,286	247,589
Stock options and RSUs available for future grants	62,079,654	75,973,184
Total	<u>147,776,287</u>	<u>140,116,371</u>

11. Income Tax

The Company calculates its year-to-date provision for income taxes by applying the estimated annual effective tax rate to year-to-date pretax income or loss and adjusts the provision for discrete tax items recorded in the period. The Company recorded income tax expense of \$0.1 million and an income tax benefit \$0.2 million for three months ended June 30, 2023 and 2022, respectively. The Company recorded an income tax benefit of \$6.8 million and \$0.6 million for the six months ended June 30, 2023 and 2022, respectively. The income tax benefit for the six months ended June 30, 2023 was primarily attributed to a \$7.2 million partial valuation allowance release due to the acquisition of Power Finance Inc. (see Note 13 "Business Combination" for additional information), offset by \$0.4 million of income tax expenses resulting from profitable foreign operations. The income tax benefit for the six months ended June 30, 2022 was primarily attributable to stock-based compensation deductions for certain foreign jurisdictions.

On August 16, 2022, the Inflation Reduction Act of 2022 (Inflation Reduction Act) was enacted in the United States. The Inflation Reduction Act imposes a 1% excise tax on the fair market value of stock repurchases made by covered corporations after December 31, 2022. The total taxable value of shares repurchased is reduced by the fair market value of any newly issued shares during the taxable year. The amount of excise tax accrued for repurchases made by the Company during the three and six months ended June 30, 2023, was immaterial. The remaining corporate tax changes included in the Inflation Reduction Act are not expected to have a material impact on the Company's Condensed Consolidated Financial Statements.

12. Concentration Risks and Significant Customers

Financial instruments that potentially expose the Company to concentration of credit risk consist of cash and cash equivalents, short-term investments, accounts receivable, and unbilled customers' receivable (collectively, "customers' receivables", and "settlements receivable"). Cash on deposit with financial institutions may exceed federally insured limits. Cash and cash equivalents as of June 30, 2023 and December 31, 2022 include \$447.6 million and \$462.5 million, respectively, of investments managed by four financial institutions, which invest primarily in securities issued by the U.S. Government or U.S. Government agencies.

As of June 30, 2023, short-term investments were \$432.4 million, and there was no concentration of securities of the same issuer with an aggregate fair value greater than 5% of the total balance, except for U.S. Treasuries and U.S. agency securities, which amounted to \$318.9 million, or 74% of the short-term investments, commercial paper which amounted to \$28.3 million, or 7% of the short-term investments, and certificate of deposits which amount to \$62.5 million, or 14% of the short-term investments. As of June 30, 2023, all debt securities within the Company's portfolio are investment grade.

As of December 31, 2022, short-term investments were \$440.9 million, and there was no concentration of securities of the same issuer with an aggregate fair value greater than 5% of the total balance, except for U.S. Treasuries and U.S. agency securities, which amounted to \$407.1 million, or 92% of the short-term investments. As of December 31, 2022, all debt securities within the Company's portfolio are investment grade.

A significant portion of the Company's payment transactions are settled through one Issuing Bank, Sutton Bank. For the three months ended June 30, 2023 and 2022, 77% and 83% of Total Processing Volume, which is the total dollar amount of payments processed through the Company's platform, net of returns and chargebacks, was settled through Sutton Bank, respectively. For the six months ended June 30, 2023 and 2022, 78% and 84% of Total Processing Volume was settled through Sutton Bank, respectively.

A significant portion of the Company's revenue is derived from one customer. For the three months ended June 30, 2023 and 2022, this customer accounted for 78% and 69% of the Company's net revenue, respectively. For the six months ended June 30, 2023 and 2022, this customer accounted for 77% and 68% of the Company's net revenue, respectively. As of June 30, 2023, another customer accounted for 12% of the Company's customers' receivables.

13. Business Combination

On February 3, 2023, the Company acquired all outstanding stock of Power Finance Inc. ("Power Finance") for a base cash purchase price of \$221.9 million. The purchase price does not include a \$53.1 million contingent consideration tied to performance-based goals which were expected to be achieved within 12 months from the date of acquisition. The Company determined the acquisition-date fair value of the contingent consideration liability, based on the likelihood of payment related to the contingent earn-out clauses, as part of the consideration transferred.

The following table summarizes the components of the preliminary purchase consideration transferred (in thousands):

Cash	\$	221,933
Less: postcombination cash and non-cash expense		117,972
Plus: cash acquired on acquisition date		7,059
Total purchase consideration, excluding contingent consideration		111,020
Contingent consideration		53,067
Purchase consideration	\$	164,087

Of the \$118.0 million postcombination compensation excluded from the purchase consideration above, approximately \$32.4 million was recognized as a non-cash postcombination compensation at closing as a result of the vesting provisions of employee replacement awards on the acquisition date. The remaining \$85.6 million is subject to continuous employment and will be recognized as postcombination cash compensation over the required service period of two years.

Power Finance's cloud-based platform offers credit card program management services for companies creating new credit card programs. The acquisition of Power Finance is expected to accelerate the capabilities offered in the Company's credit product and allow the Company's customers to launch a wide range of credit products and constructs.

The assets acquired and liabilities assumed were recorded at fair value as of the acquisition date. The preliminary \$164.0 million purchase consideration was attributed to \$41.0 million of developed technology intangible assets (to be amortized over an estimated useful life of 7.0 years), \$7.4 million of deferred tax liabilities, and \$7.0 million of net assets acquired, with the \$123.4 million excess of purchase consideration over the fair value of assets acquired and liabilities assumed recorded as goodwill. The fair value of the acquired developed technology intangible assets was estimated using the multi-period excess earnings method ("MPEEM"), a form of the income approach. The principle behind this method is that the value of the intangible asset is equal to the present value of the after-tax cash flows attributable to the intangible asset. The Company applied judgment which involved the use of certain assumptions with respect of the revenue and EBITDA forecasts, obsolescence rate, research and development for future technology, and discount rate. The goodwill recognized was primarily attributable to the expected synergies from integrating Power Finance's technology into the Company's platform. Goodwill is not expected to be deductible for tax purposes. The fair values of assets acquired and liabilities assumed may change over the measurement period as additional information is received. The measurement period will end no later than one year from the acquisition date.

The financial results of Power Finance are included in the Company's Condensed Consolidated Financial Statements from the date of acquisition. Separate operating results and pro forma results of operations for Power Finance have not been presented as the effect of this acquisition was not material to the Company's financial results. Acquisition-related third-party transaction costs were \$0.4 million and \$1.9 million for the three and six months ended June 30, 2023, respectively, and are included in Professional services in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

In July 2023, the Company paid out \$52.7 million as the performance-based goals tied to the contingent consideration were achieved during the period ended June 30, 2023.

14. Restructuring

During the second quarter of 2023, the Company approved a restructuring plan (the "Restructuring Plan") intended to reduce operating expenses and improve profitability by reducing the Company's workforce. The net restructuring charges incurred in connection with the Restructuring Plan is approximately \$8.4 million, which is expected to be substantially complete by the end of the third quarter of 2023.

The Company recorded \$8.4 million in restructuring charges during the three and six months ended June 30, 2023, which consisted of \$14.2 million primarily related to one-time severance and benefit payments, as well as a net reduction of stock-based compensation of \$2.9 million related to the vesting of certain equity awards and the forfeiture of certain equity awards which are accounted for as occurred. Additionally, the Company reduced previously accrued bonuses for impacted employees of \$2.9 million due to the terms of the Restructuring Plan. These costs were included in Compensation and benefits in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

The following table summarizes the Company's restructuring liability that is included in Accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheet:

Balance as of December 31, 2022	\$	—
Restructuring charges		14,167
Cash payments		<u>(4,600)</u>
Balance as of June 30, 2023	\$	<u>9,567</u>

15. Subsequent Event

On August 4, 2023, the Company and Block, Inc. (formerly Square, Inc., or "Block") executed a contract amendment ("the Amendment"), effective as of July 1, 2023, to their Master Services Agreement (together the "Amended Agreement"). Pursuant to the terms of the Amended Agreement, the Cash App program term will expire on June 30, 2027 and shall automatically renew thereafter for successive one-year periods, unless terminated earlier by either party. In addition to reduced pricing for the Cash App program, the Amended Agreement provides that the Company will continue to provide various services to Block, though Block will be responsible for defining and managing the primary Card Network relationship for the Cash App program going forward, including being responsible for managing the financial relationship between the Cash App Program and the primary Card Network, choosing the card brand, determining the product type, and meeting program parameters. The Amendment also includes a continuation of services for the Cash App program for a period of time in the event of a change of control of the Company.

As a result of the Amendment, the Company will no longer serve as principal in providing services to Block for the Cash App program as it relates to that program's primary Card Network volume. Beginning on July 1, 2023, fees owed to Issuing Banks and Card Networks related to the Cash App primary Card Network volume will be netted against amounts earned from the Cash App program within Net Revenue such that Net Revenue in the Condensed Consolidated Statements of Operations and Comprehensive Loss will reflect the net amount of consideration that the Company retains on Cash App primary Card Network volume. In prior periods, these fees were included within Costs of Revenue in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Item 2. 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 together with our Condensed Consolidated Financial Statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. As discussed in the section titled "Note About Forward Looking Statements", our actual results may differ materially from those discussed in these forward-looking statements as a result of various factors, including those set forth under the section titled "Risk Factors" under Part II, Item 1A.

Overview

Marqeta's modern card issuing platform empowers our customers to create customized and innovative payment cards, giving them the ability to build more configurable and flexible payment experiences. We serve customers in multiple industry verticals including on-demand services, lending (including buy now, pay later ("BNPL") financing), expense management, disbursements, online marketplaces, and digital banking. Before the rise of modern card issuing, issuing cards was slow, complex, and subject to mistakes. Marqeta helps solve these problems. Our platform, powered by open Application Programming Interfaces ("APIs"), enables businesses to develop modern, frictionless payment card experiences for consumer and commercial use cases.

Our modern architecture allows for flexibility, a high degree of configurability, and accelerated product development, democratizing access to card issuing technology. It also enables us to rapidly expand our platform's functionality, creating added value for our customers. Depending on a customer's desired level of control and responsibility, Marqeta can work with companies in a range of different configurations:

- **Managed By Marqeta:** With Managed By Marqeta ("MxM"), Marqeta provides an Issuing Bank partner to act as the Bank Identification Number sponsor (the "BIN sponsor"), for the customer's card program, manages the customer's card program on behalf of the Issuing Bank, and provides a full-range of services including configuring many of the critical resources required by a customer's production environment. In addition to providing customer access to the Marqeta dashboard via our APIs and payment processing, Marqeta also manages a number of the primary tasks related to launching a card program, such as defining and managing the program, operating the program and managing certain profitability components, and managing compliance with applicable regulations, Issuing Bank and Card Network rules. Also available to our MxM customers are a variety of managed services, including dispute management, fraud scoring, card fulfillment, and cardholder support services.
- **Powered By Marqeta:** With Powered By Marqeta ("PxM") Marqeta also provides customers access to the Marqeta dashboard via our APIs, provides payment processing, and assists with certain configuration elements that enable the customer to use the platform independently. Unlike under our Managed By Marqeta card programs, our PxM customers are responsible for other elements of the card program, including defining and managing the program with the Card Networks and Issuing Bank as well as managing compliance with applicable regulations, Issuing Bank and Card Network rules.

Impact of Macroeconomic Factors

We are unable to predict the impact macroeconomic factors, including the military action against Ukraine launched by Russia, ongoing supply chain shortages, higher inflation and interest rates, and uncertainty in global economic conditions, such as the recent bank failures and closures, will have on our processing volumes, and on our future results of operations. A deterioration in macroeconomic conditions could increase the risk of lower consumer spending, consumer and merchant bankruptcy, insolvency, business failure, higher credit losses, foreign currency fluctuations, or other business interruption, which may adversely impact our business. We continue to monitor these situations and may take actions that alter our operations and business practices as may be required by federal, state, or local authorities or that we determine are in the best interests of our customers, vendors, and employees.

See the section titled "Risk Factors" under Part II, Item 1A of this Quarterly Report on Form 10-Q for further discussion of the possible impact of these macroeconomic factors on our business.

Recent Developments

Block Contract Renewal

On August 4, 2023, we executed a contract amendment (“the Amendment”) to the Master Services Agreement with Block, effective as of July 1, 2023. In addition to reduced pricing for the Cash App program, the Amendment provides that Block will be responsible for defining and managing the Cash App program with respect to the primary card network going forward. The reduction in pricing paired with the expected change to our revenue presentation occurring as a result of the Amendment, will reduce reported net revenue. In addition, on an overall basis, we expect the revised relationship will decrease gross profit and increase our gross margin percentage. For more information on the Amendment, see Note 15 “Subsequent Events” to our condensed consolidated financial statements.

Key Operating Metric and Non-GAAP Financial Measures

We review a number of operating and financial metrics, including the key operating metric set forth below, to help us evaluate our business and growth trends, establish budgets, evaluate the effectiveness of our investments, and assess operational efficiencies. In addition to the results determined in accordance with GAAP, the following table sets forth a key operating metric and non-GAAP financial measures that we consider useful in evaluating our operating performance.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Total Processing Volume (TPV) (in millions)	\$ 53,615	\$ 40,457	\$ 103,635	\$ 77,083
Net revenue (in thousands)	\$ 231,115	\$ 186,678	\$ 448,456	\$ 352,780
Gross profit (in thousands)	\$ 84,609	\$ 78,049	\$ 173,771	\$ 152,775
Gross margin	37 %	42 %	39 %	43 %
Net loss (in thousands)	\$ (58,797)	\$ (44,688)	\$ (127,598)	\$ (105,286)
Net loss margin	(25)%	(24)%	(28)%	(30)%
Total operating expenses (in thousands)	\$ 154,030	\$ 124,766	\$ 330,624	\$ 248,764

Non-GAAP Measures:

Adjusted EBITDA (in thousands)	\$ 824	\$ (10,225)	\$ (3,521)	\$ (20,678)
Adjusted EBITDA margin	0.4 %	(5)%	(1)%	(6)%
Non-GAAP operating expenses (in thousands)	\$ 83,785	\$ 88,274	\$ 177,292	\$ 173,453

Total Processing Volume (TPV) - TPV represents the total dollar amount of payments processed through our platform, net of returns and chargebacks. We believe that TPV is a key operating metric and a principal indicator of the market adoption of our platform, growth of our brand, growth of our customers' businesses and scale of our business.

Adjusted EBITDA - Adjusted EBITDA is a non-GAAP financial measure that is calculated as net income (loss) adjusted to exclude depreciation and amortization; share-based compensation expense; payroll tax related to share-based compensation; restructuring charges; acquisition-related expenses which consist of due diligence costs, transaction costs and integration costs related to potential or successful acquisitions and non-cash postcombination compensation expenses; income tax expense (benefit); and other income (expense) net, which consists of interest income from our short-term investments, realized foreign currency gains and losses, our share of equity method investments' profit or loss, impairment of equity method investments or other financial instruments, and gain from sale of equity method investments. We believe that Adjusted EBITDA is an important measure of operating performance because it allows management and our board of directors to evaluate and compare our core operating results, including our operating efficiencies, from period to period. Additionally, we utilize Adjusted EBITDA as an input into our calculation of our annual employee bonus plans. See the section below titled "Use of Non-GAAP Financial Measures" for a discussion of the use of non-GAAP measures and a reconciliation of net loss to Adjusted EBITDA.

Adjusted EBITDA Margin - Adjusted EBITDA Margin is a non-GAAP financial measure that is calculated as Adjusted EBITDA divided by net revenue. This measure is used by management and our board of directors to evaluate our operating efficiency. See the section below titled "Use of Non-GAAP Financial Measures" for a discussion of the use of non-GAAP measures and a reconciliation of net loss to Adjusted EBITDA Margin.

Non-GAAP operating expenses - Non-GAAP operating expenses is a non-GAAP financial measure that is calculated as total operating expenses adjusted to exclude depreciation and amortization; share-based compensation expense; payroll tax related to share-based compensation; restructuring charges; and acquisition-related expenses which consists of due diligence costs, transaction costs and integration costs related to potential or successful acquisitions, and non-cash postcombination compensation expenses. We believe that non-GAAP operating expenses is an important measure of operating performance because it allows management and our board of directors to evaluate and compare our core operating results, including our operating efficiencies, from period to period. See the section below titled "Use of

Non-GAAP Financial Measures" for a discussion of the use of non-GAAP measures and a reconciliation of total operation expenses to non-GAAP operating expenses.

Components of Results of Operations

Net Revenue

We have two components of net revenue: platform services revenue, net and other services revenue.

Platform services revenue, net. Platform services revenue includes Interchange Fees, net of Revenue Share and other service-level payments to customers. Platform services revenue also includes processing and other fees. Interchange Fees are earned on card transactions we process for our MxM customers and are based on a percentage of the transaction amount plus a fixed amount per transaction. Interchange Fees are recognized when the associated transactions are settled.

Revenue Share payments are incentives to our MxM customers to increase processing volumes on our platform. Revenue Share is generally computed as a percentage of the Interchange Fees earned or processing volume and is paid to our MxM customers monthly. Revenue Share payments are recorded as a reduction to revenue. As MxM customers' processing volumes increase, the rates at which we share revenue generally increase.

Processing and other fees are priced as either a percentage of processing volume or on a fee per transaction basis and are earned when payment cards are used at automated teller machines or to make cross-border purchases, and under our PxM agreements. Minimum processing fees, where customers' processing volumes fall below certain thresholds, are also included in processing and other fees.

Platform services revenue is recognized as Marqeta satisfies our performance obligations which typically aligns with the period when volumes and transactions are processed.

Other services revenue. Other services revenue primarily consists of revenue earned for card fulfillment services. Card fulfillment fees are generally billed to customers upon ordering card inventory and recognized as revenue when the cards are shipped to the customers.

Costs of Revenue

Costs of revenue consist of Card Network fees, Issuing Bank fees, and card fulfillment costs. Card Network fees are equal to a specified percentage of processing volume or a fixed amount per transaction routed through the respective Card Network. Issuing Bank fees compensate our Issuing Banks for issuing cards to our customers and sponsoring our card programs with the Card Networks and are typically equal to a specified percentage of processing volume or a fixed amount per transaction. Card fulfillment costs include physical cards, packaging, and other fulfillment costs.

We have separate marketing and incentive arrangements with Card Networks that provide us with monetary incentives for establishing customer card programs with, and routing volume through, the respective Card Network. The amount of the incentives is generally determined based on a percentage of the processing volume or the number of transactions routed over the Card Network. We record these incentives as a reduction of Card Network fees included in costs of revenue. Generally, as processing volumes increase, we earn a higher rate of monetary incentives from these arrangements, subject to attaining certain volume thresholds during an annual measurement period. For certain incentive arrangements with an annual measurement period, the one-year period may not align with our fiscal year. Additionally, unusual fluctuations in Card Network fees can occur in the quarter in which volume thresholds are attained as higher incentive rates are applied to volumes over the entire measurement periods, which can span six or twelve months.

Operating Expenses

Compensation and Benefits. Compensation and benefits consist primarily of salaries, employee benefits, severance and other termination benefits, incentive compensation, contractors' cost, and share-based compensation.

Technology. Technology consists primarily of third-party hosting fees, software licenses, and hardware purchases below our capitalization threshold, and support and maintenance costs.

Professional Services. Professional services consist primarily of consulting, legal, audit, and recruiting fees.

Occupancy. Occupancy consists primarily of rent expense, repairs, maintenance, and other building related costs.

Depreciation and Amortization. Depreciation and amortization consist primarily of depreciation of our fixed assets and amortization of acquired developed technology intangible assets.

Marketing and Advertising. Marketing and advertising consist primarily of costs of general marketing and promotional activities.

Other Operating Expenses. Other operating expenses consist primarily of insurance costs, indemnification costs, employee travel-related expenses, employee training costs, indirect state and local taxes, and other general office expenses.

Other Income (Expense), net

Other income (expense), net consists primarily of interest income from our short-term investments, gain from sale of equity method investments, impairment of equity method investments or other financial instruments, equity method investment share of loss, and realized foreign currency gains and losses.

Income Tax Expense

Income tax expense consists of U.S. federal and state income taxes, and U.K., Australia, and Canada income taxes. We maintain a full valuation allowance against our U.S. federal and state net deferred tax assets as we have concluded that it is not more likely than not that we will realize our net deferred tax assets.

Results of Operations

The following table sets forth our results of operations for the periods presented:

<i>(dollars in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net revenue	\$ 231,115	\$ 186,678	\$ 448,456	\$ 352,780
Costs of revenue	146,506	108,629	274,685	200,005
Gross profit	84,609	78,049	173,771	152,775
Operating expenses:				
Compensation and benefits	126,788	97,868	274,547	198,216
Technology	13,154	13,154	27,744	24,538
Professional services	4,873	5,794	10,310	10,564
Occupancy	1,057	1,148	2,211	2,263
Depreciation and amortization	2,494	921	4,474	1,900
Marketing and advertising	561	886	1,002	1,445
Other operating expenses	5,103	4,995	10,336	9,838
Total operating expenses	154,030	124,766	330,624	248,764
Loss from operations	(69,421)	(46,717)	(156,853)	(95,989)
Other income (expense), net	10,762	1,802	22,434	(9,875)
Loss before income tax expense	(58,659)	(44,915)	(134,419)	(105,864)
Income tax expense (benefit)	138	(227)	(6,821)	(578)
Net loss	\$ (58,797)	\$ (44,688)	\$ (127,598)	\$ (105,286)

Comparison of the Three Months Ended June 30, 2023 and 2022

Net Revenue

<i>(dollars in thousands)</i>	Three Months Ended June 30,		\$ Change	% Change
	2023	2022		
Net revenue:				
Total platform services, net	\$ 226,198	\$ 181,102	\$ 45,096	25 %
Other services	4,917	5,576	(659)	(12)%
Total net revenue	\$ 231,115	\$ 186,678	\$ 44,437	24 %
Total Processing Volume (TPV) (in millions)	\$ 53,615	\$ 40,457	\$ 13,158	33 %

Total net revenue increased by \$44.4 million, or 24%, for the three months ended June 30, 2023 compared to the same period in 2022, of which an increase of \$51.5 million was attributable to our largest customer, Block. The increase in net revenue was primarily driven by a 33% increase in TPV partially offset by unfavorable changes in the mix of our card programs, particularly the growth of our PxM offering, as well as one customer migrating a portion of one of their programs to a competitor starting in Q3 2022.

The increase in TPV was mainly driven by growth across all our major verticals, particularly financial services, and PxM customers. The growth in TPV for our top five customers, as determined by their individual TPV in each respective period, was 34% in the three months ended June 30, 2023 compared to the same period in 2022, while TPV from all other customers, as a group, grew by 25% in the three months ended June 30, 2023 compared to the same period in 2022. Note that the top five customers may differ between the two periods.

Costs of Revenue and Gross Margin

<i>(dollars in thousands)</i>	Three Months Ended June 30,		\$ Change	% Change
	2023	2022		
Costs of revenue:				
Card Network fees, net	\$ 135,004	\$ 96,412	\$ 38,592	40 %
Issuing Bank fees	7,772	7,722	50	1 %
Other	3,730	4,495	(765)	(17)%
Total costs of revenue	\$ 146,506	\$ 108,629	\$ 37,877	35 %
Gross profit	\$ 84,609	\$ 78,049	\$ 6,560	8 %
Gross margin	37 %	42 %		

Costs of revenue increased by \$37.9 million, or 35%, for the three months ended June 30, 2023 compared to the same period in 2022. The increase was primarily due to increased Card Network fees as a result of the 33% increase in TPV, a 42% increase in the number of corresponding transactions and unfavorable changes in our card program mix. Card Network fees are presented net of monetary incentives from Card Networks for processing volume through the respective Card Networks during the period.

Issuing Bank fees remained relatively flat for the three months ended June 30, 2023 compared to the same period in 2022, as a result of the increase in TPV being offset by lower net fees paid to certain Issuing Banks. Issuing Bank fees are typically determined based on volume tiers; as our processing volumes grow, these fees as a percentage of processing volume decline.

As a result of the increases in net revenue and costs of revenue discussed above, our gross profit increased by \$6.6 million, or 8%, in the three months ended June 30, 2023 compared to the same period in 2022, and our gross margin decreased by 5 percentage points in the three months ended June 30, 2023 compared to the same period in 2022.

Operating Expenses

(dollars in thousands)	Three Months Ended June 30,		\$ Change	% Change
	2023	2022		
Operating expenses:				
Salaries, bonus, benefits and payroll taxes	82,623	62,720	\$ 19,903	32 %
Share-based compensation	44,165	35,148	\$ 9,017	26 %
Total compensation and benefits	126,788	97,868	\$ 28,920	30 %
Percentage of net revenue	55 %	52 %		
Technology	13,154	13,154	—	— %
Percentage of net revenue	6 %	7 %		
Professional services	4,873	5,794	(921)	(16)%
Percentage of net revenue	2 %	3 %		
Occupancy	1,057	1,148	(91)	(8)%
Percentage of net revenue	— %	1 %		
Depreciation and amortization	2,494	921	1,573	171 %
Percentage of net revenue	1 %	— %		
Marketing and advertising	561	886	\$ (325)	(37)%
Percentage of net revenue	— %	— %		
Other operating expenses	5,103	4,995	108	2 %
Percentage of net revenue	2 %	3 %		
Total operating expenses	\$ 154,030	\$ 124,766	\$ 29,264	
Percentage of net revenue	67%	67%		

Salaries, bonus, benefits, and payroll taxes increased by \$19.9 million primarily due to a \$22.9 million, or 47%, increase in employee salaries, partially offset by a \$0.7 million, or 24%, decrease in contractor expense. The increase in employee salaries was driven by the increase in average headcount, \$9.8 million in post combination compensation costs to former employees of Power Finance and \$11.3 million in costs related to the restructuring.

Share-based compensation increased by \$9.0 million in the three months ended June 30, 2023 compared to the same period in 2022 mainly due to the increase in the number of RSUs awards granted to employees as further detailed in the table below:

(dollars in thousands)	Three Months Ended June 30,		\$ Change	% Change
	2023	2022		
Share-based compensation				
Restricted stock units	\$ 25,179	\$ 15,078	\$ 10,101	67 %
Stock options	5,309	6,160	(851)	(14)%
Executive Chairman Long-Term Performance Award	13,267	13,267	—	— %
Employee Stock Purchase Plan	410	643	(233)	(36)%
Total share-based compensation	\$ 44,165	\$ 35,148	\$ 9,017	26 %

Technology expenses remained relatively flat for the three months ended June 30, 2023 compared to the same period in 2022 as efficiency initiatives offset the growth in transactions, TPV and technology and product focused headcount.

Professional services expenses decreased by \$0.9 million, or 16%, for the three months ended June 30, 2023 compared to the same period in 2022. The decrease was primarily due to a decrease in consulting fees and recruiting fees.

Occupancy expense remained relatively flat for the three months ended June 30, 2023 compared to the same period in 2022.

Depreciation and amortization expense increased by \$1.6 million, or 171%, for the three months ended June 30, 2023 compared to the same period in 2022. The increase was primarily due to the amortization of acquired developed technology stemming from the Power Finance acquisition for the three months ended June 30, 2023.

Marketing and advertising expenses decreased by \$0.3 million, or 37%, for the three months ended June 30, 2023 compared to the same period in 2022 due to decreased conference and trade show costs incurred in the current year.

Other operating expenses remained relatively flat for the three months ended June 30, 2023 compared to the same period in 2022.

Other Income (Expense), net

<i>(dollars in thousands)</i>	Three Months Ended June 30,		\$ Change	% Change
	2023	2022		
Other income (expense), net	\$ 10,762	\$ 1,802	\$ 8,960	497 %
Percentage of net revenue	5 %	1 %		

Other income (expense), net increased by \$9.0 million, or 497%, for the three months ended June 30, 2023 compared to the same period in 2022. The increase was primarily due to an increase in interest income earned on our short-term investments portfolio and cash deposits in the second quarter of 2023.

Customer Concentration

We generated 78% and 69% of our net revenue from our largest customer, Block, during the three months ended June 30, 2023 and 2022, respectively.

Comparison of the Six Months Ended June 30, 2023 and 2022

Net Revenue

<i>(dollars in thousands)</i>	Six Months Ended June 30,		\$ Change	% Change
	2023	2022		
Net revenue:				
Total platform services, net	\$ 436,530	\$ 342,100	94,430	28 %
Other services	11,926	10,680	1,246	12 %
Total net revenue	\$ 448,456	\$ 352,780	\$ 95,676	27 %
Total Processing Volume (TPV) (in millions)	\$ 103,635	\$ 77,083	\$ 26,552	34 %

Total net revenue increased by \$95.7 million, or 27%, for the six months ended June 30, 2023 compared to the same period in 2022, of which \$105.9 million was generated by Block. The increase in net revenue was primarily driven by the 34% increase in TPV, partially offset by unfavorable changes in the mix of our card programs, particularly the growth of our Powered By Marqeta offering, as well as one customer migrating a portion of one of their programs to a competitor starting in Q3 2022.

Other services revenue increased \$1.2 million, or 12%, in the six months ended June 30, 2023 compared to the same period in 2022 due primarily to the increase in card fulfillment revenue.

The increase in TPV was mainly driven by growth across all our major verticals, particularly financial services and PxM customers. The growth in TPV for our top five customers, as determined by their individual TPV in each respective period, was 37% in the six months ended June 30, 2023 compared to the same period in 2022, while TPV from all other customers, as a group, grew by 21% in the six months ended June 30, 2023 compared to the same period in 2022. Note that the top five customers may differ between the two periods.

Costs of Revenue and Gross Margin

<i>(dollars in thousands)</i>	Six Months Ended June 30,		\$ Change	% Change
	2023	2022		
Costs of revenue:				
Card Network fees, net	251,637	175,993	\$ 75,644	43 %
Issuing Bank fees	15,052	15,023	29	— %
Other	7,996	8,989	(993)	(11)%
Total costs of revenue	\$ 274,685	\$ 200,005	\$ 74,680	37 %
Gross profit	\$ 173,771	\$ 152,775	\$ 20,996	14 %
Gross margin	39 %	43 %		

Costs of revenue increased by \$74.7 million, or 37%, for the six months ended June 30, 2023 compared to the same period in 2022. The increase was primarily due to increased Card Network fees as a result of the 34% increase in TPV, a 43% increase in the number of corresponding transactions and unfavorable changes in our card program mix. Network fees are presented net of monetary incentives from Card Networks for processing volume through the respective Card Networks during the period.

Issuing Bank fees remained relatively flat for the six months ended June 30, 2023 compared to the same period in 2022. Issuing Bank fees are typically determined based on volume tiers; as our processing volumes grow, these fees as a percentage of processing volume decline.

As a result of the increases in net revenue and costs of revenue discussed above, our gross profit increased by \$21.0 million, or 14%, for the six months ended June 30, 2023 compared to the same period in 2022. Our gross margin remained relatively flat during the six months ended June 30, 2023 compared to the same period in 2022.

Operating Expenses

<i>(dollars in thousands)</i>	Six Months Ended June 30,		\$ Change	% Change
	2023	2022		
Operating expenses:				
Salaries, bonus, benefits and payroll taxes	184,383	126,063	\$ 58,320	46 %
Share-based compensation	90,164	72,153	\$ 18,011	25 %
Total compensation and benefits	274,547	198,216	\$ 76,331	39 %
<i>Percentage of net revenue</i>	61 %	56 %		
Technology	27,744	24,538	3,206	13 %
<i>Percentage of net revenue</i>	6 %	7 %		
Professional services	10,310	10,564	(254)	(2)%
<i>Percentage of net revenue</i>	2 %	3 %		
Occupancy	2,211	2,263	(52)	(2)%
<i>Percentage of net revenue</i>	— %	1 %		
Depreciation and amortization	4,474	1,900	2,574	135 %
<i>Percentage of net revenue</i>	1 %	1 %		
Marketing and advertising	1,002	1,445	\$ (443)	(31)%
<i>Percentage of net revenue</i>	— %	— %		
Other operating expenses	10,336	9,838	498	5 %
<i>Percentage of net revenue</i>	2 %	3 %		
Total operating expenses	\$ 330,624	\$ 248,764	\$ 81,860	
<i>Percentage of net revenue</i>	74%	71%		

Salaries, bonus, benefits, and payroll taxes increased by \$58.3 million primarily due to a \$62.3 million, or 63%, increase in salaries, partially offset by a \$2.1 million decrease in bonus expense and a \$1.8 million decrease in contractor costs. The increase in employee salaries was primarily due to increased average headcount period over period and an overall increase in compensation rates, \$42.6 million in post combination compensation costs to former employees of Power Finance, and \$11.3 million in costs related to the restructuring.

Share-based compensation increased by \$18.0 million in the six months ended June 30, 2023 compared to the same period in 2022 mainly due to the increase in the number of RSUs awards granted to employees as further detailed in the table below:

<i>(dollars in thousands)</i>	Six Months Ended June 30,		\$ Change	% Change
	2023	2022		
Share-based compensation				
Restricted stock units	\$ 49,970	\$ 30,423	\$ 19,547	64 %
Stock options	12,793	13,818	(1,025)	(7)%
Executive Chairman Long-Term Performance Award	26,388	26,388	—	— %
Employee Stock Purchase Plan	1,013	1,524	(511)	(34)%
Total share-based compensation	\$ 90,164	\$ 72,153	\$ 18,011	25 %

Technology expenses increased by \$3.2 million, or 13%, for the six months ended June 30, 2023 compared to the same period in 2022. The increase was due to a \$0.9 million increase in third-party hosting costs to support our continued growth, and a \$2.3 million increase in software licensing costs as we implement internal systems and tools.

Professional services expenses remained relatively flat for the six months ended June 30, 2023 compared to the same period in 2022.

Occupancy expense remained relatively flat for the six months ended June 30, 2023 compared to the same period in 2022.

Depreciation and amortization increase by \$2,574, or 135%, for the six months ended June 30, 2023 compared to the same period in 2022. The increase was primarily due to the amortization of acquired developed technology stemming from the Power Finance acquisition for the six months ended June 30, 2023.

Marketing and advertising expenses decreased by \$0.4 million, or 31%, for the six months ended June 30, 2023 compared to the same period in 2022 due to decreased conference and trade show costs incurred in the current year.

Other operating expenses remained relatively flat for the six months ended June 30, 2023 compared to the same period in 2022.

Other Income (Expense), net

<i>(dollars in thousands)</i>	Six Months Ended June 30,		\$ Change	% Change
	2023	2022		
Other income (expense), net	\$ 22,434	\$ (9,875)	\$ 32,309	(327)%
Percentage of net revenue	5 %	(3)%		

Other income (expense), net increased by \$32.3 million, or 327%, for the six months ended June 30, 2023 compared to the same period in 2022. The increase was mostly due to a \$19.9 million increase in interest income earned on our short-term investments portfolio and cash deposits in the six months ended June 30, 2023 and the impairment of an option to purchase the remaining equity interests in an equity method investee that was incurred during the six months ended June 30, 2022.

Customer Concentration

We generated 77% and 68% of our net revenue from our largest customer, Block, during the six months ended June 30, 2023 and 2022, respectively.

Use of Non-GAAP Financial Measures

Our non-GAAP measures have limitations as analytical tools and you should not consider them in isolation. These non-GAAP measures should not be viewed as a substitute for, or superior to, measures prepared in accordance with GAAP. In evaluating these non-GAAP measures, you should be aware that in the future we will incur expenses similar to the adjustments in the presentation of our non-GAAP measures set forth under "Key Operating Metric and Non-GAAP Financial Measures". There are a number of limitations related to the use of these non-GAAP measures versus their most directly comparable GAAP measures, including the following:

- other companies, including companies in our industry, may calculate adjusted EBITDA and non-GAAP operating expenses differently than how we calculate this measure or not at all; this reduces its usefulness as a comparative measure;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditures; and
- adjusted EBITDA does not reflect the effect of income taxes that may represent a reduction in cash available to us.

We encourage investors to review the related GAAP financial measures and the reconciliation of the non-GAAP financial measures to their most directly comparable GAAP financial measures.

A reconciliation of net loss to adjusted EBITDA and GAAP operating expenses to non-GAAP operating expenses for the periods presented is as follows:

<i>(dollars in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net revenue	\$ 231,115	\$ 186,678	\$ 448,456	\$ 352,780
Net loss	\$ (58,797)	\$ (44,688)	\$ (127,598)	\$ (105,286)
Net loss margin	(25)%	(24)%	(28)%	(30)%
Total operating expenses	\$ 154,030	\$ 124,766	\$ 330,624	\$ 248,764
Net loss	\$ (58,797)	\$ (44,688)	\$ (127,598)	\$ (105,286)
Depreciation and amortization expense	2,494	921	4,474	1,900
Share-based compensation expense	47,056	35,148	93,055	72,153
Payroll tax expense related to share-based compensation	638	423	1,278	1,258
Acquisition-related expenses ⁽¹⁾	11,684	—	46,152	—
Restructuring	8,373	—	8,373	—
Other expense (income), net	(10,762)	(1,802)	(22,434)	9,875
Income tax expense (benefit)	138	(227)	(6,821)	(578)
Adjusted EBITDA	\$ 824	\$ (10,225)	\$ (3,521)	\$ (20,678)
Adjusted EBITDA Margin	0.4 %	(5)%	(1)%	(6)%
Total operating expenses	\$ 154,030	\$ 124,766	\$ 330,624	\$ 248,764
Depreciation and amortization expense	(2,494)	(921)	(4,474)	(1,900)
Share-based compensation expense	(47,056)	(35,148)	(93,055)	(72,153)
Payroll tax expense related to share-based compensation	(638)	(423)	(1,278)	(1,258)
Restructuring	(8,373)	—	(8,373)	—
Acquisition-related expenses ⁽¹⁾	(11,684)	—	(46,152)	—
Non-GAAP operating expenses	\$ 83,785	\$ 88,274	\$ 177,292	\$ 173,453

(1) Acquisition-related expenses, which include transaction costs, integration costs and non-cash postcombination compensation expense, have been excluded from adjusted EBITDA as such expenses are not reflective of our ongoing core operations and are not representative of the ongoing costs necessary to operate our business; instead, these are costs specifically associated with a discrete transaction.

Liquidity and Capital Resources

As of June 30, 2023, our principal sources of liquidity included cash, cash equivalents, and short-term investments totaling \$1.4 billion, with such amounts held for working capital purposes. Our cash equivalents and short-term investments were comprised primarily of bank deposits, money market funds, U.S. government securities, commercial paper, asset-backed securities, certificates of deposit, and corporate debt securities. We have generated significant operating losses as reflected in our accumulated deficit. We expect to continue to incur operating losses for the foreseeable future.

On September 14, 2022, our board of directors authorized a share repurchase program (the "2022 Share Repurchase Program") of up to \$100 million of our Class A common stock beginning September 15, 2022. Under the 2022 Repurchase Program, we were authorized to repurchase shares through open market purchases, in privately negotiated transactions or by other means, in accordance with applicable federal securities laws, including through trading plans under Rule 10b5-1 of the Exchange Act. The 2022 Share Repurchase Program had no set expiration date; however, the 2022 Share Repurchase Program was exhausted during the first quarter of 2023.

On May 8, 2023, our board of directors authorized a share repurchase program (the “2023 Share Repurchase Program”) of up to \$200 million of our Class A common stock. Under the 2023 Repurchase Program, we are authorized to repurchase shares through open market purchases, in privately negotiated transactions or by other means, in accordance with applicable federal securities laws, including through trading plans under Rule 10b5-1 of the Exchange Act. The 2023 Share Repurchase Program has no set expiration date. As of June 30, 2023, \$151.7 million remained available for future share repurchases under this repurchase program.

On February 3, 2023, we acquired all outstanding stock of Power Finance Inc. (“Power Finance”). Upon the closure of the acquisition, we paid \$131.9 million to the shareholders of Power Finance Inc, net of cash acquired. As part of the terms of the acquisition, we shall pay additional cash of \$53.1 million for contingent consideration tied to performance-based goals expected to be achieved within 12 months from the date of acquisition. As of June 30, 2023, the contingent consideration liability is still outstanding however the performance-based goals were achieved and payment was made in July 2023. We also entered into postcombination cash compensation arrangements with certain key acquired employees whereby we shall pay them \$85.6 million of cash over a two year service period following the acquisition date (subject to forfeiture upon termination).

During the second quarter of 2023, we announced a restructuring plan intended to reduce operating expenses and improve profitability by reducing the Company’s workforce. In connection with the restructuring plan, we will pay \$14.2 million to impacted employees primarily related to one-time severance and benefit payments.

We believe our existing cash and cash equivalents, and our short-term investments will be sufficient to meet our working capital and capital expenditure needs for more than the next 12 months. As of the date of filing this Quarterly Report on Form 10-Q, we have access to and control over all our cash, cash equivalents and short-term investments, except amounts held as restricted cash, notwithstanding the adverse developments affecting various financial institutions in the first quarter of 2023. Our future capital requirements will depend on many factors, including our planned continuing investment in product development, platform infrastructure, share repurchases, and global expansion. We will use our cash for a variety of needs, including for ongoing investments in our business, potential strategic acquisitions, capital expenditures and investment in our infrastructure, including our non-cancellable purchase commitments with cloud-computing service providers and certain Issuing Banks.

As of June 30, 2023, we had \$9.4 million in restricted cash which included a deposit held at an Issuing Bank to provide the Issuing Bank collateral in the event that our customers’ funds are not deposited at the Issuing Bank in time to settle our customers’ transactions with the Card Networks. Restricted cash also includes cash held at a bank to secure our payments under a lease agreement for our office space.

