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

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FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 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	**27-4306690**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
180 Grand Avenue, 6th Floor, Oakland, California	**94612**
(Address of principal executive offices)	(Zip Code)

(877) 962-7738
(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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933 ("Securities Act"). Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 ("Exchange Act"). Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its report. ☒

If securities are registered pursuant to Section 12(b) of the Exchange Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's Class A common stock held by non-affiliates of the registrant on June 30, 2023, the last business day of its most recently completed second fiscal quarter, was $2.3 billion based on the closing sales price of the registrant's Class A common stock on that date. Solely for purposes of this disclosure, shares of Class A common stock held by executive officers and directors of the registrant as of such date have been excluded because such persons may be deemed to be affiliates. This determination of executive officers and directors as affiliates is not necessarily a conclusive determination for any other purposes.

As of February 23, 2024, there were 461,562,862 shares of the registrant's Class A common stock, par value $0.0001 per share, outstanding and 52,248,249 shares of the registrant's Class B common stock, par value $0.0001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2024 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2023.

MARQETA, INC.
FORM 10-K

TABLE OF CONTENTS

Note About Forward-Looking Statements

This Annual Report on Form 10-K 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 Annual Report on Form 10-K 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, and financial condition;*
- *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 scale new products and services, such as our credit card platform;*
- *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 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 political, social, and/or economic instability or military conflict;*
- *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 repurchase shares under authorized share repurchase programs and receive expected financial benefits; and*
- *our ability to maintain effective disclosure controls and internal controls over financial reporting, including our ability to remediate the material weaknesses in our internal control over financial reporting.*

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K. You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K 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 Annual Report on Form 10-K. 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 Annual Report on Form 10-K. 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 Annual Report on Form 10-K 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 Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K 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 Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS

Our Business

Marqeta's mission is modernizing financial services by making the entire payment experience native and delightful. Marqeta's modern platform empowers our customers to create customized and innovative payment card programs, giving them configurability and flexibility. When our customers come to us to build a payments solution, they are not just building a card, they are building a payments experience.

Our platform encompasses debit, prepaid, and credit programs, and provides banking and money movement, risk management, and rewards products. We deliver a scaled solution to our customers to maximize the benefit of their card programs while also providing the tech layer that bridges the bank and the customer. Marqeta's open APIs provide instant access to a highly scalable, cloud-based payment infrastructure that enables customers to embed the payments experience into apps or websites for a personalized user experience. Customers can launch and manage their own card programs, issue cards, and authorize and settle payment transactions quickly using our platform.

We also deliver robust card program management, allowing our customers to embed Marqeta in their offering without having to build certain complex elements or customer support services. Our customers can focus on their areas of expertise, with more control over their card programs, while we manage the complexity of running the card programs with our Issuing Bank and Card Network partners (each as defined below).

In the years ended December 31, 2023, 2022, and 2021, total processing volume ("TPV") on the Marqeta Platform was $222.3 billion, $166.3 billion, and $111.1 billion, respectively, which reflected year-over-year growth of 34% and 50%, respectively. TPV is the total dollar amount of payments processed through the Marqeta platform, net of returns and chargebacks. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a more detailed discussion of our strategy and key operating metric.

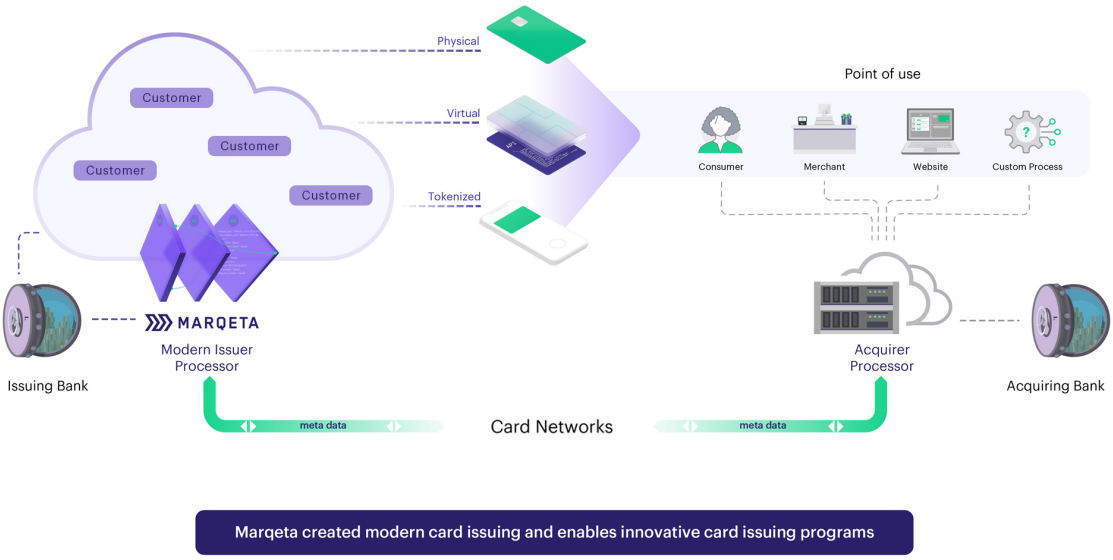
The Payments Ecosystem

With every tap, swipe, or payment, a lot happens behind the scenes. The payments ecosystem of Issuing Banks, Acquiring Banks, Acquirer Processors, Issuer Processors, and Card Networks facilitates the exchange of information and funds and underpins global payment card purchase transactions.

- "Acquirer Processors" connect Acquiring Banks and merchants to the Card Networks, to facilitate the flow of card payment information to an Issuing Bank.
- "Acquiring Banks" are the financial institutions that merchants use to hold funds and manage their business. Acquiring Banks may work with an Acquirer Processor to provide access to the Card Networks.
- The "Card Networks" provide the infrastructure for settlement and card payment information that flows between an Issuer Processor and an Acquirer Processor.
- "Issuer Processors" provides a technology platform, ledger, and infrastructure to support a card issuer and connects with a Card Network to facilitate payment transactions.
- "Issuing Banks" are the financial institution that issue a payment card (debit, prepaid, or credit) either on its own behalf or on behalf of a business.

The legacy payments ecosystem has historically been inflexible, with Issuing Banks delivering the entire value chain: the regulated entity and balance sheet, the product, and the customer experience. In the legacy payments ecosystem, the customer must contract with an Issuing Bank, who leverages an Issuer Processor to connect with a Card Network and facilitate payment transactions.

At Marqeta, we are modernizing the Issuer Processor side of the payments ecosystem. Issuing Banks continue to provide the chartered banking entity, treasury, and balance sheet. Marqeta provides innovation, accessibility, flexibility, control, and scale by delivering all of these benefits in one easy-to-use platform, full of applications and services, along with an Issuing Bank partner. The customer controls its customers' experience, leveraging the Marqeta platform.

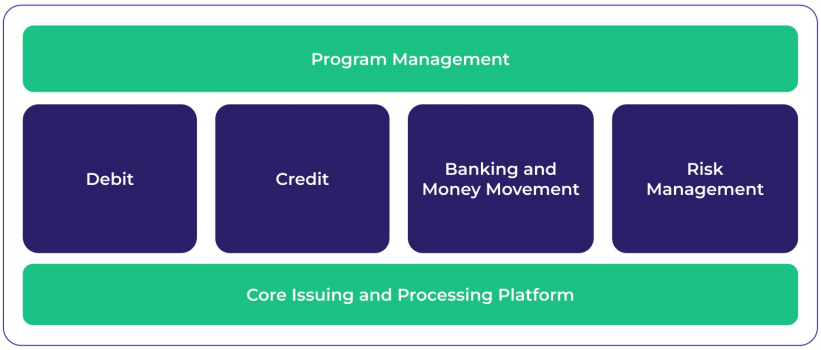


Marqeta created modern card issuing and enables innovative card issuing programs

Our Platform and Products

Marqeta provides a single, global, cloud-based, open API platform for modern card issuing and transaction processing. Marqeta's modern platform enables customers to build and rapidly scale their card programs with extensive control and configurability, and with high standards of reliability and security. Our platform is designed to reduce complexity for customers, enabling a full spectrum of consumer and commercial card issuing and transaction processing services in a single solution. We overlay robust program management expertise to help our customers design a customer-centric card program without requiring expertise in all of the nuances of managing a program themselves.

A key aspect of our modern platform is that our debit, prepaid, and credit offerings are all available in a combined offering, enabling customers to offer multiple products through Marqeta's platform. For example, a retail company could use Marqeta to create a debit program to offer wage solutions to its hourly workers, a consumer credit program to its most loyal shoppers, and a commercial credit program to key suppliers to meet its working capital needs. These programs can all exist on Marqeta's single, global, modern platform.



Our platform has a number of key attributes, including:

Control: Dynamic spend controls and Just-in-Time Funding ("JIT Funding") provide customers with control over the payments flow.

Scale: Global platform built on a cloud-native infrastructure and a suite of APIs to support our customers worldwide with a build-once, deploy-anywhere model.

Configurable: Highly configurable capabilities empower our customers to build native solutions tailored to their customer needs.

Trust: We comply with applicable obligations under the Payment Card Industry Data Security Standard ("PCI DSS") and provide a trusted environment for card issuing and payment processing with security, transparency, and real-time information.

Card Issuing

Our customers can issue debit, prepaid, and credit cards, including instant provision of a tokenized card to a digital wallet.

Debit: Customers can link card products to a primary bank account for their users to fund and spend from.

Prepaid: Customers can create single- or multi-use custom card experiences with dynamic spend controls and fund transactions in real time based upon business criteria.

Credit: Customers can create customized consumer and commercial credit programs with innovative rewards structures, leveraging pre-integrated partners for underwriting, mobile app design, and customer service.

Virtual: Customers can instantly issue one-time or multi-use branded payment cards that are ready to use immediately and enable faster funds disbursement with easier tracking of funds by unique virtual card numbers.

Physical: Customers can customize the look and feel, graphics, and messaging of physical cards to reinforce their brand. Physical cards can be magstripe, EMV-chip, and/or tap-to-pay enabled.

Tokenization & Digital Wallets: Customers can instantly issue branded payment cards that are ready to use immediately in app or in mobile wallets, which provides for continuity if the physical cards are lost or stolen.

Processing

Marqeta enables our customers to deliver innovative card experiences with enhanced control over transaction processing through dynamic spend controls and real-time decisioning via our JIT Funding feature.

Dynamic Spend Control: Dynamic spend controls create unique card experiences while reducing customer exposure to risk by limiting where users can transact and configuring exact spend limits. Customers can tailor cards with flexibility in where, when, and how much the card can be used. Customers can also check real-time data and events to dynamically change the card experience as needed.

JIT Funding: Marqeta's JIT Funding feature enables customer cards to maintain a zero-amount balance until the card is used and approved. Upon approval, Marqeta automatically moves funds from an identified funding source into the appropriate account.

Digital Banking

Marqeta for Banking provides our customers with a suite of bank account and money movement features offered through our Issuing Bank partners, including demand deposit accounts, direct deposit with early pay, ACH, cash loads, and fee-free ATMs, bill pay, and instant funding capabilities. These services enable customers to drive additional engagement and spend by making it easy for their users to fund accounts and manage money.

RiskControl

With Marqeta's RiskControl product, certain risk and compliance concerns are mitigated while reducing friction across the cardholder lifecycle.

Real-Time Decisioning: Customers can mitigate fraud using Marqeta's Real-Time Decisioning solution, which provides fine-tuned control over card transactions.

Customer Identification Program: Customers can verify the identity of cardholder applicants.

3D Secure: Customers can authenticate cardholders and authorize online transactions.

Disputes Management: Customers can manage disputes and chargebacks at scale with streamlined disputes management, including risk management services to handle disputes on their behalf.

Dashboard

The Marqeta Dashboard is a comprehensive self-service portal that empowers our customers to access and manage all aspects of their card program, including card configuration, servicing cardholders, tracking data and insights, managing disputes, and accessing RiskControl capabilities.

UI/UX

User experience is an essential part of all Marqeta programs. Marqeta makes it easy for our customers to completely integrate the card experience into any app or website. For our credit customers, they can select a fully bank-approved UI template that's purpose-built for managing a credit card.

Marqeta's Credit Platform

We announced our credit platform in October 2023. While Marqeta previously offered credit processing, we utilized partners for credit program management. Now our platform combines Marqeta's modern issuing processing expertise, scale, experience, and stability, with the innovative and comprehensive program management capabilities we acquired in February 2023 to deliver a comprehensive credit platform.

With the Marqeta credit platform, our customers have the tools to design, launch, and scale , and can work directly with us rather than managing several different providers. Customers can customize the user experience and embed the card within their brands. Our ability to offer configurable and flexible solutions enables our customers to build highly differentiated programs with truly personalized rewards and spend controls.

Innovative Rewards Structures: Customers can leverage our proprietary rewards engine, keeping users engaged with innovative rewards structures using multiple data points across user spend as well as transactions, repayments, and other data points. Our platform enables customers to reward users in real time with multiple redemption options, creating opportunities to drive engagement and usage.

Underwriting Support: Our underwriting decisioning engine allows Issuing Banks and customers to implement custom fraud and credit decisioning criteria to help manage program fraud and delinquency risk. Our platform allows for automated decisioning using a variety of data sources and custom logic.

Our Programs

Marqeta's innovative products are developed with deep domain expertise and a customer-first mindset to launch, scale, and manage card programs. Marqeta provides all of its customers with issuer processor services, and for most of its customers it also acts as a card program manager. 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 (“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 the customer access to the Marqeta dashboard via our APIs, Marqeta also manages a number of the primary tasks related to launching a card program, such as defining and managing the program with the Card Networks and Issuing Bank, operating the program and managing certain profitability components, and managing compliance with applicable regulations, the 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 MxM 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, the Issuing Bank, and Card Network rules.

Given the modularity of the Marqeta platform, certain customers can also opt to incorporate elements of MxM into their PxM card program to create a custom Powered By Plus (“PxM+”) solution.

Our Customers

Marqeta serves customers in multiple industry verticals including financial services, on-demand services, buy now, pay later (“BNPL”), expense management, and e-commerce enablement.

We see embedded finance as a significant contributor to our next wave of growth. There are two critical components to embedded finance: native integration and non-financial services businesses. It starts with a company whose core business is not financial services, and that company offers financial services products in a manner that is natively embedded into their existing customer experience. It is seamless, and, to put it simply, you don't have to go to the bank. The bank comes to you where you already spend.

With embedded finance, enterprises across industries can offer multiple financial services to their customers to improve the user experience, enhance loyalty, and add another monetization engine to their existing business. Marqeta’s platform operates across a number of use cases for customers to capitalize on, including consumer credit cards, point-of-sale lending, accelerated/earned wage access, expense management, on-demand delivery, and spend management. Customers can also combine solutions across different use cases.

Agreements with Large Customers

Block

On April 19, 2016, we entered into a master services agreement with Block, Inc., formerly known as Square, Inc., subsequently amended (the “Block Agreement”), which includes agreements that provide for the commercial terms of our relationship with Block. Pursuant to the terms of the Block Agreement, we have agreed to manage Block’s Cash App, Square Debit Card, and Square Card Canada card issuing programs for Block. On January 31, 2022, Block completed its acquisition of our customer, Afterpay Limited. We have a separate agreement with Afterpay that provides for the commercial terms of our relationship; however, we now aggregate Afterpay as part of our Block business.

We executed contract amendments on August 4, 2023 (the “August 2023 Block Amendment”) and November 3, 2023 (the “November 2023 Block Amendment,” and, together with the August 2023 Block Amendment, the “2023 Block Amendments”) to the Block Agreement. Pursuant to the terms of the 2023 Block Amendments, the term of the Cash App and the Square Debit Card programs will expire on June 30, 2028 and automatically renew thereafter for successive one-year periods, unless terminated earlier by either party.

The August 2023 Block Amendment provides that we will continue to provide various services to Block, though Block will be responsible for defining and managing the Cash App program with respect to the primary Card Network 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 August 2023 Block 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 Marqeta. The November 2023 Block Amendment provides that we will be the default provider of issuing processing and related services in current or future markets outside of the U.S. where Block intends to operate and Marqeta is able to provide issuing processing services, subject to certain exceptions.

Either we or Block may terminate the Block Agreement under certain specified circumstances, including upon a material breach. The Block Agreement also provides for certain other terms, including representations and warranties of the parties, intellectual property rights, data ownership and security, limitations on liability, confidentiality and indemnification rights, and other covenants.

In addition, on March 13, 2021, and as specified in the Block Agreement, we granted Block a warrant to purchase up to 1,100,000 shares of our common stock at an exercise price of $0.01 per share, which is exercisable upon attaining certain milestones relating to Block's creation of a specified percentage of new cardholders on our platform each year over a three-year period.

Our Relationships with Issuing Banks and Card Networks

Marqeta works on its customers' behalf with Card Networks and Issuing Banks to issue cards, authorize transactions, and communicate with settlement entities. Our contractual relationships with Issuing Banks and Card Networks contribute to Marqeta's ability to create and manage customized card programs for our customers.

Relationship and Agreements with Issuing Banks

When our customers engage us for MxM services, we provide an Issuing Bank to act as the BIN sponsor for the customer's card program and are responsible for managing compliance with the Issuing Bank's requirements and Card Network rules. Issuing Banks provide services for our MxM solutions that can include card issuance, Card Network sponsorship, establishing a line of credit and underwriting standards, and creating deposit accounts used to settle our customers' transactions. Our contracts with Issuing Banks entitle Marqeta to all of the Interchange Fees generated from our customers' card programs, which we then share with our MxM customers through Revenue Share payments, and obligate us to pay all Card Network fees associated with our MxM customers' card transactions. "Interchange Fees" are transaction-based and volume-based fees set by a Card Network and paid by an Acquiring Bank to the Issuing Bank that issued the payment card used to purchase goods or services from a merchant and "Revenue Share" refers to provisions in our customer contracts under which we share a portion of Interchange Fees with our MxM customers.

While an Issuing Bank ultimately approves each card program, Marqeta configures the program design, negotiates key program terms, and selects the Issuing Bank. Marqeta actively works to find the most appropriate Issuing Bank partner for the potential card program based on the customer's needs and program design. We pay volume-based and transaction-based fees to the Issuing Banks. The fees are typically structured based on volume tiers; as our processing volumes grow, these fees as a percentage of processing volume decline. These fees are reflected in our costs of revenue.

When our customers engage us for PxM services, we do not manage the customer's relationships with the Issuing Banks and Card Networks and the customer is responsible for managing compliance with the Issuing Bank's requirements and Card Network rules.

Certain customers engage us for PxM+ services, where they can combine different aspects of our MxM and PxM services. The involvement of our Issuing Banks in a specific PxM+ program will depend on each program's design.

Sutton Bank

On April 1, 2016, we entered into a prepaid card program manager agreement with Sutton Bank, our largest Issuing Bank partner by processing volume. Under the terms of the agreement, as amended, Sutton Bank settles payment transactions for us and provides card and other related services to us, including the issuance of cards for approved card programs. The agreement provides that we pay Sutton Bank a fee based on a percentage of the value of transactions processed. Under this agreement we are entitled to receive 100% of the Interchange Fees for processing our customers' card transactions. Our agreement with Sutton Bank requires us to indemnify Sutton Bank for certain losses, subject to specific enumerated exceptions.

Under certain circumstances, the agreement also requires us to pay termination fees, including fees and costs to Sutton Bank, if we terminate the agreement before the end of its term or any automatic renewal term. The current term of the agreement expires in 2028, after which it automatically renews on the same terms and conditions for a two-year renewal term, unless either party provides written notice of its intent not to renew at least 180 days prior to the expiration of the then-current term. Either we or Sutton Bank may terminate the agreement under certain specified circumstances, including if the other party commits a material breach that is not cured within 30 days.

Agreements with Card Networks

The Card Networks oversee their worldwide payment networks, through which debit, credit, and prepaid card payments are authorized, processed, and settled, and set Interchange Fee rates. We currently partner with a number of Card Networks, including Visa, Mastercard, and PULSE, to process our customers' transactions on our platform.

Marqeta arranges for our MxM customers to use one or more of the available Card Networks, and we generally include the standard Card Network fees in the pricing arrangements with our MxM customers, which are reflected in our costs of revenue.

Given our ability to direct MxM processing volume to specific Card Networks, we are able to negotiate certain incentive rebates that effectively reduce the overall Card Network fees. With the scale of the transactions we process on behalf of our customers, we believe we can continue to negotiate favorable incentive rebates. However, if these fees increase, our gross margins will decrease.

Mastercard

In 2020, we entered into a strategic relationship agreement with Mastercard. We have also entered into a number of subsequent arrangements with Mastercard, including certain brand agreements. Under these agreements, as amended, we have agreed to cooperate with Mastercard on a number of initiatives, including international expansion, product, marketing, and business development collaboration. The contracts provide Marqeta with tiered incentives based on the processing volume of our customers' transactions routed through Mastercard and its affiliated networks. The current term of the strategic relationship agreement expires in 2028 or at an earlier date if Marqeta achieves a certain processing volume milestone through the Mastercard network. Either party may terminate the agreements under specified circumstances, including upon a material breach that remains uncured for a specified period of time.

Visa

In 2017, we entered into a strategic alliance framework agreement with Visa. The agreement has been periodically amended. We have also entered into a number of subsequent arrangements with Visa, as governed by the strategic alliance framework agreement, including a service evaluation agreement, card partner agreement, and certain brand agreements. Under these agreements, we have agreed to cooperate with Visa on a number of initiatives, including international expansion, product, marketing, and business development collaboration. The contracts provide Marqeta with tiered incentives based on the processing volume of our customers' transactions routed through Visa and its affiliated networks. As of February 2023, the parties have entered into an extension of the card partner agreement under the strategic alliance framework agreement for a term of five years. Either party may terminate the agreements under specified circumstances, including upon a material breach that remains uncured for a specified period of time. Visa may also elect to terminate the agreements prior to the natural expiration of the then-current term due to our failure to meet certain performance requirements.

PULSE Network

In 2013, we entered into a direct processor agreement with PULSE Network LLC, which has been subsequently amended. The contract provides Marqeta with tiered incentives based on the processing volume of our customers' transactions routed through PULSE and its affiliated networks. The current term of the contract expires in 2028 and automatically renews annually thereafter, unless either party provides written notice of its intent not to renew. Either party may terminate the agreement under specified circumstances, including upon a material breach that remains uncured for a specified period of time.

Our Competitors

We compete in a large and evolving market. Our competitors fall into three primary categories: (1) providers with legacy technology platforms, (2) modern API-based providers, and (3) emerging providers. We compete primarily on the basis of our platform's depth and breadth, offering a more configurable and complete solution for innovators.

We believe that the principal competitive factors in our market include:

- pricing;
- multiple program types (debit, prepaid, credit);
- multinational reach;
- complete solutions at scale;
- flexibility and configurability;
- reliability;
- compliance solutions;
- program management;
- brand recognition and reputation; and
- industry expertise and customer service.

We compare favorably with our competitors on the basis of these factors. We have a deep history of card issuing expertise, enabling us to achieve technical and operating leverage that we believe potential competitors are unable to replicate. However, some of our competitors have greater financial and operating resources. Moreover, as we expand the scope of our platform, we may face additional competition. See the section titled "Risk Factors—Risks Relating to Our Business and Industry—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" for additional information regarding the competitive environment in which we operate.

Intellectual Property

We seek to protect our intellectual property by relying on a combination of patents, trademarks, copyrights, trade secrets, license agreements, confidentiality procedures, non-disclosure agreements, and employee confidential information and invention assignment agreements, as well as other legal and contractual rights.

We have a patent program designed to cover various aspects of our business in the United States and internationally. These patents and patent applications are intended to protect our proprietary inventions relevant to our business. We continually review our development efforts to assess the existence of new intellectual property and our ability to patent new intellectual property.

We also have an ongoing trademark and service mark registration program pursuant to which we register our brand names and product names, taglines, and logos in the United States and internationally to the extent we determine appropriate and cost-effective. We have also registered domain names for websites that we use in our business, such as www.marqeta.com and other similar variations.

From time to time, we also incorporate certain intellectual property licensed from third parties, including under certain open source licenses. Even if any such third-party technology did not continue to be available to us on commercially reasonable terms, we believe that alternative technologies would be available as needed in every case.

See the section titled “Risk Factors—Risks Relating to Intellectual Property” for a more comprehensive description of risks related to our intellectual property and proprietary rights.

Research and Development

Our research and development efforts focus on building enterprise-grade product and service capabilities for our customers and their cardholders. Our design, product, engineering, and customer success teams collaborate to design, build, deploy and monitor our platform. We enable our customers to build solutions on our platform, which connects to our Issuing Banks and Card Networks. Software development is primarily executed by our team of professionals across design, product management, and engineering disciplines. We intend to continue to invest in our research and development capabilities to extend our platform offerings.

Government Regulation

We are subject, directly, or indirectly through our relationships with our Issuing Banks, customers, or Card Networks, to a number of laws and regulations. The regulatory environment in which we operate is rapidly evolving, and the most significant government regulations that impact our business are discussed below. For more information on the risks relating to our regulatory environment, see the section titled “Risk Factors—Risks Relating to Regulation.”

Consumer Protection

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) created the Consumer Financial Protection Bureau (the “CFPB”) which regulates consumer financial products or services. Due to our relationships with Issuing Banks and Card Networks, we may be subject to direct or indirect supervision and examination by the CFPB. CFPB rules, examinations, investigations, and enforcement actions against us or our Issuing Banks, Card Networks, or customers may require us to adjust our activities and may increase our compliance costs.

We are subject to Section 5 of the Federal Trade Commission Act, which prohibits unfair and deceptive acts or practices in or affecting commerce, and Section 1031 of the Dodd-Frank Act, which prohibits unfair, deceptive, or abusive acts or practices in connection with any consumer financial product or service.

Privacy, Data Protection, and Information Security Regulations

We provide services that are subject to various laws and regulations relating to privacy, data protection, and information security, including, among others, the Gramm-Leach Bliley Act, the EU General Data Protection Regulation, and the California Consumer Protection Act. We maintain privacy policies and terms of service, which describe our practices concerning the use, transmission, and disclosure of certain information.

Additionally, our platform hosts, transmits, processes, and stores payment card data and is therefore required to comply with the PCI DSS. As a result, we are subject to PCI DSS audits and must comply with related security requirements.

Association and Card Network Rules

Our Issuing Banks must comply with the bylaws, regulations, and requirements that are set forth by the Card Networks, including the PCI DSS and other applicable data security program requirements. In providing services through our platform, we are certified and registered with certain Card Networks as a processor for member institutions. As such, we are subject to applicable Card Network rules that could subject us to fines or penalties for certain acts or omissions. The Card Networks routinely update and modify their requirements and we, in turn, must work to comply with such updates to continue processing transactions on their networks.

Further, we are subject to network operating rules promulgated by the National Automated Clearing House Association relating to payment transactions processed on our platform using the Automated Clearing House Network and to various federal and state laws regarding such operations.

Prepaid, Debit, and Credit Card Regulations

The Durbin Amendment to the Dodd-Frank Act directs the Federal Reserve Board to regulate debit card Interchange Fees so that they are "reasonable and proportional" to the cost incurred by the card issuer with respect to the transaction. We generally partner with Issuing Banks who are exempt from the Interchange Fee caps in the Durbin Amendment to provide MxM services for prepaid and debit card programs. We continue to monitor proposed changes to the Durbin Amendment.

The card programs that we manage for our customers are subject to various federal and state laws and regulations, including the Credit Card Accountability, Responsibility, and Disclosure Act of 2009 and the CFPB's Regulation E, which impose requirements on general-use prepaid cards, store gift cards, and electronic gift certificates. The CFPB also regulates prepaid accounts, including certain accounts that are capable of being loaded with funds and whose primary function is to conduct transactions with multiple, unaffiliated merchants, at ATMs, or for person-to-person transfers. These regulations include, among other things, disclosure of fees to the consumer prior to the creation of a prepaid account; liability limits and error-resolution requirements; regulation of prepaid accounts with overdraft and credit features; and the submission of prepaid account agreements to the CFPB and the publication of such agreements to the general public.

We are subject to various federal consumer protection regimes as a result of our credit platform and relationship with originating Issuing Banks, including, among others:

- the Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit creditors from discriminating against credit applicants on the basis of race, color, sex, age, religion, national origin, marital status, the fact that all or part of the applicant's income derives from any public assistance program, or the fact that the applicant has in good faith exercised any right under the Federal Consumer Credit Protection Act or any applicable state law;
- the Fair Credit Reporting Act, as amended by the Fair and Accurate Credit Transactions Act, and Regulation V promulgated thereunder, which promote the accuracy, fairness, and privacy of information in the files of consumer reporting agencies;
- the Truth-in-Lending Act and Regulation Z promulgated thereunder, which require certain disclosures to consumers regarding the terms and conditions of loans and credit transactions;
- the Military Lending Act and similar state laws, which provide disclosure requirements, interest rate limitations, substantive conduct obligations, and prohibitions on certain behavior relating to loans made to covered borrowers, which include both servicemembers and their dependents; and
- the Servicemembers Civil Relief Act and similar state laws, which allows active duty military members to suspend or postpone certain civil obligations so that the military member can devote his or her full attention to military duties.

Anti-Money Laundering

Although we are not a "money services business" or otherwise subject to anti-money laundering ("AML") registration requirements under U.S. federal or state law, we are subject to certain AML laws and regulations in various jurisdictions. In the United States, the Currency and Foreign Transactions Reporting Act, known as the Bank Secrecy Act (the "BSA") and amended by the USA PATRIOT Act of 2001, contains a variety of provisions aimed at fighting terrorism and money laundering. Among other things, the BSA and implementing regulations issued by the U.S. Treasury Department require certain financial institutions to establish AML programs, to not engage in terrorist financing, to report suspicious activity, and to maintain a number of related records.

Due to our relationships with Issuing Banks that are directly regulated for AML purposes, we have implemented an AML program designed to prevent our platform from being used to facilitate money laundering, terrorist financing, and other illicit activity. When providing program management services, we design our AML program to meet the requirements of our Issuing Banks. Our programs are also designed to prevent our platform from being used to facilitate activity in violation of applicable sanctions laws and regulations, including conducting business in specified countries or with designated persons or entities, including those on lists promulgated by the U.S. Department of the Treasury's Office of Foreign Assets Controls and equivalent foreign authorities. Our AML compliance program includes policies, procedures, reporting protocols, and internal controls to guard against money laundering, terrorist financing, and other illicit activity, including the designation of a compliance officer in the United States and in other jurisdictions to oversee our AML compliance program, and it is designed to assist in managing risk associated with money laundering and terrorist financing.

Anti-Bribery Laws

We are subject to anti-corruption and anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the U.K. Bribery Act 2010, and other anti-corruption and anti-bribery laws in countries where we conduct activities.

The FCPA includes anti-bribery and accounting provisions enforced by the Department of Justice and the Securities and Exchange Commission (the "SEC"). The statute has a broad reach, covering all U.S. companies and citizens doing business abroad, among others, and defining a foreign official to include not only those holding public office but also local citizens affiliated with foreign government- run or owned organizations. The statute also requires maintenance of appropriate books and records and maintenance of adequate internal controls.

Other

We are subject to examination by our Issuing Banks' regulators and must comply with certain regulations to which these banks are subject, as applicable. For instance, due to our relationships with certain Issuing Banks and certain customers, we may be subject to indirect supervision and examination by the Federal Deposit Insurance Corporation (the "FDIC"), state banking regulators (such as the California Department of Financial Protection and Innovation), and the Office of the Comptroller of the Currency in connection with our platform and certain of our products and services. We are also subject to audit by certain Issuing Banks. Further, certain of our customers are financial institutions or non-bank regulated entities and, as a result, we may be indirectly subject to examination and obligated to assist those customers in complying with certain regulations to which they are subject or with responses to audits of such customers.

International Regulation

The conduct of our business and the use of our products and services outside the United States are subject to various foreign laws and regulations administered by government entities and agencies in the countries and territories where we operate and where our customers and their cardholders use our products and services. For instance, we are subject to processing fee and transaction fee regulation where our cards are used and may in the future be subject to Interchange Fee regulations in other countries where our cards are used.

Privacy and Data Protection

The privacy of our customers' data and our customers' cardholders' data is important to our continued growth and success, and we take significant measures to protect the privacy and security of such data. Privacy and data protection is a shared responsibility among all our employees. We also have a privacy team that builds and executes on our privacy program, including support for data protection and privacy-related requests.

We are committed to complying with applicable privacy and data protection laws. We monitor guidance from industry and regulatory bodies and update our platform and contractual commitments accordingly.

We maintain privacy notices that describe how we collect, use, and share personal information relating to our customers and we implement appropriate contractual provisions relating to our processing of cardholders' personal information.

Our Employees and Human Capital Resources

As of December 31, 2023, we had a total of 771 employees and we supplement our workforce with contractors and consultants. To our knowledge, none of our employees is represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relations with our employees to be good. Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing, and integrating our existing and prospective employees.

Corporate Information

We were incorporated in 2010 under the name Marqeta, Inc. as a Delaware corporation. We completed our initial public offering ("IPO") in June 2021 and our Class A common stock is listed on the Nasdaq Global Select Market ("Nasdaq"), under the symbol "MQ." Our principal executive offices are located at 180 Grand Avenue, 6th Floor, Oakland, CA 94612, and our telephone number is (877) 962-7738.