Cash Flows

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

	Six Months Ended June 30,	
	2023	2022
	(in thousands)	
Net cash used in operating activities	\$ (36,520)	\$ (23,943)
Net cash used in investing activities	(122,525)	(967)
Net cash used in financing activities	(73,069)	(2,398)
Net decrease in cash, cash equivalents, and restricted cash	<u>\$ (232,114)</u>	<u>\$ (27,308)</u>

Operating Activities

Our largest source of cash provided by our operating activities is our net revenue. Our primary uses of cash in our operating activities are for Card Network and Issuing Bank fees, and employee-related compensation. The timing of settlement of certain operating liabilities, including Revenue Share payments, bonus payments and prepayments made to cloud-computing service providers, can affect the amounts reported as Net cash provided by and used in operating activities on the Condensed Consolidated Statement of Cash Flows.

Net cash used in operating activities was \$36.5 million in the six months ended June 30, 2023 compared to a net cash used in the same period in 2022 of \$23.9 million. The decrease in net cash used in operating activities is due mainly to the timing of payments for costs of our services and operating expenses, partially offset by the increase in net revenue.

Investing Activities

Net cash provided by investing activities consists primarily of maturities of our investments in short-term investments. Net cash used in investing activities consists primarily of purchases of short-term investments, purchases of property and equipment and cash consideration for business combinations.

Net cash used in investing activities in the six months ended June 30, 2023 was \$122.5 million compared to a net cash used in the same period in 2022 of \$1.0 million. The increase in net cash used in investing activities is primarily due to the Power Finance acquisition, the increase in purchases of short-term investments, partially offset by the increase in maturities of short-term investments.

Financing Activities

Net cash provided by financing activities consists primarily of proceeds from the issuance of our equity securities. Net cash used in financing activities consists primarily of net payments related to share-based compensation activities and the share repurchase programs.

Net cash used in financing activities in the six months ended June 30, 2023 was \$73.1 million compared to net cash used in the same period in 2022 of \$2.4 million. The increase in net cash used in financing activities is primarily due to payments to repurchase shares under the share repurchase programs.

Obligations and Other Commitments

There were no material changes in our obligations and other commitments from those disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

As of June 30, 2023, we had non-cancellable purchase commitments with certain Issuing Banks and service providers of \$213.0 million, payable over the next 5 years. These purchase obligations include \$197.7 million related to minimum commitments as part of a cloud-computing service agreement. The remaining obligations are related to various service providers and Issuing Banks processing fees over the fixed, non-cancellable respective contract terms.

For additional information about our contractual obligations and other commitments, see Note 7 “Commitments and Contingencies” to our condensed consolidated financial statements.

Critical Accounting Policies and Estimates

Our Condensed Consolidated Financial Statements are prepared in accordance with GAAP. The preparation of these Condensed Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, and expenses, and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies discussed in “Consolidated Financial Statements—Note 2. Summary of Significant Accounting Policies” in our Annual Report on Form 10-K, and in Part I, Item 1 of this Quarterly Report on Form 10-Q, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our Condensed Consolidated Financial Condition and Results of Operations.

Revenue Recognition

We generate revenue from providing platform services to our customers, which includes revenues derived from Interchange Fees generated by customer card transactions and other transaction fees collected from customers or from providing other services, which includes card fulfillment revenue, to our customers.

Our contracts with customers typically include two performance obligations: (i) providing access to our payment processing platform and (ii) providing card fulfillment services. Certain customer contracts require us to allocate the transaction price of the contract based on the relative stand-alone selling price of the performance obligations which are estimated using an analysis of our historical contract pricing and costs incurred to fulfill services.

We satisfy our performance obligation to provide platform services over time as customers have continuous access to our platform, and we stand ready to process customer transactions throughout their term of access. We allocate variable consideration to the distinct month in which our platform services are delivered. When pricing terms are not consistent throughout the entire term of the contract, we estimate variable consideration in customers' contracts primarily using the expected value method. We develop estimates of variable consideration on the basis of both historical information and current trends and do not expect or anticipate significant reversal of revenue in the future periods.

As the issuer processor and program manager for our customers, we are the principal in providing services under our contracts with customers. To deliver the services required by our customers, we contract with Card Networks for transaction routing, reporting, and settlement services and with Issuing Banks for card issuing, Card Network sponsorship, and regulatory compliance approval services. We control these integrated services before delivery to our customers, we are primarily responsible for the delivery of the services to customers, and we have discretion in vendor selection. As such, we record fees paid to the Issuing Banks and Card Networks as costs of revenue. In arrangements where we act solely as the issuer processor, we do not integrate the services of Issuing Banks or Card Networks.

For certain revenue contracts, we estimate variable consideration and material rights to record each period. This requires that we estimate the expected processing volume over the term of the contract, including any additional extension of the term associated with a material right. These estimates are predominantly derived by analysis of historical trends and are updated on a quarterly basis. Changes made to these assumptions during the three and six months ended June 30, 2023 did not have a material impact to the net revenue recorded during the three and six months ended June 30, 2023.

Business Combinations

When we acquire a business, the purchase price is allocated to the acquired assets, including separately identifiable intangible assets, and assumed liabilities at their respective estimated fair values. Any residual purchase price is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets. These estimates can include, but are not limited to:

- future expected cash flows from acquired developed technologies;
- obsolescence curves and other useful life assumptions, such as the period of time and intended use of acquired intangible assets in our product offerings;
- discount rates;
- uncertain tax positions and tax-related valuation allowances; and
- fair value of assumed equity awards.

These estimates are inherently uncertain and unpredictable, and unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results. During the measurement period, which may be up to one year from the acquisition date, adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill. 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 the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We have operations within the United States, the United Kingdom, Australia, Brazil, Canada, and Singapore, and we are exposed to market risks in the ordinary course of our business, including the effects of interest rate changes and foreign currency fluctuations. Information relating to quantitative and qualitative disclosures about these market risks is described below.

Interest Rate Risk

We had cash, cash equivalents, and short-term investments totaling \$1.4 billion as of June 30, 2023. Such amounts included cash deposits, money market funds, U.S. government securities, U.S. agency securities, commercial paper, certificate of deposits, and corporate debt securities. The fair value of our cash, cash equivalents, and short-term investments would not be significantly affected by either an increase or decrease in interest rates due to the short-term maturities of the majority of these instruments. Because we classify our short-term investments as “available-for-sale”, no gains or losses are recognized in the Condensed Consolidated Statement of Operations and Comprehensive Loss due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are due to credit losses. We have the ability to hold all short-term investments until their maturities. A hypothetical 100 basis point increase or decrease in interest rates would not have a material effect on our financial results or financial condition.

Foreign Currency Exchange Risk

Most of our sales and operating expenses are denominated in U.S. dollars, and therefore our results of operations are not currently subject to significant foreign currency risk. As of June 30, 2023, a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have had a material impact on our Condensed Consolidated Financial Statements.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q. Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of June 30, 2023 due to the material weakness in our internal control over financial reporting described below. In light of this fact, our management performed additional analyses, reconciliations, and other post-closing procedures related to the accounting for our acquisition of Power Finance, and concluded that, notwithstanding the material weakness in our internal control over financial reporting, the Condensed Consolidated Financial Statements for the periods covered by and included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations, and cash flows for the periods presented in conformity with GAAP.

Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. For the period ending March 31, 2023, management identified a material weakness related to the accounting for our acquisition of Power Finance, including a lack of sufficient precision in the performance of reviews supporting the purchase price allocation accounting, and a lack of timely oversight over third-party specialists and the reports they produced to support the accounting for the Power Finance acquisition. The material weakness resulted in an error related to the allocation of merger consideration between purchase consideration and post-combination expense that was not detected on a timely basis. The error was corrected by management in the Condensed Consolidated Financial Statements as of and for the three months ended March 31, 2023. This error did not result in any material misstatements in our previously issued financial statements, nor in the financial statements included in this Quarterly Report on Form 10-Q.

Our management is committed to maintaining a strong internal control environment. To remediate the material weakness, we have designed additional business combination controls and continue to enhance their design with the level of precision required to operate them in an effective manner, and to satisfy and support the accounting and financial reporting for the Power Finance acquisition. We plan to enhance our management review control activities, including the review of inputs, assumptions and reports produced by third-party specialists supporting the purchase price allocation accounting and the application of technical accounting principles related to the acquisition of Power Finance.

Although we intend to complete the remediation process as promptly as possible, we will not be able to fully remediate this material weakness until these steps have been completed and the controls are operating effectively.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the second quarter of fiscal year 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. During the second quarter of fiscal year 2023, we began the remediation of the business combination control efforts discussed above.

Limitations on Effectiveness of Controls and Procedures

The effectiveness of any internal control over financial reporting is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, no matter how well designed and operated, can only provide reasonable, not absolute assurance that its objectives will be met. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II - Other Information

Item 1. Legal Proceedings

We are not currently a party to any material pending legal proceedings. From time to time, we may be subject to legal proceedings and claims arising in the ordinary course of business.

Item 1A. Risk Factors

Risk Factors

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q and our Condensed Consolidated Financial Statements and the related notes and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," before making a decision to invest in our Class A common stock. Our business, results of operations, financial condition and prospects could also be harmed by risks and uncertainties not currently known to us or that we do not currently believe to be material. If any of the risks actually occur, our business, results of operations, financial condition, and prospects could be adversely affected. In that event, the trading price of our Class A common stock could decline, and you could lose part or all of your investment.

Risk Factors Summary

Our business is subject to numerous risks and uncertainties that you should consider before investing in our company. The following is a summary of some of these risks and uncertainties. This summary should be read together with the more detailed description of each risk factor below.

- We have experienced rapid net revenue growth in recent periods and our recent net revenue growth rates may not be indicative of our future net revenue growth.
- If we fail to manage our growth effectively, we may be unable to execute our business plan or maintain high levels of customer service and satisfaction, and our business, results of operations, and financial condition could be adversely affected.
- Future net revenue growth depends on our ability to retain existing customers, drive increased TPV on our platform, and attract new customers in a cost-effective manner.
- We participate in markets that are competitive and continuously evolving, and if we do not compete successfully with established companies and new market entrants, our business, results of operations, financial condition, and future prospects could be materially and adversely affected.
- We currently generate significant net revenue from a small number of customers, including our largest customer, Block, and the loss of any of these significant relationships or decline in net revenue from these customers, including as a result of renewals on less favorable terms, could adversely affect our business, results of operations, financial condition, and future prospects.
- Our recent growth, ongoing changes in our industry, and our transaction mix make it difficult to forecast our net revenue and evaluate our business and future prospects.
- We have a history of net losses, we anticipate increasing operating expenses in the future, and we may not be able to achieve or sustain profitability.
- We may experience significant annual or quarterly fluctuations in our results of operations due to a number of factors that make our future results difficult to predict and could cause our results of operations to fall below analyst or investor expectations.
- Our business relies on our relationships with Issuing Banks and Card Networks, and if we are unable to maintain these relationships, our business may be adversely affected. Further, any changes to the rules or practices set by Card Networks, including changes in Card Network fees or Interchange Fees, or our handling of such fees, could adversely affect our business.
- Litigation, regulatory or legal actions, and compliance issues could subject us to fines, penalties, judgments, and remediation costs, resulting in increased expenses and reputational harm.

- The trading price of our Class A common stock has been and is likely to continue to be volatile, which could cause the value of your investment to decline.
- If we fail to maintain an effective system of disclosure controls and procedures or internal control over financial reporting, or remediate our existing material weakness, our ability to report timely and accurate financial results or comply with applicable regulations could be impaired, and our business, operating results, and the market price of our Class A common stock may be adversely affected.
- We may not realize the anticipated long-term stockholder value of our share repurchase program.
- The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who hold shares of our Class B common stock, including our directors, executive officers, and their affiliates. As a result of the dual class structure of our common stock, the trading price of our Class A common stock may be depressed.

Risks Relating to Our Business and Industry

We have experienced rapid net revenue growth in recent periods and our recent net revenue growth rates may not be indicative of our future net revenue growth.

Our total net revenue was \$748.2 million, \$517.2 million and \$290.3 million for the years ended December 31, 2022, 2021, and 2020, respectively, an increase of 45% and 78% from the prior years, respectively. Our total net revenue was \$231.1 million and \$186.7 million in the three months ended June 30, 2023 and 2022, respectively, an increase of 24%, and \$448.5 million and \$352.8 million in the six months ended June 30, 2023 and 2022, respectively, increase of 27%. Our TPV was \$166.3 billion, \$111.1 billion, and \$60.1 billion for the years ended December 31, 2022, 2021, and 2020, respectively, an increase of 50% and 85% from the prior years, respectively. Our TPV was \$53.6 billion and \$40.5 billion for the three months ended June 30, 2023 and 2022, respectively, an increase of 33%, and \$103.6 billion and \$77.1 billion for the six months ended June 30, 2023 and 2022, respectively, an increase of 34%. In future periods, we may not be able to sustain our net revenue and TPV growth rates, or the growth rate of related key operating metrics. We believe our net revenue growth depends on several factors, including, but not limited to, our ability to:

- acquire new customers and retain existing customers on favorable terms;
- achieve widespread acceptance and use of our platform and the products and services we offer, including in markets outside of the United States;
- increase the use of our platform and our offerings, TPV, and the number of transactions on our platform;
- effectively scale our operations, including successfully integrating acquired businesses and technology;
- expand our product and service offerings;
- diversify our customer base;
- maintain and grow our network of vendors and partners, including Issuing Banks and Card Networks;
- hire and retain talented employees at all levels of our business;
- maintain the security and reliability of our platform;
- adapt to changes in laws and regulations applicable to our business;
- adapt to changing macroeconomic conditions and evolving conditions in the payments industry; and
- successfully compete against established companies and new market entrants.

Net revenue, TPV, or key operating metrics for any prior quarterly or annual period should not be relied on as an indication of our future performance. If our net revenue and TPV growth rates decline, we may not achieve profitability as expected, and our business, financial condition, results of operations, and the price of our Class A common stock would be adversely affected.

If we fail to manage our growth effectively, we may be unable to execute our business plan or maintain high levels of customer service and satisfaction, and our business, results of operations, and financial condition could be adversely affected.

We have experienced, and expect to continue to experience, rapid growth, which has placed, and may continue to place, significant demands on our management and our operational and financial resources. We have offices in the United States, United Kingdom (“U.K.”), and legal entities in Australia, Brazil, Canada, and Singapore, and we plan to continue to expand our international footprint and operations into other countries in the future. We have also historically experienced significant growth in the number of customers using our platform, the number of card programs and solutions we manage for our customers, and TPV on our platform.

To manage operations and personnel growth, we will need to continue to grow and improve our operational, financial, and management controls, and our reporting systems and procedures. We will require significant capital expenditures and the allocation of valuable management resources to expand our systems and infrastructure before our net revenue increases without any assurances that our net revenue will increase.

We also believe that our corporate culture has been and will continue to be a valuable component of our success. We have moved to a flexible-first approach to work, meaning our employees are able to choose whether they work at home or, depending on where they live, in one of our office locations. As we expand our business and mature as a public company, we may find it difficult to maintain our corporate culture while managing this growth as our employees and other service providers increasingly work from geographic areas across the globe. Failure to manage our anticipated growth and organizational changes in a manner that preserves the key aspects of our culture could reduce our ability to recruit and retain personnel, innovate, operate effectively, and execute on our business strategy, potentially adversely affecting our business, results of operations, and financial condition.

Further, as more of our employees are located in new jurisdictions, we will be required to invest resources and to monitor continually changing local regulations and requirements, and we may experience a resulting increase in our expenses, decrease in employee productivity, and changes in our corporate culture.

We have in the past, and may in the future, experience high attrition and turnover rates across the Company. The loss of these employees may lead to a decrease in institutional knowledge which may adversely affect our ability to expand our business.

In addition, as we expand our business, it is important that we continue to maintain a high level of customer service and satisfaction. As our customer base continues to grow, we will need to expand our account management and customer service teams and continue to scale our platform. If we are not able to continue to provide high levels of customer service, our reputation, as well as our business, results of operations, and financial condition, could be adversely affected.

Future net revenue growth depends on our ability to retain existing customers, drive increased TPV on our platform, and attract new customers in a cost-effective manner.

If we are unable to attract new customers, retain existing customers on favorable terms, and grow and develop our relationships with new and existing customers, our business, results of operations, financial condition, and future prospects would be materially and adversely affected, as could the market price of our Class A common stock. Our net revenue growth substantially depends on our ability to maintain and grow our relationships with existing customers and increase the volume of transactions processed on our platform.

To grow our business and extend our market position, we intend to focus on educating potential customers about the benefits of our platform, expanding the capabilities of our platform and our product offerings, and bringing new products and services to market to increase market acceptance and use of our platform. If our prospective customers do not recognize, or our existing customers do not continue to recognize, the need for and benefits of our platform and our products, they may decide to adopt alternative products and services to satisfy their business needs. Some of our customer contracts provide for a termination clause that allows our customers to terminate their contract at any time following a limited notice period.

In addition, our customers generally are not subject to any minimum volume commitments under their

contracts and have no obligation to continue using our platform, products, or services. Accordingly, these customers may have, or may enter into in the future, similar agreements with our competitors, which could adversely affect our ability to drive the level of processing volume and revenue growth that we seek to achieve. Customers may terminate or reduce their use of our platform for any number of reasons, including their level of satisfaction with our products and services, the effectiveness of our support services, our pricing and the pricing and quality of competing products or services, or the effects of global economic conditions.

The loss of customers or reductions in their processing volumes, particularly any loss of or reductions by Block, may adversely affect our business, results of operations, and financial condition. Our growth may decline in the future if customers are not satisfied with our platform or our ability to meet our customers' needs and expectations. The complexity and costs associated with switching processing volume to our competitors may not ultimately prevent a customer from switching to another provider. To achieve continued growth, we must not only maintain our relationships with our existing customers, but also encourage them to increase adoption and usage of our products. For example, customers can have multiple card programs on our platform across different use cases and geographies. If customers do not renew their contracts or broaden their use of our services, or do not renew on favorable terms, our growth may slow or stop and our business, results of operations, and financial condition may be materially and adversely affected. We cannot assure you that customers will continue to use our platform or that we will be able to continue processing transactions on our platform at the same rate as we have in the past.

In addition to capitalizing on the potential net revenue embedded within our existing customer base, we must continue to attract new customers to promote growth. Our growth depends on developing new use cases and industry verticals across new geographies. We may face additional challenges that are unique to the markets we target and we may not be able to acquire new customers in a cost-effective manner. To reach new customers, we may need to spend significantly more on sales and marketing to generate awareness of our platform and educate potential customers on the value of our platform. We may also need to adapt our existing technology and offerings or develop new or innovative capabilities to meet the particular needs of customers in these new use cases or new markets, and there can be no assurance that we will be successful in these efforts. We may not have adequate financial or technological resources to develop effective and secure products and services that will satisfy the demands of customers in these new markets. When a new customer launches with us, if we are slow to onboard them onto our platform or are slow to expand their use cases, our net revenue from the customer may be limited. If we fail to attract new customers, including customers in new use cases, industry verticals, and geographies, and to expand our platform in a way that serves the needs of these new customers, and to onboard them quickly, then we may not be able to continue to grow our net revenue.

We participate in markets that are competitive and continuously evolving, and if we do not compete successfully with established companies and new market entrants, our business, results of operations, financial condition, and future prospects could be materially and adversely affected.

We operate in a highly competitive and dynamic industry. We were founded in 2010, and we provide a single, global, cloud-based, open-API platform for modern card issuing and payment processing. We face competition along several dimensions, including providers with legacy technology platforms, such as Fidelity National Information Services (FIS), Fiserv, and Global Payments (TSYS); legacy API-based providers, such as Galileo, i2c, and Visa DPS; and emerging providers, such as Adyen and Stripe. We believe the principal competitive factors in our market include industry expertise, platform and product features and functionality, ability to build new technology and keep pace with innovation, scalability, extensibility, product pricing, security and reliability, brand recognition and reputation, agility, and speed to market. We expect competition to increase in the future as established and emerging companies continue to enter the markets we serve or attempt to address the problems that our platform addresses. Moreover, as we expand the scope of our platform, we may face additional competition.

Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages such as greater brand name recognition, longer operating histories, larger sales and marketing budgets and resources, more established relationships with vendors or customers, greater customer support resources, greater resources to make acquisitions and investments, lower labor and development costs, larger and more mature intellectual property portfolios, and substantially greater financial, technical, and other resources. Such competitors with greater financial and operating resources may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, customer requirements, or regulatory developments.

We currently generate significant net revenue from a small number of customers, including our largest customer, Block, and the loss of any of these significant relationships or decline in net revenue from these customers, including as a result of renewals on less favorable terms, could adversely affect our business, results of operations, financial condition, and future prospects.

A small number of customers account for a large percentage of our net revenue. For the years ended December 31, 2022, 2021 and 2020, Block accounted for 71%, 69% and 70% of our net revenue, respectively, and for the three months ended June 30, 2023 and 2022, Block accounted for 78% and 69% of our net revenue, respectively.

Although we expect the net revenue from our largest customer will decrease over time as a percentage of our total net revenue as we generate more net revenue from other customers, we expect that net revenue from a relatively small group of customers will continue to account for a significant portion of our net revenue in the near term. Additionally, consolidation within our customers' industries has accelerated in recent years, which has in turn increased the concentration of our customers, and these trends may continue. Furthermore, in the event that any of our largest customers stop using our platform or use our platform in a reduced capacity, our business, results of operations, and financial condition would be adversely affected. In addition, any publicity associated with the loss of any of these customers may adversely affect our reputation and could make it more difficult to attract and retain other customers.

Our customer contracts generally do not contain long-term commitments from our customers, and our customers may be able to terminate their agreements with us prior to expiration of the contract term. We renewed our agreement with Block for the Cash App program in August 2023, and the current term expires in June 2027. In addition to reduced pricing, the renewal provides that Block will be responsible for defining and managing the Cash App program with respect to the primary Card Network going forward. We expect the renewal to reduce reported net revenue and decrease gross profit. The current term of our agreement with Block for Square Card expires in December 2024, and each agreement automatically renews thereafter for successive one-year periods.

Furthermore, while certain of our customer contracts have minimum volume commitments, others do not. There can be no assurance that we will be able to continue our relationships with our customers on the same or more favorable terms in future periods or that our relationships will continue beyond the terms of our existing contracts with them. In addition, the processing volume from our customers has in the past fluctuated from period to period and may fluctuate or decline in future periods. Our net revenue and results of operations could suffer if, among other things, Block or any of our other largest customers do not continue to use our products, use fewer of our products, reduce their processing volume with us, or renegotiate, terminate or fail to renew, or to renew on different terms, their agreements with us.

Our recent growth, ongoing changes in our industry, and our transaction mix make it difficult to forecast our net revenue and evaluate our business and future prospects.

We launched our platform publicly in 2014, and much of our growth has occurred in recent periods. This recent growth makes it difficult to effectively assess or forecast our future prospects, particularly in an evolving industry. Our modern card issuing platform represents a substantial departure from the traditional card issuing methods and the payment processing solutions offered by traditional providers. While our business has grown rapidly, the market for our platform, products, and services may not develop as we expect or in a manner that is favorable to our business. As a result of ongoing changes in our evolving industry, our ability to forecast our future results of operations and plan for and model future growth is limited and subject to a number of uncertainties.

In particular, forecasting our future results of operations can be challenging because our net revenue depends in part on our customers' end users, and our transaction mix adds further complexity. Our transaction mix refers to the proportion of signature debit versus PIN debit transactions and consumer versus commercial transactions that make up our TPV. In general, transactions that require a signature of the cardholder generate higher percentage-based Interchange Fees, while transactions that require a PIN generate lower percentage-based Interchange Fees. Accordingly, we may be unable to prepare accurate internal financial forecasts, and our results of operations in future reporting periods may differ materially from our estimates and forecasts or the expectations of investors or analysts, causing our business to suffer and our Class A common stock trading price to decline.

We have a history of net losses, we anticipate increasing operating expenses in the future, and we may not be able to achieve or sustain profitability.

We have incurred significant net losses since our inception, including net losses of \$184.8 million, \$163.9 million and \$47.7 million for the twelve months ended December 31, 2022, 2021 and 2020, respectively, and \$58.8 million and \$44.7 million for the three months ended June 30, 2023 and 2022, respectively, and \$127.6 million and \$105.3 million for the six months ended June 30, 2023, respectively. We expect to continue to incur net losses for the foreseeable future and we may not achieve profitability. We anticipate our operating expenses to continue to increase in the foreseeable future as we hire additional personnel, adjust compensation packages to hire new or retain existing employees, expand our operations and infrastructure, continue to enhance our platform and develop and expand its capabilities, expand our products and services, and expand and improve our APIs. These initiatives may be more costly than we expect and may not result in increased net revenue. Further as we expand our offerings to additional markets, our offerings in these markets may be less profitable than the markets in which we currently operate.

In addition, as a public company, we have incurred, and we will continue to incur, additional significant legal, insurance, accounting, and other expenses that we did not incur as a private company.

From time to time, we may make decisions that may reduce our short-term operating results if we believe those decisions will improve the experiences of our customers, end users, and other users of our products and services, which we believe will improve our operating results over the long term. These decisions may not be consistent with investors' expectations and may not produce the long-term benefits that we expect, and this may materially and adversely affect our business.

We may experience significant annual or quarterly fluctuations in our results of operations due to a number of factors that make our future results difficult to predict and could cause our results of operations to fall below analyst or investor expectations.

Our annual or quarterly results of operations for a given period may not fully reflect the underlying performance of our business and may fluctuate as a result of a number of factors, many of which are outside of our control and may be difficult to predict, including, but not limited to the risk factors included in this section as well as:

- demand for our platform, products, and services by our customers;
- our success in engaging and retaining existing customers and attracting new customers;
- changes in transaction mix or volume processed on the different Card Networks used and the resultant mix of interchange and transaction fees earned;
- our success in increasing our customers' processing volumes;
- demand for our customers' products by their customers;
- the timing and success of new capabilities by us or by our competitors or any other change in the competitive landscape of our market;
- changes to the terms of and performance under our customer contracts, including concessions, or payments to customers resulting from our failure to meet certain service level commitments, which are generally based on our platform uptime, API response time, and/or transaction success rate;
- reductions in pricing as a result of renegotiations with our larger customers;

- the amount and timing of operating expenses and capital expenditures, as well as entry into operating leases, that we may incur to maintain and expand our business and operations and remain competitive;
- the timing and extent of amendments or new contracts related to our volume incentive arrangements with Card Networks, which could result in incentive payments that are recorded in a current period and based on volume processed in a prior period;
- changes in customers' processing volumes resulting from seasonal fluctuations;
- security breaches, and technical difficulties involving our platform or interruptions or disruptions of our platform;
- adverse litigation judgments, other dispute-related settlement payments, or other litigation-related costs;
- regulatory fines;
- changes in, and continuing uncertainty in relation to, the legislative or regulatory environment;
- the timing and extent of changes in interchange rates set by Card Networks;
- legal and regulatory compliance costs in new and existing markets;
- the amount of compensation for and timing of hiring new employees, and the impact of the increased labor market competition in the United States;
- the rate of expansion and productivity of our sales force;
- the timing and extent of increases of grants or vesting of equity awards to employees, directors, or consultants and the recognition of associated share-based compensation expenses and related payroll tax;
- fluctuations in foreign currency exchange rates;
- fluctuations in interest rates;
- increased inflation;
- costs and timing of expenses related to the acquisition of businesses, talent, technologies, or intellectual property, including potentially significant amortization costs and possible write-downs;
- the impact of tax charges as a result of non-compliance with, or changes to, federal, state, local, or other tax regulations;
- changes to GAAP in the United States;
- health pandemics, such as the COVID-19 pandemic, influenza, and other highly communicable diseases or viruses;
- adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions, including the recent bank closures and failures; and
- general economic conditions in either domestic or international markets, including conditions resulting from geopolitical uncertainty and instability or war, including the significant military action against Ukraine launched by Russia.

Any one or more of the factors above may result in significant fluctuations in our results of operations. You should not rely on our past results as an indicator of our future performance. If our results of operations or other operating metrics fall short of the expectations of our investors and financial analysts, the trading price of our Class A common stock could be adversely affected.

Systems failures and interruptions in the availability of our platform may adversely affect our business, results of operations, and financial condition.

Our continued growth depends on the efficient operation of our platform without interruption or degradation of performance. Our business involves processing large numbers of transactions, enabling the movement of large sums of money on an aggregate basis, and the management of large amounts of data. System outages or data loss could have a material adverse effect on our business, results of operations, and financial condition. We may experience service interruptions, data loss, outages, and other performance problems due to a variety of factors, including infrastructure changes or failures, introductions of new functionality, human or software errors, capacity constraints, denial-of-service attacks, phishing attacks, ransomware attacks, or other security-related incidents, including as retaliation against financial institutions for sanctions imposed against Russia as a result of the significant military action against Ukraine launched by Russia. In some instances, we may not be able to identify the cause or causes of these performance problems immediately or in short order, and we may face difficulties remediating and otherwise responding to any such issues, including resuming operations in a timely manner for our customers and preventing data loss.

Further, our customer contracts typically provide for service level commitments. If we suffer extended periods of downtime of our platform or are otherwise unable to meet these commitments, we are contractually obligated to provide service credits, which may be based on a percentage of the processing volume on the day of an incident or the revenue we earned from our customer on the day of an incident, or based on our overall monthly transaction success rate and the incentive payments or fees from that month. We have experienced incidents requiring us to pay service level credits and other customer service concessions in the past. In addition, the performance and availability of the cloud-based solutions that provide cloud infrastructures for our platform is outside of our control and, therefore, we are not in full control of whether we meet our service level commitments. As a result, we have experienced, and expect to continue to periodically experience, unpredictable outages of the services provided by these cloud infrastructure providers. Our business, results of operations, and financial condition has in the past been affected and could in the future be adversely affected if we suffer unscheduled downtime that exceeds the service level commitments we have made to our customers. Any extended service outages could adversely affect our business and reputation and erode customer trust.

Any of the above circumstances or events may harm our reputation, cause customers to terminate their agreements with us, impair our ability to renew contracts with customers and grow our customer base, subject us to financial penalties and liabilities, and otherwise adversely affect our business, results of operations, and financial condition.

We may not be able to maintain the level of service uptime and performance needed by our customers, especially as TPV increases. If we are unable to maintain sufficient processing capacity, customers could face longer processing times or even downtime. Furthermore, any efforts to further scale our platform or increase its complexity to handle a larger number or more complicated transactions could result in performance issues, including downtime. If our platform is unavailable or if customers are unable to access our platform within a reasonable amount of time, or at all, our business would be adversely affected. Our customers rely on the full-time availability of our platform to process payment transactions, and an outage on our platform could impair the ability of our customers to operate their business and generate revenue. Therefore, any system failure, outage, performance problem, or interruption in the availability of our platform would negatively impact our brand, reputation, and customer satisfaction, and could subject us to financial penalties and liabilities.

Our business relies on our relationships with Issuing Banks and Card Networks, and if we are unable to maintain these relationships, our business may be adversely affected. Further, any changes to the rules or practices set by Card Networks, including changes in Card Network fees or Interchange Fees, could adversely affect our business.

We rely on our relationships with financial institutions, including Issuing Banks and Card Networks, that provide certain services that are an important part of our product offering. We have in the past and may in the future have disagreements with these financial institutions. If we are unable to maintain the quality of these relationships or fail to comply with our contractual requirements with these financial institutions, our business would be adversely affected. We partner with Issuing Banks, who issue payment cards to our customers and settle payment transactions on such cards.

A significant portion of our payment transactions are settled through one Issuing Bank, Sutton Bank. For the three months ended June 30, 2023 and 2022, 77% and 83%, respectively, of TPV was settled through Sutton Bank. For the six months ended June 30, 2023 and 2022, 78% and 84%, respectively, of TPV was settled through Sutton Bank. If Sutton Bank terminates our agreement with them or is unable or unwilling to settle our transactions for any reason, we may be required to switch some or all of our processing volume to one or more other Issuing Banks, including to any of the four other U.S. Issuing Banks that we currently contract with. Switching a significant portion or all of our processing volume to another Issuing Bank, including contracting with additional Issuing Banks, would take time and could result in additional costs, including increased operating expenses, and termination fees under our agreement with Sutton Bank if unilaterally terminated by us without Sutton Bank's consent. We could also lose customers if we do not have another Issuing Bank who is willing to support such customers. Diversifying our contractual relationships and operations with Issuing Banks may increase the complexity of our operations and may also lead to increased costs.

We also have agreements directly with Card Networks that, among other things, provide us certain monetary incentives based on the processing volume of our customers' transactions routed through the respective Card Network. For certain incentive arrangements with an annual measurement period, the one-year period may not align with our fiscal year. We currently include Card Network fees in the pricing arrangements with the majority of our MxM customers. If our customers were to manage the relationship with the Card Networks, our reported revenue may decrease. For example, we renewed our agreement with Block for their Cash App program in August 2023 which provides that Block will be responsible for defining and managing the Cash App program with respect to the primary Card Network going forward. We expect the renewal to reduce reported net revenue and decrease gross profit.

Unusual fluctuations in Card Network fees can occur in the quarter in which volume thresholds are achieved as higher incentive rates are applied to volumes over the entire measurement periods, which can span 6 or 12 months, which can affect our financial results for a given quarter or fiscal year. If we were to lose our certification with a Card Network, we could lose customers if they needed to switch to a different Card Network, for which we did not have a certification. The Issuing Banks and Card Networks we work with may fail to process transactions, breach their agreements with us, or refuse to renew or renegotiate our agreements with them on terms that are favorable, commercially reasonable, or at all. They might also take actions that could degrade the functionality of our services, impose additional costs or requirements on us, or give preferential treatment to competitive services, including their own services. If we are unsuccessful in establishing, renegotiating, or maintaining relationships with Issuing Banks and Card Networks, our business may be adversely affected.

Our agreements with Issuing Banks and Card Networks require us to comply with Card Network rules. The Card Networks set these rules and have discretion to interpret the rules and change them at any time. For additional information about regulations relating to Card Network rules, see the section titled "Risk Factors—Risks Relating to Regulation—Our business is subject to extensive regulation and oversight in a variety of areas, directly and indirectly through our relationships with Issuing Banks and Card Networks, which regulations are subject to change and to uncertain interpretation. Changing international, federal, state, and local laws, as well as changing regulatory enforcement policies and priorities, including changes that may result from changes in the political landscape, may negatively impact our business, results of operations, financial condition, and future prospects." The termination of the card association registrations held by us or any of the Issuing Banks or any changes to these Card Network rules or how they are interpreted could have a significant impact on our business and financial condition. Any changes to or interpretations of the Card Network rules that are inconsistent with the way we or our Issuing Banks currently operate may require us to make changes to our business that could be costly or difficult to implement. If we fail to make such changes or otherwise resolve the issue with the Card Networks, the Card Networks could charge us additional fees or prohibit us from processing transactions. We have been charged such additional fees in the past, and expect to continue to be charged such fees in the future. These additional fees are considered costs of revenue. While changes in the Card Network rules usually relate to pricing, other types of changes could require us to take certain steps to comply or adapt.

Unfavorable conditions in our industry or the global economy could adversely affect our business, results of operations, and financial condition.

Our revenue is impacted, to a significant extent, by general economic conditions, their impact on levels of spending by businesses and their customers, and the financial performance of our customers. Our business, the industry, and our customers' businesses are sensitive to macroeconomic conditions. Our net revenue is dependent on the usage of our platform, which in turn is influenced by the volume of business our customers conduct. Supply chain disruption, a global labor shortage, increased inflation, and higher interest rates have adversely affected our business, results of operations and business outlook and may continue to create uncertainty as to our and our customers', partners', and vendors' financial results, operations and business outlook. Weak economic conditions or a significant deterioration in economic conditions, including the current inflationary environment and the possibility of a recession could result in a reduced volume of business for our customers and prospective customers, and demand for, and use of, our platform, products, and services may decline. If spending by their customers declines, our customers could process fewer payments with us or, if our customers cease to operate, they could stop using our platform and our products and services altogether. Moreover, if the financial condition of a customer deteriorates significantly or a customer becomes subject to a bankruptcy proceeding, we may not be able to recover amounts due to us from the customer.

Furthermore, weak economic conditions may make it more difficult to collect on outstanding accounts receivable. The global credit and financial markets are currently, and have from time to time experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, rising interest and inflation rates, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. The recent bank closures and failures created bank-specific and broader financial institution liquidity risk and concerns. Future adverse developments with respect to specific financial institutions or the broader financial services industry may lead to market-wide liquidity shortages, impair the ability of companies to access near-term working capital needs, and create additional market and economic uncertainty. There can be no assurance that future credit and financial market instability and a deterioration in confidence in economic conditions will not occur. If, as a result of a weak economy, our customers reduce their use of our platform, or prospective customers delay adoption or elect not to adopt our platform, our business, results of operations, and financial condition could be adversely affected. We are unable to predict the impact of other macroeconomic factors, including the military action against Ukraine launched by Russia, supply chain shortages, higher inflation rates, higher interest rates, and other global economic conditions, will have on our processing volumes, and on our future results of operations. A deterioration in macroeconomic conditions could increase the risk of lower consumer spending, consumer and merchant bankruptcy, insolvency, business failure, higher credit losses, foreign currency fluctuations, or other business interruption, which may adversely impact our business. We continue to monitor the situation and may take actions that alter our operations and business practices as may be required by federal, state, or local authorities or that we determine are in the best interests of our customers, vendors, employees, and us.

Performance issues in our platform or our platform's transaction processing could diminish demand for our platform or products, adversely affect our business and results of operations, and subject us to liabilities.

Any significant disruption in, or errors in, service on our platform, including events beyond our control, could have a material and adverse effect on our business, results of operations, financial condition, and future prospects. Our platform is designed to process a high number of transactions and deliver reports and other information related to those transactions at high processing speeds. Our customers use our platform for important aspects of their businesses. Our Issuing Banks use reports and information from our platform in part to settle card transactions with the Card Networks. Any performance issues, including errors, defects, or disruptions in our platform or our platform's transaction processing, could damage our customers' businesses and, in turn, hurt our brand and reputation and erode customer trust. In addition, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. Our disaster recovery plan has not been tested under actual disaster conditions, and we may not have sufficient capacity to recover all data and services in the event of an outage. The risk of performance issues has increased in recent periods due to the significant increase in our TPV. This risk of performance issues further increases with new product launches and geographical expansion. We release regular updates to our platform, which have in the past contained, and may in the future contain, undetected errors, failures, vulnerabilities, and bugs. Additionally, we have in the past and may in the future experience errors, inaccuracies, or omissions in our processing, reconciling or reporting of transactions. For instance, in the third quarter of 2022, we incurred losses related to the processing of a limited number of international transactions in excess of customer authorized amounts. Further, we may be unable to replenish the supply of payment cards issued to our customers before it is depleted, such that our customers could run out of cards for a short period of time. Real or perceived errors, failures, or bugs in our platform or our platform's transaction processing could result in negative publicity, loss of or delay in market acceptance of our platform or our products, loss of competitive position, lower customer retention, claims by customers, Card Networks, Issuing Banks, or other partners or vendors for losses sustained by them, or other claims, regulatory fines, or proceedings. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources to help correct the problem. As a result, our reputation and our brand could be harmed, and our business, results of operations, and financial condition may be adversely affected.

We, our customers, our vendors, and others who use or interact with our platform obtain and process a large amount of sensitive data. Any real or perceived improper or unauthorized use of, disclosure of, or access to such data could expose us to liability and damage our reputation.

Our operations depend on receiving, storing, processing, and transmitting sensitive information pertaining to our business, employees, customers, and end users. The confidentiality, security, and integrity of such sensitive business information residing on or otherwise processed using our systems is important to our business. Any unauthorized access, intrusion, infiltration, network disruption, denial of service, infection by ransomware, viruses, or other malicious code, or similar incident could disrupt the integrity, continuity, security, and trust of our systems or data, or the systems or data of our customers or vendors. These incidents are often difficult to detect and the threats are constantly evolving, and we or our customers or vendors may face difficulties or delays in identifying or otherwise responding to any incident.

Unauthorized parties have attempted and may continue to attempt to gain access to our platform, systems, or facilities, and those of our customers, partners, and vendors, through various means and with increasing sophistication. Currently, there is a threat of cyberattacks against U.S. financial institutions as retaliation against financial institutions for sanctions imposed against Russia as a result of the significant military action against Ukraine launched by Russia. These events could create costly claims and litigation, significant financial liability, regulatory investigations or proceedings, increased regulatory scrutiny, financial sanctions, a loss of confidence in our ability to serve customers and cause current or potential customers to choose another service provider, all of which could have a material adverse impact on our business. We expect to continue to invest significant resources to maintain and enhance our information security and controls and to investigate and remediate any security vulnerabilities.

Although we believe that we maintain a robust data security program, including a responsible disclosure program, and that none of the incidents that we have encountered to date have materially impacted us, we cannot be certain that the security measures and procedures we have in place to detect security incidents and protect sensitive data, including protection against unauthorized access and use by our employees or vendors, will be successful or sufficient to counter all current and emerging risks and threats facing us and our customers and vendors. The impact of a material event involving our systems or data, or those of our customers or vendors, could have a material adverse effect on our business, results of operations, and financial condition.

Under Card Network rules and our contracts with our Issuing Banks, if there is a breach of payment card information that we store, process, or transmit or that is stored, processed, or transmitted by our customers or other third parties that we do business with, we could be liable to the Issuing Banks for certain of their costs and expenses. Additionally, if our own confidential business information were improperly acquired or otherwise disclosed or processed, our business could be materially and adversely affected. The reliability and security of our platform is a core component of our business. Any perceived or actual breach of security or security vulnerability, regardless of how it occurs or the extent of the breach or vulnerability, could significantly disrupt our operations, result in unauthorized or unlawful access to, misuse, disclosure, loss, acquisition, corruption, unavailability, alteration, modification or destruction of our and our customers' data, including sensitive and proprietary information, personal data and personal information, have a significant impact on our reputation as a trusted brand, cause us to lose existing customers, prevent us from obtaining new customers, require us to expend significant funds to remedy problems caused by the breach or vulnerability and to implement measures to prevent further breaches and vulnerabilities, and expose us to legal risk and potential liability, including those resulting from governmental or regulatory investigations, claims, demands, investigations, and litigation initiated by private parties, including class action litigation, and costs associated with remediation, such as fraud monitoring, card reissuance, and forensics. Our vendors face similar security risks, and any actual or perceived security breach or vulnerability at a vendor providing services to us or our customers could have similar effects.