Available Information

Our website is located at www.marqeta.com, and our investor relations website is located at www.investors.marqeta.com. Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available, free of charge, on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the SEC. The SEC also maintains a website that contains our SEC filings. The address of the site is www.sec.gov. We use our www.investors.marqeta.com and www.marqeta.com websites, as well as our blog posts, press releases, public conference calls, webcasts, our X feed (@Marqeta), our Instagram page (@lifeatmarqeta), our Facebook page, and our LinkedIn page, as a means of disclosing material nonpublic information and for complying with our disclosure obligations under Regulation FD. The contents of our websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

Item 1A. 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 Annual Report on Form 10-K and our 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 growth and our past growth rates may not be indicative of future growth rates. If we fail to manage growth effectively, our business and financial results may be adversely affected.
- Future net revenue growth depends on our ability to attract new customers and retain existing customers in a cost-effective manner.
- We participate in markets that are competitive and continuously evolving, and, if we do not compete successfully, our business, results of operations, financial condition, and future prospects may be 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 and financial results.
- We have a history of net losses and we may not be able to achieve or sustain profitability.
- Our results may fluctuate significantly and may not fully reflect the underlying performance of our business, making it difficult to accurately forecast future results. If we fail to meet the expectations of financial analysts or investors, our stock price and the value of your investment could decline.
- We rely on our relationships with Issuing Banks and Card Networks, and if we are unable to maintain these relationships, our business may be adversely affected.
- If our credit platform is inaccurate or does not perform as intended, our business may be adversely affected.
- Litigation, disputes, regulatory actions, and government or legal investigations could be costly and time-consuming to defend, and our business may be adversely affected by our involvement or the outcome of such litigation, disputes, actions, or investigations.
- If we fail to maintain an effective system of disclosure controls and procedures or internal control over financial reporting, or remediate our existing material weaknesses, our ability to report timely and accurate financial results or comply with applicable regulations could be impaired, and our business, operating results, and the price of our Class A common stock may be adversely affected.
- 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 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.
- 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.

Risks Relating to Our Business and Industry

We have experienced rapid growth and our past growth rates may not be indicative of future growth rates. If we fail to manage growth effectively, our business and financial results may be adversely affected.

While we have experienced rapid net revenue growth in prior periods, our net revenue decreased in the year ended December 31, 2023. Our total net revenue was $676.2 million, $748.2 million, and $517.2 million for the years ended December 31, 2023, 2022, and 2021, respectively, a decrease of (10)% and an increase of 45% from the prior years, respectively. 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 our offerings, TPV, and the number of customers and 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;
- maintain the security and reliability of our platform;
- adjust for the impact of the anticipated accounting treatment of our customer agreements and the risk that such accounting treatment may be subject to further changes or developments;
- 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.

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. Our TPV was $222.3 billion, $166.3 billion, and $111.1 billion for the years ended December 31, 2023, 2022, and 2021, respectively, an increase of 34% and 50% from the prior years, respectively.

Net revenue and TPV for any prior period should not be relied on as an indication of our future performance. If our TPV and net revenue growth rates decline or continue to 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.

Our growth has placed, and may continue to place, significant demands on our management and our operational and financial resources. We will need to continue to grow and improve our operational, financial, and information technology 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. If we fail to manage our growth effectively, our business and financial results may be adversely affected.

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

If we are unable to attract new customers, retain existing customers on favorable terms, and grow and develop those relationships to drive increased processing volumes, our business, results of operations, financial condition, and future prospects would be adversely affected.

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 customers, and to onboard them quickly, then we may not be able to continue to grow our net revenue.

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 processing volume and revenue growth that we seek to achieve. 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.

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. To achieve continued growth, we must not only maintain our relationships with our existing customers, but also encourage them to renew their contracts with us and 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. However, 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.

We participate in markets that are competitive and continuously evolving, and, if we do not compete successfully, our business, results of operations, and financial condition, and future prospects may be adversely affected.

We operate in a highly competitive and dynamic industry and 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. We face competition along several dimensions, including providers with legacy technology platforms, such as Fidelity National Information Services (FIS), Fiserv, and Global Payments (TSYS); modern API-based providers, such as Galileo, i2c, and Visa DPS; and emerging providers, such as Adyen and Stripe. We believe that the principal competitive factors in our market include: pricing; multiple program types (debit, prepaid, credit); multinational reach; complete solutions at scale; flexibility and configurability; reliability; compliance solutions; program management; brand recognition and reputation; and industry expertise and customer service. 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 other substantially greater resources. Such competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, customer requirements, or regulatory developments. If we are unable to successfully compete, our growth could slow or decline, which would materially and adversely affect our business, results of operations, financial condition, and future prospects.

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. As discussed further in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” for the years ended December 31, 2023, 2022, and 2021, Block accounted for 68%, 71%, and 69% of our net revenue, respectively.

The net revenue from Block decreased over the second half of 2023 as a percentage of our total net revenue, due to the terms of the August 2023 Block Amendment. We renewed the Block Agreement in August and November 2023, and the current term for both the Cash App and Square Debit Card programs expires in June 2028. The Block Agreement automatically renews thereafter for successive one-year periods. The August 2023 Block Amendment provides that Block is responsible for defining and managing the Cash App program with respect to the primary Card Network going forward. The August 2023 Block Amendment has, and is expected to continue to, reduce reported net revenue period-over-period comparisons through the first half of 2024.

However, we expect that net revenue from a relatively small group of customers, including Block, will continue to account for a significant portion of our net revenue in the near term. The concentration of a large percentage of our net revenue with a limited number of customers exposes us disproportionately to any of those customers choosing to stop using our platform or using our platform in a reduced capacity, reducing their processing volume with us, or renegotiating, terminating, or failing to renew their agreements with us, or renewing their agreements with us on different terms. For example, the August 2023 Block Amendment renewed our agreement with Block for the Cash App program on different terms, which reduced reported net revenue. Should any of those events occur, our business, results of operations, and financial condition may be adversely affected.

We have a history of net losses and we may not be able to achieve or sustain profitability.

We have incurred significant net losses since our inception, including net losses of $223.0 million, $184.8 million, and $163.9 million for the years ended December 31, 2023, 2022, and 2021, respectively. As of December 31, 2023 and December 31, 2022, our accumulated deficit was approximately $825.2 million and $602.2 million, 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, and continue to enhance and expand our platform, products, and services. 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 and their end users, 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.

Our results may fluctuate significantly and may not fully reflect the underlying performance of our business, making it difficult to accurately forecast future results. If our results fail to meet the expectations of financial analysts or investors, our stock price and the value of your investment could decline.

Our 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. 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 investors and financial analysts, the trading price of our Class A common stock could be adversely affected and the value of your investment could decline.

Forecasting our future results of operations can be challenging because of such fluctuations and because our net revenue depends in part on our customers' end users. 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 financial analysts, causing our business to suffer and our Class A common stock trading price to decline.

We rely on our relationships with Issuing Banks and Card Networks, and if we are unable to maintain these relationships, our business may be adversely affected.

We rely on our relationships with Issuing Banks and Card Networks to provide certain services for our platform, products, and services. We have in the past and may in the future pay certain amounts in association with these relationships, regardless of whether we were compelled to under law or contract. In addition, 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.

A significant portion of our payment transactions are settled through a small number of Issuing Banks. For the years ended December 31, 2023, 2022, and 2021, 76%, 82%, and 90%, respectively, of TPV was settled through one Issuing Bank, 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 other Issuing Banks that we currently contract with. Switching processing volume to another Issuing Bank would take time and could result in additional costs, which may adversely affect our business.

We also have agreements 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. The timing and extent of amendments or new contracts related to our volume incentive arrangements with Card Networks could result in incentive payments that are recorded in a current period and based on volume processed in a prior period. 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 directly, our reported net revenue may decrease. For example, the August 2023 Block Amendment provides that Block will be responsible for defining and managing the Cash App program with respect to the primary Card Network going forward which has the effect of reducing reported net revenue.

We intend to expand and deepen our relationships with Issuing Banks and Card Networks, and diversifying these contractual relationships and operations may increase the complexity of our operations and may also lead to increased costs. 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 platform, impose additional costs or requirements on us, or give preferential treatment to competitive services, including their own. If we are unsuccessful in establishing, renegotiating, or maintaining relationships with Issuing Banks and Card Networks, our business may be adversely affected.

Performance issues, 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. Any significant disruption, outage, data loss, or errors in service on our platform, including events beyond our control, such as infrastructure changes or failures, or human or software errors could have a material and adverse effect on our business and financial condition. We have experienced such performance incidents in the past and expect that we will continue to periodically experience such performance issues in the future.

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. We have in the past and may in the future experience errors, inaccuracies, or omissions in our processing, reconciling, or reporting of transactions. The risk of performance issues has increased in recent periods due to the significant increase in our TPV and increases further 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, and bugs. Any platform performance issues could lead to claims by customers, Card Networks, Issuing Banks, or other partners or vendors, or other claims, regulatory fines, or proceedings. It could also damage ours and our customers' businesses and, in turn, hurt our brand and reputation.

The performance and availability of the data centers and cloud-based solutions that provide computing and storage infrastructure for our platform is outside of our control. If any of these infrastructure providers fail to provide sufficient capacity to support our platform or otherwise experience service outages, we may experience interruptions in our ability to operate our platform and our business could be adversely affected. We have experienced, and expect to continue to periodically experience, outages of the services provided by these providers.

If we are not able to maintain the level of service uptime and performance needed by our customers, they could face longer processing times or downtime as a result. If customers are unable to access our platform within a reasonable amount of time, or at all, we may not be able to meet the service level commitments typically provided for in our customer contracts and we would be contractually obligated to provide service level credits. We have experienced incidents, including incidents outside our control, and expect we may experience incidents in the future requiring us to pay service level credits and other customer service concessions.

In addition, our insurance policies may not adequately compensate us for any losses that we may incur as a result of damage or interruption. Further, we are continuing to refine our enterprise resilience functions such as business continuity, crisis management, and disaster recovery. 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. Therefore, any performance issue, systems failure, outage, or interruption in the availability of our platform would adversely affect our business, and could subject us to financial penalties and liabilities.

Any real or perceived improper or unauthorized use of, disclosure of, or access to our or our customers' and partners' confidential, proprietary, or sensitive data, including by cyberattacks, security breaches or incidents, or employee or other misconduct, could expose us to liability and damage our reputation.

Our operations depend on receiving, storing, transmitting, and otherwise processing sensitive information pertaining to our business, employees, customers, and customers' end users. The confidentiality, integrity, and availability of such information residing on or processed using our systems is important to our business. While we have an internal security program, the success of such program will be impacted by new and existing vulnerabilities, human error, resource constraints, the efficiency of our processes and procedures, and management of gaps in controls. The integrity of our internal security program is also subject to changing standards or interpretations of standards as new frameworks are introduced and existing frameworks evolve.

We use vendors to perform certain services for us, in some cases involving management or other processing of sensitive data, and these vendors face similar security threats to the confidentiality, security, and integrity of their systems and the data they process for us. Unauthorized parties have attempted and will continue to attempt to gain access to our platform, systems, or facilities, and those of our customers, partners, and vendors using a variety of methods such as denial-of-service attacks, phishing attacks and other forms of social engineering, and ransomware and other malicious code.

Any attempted, perceived or actual breach or incident could disrupt our systems and other aspects of our operations, result in unauthorized or unlawful access to or loss, modification, unavailability, misuse, or other unauthorized processing of our and our customers' data, have a significant impact on our reputation as a trusted brand, and expose us to legal risk and potential liability, and costs associated with remediation. Further, 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 or our customers for certain of their costs and expenses, in addition to the potential for fines, penalties, and other liabilities.

While we believe that none of the incidents that we have identified to date have materially impacted us, we cannot be certain that the security measures we have in place to detect and address security breaches, incidents, and other disruptions and protect sensitive data will be sufficient to counter the risks and threats facing us, our customers, and our vendors. We and our vendors may be unable to anticipate, react to, remediate, or otherwise address any actual or attempted security breach or other security incident in a timely manner, or implement adequate preventative measures. Any security breach or incident 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. Even the perception of inadequate security may damage our reputation and negatively impact our ability to gain new customers and retain existing customers. We expect to invest significant resources to maintain and enhance our information security program and controls in compliance with industry standards and applicable laws and regulations; however, if we experience resourcing constraints, our investments and the result of such investments may be delayed.

We have adopted a flexible-first work environment, and expect to continue to be subject to challenges and risks associated with having a remote workforce. For example, our employees are accessing our servers remotely through home or other networks to perform their job responsibilities. Such security systems may be less secure than those used in our offices, which may subject us to increased security risks, and expose us to risks of data or financial loss and associated disruptions to our business operations. In addition, any inability to track and manage hardware and software assets across our remote workforce could lead to loss of intellectual property, a security breach or incident, and unauthorized access to our systems and applications, potentially adversely affecting our business and financial condition.

While we maintain cybersecurity insurance, our insurance may be insufficient to cover all liabilities incurred by a cybersecurity breach or incident. We cannot be certain that our insurance coverage will be adequate for 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. If a claim exceeds available insurance coverage or if the conditions of our insurance policies change, our business or financial condition could be adversely affected.

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 the continued growth of our business.

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. 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.

Harm to our brand can arise from many other sources as well, including inadequate protection or misuse of sensitive information, compliance failures, litigation, and other claims, and misconduct by our employees, contractors, or vendors. 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.

Our new products and technologies have a limited performance history, and any failure to execute on our related strategy could have an adverse impact on our business and financial condition.

We acquired Power Finance in the first quarter of 2023 and released our credit card issuing platform publicly in October 2023. Net revenue growth attributed to credit card issuing is dependent on increasing the number of existing customers or new customers who use our credit card issuing capabilities. We have limited experience administering our credit card issuing platform, and failure to scale the platform due to our limited experience or a competitive market could adversely affect our business and financial results.

Our failure to accurately predict the demand or growth of new products and technologies could have a material and adverse effect on our business, results of operations, financial condition, and future prospects. New products and technologies are inherently risky, due to, among other things, risks associated with: the product or technology not working, or not working as expected; customer acceptance; technological outages or failures; increased regulatory scrutiny; and the failure to meet customer expectations. As a result of these risks, we could experience increased claims, reputational damage, or other adverse effects, which could be material. In addition, our investment in new products and technologies and making changes or updates to our platform may either be insufficient or result in expenses that exceed the revenue actually generated from these new products.

If our credit platform is inaccurate or does not perform as intended, our business may be adversely affected.

The success of our credit platform depends on our ability to effectively manage related risks for us and our Issuing Banks. While the Issuing Banks we work with bear the credit risk, they rely on our credit decisioning engine and managed services to underwrite and service credit card programs in accordance with their credit policies. Numerous factors, many of which are outside of our control, can adversely affect the evaluation of credit risk. The information we use in our credit platform may be inaccurate or incomplete as a result of error or fraud, both of which may be difficult to detect and avoid. If a fraudulent applicant is approved based on our credit risk model, we may be liable for the losses incurred by the Issuing Bank, which could adversely affect our business and results of operations.

There may be risks that exist, or that develop in the future, including market risks, interest rate risks, economic risks, and other external events, that we have not appropriately anticipated, identified, or mitigated that would impact our Issuing Bank partners or our ability to offer credit products. If our credit risk tools do not effectively and accurately model the credit risk of potential cards issued by our Issuing Banks, greater than expected losses may result on such card programs and, as a result, our customers may stop marketing their card programs, potential customers may be less likely to initiate card programs, and Issuing Banks may stop using our platform for credit card issuing. Further, if our credit platform does not operate as intended or is inaccurate, it may be alleged that we and/or our bank partners have failed to comply with applicable laws and regulations, we and/or our bank partners may be subject to litigation or regulatory investigations or other proceedings, we and/or our bank partner may have to pay fines and penalties or become subject to civil or criminal liability or have additional obligations or restrictions imposed upon our respective businesses, 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.

The Issuing Banks face the risk that our customers' cardholders will default on their payment obligations, creating the risk of potential charge-offs. While we are not contractually obligated to pay for any credit-related delinquencies or charge-offs, we have in the past and may in the future make payments to our Issuing Banks in association with our relationship with them, regardless of whether we were compelled to under law or contract. Incremental charge-offs may also affect the Issuing Bank's future credit decisioning which could impact the volume of transactions processed and the number of cards issued. This may adversely affect our business and results of operations.

If we fail to anticipate, adapt to, or keep pace with new technologies and develop new services and capabilities for our platform, our business and future growth could be harmed.

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 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. We must also keep pace with changing legal and regulatory regimes that affect our platform, products, services, and business.

It is also important for us to implement tools to support the operational efficiency of our platform. For example, in the past year generative artificial intelligence ("AI") solutions have emerged as an opportunity for us, our customers, our partners, and our vendors to innovate more quickly and efficiently and better serve our customers. Rapid adoption and novel uses of generative AI may, however, introduce unique and unpredictable security risks to our systems and platform, products, and services.

Our business could be adversely affected if we are not successful in developing modifications, enhancements, and improvements, in bringing them to market quickly or cost-effectively, or at modifying our platform to remain compliant with applicable legal and regulatory requirements. Our business could also be harmed if we experience unintended consequences with the enhancements we provide or use.

We may continue to expand operations internationally where we have limited operating experience and may be subject to increased business, economic, and regulatory risks that could adversely impact our operations and financial results.