While we maintain cybersecurity insurance, subject to applicable deductibles and policy limitations, our insurance may be insufficient to cover all liabilities incurred by such attacks. We cannot be certain that our insurance coverage will be adequate for privacy, information security, and data protection liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that an 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, premiums, or deductibles could have a material adverse effect on our business, results of operations, and financial condition.

Our business depends on a strong and trusted brand, and any failure to maintain, protect, enhance, and market our brand would hurt our business.

Negative publicity about us or our industry could adversely affect our business, results of operations, financial condition, and future prospects. We have developed a strong and trusted brand that has contributed significantly to the success of our business. We believe that maintaining and promoting our brand in a cost-effective manner is important to achieving widespread acceptance of our platform and the products and services we offer, expanding our base of customers and end users, and increasing our TPV.

Harm to our brand can arise from many sources, including failure by us or our partners and vendors to satisfy expectations of service and quality, inadequate protection or misuse of sensitive information, compliance failures and claims, litigation and other claims, and misconduct by our vendors or other counterparties. We may also be the target of incomplete, inaccurate, and misleading or false statements about our company and our business that could damage our brand and deter customers from adopting our services. As a result, our business, results of operations, financial condition, and future prospects would be materially and adversely affected.

If we fail to offer high-quality customer support, our business and reputation will suffer.

Many of our customers depend on our customer support team to assist them in launching and deploying our card programs effectively, help them resolve issues quickly, and provide ongoing support. Our direct, ongoing interactions with our customers help us tailor offerings to them at scale and in the context of their usage. Our customer support team also helps increase awareness and usage of our platform while helping customers address inquiries and issues. If we do not devote sufficient resources or are otherwise unsuccessful in assisting our customers effectively, it could adversely affect our ability to retain existing customers and could prevent prospective customers from adopting our platform. We may be unable to respond quickly enough to accommodate short-term increases in demand for customer support. Increased demand for customer support, without corresponding net revenue, could increase costs and adversely affect our business, results of operations, and financial condition. Our sales are highly dependent on our business reputation and on positive recommendations from customers. Any failure to maintain high quality customer support, or a market perception that we do not maintain high quality customer support, could erode customer trust and adversely affect our reputation, business, results of operations, and financial condition.

In addition, as we continue to grow our operations and reach a larger and increasingly global customer base, we need to be able to provide efficient customer support that meets the needs of customers on our platform globally and at scale. The number of customers and end users using our platform, TPV, the products and services we offer, and usage of our platform by customers have all grown significantly and this has put additional pressure on our support organization. If we are unable to provide efficient customer support globally and at scale, our ability to grow our operations may be adversely affected and we may need to hire additional support personnel, potentially adversely affecting our results of operations.

If we fail to adapt to rapid technological changes and develop enhancements and new capabilities for our platform, our ability to remain competitive could be impaired.

We compete in an industry that is characterized by rapid technological changes, frequent introductions of new products and services, and evolving industry standards and regulatory requirements. Our ability to attract new customers and increase net revenue from customers will depend in significant part on our ability to adapt to industry standards, anticipate trends, and continue to enhance our platform and introduce new products and capabilities on a timely and secure basis to keep pace with technological developments and customer expectations. For example, it is important for us to implement tools to support the operational efficiency of our platform. If we are unable to provide enhancements and new products on our platform, develop new capabilities that achieve market acceptance, innovate quickly enough to keep pace with rapid technological developments, or experience unintended consequences with enhancements we provide, our business could be adversely affected. For example, our customers may not adopt enhancements and new products or may not use them as intended. We must also keep pace with changing legal and regulatory regimes that affect our platform, products, services, and business practices. We may not be successful in developing modifications, enhancements, and improvements, in bringing them to market quickly or cost-effectively in response to market demands, or at modifying our platform to remain compliant with applicable legal and regulatory requirements.

In addition, because our platform is designed to operate directly with the Card Networks, Issuing Banks, and general payments ecosystem, we need to continuously modify and enhance our platform to keep pace with changes in technologies, while maintaining compatibility and legal and regulatory compliance. Any failure of our platform to continue to operate effectively with third-party infrastructures and technologies could reduce the demand for our platform, products, or services, result in the dissatisfaction of our customers, and materially and adversely affect our business.

Our future success depends in part on our ability to expand internationally and drive the adoption of our platform and products by international customers. Expanding our business internationally, however, could subject us to new challenges and risks.

Further expansion of our operations internationally is important to the success of our business and will subject us to new challenges and risks. During the three and six months ended June 30, 2023, we derived 3% of our net revenue from customers located outside the United States. We do not currently have operations in Russia or plans to expand there, and, based on the actions taken by certain Card Networks, to our knowledge no Marqeta-powered card could currently operate in Russia. It is unclear, however, whether the significant military action against Ukraine launched by Russia will have any broader implications that may impact our business and results of operations. Managing our new and existing international operations requires us to comply with new regulatory frameworks, additional regulatory hurdles, and implement additional resources and controls. Furthermore, our business model may not be successful or have the same traction outside the United States. International expansion subjects our business to additional risks, including:

- difficulty in attracting a sufficient number of customers in a given international market;
- failure to anticipate competitive conditions and competition with market-players that have greater experience in the local markets than we do or that have pre-existing relationships with potential customers and investors in those markets;
- conformity of our platform with applicable business customs, including translation into foreign languages and associated expenses;
- increased costs and difficulty in protecting intellectual property and sensitive data;
- increased costs from local Card Networks, BIN sponsors, vendors, and other local providers;
- potential changes to our established business and pricing models;
- the ability to support and integrate with local BIN sponsors and other service providers;
- difficulties in staffing and managing foreign operations in an environment of diverse culture, laws, and customers;
- increased travel, infrastructure, and legal and compliance costs associated with international operations;
- difficulties in recruiting and retaining qualified employees and maintaining our company culture;
- difficulties in gaining acceptance from industry self-regulatory bodies;
- compliance with multiple, potentially conflicting, and changing governmental laws and regulations, including banking, anti-money laundering (“AML”), securities, employment, tax, privacy, and data protection laws and regulations, such as the EU’s General Data Protection Regulation (the “GDPR”);
- compliance with U.S. and foreign anti-bribery laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, (the “FCPA”);
- exchange rate risk and Interchange Fee regulation in foreign countries;
- limited experience selling our platform, products, and services outside of the United States;
- potential restrictions on repatriation of earnings;
- expanded compliance with potentially conflicting and changing laws of taxing jurisdictions in which we conduct business and applicable U.S. tax laws as they relate to international operations, the complexity of such tax laws, and potentially adverse tax consequences due to changes in such tax laws or the interpretation or administration thereof; and
- regional economic and political conditions.

As a result of these risks, we may not be successful in managing our existing international operations or expanding our international operations.

We may incur losses relating to the settlement of payment transactions and the fraudulent use of payment cards issued through our platform.

Our resources, technologies, and fraud prevention tools may be insufficient to accurately detect and prevent fraud. We are and will continue to be subject to the risk of losses relating to the day-to-day settlement of payment transactions that is inherent in our business model, including with respect to pre-funding and chargeback requests. Customers deposit a certain amount of pre-funding into bank accounts at our Issuing Banks. However, depending on the model of the card program and the timing of funding and transactions, some transactions that exceed the amount of pre-funding in the customer's account are still authorized.

Customers are ultimately responsible for fulfilling their obligations to fund transactions. However, when a customer does not have sufficient funds to settle a transaction, we are liable to the Issuing Bank to settle the transaction, including a fraudulent or disputed transaction, and may incur losses as a result of claims from the Issuing Bank. We would seek to recover such losses from the customer, but we may not fully recover them if the customer is unwilling or unable to pay due to their financial condition. Additionally, when a chargeback request is approved, the purchase price of the transaction is refunded to the customer's end user's account through our platform. If we do not properly process the chargeback, the customer may request that we fund the refunded amount to their end user. We have in the past, and may in the future, incur costs relating to the improper processing of chargeback requests.

Additionally, criminals are using increasingly sophisticated methods to engage in illegal activities which they may use to target us, including "skimming," counterfeit payment cards, and identity theft. A single, significant incident or a series of incidents of fraud or theft involving cards issued through our platform could result in reputational damage to us, potentially reducing the use and acceptance of our platform or leading to greater regulatory scrutiny that would increase our compliance costs. Fraudulent activity could also result in the imposition of regulatory sanctions, including significant monetary fines, or other operating losses. The foregoing could have a material adverse effect on our business, results of operations, and financial condition. We are also potentially susceptible to risk from fraudulent acts of employees or contractors.

We depend on our executive officers and other key employees, and the loss of one or more of these employees could adversely affect our business.

Our success depends largely upon the continued services of our executive officers and other key employees. There have been changes in the past, and there may be changes in the future, to our executive management team resulting from the hiring or departure of executives, which could disrupt our business. For example, we appointed Simon Khalaf, most recently our Chief Product Officer and interim Chief Revenue Officer, as Chief Executive Officer and as a member of our board of directors, effective January 31, 2023.

The loss of one or more of our executive officers or other key employees could adversely affect our business. Changes in our executive management team may also cause disruptions in, and adverse impacts to, our business. We also may not be able to successfully navigate the leadership changes while maintaining key aspects of our culture, which could have a significant negative effect on our existing business and our ability to pursue future plans.

The volatility in or lack of appreciation of the trading price of our Class A common stock may affect our ability to attract and retain executive officers or other key employees. Many of our key employees have become, or will become, vested in a substantial amount of RSUs or stock options. Employees may be more likely to leave us if the shares they own or the shares underlying their vested options or RSUs have significantly appreciated in value relative to the original purchase price of the shares or the exercise price of the options, or conversely, if the exercise prices of the options that they hold are significantly above the market price of our Class A common stock.

Any employment agreements we have with our executive officers or other key personnel do not require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. We have in the past, and may in the future, experience high attrition and turnover rates across the Company, including key employees. The loss of these employees may lead to a decrease in institutional knowledge which may adversely affect our business. Additionally, we do not maintain any key person insurance policies.

Our business depends on our ability to attract and retain highly skilled employees.

Our future success depends on our ability to identify, hire, develop, motivate, and retain highly qualified personnel for all areas of our organization, in particular highly experienced product and technology personnel. Competition for these types of highly skilled employees is intense. Trained and experienced personnel are in high demand and may be in short supply. We have from time to time experienced, are currently experiencing, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications, at a speed that is consistent with our business needs, and at an appropriate cost. Any changes to U.S. immigration policies that restrain the flow of technical and professional talent may also inhibit our ability to recruit and retain highly qualified employees.

Many of the companies with which we compete for experienced employees have greater resources than we do and may be able to offer more attractive terms of employment. In addition, we invest significant time and expense in training our employees, which increases their value to competitors that may seek to recruit them. We may not be able to attract, develop, and maintain the skilled workforce necessary to operate our business, and labor expenses may increase as a result of a shortage in the supply of qualified personnel.

In addition, in 2022, we transitioned our Company to a flexible-first work environment. Over time such remote operations may decrease the cohesiveness of our teams and our ability to maintain our culture, both of which are critical to our success. Additionally, a remote working environment may impede our ability to undertake new business projects, foster a creative environment, hire new team members, and retain existing team members. Such effects may adversely affect the productivity of our team members and overall operations, which could have a material adverse effect on our business, results of operations, financial condition, and future prospects.

In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the value of our equity awards declines, it may impair our ability to recruit and retain highly skilled employees. If we are not able to add and retain employees effectively, our ability to achieve our strategic objectives will be adversely affected, and our business and growth prospects will be adversely affected.

Our restructuring plan may not adequately lower our operating expense growth rate, may adversely affect our ability to recruit and retain personnel, and may divert attention from operations.

We have and may in the future undertake restructuring plans to adjust our investment priorities and manage our operating expenses. For example, in May 2023, we announced a restructuring plan (the “Plan”) to lower our year-over-year operating expense growth rate and prioritize projects that we believe will have the highest return on investment, which we expect to result in a workforce reduction. We have and we expect to continue to incur material costs and charges in connection with the Plan, and there can be no assurance that the Plan will be successful. The Plan may adversely affect our ability to recruit and retain skilled and motivated personnel, may result in a loss of accumulated knowledge, and may be distracting to employees, which may divert attention from operating and growing our business. If we fail to achieve some or all of the expected benefits of the Plan, our business, operating results, and financial condition could be adversely affected.

The Plan may also adversely impact our internal controls over financial reporting, which may lead to material weaknesses in our controls or we may be unable to remediate the existing material weakness in our control. For additional information about internal controls over financial reporting, see the section titled “Risk Factors—Risks Relating to Regulation—“If we fail to maintain an effective system of disclosure controls and procedures or internal control over financial reporting, or remediate the existing material weakness, our ability to report timely and accurate financial results or comply with applicable regulations could be impaired, and our business, operating results, and the market price of our Class A common stock may be adversely affected.”

We may face exposure to foreign currency exchange rate fluctuations, and such fluctuations could adversely affect our business, results of operations, and financial condition.

As we continue to expand our global operations, we become more exposed to the effects of fluctuations in currency exchange rates. Our customer contracts are denominated primarily in U.S. dollars, and therefore the majority of our net revenue is not subject to foreign currency risk. We expect, however, to significantly expand the number of transactions with customers that are denominated in foreign currencies in the future as we continue to expand our business internationally. We also incur expenses for employee compensation and other operating expenses at our non-U.S. locations in the local currency for such locations. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in an increase to the U.S. dollar equivalent of such expenses and, as a result, adversely affect our business, results of operations, and financial condition.

We may require additional capital to support our business, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business and may require additional funds. In particular, we may seek additional funds to develop new products and enhance our platform and existing products, expand our operations, including our sales and marketing organizations and our presence outside of the United States, improve our infrastructure or acquire complementary businesses, technologies, services, products, and other assets. In addition, we are using a portion of our cash to satisfy tax withholding and remittance obligations related to the vesting of RSUs. Accordingly, we may need to engage in equity or debt financings to secure additional funds.

If we raise additional funds through future issuances of equity or convertible debt securities, our stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our Class A common stock and Class B common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, potentially making it more difficult for us to obtain additional capital and to pursue business opportunities. We may not be able to obtain additional financing on terms favorable to us, if at all. Disruptions in the credit markets or other factors, such as the current inflationary environment and rising interest rates, could adversely affect the availability, diversity, cost, and terms of funding arrangements. In addition, actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. The U.S. Federal Deposit Insurance Corporation ("FDIC") only insures accounts in amounts up to \$250,000 per depositor per insured bank, and we currently have cash deposited in certain financial institutions in excess of FDIC insured levels. If any of the banking institutions in which we have deposited funds ultimately fails, we may lose our deposits over \$250,000. The loss of our deposits may have a material adverse effect on our business, financial condition, and liquidity. The ultimate outcome of these events cannot be predicted, but these events could have a material adverse effect on our business.

If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, scale our infrastructure, develop product enhancements, and respond to business challenges could be significantly impaired, and our business, results of operations, and financial condition may be adversely affected.

Any acquisition, strategic investment, partnership, alliance, and other transaction could be difficult to identify, fail to achieve strategic objectives, divert the attention of key management personnel, disrupt our ongoing operations, dilute stockholder value, or result in operating difficulties, liabilities and expenses, harm our business, and negatively impact our results of operations. We may be unable to successfully integrate acquired businesses and technology.

We have in the past and may in the future seek to acquire or invest in businesses, products, or technologies that we believe could complement our platform, products, and services or expand the breadth of our platform, enhance our products and capabilities, expand our geographic reach or customer base, or otherwise offer growth opportunities. For example, we acquired Power Finance Inc. on February 3, 2023. The identification, pursuit, evaluation and negotiation of potential strategic investment transactions or acquisitions may divert the attention of management and entail various expenses, whether or not such transactions are ultimately consummated. Any acquisition, investment, or business relationship may result in unforeseen operating difficulties and expenditures or require us to make adjustments to our or the acquired company's business models. There can be no assurance that we will be successful in identifying, negotiating, and consummating favorable transaction opportunities or successfully integrating the acquired personnel, operations, and technologies, or effectively scaling, expanding, and managing the combined business following the acquisition.

Specifically, we may not successfully evaluate or utilize the acquired technology or personnel from an acquired business and we may be unable to retain key personnel after a transaction, including personnel who are critical to the success of the ongoing business. We may not accurately forecast the financial impact of an acquisition transaction, including accounting charges. Moreover, the anticipated benefits, opportunities, growth, synergies, or business model improvements of any acquisition, investment, or business relationship may not be realized or we may be exposed to unknown risks or liabilities.

We may not be able to find and identify desirable acquisition targets or we may not be successful in entering into an agreement with any one target. We may be required to issue equity or debt securities to acquire businesses which could dilute our shareholders or adversely affect our results of operations. In addition, if an acquired business fails to meet our expectations, our business, results of operations, and financial condition may suffer.

We have made, and may in the future seek to make, strategic investments in early stage companies developing products or technologies that we believe could complement our platform or expand its breadth, enhance our technical capabilities, or otherwise offer growth opportunities. These investments may be in early stage private companies for restricted stock. Such investments are generally illiquid and may never generate value. Further, we may invest in companies that do not succeed, and our investments may lose all or some of their value, which could result in us recording impairment charges reflected in our results of operations.

Litigation, regulatory or legal actions, and compliance issues could subject us to fines, penalties, judgments, and remediation costs, resulting in increased expenses and reputational harm.

In the ordinary course of business, we have been and in the future may be, involved in and subject to litigation for a variety of claims or disputes. We have also received and may in the future receive, inquiries, warrants, subpoenas, and other requests for information in connection with government investigations. These claims, lawsuits, and proceedings could include employment, wage and hour, commercial, antitrust, alleged securities law violations or other investor claims, financial regulations, and other matters. The number and significance of these potential claims and disputes may increase as our business expands. Our contracts with customers and partners may also subject us to indemnification obligations for claims, lawsuits, and proceedings such customers and partners face.

Further, our liability insurance may not cover all potential claims made against us or be sufficient to indemnify us for all liability that may be imposed. The costs associated with litigation and regulatory or legal investigations can be unpredictable depending on the complexity and length of time devoted to such litigation or investigation. Litigation, investigations or government proceedings may also divert management's attention and operational resources, and could harm our reputation regardless of the outcome of the lawsuit or investigation. We cannot assure you that any potential claims, investigations, or proceedings will not have a material adverse effect on our business, results of operations, and financial condition.

The current regulatory environment, increased regulatory compliance efforts, and enhanced regulatory

enforcement have resulted in significant operational, compliance, and legal costs and may prevent us from providing certain products and services. Some of the laws and regulations affecting our business have been enacted relatively recently. Many laws and regulations affecting our business are evolving, unclear, and inconsistent across jurisdictions, and ensuring compliance with them is difficult and costly. There is no assurance that these regulatory matters or other factors will not, in the future, affect how we conduct our business and, in turn, have an adverse effect on our business.

Additionally, while we have developed policies and procedures designed to assist in compliance with laws and regulations, no assurance can be given that our compliance policies and procedures will be effective or that our customers and vendors have robust compliance programs. Failure to comply with laws and with regulatory requirements could subject us to damages, revocation of licenses, lawsuits, administrative enforcement actions, and civil and criminal liability, which may harm our business.

Our vendor relationships subject us to a variety of risks, and the failure of third parties to comply with legal or regulatory requirements or to provide various services that are important to our operations could have an adverse effect on our business, results of operations, financial condition, and future prospects.

We depend on services from various third-party vendors to maintain our infrastructure, including data center facilities and Amazon Web Services, Inc. as our computing and storage platform. We also rely on Card Networks to complete, settle, and reconcile transactions processed on our platform. Any disruptions in these services, including as a result of actions outside of our control, would significantly impact the continued performance of our platform.

We conduct vendor due diligence; however, if a service provider fails to develop and maintain sufficient internal control processes, fails to maintain adequate data privacy controls and security systems, fails to properly safeguard our intellectual property, or fails to provide sufficient capacity to support our platform or otherwise experiences service outages, such failure could adversely affect our business or the business of our customers using our platform or their perception of our platform's reliability. Further, if any service provider fails to meet contractual requirements (including compliance with applicable laws and regulations), suffers a cyber-attack or other security breach, experiences damage to its systems or facilities, or terminates its contract with us, such failure or event could subject us to regulatory enforcement actions, claims from third parties, including our customers, and we could suffer economic and reputational harm that could have an adverse effect on our business.

If any service provider fails, we may also be unable to effectively address capacity constraints, upgrade our systems as needed, and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, as well as to increase efficiency. In some cases, vendors are the sole source, or one of a limited number of sources, of the services they provide to us. In the future, these services may not be available to us on commercially reasonable terms, or at all. Any loss of any of these services could result in decreased functionality of our platform until equivalent technology is either developed by us or, if available from another provider, is identified, obtained, and integrated into our infrastructure. We may incur significant costs to resolve any disruptions in service, which could adversely affect our business.

Additionally, if our vendors, or other service providers, fail to comply with the legal requirements applicable to the particular products or services being offered, or violate applicable laws or our policies, or become subject to third party claims of intellectual property infringement, misappropriation, or other violation, or malfunctions or functions in a way we did not anticipate, such violations may also put information we process at risk and could in turn adversely impact and affect our business, reputation, financial condition, or results of operations.

If our estimates or judgments relating to our accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates in part on historical experience, market observable inputs, if available, and various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of net revenue and expenses that are not readily apparent from other sources. Assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition and accounting for share-based compensation. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Class A common stock.

Risks Relating to Regulation

Our business is subject to extensive regulation and oversight in a variety of areas, directly and indirectly through our relationships with Issuing Banks and Card Networks, which regulations are subject to change and to uncertain interpretation. Changing international, federal, state, and local laws, as well as changing regulatory enforcement policies and priorities, including changes that may result from changes in the political landscape, may negatively impact our business, results of operations, financial condition, and future prospects.

We, our vendors, our partners, and our customers are subject to a wide variety of laws, regulations, and industry standards, including supervision and examination with respect to the foregoing, which govern numerous areas important to our business in the United States, both at the federal and state level, and in other countries where we operate both directly and indirectly through our relationships with Issuing Banks and Card Networks. As we continue to expand our operations internationally, we may become subject to additional laws and regulations, including possible examination and supervision, by international authorities. While we currently operate our business in an effort to ensure our business itself is not subject to the same level of regulation as our Issuing Banks and Card Networks that we partner with, the Issuing Banks and Card Networks operate in a highly regulated environment, and there is a risk that those regulations could become applicable to, or impact, us.

We are directly subject to regulation in areas including privacy, data protection and information security, and anti-bribery, and our contractual relationships with customers, Issuing Banks and Card Networks may subject us to additional regulations including those relating to payments services (such as payment processing and settlement services), and those relating to payments products and services utilizing artificial intelligence, consumer protection, anti-money laundering, anti-bribery, escheatment, international sanctions regimes and export controls, privacy, data protection, information security, intellectual property, and compliance with PCI DSS, a data security standard and set of requirements designed to ensure that all companies that process, store, or transmit payment card information maintain a secure environment to protect cardholder data.

The laws, rules, regulations, and standards applicable to our business are enforced by multiple authorities and governing bodies in the United States, including federal agencies, self-regulatory organizations, and numerous state agencies. Outside of the United States, we may be subject to additional laws, rules, regulations, and standards.

In addition, as our business and platform continue to develop and expand, we may become subject to additional rules, regulations, and industry standards in the United States and internationally where we do business. New laws or regulations could also require us to incur significant expenses and devote significant management attention to ensure compliance. For example, we could be regulated by international, federal, and state regulatory agencies through licensing and other supervisory or enforcement authority, which could include regular examination by international, federal, and state governmental authorities.

We may not always accurately predict the scope or applicability of certain regulations to our business, particularly as we expand into new areas of operations, which could have a significant negative effect on our existing business and our ability to pursue future plans.

In addition to laws and regulations that apply directly to us, we are contractually subject to certain laws and regulations through our relationships with Issuing Banks and Card Networks, which operate in a highly regulated industry. Additionally, as a program manager, we are responsible for ensuring compliance with Issuing Banks' requirements and Card Network rules, and we help create regulatory compliant card programs for our customers. In some cases, our inability to meet our obligations could expose us to liability or indemnification claims from our customers or partners. Furthermore, legislative and regulatory changes could prompt our Issuing Banks to alter the extent or the terms of their dealings with us in ways that may have adverse consequences for our business.

For example, due to our relationships with certain Issuing Banks and Card Networks, we may be subject to indirect supervision and examination by the U.S. Consumer Financial Protection Bureau (the "CFPB"), which is engaged in rulemaking and regulation of the payments industry, including, among other things, the regulation of prepaid cards, buy now, pay later financing programs, and the enforcement of certain protections under applicable regulations. While reform in the payment industry, such as the formation of the CFPB, has focused on individual consumer protection, legislatures continue to consider whether to include business customers, especially smaller business customers, within the scope of these regulations and the CFPB recently indicated it has dormant authority to regulate any company whose services may have consumer impact. As a result, new or expanded regulation focusing on business customers or changes in interpretation or enforcement of regulations may have an adverse effect on our business, results of operations, and financial condition due to increased compliance costs and new restrictions affecting the terms under which we offer our platform or our products and services.

A majority of our net revenue is derived from Interchange Fees and we expect Interchange Fees to continue to represent a significant percentage of our net revenue in the near term. The amount of Interchange Fees we earn is highly dependent on the interchange rates that the Card Networks set and adjust. From time to time, Card Networks change the Interchange Fees and assessments they charge for transactions processed using their networks. Interchange Fees and assessments are also subject to change from time to time due to government regulation. Interchange Fees are the subject of intense legal and regulatory scrutiny and competitive pressures in the electronic payments industry. For example, the Durbin Amendment to the Dodd-Frank Wall Street Reform and Consumer Protection Act, which limits Interchange Fees, may restrict or otherwise impact the way we do business or limit our ability to charge certain fees to customers. Issuing Banks that are exempt from the interchange fee restrictions in the Durbin Amendment are able to access higher interchange rates. As a result, to maximize our Interchange Fees, we currently only contract with Issuing Banks that are subject to this exemption from the Durbin Amendment when we provide MxM services. Changes in regulation or additional rulemaking may adversely affect the way we conduct our business or result in additional compliance obligations and expense for our business and limitations on net revenue. On October 3, 2022, the Board of Governors of the Federal Reserve System adopted its final rule pursuant to the Electronic Fund Transfer Act to clarify the requirement that debit card issuers ensure that at least two unaffiliated payment card networks have been enabled to process all debit card transactions, including "card not present" transactions, such as online payments. Such secondary payment card networks may charge lower Interchange Fees, and to the extent merchants substantially shift their "card not present" transaction volumes to such networks, we may experience a reduction in net revenue derived from Interchange Fees. Interchange Fee regulation also exists in other countries where our customers use payment cards and such regulation could adversely affect our business in other foreign regions. Any changes in the Interchange Fees associated with our customers' card transactions could adversely affect our business, results of operations, and financial condition.

The CFPB has published recent guidance on third party risk management, which places additional vendor compliance oversight expectations for companies operating in the financial services industry. Our regular use of vendors and our other ongoing third party business relationships could be subject to increasing regulatory requirements and attention. It is possible that regulators will hold us responsible for deficiencies in our oversight and control of third party relationships and in the performance of the parties with which we have these relationships.

If we fail to comply with laws and regulations applicable to our business in a timely and appropriate manner, or if this is perceived or reported to have occurred, we may be subject to litigation or regulatory investigations or other proceedings, we may have to pay fines and penalties or become subject to additional obligations or restrictions imposed upon our business or operations, our reputation may be harmed, and our customer relationships and reputation may be adversely affected, which could have a material adverse effect on our business, results of operations, and financial condition. In some cases, regardless of fault, it may be less time-consuming or costly to settle these matters, which may require us to implement certain changes to our business practices, provide remediation to certain individuals or make a settlement payment to a given party or regulatory body.

Further, while we do not handle or interact with cryptocurrency and we only process transactions on our platform in fiat currencies, certain cryptocurrency businesses use our platform to provide card products to their customers and end users. The regulation of cryptocurrency is rapidly evolving and varies significantly among international, federal, state, and local jurisdictions and is subject to substantial uncertainty. Various legislative and executive bodies in the U.S. and other countries may adopt laws, regulations, or guidance, or take other actions, which may impact our Issuing Banks and restrain the growth of cryptocurrency businesses and in turn impact the net revenue associated with our cryptocurrency business customers.

We may not be able to respond quickly or effectively to regulatory, legislative, or other developments, and 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. In addition, if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, or criminal or civil sanctions, all of which may have an adverse effect on our reputation, business, results of operations, and financial condition.

Stringent and changing laws, regulations, and industry standards related to privacy, data protection, and information security could adversely affect our ability to effectively provide our services and could result in claims or fines, harm our results of operations, financial condition, and future prospects, or otherwise harm our business.

Governmental bodies and industry organizations in the United States and abroad have adopted, or are considering adopting, laws and regulations restricting the use of, and requiring safeguarding of, personal information. For example, the California Consumer Privacy Act (the "CCPA") became effective on January 1, 2020 and imposed significant restrictions on the collection, processing, and disclosure of personal information, including imposing increased penalties related to data privacy incidents. Additionally, an amendment to the CCPA, the California Privacy Rights Act, became effective on January 1, 2023 and creates additional obligations relating to personal information (with certain provisions having retroactive effect to January 1, 2022). Other U.S. states have also passed or are considering omnibus privacy legislation and industry organizations regularly adopt and advocate for new standards in these areas. Many obligations under these proposed laws and legislative proposals remain uncertain, and we cannot fully predict their impact on our business. We are and may become subject to contractual obligations relating to privacy, data protection, and information security.

If we fail to comply with any of these laws, standards, or other actual or asserted obligations, if we fail to protect information that we collect or otherwise process, or if any of these events is reported or perceived to have occurred, we may be subject to regulatory investigations, enforcement actions, and other proceedings, civil litigation, claims, investigations, and demands, and fines and other penalties and liabilities, all of which may generate negative publicity, harm our reputation, and have a negative impact on our business. Further, any such actual or perceived failure may result in, among other things, revocation of any required licenses or registrations, loss of any approved status, administrative enforcement actions, sanctions, civil and criminal liability, and constraints on our ability to operate. Our efforts to comply with laws, regulations, and other obligations relating to privacy, data protection, and information security also may cause us to incur substantial operational costs or require us to change our policies and our business practices. We may not be successful in our efforts to achieve compliance either due to internal or external factors, such as resource allocation limitations or a lack of vendor cooperation.

As we continue to expand our operations internationally, we will continue to become subject to various foreign policy and data protection laws and regulations, which may in some cases be more stringent than the requirements in the jurisdictions in which we currently operate. For example, the GDPR, which became effective in 2018, extends the scope of European Union data protection law to companies processing

personal data of European Union residents, regardless of the company's location, and requires companies to meet stringent requirements regarding the handling of personal data. The U.K. has also adopted a law substantially implementing the GDPR as part of its local data protection law, referred to as the U.K. GDPR. The GDPR and other laws and regulations in Europe, the U.K., and elsewhere also impose some limitations on international transfers of personal data. The GDPR imposes substantial obligations and risk upon our business and provides for significant penalties in the event of any non-compliance. Administrative fines under the GDPR can amount up to 20 million Euros or four percent of a company group's annual global turnover, whichever is higher.

Further, it remains unclear how U.K. data protection laws and regulations will develop in the medium to longer term. We have incurred substantial expense in complying with new and evolving privacy and data protection legal frameworks and we may be required to make additional, significant changes in our business operations, all of which may adversely affect our net revenue and our business overall. Additionally, because many of these new regimes lack a substantial enforcement history, we are unable to predict how emerging standards may be applied to us.

Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States. On July 16, 2020, the Court of Justice of the European Union invalidated the EU-U.S. Privacy Shield, eliminating a mechanism we had relied on to legitimize EU-U.S. data transfers. An alternative transfer mechanism that we rely on, use of the standard contractual clauses approved by the European Union Commission, continues to be a valid mechanism for data transfers, provided additional safeguards are in place. We continue to monitor and assess regulatory guidance and other developments related to our data transfer mechanisms. It is possible that our ability to transfer personal data across borders, including from the European Union, U.K., and Switzerland to the United States (and other countries) will be impacted. We and many other companies may need to implement different or additional measures to establish or maintain legitimate means for the transfer and receipt of personal data from the European Union, U.K., Switzerland, or other jurisdictions to the United States (and other countries), and we may, in addition to other impacts, experience additional costs associated with increased compliance burdens, and we and our customers face the potential for regulators to apply new or different standards to the transfer of personal data from the European Union, U.K., Switzerland, or other jurisdictions to the United States (and other countries), and to restrict, block, or impose conditions or restrictions with respect to, certain personal data transfers. Other jurisdictions have also enacted legislation that limits our ability to transfer data across geographic borders. Any inability to transfer personal data in compliance with laws or regulations relating to privacy, data protection, or information security, or otherwise comply with requirements in this rapidly changing environment may impede our ability to attract and retain customers.

If more restrictive or burdensome laws, rules, or regulations related to privacy, data protection, or information security are adopted by authorities in the future on the federal or state level or internationally, or if new or existing laws, rules, or regulations become subject to new or differing interpretations or enforcement, or if we become bound by additional obligations in response to customer requests, contractual obligations, or otherwise, relating to privacy, data protection, or information security, including any additional compliance standards relating to non-public consumer personal information, our compliance and operational costs may increase, our opportunities for growth may be curtailed, we may find it necessary or appropriate to modify our data processing practices or policies or otherwise restrict our operations, which we may be unable to complete on a commercially reasonable basis or at all, and our potential liability in connection with breaches or incidents relating to privacy, data protection, and information security may increase, all of which could have a material adverse effect on our business, results of operations, and financial condition. Because the interpretation and application of many laws and regulations relating to privacy, data protection, and information security are uncertain, it also is possible that current or future laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the operation of our products and services. If so, in addition to the possibility of fines, lawsuits, claims, demands, regulatory investigations and other proceedings, and other claims and penalties, we could be required to change our business activities and practices or modify our products or services, any of which could have an adverse effect on our business and which we may be unable to complete on a commercially reasonable basis or at all. Any claims regarding our inability to adequately address privacy, data protection, or information security concerns, even if unfounded, or to comply with applicable laws, regulations, contractual requirements, policies, or other actual or asserted obligations, such as industry standards, could result in additional cost and liability

to us, damage our reputation, result in negative publicity, and adversely affect our business. Privacy, data protection, and information security concerns, whether valid or not, may inhibit market adoption of our products and services, particularly in certain industries and jurisdictions. Additionally, if we are not able to quickly adjust to changing laws, regulations, and standards related to data privacy and information security, we could face fines, lawsuits, regulatory investigations and other claims and penalties, our business may be harmed.

We are subject to, and have an obligation to comply with, anti-corruption, anti-bribery, anti-money laundering, and similar laws, and non-compliance with such laws and their obligations can subject us to criminal penalties or significant fines, significantly and adversely affect our business and reputation, or have other adverse consequences for us.

We can be held liable under anti-corruption, anti-bribery, AML, and similar laws for the corrupt or illegal activities of our third-party intermediaries and our employees, representatives, contractors, partners, and agents, even if we do not authorize such activities. While we have programs and controls designed to ensure compliance with all applicable AML, and anti-bribery laws and regulations, we cannot assure you that none of our third-party intermediaries and our employees, representatives, contractors, partners, and agents will take actions in violation of those controls and laws.

We may be subject to governmental export controls and economic sanctions regulations that could impair our ability to compete in international markets and could subject us to liability if we are not in compliance with applicable laws.

Certain of our products and services may be subject to export control and economic sanctions regulations, including the U.S. Export Administration Regulations, and various economic and trade sanctions regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control. Exports of our products and the provision of our services must be made in compliance with these laws and regulations. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including: the possible loss of export privileges; fines imposed on us and responsible employees or managers; and, in extreme cases, the incarceration of responsible employees or managers.

In addition, changes in applicable export or economic sanctions regulations may create delays in the introduction and deployment of our platform, products, and services in international markets, or, in some cases, prevent the use of our platform and products or provision of our services in certain countries or with certain end users. Any change in export or economic sanctions regulations, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons, or technologies targeted by such regulations, could also result in decreased use of our platform, products, and services or in our decreased ability to provide our products and services to existing or prospective customers with international operations. Any decreased use of our platform, products, or services or limitation on our ability to provide our platform, products, or services could adversely affect our business, results of operations, and financial condition.

Further, we incorporate encryption technology into certain of our products. Various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit our customers' ability to use our products in those countries if our products are subject to such laws and regulations. While we believe our encryption products meet certain exceptions that reduce the scope of export control restrictions applicable to such products, these exceptions may be determined not to apply to our encryption products and our products and underlying technology may become subject to export control restrictions.

Governmental regulation of encryption technology and regulation of exports of encryption products, or our failure to obtain required approval for our products, when applicable, could adversely affect our international sales and net revenue. If we were required to comply with regulatory requirements regarding the export of our platform and products and provision of our services, including with respect to new releases of our products and services, we may experience delays introducing our platform in international markets, our customers with international operations may experience difficulty deploying our platform and products and using our services, or, in some cases, we may be prevented from exporting our platform or products or providing our services to some countries altogether.

If we fail to maintain an effective system of disclosure controls and procedures or internal control over financial reporting, or remediate the existing material weakness, our ability to report timely and accurate financial results or comply with applicable regulations could be impaired, and our business, operating results, and the market price of our Class A common stock may be adversely affected.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting.

For the period ending March 31, 2023, we identified a material weakness in our internal control over financial reporting related to the accounting for our acquisition of Power Finance. See Part I, Item 4 “Controls and Procedures” for additional information about this material weakness and our remediation efforts. While we are undertaking efforts to remediate this material weakness, we cannot predict the success of such efforts or the outcome of our assessment of the remediation efforts at this time.

The process of designing and implementing effective internal controls and disclosure controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environment and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. To maintain and improve the effectiveness of our disclosure controls and procedures and remediate a material weakness in our internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight. If any of these new or improved controls and systems do not perform as expected, we may experience material weaknesses in our controls or we may be unable to remediate the existing material weakness in our controls. In addition, testing and maintaining internal controls may divert our management’s attention from other matters that are important to our business.

If we are unable to establish and maintain appropriate internal control over financial reporting and disclosure controls and procedures or we are unable to remediate the existing material weakness in our controls, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements and harm our operating results. Any failure to maintain effective internal control over financial reporting or disclosure controls and procedures or failure to remediate the existing material weakness in our controls could have an adverse effect on our business and operating results, and cause a decline in the price of our Class A common stock. We also could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which could have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Global Select Market (“Nasdaq”). Additionally, if our internal control over financial reporting is not effective, our independent registered public accounting firm may issue an adverse report. As a public company, we are required to provide an annual management report on the effectiveness of our internal control over financial reporting.

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

A change in accounting standards or practices may have a significant effect on our results of operations or financial condition and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or practices may adversely affect our reported results of operations or the way we conduct our business.

Adoption of these types of accounting standards and any difficulties in implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, potentially resulting in regulatory discipline and weakening investors' confidence in us.

We could be required to collect additional sales, value added or similar taxes or be subject to other tax liabilities that may increase the costs our customers would have to pay for our solutions and adversely affect our results of operations.

While we have not historically collected sales, value added or similar indirect taxes from our customers in most jurisdictions in which we have sales, we expect to collect sales, value added, or similar indirect taxes from our customers in 2023. One or more jurisdictions may seek to impose incremental or new sales, value added or other indirect tax collection obligations on us. A successful assertion by one or more states, or foreign jurisdictions, requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. Any requirement to collect sales, value added or similar indirect taxes by foreign, state or local governments could also create additional administrative burdens for us and decrease our future sales, which could have a material adverse effect on our business and results of operations.

Changes in tax laws or regulations could have a material adverse effect on our business, results of operations, and financial conditions.

The rules dealing with taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service, the U.S. Department of the Treasury, and state, local and non-U.S. tax authorities. For example, beginning on January 1, 2022, the Tax Cuts and Jobs Act of 2017 eliminated the option to deduct research and development expenditures in the current period and requires taxpayers to capitalize and amortize these expenses. As a result of this change, we expect to have taxable income in periods earlier than we would have had in the absence of this change, which could adversely impact our financial condition, operating results, and cash flows. On August 16, 2022, the Inflation Reduction Act (IRA) of 2022 was signed into law to implement new tax provisions and provide various incentives and tax credits. The IRA created a 15% corporate alternative minimum tax and an excise tax of 1% on stock repurchases from publicly traded US corporations, among other changes. Any changes in tax legislation, regulations, policies, or practices in the jurisdictions in which we operate could materially increase the amount of taxes we owe, thereby negatively impacting our results of operations as well as our cash flows from operations. Furthermore, our implementation of new practices and processes designed to comply with changing tax laws and regulations could require us to make substantial changes to our business practices, allocate additional resources, and increase our costs, potentially negatively affecting our business, results of operations, and financial condition. As we grow internationally, we may also be subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax rules, including increased tax rates, new tax laws, or revised interpretations of existing tax laws and precedents, potentially adversely affecting our liquidity and results of operations. In addition, the authorities in these jurisdictions could review our tax returns and impose additional tax, interest, and penalties, and the authorities could claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries, any of which could adversely affect us and our results of operations.

We may have exposure to greater-than-anticipated tax liabilities, which may materially and adversely affect our business, results of operations, and financial condition.