We have offices in the United States and United Kingdom ("U.K."), and legal entities in various other global jurisdictions, and we may pursue further international expansion of our business in new international markets where we have limited or no experience in marketing, selling, employing personnel, and deploying our platform, products, and services. Managing international operations requires us to comply with new regulatory frameworks, additional regulatory hurdles, and implement additional resources and controls. 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:

- 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;
- conforming our platform with applicable business customs and languages;
- 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 managing foreign operations;
- increased travel, infrastructure, and legal and compliance costs;
- difficulties in recruiting and retaining qualified personnel;
- difficulties in gaining acceptance from industry self-regulatory bodies;
- risks related to government regulations in and related to foreign jurisdictions, including compliance with multiple, potentially conflicting, and changing laws and regulations;
- Interchange Fee regulation in foreign jurisdictions;
- exchange rate risk and global market volatility;
- potential restrictions on repatriation of earnings;
- management of tax consequences; and
- political, social, and/or economic instability or military conflict.

As a result of these risks, we may not be successful in managing our existing international operations or expanding our international operations, and our business and financial condition could be adversely affected.

We may incur losses relating to the settlement of payment transactions on our platform.

We settle funds on behalf of our customers on a daily basis for a variety of transaction types. We are and will continue to be subject to the risk of losses relating to the day-to-day settlement of payment transactions, including with respect to pre-funding and chargeback requests as well as human or processing error. If transactions or settlement reconciliations are not performed timely or are inaccurate due to human or processing error, we could incur losses.

While customers deposit a certain amount of pre-funding into bank accounts at our Issuing Banks, depending on the model of the card program and the timing of funding and transactions, some transactions may be authorized in an amount that exceeds the pre-funding in the customer's account.

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 may be liable to the Issuing Bank to settle the transaction, including fraudulent or disputed transactions, 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.

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. The costs we incur related to our settlement obligations may adversely affect our business and financial condition.

We may incur losses relating to illegal and fraudulent activity on our platform.

Our resources, technologies, and fraud prevention tools may be insufficient to accurately detect and prevent fraud on our platform. We have programs to vet and monitor our potential customers and the transactions we process for them, but such programs may not be effective in detecting and preventing fraud or illegitimate transactions. Illegitimate transactions or illegal activities such as money laundering or terrorist funding can expose us to governmental and regulatory enforcement actions and potentially prevent us from satisfying our contractual obligations to our third-party partners, which may cause us to be in breach of our obligations.

The techniques used to perpetrate fraud on our customers and our platform are continually evolving, and we expend considerable resources to continue to monitor and combat them. Criminals may commit fraud using techniques such as stolen identities and bank accounts, compromised business email accounts, employee or insider fraud, account takeover, false applications, check fraud, "skimming," counterfeit payment cards, and stolen cards or card account numbers. Fraud or theft involving cards issued through our platform or as a result of actions by our employees or contractors could result in financial losses, civil or criminal liability, reputational damage, harm to our business, or increasing costs related to remediation or more rigorous compliance obligations. Fraudulent activity could also result in the imposition of regulatory sanctions, including significant monetary fines, or other operating losses, all of which could have a material adverse effect on our business, results of operations, and financial condition.

Failure to attract and retain key personnel, including senior management and other highly skilled employees, could adversely affect our business.

Our future success depends on our ability to identify, hire, develop, motivate, and retain highly qualified personnel for all areas of our organization. Competition for highly skilled employees is intense as these employees 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. Our labor expenses may increase as a result of a shortage in the supply of qualified personnel.

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.

The majority of our employees operate in a remote capacity, and we expect to continue to be subject to challenges and risks associated with having a remote workforce. For example, operating our business with both remote and in-person workers across different geographies and time zones could have a negative impact on our corporate culture, decrease the ability of our workforce to collaborate and communicate effectively, decrease innovation and productivity, or negatively affect workforce morale.

Changes in our executive management team may also disrupt our business. 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 executive officers and other key personnel. 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.

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, 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.

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 inflation or 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 ultimate outcome of these events cannot be predicted, but these events could have a material adverse effect on our business. The FDIC only insures 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. Further, certain banks may be under regulatory orders and may not be able to support us due to regulatory challenges. The loss of our deposits at such banks may have a material adverse effect on our business, financial condition, and liquidity.

We have in the past and may in the future make investments in investment-grade securities. If such investments are not diversified or are concentrated at an “at-risk” institution, we may experience losses and may not be able to liquidate such investments.

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.

Strategic transactions, including acquisitions, investments, partnerships, and collaborations, could fail to achieve strategic objectives, divert the attention of management, disrupt our ongoing operations, dilute stockholder value, and may adversely affect our business and financial results. We may be unable to successfully integrate any acquired businesses and technology.

We have in the past and may in the future acquire or invest in businesses, products, or technologies that we believe could complement our platform, products, and services, expand our geographic reach or customer base, or otherwise offer growth opportunities. For example, we acquired Power Finance Inc. in February 2023. The identification, pursuit, evaluation, and negotiation of potential strategic transactions 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 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. Moreover, the anticipated benefits, growth, or synergies of any acquisition, investment, or business relationship may not be realized or we may be exposed to unknown risks or liabilities. If we invest in companies that do not succeed, 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, disputes, regulatory actions, and government or legal investigations could be costly and time-consuming to defend, and our business may be adversely affected by our involvement or the outcome of such litigation, disputes, actions, or investigations.

In the ordinary course of business, we have been, are currently, and in the future may be, involved in litigation 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. Such claims, disputes, lawsuits, proceedings, and investigations could involve matters relating to employment, wage and hour, commercial, antitrust, securities, the duties of officers or directors, regulatory compliance, and other matters. The number and significance of litigation, regulatory, and government or legal investigation matters and disputes may increase as our business expands. We also had in the past, have currently, and may have in the future indemnification obligations as a result of our contracts with customers and partners that may require us to reimburse or pay for damages, fees, or other expenses associated with claims, lawsuits, proceedings, and investigations such customers and partners face.

Further, our liability insurance may not cover all potential claims made against us or third parties or be sufficient to cover us for all liability that may be imposed. A claim brought against us or third parties that is uninsured or under-insured could result in unanticipated costs. The costs associated with litigation, disputes, regulatory actions, and government or legal investigations can also be unpredictable depending on the complexity of the matter, the resources needed to manage it, and length of time devoted to it. These matters may also divert management's attention and operational resources, could harm our reputation regardless of the outcome, and might seriously harm our business, overall financial condition, and operating results. We cannot assure you that any actual or potential litigation, claims, disputes, investigations, or proceedings will not have a material adverse effect on our business, results of operations, and financial condition.

We rely on third parties to provide certain products and services, and their failure to perform those services or comply with legal or regulatory requirements could adversely affect our business and financial results.

We depend on services from various third-party vendors to provide our products and services. 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 and manage such vendors using a risk-based approach intended to determine if relevant vendors have the ability to implement and maintain appropriate security measures, consistent with all applicable laws, to implement and maintain reasonable security measures in connection with their work with us, and to promptly report to us any suspected breach of their security measures that may affect our business. If we are unable to timely and accurately identify at-risk vendors or if a service provider fails to properly safeguard our data or intellectual property, fails to meet contractual requirements (including compliance with applicable laws and regulations), suffers a cyberattack, security breach or incident, or other system outage or interruption, or terminates its contract with us, we could be subject to claims from customers and other third parties or regulatory enforcement actions, and such incidents may also put information we process at risk which could in turn adversely affect our business, reputation, financial condition, or results of operations.

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 adversely affect our business and we may incur additional costs to resolve the issue.

Indemnity provisions in various agreements potentially expose us to substantial liability and risk of loss.

Our agreements with Issuing Bank partners and customers include indemnification provisions under which we agree to indemnify them for losses or expenses suffered or incurred in certain circumstances, including, for example, in relation to claims arising out of the breach of such agreements, services to be provided by us, or from intellectual property infringement claims made by third parties. Some of these agreements provide for uncapped liability for indemnification claims and some indemnity provisions survive termination or expiration of the applicable agreement. In some cases, we have in the past and could continue to be exposed to liability or indemnification claims from our customers or partners in connection with the services we provide. Large payments to partners or customers could harm our business, results of operations, and financial condition. Any dispute with a partner or customer with respect to these obligations could have adverse effects on our relationship with that partner or customer and other existing or prospective partners and customers, and harm our business and results of operations. Further, although we carry insurance, our liability insurance may not cover all potential claims made against us or be sufficient to cover us for all liability that may be imposed, and any such coverage may not continue to be available to us on acceptable terms or at all.

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 generally accepted accounting principles ("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, accounting for business combinations and share-based compensation. If we make incorrect assumptions or estimates, our reported financial results may be over- or understated, which could materially and adversely affect our business, financial condition and results of operations. Our results of operations may also 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. Compliance with such laws and regulations could result in additional costs and any failure to comply could materially harm our business and financial condition.

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 by multiple authorities and governing bodies and in multiple countries, which govern numerous areas important to our business. While we currently operate our business in an effort to ensure our business itself is not subject to the same level of regulation as the Issuing Banks and Card Networks that we partner with, 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.

As a program manager, we are responsible for aligning compliance with Issuing Bank requirements and Card Network rules, and we help create regulatory compliant card programs for our customers. In some cases, we have in the past and could continue to be exposed to liability or indemnification claims from our customers or partners in connection with the services we provide.

We are directly, and indirectly through our contractual relationships with customers, Issuing Banks, and Card Networks, subject to regulation in areas which may include privacy, data protection and information security, global sanctions regimes and export controls, and anti-bribery, and those relating to payments services (such as payment processing and settlement services), AI, consumer protection, AML, escheatment, and compliance with PCI DSS.

As our business and platform continue to develop and expand, we may become subject to additional laws, rules, regulations, and industry standards, including possible additional examination and supervision, in the United States and internationally. New or changing laws or regulations could require us to incur significant expenses and devote significant management attention to ensure compliance and could also prompt our Issuing Banks to alter their dealings with us in ways that may have adverse consequences for our business.

We may not be able to respond quickly or effectively to, or accurately predict the scope or applicability of, regulatory, legislative, or other developments, which 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, 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.

As a result of our business relationships, we may also be subject to direct or indirect supervision and examination by various authorities. The CFPB, for example, has indicated it has dormant authority to examine certain companies whose services may pose risk to consumers, which may include our company. The CFPB has also published guidance on third party risk management, which places additional vendor compliance oversight expectations for certain companies operating in the financial services industry. As a program manager, we may be viewed as overseeing third party relationships on behalf of our Issuing Banks and, as such, it is possible that regulators could hold us responsible for actual or perceived deficiencies in our oversight and control of third party relationships. New or expanded regulation or changes in interpretation or enforcement of existing 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 offering of our platform, products and services.

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 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.

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. If we fail to comply or are alleged or perceived to have failed to comply with applicable laws and regulations, we may be subject to litigation or regulatory investigations or other proceedings, we may have to pay fines and penalties or become subject to civil or criminal liability or have additional obligations or restrictions imposed upon our business, 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.

Laws, regulations, and industry standards related to privacy and data protection, and our actual or perceived failure to comply with such obligations, could adversely affect our business and financial results.

Governmental bodies and industry organizations in the United States and abroad have adopted, or are considering adopting, laws and regulations governing the use of, and requiring safeguarding of, personal information. We also are and may become subject to contractual obligations relating to privacy, data protection, and information security.

For example, we are subject to the California Consumer Privacy Act ("CCPA"), as amended and supplemented by the California Privacy Rights Act, which imposes significant restrictions on the collection, processing, and disclosure of personal information, including imposing increased penalties related to data privacy incidents. Other U.S. states have also passed or are considering privacy legislation, including omnibus privacy legislation similar to the CCPA, and industry organizations regularly adopt and advocate for new standards in these areas.

In Europe, we are subject to the General Data Protection Regulation ("GDPR") which extends the scope of E.U. data protection law to all companies processing data of individuals within the E.U., 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 imposes substantial obligations and risk upon our business and provides for significant penalties in the event of any non-compliance. The GDPR and other laws and regulations in the E.U., the U.K., and elsewhere also impose limitations on international transfers of personal data. We continue to monitor and assess evolving regulatory guidance and other developments related to our data transfer mechanisms, and it is possible that our ability to transfer personal data will be impacted or challenged as such requirements evolve. Any inability to transfer personal data in compliance with these requirements may require us to modify our policies and practices and may otherwise adversely affect our business.

Current or future laws, regulations, contractual obligations, and industry standards or other frameworks may impose, or be asserted to impose, requirements that are inconsistent with our data management and processing practices or the operation of our products and services. While we have incurred and expect to continue to incur substantial expense in complying with new and evolving privacy and data protection laws and frameworks, we may not be successful in our efforts to achieve compliance. If we fail or are alleged to have failed to comply with these laws, regulations, frameworks, or other actual or asserted obligations, we may be subject to regulatory investigations, enforcement actions, and other proceedings, civil litigation, claims, and demands, and fines and other penalties, all of which may result in additional cost and liability to us, damage our reputation, and adversely affect our business.

We may also be required to make additional, significant changes in our policies and business operations, such as modifying products and services, our data processing practices or policies, or otherwise restricting our operations, which we may be unable to complete on a commercially reasonable basis or at all, and our potential liability in connection with non-compliance with laws, regulations, contractual obligations, and frameworks may increase, all of which could have a material adverse effect on our business, results of operations, and financial condition.

A portion of our net revenue is derived from Interchange Fees and changes in Interchange Fees or Interchange Fee regulation could adversely affect our business, results of operations, and financial condition.

A portion of our net revenue is derived from Interchange Fees and the amount of Interchange Fees we earn is highly dependent on the interchange rates that the Card Networks set and adjust. Interchange Fees and assessments are subject to change from time to time by the Card Networks and 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 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 generally only contract with Issuing Banks that are subject to this exemption from the Durbin Amendment when we provide MxM services for debit and prepaid card programs. 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.

Changes to the rules or practices set by Card Networks or our failure to comply with their rules and practices could adversely affect our business.

We are required to comply with the rules set by the Card Networks. The termination of the card association registrations held by us or any of our Issuing Banks or any changes to these Card Network rules or their interpretation could have a significant impact on our business and financial condition. If we fail to make required changes or otherwise resolve an issue with the Card Networks, the Card Networks could charge us additional fees. We have been charged such additional fees in the past, and expect to continue to be charged such fees in the future as Card Network rules change. These additional fees are considered costs of revenue. We could also be fined and our registrations or certifications could be suspended or terminated which could limit our ability to process transactions and could have a material adverse effect on our business and results of operations.

We are subject to anti-money laundering, anti-bribery and corruption ("AB&C"), sanctions, and similar laws, and non-compliance with such laws and regulations can subject us to criminal penalties or significant fines, adversely affect our business and reputation, or have other adverse consequences for us.

We can be held liable under AML, AB&C, sanctions, 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 comply with applicable AML, AB&C, and sanctions laws and regulations, we cannot assure you that our programs and controls will be effective in ensuring compliance and that none of our third-party intermediaries or employees, representatives, contractors, partners, and agents will take actions in violation of those controls and laws. Ours or these third parties' failure to comply with these laws and regulations could result in a breach and/or termination of our agreements with Issuing Banks and customers and/or fines or penalties by governmental agencies, which would have a material adverse effect on our business, results of operations, and financial condition.

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 fail to comply.

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. 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, and, in extreme cases, the incarceration of responsible employees.

Changes in applicable export or economic sanctions regulations, shifts in the enforcement or scope of existing regulations, or change in the countries, governments, persons, or technologies targeted by such regulations may create delays in the introduction and deployment of our platform and existing or future products and services in international markets, or, in some cases, prevent or decrease the use of our platform and existing or future products or provision of existing or future services in certain countries or with certain end users. 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 fail to maintain an effective system of disclosure controls and procedures or internal control over financial reporting, or remediate our existing material weaknesses, our ability to report timely and accurate financial results or comply with applicable regulations could be impaired, and our business, operating results, and the price of our Class A common stock may be adversely affected.

The Sarbanes-Oxley Act of 2002 requires, among other things, that we maintain effective disclosure controls and procedures and to report any material weakness in our internal controls over financial reporting.

In the period ended March 31, 2023, we identified a material weakness related to the accounting for our acquisition of Power Finance, and, for the period ended December 31, 2023, we identified a material weakness related to information technology general controls. See Part II, Item 9A "Controls and Procedures" for additional information about these material weaknesses.

The process of designing and implementing effective internal controls and disclosure controls is a continuous effort. To maintain and improve the effectiveness of our disclosure controls and procedures and remediate the material weaknesses in our internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including technology- and accounting-related costs and significant management oversight. If any of our controls and systems do not perform as expected, we may experience additional material weaknesses or we may be unable to remediate the existing material weaknesses. In addition, testing and maintaining internal controls and disclosure controls may divert management's attention from other matters that are important to our business.

Any failure to implement and maintain effective internal control over financial reporting could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements, have an adverse effect on our business and operating results, and could cause investors to lose confidence in us, all of which could cause a decline in the price of our Class A common stock. We could also become subject to investigations by Nasdaq, the SEC, or other regulatory authorities, which could require additional financial and management resources, and we may not be able to remain listed on Nasdaq.

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 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.

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

The rules addressing taxation are constantly under review by the legislature, 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. However, recently proposed tax legislation, if enacted, would restore the ability to deduct currently domestic research and development expenditures through 2025 and would retroactively restore this benefit for 2022 and 2023. While this change, has not currently had a material impact on us, if such provision is not deferred or repealed, 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 of 2022 created an excise tax of 1% on stock repurchases from publicly traded US corporations, among other changes, which has resulted and is expected to continue to result in increased tax liabilities for us. In addition, the Organization for Economic Cooperation and Development (the "OECD") has proposed enacting a global minimum tax rate of at least 15% for multinationals with global revenue exceeding certain thresholds, known as "Pillar Two," and many countries have adopted or intended to adopt these proposals. We are currently evaluating the impact on our 2024 annual effective tax rate as we wait for additional guidance from the OECD and for additional countries to enact the Pillar Two legislation.

Any changes in tax legislation, regulations, policies, or practices in the jurisdictions in which we operate could increase our effective tax rate and materially increase the amount of taxes we owe, thereby negatively impacting our results of operations as well as our cash flows from operations. A successful assertion by one or more states, or foreign jurisdictions, requiring us to collect sales, value added, or similar indirect taxes where we presently do not do so, or to collect more of such indirect taxes in a jurisdiction in which we currently do collect some indirect taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest.

Furthermore, compliance 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 and review by taxation authorities in additional jurisdictions with increasingly complex tax laws, the application of which can be uncertain, and which could increase the amount of taxes we pay, potentially adversely affecting our liquidity and 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 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, which may have an adverse effect on our business, results of operations, and financial condition.

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

We have incurred substantial net operating losses (“NOLs”) and other tax attributes, including research & development (“R&D”) credits, 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 and other tax attributes to offset taxable income. We have experienced ownership changes since inception and believe that our existing NOLs and other tax attributes, including R&D credit carryforward, will be subject to such limitation.

In addition, the amount of NOLs and other tax attributes that we are permitted to deduct may be subject to limitations and our NOLs and other tax attributes may expire before they are fully utilized. Our NOLs and other tax attributes 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 and other tax attributes could expire or otherwise be unavailable to offset future income tax liabilities.

Risks Relating to Intellectual Property

If we fail to adequately protect our intellectual property rights, our business could be adversely affected and we could incur additional expenses to protect our rights.

We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws, and contractual restrictions to establish and protect our intellectual property and proprietary rights, which are critical to our success. The steps we take to protect our intellectual property, however, may be inadequate, and various events outside of our control may pose a threat to our intellectual property rights.

We cannot assure you that any patents or trademarks will be issued with respect to our currently pending patent and trademark applications. Our patents and trademarks may be contested, circumvented, or found unenforceable or invalid, and we may not be able to prevent third parties from infringing, diluting, or otherwise violating them. There can be no guarantee that others will not independently develop similar products, duplicate any of our products, or design around our patents. As the development, adoption, and use of generative AI technologies grows, our intellectual property may inadvertently be exposed through the use of such technologies. Further, the laws of some foreign countries may not protect our intellectual property rights to the same extent as the laws of the United States, and effective intellectual property protection and mechanisms may not be available in those jurisdictions.

We also rely in part on trade secrets, proprietary technology, and other confidential information to maintain our competitive position. Although we enter into confidentiality agreements with our employees, service providers, and other actual or potential strategic business partners, these agreements may not be effective in controlling access to and distribution of our platform, or certain other aspects of our trade secrets, proprietary technology, and other confidential information.

To protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights, in the U.S. and internationally, 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.

Our use of open source software could adversely affect our ability to sell our products.

Our platform incorporates open source software, and we expect to continue to incorporate open source software in our products and platform in the future. There have been claims challenging the use of open source software against companies that incorporate it into their products. If it is alleged that we have not complied with an open source license, we could incur significant legal expenses defending against such allegation.

If we fail to comply with an open source license, we may be required to offer our products that incorporate the open source software for no cost, make available the source code for modifications or derivative works we create based upon, incorporating, or using the open source software, and license such modifications or derivative works under the terms of the open source software. We may also be required to re-engineer our products or platform or to discontinue offering our products. These events may adversely affect our business, results of operations, and financial condition.

In addition to risks related to license requirements, open source licensors generally do not provide warranties or other contractual protections regarding infringement, misappropriation, or other violations, the quality or security of code, or the origin of the software. Many of the risks associated with the use of open source software cannot be eliminated and could adversely affect our business, results of operations, and financial condition. For instance, open source software developers operate outside of our control and open source software may have security vulnerabilities, defects, or errors of which we are not aware. It may take a significant amount of time to address such vulnerabilities, defects, or errors once we are aware of them, which could negatively impact our products and services and result in liability to us, our vendors and service providers.

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

We have in the past and may in the future be accused of infringing, misappropriating, or otherwise violating the intellectual property or other proprietary rights of third parties. Although we seek to comply with the statutory, regulatory, and judicial frameworks and the terms and conditions of statutory licenses, we cannot assure you that we are not infringing or violating any third-party intellectual property rights, or that we will not do so in the future.

The costs of litigation can be considerable, and we cannot assure you that we will achieve a favorable outcome of any such claim. Although we carry insurance, our insurance may not cover potential claims of this type or may not be adequate to cover us for all liability that may be imposed. If any such claim is valid, we may be required to stop using such intellectual property or other proprietary rights and pay damages, which could adversely affect our business. Even if such claims were not valid, defending them could be expensive and distract our management team.

We have agreed to defend, indemnify, and hold harmless certain of our customers and other partners from damages and costs arising from the infringement or claimed infringement by our products of third-party intellectual property rights. The scope of these indemnity obligations varies. Even if we are not a party to any litigation between a customer and a third party relating to infringement by our products, 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 trading price of our Class A common stock has been and may continue to be highly volatile and could be subject to wide fluctuations. This volatility, as well as general economic, market, industry, and political conditions, and the occurrence of the risks discussed in this risk factor section, could reduce the market price of shares of our Class A common stock despite our 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. Securities litigation can result in substantial costs and divert resources and the attention of management. See Part I, Item 3 of this Annual Report on Form 10-K for more information about litigation proceedings.

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 52.4% of the voting power of our capital stock as of December 31, 2023. 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 a stockholder.

Transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, which has had and will continue to have the effect 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 could 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 or in an attempt to obtain financing or to further increase our capital resources.

Additionally, we expect to grant equity awards to employees and directors under our stock incentive plan. We have granted equity awards to employees and directors under our stock incentive plans in the past, and such grants may dilute your ownership as the equity vests and the RSUs are released and the options are exercised. In addition, as of December 31, 2023, we had 36,670,638 option shares outstanding that, if fully vested and exercised, would result in the issuance of an equal number of shares of Class A or Class B common stock, as well as 38,177,072 total shares of Class A or Class B common stock subject to RSU awards.

We have also granted the Executive Chairman Long-Term Performance Award to our Executive Chairman and former Chief Executive Officer, which vests upon the satisfaction of a service condition and the achievement of certain stock price goals. If the Executive Chairman Long-Term Performance Award vests and is exercised, your ownership will be diluted. See Note 11 “Stock Incentive Plans” to our Consolidated Financial Statements for more information about the Executive Chairman Long-Term Performance Award.

Any Class A common stock or securities convertible into shares of our Class A common stock that we issue from time to time 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 your economic and voting rights 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.

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 (the "Delaware Forum Provision").

The Delaware Forum Provision does not apply to any causes of action arising under the Securities Act of 1933, as amended (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 (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 "2023 Share Repurchase Program"). 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 Exchange Act. 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

Unfavorable conditions in the global economy could adversely affect our business and financial results.

Our business, the industry, and our customers' businesses are generally sensitive to macroeconomic conditions. Our net 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. 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. We are unable to predict the impact that these and other macroeconomic factors may have or continue to have on our business and processing volumes, and on our future results of operations.

Weak economic conditions or a significant deterioration in economic conditions could result in a reduced volume of business for our customers and prospective customers, demand for, and use of, our platform, products, and services may decline, and prospective customers could delay adoption or elect not to adopt our platform. If spending by their customers declines, our customers could process fewer payments with us or, if our customers cease to operate, they would stop using our platform, 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.

Weak economic conditions may make it more difficult to collect on outstanding accounts receivable. The global credit and financial markets 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 bank closures and failures in 2023 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.

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.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Our industry is subject to various cybersecurity risks that could adversely affect our business, financial condition, and results of operations. While we have not, as of the date of this Annual Report on Form 10-K, experienced a cybersecurity threat or incident that resulted in a material adverse impact to our business or operations, there can be no guarantee that we will not experience such an incident in the future. See Item 1A, "Risk Factors," in this Annual Report on Form 10-K, including the section titled "Risk Factors—Risks Relating to Regulation" for additional information regarding the risks related to cybersecurity threats.

Our Chief Information Security Officer ("CISO") is responsible for Marqeta's information security posture and cybersecurity program. We believe our CISO is qualified to assess and manage our material risks from cybersecurity threats based on 15 years of cybersecurity and risk management expertise as a security and risk management leader at various public and private companies and as a cyber threat intelligence analyst for a branch of the United States military. Our CISO reports to our Chief Product and Technology Officer and oversees a team of cybersecurity professionals in areas including Governance, Risk, and Compliance, Product and Infrastructure Security, Security Operations, and Identity Security.

Our cybersecurity program is designed to align with certain industry standards and best practices, such as ISO 27001 and the National Institute of Standards and Technology Cybersecurity Framework. We have a Cyber Incident Response Plan which defines roles and responsibilities in the event of a cybersecurity incident, as well as the processes for keeping the CISO, senior management, and the board of directors informed about the prevention, detection, mitigation, and remediation of cybersecurity incidents.

Our board of directors administers its cybersecurity risk oversight function directly as a whole, as well as through the audit committee. Our CISO provides quarterly and as-needed briefings to the audit committee regarding cybersecurity risks and activities, including any recent cybersecurity incidents and related responses, cybersecurity systems testing, and activities of third party consultants. Our audit committee provides quarterly and as-needed updates to the board of directors on such reports and management provides annual and as-needed updates to the board of directors regarding our cybersecurity program.

We have policies and processes in place for assessing, identifying, and managing material cybersecurity risks, and integrate these processes into our overall risk management systems. We conduct periodic risk assessments to identify reasonably foreseeable internal and external cybersecurity risks, the likelihood and potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, and safeguards in place to manage such risks.

Following these risk assessments, we develop strategies, policies, standards, and action plans to minimize identified risks and reasonably address any identified gaps in existing safeguards. These steps include vulnerability management, shift-left secure product design, data encryption, endpoint security, network security, limiting and authorizing access controls, and multi-factor authentication for access to systems with data. We also employ system monitoring, logging, and alerting to retain and analyze the security state of our corporate and production infrastructure. As part of our overall risk management system, all employees are required to complete annual cybersecurity training and relevant employees are trained at least annually on applicable safeguards.

We engage consultants in connection with our risk assessment processes to help us design and implement our cybersecurity policies and procedures, as well as to monitor and test our safeguards. We manage third party service providers using a risk-based approach intended to determine if the relevant third parties have the ability to implement and maintain appropriate security measures, consistent with all applicable laws, to implement and maintain reasonable security measures in connection with their work with us, and to promptly report any suspected breach of their security measures that may affect our business.

The maturation and scaling of our cybersecurity program is ongoing and despite our investments in our cybersecurity program, there will always be residual risk and the potential for control failure or bypass by a determined cyber threat actor.

Item 2. Properties

Our corporate headquarters is located in Oakland, California, where we currently lease approximately 63,284 square feet pursuant to a lease agreement that expires in 2026. We also lease an additional facility in London, United Kingdom. We believe that our facilities are suitable to meet our current needs.

Item 3. Legal Proceedings

From time to time, we may be subject to legal proceedings and claims arising in the ordinary course of business. We are currently involved in the following matter:

On August 24, 2023, a putative class action and shareholder derivative lawsuit was filed in the case captioned *Stephanie Smith v. Jason Gardner, et al.* (Case No. 2023-0872-MTZ) in the Court of Chancery for the State of Delaware against each of the members of our board of directors and naming Marqeta as a nominal defendant. The complaint alleges that the individual defendants breached fiduciary duties in approving the 2023 Share Repurchase Program by failing to implement measures to prevent Marqeta founder Jason Gardner from acquiring control of the Company or to ensure that unaffiliated stockholders receive a control premium. The plaintiff seeks damages and injunctive relief in the case, among other relief.

On February 24, 2024 the parties entered into a Standstill and Release Agreement (the “Standstill Agreement”) in which (i) the plaintiff agreed to file a stipulation of dismissal of the lawsuit, (ii) Mr. Gardner agreed not to take unilateral, affirmative action to increase his voting power above 49.99% of the total voting power of the Company’s outstanding stock for the period of time between and including February 24, 2024 and September 11, 2024, and (iii) the parties agreed to releases and related provisions. The stipulation of dismissal has received court approval. The summary of the Standstill Agreement is qualified in its entirety by reference to the full text, which is filed as Exhibit 99.1 to this Form 10-K and is incorporated herein by reference.

Item 4. Mine Safety

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

Our Class A common stock has traded on the Nasdaq Global Select Market under the symbol “MQ” since our IPO on June 9, 2021. Prior to that date, there was no public market for our common stock. There is no public trading market for our Class B common stock.

Stockholders

As of February 23, 2024, we had 43 holders of record of our Class A common stock and 57 holders of record of our Class B common stock. Because many of the shares of our Class A common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial owners of our Class A common stock represented by the record holders.

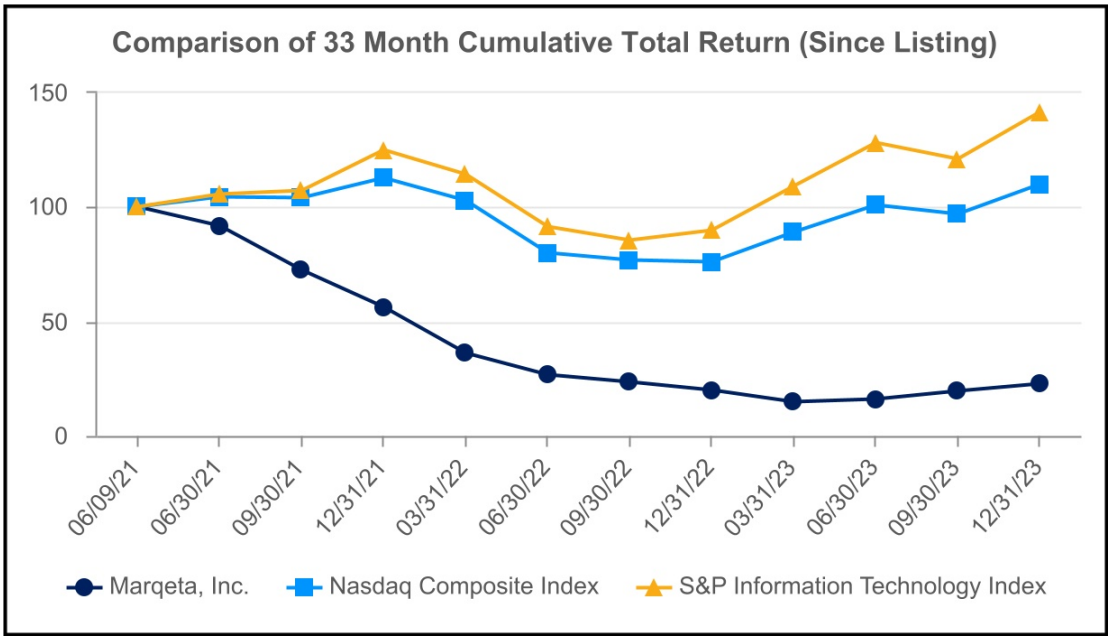
Dividend Policy

We have not declared or paid any cash dividend on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, any contractual restrictions, general business conditions, and other factors that our board of directors may deem relevant.

Stock Performance Graph

The following performance graph shall not be deemed “soliciting material” or deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of Section 18 of the Exchange Act, and shall not be deemed to be incorporated by reference into any of our filings under the Exchange Act or the Securities Act.

The following stock performance graph depicts the cumulative total return on our Class A common stock relative to the cumulative total returns of the Nasdaq Composite Index and the S&P Information Technology Index during each monthly period from June 9, 2021 (the date our Class A common stock began trading on the Nasdaq Global Select Market) through December 31, 2023. All values assume a $100 initial investment and reinvestment of dividends. The returns shown are based on historical results and are not intended to be indicative of future performance.