The determination of our worldwide provision for income taxes, value-added taxes, and other tax liabilities requires estimation and significant judgment, and there are many transactions and calculations where the ultimate tax determination is uncertain. Like many other multinational corporations, we are subject to tax in multiple U.S. and foreign tax jurisdictions. Our determination of our tax liabilities is always subject to audit and review by applicable domestic and foreign tax authorities. Any adverse outcome of any such audit or review could have a negative effect on our business and the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our results of operations and financial condition in the periods for which such determination is made. While we have established reserves based on assumptions and estimates that we believe are reasonable to cover such eventualities, these reserves may prove to be insufficient.

In addition, our future income taxes could be adversely affected by earnings being lower than anticipated, or by the incurrence of losses, in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates; by changes in the valuation of our deferred tax assets and liabilities, as a result of gains on our foreign exchange risk management program; or changes in tax laws, regulations, or accounting principles, as well as certain discrete items.

Various levels of government, such as U.S. federal and state legislatures, and international organizations, such as the Organization for Economic Co-operation and Development, are increasingly focused on tax reform and other legislative or regulatory action to increase tax revenue. Any such tax reform or other legislative or regulatory actions could increase our effective tax rate, which may materially and adversely affect our business, financial condition, and results of operations.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

We have incurred substantial net operating losses ("NOLs"), during our history. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, (the "Code"), a corporation that undergoes an "ownership change" (generally defined as a greater than 50-percentage-point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period) is subject to limitations on a company's ability to utilize its NOLs to offset taxable income. We do not believe our existing NOLs are subject to limitation; however, if we have undergone previous ownership changes, or if we undergo an ownership change in the future, our ability to utilize NOLs could be limited by Section 382 of the Code and/or analogous provisions of applicable state tax law in states where we have incurred NOLs for state income tax purposes. Future changes in our stock ownership, some of which may be outside of our control, could result in an ownership change under these rules.

In addition, the amount of NOLs arising in taxable years beginning after December 31, 2017 that we are permitted to deduct in a taxable year beginning after December 31, 2017 is limited to 80% of our taxable income in each such year to which the NOLs are applied, where taxable income for such year is determined without regard to the NOL deduction itself, and such NOLs may be carried forward indefinitely. NOLs generated in taxable years beginning on or prior to December 31, 2017, however, may be carried forward for only 20 years, but are not subject to the 80% limitation. Our NOLs may also be subject to limitations under state law. There is a risk that due to legislative or regulatory changes, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, whether or not we attain profitability.

Risks Relating to Intellectual Property

If we fail to adequately protect our proprietary rights, our competitive position could be impaired and we may lose valuable assets, generate reduced net revenue, and incur costly litigation to protect our rights.

Our success depends, in part, upon protecting our proprietary information and technology. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws, and contractual restrictions to establish and protect our proprietary rights. The steps we take to protect our intellectual property, however, may be inadequate. We cannot assure you that any patents or trademarks will be issued with respect to our currently pending patent and trademark applications in a manner that gives us adequate defensive protection or competitive advantages, if at all, or that any patents or trademarks issued to us will not be challenged, invalidated, or circumvented. Our currently issued patents and trademarks and any patents or trademarks that may be issued in the future with respect to pending or future applications may not provide sufficiently broad protection, or they may not prove to be enforceable in actions against alleged infringers. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property.

Despite our precautions, it may be possible for unauthorized third parties to copy our platform, or certain aspects of our platform, and use information that we regard as proprietary to create products that compete with our platform. Some license provisions protecting against unauthorized use, copying, transfer, and disclosure of our platform, or certain aspects of our platform, may be unenforceable under the laws of certain jurisdictions and foreign countries.

Further, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. To the extent we continue to expand our international activities, our exposure to unauthorized copying and use of our platform, or certain aspects of our platform, and proprietary information may increase. Further, competitors, foreign governments, foreign government-backed actors, criminals, or other third parties may gain unauthorized access to our proprietary information and technology. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We also rely in part on trade secrets, proprietary technology, and other confidential information to maintain our competitive position. Although we enter into confidentiality and invention assignment agreements with our employees, consultants, and contractors and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances, no assurance can be given that these agreements will be effective in controlling access to and distribution of our platform, or certain aspects of our trade secrets, proprietary technology, and other confidential information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our platform.

To protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights, and we may not be able to detect infringement by third parties. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation could be costly, time consuming, and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our platform, impair the functionality of our platform, delay introductions of new capabilities, result in our substituting inferior or more costly technologies into our platform, or injure our reputation. In addition, we may be required to license additional technology from third parties to develop and market new capabilities, and we cannot assure you that we could license that technology on commercially reasonable terms or at all, and our inability to license such technology could impair our ability to compete.

Our use of open source software could negatively affect our ability to sell our products and subject us to possible litigation.

Our platform incorporates open source software, and we expect to continue to incorporate open source software in our products and platform in the future. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products and platform. If we fail to comply with open source licenses, we may be subject to certain requirements, including requirements that we offer our products that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating, or using the open source software and that we license such modifications or derivative works under the terms of applicable open source licenses. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from generating net revenue from customers using products that contained the open source software, and required to comply with onerous conditions or restrictions on these products. In any of these events, we and our customers could be required to seek licenses from third parties to continue offering our products and operating our platform and to re-engineer our products or platform or discontinue offering our products to customers in the event re-engineering cannot be accomplished on a timely basis. Any of the foregoing could require us to devote additional research and development resources to re-engineer our products or platform, could result in customer dissatisfaction, and may adversely affect our business, results of operations, and financial condition.

We may be accused of infringing the intellectual property rights of third parties.

We may be accused of infringing intellectual property or other proprietary rights of third parties, including their copyrights, trademarks, or patents, or improperly using or disclosing their trade secrets or confidential information, or otherwise infringing or violating their proprietary rights. The costs of supporting any litigation or disputes related to such claims can be considerable, and we cannot assure you that we will achieve a favorable outcome of any such claim. If any such claim is valid, we may be compelled to cease our use of such intellectual property or other proprietary rights and pay damages, potentially adversely affecting our business. Even if such claims were not valid, defending them could be expensive and distract our management team, adversely affecting our results of operations.

Although we require our employees to not use the proprietary information or technology of others in their work for us and we are not currently subject to any claims that they have done so, we may in the future become subject to claims that these employees have divulged, or we have used, proprietary information or technology of these employees' former employers. Litigation may be necessary to defend against these claims. If we are unable to successfully defend any such claims, we may be required to pay monetary damages and to discontinue our commercialization of certain solutions. In addition, we may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper our ability to develop new solutions and features for our existing solutions, which could severely weaken our business. Even if we are successful in defending against these claims, litigation efforts are costly, time-consuming and a significant distraction to management.

We currently have a number of agreements in effect pursuant to which we have agreed to defend, indemnify, and hold harmless our customers and other partners from damages and costs arising from the infringement or claimed infringement by our solutions of third-party patents or other intellectual property rights, which may include patents, copyrights, trademarks, or trade secrets. The scope of these indemnity obligations varies, but may, in some instances, include indemnification for damages and expenses, including attorneys' fees. Our insurance may not cover all intellectual property infringement claims. A claim that one of our solutions infringes a third party's intellectual property rights, even if untrue, could damage our relationships with our customers, may deter future customers from purchasing our solutions, and could expose us to costly litigation and settlement expenses. Even if we are not a party to any litigation between a customer and a third party relating to infringement by our solutions, an adverse outcome in any such litigation could make it more difficult for us to defend our solutions against intellectual property infringement claims in any subsequent litigation where we are a named party. Any of these results could harm our brand and adversely affect our results of operations.

Risks Relating to Ownership of Our Class A Common Stock

The trading price of our Class A common stock has been and is likely to continue to be volatile, which could cause the value of your investment to decline.

The market price of our Class A common stock has been and may continue to be highly volatile and could be subject to wide fluctuations. This market volatility, as well as general economic, market, and political conditions, could reduce the market price of shares of our Class A common stock despite our operating performance.

In addition, our results of operations could be below the expectations of public market analysts and investors due to a number of potential factors, including:

- overall performance of the economy, equity markets, and/or publicly-listed technology and fintech companies;
- actual or anticipated fluctuations in our net revenue or other operating metrics;
- our actual or anticipated operating performance and the operating performance of our competitors;
- the financial projections we may provide to the public, any changes in those projections or our failure to meet those projections;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet the estimates or the expectations of investors;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant innovations, new products, services, or capabilities, acquisitions, strategic partnerships or investments, joint ventures, or capital commitments;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- lawsuits threatened or filed against us;
- actual or perceived privacy or data security incidents;
- developments or disputes concerning our intellectual property or other proprietary rights;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- changes in our board of directors, management, or key personnel;
- adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions, including the bank closures and failures;
- other events or factors, including those resulting from war (including the significant military action against Ukraine launched by Russia and any related political or economic responses and counter-responses or otherwise by various global actors or general effect on the global economy), incidents of terrorism, pandemics (including the COVID-19 pandemic), or elections, or responses to these events; and
- sales of additional shares of our Class A common stock by us or our stockholders.

Because of these fluctuations, comparing our results of operations on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. These broad market and industry factors may decrease the market share of our Class A common stock, regardless of our actual operating performance. In addition, stock markets in general, and the market for technology and fintech companies in particular, have from time to time experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. In the past, stockholders have often instituted securities class action litigation against a company following periods of overall market volatility and volatility in the market price of that company's securities. If we were to become involved in securities litigation, could result in substantial costs and divert resources and the attention of management.

The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who hold shares of our Class B common stock, including our directors, executive officers, and their affiliates. As a result of the dual class structure of our common stock, the trading price of our Class A common stock may be depressed.

Our Class B common stock has 10 votes per share, and our Class A common stock has one vote per share. Our directors, executive officers, and their affiliates, beneficially own in the aggregate 51.5% of the voting power of our capital stock as of June 30, 2023. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively continue to control a majority of the combined voting power of our common stock and therefore control all matters submitted to our stockholders for approval and may continue to control such matters until the tenth anniversary of our initial public offering, when all outstanding shares of Class A common stock and Class B common stock will convert automatically into shares of a single class of common stock.

This concentrated control limits or precludes your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this concentrated control may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may believe are in your best interest as one of our stockholders.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. As a result, it is possible that one or more of the persons or entities holding our Class B common stock could gain significant voting control as other holders of Class B common stock sell or otherwise convert their shares into Class A common stock. Our dual class structure may also depress the trading price of our Class A common stock due to negative perceptions by market participants and other stakeholders. Certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indices. Similarly, several stockholder advisory firms have announced their opposition to the use of multiple-class structures. Any exclusion from indices or criticism of our corporate governance practices by stockholder advisory firms could result in a less active trading market for our Class A common stock.

Our issuance of additional capital stock may dilute your ownership and adversely affect the market price of our Class A common stock.

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. For example, we may attempt to obtain financing or to further increase our capital resources by issuing additional shares of our Class A common stock or securities convertible into shares of our Class A common stock or offering debt or other securities. We could also issue shares of our Class A common stock or securities convertible into our Class A common stock or debt or other securities in connection with acquisitions or other strategic transactions. Additionally, we expect to grant equity awards to employees, directors, and consultants under our stock incentive plan.

Any Class A common stock or securities convertible into shares of our Class A common stock that we issue from time to time, including in connection with a financing, acquisition, investment or under any equity incentive plans or that we may adopt in the future, will dilute your percentage ownership. In addition, issuing additional shares of our Class A common stock or securities convertible into our Class A common stock or debt or other securities may dilute the economic and voting rights of our existing stockholders and would likely reduce the market price of our Class A common stock both upon issuance and conversion, in the case of securities convertible into our Class A common stock.

As of June 30, 2023, unrecognized compensation costs related to unvested RSUs and unvested outstanding stock options, excluding the Executive Chairman Long-Term Performance Award, were \$283.4 million and \$57.0 million, respectively. These costs are expected to be recognized over a weighted-average period of 2.9 years and 2.5 years, respectively.

In April and May 2021, our board of directors granted our Executive Chairman and then-Chief Executive Officer equity incentive awards in the form of performance-based stock options covering 19,740,923 and 47,267 shares of our Class B common stock with an exercise price of \$21.49 and \$23.40 per share, respectively, (collectively, the “Executive Chairman Long-Term Performance Award”). The Executive Chairman Long-Term Performance Award vests upon the satisfaction of a service condition and the achievement of certain stock price goals.

As of June 30, 2023, the aggregate unrecognized compensation cost related to the Executive Chairman Long-Term Performance Award was \$90.6 million, which is expected to be recognized over the remaining derived service period of 2.6 years.

In addition, as of June 30, 2023, we had 38,376,973 option shares outstanding that, if fully vested and exercised, would result in the issuance of an equal number of shares of Class B common stock or Class A common stock, as well as 45,142,374 total shares of Class B or Class A common stock subject to RSU awards. All of the shares of Class B common stock issuable upon the exercise of stock options, and the shares reserved for future issuance under our equity incentive plans are registered for public resale under the Securities Act following conversion to shares of Class A common stock. Accordingly, these shares will be able to be freely sold in the public market upon issuance, subject to volume limitations under Rule 144 for our executive officers and directors and applicable vesting requirements. Certain holders of our Class B common stock have rights, subject to some conditions, to require us to file registration statements for the public resale of the Class A common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file for us or other stockholders.

We do not intend to pay dividends on our Class A common stock in the foreseeable future and, consequently, the ability of Class A common stockholders to achieve a return on investment will depend on appreciation in the trading price of our Class A common stock.

We have never declared or paid any cash dividends on our capital stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the operation of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current board of directors, and limit the trading price of our Class A common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- provide that our board of directors will be classified into three classes of directors with staggered three-year terms;
- permit our board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- require super-majority voting to amend some provisions in our amended and restated certificate of incorporation and amended and restated bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that only the Chairperson of our board of directors, our Chief Executive Officer, or a majority of our board of directors will be authorized to call a special meeting of stockholders;
- provide for a dual class common stock structure where holders of our Class B common stock are able to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the outstanding shares of our Class A and Class B common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets;

- prohibit stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter, or repeal our amended and restated bylaws; and
- contain advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Moreover, Section 203 of the Delaware General Corporation Law may discourage, delay, or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock.

Our amended and restated bylaws designate state or federal courts located within the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, potentially limiting stockholders' ability to obtain a favorable judicial forum for disputes with us.

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware is the sole and exclusive forum for any state law claims for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders;
- any action asserting a claim arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws; or
- any action asserting a claim that is governed by the internal affairs doctrine, or the Delaware Forum Provision.

The Delaware Forum Provision does not apply to any causes of action arising under the Securities Act or the Exchange Act. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the United States District Court for the District of Delaware shall be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or the Federal Forum Provision, as we are incorporated in the State of Delaware.

In addition, our amended and restated bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision in our amended and restated bylaws may impose additional litigation costs on stockholders in pursuing any such claims. Additionally, these forum selection clauses may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers, or employees, potentially discouraging the filing of lawsuits against us and our directors, officers, and employees, even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the United States District Court for the District of Delaware may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

We cannot guarantee that our share repurchase program will enhance long-term stockholder value. Share repurchases could also affect the trading price of our stock and may reduce working capital.

In May 2023, our board of directors approved a \$200 million share repurchase program for shares of our Class A common stock. The actual timing, manner, number, and value of shares repurchased under the program will depend on a number of factors, including the availability of cash, the market price of our Class A common stock, general market and economic conditions, applicable requirements, and other business considerations. The share repurchase program may be suspended, modified or discontinued at any time and we have no obligation to repurchase any amount of our Class A common stock under the program. The share repurchase program has no set expiration date. We intend to make all repurchases in compliance with applicable regulatory guidelines and to administer the plan in accordance with applicable laws, including Rule 10b-8 of the Securities Exchange Act of 1934, as amended. Other risks and uncertainties include, among other things, the market price of our stock prevailing from time to time, the nature of other investment opportunities presented to us, our financial performance and our cash flows from operations, and general economic conditions, which could adversely affect our results of operations and cash flows.

General Risk Factors

Our business is subject to the risks of earthquakes, fire, floods, pandemics and other natural catastrophic events, and to interruption by man-made issues such as power disruptions and strikes.

Our systems and operations are vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, strikes, health pandemics, such as the COVID-19 pandemic, and similar events. For example, our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity and wildfires, and a significant natural disaster in that area or any other location in which we have offices or facilities or employees working remotely, such as an earthquake, fire, or flood, could have a material adverse effect on our business, results of operations, financial condition, and future prospects.

Our insurance coverage may be insufficient to compensate us for the losses that may occur. In addition, strikes, wars, terrorism, and other geopolitical unrest could cause disruptions in our business and lead to interruptions, delays, or loss of critical data. If a natural disaster, power outage, connectivity issue, or other event occurs that impacts our employees' ability to work remotely, our business and results of operations could be adversely affected. We may not have sufficient protection or recovery plans in certain circumstances, such as a significant natural disaster, and our business interruption insurance may be insufficient to compensate us for losses that may occur.

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

As a public company, we are subject to the reporting requirements of the Exchange Act, the listing standards of Nasdaq and other applicable securities rules and regulations. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems, and resources. For example, the Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and results of operations and comply with the Sarbanes-Oxley Act and other regulations.

As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, potentially adversely affecting our business, results of operations, and financial condition. Although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future or engage outside consultants or contractors, which will increase our operating expenses.

In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, potentially resulting in continued uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest substantial resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

Being a public company and being subject to these new rules and regulations makes it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

The obligations of being a public company and interacting with public company investors require significant attention from our management and could divert their attention away from the day-to-day management of our business, potentially adversely affecting our business, results of operations, and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None.

Purchase of Equity Securities

The following table contains information relating to the repurchases of our Class A common stock made by us in the three months ended June 30, 2023:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
April 1 - April 30, 2023	—	\$ —	—	\$ 200,000,000
May 1 - May 31, 2023	4,735,363	\$ 4.61	4,735,363	\$ 178,180,274
June 1 - June 30, 2023	5,432,657	\$ 4.88	5,432,657	\$ 151,686,661
Total	10,168,020		10,168,020	

⁽¹⁾ On May 8, 2023, our board of directors authorized a share repurchase program of up to \$200 million of our Class A common stock beginning May 11, 2023. Under the repurchase program, we are authorized to repurchase shares through open market purchases, in privately negotiated transactions or by other means, in accordance with applicable federal securities laws, including through trading plans under Rule 10b5-1 of the Exchange Act. The share repurchase program has no set expiration date.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(c) During our last fiscal quarter, no director or officer, as defined in Rule 16a-1(f) of the Exchange Act, adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined in Item 408 of Regulation S-K.

Item 6. Exhibits

The following exhibits are filed herewith or incorporated by reference herein:

Exhibit No.	Description	Incorporated by Reference			
		Form	File No.	Exhibit No.	Filing Date
10.1*†	Amended and Restated Prepaid Card Program Manager Agreement by and between the Registrant and Sutton Bank, dated April 1, 2016, as amended on December 31, 2017, September 1, 2018, August 1, 2020, July 1, 2021, and January 23, 2023.				
31.1*	Certification of the Principal Executive Officer, pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of the Principal Financial Officer, pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1**	Certification of the Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2**	Certification of the Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS*	Inline XBRL Instance Document.				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).				
†	Certain confidential information contained in this exhibit has been omitted because it is both (i) not material and (ii) is the type that the Registrant treats as private or confidential.				
*	Filed herewith.				
**	Furnished herewith. The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the SEC and are not to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.				

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MARQETA, INC.

Date: August 8, 2023

By: /s/ Simon Khalaf
Name: Simon Khalaf
Title: Chief Executive Officer (Principal Executive Officer)

Date: August 8, 2023

By: /s/ Michael (Mike) Milotich
Name: Michael (Mike) Milotich
Title: Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

CERTAIN CONFIDENTIAL INFORMATION, MARKED BY [*], HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE (I) IT IS NOT MATERIAL AND (II) THE REGISTRANT CUSTOMARILY AND ACTUALLY TREATS THE INFORMATION AS PRIVATE AND CONFIDENTIAL.**

CONFIDENTIAL AND PROPRIETARY

EXECUTION COPY

AMENDED AND RESTATED

PREPAID CARD PROGRAM MANAGER AGREEMENT

This Amended and Restated Prepaid Card Program Manager Agreement, including all schedules, exhibits, attachments, appendices and addenda attached hereto (collectively, the “Amended Program Manager Agreement”) is entered into as of April 1, 2016 (the “Effective Date”), by and between Marqeta, Inc., a Delaware corporation, whose address is 6201B Doyle St, Emeryville CA 94608 (“Manager”), and Sutton Bank, an Ohio chartered bank corporation, its subsidiaries and affiliates, whose main address is 1 South Main St. Attica, OH (“Sutton Bank”). It amends and restates the Program Manager Agreement entered into between parties as of October 1, 2011.

WHEREAS, Sutton Bank operates a prepaid card service and is an approved issuer of prepaid cards on the Discover, MasterCard, and Visa Networks;

WHEREAS, Sutton Bank provides services set forth in Exhibit B (the “Sutton Bank Prepaid Card Services”) and the other Program Documents in connection with Card Transactions processed on one or more Networks;

WHEREAS, Manager desires to manage one or more Cards pursuant to one or more Programs, subject to the terms and conditions of the Program Documents;

WHEREAS, Sutton Bank desires to designate Manager as the program manager for such Cards and Programs;

NOW THEREFORE, in consideration of the foregoing promises and the mutual agreements, provisions, covenants and conditions contained in this Amended Program Manager Agreement, Sutton Bank and Manager agree as follows:

ARTICLE I - RULES OF INTERPRETATION; DEFINITIONS

1.1 Certain Interpretive Matters

As used herein, (i) the terms “include” and “including” are meant to be inclusive and shall be deemed to mean “include without limitation” or “including without limitation”; (ii) the word “or” is disjunctive, but not necessarily exclusive; (iii) references to “dollars” or “\$” shall be to United States dollars; (iv) the term “his” applies to both genders; (v) any Article, Section, Subsection, Paragraph or Subparagraph headings contained in this Amended Program Manager Agreement and the Preamble at the beginning of this Amended Program Manager Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Amended Program Manager Agreement (other than with respect to any defined terms contained in the Preamble); (vi) any reference made in this Amended Program Manager Agreement to a statute or statutory provision shall mean such statute or statutory provision as it has been amended

through the date as of which the particular portion of the Amended Program Manager Agreement is to take effect, or to any successor statute or statutory provision relating to the same subject as the statutory provision so referred to in this Amended Program Manager Agreement, and to any then applicable rules or regulations promulgated thereunder, unless otherwise provided; (vii) the words “herein,” “hereof,” “hereunder” and words of like import shall refer to this Amended Program Manager Agreement as a whole (including its Schedules and Exhibits), unless the context clearly indicates to the contrary (for example, that a particular Section, Schedule or Exhibit is the, intended reference); (viii) words used herein in the singular, where the context so permits, shall be deemed to include the plural and vice versa; (ix) a reference in this Amended Program Manager Agreement contemplating certain action by Sutton Bank “after consultation with” or “in consultation with” or “in cooperation with” Manager does not mean that the consent or approval of Manager is required or contemplated in connection with such action; and (x) unless the context otherwise requires or unless otherwise provided herein, the terms defined in this Amended Program Manager Agreement that refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument, or document.

1.2 Definitions

Terms not defined in this Amended Program Manager Agreement shall have the meanings given to them in the applicable Network Rules. Except as otherwise specifically indicated, the following terms shall have the following meanings in this Amended Program Manager Agreement (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“**Activate**”, “**Activated**” or “**Activation**” means, with respect to a Card, the process separate from funding of the Card by which the Cardholder causes the Card to be usable for Transactions as provided by and subject to the applicable Cardholder Agreement. The Parties acknowledge that two types of Activation may occur with respect to Cards: some Cards may be Activated by Distributors when they are first sold so that the Card may be used for Transactions immediately upon its purchase or distribution, and other Cards may be distributed to Cardholders in an un-activated state and need to be Activated by the Cardholder, usually via telephone or online, each as provided in the Program Due Diligence Application.

“**Additional Products**” includes any other products and service of Sutton Bank that may be offered to a Cardholder in connection with the Program(s), as mutually agreed upon by the Parties.

“**Affiliate**” means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by or is under common control with such Person. For the purposes of this definition, “control” means the power to direct the management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “common control” and “controlled” have meanings correlative to the foregoing.

“**Amended Program Manager Agreement**” has the meaning set forth in the Preamble.

“**AML**” means anti-money laundering.

“Applicable Law” means the (i) Network Rules, (ii) the laws, court opinions, attorney general opinions, rules and regulations of the United States or of any State or the various agencies, departments or administrative or governmental bodies thereof, and any regulatory guidance, determinations of (or agreements with) an arbitrator or Regulatory Authority and directions or instructions from (or agreements with) any arbitrator or Regulatory Authority, as the same may be amended and in effect from time to time during the Term, including, without limitation, (1) the EFTA; (2) the GLBA; (3) the Bank Secrecy Act; (4) federal and state money services business laws; (5) the prohibition against unfair and deceptive trade practices in the Federal Trade Commission Act; (6) state data security laws; and (7) the Telephone Consumer Protection Act; (8) any and all sanctions or regulations enforced by OFAC; (9) statutes or regulations of any State relating to banks, banking, prepaid cards, money transmission or unclaimed property, to the extent applicable to the issuance, sale, authorization or usage of the products and services offered under the Programs or as otherwise applicable to any of the Parties, as all the same may be amended and in effect from time to time during the Term, and (iii) the published policies and procedures of Sutton Bank, as promulgated from time to time by Sutton Bank’s Board of Directors in good faith to ensure the continued safety and soundness of Sutton Bank.

“Applicant” means any Person who submits a completed application for a Card.

“Approved Programs” has the meaning given in Section 2.1.

“Audit Corrective Action Plan” has the meaning given in Section 3.1(O)(v).

“Audit Findings” has the meaning given in Section 3.1(O)(v).

“Auditing Party” has the meaning given in Section 3.1(O)(ii).

“Authorized Users” has the meaning given in Section 3.2(D).

“Bank BSA/AML/OFAC Requirements” has the meaning given in Section 5.4(C).

“Bank Indemnified Parties” has the meaning given in Section 11.1.

“Bank Secrecy Act” or **“BSA”** means the federal Bank Secrecy Act (12 U.S.C. §§ 1951 et seq.), as amended by the USA Patriot Act or otherwise from time to time, and all regulations thereunder and any successor regulations.

“BIN” means collectively the Bank Identification Number assigned to Bank by Visa, the Interbank Card Association number assigned to Bank by MasterCard, or similar identifier assigned to Bank by other Networks for the purposes of identifying and routing electronic payment transactions.

“BSA/AML/OFAC Procedures” has the meaning set forth in Section 5.4(A).

“Business Day” means any day other than a Saturday, Sunday or legal holiday, on which Sutton Bank is open to the public for carrying on substantially all of its banking functions.

“Breakage” means, with respect to Cardholder-Funded Cards, any Cardholder Funds remaining on the Card upon the earlier to occur of (a) the Card’s expiration date (provided the Cardholder Funds expire on such date per the Cardholder Agreement), or (b) the date the Cardholder Funds are presumed to be abandoned under applicable state unclaimed property laws, to the extent such amounts are not otherwise required to be escheated under state unclaimed property laws pursuant to Section 5.7. With respect to Corporate-Funded Cards, “Breakage” means any Corporate Funds remaining on the Card upon the Card expiration date or the disclosed redemption period for such Corporate Funds, provided the Cardholder Agreement discloses that such funds will revert to the owner of such Corporate Funds following such data, to the extent such amounts are not otherwise required to be escheated under state unclaimed property laws pursuant to Section 5.7.

“Card” means a reloadable or non-reloadable prepaid card or other prepaid access device or number issued by Sutton Bank as a product of Sutton Bank in connection with any Program implemented pursuant to this Amended Program Manager Agreement and under authority from a Network.

“Card Program” means a system of services and features, as mutually agreed by Manager and Sutton Bank, relating to a particular type of Card provided by Manager and Sutton Bank pursuant to this Amended Program Manager Agreement. This Amended Program Manager Agreement contemplates that multiple Card Programs may be offered hereunder.

“Cardholder” means an individual who (i) applies for a Card and is issued a Card or otherwise provided a Card by Sutton Bank, (ii) uses a Card to effect a Transaction, or (iii) purchases or uses any Additional Products offered under the Programs.

“Cardholder Account” means (i) the prepaid account which is associated with a Card, and includes the record of debits and credits with respect to Transactions originated by a Cardholder as detailed on the Processor’s Network, and (ii) such other accounts for Additional Products.

“Cardholder Agreement” means the agreement between Sutton Bank and a Cardholder governing the terms and use of a Card.

“Cardholder Complaint” has the meaning given in Section 5.11(B).

“Cardholder Data” means information that is provided to or obtained by either Party in the performance of its obligations under this Addendum or otherwise regarding Applicants and current or former Cardholders, including without limitation (i) name, postal address, e-mail address, telephone number, date of birth, taxpayer identification numbers, Cardholder Account numbers, security codes, service codes (i.e., the three or four digit number on the magnetic stripe that specifies acceptance requirements and limitations for a magnetic stripe read transaction), valid to and from dates, as well as information and data related to payment instruments and Transactions, or Transactions data using payment instruments and methodologies (e.g., charge, credit, debit, prepaid) and regardless of whether or not a physical card is used in connection with such transactions, demographic data, data generated or created in connection with Cardholder Account processing and maintenance activities, Cardholder Account statementing and Cardholder service, telephone logs and records and other documents and information necessary for the processing and maintenance of Cardholder Accounts, (ii), business name, business address, business tax identification number, and certain information on owner or officer, if the Cardholder is a business, (iii) all “Nonpublic Personal Information” and “Personally Identifiable Financial Information” (as defined in 12 C.F.R. §§ 573.3(n) and (o), respectively), and, (iv) with respect to the disposal of such information, any record containing “Consumer Information,” as that term is defined in the regulations implementing 15 U.S.C. § 1681.

“Cardholder Funds” means the funds provided by or on behalf of the Cardholder in connection with a requested Load to the Cardholder’s Card and that are legally owed to or owned by the cardholder.

“Cardholder-Funded Card” means a card funded solely with Cardholder Funds.

“Claim” means any and all threats, actions, demands, investigations, proceedings, claims, counterclaims, defenses, or allegations (whether formal or informal, individual or in a representative capacity) made by or on behalf of any Person, including the other Party, any consumer, Cardholder, Regulatory Authority, Network and any attorney general, district attorney or other law enforcement authority, that would not have arisen but for the Program. The term includes disputes based upon contract, tort, consumer rights, fraud and other intentional torts, constitution, statute, regulation, ordinance, common law and equity (including any claim for injunctive or declaratory relief) and includes disputes based on alleged violations of any Applicable Law.

“Client” means a business customer of Manager’s that retains Manager to issue Cards for use by Client’s employees, customers, enrollees, subscribers and/or members (collectively, the “Client Customers”), and that sells or distributes such Cards to the Client Customers as Manager’s agent.

“Complaint Summary” has the meaning given in Section 5.11(D)

“Complaints” has the meaning set forth in Section 5.11(D).

“Compliance Counsel” has the meaning set forth in Section 5.2.

“Confidential Information” has the meaning set forth in Section 8.2.

“Corporate Funded Card” means a card funded solely with Corporate Funds that are not legally owed to or owned by the Cardholder.

“Corporate Funds” means all funds received by Sutton Bank on or on behalf of and owned by a business in connection with and/or for crediting to a Corporate Funded Card.

“Corrective Action Plan Deadline” has the meaning set forth in Section 3.1(O)(v).

“Critical Services” shall mean services that (i) require a third party to access, store, transmit or process Cardholder Data in connection with the Program, (ii) involve significant bank functions or other activities that could cause Sutton Bank to face significant risk if the third party fails to meet expectations, (iii) could have significant customer impacts, or (iv) could have a major impact on Sutton Bank operations if Sutton Bank has to find an alternate third party or if the outsourced activity has to be brought in-house.

“**Criticism**” has the meaning set forth in Section 5.11(A).

“**Customer Identifying Information**” means, collectively, the name, address(es), email address(es), telephone number(s), cell phone number(s), date of birth, and Social Security Number or Tax Identification Number of each Applicant or Cardholder.

“**Discover**” means DFS Services LLC and its successors and assigns.

“**Distribution and Service Agreement**” means the written agreement between Manager and a Distributor (and, if applicable, Sutton Bank) pursuant to the provisions of this Amended Program Manager Agreement.

“**Distributor**” means any marketer, seller of goods and/or services, or other business that has executed a Distribution and Service Agreement to distribute Cards under a Program. For avoidance of doubt, a “Distributor” does not include a Marketer who solely markets but does not distribute or service Cards under a Program.

“**Effective Date**” has the meaning set forth in the Preamble.

“**EFTA**” means the Electronic Fund Transfer Act (15 U.S.C. §§ 1693, et seq.) and Regulation E thereunder (12 C.F.R. Part 1005), each as may be amended from time to time.

“**Executive Complaints**” means (i) any complaint received by a Party from any Network or the Better Business Bureau relating to the Programs and (ii) any material written complaints received by or elevated to senior management of any Party relating to the Programs other than a Regulatory Communication.

“**FDIC**” means the Federal Deposit Insurance Corporation.

“**FFIEC**” means the Federal Financial Institutions Examination Council.

“**FFIEC Handbook**” has the meaning set forth in Section 6.6(A).

“**Financial Information**” has the meaning set forth in Section 4.1(D).

“**FinCEN**” means the Financial Crimes Enforcement Network.

“**Funding Account**” has the meaning set forth in Section 3.1(K).

“**GLBA**” means, collectively, the Gramm-Leach-Bliley Act, 15 U.S.C. §§ 6801, et seq., the Privacy Regulations, and the standards for safeguarding customer information set forth in 12 C.F.R. Part 1016 and 16 C.F.R. Part 314 or such corresponding regulations as are applicable to the Programs and the Parties.

“**IDTP**” has the meaning given in Section 5.8.

“**Independent Sales Organization**” means a third party service provider sponsored by Sutton Bank pursuant to the Network Rules.

“Information Security Requirements” has the meaning set forth in Section 8.1(F).

“Initial Term” has the meaning set forth in Section 10.1(A).

“Intellectual Property” has the meaning set forth in Section 3.1(H).

“Interchange” means the revenue paid to Sutton Bank by acquiring financial institutions for Transactions, as established by a Network.

“Legal Documents” has the meaning given in Section 5.11(C).

“Load”, **“Loaded”** or **“Loading”** means the process of adding Cardholder Funds or Corporate Funds to a Card at the time such Card is Activated or subsequent thereto, including but not limited to, by way of (i) third party load programs, such as Green Dot MoneyPak, (ii) point-of-sale “swipe” transactions, or (iii) corporate or Card transfers via a web portal or otherwise.

“Load Failure” means circumstances in which any Load amount intended to be made on a Card is not received by Sutton Bank.

“Losses” means any and all actual losses, assessments, damages, indemnities, liabilities, obligations, deficiencies, adjustments, judgments, settlements, dispositions, awards, offsets, penalties, fines and interest, and reasonable attorneys’, accountants’ and experts’ fees and expenses, including any such fees and expenses incurred in any investigations, proceedings, counterclaims, defenses or appeals that could reasonably result in incurring or avoiding any Losses.

“Manager” has the meaning set forth in the Preamble.

“Manager Contractors” has the meaning set forth in Section 11.1(D).

“Manager Indemnified Parties” has the meaning set forth in Section 11.3.

“Manager’s System” has the meaning set forth in Section 3.2(D).

“Mark” means the service marks, trademarks and copyrights of Manager, the Networks, or Sutton Bank, including the names and other distinctive marks or logos, which identify Manager, the Networks, or Sutton Bank, respectively.

“Marketer” means any marketer, seller of goods and/or services, or other business that has executed a Marketing Agreement with Manager solely to assist in the development of Marketing Materials and Marketing Campaigns in connection with a Program or to enable its branding to be marketed in connection with a Program and to not distribute or service Cards under a Program. For avoidance of doubt, a “Marketer” does not include a Person who, at the direction of a Marketer, merely posts advertising or provides Marketing Materials developed by Marketer to potential Cardholders, provided such Person is affiliated with the Marketer through common ownership or control, a franchising relationship with the Marketer, or such other arrangement described in the approved Program Due Diligence Application for a Program.

“**Marketing Agreement**” means the written agreement between Manager and a Marketer pursuant to the provisions of this Amended Program Manager Agreement.

“**Marketing Campaigns**” means all marketing methods intended to generate requests for the Cards by targeting a population using specific advertising mediums, such as Internet marketing, blogging, tweeting, e-mailing, texting, direct mail marketing, telemarketing, radio or television commercial airtime, print advertising, billboard advertising, or other recognized methods of selling goods or services or acquiring sales leads.

“**Marketing Materials**” shall mean all media of any kind or nature, including without limitation, email solicitation messages, published advertising (such as newspaper and magazine advertisements), Internet media, Card art, Card carriers, Card displays, Facebook/MySpace posts, blogs, tweets, texts, banner ads, RSS feeds, telemarketing scripts, television or radio advertisements, brochures, postcards, posters, direct mailings, signage, frequently asked questions, interview or public speaking scripts and talking points, sales materials, and press releases intended for public dissemination or to promote, advertise and/or market a Program.

“**MasterCard**” means MasterCard International Incorporated and its successors and assigns.

“**Merchant**” has the meaning set forth in Section 3.1(L).

“**Merchant Rewards Account**” has the meaning set forth in Section 3.1(L).

“**[***]**” means [***].

“**MSB**” means the Money Services Business.

“**NACHA**” means the National Automated Clearing House Association and its successors and assigns.

“**Network**” means any Discover, NACHA, Visa, MasterCard, or any other card association or payment network selected by Bank and agreed to by Manager for the Settlement of Transactions contemplated by this Amended Program Manager Agreement.

“**Network Rules**” means the bylaws, operating rules and regulations of any applicable Network, including the PCI-DSS.

“**OFAC**” means the United States Department of Treasury’s Office of Foreign Assets Control.

“**Party**” or “**Parties**” means, as applicable, Manager and/or Sutton Bank.

“**PCI-DSS**” means the Payment Card Industry Data Security Standards established and implemented by the various payment card associations.

“Person” means any legal person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, governmental entity or other entity of any nature.

“Prepaid Access Rule” has the meaning given in Section 5.4(B).

“Privacy Notices” means all privacy policy disclosure statements required by Applicable Law, including without limit GLBA, in connection with the use of any Cardholder Data by Sutton Bank or Manager, any of Sutton Bank’s or Manager’s Affiliates or any third party engaged by Manager or Sutton Bank.

“Privacy Regulations” means those regulations or related interagency guidelines promulgated by federal Regulatory Authorities implementing Title V of GLBA.

“Processing Services” means those Services performed by Manager which are necessary to issue Cards and process Transactions in accordance with Applicable Law.

“Processor” means Manager solely in connection with providing Processing Services for Cards that are issued under this Amended Program Manager Agreement. Manager agrees that Manager shall provide the Processing Services for the Programs pursuant to the terms of this Amended Program Manager Agreement executed between Sutton Bank and Manager.

“Program” means a system of services approved by Sutton Bank under which a Cardholder may utilize a Card to conduct Transactions pursuant to the Cardholder Agreement. The Parties acknowledge that multiple Programs may exist under this Amended Program Manager Agreement based on meaningful differences, including but not limited to, Card terms and functionality, distribution locations, and Cardholder characteristics. All Programs shall be subject to the terms hereof and the prior written approval of Sutton Bank.

“Program Accounts” means the various deposit accounts established by Sutton Bank for purposes of facilitating the flow of funds, receiving Program reserve amounts, Cardholder Funds and Corporate Funds and the payment of Settlement Transactions to the Network.

“Program Documents” means all agreements and documents between Sutton Bank or Manager and any Network relating to each Program, including without limitation any issuer agreements or issuer processor agreements, as applicable, license agreements, Network Rules, operating regulations, trademark guidelines, dispute rules, technical specifications, issuer fee schedules, and all product guides, documents, rules and procedures incorporated herein or therein, together with all documents, rules and procedures of any Network that are applicable to a Program.

“Program Due Diligence Application” means a description and explanation of the parameters and features of a Program using the application provided by Sutton Bank, together with any accompanying exhibits or schedules.

“Program Fraud” has the meaning given in Section 3.1(N)(i).

“Program Materials” means all written and electronic materials relating to each Program utilized by Manager, including, but not limited to, Marketing Materials, training materials, policies and procedures, including without limitation, Cardholder Agreements, Cardholder service letters, any website established by Manager in connection with the Programs, customer service scripts, interactive voice response messaging, any information, notices or disclosures relating to Cards provided to Cardholders, including, but not limited to, Privacy Notices, error-resolution notices, change-in-terms notices, and disclosures required by the EFTA, and documents and any material amendments or updates thereto.

“Program Records” has the meaning given in Section 3.1(P)(i).

“Program Revenues” means all income derived from a Cardholder’s use of a Card or participation in a Program, including but not limited to, [***].

“Program Schedule” means a written addendum to this Amended Program Manager Agreement, substantially in the form attached hereto as Schedule 2.1 and executed by each Party, which sets forth the Parties’ respective duties and obligations with respect to a particular Card Program.

“Regulatory Authority” means any federal, state or local governmental, regulatory or self-regulatory authority, agency, court, tribunal, commission or other entity having jurisdiction over Sutton Bank, Manager or the Programs, including, but not limited to, the Office of the Comptroller of the Currency, FDIC, Federal Reserve, Federal Trade Commission, and Consumer Financial Protection Bureau. It may also include, as the circumstances dictate, any non-U.S. authority having or exercising jurisdiction related to the issuance, sale, authorization or usage of the Cards, Programs or services provided under this Amended Program Manager Agreement.

“Regulatory Communication” means all communications from any Regulatory Authority concerning the Programs.

“Renewal Term” has the meaning set forth in Section 10.1(A).

“Response to Audit Letter” has the meaning given in Section 3.1(O)(v).

“SEC” means the U.S. Securities and Exchange Commission.

“Security Contact” has the meaning set forth in Section 9.4.