Purchase of Equity Securities by the Issuer

The following table contains information relating to the repurchases of our common stock made by us in the three months ended December 31, 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 [2]
October 1 - October 31, 2023	3,804,287	$ 5.47	3,804,287	67,271,767
November 1 - November 30, 2023	4,091,046	$ 5.72	4,091,046	43,858,299
December 1 - December 31, 2023	1,779,177	$ 6.53	1,779,177	32,244,882
Total	9,674,510		9,674,510	

[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.

Use of Proceeds

On June 11, 2021, we closed our IPO, of 52,272,727 shares of our Class A common stock at an offering price of $27.00 per share, including 6,818,181 shares pursuant to the exercise of the underwriters' option to purchase additional shares of our Class A common stock, resulting in aggregate net proceeds to us of $1.3 billion after deducting underwriting discounts and commissions of $91.6 million, and offering costs of $7.5 million. All of the shares issued and sold in our IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-256154), which was declared effective by the SEC on June 8, 2021. Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC acted as representatives of the underwriters for the offering.

We also used $10.9 million of the net proceeds from our IPO to satisfy the tax withholding and remittance obligations related to the settlement of our outstanding restricted stock units in connection with the offering.

No payments were made to our directors or officers or their associates, holders of 10% or more of any class of our equity securities, or to our affiliates in connection with the issuance and sale of the securities registered.

There has been no material change in the planned use of the IPO proceeds as discussed in our final prospectus filed with the SEC on June 10, 2021, pursuant to Rule 424(b) of the Securities Act.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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 I, Item 1A. You should read the following discussion and analysis of our financial condition and results of operations together with our Audited Consolidated Financial Statements and the related notes included elsewhere in this Annual Report on Form 10-K.

A discussion regarding our liquidity, financial condition, and results of operations for the fiscal year ended December 31, 2023 compared to the fiscal year ended December 31, 2022 is presented below. A discussion regarding our liquidity, financial condition, and results of operations for the fiscal year ended December 31, 2022 compared to the fiscal year ended December 31, 2021 can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the SEC on February 28, 2023, which is hereby incorporated by reference.

Overview

Marqeta's mission is modernizing financial services by making the entire payment experience native and delightful. Marqeta's modern platform empowers our customers to create customized and innovative payment card programs with configurability and flexibility. Marqeta's open APIs provide instant access to highly scalable, cloud-based payment infrastructure that enables customers to embed the payments experience into apps or websites for a personalized user experience. Customers can launch and manage their own card programs, issue cards, and authorize and settle payment transactions quickly using our platform. We also deliver robust card program management, allowing our customers to embed Marqeta in their offering without having to build certain complex compliance elements or customer support services.

See the section titled "Business" under Part I, Item 1 of this Annual Report on Form 10-K for further discussion of our business and products.

Impact of Macroeconomic Factors

We are unable to predict the impact macroeconomic factors, including various geopolitical conflicts, ongoing supply chain shortages, higher inflation and interest rates, and uncertainty in 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 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 I, Item 1A of this Annual Report on Form 10-K for further discussion of the possible impact of these macroeconomic factors on our business.

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.

	Year Ended December 31,		
	2023	2022	2021
Total Processing Volume (TPV) (in millions)	$ 222,264	$ 166,260	$ 111,133
Net revenue (in thousands)	$ 676,171	$ 748,206	$ 517,175
Gross profit (in thousands)	$ 329,514	$ 320,001	$ 231,705
Gross margin	49 %	43 %	45 %
Net loss (in thousands)	$ (222,962)	$ (184,780)	$ (163,929)
Net loss margin	(33)%	(25)%	(32)%
Total operating expenses (in thousands)	$ 612,529	$ 529,809	$ 393,711
Non-GAAP Measures:			
Adjusted EBITDA (in thousands)	$ (2,290)	$ (41,796)	$ (12,767)
Adjusted EBITDA margin	(0.3)%	(6)%	(3)%
Non-GAAP operating expenses (in thousands)	$ 331,804	$ 361,797	$ 244,472

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 cash and non-cash postcombination compensation expenses; income tax expense (benefit); and other income (expense) net, which consists of changes in the fair value of redeemable convertible preferred stock warrant liabilities (for periods prior to the IPO), 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 cost and integration costs related to potential or successful acquisitions, and cash 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, and Card Network and Issuing Bank costs for certain customer arrangements where the Company is an agent in the delivery of services to the customer. Platform services revenue also includes processing and other fees. Interchange Fees are earned on card transactions we process for our 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 customers to increase their 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 customers monthly. Revenue Share payments are recorded as a reduction to net revenue. Generally, as customers' processing volumes increase, the rates at which we share revenue 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. Minimum processing fees, where customers' processing volumes fall below certain thresholds, are also included in processing and other fees.

We recognize revenue when the promised services are complete, and our performance obligations are satisfied. Platform services are considered complete when we have authorized the transaction, validated that the transaction has no errors, and accepted and posted the data to our records.

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 for customer arrangements where the Company is the principal in providing services to the customer and excludes depreciation and amortization, which is reported separately within the Consolidated Statements of Operations and Comprehensive Loss. 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 in customer arrangements where the Company is the principal. 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 capitalized Internal-use software and 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, travel-related expenses, 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 and cash deposits, gain from sale of equity method investments, impairment of equity method investments or other financial instruments, equity method investment share of loss, realized foreign currency gains and losses, and changes in the fair value of the redeemable convertible preferred stock warrant liabilities (for periods prior to the IPO).

Income Tax Benefit

Income tax expense consists of U.S. federal and state income taxes, and income taxes related to certain foreign jurisdictions. 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:

(dollars in thousands)	Year Ended December 31, 2023	2022	2021
Net revenue	$ 676,171	$ 748,206	$ 517,175
Costs of revenue	346,657	428,205	285,470
Gross profit	329,514	320,001	231,705
Operating expenses:			
Compensation and benefits	499,595	415,094	318,116
Technology	55,612	52,361	33,637
Professional services	21,679	23,479	18,443
Occupancy	4,361	4,514	4,181
Depreciation and amortization	10,741	3,853	3,534
Marketing and advertising	2,566	3,995	2,284
Other operating expenses	17,975	26,513	13,516
Total operating expenses	612,529	529,809	393,711
Loss from operations	(283,015)	(209,808)	(162,006)
Other income (expense), net	52,440	24,926	(2,563)
Loss before income tax expense	(230,575)	(184,882)	(164,569)
Income tax benefit	(7,613)	(102)	(640)
Net loss	$ (222,962)	$ (184,780)	$ (163,929)

Comparison of the Fiscal Years Ended December 31, 2023 and 2022

Net Revenue

(dollars in thousands)	Year Ended December 31, 2023	2022	$ Change	% Change
Net revenue:				
Total platform services, net	$ 654,553	$ 725,629	$ (71,076)	(10)%
Other services	21,618	22,577	(959)	(4)%
Total net revenue	$ 676,171	$ 748,206	$ (72,035)	(10)%
Total Processing Volume (TPV) (in millions)	$ 222,264	$ 166,260	$ 56,004	34 %

Total net revenue decreased by $72.0 million, or 10%, for the year ended December 31, 2023 compared to the year ended December 31, 2022, of which $68.6 million was attributable to our largest customer, Block. The decrease in net revenue was primarily driven by the August 2023 Block Amendment which allowed for reduced pricing and impacted the revenue presentation for the Cash App Program as fees owed to Issuing Banks and Card Networks related to the Cash App primary Card Network volume are recorded as a reduction to the revenue earned from the Cash App program within net revenue effective as of July 1, 2023. In prior periods, these costs were included within Costs of revenue. The impact of these fees for the year ended December 31, 2023 was a $234.4 million reduction to net revenue, negatively impacting the growth rate by 31 percentage points. These decreases in net revenue were partially offset by increased TPV from Block's programs. Revenue from other customers decreased $3.4 million, primarily driven by one customer migrating a portion of one of their programs to a competitor starting in Q3 2022, unfavorable changes in the mix of our card programs, particularly the growth of our PxM offering, and the impact of contract renewals partially offset by a 33% increase in TPV.

Other services revenue decreased $1.0 million, or 4%, for the year ended December 31, 2023 compared to the year ended December 31, 2022 due primarily to a decrease 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 33% for the year ended December 31, 2023 compared to the year ended December 31, 2022. This growth was mirrored by a 37% increase in TPV from all other customers for the same period. Note that the top five customers may differ between the two periods.

Costs of Revenue and Gross Margin

(dollars in thousands)	Year Ended December 31, 2023	2022	$ Change	% Change
Costs of revenue:				
Card Network fees, net	$ 309,453	$ 380,162	$ (70,709)	(19)%
Issuing Bank fees	21,549	30,160	(8,611)	(29)%
Other	15,655	17,883	(2,228)	(12)%
Total costs of revenue	$ 346,657	$ 428,205	$ (81,548)	(19)%
Gross profit	$ 329,514	$ 320,001	$ 9,513	3 %
Gross margin	49 %	43 %		

Costs of revenue decreased by $81.5 million, or 19%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The decrease was primarily due to the revenue presentation change for our fees owed to Issuing Banks and Card Networks related to the Cash App primary Card Network volume which are now reflected within net revenue as a result of the August 2023 Block Amendment. In addition, the Company realized improved economics with Issuing Bank partners. These decreases were partially offset by increases in Issuing Bank and Network fees driven by increased TPV.

As a result of the decreases in costs of revenue being less than the decreases in net revenue explained above, our gross profit increased by $9.5 million, or 3%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. Our gross margin increased to 49% during the year ended December 31, 2023 from 43% during the year ended December 31, 2022.

Operating Expenses

	Year Ended December 31,			
(dollars in thousands)	**2023**	**2022**	**$ Change**	**% Change**
Operating expenses:				
Salaries, bonus, benefits and payroll taxes	$ 318,856	$ 254,351	$ 64,505	25 %
Share-based compensation	180,739	160,743	19,996	12 %
Total compensation and benefits	499,595	415,094	84,501	20 %
Percentage of net revenue	*74 %*	*55 %*		
Technology	55,612	52,361	3,251	6 %
Percentage of net revenue	*8 %*	*7 %*		
Professional services	21,679	23,479	(1,800)	(8)%
Percentage of net revenue	*3 %*	*3 %*		
Occupancy	4,361	4,514	(153)	(3)%
Percentage of net revenue	*1 %*	*1 %*		
Depreciation and amortization	10,741	3,853	6,888	179 %
Percentage of net revenue	*2 %*	*1 %*		
Marketing and advertising	2,566	3,995	$ (1,429)	(36)%
Percentage of net revenue	*— %*	*1 %*		
Other operating expenses	17,975	26,513	(8,538)	(32)%
Percentage of net revenue	*3 %*	*4 %*		
Total operating expenses	$ 612,529	$ 529,809	$ 82,720	
Percentage of net revenue	*91%*	*71%*		

Salaries, bonus, benefits, and payroll taxes increased by $64.5 million, or 25%, for the year ended December 31, 2023 compared to the year ended December 31, 2022, primarily due to a $74.7 million, or 38%, increase in employee salaries, partially offset by a $5.3 million, or 13%, decrease in employee bonuses and a $4.8 million, or 35%, decrease in contractor expense. The increase in employee salaries was driven by $68.9 million in postcombination compensation costs to former employees of Power Finance and $11.6 million in costs related to the restructuring announced in the second quarter of 2023, partially offset by higher salaries, bonus, and benefits costs capitalized for internal-use software development.

Share-based compensation increased by $20.0 million, or 12% in the year ended December 31, 2023 compared to the year ended December 31, 2022 mainly due to the increase in the number of RSU awards granted to employees, partially offset by higher share-based compensation capitalized for internal-use development.

	Year Ended December 31,			
(dollars in thousands)	**2023**	**2022**	**$ Change**	**% Change**
Share-based compensation:				
Restricted stock units	$ 99,648	$ 76,094	$ 23,554	31 %
Stock options	26,323	28,816	(2,493)	(9)%
Executive Chairman Long-Term Performance Award	53,214	53,214	—	— %
Employee Stock Purchase Plan	1,554	2,619	(1,065)	(41)%
Total share-based compensation	$ 180,739	$ 160,743	$ 19,996	12 %

Technology expenses increased by $3.3 million, or 6%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The increase was due to higher software as a service costs to support our continued growth and higher software licensing costs as we implement new internal systems and tools.

Professional services expenses decreased by $1.8 million, or 8%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The decrease was due to the decreased consulting and recruiting fees.

Occupancy expense remained relatively flat for the year ended December 31, 2023 compared to the year ended December 31, 2022.

Depreciation and amortization increased by $6.9 million, or 179%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The increase was primarily due to the amortization of developed technology intangible assets originating from the Power Finance acquisition.

Marketing and advertising expenses decreased by $1.4 million, or 36%, for the year ended December 31, 2023 compared to the year ended December 31, 2022 due to decreased conference and trade show costs incurred in the current year.

Other operating expenses decreased by $8.5 million, or 32%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The decrease was primarily due to cost optimization initiatives and an indemnification cost of $5.9 million that was recognized in the prior year.

Other Income (Expense), Net

	Year Ended December 31,			
(dollars in thousands)	**2023**	**2022**	**$ Change**	**% Change**
Other income (expense), net	$ 52,440	$ 24,926	$ 27,514	110 %
Percentage of net revenue	8 %	3 %		

Other income (expense), net increased by $27.5 million, or 110%, for the year ended December 31, 2023 compared to the year ended December 31, 2022 primarily due to an increase of $32.8 million in interest income earned on our short-term investments portfolio and cash deposit balances, offset by a gain of $17.9 million from the sale of the Company's equity method investment in a private company paired with an impairment of $11.6 million of an option to purchase the remaining equity interests in an equity method investee incurred during the prior year.

Income Tax Benefit

Income tax benefit increased by $7.5 million for the year ended December 31, 2023 compared to the year ended December 31, 2022 primarily attributable to a $8.0 million partial valuation allowance release due to the Power Finance acquisition, offset by income tax expenses resulting from profitable foreign operations.

Customer Concentration

We generated 68% and 71% of our net revenue from our largest customer, Block, during the years ended December 31, 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:

	Year Ended December 31,		
	2023	2022	2021
(dollars in thousands)			
Net revenue	$ 676,171	$ 748,206	$ 517,175
Net loss	$ (222,962)	$ (184,780)	$ (163,929)
Net loss margin	(33)%	(25)%	(32)%
Total operating expenses	$ 612,529	$ 529,809	$ 393,711
Net loss	$ (222,962)	$ (184,780)	$ (163,929)
Depreciation and amortization expense	10,741	3,853	3,534
Share-based compensation expense	183,630	160,743	142,660
Payroll tax expense related to share-based compensation	2,211	1,977	1,956
Acquisition-related expenses [1]	75,473	1,439	1,089
Restructuring	8,670	—	—
Other (income) expense, net	(52,440)	(24,926)	2,563
Income tax benefit	(7,613)	(102)	(640)
Adjusted EBITDA	$ (2,290)	$ (41,796)	$ (12,767)
Adjusted EBITDA Margin	(0.3)%	(6)%	(2)%
Total operating expenses	$ 612,529	$ 529,809	$ 393,711
Depreciation and amortization expense	(10,741)	(3,853)	(3,534)
Share-based compensation expense	(183,630)	(160,743)	(142,660)
Payroll tax expense related to share-based compensation	(2,211)	(1,977)	(1,956)
Restructuring	(8,670)	—	—
Acquisition-related expenses [1]	(75,473)	(1,439)	(1,089)
Non-GAAP operating expenses	$ 331,804	$ 361,797	$ 244,472

(1) Acquisition-related expenses, which include transaction costs, integration costs, and cash 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

Since our inception through June 30, 2021, we financed our operations primarily through sales of equity securities and payments received from our customers. In June 2021, we completed our IPO in which we received aggregate net proceeds of $1.3 billion after deducting underwriting discounts and commissions of $91.6 million and offering costs of $7.5 million.

At December 31, 2023, our principal sources of liquidity included cash, cash equivalents, and short-term investments totaling $1.2 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. treasury bills, U.S. treasury securities, U.S. agency securities, asset-backed securities 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 Share 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” and together with the 2022 Share Repurchase Program, the “Share Repurchase Programs”) of up to $200 million of our Class A common stock. Under the 2023 Share 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 December 31, 2023, $32.2 million remained available for future share repurchases under the 2023 Share Repurchase Program.

On February 3, 2023, we acquired all outstanding stock of Power Finance. Upon the closure of the acquisition, we paid $135.8 million to the shareholders of Power Finance Inc, net of cash acquired. As part of the terms of the acquisition, we paid additional cash of $53.1 million for contingent consideration tied to performance-based goals that were achieved. We also entered into postcombination cash compensation arrangements with certain key acquired employees whereby we agreed to pay them $85.1 million of cash over a weighted average 2.2 year service period following the acquisition date (subject to forfeiture upon termination). As of December 31, 2023, $54.1 million of the postcombination cash compensation arrangements remained outstanding.

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 have paid approximately $14.6 million to impacted employees primarily related to one-time severance and benefit payments as of December 31, 2023.

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 Annual Report on Form 10-K, we have access to and control over all our cash, cash equivalents and short-term investments, except amounts held as restricted cash. 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.

At December 31, 2023, we had $8.5 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:

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
Net cash provided by (used in) operating activities	$ 21,104	$ (12,966)	$ 56,972
Net cash provided by (used in) investing activities	38,516	28,718	(329,121)
Net cash (used in) provided by financing activities	(261,794)	(79,487)	1,299,297
(Decrease) Increase in cash, cash equivalents, and restricted cash	$ (202,174)	$ (63,735)	$ 1,027,148

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 used in or provided by operating activities on the Consolidated Statement of Cash Flows.

Net cash provided by operating activities was $21.1 million for the year ended December 31, 2023 compared to a net cash used of $13.0 million in the year ended December 31, 2022. The increase in net cash provided by operating activities during fiscal year 2023 was mainly due to increased non-cash expenses and the timing of payments for costs of our services and operating expenses.

Investing Activities

Net cash provided by investing activities consists primarily of maturities and sales of our investments in short-term investments and sale of equity method investments. Net cash used in investing activities consists primarily of purchases of short-term investments, purchases of property and equipment, and equity method investments.

Net cash provided by investing activities was $38.5 million for the year ended December 31, 2023 compared to $28.7 million in the year ended December 31, 2022. The increase in net cash provided by investing activities during fiscal year 2023 was primarily due to sale and maturities in short-term investments, partially offset by the purchase of short-term investments, the Power Finance acquisition in 2023, the sale of equity method investments in 2022, and capitalization of internal-use software.

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 the share-based compensation activity and share repurchase programs.

Net cash used in financing activities was $261.8 million for the year ended December 31, 2023 compared to a net cash used of $79.5 million in the year ended December 31, 2022. The increase in net cash used in financing activities is primarily due to payments to repurchase shares under the Share Repurchase Programs, the payment of the contingent consideration from our Power Finance acquisition and share-based compensation activity.

Obligations and Other Commitments

Our principal commitments consist of obligations under our operating leases for office space and other non-cancellable purchase commitments. For additional information about our operating leases and non-cancellable purchase commitments, see Note 7 “Leases” and Note 8 “Commitments and Contingencies” to our Consolidated Financial Statements.

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these 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 accounting estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies, including recent accounting pronouncements, are described in "Note 2- Summary of Significant Accounting Policies" in the accompanying notes to our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K. We believe that of our significant accounting policies, the following policies involve accounting estimates and assumptions which we consider to be the most critical to our financial statements. An accounting estimate or assumption is considered critical if both (a) the nature of the estimate or assumption is material due to the levels of subjectivity and judgment involved, and (b) the impact within a reasonable range of outcomes of the estimate and assumption is material to our Consolidated Financial Statements.

Revenue Recognition

We interact with third party Issuing Banks and Card Networks to deliver our Platform Services to our customers. For revenue generated from customer arrangements that involve third parties, there is significant judgment in evaluating whether we are the principal, and report revenue on a gross basis, or the agent, and report revenue on a net basis. In this assessment, we consider if we obtain control of the specified goods or services before they are transferred to the customer. The assessment of whether we are considered the principal or the agent in a transaction could impact our Net revenue and Cost of revenue recognized on the Consolidated Statements of Operations and Comprehensive Loss.

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 Consolidated Statements of Operations and Comprehensive Loss.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We have operations within the United States and globally, and we are exposed to market risks in the ordinary course of our business. 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 $1.2 billion as of December 31, 2023. Such amounts included cash deposits, money market funds, U.S. treasury bills, U.S. treasury securities, U.S. agency securities, commercial paper, 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 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 December 31, 2023, a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have had a material impact on our Consolidated Financial Statements.

Item 8. Financial Statements and Supplementary Data

MARQETA, INC.
FORM 10-K

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Marqeta, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Marqeta, Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 28, 2024, expressed an adverse opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Share, Consideration Payable to Customers

Description of the Matter

For the year ended December 31, 2023, the Company's net revenue was $676.2 million, and as of December 31, 2023, the Company's revenue share payable was $173.6 million. As described in Note 2 to the consolidated financial statements, the Company's contracts with customers typically include provisions under which the Company shares a portion of interchange fees with its customers, referred to as revenue share. Revenue share payments are incentives to customers to increase their processing volume on the Company's platform, and is computed as a percentage of the interchange fees earned or processing volume, and is paid to customers monthly. As customers' processing volumes increase, the customers may earn an increased percentage of revenue share. Revenue share, determined to be consideration payable to customers, is recorded as a reduction to net revenue in the consolidated statements of operations and comprehensive loss. The Company records the amount due to the customer as revenue share payable on the consolidated balance sheets.

Auditing the Company's revenue share amounts was challenging because the revenue share calculation includes a significant volume of data and multiple inputs that could be different across customers. Further, the revenue share calculation for certain customers is performed manually by the Company because of the bespoke and complex nature of certain contractual terms.

How We Addressed the Matter in Our Audit

We performed the following audit procedures, among others, related to revenue share amounts. We independently calculated total annual revenue share for a sample of customers based on the contractual terms of the customers' agreements and other inputs, including processing volume, interchange fees and card network and issuing bank fees using source data and compared our independent calculations of revenue share to the Company's recorded amounts. For this same sample of customers, we inspected the underlying customer agreements and used the revenue share rates per the contract to calculate each customer's total annual revenue share. Additionally, we performed analytical procedures to assess the revenue share for all other customers entitled to revenue share over the fiscal year and evaluated any significant deviations from developed expectations that considered contractual revenue share rates and processing volume, among other factors. We tested the completeness and accuracy of the underlying payment transaction data used in the revenue share calculation and also compared the revenue share payable as of December 31, 2023, to amounts paid in subsequent periods.

Valuation of an Acquired Developed Technology Intangible Asset

Description of the Matter

As discussed in Note 4 to the consolidated financial statements, the Company acquired Power Finance Inc. on February 3, 2023 for a base cash purchase price of $221.9 million. The Company accounted for this acquisition as a business combination and, accordingly, the assets acquired and liabilities assumed from Power Finance Inc. were recorded at fair value as of the acquisition date.

Auditing the Company's accounting for the acquisition of Power Finance Inc. was complex due to the estimation uncertainty in the Company's determination of the fair value of acquired developed technology of $41.0 million, which was estimated using an income approach. The estimation uncertainty was primarily due to the determination of the underlying assumptions used in the fair value measurement of the acquired developed technology. The significant assumptions used by management included revenue and EBITDA forecasts, obsolescence rate, and discount rate. These significant assumptions are forward looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

To test the fair value of the acquired developed technology, our audit procedures included, among others, inspecting the underlying business combination agreements, and involving our valuation specialists to assist in evaluating management's selected valuation methodology and testing the significant assumptions described above. For example, we evaluated the discount rate by comparing the rate to those of the acquired business's weighted internal rate of return, weighted-average return on assets, and venture capital rates of return. To evaluate the assumptions used to project cash flows attributable to the acquired developed technology, we compared the significant assumptions to the Company's historical trends and market data and performed a sensitivity analysis of the significant assumptions to evaluate the change in the fair value that would result from changes in the assumptions.

s/ Ernst & Young LLP

We have served as the Company's auditor since 2018.

San Mateo, California
February 28, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Marqeta, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Marqeta, Inc.'s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, because of the effect of the material weaknesses described below on the achievement of the objectives of the control criteria, Marqeta, Inc. (the Company) has not maintained effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment.

Management identified a material weakness related to the accounting for the Company's 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.

Management identified a material weakness related to ineffective information technology general controls ("ITGCs") in user access over certain information technology ("IT") systems that support the Company's revenue and related financial reporting processes. As a result, the related process-level IT dependent manual controls, certain change management controls, and automated application controls for certain key IT systems were also deemed ineffective.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2023, and the related notes. These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2023 consolidated financial statements, and this report does not affect our report dated February 28, 2024, which expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, 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.

s/ Ernst & Young LLP

San Mateo, California
February 28, 2024

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

	As of December 31,	
	2023	**2022**
Assets		
Current assets:		
Cash and cash equivalents	$ 980,972	$ 1,183,846
Restricted cash	8,500	7,800
Short-term investments	268,724	440,858
Accounts receivable, net	19,540	15,569
Settlements receivable, net	29,922	18,028
Network incentives receivable	53,807	42,661
Prepaid expenses and other current assets	27,233	38,007
Total current assets	1,388,698	1,746,769
Operating lease right-of-use assets, net	6,488	9,015
Property and equipment, net	18,764	7,440
Intangible assets, net	35,631	—
Goodwill	123,523	—
Other assets	16,587	7,122
Total assets	$ 1,589,691	$ 1,770,346
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,420	$ 3,798
Revenue share payable	173,645	142,194
Accrued expenses and other current liabilities	161,514	136,887
Total current liabilities	336,579	282,879
Operating lease liabilities, net of current portion	5,126	9,034
Other liabilities	4,591	5,477
Total liabilities	346,296	297,390
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 100,000,000 and 100,000,000 shares authorized, no shares issued and outstanding as of December 31, 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, 465,985,131 and 486,530,334 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively. 600,000,000 and 600,000,000 Class B shares authorized, 54,357,844 and 54,833,765 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively	52	53
Additional paid-in capital	2,067,776	2,082,373
Accumulated other comprehensive income (loss)	762	(7,237)
Accumulated deficit	(825,195)	(602,233)
Total stockholders' equity	1,243,395	1,472,956
Total liabilities and stockholders' equity	$ 1,589,691	$ 1,770,346

See accompanying notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2023	2022	2021
Net revenue	$ 676,171	$ 748,206	$ 517,175
Costs of revenue	346,657	428,205	285,470
Gross profit	329,514	320,001	231,705
Operating expenses:			
Compensation and benefits	499,595	415,094	318,116
Technology	55,612	52,361	33,637
Professional services	21,679	23,479	18,443
Occupancy	4,361	4,514	4,181
Depreciation and amortization	10,741	3,853	3,534
Marketing and advertising	2,566	3,995	2,284
Other operating expenses	17,975	26,513	13,516
Total operating expenses	612,529	529,809	393,711
Loss from operations	(283,015)	(209,808)	(162,006)
Other income (expense), net	52,440	24,926	(2,563)
Loss before income tax expense	(230,575)	(184,882)	(164,569)
Income tax benefit	(7,613)	(102)	(640)
Net loss	$ (222,962)	$ (184,780)	$ (163,929)
Net loss attributable to common stockholders	$ (222,962)	$ (184,780)	$ (163,929)
Other comprehensive income (loss), net of taxes:			
Change in foreign currency translation adjustment	$ (40)	$ (167)	$ (14)
Net change in unrealized gain (loss) on short-term investments	8,039	(4,840)	(2,241)
Net other comprehensive income (loss)	7,999	(5,007)	(2,255)
Comprehensive loss	$ (214,963)	$ (189,787)	$ (166,184)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.42)	$ (0.34)	$ (0.45)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	532,540,175	545,397,254	362,756,466

See accompanying notes to Consolidated Financial Statements.

Marqeta, Inc.
Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)
(in thousands, except share amounts)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of January 1, 2021	351,844,340	501,881	130,312,838	13	39,769	25	(253,524)	(213,717)
Issuance of common stock upon initial public offering, net of issuance costs	—	—	52,272,727	7	1,312,331	—	—	1,312,338
Conversion of redeemable convertible preferred stock to common stock upon initial public offering	(351,844,340)	(501,881)	351,844,340	34	501,847	—	—	501,881
Reclassification of redeemable convertible preferred stock warrant liabilities to common stock and additional paid-in capital upon initial public offering	—	—	—	—	5,438	—	—	5,438
Issuance of common stock upon exercise of options	—	—	4,277,344	—	4,969	—	—	4,969
Issuance of common stock under employee stock purchase plan	—	—	153,905	—	3,201	—	—	3,201
Repurchase of early exercised stock options	—	—	(85,870)	—	—	—	—	—
Issuance of common stock upon net settlement of restricted stock units	—	—	1,736,212	—	(23,552)	—	—	(23,552)
Issuance of common stock upon exercise of common stock warrants	—	—	872,022	—	60	—	—	60
Vesting of common stock warrants	—	—	—	—	6,332	—	—	6,332
Share-based compensation expense	—	—	—	—	142,660	—	—	142,660
Change in accumulated other comprehensive income (loss)	—	—	—	—	—	(2,255)	—	(2,255)
Net loss	—	—	—	—	—	—	(163,929)	(163,929)
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	—	—	7,785,748	—	9,754	—	—	9,754
Repurchase of early exercised stock options	—	—	(45,958)	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	—	—	683,485	—	4,762	—	—	4,762
Issuance of common stock upon net settlement of restricted stock units	—	—	3,214,677	—	(15,362)	—	—	(15,362)
Vesting of common stock warrants	—	—	—	—	8,621	—	—	8,621
Share-based compensation expense	—	—	—	—	160,743	—	—	160,743
Repurchase and retirement of common stock	—	—	(11,657,371)	(1)	(79,200)	—	—	(79,201)
Change in accumulated other comprehensive income (loss)	—	—	—	—	—	(5,007)	—	(5,007)
Net loss	—	—	—	—	—	—	(184,780)	(184,780)
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	—	—	3,353,103	1	5,398	—	—	5,399
Repurchase of early exercised stock options	—	—	(2,625)	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	—	—	792,140	—	3,066	—	—	3,066
Issuance of common stock upon net settlement of restricted stock units	—	—	9,347,171	1	(26,662)	—	—	(26,661)
Issuance of common stock upon exercise of common stock warrants	—	—	—	—	—	—	—	—
Vesting of common stock warrants	—	—	—	—	8,715	—	—	8,715
Share-based compensation expense	—	—	—	—	185,231	—	—	185,231
Repurchase and retirement of common stock, including excise tax	—	—	(34,510,913)	(3)	(190,345)	—	—	(190,348)
Change in accumulated other comprehensive income (loss)	—	—	—	—	—	7,999	—	7,999
Net loss	—	—	—	—	—	—	(222,962)	(222,962)
Balance as of December 31, 2023	—	—	520,342,975	52	2,067,776	762	(825,195)	1,243,395

See accompanying notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net loss	$ (222,962)	$ (184,780)	$ (163,929)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	10,741	3,853	3,534
Share-based compensation expense	180,739	160,743	142,660
Non-cash operating leases expense	2,527	2,281	2,115
Non-cash postcombination compensation expense	32,430	—	—
Amortization of premium on short-term investments	(4,495)	277	1,162
Gain on sale of equity method investment	—	(17,889)	—
Impairment of other financial instruments	—	11,616	—
Other	736	649	3,110
Changes in operating assets and liabilities:			
Accounts receivable	(4,556)	(2,577)	(4,940)
Settlements receivable	(11,894)	(6,762)	1,601
Network incentives receivable	(11,146)	(12,262)	(10,377)
Prepaid expenses and other assets	7,900	(8,621)	(7,742)
Accounts payable	(1,956)	254	190
Revenue share payable	31,451	21,015	42,988
Accrued expenses and other liabilities	14,983	22,257	49,372
Operating lease liabilities	(3,394)	(3,020)	(2,772)
Net cash provided by (used in) operating activities	21,104	(12,966)	56,972
Cash flows from investing activities:			
Purchases of property and equipment	(762)	(2,319)	(2,743)
Capitalization of internal-use software	(11,889)	—	—
Business combination, net of cash acquired	(135,777)	—	—
Purchase of patents	—	(1,600)	—
Purchases of short-term investments	(892,430)	(70,495)	(455,266)
Sales of short-term investments	577,934	—	—
Maturities of short-term investments	501,534	77,400	148,888
Realized gain/loss on investments	(94)	—	—
Purchase of equity method investment and purchase option	—	—	(20,000)
Sale of equity method investment	—	25,732	—
Net cash provided by (used in) investing activities	38,516	28,718	(329,121)
Cash flows from financing activities:			
Proceeds from initial public offering, net of underwriters' discounts and commissions	—	—	1,319,809
Proceeds from exercise of stock options, including early exercised stock options, net of repurchase of early exercised unvested options	5,289	9,249	4,539
Payment of contingent consideration	(53,067)	—	
Proceeds from exercise of warrants	—	—	60
Proceeds from shares issued in connection with employee stock purchase plan	3,066	4,762	3,201
Taxes paid related to net share settlement of restricted stock units	(26,662)	(15,362)	(23,552)
Repurchase of common stock	(190,420)	(78,136)	—
Payment of deferred offering costs	—	—	(4,760)
Net cash (used in) provided by financing activities	(261,794)	(79,487)	1,299,297
(Decrease) Increase in cash, cash equivalents, and restricted cash	(202,174)	(63,735)	1,027,148
Cash, cash equivalents, and restricted cash - Beginning of period	1,191,646	1,255,381	228,233
Cash, cash equivalents, and restricted cash - End of period	$ 989,472	$ 1,191,646	$ 1,255,381

See accompanying notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2023	**2022**	**2021**
Reconciliation of cash, cash equivalents, and restricted cash			
Cash and cash equivalents	$ 980,972	$ 1,183,846	$ 1,247,581
Restricted cash	8,500	7,800	7,800
Total cash, cash equivalents, and restricted cash	$ 989,472	$ 1,191,646	$ 1,255,381
Supplemental disclosures of cash flow information:			
Cash paid for operating lease liabilities	$ 4,239	$ 4,112	$ 4,081
Cash paid for interest	$ —	$ —	$ —
Cash paid for income taxes	$ 430	$ 84	$ 201
Supplemental disclosures of non-cash investing and financing activities:			
Purchase of property and equipment accrued and not yet paid	$ 113	$ 563	$ 1,190
Share-based compensation capitalized to internal-use software	$ 4,492	$ —	$ —
Repurchase of common stock accrued and not yet paid	$ 991	$ 1,065	$ —
Vesting of early exercised stock options	$ —	$ 298	$ —

See accompanying notes to Consolidated Financial Statements.