“Security Guidelines” means the Interagency Guidelines Establishing Standards for Safeguarding Customer Information, the FFIEC Information Technology Examination Handbook, PCI-DSS, Section 501 of GLBA and any other guidance or directives issued by a Regulatory Authority or Networks pertaining to the security of Cardholder Data.

“Security Program” has the meaning set forth in Section 9.1.

“Sensitive Customer Information” has the meaning set forth in Section 8.1(E).

“Services” means those services specifically described in Exhibit D and otherwise described in this Amended Program Manager Agreement.

“**Settle**” and “**Settlement**” mean the movement of funds tendered for or Loaded to Cards among Sutton Bank, other financial institutions and the Networks in accordance with Applicable Law to settle Transactions on such Cards.

“**SSAE**” has the meaning given in Section 9.2.

“**Standard Terms**” has the meaning set forth in Section 6.1(D).

“**Successor Bank**” has the meaning set forth in Section 10.5(A).

“**Sutton Bank**” has the meaning set forth in the Preamble.

“**Switchover Date**” has the meaning set forth in Section 10.5(C).

“**Term**” has the meaning set forth in Section 10.1.

“**Third Party Service Provider**” means a service provider which Manager utilizes to provide Critical Services in connection with the Program(s).

“**Transaction**” means using a Card to do any of the following: (i) make a purchase or otherwise make a payment to or for the benefit of a third party; or (ii) obtain a credit for a previous purchase; (iii) make a cash withdrawal at an automated teller machine, bank teller or via other means; (iv) to transfer value to another Card or account; (v) to Load funds to a Card, or (vi) without duplication of any of the foregoing, any other transaction involving use of a Card.

“**Transaction Fee**” means a fee charged in connection with the sale of a Card. The amount of the Transaction Fee applied to each Card will vary depending on the particular Card, and shall be calculated by Manager in accordance with a pricing schedule approved by Sutton Bank. For purposes of clarity, a Transaction Fee is charged at the time a Card is sold.

“**Visa**” means Visa U.S.A. Inc. and its successors and assigns.

“**Wind Down Period**” means the period from the date of termination or expiration of the Amended Program Manager Agreement through the date that the Parties have completed the Wind-Down Plan for the Programs entirely pursuant to Section 10.5.

“**Wind-Down Plan**” has the meaning set forth in Section 10.5(C).

ARTICLE II - MANAGER’S ROLE; INCORPORATION OF AND COMPLIANCE WITH PROGRAM DOCUMENTS

2.1 Manager’s Role

Manager and Sutton Bank acknowledge that Manager is providing services with respect to the Prepaid Card Programs developed by Manager that have been reviewed and approved by Sutton Bank and for which Sutton Bank has approved Manager to provide the services described in this Amended Program Manager Agreement (each as specifically identified by Program description on Schedule 2.1 hereto, as the same may be amended from time to time) (the

“**Approved Programs**”) as an agent and representative of Sutton Bank, who has primary responsibility for each Program’s compliance with Applicable Law and the Program Documents. Notwithstanding the foregoing, Manager acknowledges that (i) it will comply with the Program Documents as such are provided to Manager by Sutton Bank; (ii) it has received and thoroughly examined the Program Documents as provided by Sutton Bank, and (ii) each Card Transaction that Manager or Sutton Bank sends to or receives from any Network constitutes Manager’s ratification of the Program Documents, as then in effect and provided to Manager by Sutton Bank.

2.2 Operating Regulations

Manager acknowledges that as a “permitted Agent” of Sutton Bank, the terms of the Network Rules governing an issuer’s relationship with the applicable Network also govern Manager’s relationship with the applicable Network, to the extent applicable, including, for: cardholder obligations, responsibility for fraud, collections and other risks, data security, indemnity and liability, and confidentiality. Manager represents that it has read, agreed and will comply with all terms of the applicable Network Rules, including the foregoing specifically identified provisions as such are provided to Manager by Sutton Bank.

2.3 General

Sutton Bank and Manager hereby each acknowledge and agree that (a) Sutton Bank has established the Programs; (b) except as otherwise expressly provided in this Amended Program Manager Agreement, Sutton Bank shall have full control and continued oversight over the Programs, including without limitation all policies, activities and decisions with respect to each Program; (c) the products and services offered under the Programs pursuant to this Amended Program Manager Agreement are products of Sutton Bank; and (d) Manager shall serve as Sutton Bank’s administrator and servicer for the Programs, to which Sutton Bank has delegated specific responsibilities relating to the marketing and servicing of the Programs, including the marketing and sale of the Cards.

2.4 Bank Determination of Applicable Law

As between Sutton Bank and Manager with respect to each of their respective rights and obligations under this Amended Program Manager Agreement, to the extent there is a dispute between Sutton Bank and Manager with respect to the applicability of certain provisions of the Network Rules or Applicable Laws to one or more Program(s), Sutton Bank shall have the sole and exclusive right to determine (i) which of the Network Rules, Federal, State and local laws, court opinions, attorney general opinions, rules and regulations, and regulatory guidance, regulatory determinations of (or agreements with) or written directions of any arbitrator or Regulatory Authority, and modifications thereto, apply to each Program or the Parties hereto and thus are Applicable Laws; (ii) how such Applicable Laws apply to each Program; and (iii) how and to what extent pending, settled or decided lawsuits or enforcement actions affecting Sutton Bank or any other company, and legal and regulatory developments and trends, should be addressed in each Program; provided, however, that in making such determinations, Sutton Bank shall consult with Manager, shall exercise reasonable and professional judgment, and shall consult with legal counsel as appropriate. Notwithstanding the forgoing, Manager is expected and required to comply with all Applicable Laws that apply to Manager and the performance of its obligations under this Amended Program Manager Agreement.

2.5 Manager's Right to Offer Programs; Statutory Authority of Regulatory Authority

Sutton Bank grants Manager the right to offer the Programs on behalf of Sutton Bank, and hereby appoints Manager as Sutton Bank's agent for the sole and limited purpose of providing the services described herein with respect to the Programs. As an authorized delegate and representative of Sutton Bank, Manager acknowledges and agrees to the following:

(A) any Regulatory Authority has and shall have the statutory authority to regulate, examine and initiate an enforcement action against Manager with respect to the activities performed by Manager as agent or representative of Sutton Bank;

(B) Sutton Bank and Manager, in its capacity as Sutton Bank's authorized delegate and representative, are both subject to control and supervision by the appropriate Regulatory Authority;

(C) the Regulatory Authority may require both Sutton Bank and Manager, in its capacity as Sutton Bank's authorized delegate and representative, to (and, if required, the Parties shall) submit periodic reports to the Regulatory Authority;

(D) the Regulatory Authority may require the Parties to (and, if required, the Parties shall) modify the terms of this Amended Program Manager Agreement or terminate Sutton Bank's relationship with Manager at any time; and

(E) the Regulatory Authority may institute any other requirements or conditions that the Regulatory Authority deems appropriate for a particular purpose in connection with this Amended Program Manager Agreement and the rights and responsibilities set forth herein, in which case the Parties agree to comply with such requirements or conditions.

ARTICLE III - PARTIES' RESPONSIBILITIES

3.1 Manager's Responsibilities

As Sutton Bank's agent and representative, Manager will develop, promote, market and sell, and operate Approved Programs on Sutton Bank's behalf in accordance with this Amended Program Manager Agreement and the Program Documents, In addition, Manager further agrees to do the following:

(A) Execution of Agreements. It is Manager's responsibility to execute any and all necessary agreements with (i) Clients that will be distributing or selling the Cards or distributing any of the Sutton Bank Prepaid Card Services; and (ii) any of Sutton Bank's Networks.

(B) Due Diligence.

(i) Program Due Diligence Application. Manager will complete a Program Due Diligence Application for each Program proposed to be offered under this Amended Program Manager Agreement and will submit such Program Due Diligence Application in advance to Bank for Bank's prior written approval. Manager shall ensure that each Program is offered in accordance with the Program Due Diligence Application approved by Sutton Bank. Sutton Bank shall have the right to conduct a risk assessment for each Program, which may include an assessment of any features of any Program product.

(ii) Client Due Diligence. Manager acknowledges that prior to signing or authorizing any Client to sell or distribute Cards hereunder, each Client must be subject to Manager's and Sutton Bank's reasonable due diligence, and be approved by Sutton Bank, which approval will not be unreasonably withheld.

(C) Marketing. Manager will use its commercially reasonable efforts to market the Approved Program(s) to prospective Cardholders and to maximize sales and distribution of the related Cards on behalf of Sutton Bank, in compliance with applicable Network Rules. There shall be no limitation on the customer base to which the Approved Program(s) are marketed. Manager will also ensure that (1) the design of each Card meets the applicable Network's design specifications, (2) Card terms and conditions, the Cardholder Agreement, packaging, point-of-sale display materials and any other associated materials comply with all requirements of the Program Documents and, where required, are approved by Sutton Bank, (3) all communications which display a Network's name, logo, bug or marks are pre-approved by that Network, and (4) all Card shipping and storage practices comply with applicable Network Rules, including but not limited to card inventory management controls. Manager further agrees that the services it provides hereunder shall be of professional quality and in accordance with industry standards and practices. Manager shall be responsible for the conduct and active monitoring and training of its employees, sales representatives, sales offices and agents with respect to all aspects of Manager's performance under this Amended Program Manager Agreement and the Programs, including without limitation their respective compliance with this Amended Program Manager Agreement and Applicable Law.

(D) Background Checks and Employee Responsibility. Without limiting the Manager's obligations in Section 3.1 (C), Manager shall (a) conduct background checks on each of its employees engaged in providing the Services on Manager's behalf, (b) provide to Sutton Bank, upon Sutton Bank's request, the name, signature, and, if available under Applicable Law, Social Security Number or similar government-issued identifying number, of each Manager employee and sales representative, and maintain such information for a period of three (3) years after the end of any such employee's employment for any reason, and (c) comply with the provisions of Section 19 of the Federal Deposit Insurance Act, as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. § 1829). Manager shall be liable for all actions or failure to act by such employees. Manager shall exercise commercially reasonable efforts to promptly rectify any non-compliant activity or other activity that, in Sutton Bank's commercially reasonable discretion, could cause harm to Sutton Bank's reputation or business. In the event an employee or potential employee's background check does not meet the standards of the Act cited in this Section 3.1(D), Manager may consult with Sutton Bank to determine if an exception is allowable under Sutton Bank's "Employment Guidelines" or similar policies or procedures.

(E) Manager Training. Manager shall provide appropriate training for its officers, employees, agents and representatives with respect to their duties, if any, related to the Program, and shall appropriately supervise all such Persons. Sutton Bank shall have the right to (a) periodically review and audit Manager's training program to ensure Manager's compliance with Sutton Bank's training program and (b) at the request of Sutton Bank, monitor and participate in any such training program.

(F) New Approved Programs. Manager must obtain Sutton Bank's prior approval to serve as program manager for each Program. Manager will submit a Program Due Diligence Application Form, attached hereto as Exhibit A, for each proposed Program for which Manager and Sutton Bank wish Manager to serve as the program manager. Sutton Bank will respond to each Program Due Diligence Application Form submitted by Manager within [***] of receipt. If the Program Due Diligence Application Form is approved and accepted by Sutton Bank, Schedule 2.1 to this Amended Program Manager Agreement will be amended to include such Program as an Approved Program. Upon Sutton Bank and Manager's agreement to offer a Program to prospective Cardholders, Manager shall develop a marketing program to promote Cards to prospective Cardholders and Sutton Bank shall issue Cards within a designated BIN range assigned by the applicable Network for the Program.

(G) Program Modifications. Manager may suggest changes to a Program or the Cardholder Agreements, Program Materials, Marketing Campaigns, or Program Due Diligence Application at any time, subject to the prior written consent of Sutton Bank. Manager shall be responsible for all costs associated with any such changes suggested by Manager and approved by Sutton Bank. Changes to a Program or the Cardholder Agreements, Program Materials, Marketing Campaigns, or Program Due Diligence Application, including a determination that certain Program Materials or Marketing Campaigns are no longer authorized, may be made by Sutton Bank upon [***] notice to Manager, provided, however, that such notice shall not be required if such change (i) is appropriate to respond to any concern from a Regulatory Authority, (ii) is necessary in order to cause the Program to remain in compliance with Applicable Law, or (iii) is necessary to alleviate safety and soundness concerns or manage risk for Sutton Bank in connection with the Program and providing [***] prior notice is not feasible, in which case Sutton Bank shall provide notice as soon as commercially practicable. Sutton Bank shall take commercially reasonable steps to prevent undue expense for Manager when changing any Cardholder Agreements, Program Materials and Marketing Campaigns that are already in production. Unless otherwise mutually agreed upon by the Parties, upon Manager's receipt of written notice from Sutton Bank of any such changes to a Program or Program Documents or the Cardholder Agreements, Program Materials, Marketing Campaigns, or Program Due Diligence Applications or receipt of new Program Documents, Manager shall implement such changes as soon as commercially practicable but in no event later than [***] from Manager's receipt of notice of such change, determination or new Program Document. Alternatively, if the modification would result in a materially adverse change to one or more Programs or if the modification would require Manager to devote significant resources, significantly amend material agreements or incur significant cost and expense, Manager shall provide Sutton Bank with notice and reasonable detail of Manager's concerns. Promptly following Sutton Bank's receipt of such notice, the Parties shall meet in good faith to resolve Manager's concerns in a mutually agreeable manner. If the Parties are unable to so resolve Managers concerns within [***] of Sutton Bank's receipt of such notice, Manager may elect to terminate the affected Program or Programs or transition such Program or Programs to a Successor Bank, upon prior written notice to Sutton Bank and subject to the provisions for such termination or transition as provided in Section 10.5. Manager shall take all actions deemed necessary by Sutton Bank, in Sutton Bank's commercially reasonable discretion, taking into account any legally-binding effective date with respect to any change in Applicable

Law and the legal, compliance and reputation risks to the Parties, to implement the modification and/or terminate the affected Program(s) in the manner and time period specified by Sutton Bank. Sutton Bank may seek specific performance under this Section. Manager shall bear all reasonable costs related to any changes requested by Sutton Bank pursuant to the circumstances set forth in clauses (i), (ii) or (iii) of this Section 3.1(G).

(H) Intellectual Property. Sutton Bank agrees that all intellectual or proprietary property supplied or developed by Manager associated with any proposed Program and/or Approved Program, including, inventions, trade secrets, processes, business models, methods of doing business, know-how, works of authorship, copy, artwork, designs, software, code, and other material, and all patents, trademarks, service marks, trade names and logos, copyrights, trade secrets, moral rights, and other intellectual property and proprietary rights therein (hereinafter collectively referred to as the “**Intellectual Property**”) and information (including, without limitation, any Confidential Information as defined herein), shall be and remain the sole and exclusive property of Manager. For the avoidance of doubt, nothing in this Amended Program Manager Agreement constitutes a work for hire agreement, and nothing in this Amended Program Manager Agreement constitutes an agreement by a Manager to assign or otherwise convey title to any Intellectual Property. Notwithstanding the foregoing, Manager hereby grants Sutton Bank a limited, royalty-free, non-exclusive, non-transferable license to use such Intellectual Property solely as necessary to provide the Sutton Bank Prepaid Card Services.

(I) Obligation of Manager to Provide Information. Manager must provide reports of Program activity to Sutton Bank in a mutually agreed electronic format.

(J) Sales and Settlement. All funds received from customers in connection with the loading and reloading of value on Cards shall be handled in accordance with the terms of the Program Documents and this Amended Program Manager Agreement (Manager acknowledges and agrees that the requirements under the Program Documents shall supersede any conflicting obligations or restrictions in this Amended Program Manager Agreement); provided that Manager agrees that all such funds shall be held on behalf of Cardholders and as provided in the Program Documents and the Cardholder Agreement and Manager shall ensure (and cause all Clients to ensure) that no claims, liens nor any actions of ownership or possession of such funds will be permitted by any party other than the Manager, Cardholder, the Networks or Sutton Bank.

(K) Maintenance of Funding Accounts at Sutton Bank. A Funding Account is defined as a Program Account consisting of a demand deposit account to hold adequate funds to cover the amounts owing to Cardholders as determined by Manager and in accordance with Program Documents. Sutton Bank shall, at all times during the duration of this Amended Program Manager Agreement, establish and maintain a separate Funding Account for each Program. Manager will assist Sutton Bank in establishing the Funding Accounts. Sutton Bank will notify the Manager of the account numbers and any other information necessary for the Manager to transfer funds to such accounts.

(L) Merchant Payments to Sutton Bank. A Merchant is defined as a customer of Manager that provides funds to Cardholder accounts for rewards, promotional, incentive, loyalty and other similar purposes, in accordance with the applicable Approved Program. From time to time Manager shall cause its Merchants, by timely, irrevocable wire transfer, to deposit into the appropriate Merchant Rewards Account held at Sutton Bank adequate funds to cover the amounts owing to Cardholders as determined by the Manager and its Merchants. The total liability to Cardholder for a given program is equal to the sum of the Funding Account and the Merchant Rewards account. Manager agrees that any funds deposited in the Funding Accounts and Merchant Rewards Accounts shall be for the sole purpose of satisfying claims on the Funding Accounts as provided in this Amended Program Manager Agreement and the applicable Approved Program.

(M) [***]

(N) Fraud Monitoring, Recovery and Liability.

(i) Fraud Monitoring. Manager shall monitor usage of Program products and services by Cardholders, and the provision of Program products and services by Distributors, to track, review and report on fraudulent use of Program products and services, and the Parties shall cooperate to reduce fraud. Manager also shall adopt such fraud monitoring practices in accordance with Sutton Bank's internal procedures (as provided to Manager by Sutton Bank from time to time), standard industry practices and any Applicable Laws, as such industry practices or Applicable Laws may change over time. Manager shall provide to Sutton Bank a summary report of findings from Manager's fraud monitoring upon request.

(ii) Fraud Reporting. Each Party shall immediately notify the other Party if a Party (or, in the case of Manager, any of its Distributors or Third Party Service Providers) become aware of any attempt by any Person to obtain or use a Card by fraud, including, but not limited to, value Load fraud, provisional credit fraud, unauthorized Card use, under floor limit processing, merchant fraud, or fraud committed by an employee of Manager or any of its Distributors or Third Party Service Providers ("**Program Fraud**").

(iii) Fraud Investigation and Recovery. Manager shall cooperate fully with Sutton Bank and engage in any commercially reasonable efforts to locate and prosecute the perpetrator of any Program Fraud, and shall bear the costs of such efforts. In the event Sutton Bank has reasonable suspicion to believe that Program Fraud is taking place, Sutton Bank may in its sole discretion: (a) require Manager to halt the sale of Cards and/or Loads of Cards within a particular Card distribution channel or channels, (b) block the BIN associated with a specific Program offering or offerings, (c) freeze or suspend the suspicious Card Transactions, and (d) freeze or suspend any additional use of the remaining Cardholder Funds on such Cards, to the extent the actions described in clauses (a) through (d) above are in compliance with Applicable Law.

(iv) Liability for Fraud. Manager agrees that it shall be responsible for and liable to Sutton Bank for all expenses associated with and any losses attributable to Program Fraud, unless such expenses and losses were proximately caused by the negligence or willful misconduct of Sutton Bank. Manager shall reimburse Sutton Bank for any losses and expenses associated with Program Fraud within [***] of receiving written notice by Sutton Bank of such Program Fraud.

(O) Program Audits and Examination Cooperation.

(i) Manager Audit Plans. Manager shall establish and maintain an internal audit plan for the Programs and its obligations under this Amended Program Manager Agreement as approved by the audit committee of Manager's Board of Directors. Manager shall also establish and maintain an audit plan applicable to each Distributor's, Marketer's and Third Party Service Provider's compliance with Applicable Laws in the performance of their obligations related to the Programs, and the Distribution and Service Agreements, the Marketing Agreements and Third Party Service Provider agreements, as applicable. Manager shall provide a copy of its audit plans to Sutton Bank, and shall respond in good faith to address any concerns raised by Sutton Bank, including with respect to the frequency, content and scope of the audits. Without limiting the foregoing, Sutton Bank may require that Manager perform an audit of any specified Distributor or Third Party Service Provider, pursuant to an audit plan and scope acceptable to Sutton Bank in its commercially reasonable discretion. Manager shall submit a written audit report to Sutton Bank in connection with each audit, and provide Sutton Bank with any additional information requested with respect to any material issues of concern identified in the audit or by Sutton Bank. Manager warrants that, as of the date of the submission of each such audit report to Sutton Bank that, to the best of Manager's knowledge, such report is true, correct, complete, and not misleading. Upon Manager's determination that any information contained in any such audit report is materially incorrect, incomplete or misleading in any way, Manager shall promptly notify Sutton Bank of the same.

(ii) Program Audits. Manager agrees at its sole cost that Sutton Bank, its authorized representatives and agents, and any Regulatory Authority or Network ("**Auditing Party**") shall have the right, at any time during normal business hours and upon reasonable prior written notice, or at any other time required by Applicable Law or by a Regulatory Authority, to inspect, audit, and examine all of Manager's facilities, records, personnel, books, accounts, data, reports, papers and computer records relating to the activities contemplated by this Amended Program Manager Agreement including, but not limited to, financial records and reports, the Security Program, associated audit reports, summaries of test results or equivalent measures taken by Manager and/or any Third Party Service Provider to ensure that the Security Programs meet the objectives of the Security Guidelines in accordance with Applicable Law and this Amended Program Manager Agreement and that Manager is otherwise in compliance with the terms of this Amended Program Manager Agreement and Applicable Law. Manager shall, and shall contractually require its Distributors and Third Party Service Providers to, make all such facilities, records, personnel, books, accounts, data, reports, papers, and computer records available to the Auditing Party for the purpose of conducting such inspections and audits, and the Auditing Party shall have the right to make copies and abstracts from Manager's or a Distributor's or Third Party Service Provider's books, accounts, data, reports, papers, and computer records directly pertaining to the subject matter of this Amended Program Manager Agreement.

(iii) BSA/AML/OFAC Audits. Sutton Bank, or a third party selected by Sutton Bank may conduct a complete audit of Manager's compliance with Manager's approved BSA/AML/OFAC Procedures, which shall include, without limitation, a review of

Manager's compliance with Sutton Bank's policies and procedures in place with respect to identifying the number of sales of Cards at any one Distributor location in one day, limiting the number of Cards activated by any one individual with the same social security number, limiting the number of Cards activated by individuals at any one physical address, and limiting the Loads to each Card. Manager will be responsible for all of the cost of these BSA/AML/OFAC audits.

(iv) Manager Cooperation. Manager agrees to cooperate, and shall contractually require all Distributors, Marketers and Third Party Service Providers to cooperate, with any examination, inquiry, audit, information request, site visit or the like, which may be required by any Regulatory Authority or Network with audit examination or supervisory authority over Sutton Bank, to the fullest extent requested by such Regulatory Authority, Network or Sutton Bank. Manager shall also provide to Sutton Bank any information which may be required by any Regulatory Authority or Network in connection with their audit or review of Sutton Bank or any Program and shall reasonably cooperate with such Regulatory Authority or Network in connection with any audit or review of Sutton Bank or any Program. Manager shall also provide, at its sole cost and expense, such other information as Sutton Bank, Regulatory Authorities or Network may from time to time reasonably request with respect to the financial condition of Manager and such other information as Sutton Bank may from time to time reasonably request with respect to third parties who have contracted with Manager relating to or in connection with this Amended Program Manager Agreement.

(v) Corrective Action Plans. Manager shall prepare a written response to Sutton Bank (a "**Response to Audit Letter**") to all criticisms, recommendations, deficiencies, and violations of Applicable Law identified in reviews conducted by Sutton Bank, any Regulatory Authority or Network ("**Audit Findings**"). The Response to Audit Letter shall be delivered to Sutton Bank within [***] of Manager's receipt of such Audit Findings, unless directed otherwise by a Regulatory Authority or a Network. The Response to Audit Letter shall include, at a minimum, a detailed discussion of the following:

- (a) the planned corrective action to address the Audit Findings ("**Audit Corrective Action Plan**");
- (b) employee(s) of Manager tasked to remedy the Audit Findings;
- (c) remedial actions proposed to be directed to current or past Cardholders negatively impacted by the Audit Findings (provided no such action shall be taken without express written approval from Sutton Bank);
- (d) steps to be taken to prevent any recurrence of the Audit Findings;
- (e) a specific timeframe, not to exceed [***], unless otherwise approved by Sutton Bank in advance, to implement the Audit Corrective Action Plan ("**Corrective Action Plan Deadline**");

- (f) documentation evidencing that the Audit Corrective Action Plan has been implemented;
- (g) if additional time is needed to implement the Audit Corrective Action Plan or deviations from the Audit Corrective Action Plan are necessary, a written request shall be submitted to Sutton Bank detailing the extenuating circumstances that necessitate an extension of the Corrective Action Plan Deadline and such extension request shall be subject to the reasonable approval of Sutton Bank; and
- (h) identification of any Audit Findings disputed by Manager or where corrective action is not possible or necessary, supported by a detailed explanation of Manager's position.

(P) Recordkeeping and Reporting.

(i) Recordkeeping. Unless otherwise agreed, Manager will keep, or cause to be kept, current and accurate records relating to each Program, including, but not limited to: (a) the identity of each Cardholder and the steps taken to verify such identity, if applicable to the Program; (b) all information received by Processor in each daily Settlement file; and (c) other information as may be required by Applicable Law ("**Program Records**"). With respect to each Card, Manager shall retain all Program Records for the time period required by Applicable Law, and in any event, for no less than five (5) years after the termination of any Cardholder Agreement or Program, whichever is later.

(ii) Reports and Access to Program Records. Sutton Bank shall be provided with access to any Program Records and any other information and documents it reasonably requests from time to time from Manager or any Distributor, Marketer or Third Party Service Provider retained by Manager with regard to any activity contemplated by or relating to this Amended Program Manager Agreement, and such information shall be provided in accordance with Sutton Bank's specifications and requirements, including, but not limited to, the timeframe and format in which such information and documents must be provided. Manager shall ensure that it has ready access to all Program Records, including those maintained by its Distributors and Third Party Service Providers, in order to comply with any request from Sutton Bank pursuant to this Section.

(iii) All Program Records generated by Manager and its Third Party Service Providers in connection with the Program(s) shall be the property of Sutton Bank, subject to each Party's (or a Marketer's or Distributor's) ownership interest in Joint Cardholder Data as defined in Section 7.1.

3.2 Sutton Bank Responsibilities

In addition to any other obligations of Sutton Bank set forth in this Amended Program Manager Agreement:

(A) Sutton Prepaid Card Services. Sutton Bank shall be responsible for providing the Sutton Prepaid Card Services.

(B) Sutton Bank System Security. Sutton Bank shall implement and will comply with its security procedures designed to (i) prevent unauthorized access to Sutton Bank's systems through computer hardware and software systems which are owned or controlled by Sutton Bank, and (ii) prevent unauthorized access to or use of Sutton Bank's systems by Sutton Bank's current and former personnel. When on site at Manager's premises, Sutton Bank personnel shall observe and adhere to Manager's policies and procedures generally applicable to visitors of Manager's premises as provided to Sutton Bank by Manager.

(C) Sutton Bank Personnel. Sutton Bank shall be responsible for any acts or omissions of Sutton Bank employees, subcontractors and authorized agents acting with Sutton Bank's authorization on Sutton Bank's behalf, which, if performed by Sutton Bank, would constitute a breach of this Amended Program Manager Agreement. For the avoidance of doubt, Sutton Bank shall in no way be responsible for the acts or omissions of Manager or its employees, subcontractors, authorized agents, Distributors, Marketers or Third Party Service Providers.

(D) System Access. Sutton Bank acknowledges that it may receive access to Manager's system, network components, or electronic databases ("**Manager's System**") in order to monitor Program activity. In such event, Sutton Bank will be responsible for the administration of Sutton Bank's access to Manager's System as follows:

(i) Sutton Bank will provide Manager with the names and contact information of the Sutton Bank employees who are authorized to access the Manager's system in order to monitor Program activity ("**Authorized Users**");

(ii) Sutton Bank will instruct Manager to disable access to Manager's System for terminated Authorized Users or Authorized Users who no longer have a need to access Manager's System; and

(iii) Sutton Bank will comply with Manager's reasonable and industry standard security procedures provided to Sutton Bank with respect to maintaining secure access to Manager's System.

(E) Notices of Changes. Except as such is limited by Applicable Law or the actions or requirements of a Regulatory Authority, Sutton Bank shall notify Manager as far as reasonably possible in advance of any: (a) change in the name or form of business organization of Sutton Bank or change in the location of its chief executive office; or (b) any material adverse change in Sutton Bank's financial condition or operations that might materially and adversely affect Sutton Bank's ability to perform its obligations under this Amended Program Manager Agreement.

(F) Notice of Proceedings. Except as such is limited by Applicable Law or the actions or requirements of a Regulatory Authority, Sutton Bank shall promptly notify Manager of any action, suit, litigation, proceeding, consent order, directive, sanction, facts and circumstances, and of all tax deficiencies and other proceedings before governmental bodies or officials, including any Regulatory Authority, affecting Sutton Bank, and the threat of reasonable prospect of same, which (i) relate to a Program or this Amended Program Manager Agreement, (ii) might give rise to any indemnification obligation pursuant to Article XI or (iii) might materially and adversely affect Sutton Bank's ability to perform its obligations under this Amended Program Manager Agreement.

(G) Sutton Bank's Capitalization. Sutton Bank shall use reasonable efforts to (i) maintain sufficient capital to support its deposits and assets and (ii) remain a well-capitalized institution, as defined under the prompt corrective actions provisions of the Federal Deposit Insurance Act, 12 U.S.C. § 1831o and 12 C.F.R. Part 6.

(H) True and Correct Information. Sutton Bank covenants that all information furnished by Sutton Bank to Manager for purposes of or in connection with this Amended Program Manager Agreement shall be, to the best of Sutton Bank's knowledge, as of the date provided, true and correct in all material respects and does not omit any material fact necessary to make the information so furnished not misleading. Except as disclosed to Manager, there is no fact known to Sutton Bank (including threatened or pending litigation) that is reasonably likely to materially and adversely affect the financial condition, business, property, or prospects of Sutton Bank.

(I) Cooperation. Sutton Bank covenants that it shall use commercially reasonable efforts to cooperate with Manager in the operation of the Programs and its obligations under the Amended Program Manager Agreement, including in respect of the settlement of disputes with Cardholders.

(J) Sutton Bank shall promptly notify Manager in writing in the event that Sutton Bank, together with its Affiliates, accumulates in excess of [***] in assets at any given date.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES

4.1 Manager Representations and Warranties

Manager represents and warrants to Sutton Bank, as of the Effective Date, as follows:

(A) Existence. Manager is duly organized, validly existing and in good standing under the laws of the state of Delaware, and has its principal office in Emeryville, California.

(B) Authority. Manager has the corporate and legal authority and power to enter into this Amended Program Manager Agreement and to perform the obligations set forth in the Program Documents.

(C) Ownership; No Infringement. Manager owns, has licensed, or otherwise has the right to use any trademarks, service marks, patents and other intellectual property necessary for it to use in the operation of each Approved Program referenced herein, and to the best of Manager's knowledge any such use will not infringe upon the rights of any third party.

(D) Accuracy of Financial Information. Manager has delivered to Sutton Bank complete and accurate copies of its balance sheets and related statements of income and cash flows. All financial statements and information that have been furnished to Sutton Bank are accurate in all material respects and fairly represent, in all material respects, (i) the financial condition of Manager, including contingent liabilities of every type, which financial condition has not changed

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materially or adversely as of the date of this Amended Program Manager Agreement, and (ii) the terms, conditions and other information related to Manager's Programs, which terms, conditions and other information has not changed materially or adversely as of the date of this Amended Program Manager Agreement. Additionally, Manager agrees to provide Sutton Bank, within [***] of Sutton Bank's request therefor, with copies of Manager's then-most current annual audited and/or interim unaudited financial statements, prepared in accordance with the requirements of the immediately preceding sentence, and such information concerning Manager's Programs as Sutton Bank may request. The financial statements, terms, conditions and other information referred to in this Section 4.1(D) are referred to collectively as the "**Financial Information.**"

(E) Claims and Litigation. Neither Manager nor any of its Affiliates is the subject of any litigation, infringement, or enforcement action, and to the knowledge of Manager, neither manager nor any of its Affiliates is the subject of any investigation by any Person or governmental body which, if determined adversely to Manager or the Affiliate, would have a material adverse effect on (i) the business, financial condition or operations of Manager, or (ii) the ability of Manager to operate each Approved Program referenced herein, or (iii) the ability of Manager to perform its obligations under the Program Documents. Neither Manager nor any Affiliate or principal of Manager has been or is subject to (i) any criminal conviction (other than for minor traffic offenses and other petty offenses), (ii) any unpaid federal or state tax lien, (iii) administrative or enforcement proceedings commenced by the Securities and Exchange Commission, any state securities regulatory authority, the Federal Trade Commission, any federal or state banking regulator or any other federal or state regulatory agency, or (iv) any restraining order, decree, injunction or judgment in any proceeding or lawsuit alleging fraud or deceptive practice on the part of Manager or any principal or Affiliate of Manager. For the purposes of this Section 4.1(E), the term "principal" includes (i) any Person who directly or indirectly owns ten percent (10%) or more of Manager, (ii) any officer or director of Manager, and (iii) any Person actively participating in the control of Manager's business.

(F) Consents. Manager has obtained all material licenses, consents or permissions needed from any applicable governing authority or other Person to perform, its duties set forth in the Program Documents and this Amended Program Manager Agreement.

(G) Compliance. Manager adheres to all applicable Applicable Law, and has completed and implemented an anti-money laundering compliance program, a copy of which has been provided to Sutton Bank.

(H) Resources. Manager has and will maintain all staffing, operational, and financial resources that are necessary or appropriate to perform its obligations under this Amended Program Manager Agreement and its agreements with Client(s).

Sutton Bank Representations and Warranties

4.2

Sutton Bank represents and warrants to Manager, as of the Effective Date, as follows:

(A) Organization and Qualification. Sutton Bank is a state chartered bank duly organized, validly existing and in good standing under the laws of the state of Ohio. Sutton Bank is duly qualified and in good standing to do business in all jurisdictions where such qualification is necessary for it to carry out its obligations under this Amended Program Manager Agreement, except where the failure to so qualify would not have a material adverse effect on Sutton Bank's business, or where the failure to so qualify would not have a material adverse effect on Manager's or Sutton Bank's ability to continue operation of the Programs. Sutton Bank is (i) a member in good standing with each Network necessary to the operation of the Programs, and (ii) is in good standing with each Regulatory Authority with jurisdiction over it, including the Federal Deposit Insurance Corporation.

(B) Corporate Authority.

(i) Corporate Power. Sutton Bank has all necessary corporate power and authority to enter into this Amended Program Manager Agreement and to perform all of the obligations to be performed by it under this Amended Program Manager Agreement.

(ii) Authorization. This Amended Program Manager Agreement has been duly authorized by all necessary proceedings, has been duly executed and delivered by Sutton Bank and is a valid and legally binding agreement of Sutton Bank duly enforceable in accordance with its terms (except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equity principles).

(iii) Approvals. No consent, approval, authorization, order, registration or qualification of or with any court or Regulatory Authority or other governmental body having jurisdiction over Sutton Bank is required for, and the absence of which would materially adversely affect, the legal and valid execution and delivery of this Amended Program Manager Agreement, and the performance of the transactions contemplated by this Amended Program Manager Agreement.

(iv) No Conflicts. The execution and delivery of this Amended Program Manager Agreement by Sutton Bank hereunder and the compliance by Sutton Bank with all provisions of this Amended Program Manager Agreement shall not: (i) conflict with, result in the breach of, constitute a default under or accelerate, terminate, modify or cancel or require any notice or consent under any agreement, contract, lease, license, instrument or other arrangement to which Sutton Bank is a party or by which it is bound or to which any of its assets is subject, except for such violations, conflicts, breaches, defaults, accelerations, terminations or modifications that would not have a material adverse effect on its ability to fulfill its obligations under this Amended Program Manager Agreement; or (ii) violate the charter, bylaws, or any other equivalent organizational document of Sutton Bank.

(C) Litigation. There is no pending, nor to the knowledge of Sutton Bank, threatened, suit, action, arbitration or other proceedings of a legal, administrative or regulatory nature, or any governmental investigation, against Sutton Bank or any of its Affiliates or any officer, director or employee which has not been previously disclosed to Manager in writing and which would materially and adversely affect Sutton Bank's financial condition or Sutton Bank's ability to perform its obligations under this Amended Program Manager Agreement.

(D) Sutton Bank Marks. Sutton Bank has the legal right to use and to permit Manager to use, to the extent set forth herein, the Sutton Bank Marks.

(E) Intellectual Property Rights. In the event Sutton Bank provides any software or hardware to Manager, Sutton Bank has the legal right to such software or hardware and the right to permit Manager to use such software or hardware, and such use shall not violate any intellectual property rights of any third party.

(F) FDIC Insurance. Sutton Bank's deposits are insured by the Federal Deposit Insurance Corporation to the full extent permitted by and available under Applicable Law, and no proceeding has been instituted to revoke such insurance.

ARTICLE V - PROGRAM COMPLIANCE

5.1 Compliance with Applicable Law

Each Party acknowledges and agrees that it shall comply with Applicable Law in the performance of its obligations under this Amended Program Manager Agreement. Manager agrees that it shall contractually obligate its Distributors, Marketers and Third Party Service Providers to comply with Applicable Law in the performance any services provided in connection with the Program. Sutton Bank may, if directed by a Regulatory Authority or for continued non compliance terminate this Amended Program Manager Agreement by giving written notice of termination to Manager, in which case the date of termination shall be as set forth in such notice.

5.2 Compliance Counsel

Sutton Bank may exercise its discretion to obtain legal counsel ("**Compliance Counsel**") with expertise in the field of payment instruments to assist Sutton Bank in reviewing, and to advise Sutton Bank with regard to, the compliance with all Applicable Law, and all Program Materials, policies, procedures and guidelines pertaining to the Program. Such Compliance Counsel shall be employed solely by Sutton Bank and retained in that capacity so long as Sutton Bank deems advisable. Manager shall promptly reimburse Sutton Bank for such Compliance Counsel's actual fees and disbursements for the review and advice beginning after such Compliance Counsel has provided [***] of billable time so advising Sutton Bank, as provided in this Section 5.2, upon presentation by Sutton Bank of statements therefore setting forth such fees and disbursements in reasonable detail; provided, however, that Sutton Bank will notify Manager prior to beginning any individual project or matter after the Effective Date if Sutton Bank believes that the fees and disbursements for such individual project or matter will exceed [***].

5.3 Operating Policies and Procedures

Each Party shall develop written policies and procedures associated with fulfilling its responsibilities and obligations contained herein and required by Applicable Law.

5.4 BSA/AML/OFAC Compliance

(A) Manager's BSA/AML/OFAC Procedures. Manager shall comply with the applicable provisions of the Bank Secrecy Act ("**BSA**") and shall implement the comprehensive Bank Secrecy Act, customer identification, AML, OFAC program (the "**BSA/AML/OFAC Procedures**") approved by Sutton Bank from time to time, designed specifically to address the BSA/AML/OFAC risks associated with each Program. Manager shall maintain the BSA/AML/OFAC Procedures, and such other compliance measures, including a system of internal controls, to ensure ongoing compliance with the Bank Secrecy Act, independent annual testing of the BSA/AML/OFAC Procedures, the designation of an individual or individuals responsible for coordinating and monitoring the BSA/AML/OFAC Procedures and periodic training of appropriate personnel. Manager and Sutton Bank shall coordinate complete reviews of the BSA/AML/OFAC Procedures and any other BSA/AML/OFAC guidelines of Manager as it relates to the Programs at least annually, and more frequently when new enforcement trends, regulatory guidance, or changes to Applicable Law suggest that such reviews are advisable in Sutton Bank's reasonable determination.

(B) Provider of Prepaid Access. Manager shall ensure that each Distributor and Third Party Service Provider shall register as a money services business (MSB) as and to the extent required by Applicable Law, including, but not limited to, 31 CFR Parts 1010 and 1022 ("**Prepaid Access Rule**"). Regardless of whether Manager is required to register as a provider of prepaid access, Manager shall further ensure that Manager and any Distributors deemed to be "sellers" of prepaid access (as defined by the Prepaid Access Rule) comply with the Prepaid Access Rule, the BSA and any other applicable regulations promulgated by FinCEN, including, but not limited to, ensuring that Manager and all sellers of prepaid access comply with suspicious activity reporting, currency transaction reporting, anti-money laundering, and sales monitoring requirements, and maintain all records required under the Prepaid Access Rule and other Applicable Laws. Manager shall promptly accomplish all acts necessary to comply with FinCEN obligations under the Prepaid Access Rule, and shall indemnify and hold Sutton Bank harmless from any fines, penalties or sanctions of any nature resulting from Manager's not complying with the rule.

(C) Bank BSA/AML/OFAC Requirements. Manager shall further comply with any requirements established by Sutton Bank and provided to Manager to ensure BSA/AML/OFAC compliance by Sutton Bank ("**Bank BSA/AML/OFAC Requirements**"), as the same may be amended from time to time by Sutton Bank. At a minimum, the Bank BSA/AML/OFAC Requirements include the following:

(i) prior to Activation, with respect to Programs that establish an ongoing relationship with a Cardholder or allow for re-Loads or cash withdrawals, Manager shall obtain, record and verify customer identification information regarding each such Cardholder in accordance with Applicable Law, and shall be responsible for ensuring that each such Cardholder meets Sutton Bank's Customer Identification Program as required by Applicable Law and the Bank BSA/AML/OFAC Requirements;

(ii) Manager shall comply with all OFAC regulations, including, but not limited to: (1) ensuring that all Cardholders are screened prior to activation of a Card and periodically thereafter as required by Applicable Law through a screening system implemented to comply with OFAC regulations and the Bank BSA/AML/OFAC Requirements, and (2) complying with all OFAC and Sutton Bank directives regarding the prohibition or rejection of unlicensed trade and financial transactions with OFAC specified countries, entities and individuals; and (iii) Manager shall monitor the usage of products

and services offered under each Program to track, review and report any suspicious activity in accordance with Applicable Law and the Bank BSA/AML/OFAC Requirements, including, but not limited to, all obligations to report such suspicious activity to Sutton Bank in accordance with applicable timeframes contained within the Bank BSA/AML/OFAC Requirements, or take such other actions as shall be requested from time to time by Sutton Bank.

(D) To the extent any of Manager's obligations under this Section are performed by a third party, such third party shall be considered a Third Party Service Provider.

5.5 Disclosure of Key Card Terms

The Parties understand that the fees and substantive terms associated with a Card should be readily available for review by any Person inquiring about a Card. Each Party shall take commercially reasonable steps to ensure that prospective Cardholders have an opportunity to review the Cardholder Agreement if they desire to do so prior to submitting an application for a Card. Manager shall also ensure that customer service representatives and Manager staff and its Distributors are knowledgeable of the fees and substantive terms of each Program. The Parties shall each ensure that the Cardholder Agreement is available on any website administered by the respective Party to support a Program. Manager shall also clearly and conspicuously disclose to the Cardholder and any Applicant for a Card any dormancy fee that may be assessed each Card, how often such fees may be assessed, the conditions under which a fee may be assessed and that such fee may be assessed for inactivity.

5.6 Privacy Notices

Sutton Bank will prepare and approve a Privacy Notice to be provided to Cardholders on behalf of Sutton Bank that meets Sutton Bank's privacy policy and otherwise reflects the terms of this Amended Program Manager Agreement related to ownership and use of Cardholder Data, including Customer Identifying Information, and Manager shall be responsible for providing this Privacy Notice to each Cardholder at Manager's expense in accordance with Applicable Law, including providing the Privacy Notice in any foreign language through which Cardholders are being solicited via Sutton Bank approved Marketing Materials. In addition, Manager is responsible for preparing and delivering, at its expense, any Privacy Notice that Manager is separately required to provide to Persons under Applicable Law. Manager may choose to support the technological and disclosure requirements necessary to permit the electronic delivery of disclosures upon Cardholder consent consistent with Applicable Law, subject to Sutton Bank's prior written approval.

5.7 Escheat

Manager shall provide escheat recordkeeping services on Sutton Bank's behalf for the Programs in compliance with all state unclaimed property laws. Sutton Bank shall remit such unclaimed funds to the appropriate jurisdiction as required under Applicable Law. Manager shall be solely liable for any costs and fines related to any challenge by any Regulatory Authority with respect to escheat or unclaimed property laws, regardless of whether such cost is incurred by or such fines are assessed to Sutton Bank or Manager unless such challenge is related to Sutton Bank's failure to remit to the appropriate jurisdiction any unclaimed funds following the receipt of accurate records from Manager. Manager shall be liable to Sutton Bank for any amounts claimed by states under unclaimed property laws that represent Breakage that has been previously paid to Manager by Sutton Bank.

5.8 Identity Theft Prevention Program (“IDTP”)

Manager shall develop and implement an IDTP designed to detect, prevent, and mitigate identity theft in connection with the Programs. The IDTP shall be designed to comply with the provisions of 12 CFR 334.90-334.91 and 571.90-571.91 as well as the Interagency Guidelines on Identity Theft Detection, Prevention, and Mitigation set forth at Appendix J to 12 CFR Part 334. Manager shall submit the proposed IDTP to Sutton Bank for its prior review and approval.

5.9 Unlawful Gambling

Manager shall adopt policies and procedures to reasonably identify and block transactions related to participation of a Cardholder in illegal internet gambling as provided by the Unlawful Gambling Enforcement Act of 2006 and Regulation GG.

5.10 Regulation E Compliance (12 C.F.R. 1005)

Manager shall adopt policies and procedures to ensure that neither Manager nor any Distributor, Marketer or Third Party Service Provider participating in the Program markets, labels, displays or otherwise makes, represents or suggests to the public that a Card is or may be used as a “gift card” or “gift certificate” as such terms are defined by 12 C.F.R. 1005.20 if such Cards were not intended for gifting purposes pursuant to the Program Due Diligence Application approved by Sutton Bank. Manager shall further ensure that all Cards that may be re-Loaded are extended the same protections under Regulation E as are available to payroll card accounts (as that term is defined by Regulation E).

5.11 Criticisms, Complaints and Legal Actions

(A) Receipt of Criticism. In the event that a Party receives criticism or complaint in a Regulatory Communication or report of examination or in a related document or specific oral communication from, or is subject to formal or informal supervisory action by, or enters into an agreement with any Regulatory Authority or any Network with respect to any matter whatsoever relating to (including omissions therefrom) the Programs (any such event a “*Criticism*”), such Party, as applicable, shall advise the other Party in writing of the Criticism received within [***] of receipt and share with the other Party relevant portions of any written documentation, or for oral communications, provide a detailed summary in writing, received from the relevant Regulatory Authority or Network, as applicable, to the extent not specifically prohibited by Applicable Law or the Regulatory Authority or Network. Following receipt of such Criticism, the Parties shall in good faith consult as to the appropriate action to be taken to address such Criticism. Manager shall take all actions deemed necessary by Sutton Bank, in its commercially reasonable discretion, to address the Criticism in the manner and time period specified by Sutton Bank. In the event the Criticism relates to the Programs and any such Criticism requires a written response to any Regulatory Authority with jurisdiction over Sutton Bank, Sutton Bank shall have final approval over the form and content of such response. Sutton Bank may seek specific performance under this Section. In the event the Criticism is directed only to Manager or is from a Regulatory Authority with jurisdiction over Manager, Manager shall have final approval over the form and content of any response required to any Regulatory Authority after consulting in good faith with Sutton Bank.

(B) Complaints and Resolution.

(i) All complaints received by a Party from a Cardholder relating to a Card or its use ("**Cardholder Complaint**") that are material shall be promptly (i) reported to the other Party, and (ii) promptly addressed and resolved by Manager in accordance with Applicable Law and Manager's complaint procedures; which procedures must be approved in advance by Sutton Bank.

(ii) Upon request, Manager agrees to promptly advise Sutton Bank of the results of any investigation relating to a Cardholder Complaint and provide an audit trail of information pertinent to the matter, all within any timeframes required by Applicable Law, but in no event later than [***] after notice of the Cardholder Complaint. The audit trail of information shall be sufficiently detailed to allow Sutton Bank to fully respond to a Regulatory Authority if such Regulatory Authority inquiries about a Cardholder Complaint.

(iii) Each shall provide the other Party with notice and copies of any Executive Complaint within [***] of receipt of such Executive Complaint. Manager shall promptly investigate each Executive Complaint and any similar complaints received by Sutton Bank that are forwarded to Manager and propose an appropriate response. Manager and Sutton Bank shall jointly approve the final responses for all Executive Complaints.

(C) Legal Actions and Requests. Each Party shall promptly notify the other Party of any legal action brought by a third party that may have a material effect on the Program(s). Each Party shall further provide the other Party with prompt notice and copies of all subpoenas, levies, garnishments or other legal requests received by the Party which require the assistance of the other Party in order to provide an accurate response, or which otherwise have a material effect on the Program(s), whether from a governmental authority, Regulatory Authority, private attorney, court or otherwise, relating to a Cardholder, a Card, a Program or this Amended Program Manager Agreement ("**Legal Documents**"). Either Party shall provide any assistance reasonably requested by the other Party in order to timely meet the response deadline of any Legal Document.

(D) Records of Program Complaints and Responses. Manager shall catalog and maintain copies of all Criticisms, Regulatory Communications, Legal Documents, Executive Complaints and Cardholder Complaints received by Manager (collectively, "**Complaints**"), and responses thereto for the period required by Applicable Law or such longer period as specified by Sutton Bank in a written notice to Manager. Manager shall provide Sutton Bank with a quarterly summary of all Complaints in the form and manner determined by or acceptable to Sutton Bank (each, a "**Complaint Summary**"). Sutton Bank (i) shall have access at all times to pending and closed Complaints and responses, and (ii) in Sutton Bank's sole discretion, may audit a reasonable number of such Complaints.

5.12 Manager State and Federal Licensing and Registration Requirements

Manager shall obtain and maintain, and shall ensure that each Distributor and Third Party Service Provider obtains and maintains, all licenses, registrations, permits and approvals necessary to perform their respective obligations in connection with the Programs in compliance with Applicable Law, including without limitation any state money transmitter licenses. In addition, Manager shall ensure that each Distributor and Third Party Service Provider shall register as a money services business (MSB) as and to the extent required by federal law. For purposes of compliance with state money transmitter licensing laws, Manager shall ensure that each Distributor is either (i) sponsored by Manager as an authorized delegate pursuant to appropriate agency agreements with Manager, or (ii) is appropriately licensed as a money transmitter or check seller or registered as a money services business, as applicable, to the extent required by federal or state money services business, money transmitter or sale of checks laws or the Bank Secrecy Act.

5.13 Network Membership/Registration

Sutton Bank shall (i) remain a member in good standing in the Networks associated with the Programs marketed by Manager on behalf of Sutton Bank, (ii) provide such BINs and similar identifiers necessary in conjunction with such products and services, (iii) register Manager with the Network(s) as a third-party provider (e.g., an Independent Sales Organization with Visa or as a Member Service Provider with MasterCard); (iv) timely pay all normal fees, dues and assessments associated with its membership, and (v) abide in all material respects with the Network Rules. Manager shall fully comply with the terms of any documents and agreements executed with any Network. Manager and Sutton Bank shall deliver to each other, within [***] of receipt, a copy of all notices or correspondence (other than Confidential Information) received from the Networks relating to the Programs marketed by Manager on behalf of Sutton Bank unless such communication is time-sensitive, in which case, such communication shall be delivered as soon as reasonably practicable.

5.14 Network Obligations

Each Party shall take all actions as may be reasonably required from time to time by any Network in connection with maintaining the Programs' compliance with the Network Rules. Additionally, (i) Manager shall be responsible for all fees, charges, fines, penalties or other costs assessed from time to time by any Network in connection with any Program related to Manager's acts or omissions, and, if such fees, charges, fines, penalties or other costs are paid by Sutton Bank, then Manager shall reimburse Sutton Bank for all such amounts, and (ii) Sutton Bank shall be responsible for all fees, charges, fines, penalties or other costs assessed from time to time by any Network in connection with any Program related to Sutton Bank's acts or omissions, and, if such fees, charges, fines, penalties or other costs are paid by Manager, then Sutton Bank shall reimburse Manager for all such amounts.

5.15 FDIC Pass-Through Coverage

With respect to all Cards eligible for pass-through federal deposit insurance coverage, Sutton Bank shall structure the Program Accounts in which Cardholder Funds and Corporate funds are deposited in a manner sufficient to afford Cardholder Funds and Corporate Funds the benefits of pass-through federal deposit insurance coverage under Federal Deposit Insurance Corporation regulations, including taking steps to maintain the Sutton Bank's books and records in a manner that reflects that such Program Accounts and the Cardholder Funds contained therein are held in a fiduciary capacity on behalf of the relevant Cardholders. Manager shall maintain books and records of Cardholders and Cardholder Funds balances so as to permit the Cardholder Funds on deposit in the applicable Program Accounts to qualify for pass-through federal deposit insurance coverage. In the event the Cardholder Funds in the applicable Program Accounts are no longer eligible for pass-through federal deposit insurance coverage due to a change in Applicable Law or a directive from a Regulatory Authority, Sutton Bank will promptly notify Manager of same.

ARTICLE VI - DISTRIBUTOR, MARKETER AND THIRD PARTY SERVICE PROVIDER AGREEMENTS

6.1 Development of Distributor and Marketer Group

(A) New Distributor and Marketer Selection. Subject to this Article VI, Manager may from time to time select new Distributors and Marketers to participate in the Programs, following which Manager shall enter into Distribution and Service Agreements with such Distributors and a Marketing Agreement with such Marketers. Manager is hereby authorized to enter into agreements with each Distributor and Marketer which set forth the terms by which such Distributors and Marketers shall be compensated for its marketing and sale of Cards, as applicable. Manager shall be responsible for administering the business relationships with its Distributors and Marketers.

(B) Distributor Approval. No Distributor may participate in the Programs as a Distributor unless: (i) Sutton Bank approves the Distributor's application; and (ii) Manager and the Distributor (and if applicable, Sutton Bank) execute a Distribution and Service Agreement with Standard Terms that have been approved by Sutton Bank pursuant to Section 6.1(C).

(C) Marketer Approval. Manager shall be entitled to retain Marketers to market the Programs provided that: (i) each such Marketer meets the underwriting guidelines mutually agreed upon by the Parties, as may be amended from time to time; and (ii) Manager and the Marketer execute a Marketing Agreement with Standard Terms that have been approved by Sutton Bank pursuant to Section 6.1(D).

(D) Distributor and Marketing Agreements. Manager will provide to Sutton Bank the following standard terms to be incorporated into its Distribution and Service Agreements and Marketing Agreements for Sutton Bank's review and approval prior to use: confidentiality and data security obligations, settlement obligations, compliance obligations, Card security obligations, and obligations to obtain Sutton Bank approval for Programs and marketing materials and cooperate in Sutton Bank audits, as and to the extent applicable to Distributors or Marketers (the "**Standard Terms**"). Any material deviations from the Standard Terms shall require the prior written consent of Sutton Bank, and any such modifications to any Standard Terms after it has been executed by the Distributor or Marketer must be approved by Sutton Bank, such approval shall not be unreasonably withheld or conditioned, and Manager and Sutton Bank agree that it shall not be unreasonable for Sutton Bank to refuse a deviation from the Standard Terms or modification to the Standard Terms of an existing Distribution and Service Agreement or

Marketing Agreement if Sutton Bank determines in its commercially reasonable judgment that such deviation or modification could expose Sutton Bank to legal or reputational risk, risk of lawsuit or regulatory action, or otherwise would be inconsistent with Sutton Bank's risk policies. Manager shall provide to Sutton Bank copies of all executed Distribution and Service Agreements and Marketing Agreements, including all amendments, supplements and modifications thereof, promptly upon Sutton Bank's written or e-mail request.

6.2 Third Party Service Provider Agreement and Approval and Processing Services

A Third Party Service Provider shall not provide services for the Programs unless such Third Party Service Provider is approved by Sutton Bank, nor shall Manager permit or direct a Third Party Service Provider to integrate or communicate with any other third party to provide Critical Services in connection with the Program(s) (with the exception of the Third Party Service Provider's customary subcontracting relationships maintained in the ordinary course of business) without Sutton Bank's prior written approval. Manager shall notify Sutton Bank in writing of any changes in Third Party Service Providers at least [***] prior to entering into a contractual relationship with a new Third Party Service Provider and at least [***] days (or such shorter time or promptly following termination in the event of termination for cause) prior to terminating any contractual relationship with any existing Third Party Service Provider. No material change in the scope of responsibilities of an approved Third Party Service Provider agreement may be made without Sutton Bank's prior written approval. For avoidance of doubt, except for Distributors, Marketers and Third Party Service Providers providing Critical Services in connection with this Amended Program Manager Agreement, Manager may engage a third party to assist Manager in performing its obligations hereunder without obtaining Sutton Bank's approval, provided Manager enters into a written agreement with such third party and provides Sutton Bank with the names and services performed by such third parties, as and to the extent reasonably requested by Sutton Bank from time to time.

(A) Processing Services. Manager shall provide to designated Sutton Bank personnel training on Processor's systems to access all Program information and reports on Processor's system relating to the Programs, subject to compliance with Manager's network access and security policies and procedures. Notwithstanding anything to the contrary contained in this Amended Program Manager Agreement, Sutton Bank shall have the right (but not the obligation), at any time following a material breach by Processor or direction from a Regulatory Authority, to assume responsibility for the Processing Services and to perform through another third party designated by Sutton Bank, all services in connection therewith. Any third party and documented fees and expenses reasonably incurred by Sutton Bank in good faith in connection with the exercise of its rights set forth in this Section shall be paid by the Manager and Sutton Bank shall [***]. Notwithstanding the foregoing, if Sutton Bank exercises its right to assume the responsibility for the Processing Services, Manager shall have the right to terminate this Amended Program Manager Agreement pursuant to Article X.

(B) Approval of Assumption of Responsibilities by Manager or its Affiliates. In the event that Manager or any of Manager's Affiliates chooses to perform any of the functions that, as of the time of such choice or the Effective Date of this Amended Program Manager Agreement (whichever is later), are being performed by any other Third Party Service Provider, Manager or such Affiliate, as applicable, must be approved by Sutton Bank, which approval shall not be unreasonably withheld, and must enter into an appropriate agreement with Sutton Bank to provide such services.

6.3 Changes to Agreements

Sutton Bank may in its commercially reasonable discretion require that Manager modify the Standard Terms in any Distribution and Service Agreement, or Third Party Service Provider agreement, to reflect changes in Applicable Law or in response to a Criticism. In the event such a change occurs, Manager will notify affected counterparties of such change and any related changes in procedures. If such changes will have a material adverse impact on Manager or otherwise require Manager to devote significant resources or incur significant costs or expenses, Manager shall promptly notify Sutton Bank in writing or via e-mail and Manager and Sutton Bank shall meet in good faith to mutually agree upon a resolution. If Manager and Sutton Bank cannot so agree on a resolution, then Manager or Sutton Bank may terminate the applicable Program by providing the other Party with written notice no later than [***] following such the date of such meeting or other date as mutually agreed upon by the Parties. In such case, Manager shall still be obligated to [***] unless Manager elects to terminate the entire Amended Program Manager Agreement pursuant to Sections 10.1 or 10.2.

6.4 Compliance by Distributors, Marketers and Third Party Service Providers

(A) Manager shall assist Sutton Bank by monitoring the conduct of Distributors, Marketers and Third Party Service Providers and their proper compliance with respect to all aspects of their performance under the Programs, including without limitation their respective compliance with this Amended Program Manager Agreement, Applicable Laws and their respective Distributor, Marketer and Third Party Service Provider agreements.

(B) Manager shall reimburse Sutton Bank for Losses incurred by Sutton Bank arising out of Manager's, a Distributor's, a Marketer's or a Third Party Service Provider's actions, failures to act or failure to comply with Applicable Law, the Network Rules, this Amended Program Manager Agreement or the applicable Distributor, Marketer or Third Party Service Provider agreement, to the extent such actions, failures to act or failure to comply relate to the Programs, unless such action or failure results from acting in accordance any policy, procedure or instruction of Sutton Bank.

6.5 Denial or Termination of Distributor, Marketer or Third Party Service Provider

(A) Manager acknowledges and agrees that Sutton Bank's decision whether to approve or reject any entity that is under consideration to become a Distributor or Third Party Service Provider, and whether to continue permitting any Distributor, Marketer or Third Party Service Provider to participate in the Program, shall be final and that Sutton Bank may direct Manager to terminate any Distributor, Marketer or Third Party Service Provider with respect to the Programs in the event that, in Sutton Bank's commercially reasonable judgment, such Distributor, Marketer or Third Party Service Provider could expose Sutton Bank to legal, financial, or reputational risk, risk of lawsuit or Criticism, otherwise engages in types of businesses or conduct that is inconsistent with Sutton Bank's corporate philosophies or risk tolerance, or, in the case of a Third Party Service Provider, fails to perform to reasonable industry standards.

(B) Sutton Bank agrees to notify Manager in writing prior to the effective date of termination of any Distributor or Marketer hereunder which notice will include an explanation of the grounds for the termination. To the extent Manager disagrees with Sutton Bank's termination decision under this Section, Manager shall have the opportunity to present countervailing facts or positions for reconsideration by Sutton Bank. Sutton Bank shall have sole final discretion on this issue, however. The notice period for termination of any Distributor or Marketer will be, in most instances, [***] prior notice; however, Sutton Bank may require a shorter notice period of [***] when in Sutton Bank's reasonable judgment additional time beyond [***] would materially increase Sutton Bank's exposure. In instances involving criminal or illegal activity or fraud, the Distributor or Marketer may be immediately suspended pending the effective termination date.

(C) In the event Sutton Bank determines pursuant to the terms hereof to terminate an existing Distributor, Marketer or Third Party Service Provider, Sutton Bank shall, subject to Applicable Law, cooperate with Manager to (i) transition the applicable service(s) to another Distributor or Third Party Service Provider, approved by Sutton Bank, or Program(s) undertaken with such Distributor or Third Party Service Provider to another issuing bank, or (ii) such other action or plan as mutually agreed upon by Sutton Bank and Manager.

6.6 Distributor and Third Party Service Provider Due Diligence, Training and Monitoring

(A) Due Diligence. Prior to referring any entity to Sutton Bank to become, as applicable, a Distributor or Third Party Service Provider, Manager shall perform a due diligence review and document such review of the entity and, as applicable, its principal owners and management, in accordance with any requirements provided by Sutton Bank and, with respect to Third Party Service Providers, as otherwise is consistent with the FFIEC's IT Examination Handbook (including the booklets therein entitled "Supervision of Technology Service Providers" and "Outsourcing Technology Services"), as such handbook is amended from time to time (collectively, the "**FFIEC Handbook**").

(B) Financial and Other Monitoring. Manager shall perform periodic financial monitoring of all Distributors and Third Party Service Providers, such monitoring to be consistent with Applicable Law and the pre-funding risk inherent in the relationship with such Distributor or Third Party Service Provider, including, but not limited to, the Network Rules and, in the case of any Third Party Service Provider, the FFIEC Handbook. Manager shall request Distributors and Third Party Service Providers to furnish Sutton Bank with such financial and other information as Sutton Bank may from time to time reasonably request. Manager shall promptly notify Sutton Bank of any information Manager receives that is reasonably likely to have a material adverse effect on the creditworthiness of any Distributor or Third Party Service Provider or that could affect a Distributor's, Marketer's or Third Party Service Provider's ability to meet its obligations under the Programs. Manager also shall promptly notify Sutton Bank in the event Manager determines that a Distributor, Marketer or Third Party Service Provider is engaged in any activities that Manager believes may be reasonably likely to result in Criticism or material legal, financial or reputational risk to Sutton Bank or Manager or risk of lawsuit against Sutton Bank or Manager.

(C) Security Measures and Controls. Manager shall periodically monitor each Distributor's and Third Party Service Provider's operations, policies and procedures, such

monitoring to be consistent with the requirements and guidance reflected in the FFIEC Handbook, and shall contractually obligate each Distributor and Third Party Service Provider (to the extent it may have access to Cardholder Data) to have proper security measures in place for the protection of Cardholder Data that are in compliance with Applicable Law, including, if applicable, the PCI-DSS as implemented by the applicable Network.

(D) **Training.** Manager shall provide to each Distributor and Third Party Service Provider that provides Cardholder-facing services (e.g., call center providers) all necessary and appropriate training and support required to implement the Programs, all in a form and substance reasonably satisfactory to Sutton Bank and in accordance with Applicable Law and standard industry practices as such industry practices may evolve during the term of this Amended Program Manager Agreement.

(E) **Third Party Service Provider Site Certifications.** If requested by Sutton Bank consistent with this Section or if required by Sutton Bank or Applicable Law, Manager shall perform periodic site certifications reasonably satisfactory to Sutton Bank of each Third Party Service Provider in order to determine that such entity has proper facilities, equipment, licenses and permits to perform its services related to the Program, in each case in accordance with the criteria established by Sutton Bank and communicated to Manager. Manager shall submit a written inspection report to Sutton Bank in connection with each such site certification in such form as Sutton Bank shall reasonably designate, and Manager warrants that, as of the date of the submission of such inspection report to Sutton Bank, to the best of Manager's knowledge, the report is true, correct, complete and not misleading. Upon Manager's determination that any information contained in any such inspection report is materially incorrect, incomplete, or misleading in any way, Manager shall promptly notify Sutton Bank of same.

(F) **Secret Shopping.** Sutton Bank may from time to time reasonably require Manager to conduct a secret shopper program to monitor sales of Cards by one or more Distributors in the manner mutually agreed upon by the Parties. Such secret shopping program will be designed to review the Distributor's Card sales practices and merchandising.

6.7 Existing Distributors, Marketers and Third Party Service Providers

Manager shall provide Sutton Bank such information as reasonably requested with respect to all Distributors, Marketers and Third Party Service Providers. To the extent Manager has existing relationships with "resellers" that offer Manager's Cards services to third parties on Manager's behalf, Sutton Bank agrees to review such "resellers" solely for purposes of determining whether such "resellers" may become approved by Sutton Bank as Distributors hereunder.

6.8 Access to Third Party Service Providers

Manager hereby authorizes Sutton Bank, in connection with Sutton Bank's routine oversight for the Programs, to (i) communicate directly with any Third Party Service Provider, and (ii) to obtain from such Third Party Service Provider any reports and information relating to any Program that Sutton Bank deems necessary or appropriate, and Manager hereby authorizes Third Party Service Providers to communicate directly with Sutton Bank and provide such reports and information to Sutton Bank; provided, however, that Sutton Bank will not exercise these rights to conduct or to allow Sutton Bank's auditors to conduct formal audits of the Third Party Service Providers.

6.9 Expenses and Liability

Unless agreed upon otherwise by the Parties, Manager shall be responsible for all fees and expenses payable to each Distributor, Marketer and Third Party Service Provider, and shall remain liable for any services performed by any Distributor, Marketer and Third Party Service Provider. A dispute between Manager and a Distributor, Marketer or Third Party Service Provider shall not relieve Manager from performing any of its obligations hereunder.

ARTICLE VII - CARDHOLDER INFORMATION

7.1 Ownership of Accounts, Cardholder Data and Program Materials

Except as otherwise provided in this Amended Program Manager Agreement, as between the Parties, Sutton Bank shall own all Cardholder Data and Cardholder Accounts, Cardholder Agreements and Program Materials and shall have all rights, powers and privileges with respect thereto subject to Sutton Bank's agreement hereunder to transfer such records to a new sponsor bank upon termination or expiration of this Amended Program Manager Agreement. During the Term, Manager may use Cardholder Data as expressly provided in this Amended Program Manager Agreement and in accordance with the Privacy Notices. Notwithstanding the foregoing, the Parties agree that certain aspects of Cardholder Data shall be deemed to be the joint property and Confidential Information of both parties (or a Marketer or Distributor, as applicable), to the extent Manager (or the applicable Marketer or Distributor) collects such information from Cardholders in the ordinary course of business and not solely in connection with the Program(s) ("**Joint Cardholder Data**"). Sutton Bank shall not, directly or indirectly, use, or sell or otherwise transfer any right in or to, the Joint Cardholder Data other than as provided herein or as mutually agreed by the Parties.

7.2 Sharing of Cardholder Data and Program Materials

Notwithstanding anything to the contrary in this Amended Program Manager Agreement, sharing of any information between Manager and Sutton Bank and the use thereof shall be subject to their respective privacy policies, Security Guidelines and Applicable Law. Subject to the limitations in this Section, upon Manager's reasonable request, Sutton Bank shall provide Cardholder Data or segments for use by Manager in connection with the discharge of Manager's obligations or exercise of Manager's rights under this Amended Program Manager Agreement or in accordance with the Privacy Policy. Except as provided in Section 7.1, neither Manager nor its Affiliates, Distributors, Marketers, or Third Party Service Providers may without the prior written consent of Sutton Bank disclose Cardholder Data or any segment thereof to any third party or Affiliate, except to the extent permitted by this Amended Program Manager Agreement or required under Applicable Law. To the extent that Manager discloses Cardholder Data to one or more of its Affiliates, Third Party Service Providers, or Distributors or permits such Affiliate(s), Third Party Service Provider(s), or Distributor(s) to use Cardholder Data in accordance with this Section, Manager agrees to cause such parties to comply with the provisions of this Article VII.

7.3 Data Obtained Independently by Manager

Nothing contained in this Article VII or elsewhere in this Amended Program Manager Agreement shall apply to, limit or prohibit the use in any manner of, any information or data owned or held by Manager or its Affiliates, or any Third Party Service Provider, Marketer or Distributor, or any of their respective Affiliates to the extent such information or data has been independently obtained by Manager or its Affiliates from a source other than Sutton Bank, even if such information or data is duplicative of Cardholder Data.

ARTICLE VIII - INFORMATION SECURITY AND CONFIDENTIALITY

8.1 Cardholder Data Security

(A) Each Party acknowledges and agrees that this Amended Program Manager Agreement constitutes an agreement for Manager to perform services for Sutton Bank as contemplated in Title V of GLBA and the Privacy Regulations. Without limiting the generality of the terms of this Amended Program Manager Agreement, Manager and Processor each agree that they shall protect the privacy of Cardholder Data to at least the same extent that Sutton Bank must maintain that confidentiality under GLBA and the Privacy Regulations. Without limiting the generality of the foregoing sentence, except as otherwise provided in any Program Schedule, neither Manager nor Processor shall:

- (i) use any Cardholder Data except to perform its obligations under this Amended Program Manager Agreement (unless such Cardholder Data is used for Manager's internal business purposes), or
- (ii) disclose any Cardholder Data other than to:

- (a) any Network or any other entity to which disclosure is necessary in connection with the processing a Transaction;
- (b) a Third Party Service Provider in connection with a permitted use of such Cardholder Data under this Section 8.1, provided that each such Third Party Service Provider agrees in writing to maintain all such Cardholder Data as strictly confidential in perpetuity and not to use or disclose such information to any person other than Sutton Bank, Manager or Processor, except as required by Applicable Law or any Regulatory Authority (after giving Sutton Bank, Manager or Processor, as applicable, prior notice and an opportunity to defend against such disclosure) or as permitted under Sutton Bank's Privacy Policy; provided, further, that each such Third Party Service Provider maintains, and agrees in writing to maintain, an information security program that is designed to protect Cardholder Data and information related to Transactions, and which complies with the requirements under the Network Rules, including but not limited to the requirement for such Third Party Service Provider, upon termination of any of its associated Card Programs, to securely destroy all Cardholder Data in its possession associated with such Card Program as quickly as circumstances permit in accordance with best industry practices and provide a written notice to Sutton Bank that the destruction of the Cardholder Data has been completed;

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- (c) its employees, consultants, attorneys and accountants with a need to know such Cardholder Data in connection with a permitted use of such Cardholder Data under this Section 8.1; provided that (1) any such person is bound by terms substantially similar to this Section 8.1 as a condition of employment or of access to Cardholder Data or by professional obligations imposing comparable terms; and (2) such Party shall be responsible for the compliance by each such person with the terms of this Section 8.1; or
- (d) any Regulatory Authority (1) in connection with an examination of any Party; or (2) pursuant to a specific requirement to provide such Cardholder Data by such Regulatory Authority or pursuant to compulsory legal process; provided that such Party seeks the full protection of confidential treatment for any disclosed Cardholder Data to the extent available under Applicable Law governing such disclosure, and with respect to clause (2), to the extent permitted by Applicable Law, such Party (x) provides at least [***] prior notice of such proposed disclosure to the other Parties if reasonably possible under the circumstances, and (y) seeks to redact the Cardholder Data to the fullest extent possible under Applicable Law governing such disclosure.

(B) During the Term of this Amended Program Manager Agreement, the Cardholder Data shall be owned by Sutton Bank and shall be subject to Sutton Bank's privacy policy set forth in each Privacy Notice, and the manner in which such Cardholder Data may be used, shared and disclosed by the Parties during the Term shall be as set forth herein or as addressed in the Program Schedule for each particular Card Program, all in accordance with the Privacy Regulations and Applicable Law. Sutton Bank shall not, directly or indirectly, use, or sell or otherwise transfer any right in or to, the Cardholder Data other than as provided herein or as mutually agreed by the Parties in a Program Schedule. Sutton Bank shall ensure that its privacy policy and each Privacy Notice permits, subject to Applicable Law, (i) Sutton Bank to share Cardholder Data with Manager, Processor and their respective Third Party Service Providers, and (ii) Manager and Processor to use Cardholder Data in the manner described herein or as permitted by Applicable Law.

(C) With respect to the sharing, use and disclosure of Cardholder Data following the expiration or termination of this Amended Program Manager Agreement in its entirety or any Program Schedule, Manager shall securely destroy all Cardholder Data in its possession associated with such terminated Program Schedule(s) as quickly as circumstances permit in accordance with best industry practices and provide a written notice to Sutton Bank that the destruction of the Cardholder Data has been completed.

(D) Manager shall establish commercially reasonable administrative, technical and physical safeguards for Cardholder Data in its control or possession from time to time. Such safeguards shall be designed for the purpose of: (i) insuring the security of such records and information, (ii) protecting against any known threats or hazards to the security or integrity of such records and information; and (iii) protecting against unauthorized access to or use of such records and information that would result in substantial harm or inconvenience to any Cardholder; (iv) ensure against the proper disposal of Cardholder Data. Such safeguards shall be established in accordance with Applicable Law, including, without limitation, Section 501 of GLBA and the Interagency Guidelines Establishing Standards for Safeguarding Customer Information adopted pursuant to Section 501 of GLBA.

(E) Subject to any obligations placed upon Manager or Processor by a law enforcement agency, such Party agrees to fully disclose to Sutton Bank any actual or suspected breach in security which results in unauthorized intrusions into such Party's computer and other information systems that may materially affect Sutton Bank and the Cardholders or otherwise may involve the potential unauthorized disclosure, access to, acquisition of, or other loss or use of Cardholder Data, including "sensitive customer information." As soon as such Party has reason to believe that it has a security breach, and in no event later than [***] after the discovery of any such breach, it shall notify Sutton Bank in writing and provide (to the extent Manager or Processor has the following information): (i) a description of the breach or loss, including the data it occurred, (ii) the number of individuals or accounts affected and their states of residence, (iii) the information accessed, acquired, lost, or misused; (iv) whether the breach or loss was computerized in nature or a paper loss, (v) whether such information was encrypted or unencrypted, (vi) whether encryption keys or passwords may have been compromised, and (vii) a description of the steps taken to investigate the incident, secure systems or recover lost information, and prevent the recurrence of further security breaches or losses of the same type. For purposes of this subsection (E), "**Sensitive Customer Information**" includes a consumer's name, address, or telephone number in conjunction with the consumer's social security number, driver's license number, account number, credit or debit card number, or a personal identification number or password that would permit access to the customer's account, or any combination of components of customer information that would allow someone to log onto or access a customer's account, such as a username and password, or password and account number. In addition, in the event of an actual or suspected breach in security of Manager's or Processor's computer or other information systems, such Party agrees to permit an independent qualified third party auditor to perform an investigation (including the installation of monitoring or diagnostic software or equipment) to locate the source and scope of the breach and provide Sutton Bank with any material Sutton Bank-related information that such independent auditor discovers with respect to the breach, all at the expense of Manager or Processor respectively.

(F) Each Party has designed and implemented an information security program that is designed to protect Cardholder Data and information related to Transactions that complies with the requirements under the Network Rules. At all times during the term of the Amended Program Manager Agreement, each Party shall be in compliance with all information and data security requirements promulgated by the Network and applicable to card issuers (as set forth in the Network Rules) and the Interagency Guidelines Establishing Standards for Safeguarding Customer Information (collectively the "**Information Security Requirements**"), as the same may be revised from time to time. Each Party shall provide the other Parties with copies of all reports on compliance, quarterly and annual status forms and other reports filed by such Party with the Network in accordance with the Network Rules.

8.2 Confidential Information

(A) Each Party acknowledges that it may receive Confidential Information of the other Parties. For purposes of this Amended Program Manager Agreement, “**Confidential Information**” includes the terms of this Amended Program Manager Agreement, any customer information (other than Cardholder Data), financial data and budgetary or proprietary business information, income or sales data or projections, customer lists, business operations, policies, procedures and techniques, advertising summary or tracking reports or other reports generated in accordance with this Amended Program Manager Agreement, schematics, ideas, techniques, know how, concepts, development tools and processes, procedures, computer printouts, computer programs, design drawings and manuals, and improvements, patents, copyrights, technology, source codes, business methods, trade secrets (including all intellectual property contained in the forgoing, or other intellectual property of any kind or nature, plans for future development and new product concepts, contemplated products, research, development, and strategies. Cardholder Data shall not be Confidential Information, but rather shall be subject to the provisions of Section 8.1 above. The term “Confidential Information” shall not include information which, prior to delivery, (i) was already in the recipient Party’s possession; (ii) is or becomes generally available to the public through lawful means, other than as the result of a disclosure by the recipient Party or its representatives; (iii) becomes available to a recipient Party without confidential or proprietary restriction by a third party who rightfully possesses the information without confidential or proprietary restrictions; or (iv) the recipient Party can demonstrate that it was independently developed by such recipient Party. Except as otherwise specifically provided in this Amended Program Manager Agreement, each Party agrees that it will not, publish, communicate, divulge, or disclose to any person, firm, or corporation any Confidential Information of any other Party, except in the performance of the terms of this Amended Program Manager Agreement. No Party shall distribute any material labeled as “Visa Confidential” to outside parties without written authorization from Visa. Each Party shall comply with all Applicable Law, including the PCI-DSS, in regards to all Confidential Information and Cardholder Data.

(B) Each Party agrees that it will not use any Confidential Information of any other Party except (i) for the benefit of any other Party, and (ii) as necessary to fulfill its obligations or exercise its rights under this Amended Program Manager Agreement, and only for such purposes and only for the time that it is necessary to do so, except to the extent it is otherwise permitted under this Amended Program Manager Agreement. Each Party will take commercially reasonable security precautions, at least as great as the precautions it takes to protect its own Confidential Information and as may be required by Applicable Law, with respect to the Confidential Information of any other Party which it receives and will disclose such Confidential Information only on a need to know basis and only to its subsidiary, agent or subcontractor who is obligated to treat such Confidential Information in a manner consistent with all the obligations of this Amended Program Manager Agreement. Liability for damages due to disclosure of the Confidential Information by any such third party shall be with the Party that disclosed the Confidential Information to the third party. Each Party shall promptly notify the other Parties upon discovery of any loss or unauthorized disclosure of the Confidential Information of any Party. This Section 8.2 supplements any separate written confidentiality agreement or nondisclosure agreement between any of the Parties, and in the event any such agreement conflicts with the terms hereof, this Amended Program Manager Agreement shall control.

8.3 Required Disclosures

In the event that the recipient of Confidential Information is requested or becomes legally compelled to disclose any Confidential Information of any other Party) pursuant to a subpoena or court order; a summons, order, demand or other judicial or governmental process issued by a Regulatory Authority; or in connection with any regulatory report, audit, inquiry or other request for information from such a Regulatory Authority; or as required by Applicable Law, it is agreed that such recipient Party will provide the disclosing Party with prompt written notice of such request(s) to enable the disclosing Party to seek a protective order to protect and preserve the confidential nature of the Confidential Information. In such event, each Party agrees that it will furnish only that portion of the Confidential Information which is legally required and will exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded to that portion of the Confidential Information and other information which is being disclosed. To the extent the recipient Party is prohibited from notifying the disclosing Party of a subpoena, order, summons or demand, by the terms of same, the recipient Party shall exercise its reasonable efforts to narrow the scope of disclosure as provided in the forgoing sentence. Each Party shall immediately notify the other upon discovery of any loss or unauthorized disclosure of the Confidential Information of any other Party.

ARTICLE IX - SECURITY BREACHES; DISASTER RECOVERY

9.1 Security Program

In the event that Manager or any Third Party Service Provider accesses, stores, transmits or processes Cardholder Data, Manager shall, and shall require any Third Party Service Providers to, as applicable, establish and maintain appropriate administrative, technical and physical safeguards designed to (i) protect the security, confidentiality and integrity of the Cardholder Data, (ii) ensure against any anticipated threats or hazards to its security and integrity, (iii) protect against unauthorized access to or use of such information or associated records which could result in substantial harm or inconvenience to any Cardholder or applicant, and (iv) ensure the proper disposal of Cardholder Data (collectively, the "**Security Program**"). At all times during the Term, (x) Manager shall use the same degree of care in protecting the Cardholder Data against unauthorized disclosure as it accords to its other confidential customer information, but in no event less than a reasonable standard of care, and (y) the Security Program shall be in compliance with Applicable Law, the Security Guidelines and all information and data security requirements promulgated by the Networks and applicable to card issuers (as set forth in the Network Rules), as the same may be revised from time to time. Any material change to the Security Program by Manager shall be approved in advance by Sutton Bank.

9.2 SSAE Report

Manager shall provide to Sutton Bank on an annual basis the Statement on Standards for Attestation Engagements ("**SSAE**") No. 16, *Reporting on Controls at a Service Organization*. Manager shall also provide Sutton Bank with copies of all other reports on compliance, quarterly and annual status forms and other reports filed by Manager with any Network in accordance with the Network Rules, if applicable.

9.3 Testing

Manager's Security Program shall be reviewed and tested internally at least annually, at Manager's expense, in order to demonstrate compliance with all Applicable Law, including documented policies and procedures and an internal audit and quality assurance program. Manager shall further cause, at its expense, independent testing of Manager's Security Program, which testing shall include, but is not limited to, penetration testing, vulnerability scans, and a PCI-DSS assessment performed by a qualified security assessor approved by the PCI Security Standards Council. The schedule of such testings, audits and quality reviews shall be provided to Sutton Bank at least annually and results from each such tests, audits or reviews shall be promptly provided to Sutton Bank in writing in accordance with the schedule or upon the request of Sutton Bank.

9.4 Security Contact

Each of the Parties has provided to the other Party the name and contact information of such Party's designated primary and secondary "**Security Contact**" appointed for the purpose of being contacted in connection with (i) any security breach or failure requiring immediate notification to a Party with respect to the unauthorized use or disclosure of Cardholder Data or (ii) any use or disclosure of a Party's Confidential Information except in the manner permitted by Article VIII. A Party may from time to time change its primary and secondary Security Contact by providing written notice of such change in accordance with the notice requirements herein. In the event a named Security Contact is no longer in the employ of the applicable Party, or is otherwise unable or unwilling to perform the duties of a Security Contact as set forth herein, then a replacement Security Contact shall be named by such Party as soon as possible but in no event later than [***] after the Security Contact has ceased employment with such Party or the occurrence of the event giving rise to such Security Contact's inability or unwillingness to perform such duties. Each Party shall further ensure that either the primary Security Contact or the secondary Security Contact is available at any given time to fulfill the purposes of this Section, unless otherwise approved in advance in writing by the other Party.

9.5 Storage of Information

Manager will only store Cardholder Data and Program Records at its data center locations which have been approved by Sutton Bank (or in the case of approved Distributors or Third Party Service Providers, the third party address approved by Sutton Bank). Any change of the location of a data center must be approved by Sutton Bank at least [***] in advance of Cardholder Data or Confidential Information being stored at such new location.

9.6 Notification

Manager agrees that in the event there is a breach of security of Manager or any Third Party Service Provider resulting in unauthorized disclosure of Cardholder Data or other Confidential Information of Sutton Bank, Manager will promptly, and in no event later than [***] after the discovery of any such breach, notify the primary, or if unreachable, the secondary Security Contact

of Sutton Bank (as identified in Section 9.4) of such breach, the nature of such breach, and the corrective action taken to respond to the breach and shall take all steps at its own expense to immediately limit, stop or otherwise remedy such misappropriation, disclosure or use, including, but not limited to, notification and cooperation and compliance with Regulatory Authority. Manager acknowledges and agrees that in the event of a security breach, Sutton Bank shall engage an assessor to determine the extent of the breach. Manager shall give the assessor access to Manager's facilities, records and personnel, as requested by the assessor, and shall be responsible for all costs, expenses and fees of the assessor. Manager shall provide to Sutton Bank, upon receipt, any and all reports or documents prepared by or received from the assessor.

9.7 Expense Reimbursement

(A) Manager Reimbursement. If Manager or any Third Party Service Provider suffers a data security breach that results, in Sutton Bank's sole discretion, in the engagement of Sutton Bank resources to investigate and/or correct the breach Manager shall reimburse Sutton Bank for Sutton Bank's reasonable expenses with respect to the following, except to the extent that such breach was proximately caused by Sutton Bank's gross negligence, or willful misconduct or fraud, or breach of Sections 3.2(B) or 3.2(D) of this Amended Program Manager Agreement:

(i) providing notices and information regarding unauthorized access to Cardholder Data which results in the misuse of such information, or the reasonable possibility that misuse of such information shall occur, involving any Cardholder Data which is attributable, in whole or in part, to Manager or any Distributor, Third Party Service Provider or Manager Affiliate to (i) appropriate law enforcement agencies, Regulatory Authorities and Networks, and (ii) affected Applicants and Cardholders to the extent Sutton Bank deems such notices required by Applicable Law or as Sutton Bank otherwise deems necessary or appropriate in the exercise of its commercially reasonable judgment;

(ii) providing fraud monitoring and consumer report (credit report) monitoring services to affected Applicants and Cardholders to the extent Sutton Bank deems such services to be necessary or appropriate in the exercise of its commercially reasonable judgment; and

(iii) replacing Cards or other access devices if Sutton Bank reasonably determines replacement is necessary as a result of such unauthorized access to Cardholder Data which is attributable to Manager, its Affiliates or Distributors or Third Party Service Providers. Manager shall pay any such undisputed amounts within [***] of its receipt of Sutton Bank's documentation supporting such expense. Without limiting the foregoing, Manager shall reimburse Sutton Bank for any Losses incurred by Sutton Bank as a result of unauthorized access to Cardholder Data or Confidential Information through Manager or a Distributor or Third Party Service Provider.

9.8 Disaster Recovery Plan

At all times during the Term and for so long as this Amended Program Manager Agreement remains in effect, Manager shall and shall require all Third Party Service Providers to, prepare and maintain disaster recovery, business resumption, and contingency plans appropriate for the nature

and scope of the activities of and the obligations to be performed by Manager or any Third Party Service Providers hereunder. Manager shall ensure that such plans are sufficient to enable Manager or the Third Party Service Provider to promptly resume, without giving effect to the Force Majeure provisions herein, the performance of its obligations hereunder in the event of a natural disaster, destruction of facilities or operations, utility or communication failures or similar interruption in operations and shall ensure that all material records, including, but not limited to, Cardholder Data, are backed up in a manner sufficient to survive any disaster or business interruption. These plans shall ensure that, without giving effect to the Force Majeure provisions herein, such resumption takes place no later than the timelines set forth in the aforementioned plans. Manager shall make available to Sutton Bank copies of all such disaster recovery, business resumption, and contingency plans and shall obtain Sutton Bank's prior written approval before making any material modifications to such plan. Manager and any Third Party Service Provider shall periodically, and no less than annually, test such disaster recovery, business resumption, and contingency plans as may be appropriate and prudent in light of the nature and scope of the activities and operations of Manager and its obligations hereunder. Manager shall further facilitate and cooperate with any requests by Sutton Bank to participate in, monitor or audit the annual testing process of Manager or a Third Party Service Provider under this Section. A complete report of the results of such annual testing shall be promptly provided to Sutton Bank upon request.

ARTICLE X - TERM AND TERMINATION

10.1 Term

(A) Term. The initial term of this Amended Program Manager Agreement shall commence on the Effective Date and terminate at midnight on the fifth (5th) anniversary of the Effective Date (the "**Initial Term**"), unless sooner terminated in accordance with the terms hereof. This Amended Program Manager Agreement shall be automatically renewed on the same terms and conditions for a two (2) year term (a "**Renewal Term**") (the Initial Term, collectively with the Renewal Term, the "**Term**") thereafter, unless any Party provides written notice to the other Parties of its intent not to renew at least one hundred eighty (180) days prior to the expiration of the Initial Term or any Renewal Term then in effect.

(B) Mutual Consent. This Amended Program Manager Agreement may be terminated at any time during the Term, without cost or penalty, by mutual consent of Sutton Bank and Manager, or by either Party upon one hundred eighty (180) days prior written notice to the other Party.

10.2 Termination for Cause

(A) By Sutton Bank. Sutton Bank may terminate this Amended Program Manager Agreement at any time during the Term:

(i) Immediately upon notice in the event of a breach or series of breaches by Manager of the Program Documents that are material either individually or in the aggregate, if such breach or breaches are not cured within thirty (30) days after receipt by Manager of a written notice from Sutton Bank alleging breach and requiring Manager to cure such breach or breaches;

(ii) Immediately upon notice in the event Manager has failed to pay any amounts to Sutton Bank when due as set forth in the Program Documents, and such amount is not paid within five (5) Business Days after Manager receives notice of such nonpayment;

(iii) Immediately upon notice in the event (1) Manager is placed into conservatorship or receivership or proceedings are commenced and remain unstayed for a period of at least thirty (30) days to wind up, dissolve, liquidate or reorganize Manager, (2) proceedings are instituted against Manager by or before any regulatory authority to terminate Manager's license or other regulatory approval or to cause any of Manager's officers or directors to cease and desist from any alleged unsafe or unsound practice, (3) Sutton Bank, in its reasonable discretion, determines that there exists an imminent and material threat to the security of Sutton Bank's prepaid card services or any network accessed or operated by Sutton Bank, if applicable, as a result of any act or omission by Manager or an agent of Manager, including, without limitation, Manager's failure to comply with any Network Rules with respect to the issuer's responsibilities for data security verification and certification, which could result in a substantial detriment to Sutton Bank, if applicable; or (4) Sutton Bank, in its reasonable discretion, determines that Manager's failure to comply with any provision of Applicable Law or any other requirements, including licensing requirements, imposed upon Manager by any federal or state governmental authority has resulted in or may reasonably be expected to result in an imminent and material threat to Manager's legal capacity to materially comply with Manager's duties and obligations under the Program Documents; or

(iv) Immediately upon notice in the event that Manager creates circumstances giving rise to a substantial risk of loss and/or harm to the goodwill of any Network if such circumstances are not eliminated within thirty (30) days after receipt by Manager of a written notice from Sutton Bank alleging such circumstances and requiring Manager eliminate such circumstances.

(B) By Manager. Manager may terminate this Amended Program Manager Agreement at any time during the Term immediately upon notice in the event: (1) of a breach or series of breaches by Sutton Bank of the Program Documents that are material either individually or in the aggregate, if such breach or breaches are not cured within 30 days after receipt by Sutton Bank of a written notice from Manager alleging breach and requiring Sutton Bank to cure such breach or breaches; (2) Sutton Bank is placed into conservatorship or receivership or proceedings are commenced and remain unstayed for a period of at least thirty (30) days to wind up, dissolve, liquidate or reorganize Sutton Bank; (3) proceedings are instituted against Sutton Bank by or before any Regulatory Authority to terminate Sutton Bank's ability to issue prepaid cards or other regulatory approval or to cause any of Sutton Bank's officers or directors to cease and desist from any alleged unsafe or unsound practice and such proceedings remain unstayed for a period of at least thirty (30) days; (4) Sutton Bank is no longer an approved issuer of prepaid cards on any Network with respect to which a Card Program exists, (5) Sutton Bank has failed to pay any amounts to Manager when due as set forth in this Amended Program Manager Agreement or the Program Documents, and such amount is not paid within fifteen (15) Business Days after Sutton Bank receives notice of such nonpayment; (6) Manager, in its reasonable discretion, determines that Sutton Bank's failure to comply with any provision of Applicable Law or any other

requirements imposed upon Sutton Bank by any federal or state governmental authority has resulted in or may reasonably be expected to result in an imminent and material threat to Sutton Bank's capacity to materially comply with Sutton Bank's duties and obligations under the Program Documents or this Amended Program Manager Agreement if such failure is not cured within 30 days after receipt by Sutton Bank of a written notice from Manager describing the failure in commercially reasonable detail and requiring Sutton Bank to cure the failure; (7) Sutton Bank is determined to be in "troubled condition" (as such term is defined in or interpreted in accordance with Applicable Law); (8) if Sutton Bank, together with its Affiliates, accumulates assets that, in the aggregate, are equal to, or greater than, [***], which will have the effect of removing Sutton Bank from the small issuer exemption under 12 CFR Part 235.5(a)(1) or any successor provision; or (9) Sutton Bank is prohibited from adding volume to the Programs or adding new Programs in order to [***] due to a directive from a Regulatory Authority rendered against Sutton Bank provided such directive is not attributable to the Program(s) or the actions or omissions of Manager or any Manager Contractor; provided such directive remains unstayed for a period of at least thirty (30) days; and provided Sutton Bank has not agreed to [***] so long as the directive is outstanding.

(C) Change in Law. In the event that any material change in any Applicable Law, or in the interpretation of such Applicable Law, makes continued performance by any party under the then-current terms and conditions of the Program Documents illegal and the Parties, using their reasonable best efforts, are unable to agree upon modifications to the Program Documents to avoid such illegality, then any party may terminate this Amended Program Manager Agreement, without penalty, by written notice to the other Party, which notice will be effective upon the earlier to occur of (i) the 90th day following delivery of the notice to the other Party or (ii) the effective date of such change in Applicable Law. To be effective, any written notice terminating this Amended Program Manager Agreement pursuant to this Section 10.2(C) must include a detailed explanation and evidence of the illegality created as a result of such change in Applicable Law.

(D) Other Remedies. In the event of any occurrence giving rise to a termination right under Section 10.2(A) above, Sutton Bank may at its election, without exercising, waiving or limiting such termination right in connection with, such occurrence, elect to require that Manager cease selling or distributing new Cards and entering into new Programs. In addition, in the event that any Client(s) fails to make any Settlement Payment or to maintain a required balance in the Settlement Account, Sutton Bank may suspend performance of any Sutton Bank obligations under the Program Documents if such Client fails to make the Settlement Payment or maintain the required balance in the Settlement Account within two (2) Business Days after Client receives notification of such failure.

10.3 Effect of Termination or Expiration

(A) Actions to Give Effect to Termination. Upon any termination of this Amended Program Manager Agreement or expiration of the Term, subject to Section 10.4, Sutton Bank and Manager will, as soon as reasonably practicable, execute such documents and do such things as may be reasonably necessary to give effect to the termination provisions of this Amended Program Manager Agreement.

(B) Survival of Obligations. Each party will continue to be responsible for any obligations incurred under this Amended Program Manager Agreement or the other Program Documents prior to any termination of this Amended Program Manager Agreement or expiration of the Term, including but not limited to the obligation to pay any amounts that accrued prior to termination or expiration of this Amended Program Manager Agreement that remain owed to the other party(ies) after such termination or expiration.

10.4 Cessation of Card Sale and Distribution after Termination or Expiration

Subject to Section 10.5, upon any expiration or termination of this Amended Program Manager Agreement or expiration of any Approved Program, Manager will immediately cease selling or distributing (including the cessation of both direct sales and third party sales through Clients) Cards under this Amended Program Manager Agreement or the Approved Program, as applicable.

10.5 Wind Down Period; Orderly Transition

(A) General Obligations. Upon the expiration or termination of this Amended Program Manager Agreement, (i) Manager may elect to either transition one or more Programs to an alternative card issuer designated by Manager (any such institution, a "**Successor Bank**") in accordance with Applicable Law and pursuant to Section 10.5(B) or (ii) one or more Programs may be wound down in accordance with Applicable Law and pursuant to Section 10.5(C). Each Party acknowledges that the main goals of the Wind Down Period are (in order of priority) (i) to benefit the Cardholders by minimizing any possible burdens or confusion and (ii) to protect and enhance the names and reputations of the Parties, both of whom have invested their names and reputations in the Programs, the Programs and Cards issued hereunder. Unless otherwise required by Applicable Law or any Regulatory Authority, upon the expiration or termination of this Amended Program Manager Agreement for any reason, the Parties agree to cooperate in good faith to wind down or transition each Program in a commercially reasonable way as soon as reasonably possible to provide for a smooth and orderly transition or wind-down. Such cooperation will include continued acceptance of Cards presented for payment until such Cards expire or are cancelled as set forth below, and continued provision of customer service to all outstanding Cardholders in accordance with the terms of this Amended Program Manager Agreement up until the Cards expire or are terminated.

(B) Manager Transition Election. In the event that Manager elects to transition one or more Programs to a Successor Bank pursuant to Section 10.5(A), Sutton Bank's obligations shall include: (i) executing and delivering a transfer agreement containing terms and conditions generally consistent with banking industry practice (including customary representations, warranties and obligations) for the transfer of the Programs and related BINs to the Successor Bank; and (ii) taking all other actions necessary to transfer the Programs and BINs to such Successor Bank. Sutton Bank's documented reasonable out-of-pocket costs associated with the transition activities described in this Section shall be reimbursed by Manager within thirty (30) days of receipt of Sutton Bank's invoice therefore; provided that Sutton Bank has notified Manager of such costs prior to incurring such costs.

(C) Wind-Down Plan. As soon as reasonably practicable after expiration of this Amended Program Manager Agreement, or receipt of delivery of a termination notice with respect to this Amended Program Manager Agreement or one or more Programs, Manager shall provide to Sutton Bank in writing a proposed transition or wind-down plan, detailing (i) whether the affected Program(s) are to be wound down or transferred to a Successor Bank; and (ii) a proposed timeline, which shall designate a date as of which the affected Programs shall be wound down or transferred from Sutton Bank to a Successor Bank ("**Switchover Date**"). Sutton Bank and Manager shall meet promptly thereafter to review such proposed plan and to determine a mutually acceptable transition or wind-down plan (a "**Wind-Down Plan**"); provided, however, that if Sutton Bank and Manager fail to reach mutual agreement on the Wind-Down Plan within thirty (30) days, Sutton Bank shall establish a Wind-Down Plan that is appropriate for the affected Program(s) and that is, to the extent practicable, substantially similar to other wind-down plans used by Sutton Bank for other programs similar to the affected Program(s) hereunder, in which case such Wind-Down Plan shall be deemed to be approved by Manager. The wind-down or transition of any affected Program(s) shall occur as soon as reasonably possible and in no event later than one hundred eighty (180) days after expiration of this Amended Program Manager Agreement; provided, however, that such time period may be extended by mutual written agreement of the Parties.

(D) Wind Down Period General Obligations. During the Wind Down Period, the Parties shall continue to be bound by and comply with the terms of this Amended Program Manager Agreement and perform all of their obligations hereunder and shall remain liable for the representations and warranties, covenants and indemnification obligations under this Amended Program Manager Agreement. If Sutton Bank determines in its sole discretion that Manager has failed to continue to provide customer service to the affected Cardholders during the wind-down period in accordance with the terms of this Amended Program Manager Agreement, Manager shall take all necessary steps to either (i) effect the transfer to Sutton Bank of control of the toll free telephone numbers and websites used by Manager with respect to such Program or (ii) redirect Cardholders using such telephone numbers and websites to such toll-free telephone numbers and websites as designated by Sutton Bank.

(E) Further Assurances. Each Party shall; (i) give such further assurances to the Successor Bank and shall execute, acknowledge and deliver all such acknowledgments, assignments and other instruments and take such further action as may be reasonably necessary and appropriate to effectively vest in the Successor Bank the full legal and equitable title to Sutton Bank's rights in any affected Program(s) being transitioned to the Successor Bank and (ii) make commercially reasonable efforts to assist the Successor Bank in the orderly transition of the sponsorship of the Program. The Parties agree to work in good faith to assure a smooth transition of the Program and continuity of operations with respect to the Program.

ARTICLE XI - INDEMNIFICATION AND LIABILITY

11.1 Indemnification Obligation By Manager

Manager covenants and agrees to indemnify and hold Sutton Bank, its Affiliates, and their respective officers, directors, employees, agents, successors and permitted assigns ("**Bank Indemnified Parties**") harmless against any Losses, arising out of third party Claims in connection with:

(A) any failure on the part of Manager to perform or comply with any covenant or obligation required to be performed or complied with by Manager under or pursuant to this Amended Program Manager Agreement,

(B) any inaccuracy, breach or untruthfulness of any representation or warranty made by Manager under or pursuant to this Amended Program Manager Agreement,

(C) any infringement or alleged infringement of any third party's marks or intellectual property rights in connection with the Cards or the Program or as a result of Sutton Bank's use of the Manager Marks hereunder,

(D) any noncompliance with or violation of any Applicable Laws (including without limitation with respect to Program Materials and Marketing Campaigns), the gross negligence or willful misconduct of Manager, or any of Manager's Affiliates, employees, officers, directors, Distributors, Marketers, Third Party Service Providers or agents, representatives or independent contractors (all such contractors, agents and representatives, including Distributors, Marketers and Third Party Service Providers, the "**Manager Contractors**"),

(E) any wrongful acts or omissions of Manager or Manager Contractors in connection with the improper use of Cardholder Data or in connection with the transfer of the Program(s) to a Successor Bank,

(F) any failure on the part of Manager or any Manager Contractor to comply with or discharge any of its or their obligations, liabilities or other amounts due or owing by Manager or such Manager Contractor to any third party, including, in the case of Manager, due or owing to any Manager Contractor,

(G) any unauthorized or fraudulent access to or use of Cardholder Data caused by the action or inaction, or intentional misconduct of an employee of Manager or Manager Contractors, or arising from a security breach to computer systems maintained by Manager or maintained by Manager Contractors on behalf of Manager.

(H) any Losses arising solely from the Sutton Bank's failure to comply with the Applicable Law or a direction or requirement from a Regulatory Authority or Network where such failure arose out of Manager's failure to meet its obligations under this Amended Program Manager Agreement or to obtain and provide all information to Sutton Bank needed for Sutton Bank to comply, unless Sutton Bank failed to inform Manager of the need for such actions or the need to cease taking such actions; or

(I) any misrepresentation or false or misleading statement made by Manager or Manager Contractors to any Person, Regulatory Authority or legislative body regarding Sutton Bank, a Program, this Amended Program Manager Agreement or the terms or conditions hereof.

11.2 Limited Exception and Conditions

Manager's indemnification obligations under Section 11.1 shall exclude any Losses, to the extent such Losses arise directly from (A) an act of fraud, embezzlement or criminal activity by a Bank Indemnified Party, (B) the gross negligence, willful misconduct or bad faith by a Bank Indemnified Party, (C) failure of the Sutton Bank to comply with, or to perform its obligations under, this Amended Program Manager Agreement, or (D) Losses arising from noncompliance with or violation of any Applicable Law by Manager or a Manager Contractor solely to the extent that such Parties acted in good faith in accordance with Sutton Bank's written instructions and/or requirements regarding Applicable Law.

11.3 By Sutton Bank

Sutton Bank covenants and agrees to indemnify and hold Manager, Manager Contractors, and each of their respective Affiliates, and their respective officers, directors, employees, agents, and permitted assigns (the "**Manager Indemnified Parties**") harmless against any Losses, arising out of third party Claims in connection with:

(A) any failure on the part of Sutton Bank to perform or comply with any covenant or obligation required to be performed or complied with by Sutton Bank under or pursuant to this Amended Program Manager Agreement,

(B) any inaccuracy, breach or untruthfulness of any representation or warranty made by Sutton Bank under or pursuant to this Amended Program Manager Agreement,

(C) any infringement or alleged infringement of any third party's marks or intellectual property rights as a result of Manager's use of the Sutton Bank Marks hereunder,

(D) the gross negligence or willful misconduct of Sutton Bank or its employees, officers, directors, vendors, agents, representatives or independent contractors (excluding Manager or Manager Contractors),

(E) any wrongful acts or omissions of Sutton Bank in connection with the improper use of Cardholder Data or in connection with the transfer of Network responsibilities hereunder to a Successor Bank, in each case excluding any Losses to the extent such Losses arise from the acts or omissions of Manager, including any failure to comply with the terms of this Amended Program Manager Agreement,

(F) any unauthorized or fraudulent access to or use of Cardholder Data caused by the gross negligence or intentional misconduct of an employee of Sutton Bank or of its Affiliates, or arising from a security breach to computer systems maintained by Sutton Bank or maintained by third parties (other than Manager or a Manager Contractor) on behalf of Sutton Bank; or

(G) any misrepresentation or false or misleading statement made by Sutton Bank or its Affiliates to any Person, Regulatory Authority or legislative body regarding Manager, a Program, this Amended Program Manager Agreement or the terms or conditions hereof.

11.4 Limited Exception and Conditions

Sutton Bank's indemnification obligations under Section 11.3 shall exclude any Losses to the extent such Losses arise directly from (A) an act of fraud, embezzlement or criminal activity by a Manager Indemnified Party, (B) the gross negligence, willful misconduct or bad faith by a Manager Indemnified Party, or (C) failure of the Manager to comply with, or to perform its obligations under, this Amended Program Manager Agreement.

11.5 Defense of Claims

(A) Notice. If any Claim is commenced that may give rise to a right of indemnification, or any knowledge is received of a state of facts which, if not corrected, may give rise to a right of indemnification, the indemnified party shall give prompt written notice to the indemnifying party. The failure to give such notice shall not, however, relieve the indemnifying party of its indemnification obligations except to the extent that the indemnifying party is actually harmed thereby.

(B) Right to Defend Claim. The indemnifying party shall have the right to defend any such Claim in its name and at its expense, shall select the counsel for the defense of such Claim as approved by the indemnified party, which approval shall not be unreasonably withheld or delayed, and shall cooperate with the indemnified party in the conduct of the defense against such Claim; provided, however, that the indemnifying party shall not have the right to defend any such Claim if (i) it fails to employ appropriate counsel approved by indemnified party to assume the defense of such Claim or refuses to replace such counsel upon the indemnified party's reasonable request; (ii) the indemnified party advises the indemnifying party that there are issues which could raise possible conflicts of interest between the indemnifying party and the indemnified party or that the indemnified party has claims or defenses that are separate from or in addition to the claims or defenses of the indemnifying party; or (iii) such Claim seeks an injunction or cease and desist order; provided further, that Manager may not, as an indemnifying party or otherwise, defend against a Claim or select the counsel for the defense of a Claim if the Claim was brought by a Regulatory Authority. If the Parties are unable to resolve the issue, then the matter will be resolved in accordance with Section 12.2. In each such case set forth in this Section 11.5, the indemnified party shall have the right to direct the defense of the Claim and retain its own counsel, and the indemnifying party shall pay the cost of such defense, including reasonable attorneys' fees and expenses.

(C) Indemnifying Party Election. If the indemnifying party elects and is entitled to compromise or defend such Claim it shall within thirty (30) days (or sooner, if the nature of the Claim so requires) notify the indemnified party of its intent to do so, and the indemnified party shall, at the expense of the indemnifying party, cooperate in the defense of such Claim. In such case, the indemnified party shall have the right to participate in the defense of any Claim with counsel selected by it. Except as provided in this Article, the fees and disbursements of such counsel shall be at the expense of the indemnified party.

(D) Indemnifying Party Obligation. The indemnifying party shall have no obligation to pay the monetary amount of the settlement of any Claim entered into by the indemnified party without the prior written consent of the indemnifying party (which consent shall not be unreasonably withheld or delayed). Notwithstanding the indemnifying party's right to direct the defense against any Claim, the indemnifying party shall not have the right to compromise or enter into an agreement settling any claim, suit, demand or action without the prior written consent of the indemnified party (which consent shall not be unreasonably withheld or delayed).

11.6 No Special Damages

UNLESS OTHERWISE AGREED, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, EVEN IF SUCH PARTY HAS KNOWLEDGE OF THE POSSIBILITY OF SUCH DAMAGES ARISING FROM OR RELATED TO THIS AMENDED PROGRAM MANAGER AGREEMENT; PROVIDED, HOWEVER, THAT THE LIMITATIONS SET FORTH IN THIS SECTION SHALL NOT APPLY TO OR IN ANY WAY LIMIT THE INDEMNITY OBLIGATIONS UNDER THIS AMENDED PROGRAM MANAGER AGREEMENT.

11.7 Disclaimers of Warranties

ALL SERVICES PROVIDED BY THE PARTIES HEREUNDER ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS, AND EXCEPT AS EXPRESSLY STATED IN THIS AMENDED PROGRAM MANAGER AGREEMENT EACH PARTY SPECIFICALLY DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, ARISING OUT OF OR RELATED TO THIS AMENDED PROGRAM MANAGER AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MARKETABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT, AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES.

ARTICLE XII - GENERAL

12.1 Assignment

No party may assign this Amended Program Manager Agreement without the express written consent of the other party.

12.2 Dispute Resolution; Governing Law

(A) In the event of any dispute, controversy, or claim arising out of or relating to this Amended Program Manager Agreement or the construction, interpretation, performance, breach, termination, enforceability or validity thereof (hereinafter, a "**Dispute**"), the Party raising such Dispute shall notify the other promptly and no later than sixty (60) days from the date of its discovery of the Dispute. In the case of a Dispute relating to account or Transaction statements or similar matter, the failure of a Party to notify the other Party of such Dispute within sixty (60) days from the date of its receipt shall result in such matter being deemed undisputed and accepted by the Party attempting to raise such Dispute.

(B) The Parties shall cooperate and attempt in good faith to resolve any Dispute promptly by negotiating between persons who have authority to settle the Dispute and who are at a higher level of management than the persons with direct responsibility for administration and performance of the provisions or obligations of this Amended Program Manager Agreement that are the subject of the Dispute.

(C) This Amended Program Manager Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Ohio, without regard to that state's conflict of laws principles. Jurisdiction and venue for the formal resolution of any disputes relating to this Amended Program Manager Agreement shall lie exclusively in the Federal and State Courts of Ohio any such claims shall be governed by Ohio law without giving effect to any choice of law rules. Each Party agrees that service of process in any action or proceeding hereunder may be made upon such Party by certified mail, return receipt requested, to the address for notice set forth herein.

(D) EACH PARTY ALSO, KNOWINGLY AND WILLINGLY, AND FOLLOWING CONSULTATION WITH COUNSEL, HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY DISPUTE ARISING UNDER THIS AMENDED PROGRAM MANAGER AGREEMENT.

12.3 Entire Agreement; Amendments

This Amended Program Manager Agreement and the other Program Documents constitute the entire agreement of the parties with regard to the specific subject matter thereof and supersede all prior written and/or oral understandings between the parties. Except as otherwise expressly provided herein, this Amended Program Manager Agreement may not be amended, modified or changed in any way except by a written instrument executed by an authorized representative of each party. Notwithstanding any other term or provision of this Section 12.3, in the event Sutton Bank and Manager agree to establish an additional Approved Program under this Amended Program Manager Agreement, as described in Section 3.1(F), the terms and conditions of the applicable exhibits to this Amended Program Manager Agreement will be updated to reflect the terms of the new Approved Program (as reflected in the Sutton Bank -approved Program Application Form and on Schedule 2.1 hereto) without further execution by any party, and such additional Approved Program shall be governed by the terms of this Amended Program Manager Agreement and the other Program Documents.

12.4 Counterparts

This Amended Program Manager Agreement may be executed in counterparts, each of which will be deemed an original and both of which together will constitute one instrument.

12.5 Third Party Beneficiaries

This Amended Program Manager Agreement is for the sole and exclusive benefit of the Parties and nothing in this Amended Program Manager Agreement will be construed to grant to any Person (other than the Parties, and their respective successors and permitted assigns) any right, remedy or claim under or in respect of this Amended Program Manager Agreement or any provision hereof; provided however that Sutton Bank's subsidiaries and affiliates used by Sutton Bank in connection with any Program are each intended third party beneficiaries of all rights and protections, including limitations of liability and indemnification, to which Sutton Bank is entitled under the Program Documents.

12.6 Survival

Upon later of any termination of this Amended Program Manager Agreement, Switchover Date or any Wind Down Period, the Parties will retain any rights or remedies available to such party under this Amended Program Manager Agreement or in law or at equity. Subject to any specific limitations on survival set forth herein, the following Articles and Sections of this Amended Program Manager Agreement will survive the termination or expiration of this Amended Program Manager Agreement in accordance with their terms: Sections 12.2 and 12.3, Sections 12.5 through 12.8, Article I, Article IV, Article VII, Article VIII, Article X and Article XI.

12.7 Force Majeure

No Party shall be liable for any failure or delay on its part to perform, and shall be excused from performing any of its non-monetary obligations hereunder if such failure, delay or non-performance results in whole or in part from any cause beyond the absolute control of the party, including any act of God, act of war, riot, actions of terrorists, earthquake, fire, explosion, natural disaster, flooding, embargo, sabotage each a "**Force Majeure Event**"; provided, however, that the Party suffering the Force Majeure Event shall immediately implement its Disaster Recovery Plan. A Party desiring to rely upon any of the foregoing as an excuse for failure, default or delay in performance shall, when the cause arises, give to the other Party prompt notice in writing of the facts which constitute such cause, and, when the cause ceases to exist, give prompt notice thereof to the other Party. This Section 12.7 shall in no way limit the right of a Party to this Amended Program Manager Agreement to make any claim against third parties for any damages suffered due to said cause.

12.8 Specific Performance

The Parties acknowledge and agree that the remedy at law for any breach by either Party of its confidentiality covenants and obligations under Article VIII of this Amended Program Manager Agreement is inadequate and that the non-breaching Party, in addition to any other relief available to it, will be entitled to specific performance by the breaching Party to the extent permitted by Applicable Law.

12.9 Representation

Each party acknowledges that it has been duly represented by counsel of its choice and fully understands all terms of this Amended Program Manager Agreement. No assumption or inference will be made or granted based on drawer or drafter of this Amended Program Manager Agreement, the Network Rules, and all other Program Documents.

[Signatures on Following Page]

CONFIDENTIAL AND PROPRIETARY

EXECUTION COPY

IN WITNESS WHEREOF, with the intention to be bound by the terms of this Amended Program Manager Agreement, the Parties have executed this Amended Program Manager Agreement as of the day and year first above written by causing their respective authorized representatives to sign where indicated below.

SUTTON BANK

[MANAGER] MARQETA, INC.

By: /s/ J. Anthony Gorrell

By: /s/ Omri Dahan

Title: EVP & CFO

Title: Chief Revenue Officer

Address for Notices:

Address for Notices:

SUTTON BANK
1 S. MAIN ST., PO BOX 505
ATTICA, OHIO 44807
ATTN: J. ANTHONY GORRELL, EVP & CFO
FACSIMILE: [***]

MARQETA, INC.
6201B DOYLE ST.
EMERYVILLE, CALIFORNIA 94608
ATTN: ERIC BACHMAN, COO
FACSIMILE: [***]

SCHEDULE 2.1

APPROVED PROGRAMS

Program 1

Program Name/Description

MARQETA

Issuer

SUTTON BANK

Client

MARQETA

Program Expiration Date

Program 2

Program Name/Description

Issuer

Client

Program Expiration Date

IN WITNESS WHEREOF, each of Manager and Sutton Bank hereby acknowledges and agrees that this **Schedule 2.1[]**, executed as of this ____ day of _____, 20__, is intended to supplement and be incorporated into that certain Amended Program Manager Agreement entered into by the parties as of _____, 20__.

Sutton Bank

Manager

By: Tony Gorrell
Title: EVP, CFO

By:
Title:



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EXECUTION COPY

EXHIBIT A

PROGRAM APPLICATION FORM

[Separately provided]

EXHIBIT B

SUTTON BANK PREPAID CARD SERVICES

1. Sponsor Programs with Networks, including obtaining all required Network approvals.
 2. Comply with all Network Rules pertaining to issuing financial institution
 3. Oversee and review all aspects of Programs with respect to compliance with all Applicable Law pertaining issuing prepaid cards
 4. Manage Program Accounts
 5. Implement new programs with Networks
 6. Issuing Cards for Approved Programs in accordance with the applicable Program Schedule and Cardholder Agreement
 7. Approving each Program and Additional Products that may be provided under each Program or any non-financial products or services requiring Bank approval that may be offered to Cardholders in accordance with the terms of this Amended Program Manager Agreement
 8. Approving all new Program Due Diligence Application Forms, Program Schedules, Cardholder Agreements, Program Materials and Marketing Campaigns and any changes to a such documents in accordance with Sections 3.1(B), 3.1(C), 3.1(F) and 3.1(G) of the Amended Program Manager Agreement.
 9. In accordance with Section 5.4, approving Manager's BSA/AML/OFAC Procedures;
 10. Providing Manager with any notifications received from a Network (other than PCI Standards) with respect to any Program or any changes in Network Rules
 11. Working closely with Manager to develop and enhance the Programs to meet Bank's strategic objectives and goals, including by reviewing, assessing and approving in its commercially reasonable discretion, any modifications proposed by Manager
 12. Upon reasonable request by Manager, providing Manager with any reconciliation reports for each Program Account maintained by Manager at Bank, and, to the extent Program funds flow through a non-Manager Program Account at Bank, reconciliation reports for each such Account.
-

EXHIBIT C

[***]

EXHIBIT D

MANAGER SERVICES

The following is a general description of the Services to be provided by Manager on Sutton Bank's behalf, either in-house or through Third-Party Service Providers. Where an inconsistency exists between the general descriptions of Services to be provided to Sutton Bank under this Amended Program Manager Agreement and the specific descriptions contained in any other documentation, including correspondence, operations manuals, procedures manuals, or implementation manuals (other than an inconsistency consisting solely of a greater degree of detail in such documentation than in this Amended Program Manager Agreement), the provisions of this Amended Program Manager Agreement shall control. No such material change to the Services shall be effective without Sutton Bank's prior written consent.

Processing all applications and establishing all Cardholder Accounts on behalf of Sutton Bank, including, but not limited to:

- providing Cardholder Agreements;
- application of Sutton Bank's rules to incoming Card applications
- submitting to Sutton Bank applications for approval
- providing information to Processor to establish the Cardholder Accounts
- collecting and maintaining Cardholder identification
- screening Cardholder applicants for compliance purposes
- conducting initial review of all Cardholder Accounts to ensure compliance with BSA/AML/OFAC laws and directives
- authorizing Card Activation
- setting of PIN

Card creation, production and shipment, including:

- Card design
- purchase and safekeeping of plastic stock
- embossing and encoding of Cards
- printing of Card carriers
- mailing or other delivery of Cards
- preparation and mailing of all other documents required or otherwise to be sent to Cardholders
- providing monthly and other periodic account statements
- customer service in accordance with the terms of this Amended Program Manager Agreement
- all other Program-related mailings to Cardholders including shipping costs and postage
- any other services necessary or desirable to effectuate the Program or as agreed upon by Sutton Bank and Manager from time to time.

Back office support functions, including:

- individual Cardholder Account maintenance
 - Transaction and payment authorization, decline, processing, clearing and settlement and all accounting relating to Cards
 - statement preparation and issuance
-

- clearing and Settlement
- balancing and reconciling
- fraud prevention and security control
- data capture and reporting and information management services
- providing Sutton Bank with reports detailing transactions and servicing with respect to each Program or Additional Product marketed by Manager on behalf of Sutton Bank as may be mutually agreed upon by the Parties from time to time at no additional cost to Sutton Bank within the reasonable capacity of Manager;
- exercising commercially reasonable efforts to monitor changes in Applicable Law related to the Programs and notifying Sutton Bank of any such changes of which Manager becomes aware that may impact Sutton Bank and the Programs in a material manner
- providing appropriate notices to Sutton Bank as required hereunder
- helpdesk and technical support for Sutton Bank

Customer Service, including:

- Cardholder account and Transaction dispute processing and resolution, and any other informal disputes or resolutions as needed from the Cardholder, as promptly as commercially reasonable, and not later than full resolution within sixty (60) days
- Lost and stolen Card reporting processing and disbursing Cardholder refunds on behalf of Sutton Bank for each Program in accordance with Applicable Law

FIRST AMENDMENT TO THE AMENDED AND RESTATED PREPAID CARD PROGRAM MANAGER AGREEMENT

THIS FIRST AMENDMENT TO THE AMENDED AND RESTATED PREPAID CARD PROGRAM MANAGER AGREEMENT ("First Amendment") is made by and between Marqeta, Inc., a Delaware corporation, whose address is 180 Grand Avenue, Oakland, CA 94612 ("Marqeta") and Sutton Bank, an Ohio chartered bank corporation, its subsidiaries and affiliates, whose main address is 1 South Main St. Attica, OH 44807 ("Sutton Bank"). This First Amendment amends the Amended and Restated Prepaid Card Program Manager Agreement with an effective date of April 1, 2016 ("Agreement"). This First Amendment shall be effective as of the last date executed by a Party below ("First Amendment Effective Date"). Capitalized terms which are not defined herein shall be defined as set forth in the Agreement.

For good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereto agree to make the following changes to the Agreement:

1. The first sentence in Section 10.1(A) to the Agreement "Term" shall be deleted in its entirety and restated as follows, if the First Amendment Effective Date is December 1, 2017:

The initial term of this Amended Program Manager Agreement shall commence on the Effective Date and terminate at midnight on the seventh (7th) anniversary of the Effective Date (the "**Initial Term**"), unless sooner terminated in accordance with the terms hereof.

2. The updated revenue sharing and fees set forth herein shall be effective beginning December 1, 2017.
 3. Exhibit C to the Agreement, section titled "[***]" is deleted and restated as follows:
[***]
 4. Exhibit C to the Agreement, section titled "[***]" is deleted and restated as follows:
[***]
 5. The following section titled "[***]" shall be added to Exhibit C to the Agreement:
[***]
 6. This First Amendment and the Agreement constitute the entire agreement between the Parties and supersede any other agreements between the Parties in regard to the subject matter hereof.
 7. Prior to the First Amendment Effective Date, Marqeta will provide Sutton Bank evidence of its waiver from the Pulse network for PINLESS eCommerce.
 8. Before January 31, 2018, Marqeta and Sutton will meet in good faith to agree on [***].
-

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9. This First Amendment may be executed by the Parties in separate counterparts and transmitted by fax or e-mail of a scanned copy, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this First Amendment as of the dates set forth below.

Sutton Bank

Marqeta, Inc.

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

SECOND AMENDMENT TO THE AMENDED AND RESTATED PREPAID CARD PROGRAM MANAGER AGREEMENT

THIS SECOND AMENDMENT TO THE AMENDED AND RESTATED PREPAID CARD PROGRAM MANAGER AGREEMENT (this "Second Amendment") is made by and between Marqeta, Inc., a Delaware corporation, whose address is 180 Grand Avenue, Oakland, CA 94612 ("Manager") and Sutton Bank, an Ohio state-chartered bank corporation, its subsidiaries and affiliates, whose main address is 1 South Main St., Attica, OH 44807 ("Sutton Bank"). This Second Amendment amends the Amended and Restated Prepaid Card Program Manager Agreement, effective as of April 1, 2016, as amended by the First Amendment to the Amended and Restated Prepaid Card Program Manager Agreement, effective as of December 21, 2017 (as amended, the "Agreement"). This Second Amendment shall be effective as of September 1, 2018 (the "Amendment Effective Date"). Capitalized terms which are not defined herein shall be defined as set forth in the Agreement.

For good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereto agree to make the following changes to the Agreement:

1. The definition of "[***]" in Section 1.2 of the Agreement "Definitions" is deleted and restated as follows:

"[***]" means [***].

2. The first sentence in Section 10.1(A) of the Agreement "Term" is deleted and restated as follows:

The initial term of this Amended Program Manager Agreement shall commence on the Effective Date and terminate at midnight on the seventh (7th) anniversary of the Amendment Effective Date (the "**Initial Term**"), unless sooner terminated in accordance with the terms hereof.

3. The following Section 10.2(E) shall be added to Section 10.2 of the Agreement "Termination for Cause":

(E) **Early Termination Fee.** In the event Manager unilaterally terminates this Amended Program Manager Agreement for any reason other than those set forth in Section 10.2(B) or 10.2(C), Manager shall pay an early termination fee based on the time remaining in the Term, as set forth in Exhibit C. The Parties acknowledge and agree that the early termination fee payable under this Section 10.2(E) constitutes liquidated damages and not a penalty, and is in addition to all other rights of Sutton Bank, including the right to specific performance under Section 12.8 of this Amended Program Manager Agreement. The parties further acknowledge that (i) the amount of loss or damages likely to be incurred is incapable or is difficult to precisely estimate and (ii) the early termination fee provided hereunder bears a reasonable relationship to, and is not plainly or grossly disproportionate to, the probable loss likely to be incurred in connection with any early termination by Manager.

4. Exhibit C to the Agreement is deleted and restated in its entirety in the form attached hereto.

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5. All provisions of the Agreement, as expressly amended and modified by this Second Amendment, shall remain in full force and effect. After this Second Amendment becomes effective, all references in the Agreement referring to the Agreement shall be deemed to be references to the Agreement as amended by this Second Amendment. This Second Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Agreement other than as set forth herein.
6. This Second Amendment may be executed by the Parties in separate counterparts and transmitted by fax or e-mail of a scanned copy, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Second Amendment as of the dates set forth below.

Sutton Bank

By: /s/ J. Anthony Gorrell
Name: J. Anthony Gorrell
Title: EVP & CFO
Date: Nov 2, 2018

Marqeta, Inc.

By: /s/ Omri Dahan
Name: Omri Dahan
Title: Chief Revenue Officer
Date: Nov 2, 2018

EXHIBIT C

[***]

Third Amendment to Prepaid Card Program Manager Agreement

THIS THIRD AMENDMENT TO AMENDED AND RESTATED PREPAID CARD PROGRAM MANAGER AGREEMENT (this “**Third Amendment**”) is effective as of August 1, 2020 (“**Third Amendment Effective Date**”), by and between SUTTON BANK, an Ohio state- chartered bank (“**Sutton Bank**”) and MARQETA, INC., a Delaware corporation (“**Manager**”) (each of Bank and Manager a “Party” and collectively the “Parties”).

WHEREAS, the Parties executed and delivered that certain Amended and Restated Prepaid Card Program Manager Agreement, dated as of April 1, 2016 (the “**Agreement**”);

WHEREAS, the Parties wish to amend the Agreement in the manner set forth herein; and

WHEREAS, pursuant to Section 12.3, “Entire Agreement; Amendments” of the Agreement, the desired amendments requested must be contained in a written agreement signed by the Parties,

NOW THEREFORE, in consideration of the mutual covenants, agreements and promises contained herein, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereto for themselves and their successors and assigns do hereby agree, represent and warrant as follows:

1. **Definitions.** Capitalized terms used in this Third Amendment without definition shall have the meanings ascribed to such terms in the Agreement.

2. **Amendment to Section 3.1 “Manager’s Responsibilities,” Subsection (K), “Maintenance of Funding Accounts at Sutton Bank.”** Section 3.1, “Manager’s Responsibilities,” Subsection (K), “Maintenance of Funding Accounts at Sutton Bank” is hereby rescinded and restated in its entirety as follows:

(K) Maintenance of Funding Accounts at Sutton Bank. A “**Funding Account**” is defined as a Program Account consisting of a demand deposit account holding adequate funds to cover the amounts owing to Cardholders as determined by Sutton Bank in consultation with Manager and in accordance with Program Documents. Sutton Bank shall, at all times during the duration of this Amended Program Manager Agreement, establish and maintain Funding Accounts for all Programs. Manager will assist Sutton Bank in establishing the amounts contained in the Funding Accounts. Sutton Bank will notify the Manager of the account numbers and any other information necessary for the Manager to transfer funds to such accounts.

- (i) For all Programs except as provided in Section 3.1(K)(ii), Manager agrees to establish and maintain a minimum amount of funds within the Funding Accounts (the “**Funding Amount**”), as [***], calculated as of [***], in an amount equal to [***].

For clarity, the minimum Funding Amount will be calculated by adding [***] and then dividing by [***] and then multiplying by [***]. The minimum balance in the Funding Account shall be adjusted [***].

- (ii) Notwithstanding Section 3.1(K)(i), the Funding Amount shall not be required for [***].

- (iii) Sutton Bank may use the Funding Amount [***] associated with any Program.

- (iv) Manager shall replenish each Funding Account required in this Section 3.1 within [***] of Manager's receipt of notification from Sutton Bank that [***]. If Manager fails to replenish any Funding Account, Sutton Bank [***]. Upon the termination of any Program, including due to termination of this Agreement, all funds held in the applicable Funding Account(s) shall be returned to Manager, [***] after all Cards have expired or otherwise terminated.

3. **Amendment to Section 3.2, "Sutton Bank Responsibilities."** Amendment to Section 3.2, "Sutton Bank Responsibilities" Section 3.2, "Sutton Bank Responsibilities" of the Agreement is hereby amended by adding a new subsection (K) stating "Sutton Bank agrees that, during the Term, Sutton Bank shall not [***]. Further, during the Term, with respect to any Program listed in Exhibit E, "Covered Programs," Sutton Bank shall not, without the prior written consent of Manager, [***]. With respect to a Covered Program, the foregoing restriction will not apply in the event that [***]. Without limitation to the foregoing, Sutton Bank additionally agrees to refrain [***]. The Parties acknowledge that the obligations of this section 3.2(K) are reasonable and necessary for the protection of the goodwill of the business conducted by Manager. The Parties further agree that notwithstanding Section 11.6 of the Agreement, damages may not be a sufficient remedy for a breach of the provisions contained in this section 3.2(K) and Manager or Sutton Bank, as applicable, is entitled to specific performance or injunctive relief (as appropriate) as a remedy for any breach or threatened breach by the other Party, in addition to any other remedies available at law or in equity. The obligations contained in this Section 3.2 (K) will no longer apply in the event that Marqeta agrees to sell its assets, operations or business related to card issuance and processing to a third party.

4. **Amendment to Section 5.4.** Section 5.4 is hereby amended by adding the following Subsection immediately after Subsection (D):
[***].

5. **Amendment to Section 5.11(B)(i), "Complaints and Resolution."** Section 5.11(B)(i) of the Agreement is hereby amended by adding the following sentence immediately after the existing last sentence: "The Parties shall negotiate in good faith, by and between persons who possess the requisite authority to act for each Party, which persons shall exercise their respective best efforts, for purpose of updating the existing complaint management procedures between Sutton Bank and Manager, with the intent to create written procedures that address (among other topics) Manager's obligations around response times and reporting. Such negotiations shall commence no later than fourteen (14) days after the Third Amendment Effective Date, with the goal of executing a definitive agreement on or before December 31, 2020"

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6. **Amendment to Section 10.1, “Term,” Subsection (A), “Term.”** Section 10.1, “Term,” Subsection (A), “Term” of the Agreement is hereby amended by replacing the first sentence “The initial term of this Amended Program Manager Agreement shall commence on the Effective Date and terminate at midnight on the seventh (7th) anniversary of the Amendment Effective Date (the “***Initial Term***”), unless sooner terminated in accordance with the terms hereof.” with “The initial term of this Amended Program Manager Agreement shall commence on the Effective Date and terminate at midnight on the ninth (9th) anniversary of the Amendment Effective Date (the “***Initial Term***”), unless sooner terminated in accordance with the terms hereof.”

7. **Amendment to Section 10.1, “Term,” Subsection (B), “Mutual Consent.”** Section 10.1, “Term,” Subsection (B), “Mutual Consent” is hereby rescinded and restated in its entirety as follows: “This Agreement may be terminated at any time during the Term, without cost or penalty, by mutual consent of Sutton Bank and Manager.”

8. **Amendment to Article XII—“General.”** Article XII of the Agreement is hereby amended by adding a new Section 12.10, “Notice,” stating “Except where service of process is required, where a Party is required to provide the other Party with notice, written notice, or notification under this Agreement, the Parties agree email will be sufficient.”

9. **Amendment to Exhibit C, “[***] AND EXPENSE.”** Exhibit C to the Agreement is hereby rescinded and restated in its entirety in the form attached hereto.

10. **Addition of Exhibit E.** Exhibit E is hereby added to the Agreement in the form attached hereto.

11. **Conflict.** In the event of any conflict between the terms of the Agreement and this Third Amendment, this Third Amendment shall control.

12. **Effect of Third Amendment.** Except as expressly revised herein, the Agreement shall remain in full force and effect as written.

13. **Miscellaneous.** This Third Amendment shall be governed by and construed and enforced in accordance with the internal laws of the State of Ohio without regard to its conflict of laws principles. This Third Amendment may be executed by facsimile and in counterparts, each of which shall be deemed an original, and all of which when taken together shall be deemed one and the same instrument. The Agreement, as revised hereby sets forth the entire agreement of the Parties with respect to the subject matter hereof and thereof, supersedes any and all prior contemporaneous agreements or understandings, whether written or oral, between the Parties with respect to such subject matter. This Third Amendment shall inure the benefit of and be binding upon the Parties and each of their respective successors and assigns. Section headings used in this Third Amendment are included herein for convenience of reference only and will not constitute a part of this Third Amendment for any other purpose.

IN WITNESS WHEREOF, the Parties have executed this Third Amendment as of the date first above set forth.

SUTTON BANK

By: /s/ J. Anthony Gorrell
Name: J. Anthony Gorrell
Title: CEO
Date: September 30, 2020 | 2:40 PM PDT

MARQETA, INC.

By: /s/ Omri Dahan
Name: Omri Dahan
Title: Chief Revenue Officer
Date: September 30, 2020 | 8:55 AM PDT

EXHIBIT C

[*] AND EXPENSE**

[***]

Sutton Bank shall pay Manager all card transaction interchange associated with any approved Program

FEES AND EXPENSES OF PROGRAM MANAGER

A. Manager shall pay to Sutton Bank for [*] Programs Excluding [***]**

For all Networks, Manager will pay to Sutton Bank the Fee listed in *Table 1* below of aggregate settled net dollar volume of all transactions (including [***], and [***]) conducted using Cards issued under Program(s) on a [***]. However, this calculation will exclude the [***] (as provided in Section C of this Exhibit) as well as [***]. This model is a [***], tiered model whereby all volumes are calculated at the appropriate tier and then [***]. Such fees are settled [***]. For example, [***]. Such amounts will be netted from interchange payments paid to Manager by Sutton Bank within [***] of the end of each [***] in which the applicable transactions have occurred. Each such payment shall be accompanied by a report, detailing the transaction dates and amounts and the aggregate net dollar volume on which such payment is based.

Table 1

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

B. Manager will pay a fee for all [*] Programs excluding [***]**

For all Networks, Manager will pay to Sutton Bank Fees listed in *Table 2* below of aggregate settled net dollar volume of all settled transactions (including [***], and [***]) conducted using Cards issued under Program(s) issued on a [***]. However, this calculation will exclude the [***] (as provided in Section C of this Exhibit). This model is a [***] tiered model whereby all volumes are calculated at the appropriate tier and then [***], invoiced [***]. For example, [***]. Such amounts will be netted from interchange payments paid to Manager by Sutton Bank within [***] of the end of each [***] in which the applicable transactions have occurred. Each such payment shall be accompanied by a report, detailing the transaction dates and amounts and the aggregate net dollar volume on which such payment is based.

Table 2

[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]

For any [***] in which the [***] settled transaction volume exceeds [***], a single fee of [***] will apply to [***].

C. Transaction Volume Fee for [*]**

For all Networks, Manager will pay to Sutton Bank the fees in Table 3 below on all [***] volume (between [***]) conducted using Cards issued under the [***] calculated independently of each other. This model is a [***] tiered model. Fee leveraged on funds settled to cardholder account. Settled [***].

Table 3

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

For any [***] in -which the [***] volume exceeds [***], the transaction volume fee -will not be calculated using Table 3 above or the [***] tiered model, but rather a single fee of [***] -will apply to [***].

Manager will pay Sutton Bank a fee of [***] for all [***] volume, excluding [***] volume, on the [***].

Manager will pay Sutton Bank a fee of [***] for all [***] transactions associated with the [***].

D. No [*] Activity Fee**

There shall be no fees leveraged on [***] activity.

E. Pass Through Expenses

For Pass Through Expenses listed in Table 4 below, Sutton Bank will pass such expenses to Manager as actual costs and without mark-up. Invoiced as occurs. Such Pass Through Expenses must be attributable to a Program of the Manager and substantiated by documentation from the applicable third party. Pass Through Expenses must be passed through to Manager within [***] from the date they are assessed/invoiced by the applicable third party, otherwise they will be considered

MARQETA MONTHLY [***]

Sutton Bank shall pay Manager a [***] on a [***] basis according to *Table 7*—[***] by transferring funds to the bank account identified by Manager. Sutton Bank shall provide to Manager a [***] invoice with each payment which documents the calculation of [***]. Sutton Bank will calculate (1) the [***], and (2) the [***] by multiplying the [***] by the applicable [***] in *Table 7*. For example, if the [***] invoice amount for a [***] is calculated to be [***] based on [***] for a total of [***], then a [***] of [***] would be applied to calculate a [***] amount of [***]. The same calculation would be applied to the [***] portion of the [***] invoice.

The first [***] payment will apply to the [***] received by Marqeta in [***]. Thereafter, each [***] payment will apply to each [***] invoice for [***] and [***] programs billed to Marqeta throughout the Initial Term of the Agreement.

Table 7— [***]

	[***]	[***]
[***]	[***]	[***]
	[***]	[***]
	[***]	[***]
[***]	[***]	[***]
	[***]	[***]
	[***]	[***]
	[***]	[***]

MISCELLANEOUS CHARGES

Manager will pay to Sutton Bank the following fees, which will be payable upon Manager’s receipt of a fee statement (“Fee Statement”) that provides a detailed accounting of each fee, including at minimum: the type of fee, how the fee was calculated, the data used to calculate the fee, any reasons or reason codes associated with the cause of the fee (e.g. why a wire was returned), an identifier (such as account token) indicating the Client that is the source or cause of the fee, the applicable Program name, and any additional fee-specific information listed below. The fee statement shall be provided to Manager along with the monthly invoice, covering the prior’s month’s activity. Sutton and Manager agree to suspend the assessment of the fees for a period of 60 days from the signing of this Third Amendment to mutually agree on the procedures regarding each of these fees.

- i. Temporary Fee for Manual Return Wires— [***] return wire Fee charged for all manually returned wires for any consumer or business that wires monies to Sutton for a program account where wire functionality is not approved as part of the fact sheet. The Temporary Fee for Manual Return Wires will only be payable through [***].
- ii. Call Center Fee— [***] per call or email handled by Sutton Bank Fee charged to Manager for all calls received by Sutton Bank by any consumer or business for a Program requesting assistance in regard to said Program, excluding calls transferred to Manager’s toll-free number.



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- iii. Regulatory complaint not responded to [***] prior to the complaint response due date, [***] per occurrence. Fee charged to manager for any and all complaints received from governmental authorities that are sent to Manger for a response and Manager fails to respond to Sutton Bank within this time frame. Payment for this fee will be contingent upon Sutton Bank following the complaints policies and procedures established between the Parties.
- iv. ACH Recall Notices. Manager shall respond to any ACH Recall Notice received from the U.S. Treasury within [***], and any ACH Recall Notice received from any ODFI within [***]. Failure to comply with the above requirements for any reason shall result Manager's payment of a [***] penalty fee to Sutton for each untimely response to a U.S. Treasury ACH Recall Notice, and a [***] penalty fee to for each untimely response to an ODFI ACH Recall Notice.

VISA FEES

Sutton Bank and Manager acknowledge that there are [***] total Visa fees in dispute. Sutton Bank and Manager will [***] of the disputed Visa fees. Manager's portion will payable over the [***] period beginning [***]. Such amounts (approximately [***] per [***]) will be netted from amounts paid to Manager by Sutton Bank.

DECLINED ATM FEE CHARGES REBATE

Sutton Bank and Manager acknowledge that Manager included declined ATM transactions in the monthly invoice count. [***]. Sutton Bank agrees that if Manager provides a revised monthly count within [***] of the signing of this Third Amendment, Sutton will rebate the ATM declined portion of the charges from [***] through [***]. Manager agrees to provide the following information for such period: number of ATM Total Transactions, number of approved ATM transactions and number of declined ATM transactions. Sutton will total the amount of these declined transactions and multiply them by the applicable rate and divide by the remaining months in the year. This amount will then be deducted from the current [***] invoice through the 2020 year.

Billing Disputes

Sutton Bank and Manager agree that Expenses are deemed accurate, and the full amount will be deducted from Manager's account [***] of receipt by Manager.

April 12, 2021

CONFIDENTIAL COMMUNICATION

Re: Waiver of obligation to negotiate tri-party agreement

This letter agreement (“Agreement”) serves as confirmation of the agreement between Sutton Bank (“Sutton”) and Marqeta, Inc. (“Marqeta” and together with Sutton, the “Parties”) that each Party hereby releases the other Party from, and waives its right to enforce against the other Party, the obligations imposed by Section 4 of the Third Amendment to the Amended and Restated Prepaid Card Program Agreement, effective as of August 1, 2020, by and between the Parties (the “Third Amendment”). For convenience, Section 4 of the Third Amendment is replicated and attached hereto as Exhibit A.

The Parties agree that this Agreement is confidential, and its contents are intended only for the use of the Parties. This letter may not be reproduced or circulated without the other Party’s prior written consent.

The Parties have executed this Agreement as of the date first above set forth.

Sutton Bank

By: /s/ Tony Gorrell
Tony Gorrell
Chief Executive Officer and Director
Sutton Bank 1 South Main St.
Attica, OH 44807

Marqeta, Inc.

By: /s/ Philip Faix
Philip Faix
Chief Financial Officer
Marqeta, Inc. 180 Grand Ave., 6th FL.
Oakland, CA 94612

EXHIBIT A

SECTION 4 OF THE THIRD AMENDMENT

4. Amendment to Section 5.4. Section 5.4 is hereby amended by adding the following Subsection immediately after Subsection (D):

(E) [***]

CERTAIN CONFIDENTIAL INFORMATION, MARKED BY [***], HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE (I) IT IS NOT MATERIAL AND (II) THE REGISTRANT CUSTOMARILY AND ACTUALLY TREATS THE INFORMATION AS PRIVATE AND CONFIDENTIAL.

Fourth Amendment to Prepaid Card Program Manager Agreement

THIS FOURTH AMENDMENT TO AMENDED AND RESTATED PREPAID CARD PROGRAM MANAGER AGREEMENT (this “**Fourth Amendment**”) is effective as of July 1, 2021 (“**Fourth Amendment Effective Date**”), by and between SUTTON BANK, an Ohio state-chartered bank (“**Sutton Bank**”) and MARQETA, INC., a Delaware corporation (“**Manager**”) (each of Bank and Manager a “Party” and collectively the “Parties”).

WHEREAS, the Parties executed and delivered that certain Amended and Restated Prepaid Card Program Manager Agreement, originally dated as of April 1, 2016 and amended from time to time (the “**Agreement**”);

WHEREAS, the Parties wish to amend the Agreement in the manner set forth herein; and

WHEREAS, pursuant to Section 12.3, “**Entire Agreement; Amendments**” of the Agreement, the desired amendments requested must be contained in a written agreement signed by the Parties,

NOW THEREFORE, in consideration of the mutual covenants, agreements and promises contained herein, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereto for themselves and their successors and assigns do hereby agree, represent and warrant as follows:

1. **Definitions.** Capitalized terms used in this Fourth Amendment without definition shall have the meanings ascribed to such terms in the Agreement.

2. **Amendment to Section 3.1 “Manager’s Responsibilities,” Subsection (K)(ii).** Section 3.1, “Manager’s Responsibilities,” Subsection (K)(ii) is hereby rescinded and restated in its entirety as follows:

Notwithstanding Section 3.1(K)(i), the Funding Amount shall not be required for: [***].

3. **Amendment to Section 5.4.** Section 5.4, Subsection (E) is hereby rescinded.

4. **Amendment to Section 10.1, “Term,” Subsection(A), “Term.”** Section 10.1, “Term,” Subsection (A), “Term” of the Agreement is hereby amended by replacing the first sentence “The initial term of this Amended Program Manager Agreement shall commence on the Effective Date and terminate at midnight on the ninth (9th) anniversary of the Amendment Effective Date (the “**Initial Term**”), unless sooner terminated in accordance with the terms hereof.” with “The initial term of this Fourth Amended Program Manager Agreement shall commence on the Fourth Amendment Effective Date and terminate at midnight on September 1, 2028.

5. **Amendment to Exhibit C, “[***] AND EXPENSE.”** Exhibit C to the Agreement is hereby rescinded and restated in its entirety in the form attached hereto.

6. **Amendment to Exhibit E.** Exhibit E to this Agreement is hereby rescinded and restated in its entirety in the form attached hereto.

7. [***]. Further amendments relating to any [***] are hereby made pursuant to Schedule 1 attached hereto.

8. **Conflict.** In the event of any conflict between the terms of the Agreement and this Fourth Amendment, this Fourth Amendment shall control.

9. **Effect of Fourth Amendment.** Except as expressly revised herein, the Agreement shall remain in full force and effect as written.

10. **Miscellaneous.** This Fourth Amendment shall be governed by and construed and enforced in accordance with the internal laws of the State of Ohio without regard to its conflict of laws principles. This Fourth Amendment may be executed by facsimile and in counterparts, each of which shall be deemed an original, and all of which when taken together shall be deemed one and the same instrument. The Agreement, as revised hereby sets forth the entire agreement of the Parties with respect to the subject matter hereof and thereof, supersedes any and all prior contemporaneous agreements or understandings, whether written or oral, between the Parties with respect to such subject matter. This Fourth Amendment shall inure the benefit of and be binding upon the Parties and each of their respective successors and assigns. Section headings used in this Fourth Amendment are included herein for convenience of reference only and will not constitute a part of this Fourth Amendment for any other purpose.

IN WITNESS WHEREOF, the Parties have executed this Fourth Amendment as of the date first above set forth.

SUTTON BANK

By: /s/ J. Anthony Gorrell

Name: J. Anthony Gorrell

Title: Chief Executive Officer

MARQETA, INC.

By: /s/ Tripp Faix

Name: Tripp Faix

Title: Chief Financial Officer

EXHIBIT C

[*] AND EXPENSE**

[***]

Sutton Bank shall pay Manager all card transaction interchange associated with any approved Program.

FEES AND EXPENSES OF PROGRAM MANAGER

A. Manager shall pay to Sutton Bank for [*] Programs excluding [***] Programs**

For all Networks, Manager will pay to Sutton Bank the Fee listed in *Table 1* below of aggregate settled net dollar volume of all transactions (including [***]) conducted using Cards issued under all Programs agreed by the Parties from time to time to be [***] for the purpose of calculating fees (“[***]”). However, this calculation will exclude the [***] (as provided in Section C of this Exhibit). This model is a [***], tiered model whereby all volumes are calculated at the appropriate tier and then [***]. For example, [***]. Such amounts will be netted from interchange payments paid to Manager by Sutton Bank within [***] of the end of each [***] in which the applicable transactions have occurred. Each such payment shall be accompanied by a report, detailing the transaction dates and amounts and the aggregate net dollar volume on which such payment is based.

Table 1

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

B. Manager will pay a fee for all [*] Programs excluding the [***]**

For all Networks, Manager will pay to Sutton Bank Fees listed in *Table 2* below of aggregate settled net dollar volume of all transactions (including [***]) conducted using Cards issued to consumer cardholders under all Programs agreed by the Parties from time to time to be [***] for the purpose of calculating fees (“[***]”). However, this calculation will exclude the [***] (as provided in Section C of this Exhibit). This model is a [***], tiered model whereby all volumes are calculated at the appropriate tier and then [***]. For example, [***]. Such amounts will be netted from interchange payments paid to Manager by Sutton Bank within [***] of the end of each [***] in which the applicable transactions have occurred. Each such payment shall be accompanied by a report, detailing the transaction dates and amounts and the aggregate net dollar volume on which such payment is based.

Table 2

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

For any [***] in which the [***] settled transaction volume exceeds [***], a single fee of [***] will apply to [***].

C. Transaction Volume Fee for the [*]**

For all Networks, Manager will pay to Sutton Bank the fees in *Table 3* below on all net settled [***] volume conducted using Cards issued under the [***], calculated by aggregating signature transaction

volume from [***]. With respect to Tier I through Tier V (inclusive), fees are calculated on a [***], tiered model whereby all volumes are calculated at the appropriate tiers and then added together to arrive at the total fee. With respect to Tier VI through Tier IX (inclusive), fees are calculated on a “[***]” model whereby the total volume is calculated at [***]. Fees will be drawn from the cardholder account on a [***] basis.

Table 3

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

For all Networks, Manager will pay to Sutton Bank the fees in Table 4 below on all net settled [***] volume, conducted using Cards issued under [***], calculated by aggregating [***] volume from [***] on a “[***]” model whereby the total volume is calculated at [***]. Fees will be drawn from the cardholder account on a [***] basis.

Table 4

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

Manager will pay Sutton Bank a fee of [***] for all [***] associated with [***].

D. No Fee on RDFI Activity

There shall be no fees leveraged on [***] received by Sutton Bank in its capacity as [***].

E. Pass Through Expenses

For Pass Through Expenses listed in Table 5 below, Sutton Bank will pass such expenses to Manager as actual costs and without mark-up. Invoiced as occurs. Such Pass Through Expenses must be attributable to a Program of the Manager and substantiated by documentation from the applicable third party. Pass Through Expenses must be passed through to Manager within [***] from the date they are assessed/invoiced by the applicable third party, otherwise they will be considered waived. Pass Through Expenses that have not been disputed within [***] of receipt by Manager and that have been paid or deducted from Manager’s account are deemed paid in full.

Table 5

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

EARLY TERMINATION

The Early Termination Fee shall be determined by multiplying (i) the average of the [***] during the [***] period preceding the effective date of termination (or, if no [***] invoice has been received, the estimated total [***] billing for each Service to be received hereunder), by (ii) [***], as set forth in the table below, by (iii) the number of

[***]; plus any unamortized fees or third party costs existing on Sutton Bank's books on the date of termination. Upon request by Manager, Sutton Bank shall disclose to Manager the amount of any such [***].

c. Table 6 of the Early Termination is modified as follows:

Table 6

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

[***]

[***]

Table 7

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

MARQETA [*]**

Sutton Bank shall pay Manager a [***] on a [***] basis according to Table 8 – [***] by transferring funds to the bank account identified by Manager. Sutton Bank shall provide to Manager a [***] invoice with each payment which documents the calculation of the [***]. Sutton Bank will calculate (1) the [***], and (2) the [***] by multiplying the [***] by the applicable [***] in Table 8. For example, if the [***] invoice amount for a [***] is calculated to be [***], then a [***] of [***] would be applied to calculate a [***] amount of [***]. The same calculation would be applied to the [***] portion of the [***] invoice.

Table 8 - [***]

	[***]	[***]
[***]	[***]	[***]
	[***]	[***]
	[***]	[***]
	[***]	[***]
	[***]	[***]
[***]		
	[***]	[***]
	[***]	[***]
	[***]	[***]
	[***]	[***]

MISCELLANEOUS CHARGES

Manager will pay to Sutton Bank the following fees, which will be payable upon Manager's receipt of a fee statement ("Fee Statement") that provides a detailed accounting of each fee, including at minimum: the type of fee, how the fee was calculated, the data used to calculate the fee, any reasons or reason codes associated with the cause of the fee (e.g. why a wire was returned), an identifier (such as account token) indicating the Client that is the source or cause of the fee, the applicable Program name, and any additional fee-specific information listed below. The fee statement shall be provided to Manager along with the [***] invoice, covering the prior's [***] activity.

- i. Regulatory complaint not responded to [***] prior to the complaint response due date, [***] per occurrence. Fee charged to manager for any and all complaints received from governmental authorities that are sent to Manger for a response and Manager fails to respond to Sutton Bank within this time frame. Payment for this fee will be contingent upon Sutton Bank following the complaints policies and procedures established between the Parties.
- ii. ACH Recall Notices. Manager shall respond to any ACH Recall Notice received from the U.S. Treasury within [***], and any ACH Recall Notice received from any ODFI within [***]. Failure to comply with the above requirements for any reason shall result Manager's payment of a [***] penalty fee to Sutton for each untimely response to a U.S. Treasury ACH Recall Notice, and a [***] penalty fee to for each untimely response to an ODFI ACH Recall Notice.

Billing Disputes

Any third party charges (e.g. [***]) passed through to the Program Manager must be attributable to Program Manager's Programs and substantiated by documentation from the applicable third party. Such third party charges must be passed through to Manager within [***] from the date they are assessed by the applicable third party, otherwise they will be considered waived.

Schedule 1

[**]

[**]

FIFTH AMENDMENT TO THE PREPAID CARD PROGRAM MANAGER AGREEMENT

This Fifth Amendment to the Amended and Restated Prepaid Card Program Manager Agreement (this "Fifth Amendment") is effective as of January 23, 2023 (the "Fifth Amendment Effective Date"), by and between Sutton Bank ("Sutton Bank") and Marqeta, Inc. ("Manager"). Each of Manager and Sutton Bank may be referred to herein individually as a "Party" and, collectively, as the "Parties".

WHEREAS, the Parties executed and delivered that certain Amended and Restated Prepaid Card Program Manager Agreement, originally dated as of April 1, 2016 and amended from time to time (collectively, with all amendments, addendums, and attachments thereto, the "Agreement");

WHEREAS, the Parties wish to amend the Agreement in the manner set forth herein; and

WHEREAS, pursuant to Section 12.3, "Entire Agreement; Amendments" of the Agreement, the desired amendments requested must be contained in a written agreement signed by the Parties,

NOW THEREFORE, in consideration of the mutual covenants, agreements and promises contained herein, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereto for themselves and their successors and assigns do hereby agree, represent and warrant as follows:

1. **Definitions.** Capitalized terms used in this Fifth Amendment without definition shall have the meanings ascribed to such terms in the Agreement.
2. **Amendment to Section 3.1 "Manager's Responsibilities".** As of the Fifth Amendment Effective Date, Section 3.1 "Manager's Responsibilities" is hereby amended by adding the following as Subsection Q:

"(Q) **Non-English Languages.** Manager shall not advertise, solicit, offer, market, promote, or negotiate any of the Approved Programs in any language other than English ("Non-English Language"), except for those Approved Programs that have been approved to be advertised, solicited, offered, marketed, promoted, or negotiated in a specific Non-English Language. Approval of the offering of an Approved Program in a Non-English Language must be noted in the Approved Program's approved Fact Sheet or otherwise approved in writing by Sutton Bank, and, prior to advertising, soliciting, offering, marketing, promoting, or negotiating an Approved Program in a Non-English Language, Manager must receive written approval from Sutton Bank's Compliance and Legal Departments before deploying Non-English Language Program Materials for the applicable Approved Program. Sutton Bank's approval will not be unreasonably withheld, delayed, or conditioned, and Manager agrees such approval may be communicated electronically. Following the approval of an offering of an Approved Program in a Non-English Language Sutton Bank may, upon the provision of written notice to Manager, withdraw or modify its prior approval of the offering of the Approved Program in a Non-English Language if it reasonably and in good faith determines that such withdrawal or modification is necessary to comply with Applicable Law or per the request of a Regulatory Authority. In the event Sutton Bank withdraws or modifies its prior approval of the offering of an Approved Program in a Non-English Language pursuant to the prior sentence, the Parties agree to cooperate in good faith to modify or cease offering the applicable Approved Program in the applicable language. All Non-English Language Program Materials are subject to the same submission, approval, and withdrawal or modification of approval process as English Program Materials. For the avoidance of doubt, no Non-English Language Program Material may be deployed unless the Non-English Language Program Material has been approved by Sutton Bank. In the event that Sutton Bank reasonably believes in good faith that any Program Materials or Services should be available and provided in a Non-English Language in order to comply with Applicable law or per the request of a Regulatory Authority, Sutton Bank will notify Manager in writing of such belief, and Manager and Sutton Bank agree to cooperate in good faith to comply with any such requirements."

3. **Amendment to Exhibit C "**** and Expense."** Exhibit C to the Agreement is hereby rescinded and reinstated in its entirety in the form attached hereto.
4. **Conflict.** In the event of any conflict between the terms of the Agreement and this Fifth Amendment, this Fifth Amendment shall control.

5. **Effect of Fifth Amendment.** All provisions of the Agreement shall remain in full force and effect. After this Fifth Amendment becomes effective, all references in the Agreement referring to the Agreement shall be deemed to be references to the Agreement as amended by this Fifth Amendment. This Fifth Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Agreement other than as set forth herein.
6. **Miscellaneous.** This Fifth Amendment shall be governed by and construed and enforced in accordance with the internal laws of the State of Ohio without regard to its conflict of laws principles. This Fifth Amendment may be executed by facsimile and in counterparts, each of which shall be deemed an original, and all of which when taken together shall be deemed one and the same instrument. The Agreement, as amended hereby sets forth the entire agreement of the Parties with respect to the subject matter hereof and thereof, supersedes any and all prior contemporaneous agreements or understandings, whether written or oral, between the Parties with respect to such subject matter. This Fifth Amendment shall inure the benefit of and be binding upon the Parties and each of their respective successors and assigns. Section headings used in this Fifth Amendment are included herein for convenience of reference only and will not constitute a part of this Fifth Amendment for any other purpose.

IN WITNESS WHEREOF, the Parties have executed this Fifth Amendment as of the date first above set forth.

SUTTON BANK

By: /s/ Robert Keil

Name: Robert Keil

Title: Chief Payments Officer, SVP

MARQETA, INC.

By: /s/ Jonny Davis

Name: Jonny Davis

Title: VP, Key Accounts

EXHIBIT C

***** AND EXPENSE**

*** SHARE

Sutton Bank shall pay Manager all card transaction interchange associated with any approved Program.

FEES AND EXPENSES OF PROGRAM MANAGER

A. Manager shall pay to Sutton Bank for * Programs excluding the *** Programs**

For all Networks, Manager will pay to Sutton Bank the Fee listed in *Table 1* below of aggregate settled net dollar volume of all transactions (including ***) conducted using Cards issued under all Programs agreed by the Parties from time to time to be *** for the purpose of calculating fees (“***”). However, this calculation will exclude the *** (as provided in Section C of this Exhibit). This model is a ***, tiered model whereby all volumes are calculated at the appropriate tier and then ***. For example, ***. Such amounts will be netted from interchange payments paid to Manager by Sutton Bank within *** of the end of each *** in which the applicable transactions have occurred. Each such payment shall be accompanied by a report, detailing the transaction dates and amounts and the aggregate net dollar volume on which such payment is based.

Table 1

***	***
***	***
***	***
***	***
***	***
***	***

B. Manager will pay a fee for all * excluding the ***.**

For all Networks, Manager will pay to Sutton Bank Fees listed in *Table 2* below of aggregate settled net dollar volume of all transactions (including ***) conducted using Cards issued to *** cardholders under all Programs agreed by the Parties from time to time to be *** for the purpose of calculating fees (“***”). However, this calculation will exclude the *** (as provided in Sections C and D, respectively, of this Exhibit). This model is a ***, tiered model whereby all volumes are calculated at the appropriate tier and then ***. For example, ***. Such amounts will be netted from interchange payments paid to Manager by Sutton Bank within *** of the end of each *** in which the applicable transactions have occurred. Each such payment shall be accompanied by a report, detailing the transaction dates and amounts and the aggregate net dollar volume on which such payment is based.

Table 2

***	***
***	***
***	***
***	***
***	***
***	***

For any *** in which the *** settled transaction volume exceeds ***, a single fee of *** will apply to *** volume.

C. Transaction Volume Fee for the * Programs**

For all Networks, Manager will pay to Sutton Bank the fees in Table 3 below on all *** volume conducted using Cards issued under the ***, calculated by aggregating *** transaction volume from all ***. With respect to ***, fees are calculated on a ***, tiered model whereby all volumes are calculated at the appropriate tiers and then ***. With respect to ***, fees are calculated on a *** model whereby *** volume is calculated at ***. Fees will be drawn from the cardholder account on a *** basis.

Table 3

***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***

For all Networks, Manager will pay to Sutton Bank the fees in Table 4 below on all *** volume, excluding *** volume, conducted using Cards issued under the ***, calculated by aggregating *** transaction volume from all *** on a *** model whereby *** volume is calculated at the appropriate tier and the single fee associated with this tier applies to all *** volume. Fees will be drawn from the cardholder account on a *** basis.

Table 4

***	***
***	***
***	***
***	***
***	***

Manager will pay Sutton Bank a fee of *** for all successful *** transactions associated with the ***.

D. Transaction Volume Fee for the * Program**

For all Networks, Manager will pay to Sutton Bank a fee of *** of the aggregate settled net dollar volume of all transactions conducted using Cards under the ***. Such amounts will be netted from interchange payments paid to Manager by Sutton Bank within *** of the end of each *** in which the applicable transactions have occurred. Each such payment shall be accompanied by a report, detailing the transaction dates and amounts and the aggregate net dollar volume on which such payment is based.

E. No Fee on ***

There shall be no fees leveraged on *** received by Sutton Bank in its capacity as ***.

F. Pass Through Expenses

For Pass Through Expenses listed in *Table 5 below*, Sutton Bank will pass such expenses to Manager as actual costs and without mark-up. Invoiced as occurs. Such Pass Through Expenses must be attributable to a Program of the Manager and substantiated by documentation from the applicable third party. Pass Through Expenses must be passed through to Manager within *** from the date they are assessed/invoiced by the applicable third party, otherwise they will be considered waived. Pass Through Expenses that have not been disputed within *** of receipt by Manager and that have been paid or deducted from Manager’s account are deemed paid in full.

Table 5

***	***
***	***
***	***
***	***

G. Spanish Services

Manager shall pay Sutton Bank a Spanish Fee of *** for each Approved Program approved to be offered in Spanish. This fee will cover up to *** of translation review per Approved Program. If the number of hours of translation review goes over *** for any Approved Program, Manager will pay for the excess hours at the rate of *** per hour.

H. Non-Spanish Foreign Language Translation Expenses

A *** markup shall apply to the costs of non-Spanish foreign language translation services costs incurred by Sutton Bank for Approved Programs. The charges will be billed on a per Approved Program basis. For the purposes of clarity, if Sutton Bank pays *** for *** of non-Spanish translation review services for Approved Programs, Manager will be billed and will pay *** for those services.

EARLY TERMINATION

The Early Termination Fee shall be determined by multiplying (i) the average of the *** during the *** period preceding the effective date of termination (or, if no *** invoice has been

received, the estimated total *** billing for each Service to be received hereunder), by (ii) ***, as set forth in the table below, by (iii) the number of ***; plus any *** existing on Sutton Bank's books on the date of termination. Upon request by Manager, Sutton Bank shall disclose to Manager the amount of any such ***.

c. Table 6 of the Early Termination is modified as follows:

Table 6

***	***
***	***
***	***
***	***
***	***
***1	***

1 ***.

Table 7

***	***
***	***
***	***
***	***
***	***
***1	***

MARQETA * INCENTIVE**

Sutton Bank shall pay Manager a *** (“***”) on a *** basis according to *Table 8* – *** by transferring funds to the bank account identified by Manager. Sutton Bank shall provide to Manager a *** invoice with each payment which documents the calculation of the ***. Sutton Bank will calculate

(1) *** (the “***”) ***, and (2) *** by multiplying the *** by the applicable *** in *Table 8*.

For example, if the *** invoice amount for a *** is calculated to be *** and ***, then a *** of *** would be applied to calculate a *** amount of ***. The same calculation would be applied to the *** portion of the *** invoice.

Table 8 - ***

	***	***
***	***	***
	***	***
	***	***
	***	***

	***	***
	***	***
	***	***
	***	***

MISCELLANEOUS CHARGES

Manager will pay to Sutton Bank the following fees, which will be payable upon Manager’s receipt of a fee statement (“Fee Statement”) that provides a detailed accounting of each fee, including at minimum: the type of fee, how the fee was calculated, the data used to calculate the fee, any reasons or reason codes associated with the cause of the fee (e.g. why a wire was returned), an identifier (such as account token) indicating the Client that is the source or cause of the fee, the applicable Program name, and any additional fee-specific information listed below. The fee statement shall be provided to Manager along with the *** invoice, covering the prior’s *** activity.

- i. Regulatory complaint not responded to *** prior to the complaint response due date, *** per occurrence. Fee charged to manager for any and all complaints received from governmental authorities that are sent to Manger for a response and Manager fails to respond to Sutton Bank within this time frame. Payment for this fee will be contingent upon Sutton Bank following the complaints policies and procedures established between the Parties.
- ii. ACH Recall Notices. Manager shall respond to any ACH Recall Notice received from the U.S. Treasury within ***, and any ACH Recall Notice received from any ODFI within **. Failure to comply with the above requirements for any reason shall result Manager’s payment of a *** penalty fee to Sutton for each untimely response to a U.S. Treasury ACH Recall Notice, and a *** penalty fee to for each untimely response to an ODFI ACH Recall Notice.

Billing Disputes

Any third-party charges (e.g. ***) passed through to the Program Manager must be attributable to Program Manager’s Programs and substantiated by documentation from the applicable third party. Such third-party charges must be passed through to Manager within *** from the date they are assessed by the applicable third party, otherwise they will be considered waived.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
SECURITIES EXCHANGE ACT OF 1934 RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Simon Khalaf, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marqeta, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2023

By: /s/ Simon Khalaf
Simon Khalaf
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
SECURITIES EXCHANGE ACT OF 1934 RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael (Mike) Milotich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marqeta, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2023

By: /s/ Michael (Mike) Milotich
Michael (Mike) Milotich
Chief Financial Officer
(Principal Financial and Accounting
Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Simon Khalaf, Chief Executive Officer of Marqeta, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Marqeta, Inc. for the quarter ended June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Marqeta, Inc.

Date: August 8, 2023

By: /s/ Simon Khalaf
Simon Khalaf
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael (Mike) Milotich, Chief Financial Officer of Marqeta, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Marqeta, Inc. for the quarter ended June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Marqeta, Inc.

Date: August 8, 2023

By: /s/ Michael (Mike) Milotich
Michael (Mike) Milotich
Chief Financial Officer
(Principal Financial and Accounting
Officer)