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 empowers its customers to create customized and innovative payment card programs, giving them the configurability and flexibility to build better payment experiences.

The Company provides all of its customers 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, United Kingdom, and legal entities in Australia, Brazil, Canada, Poland, and Singapore as of December 31, 2023.

Initial Public Offering

In June 2021, the Company completed an initial public offering ("IPO"), in which the Company issued and sold 52,272,727 shares of its newly authorized Class A common stock, which included 6,818,181 shares that were offered and sold pursuant to the full exercise of the underwriters' option to purchase additional shares at a price of $27.00 per share. The Company received aggregate net proceeds of $1.3 billion after deducting underwriting discounts and commissions of $91.6 million and offering costs of $7.5 million.

Immediately prior to the completion of the IPO, the Company filed its Amended and Restated Certificate of Incorporation authorizing 1,500,000,000 shares of Class A common stock which entitles holders to one vote per share, 600,000,000 shares of Class B common stock which entitles holders to 10 votes per share, and 100,000,000 shares of undesignated preferred stock. All shares of common stock then outstanding were reclassified as Class B common stock and all redeemable convertible preferred stock then outstanding were converted into 351,844,340 shares of common stock on a one-for-one basis and reclassified into Class B common stock. In addition, 2,569,528 shares of common stock warrants were converted to an equivalent number of shares of Class B common stock warrants and 203,610 shares of convertible preferred stock warrants were converted to an equivalent number of shares of Class B common stock warrants.

Basis of Presentation

The accompanying Consolidated Financial Statements, which include the accounts of the Company and its wholly owned subsidiaries, have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP"). All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make various 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 fair value of equity awards and warrants, share-based compensation, the estimation of variable consideration in contracts with customers, the reserve for contract contingencies and processing errors, and valuation of income taxes. Actual results could differ materially from these estimates.

Business Risks and Uncertainties

The Company has incurred net losses since its inception. For the year ended December 31, 2023, the Company incurred a net loss of $223.0 million and had an accumulated deficit of $825.2 million as of December 31, 2023. The Company expects losses from operations to continue 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 $981.0 million and short-term investments of $268.7 million as of December 31, 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

Segment Information

The Company operates as a single operating segment and reporting unit. 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 years ended December 31, 2023, 2022, and 2021, net revenue outside of the United States, based on the billing address of the customer, was not material.

As of December 31, 2023 and December 31, 2022, long-lived assets located outside of the United States were not material.

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 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.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of bank deposit accounts and investments in money market funds and certain U.S. treasury bills. The Company considers all highly liquid investments and investments with original maturities of three months or less from the date of purchase to be cash equivalents.

Restricted Cash

Restricted cash consists of deposits with 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 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. Issuing Banks are financial institutions that issue payment cards (credit, debit, or prepaid) either on their own behalf or on behalf of a business. Card Networks are networks that provide the infrastructure for settlement and card payment information flows.

Short-term Investments

The Company's short-term investments include U.S. treasury securities, U.S. agency securities, commercial paper, asset-backed securities, and corporate debt securities. The Company's short-term investments are classified as available-for-sale and are recorded within current assets in the Consolidated Balance Sheets as the Company may sell these securities at any time for use in its operations, even prior to maturity.

The Company carries these short-term investments at fair value and periodically evaluates them for unrealized losses. For unrealized losses in securities that the Company intends to hold and will not more likely than not be required to sell before recovery, the Company further evaluates whether declines in fair value below amortized cost are due to credit or non-credit related factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and any adverse conditions specifically related to the security, among other factors.

The Company considers credit related impairments to be changes in value that are driven by a change in

the creditor's ability to meet its payment obligations, and records an allowance on the Consolidated Balance Sheets with a corresponding loss in Other income (expense), net in the Consolidated Statements of Operations and Comprehensive Loss when the impairment is incurred.

Unrealized non-credit related losses and unrealized gains are recorded as a separate component in Accumulated other comprehensive income (loss), a component of stockholders' equity (deficit) until realized.

The Company records any realized gains or losses on the sale of short-term investments in Other income (expense), net in the Consolidated Statements of Operations and Comprehensive Loss.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount, net of an allowance for credit losses and do not earn interest. The Company estimates an allowance for accounts receivable based on its assessment of the collectability of accounts by considering its historical accounts receivable collection experience for each customer, the age of each outstanding invoice and an evaluation of current expected risk of credit loss based on current economic conditions and reasonable and supportable forecasts of future economic conditions over the life of the receivable. The Company assesses collectability on an individual basis when it identifies specific customers with collectability issues and by reviewing accounts receivable on an aggregated basis where similar characteristics exist. As of December 31, 2023 and 2022, the allowance for accounts receivable was $0.3 million and $0.3 million, respectively.

Settlements Receivable

Settlements receivable represent Interchange Fees earned on customers' card transactions, net of pass through Card Network fees, and are due from Issuing Banks. Interchange Fees are typically received within one or two business days of the transaction date and are due from Issuing Banks with no historical collections issue, mitigating the associated risk of collection. No allowance has been established. The Company does not generate revenue from Issuing Banks.

Lease Obligations

The Company measures lease liabilities based on the present value of the total lease payments not yet paid discounted based on the Company's incremental borrowing rate, which is the estimated rate the Company would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease.

The Company measures right-of-use assets based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs the Company incurs and (iii) tenant incentives under the lease. The Company begins to recognize rent expense when the lessor makes the underlying asset available to the Company.

For short-term leases, the Company records rent expense in the Consolidated Statements of Operations and Comprehensive Loss on a straight-line basis over the lease term and records variable lease payments as incurred. The Company has no finance leases.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and amortization. The Company uses the straight-line method of depreciation and amortization over the estimated useful lives of the assets; generally three to five years for computer equipment, and furniture and fixtures. Leasehold improvements are amortized over the shorter of the lease term, excluding renewal periods, or the estimated useful life of the leasehold improvement.

The Company capitalizes internal and external direct costs incurred related to obtaining or developing internal-use software. Costs incurred during the application development stage are capitalized and are amortized using the straight-line method over the estimated useful lives of the software, generally three years commencing on the first day of the month following when the software is ready for its intended use. Costs related to planning and other preliminary project activities and post-implementation activities are

expensed as incurred.

The depreciation and amortization of property and equipment is recorded within Depreciation and amortization expense on the Consolidated Statements of Operations and Comprehensive Loss.

Goodwill

The excess purchase price over the fair value of identifiable net assets acquired is recorded as goodwill. Goodwill amounts are not amortized.

Intangible Assets

Intangible assets with finite lives are carried at acquisition cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis. The amortization of these assets is recorded within Depreciation and amortization expense on the Consolidated Statements of Operations and Comprehensive Loss.

Impairment

Impairment testing for goodwill is performed annually in the fourth quarter or more frequently whenever events or changes in circumstances indicate its carrying value may not be recoverable. Such testing is performed at the reporting unit level. Management has the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than the carrying amount, including goodwill. If it is determined that it is more likely than not that the fair value of the reporting unit is less than the carrying amount, a quantitative assessment is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit. The Company also has the option to bypass the qualitative assessment and perform the quantitative assessment.

The Company reviews the valuation of long-lived assets, including property and equipment and finite-lived intangible assets, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An asset is considered impaired if its carrying amount exceeds the future undiscounted cash flow the asset is expected to generate.

Based on management's assessment, the Company did not recognize any material impairment losses on its goodwill, finite-lived intangible assets or other long-lived assets during the periods presented herein.

Equity Investments and Purchase Options

The Company applies the equity method of accounting for investments in other entities when the Company exercises significant influence, but no control. Under the equity method, the Company records its share of each entity's profit or loss in Other income (expense), net in the Consolidated Statements of Operations and Comprehensive Loss on a one quarter lag when the most recent financial information of the investee becomes available. The Company periodically reviews investments accounted for under the equity method for impairment. Investments in other entities not accounted for under the equity method of accounting, including options to purchase these entities, are accounted for at cost less impairment, if applicable. Additionally, the value of these investments may be adjusted to fair value resulting from observable transactions for identical or similar investments.

In 2021, the Company acquired a preferred equity interest in a private company that is accounted for under the equity method of accounting. Concurrent with this investment, the Company also acquired an option that gave the Company the right, but not the obligation, to purchase all of the remaining equity interests of the private company.

As of December 31, 2021, the option was reflected within prepaid expenses and other current assets in the consolidated balance sheets. The Company applied the measurement alternative to measure the option at cost, less any impairment. During the year ended December 31, 2022, the Company recorded an impairment of $11.6 million within Other income (expense), net on the Consolidated Statement of Operations and Comprehensive Loss related to the option based on the Company's decision not to exercise the option.

During the year ended December 31, 2022, the Company sold its equity method investment in a private company. The carrying amount of this investment was $7.8 million as of the date of sale and the purchase price was $25.7 million. As a result, the Company recorded a gain of $17.9 million in the year ended December 31, 2022 in Other income (expense), net on the Consolidated Statement of Operations and Comprehensive Loss.

Deferred Offering Costs

Deferred offering costs consist primarily of accounting, legal, and other fees related to the IPO. Upon the completion of the IPO in June 2021, the deferred offering costs were reclassified to Stockholders' equity (deficit) and recorded net against the proceeds from the IPO.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Contracts with customers are evaluated on a contract-by-contract basis as contracts may include the transfer of multiple services. The Company's contracts with customers typically include multiple performance obligations: 1) providing access to the Company's payment processing platform, 2) providing managed services or 3) providing card fulfillment services. The Company accounts for individual services as a separate performance obligation if they are distinct because the service is separately identifiable from other items in the arrangement and a customer can benefit from the good or service on its own or with other resources that are readily available to the customer. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation. Certain customer contracts require the Company to allocate the transaction price of the contract based on the relative stand-alone selling price of the performance obligations which are based on prices at which the Company separately sells each service or estimated using an analysis of the Company's historical contract pricing and costs incurred to fulfill its services.

The Company generates revenue from providing platform services and other services as described below.

Platform Services

The Company delivers an integrated payment processing platform to its customers. The Company's primary performance obligation is to provide customers continuous access to the Company's platform used to process all customers' transactions as needed. This obligation includes authorizing, settling, clearing and reconciling all transactions. Additionally, for certain customer arrangements, the performance obligations also include managing the interactions with Card Networks and/or the Issuing Banks on behalf of its customers or other managed services, including dispute management, fraud scoring, and cardholder support services.

The Company's platform services revenue is derived from Interchange Fees generated by customer card transactions. The Company accounts for these Interchange Fees as revenue earned from its customers for performance obligations where the Company controls the services before delivery to the customer. The Company's platform services revenue also includes processing and other transaction fees from transactions that are based on either a percentage of processing volume or a fee per transaction basis.

The Company's platform services revenue primarily consists of stand-ready obligations which are satisfied over time and are accounted for as a series of distinct services that are substantially the same and have the same pattern of transfer to customers.

The Company recognizes revenue when the promised services are complete, and its performance obligations are satisfied. Platform services are considered complete when the Company has authorized the transaction, validated that the transaction has no errors, and accepted and posted the data to its records.

The Company allocates variable consideration to the distinct period in which the platform services are delivered. When pricing terms are not consistent throughout the entire term of the contract, the Company estimates variable consideration in its customer contracts primarily using the expected value method. The standard term of the customer contracts ranges from three to five years, with automatic renewal for successive one-year periods thereafter unless either party provides written notice of its intent not to renew. The Company develops estimates of variable consideration on the basis of both historical information and current trends and does not expect or anticipate significant reversal of revenue in the future periods.

For net revenue generated from customer arrangements that involve third parties, the Company determines whether it has promised to provide the specified service itself (as principal) or to arrange for the specified service to be provided by another party (as an agent). This determination depends on the facts and circumstance of each arrangement, and in some instances, involves significant judgment. In order to deliver an integrated payment processing platform to its customers, the Company works with Issuing Banks and Card Networks in various capacities. The Company is considered the principal in customer arrangements where the Company controls the services performed by the Issuing Banks and Card Networks before delivery of the promised services to its customers, it is primarily responsible for the delivery of the services to customers, and it has discretion in vendor selection. As such, the Company records fees paid to the Issuing Banks and Card Networks as Costs of Revenue within the Consolidated Statements of Operations and Comprehensive Loss. In instances where the Company is considered an agent in providing services to the customer, fees for services paid to Issuing Banks and Card Networks, if any, are recorded within Net Revenue such that Net Revenue in the Consolidated Statements of Operations and Comprehensive Loss reflects the net amount of consideration that the Company retains.

Revenue Share

The Company’s contracts with customers typically include provisions under which the Company shares a portion of the Interchange Fees as consideration payable to its customers, referred to as Revenue Share. Revenue Share payments are incentives to customers to increase their processing volume on the Company’s platform, and is computed as a percentage of the Interchange Fees earned or processing volume and is paid to customers monthly.

The Company records Revenue Share as a reduction to net revenue in the Consolidated Statements of Operations and Comprehensive Loss. The Company records the amount due to the customer as Revenue Share payable on the Consolidated Balance Sheets.

Other Services Revenue

The Company earns revenue from customers through card fulfillment services. Card fulfillment fees are generally billed to customers upon ordering card inventory and recognized as revenue when the ordered cards are shipped to the customers. The Company offers certain customers the option to purchase physical cards at a discount. The Company has concluded that the discount does not constitute a future material right because the discount is within a range typically offered to the class of customers. Therefore, the Company accounts for the discount as a reduction to revenue when the Company delivers the ordered cards to the customers.

Contract Assets and Deferred Revenue

Contract assets, reported within Prepaid expenses and other current assets or within Other Assets in the Consolidated Balance Sheets, are primarily from upfront payments provided to certain customers and variable consideration from customer contracts where pricing terms are not consistent throughout the entire term of the contract.

Deferred revenue, reported within Accrued expenses and other current liabilities or Other liabilities in the Consolidated Balance Sheets, arises when customers pay for services in advance of the Company's revenue recognition. The Company's deferred revenue is primarily due to undelivered card fulfillment services, variable consideration from customer contracts where pricing terms are not consistent throughout the entire term of the contract, and non-refundable upfront setup fees that are billed at contract inception.

Arrangements that include rights to additional goods or services that are exercisable at a customer's discretion are generally considered options. The Company assesses if these options provide a material right to the customer and if so, they are considered performance obligations. This material right is valued by estimating the discount that will be redeemed by the customer during the optional renewal period.

Reserve for Contract Contingencies and Processing Errors

Customer contracts generally contain service level agreements that can result in performance penalties payable by the Company when contractually required service levels are not met or can result in payments by the Company for processing errors. As such, the Company records a reserve for estimated performance penalties and processing errors. When providing for these reserves, the Company considers factors such as its history of incurring performance penalties and processing errors, actual contractual penalty charge rates in customer contracts, and known or estimated processing errors. These reserves are included in Accrued expenses and other current liabilities on the Consolidated Balance Sheets and the provision for contract contingencies and processing errors is included as a reduction to Net revenue on the Consolidated Statements of Operations and Comprehensive Loss.

Costs of Revenue

Costs of revenue consist of Card Network costs, Issuing Bank costs, and card fulfillment costs for customer arrangements where the Company is the principal in providing services to the customer and excludes depreciation and amortization, which is reported separately within the Consolidated Statements of Operations and Comprehensive Loss. Card Network costs are mostly equal to a specified percentage of the processing volume or a fixed amount per transaction processed through the respective Card Network. The Company incurs Card Network costs directly from contractual arrangements with the Card Networks that are passed entirely through Issuing Banks, or directly from the Card Networks. Issuing Bank costs compensate Issuing Banks for issuing cards to the Company's customers and sponsoring the Company's card programs with the Card Networks and are generally equal to a specified percentage of the processing volume or a fixed amount per transaction, subject to monthly minimum amounts. Card fulfillment costs include physical cards, packaging, and other fulfillment costs.

The Company has marketing and incentive arrangements with Card Networks that provide the Company with monetary incentives based on a percentage of the volume processed over the respective Card Network. Uncollected incentives are included in Network incentives receivable on the Consolidated Balance Sheets. The Company records these incentives as a reduction of Costs of revenue on the Consolidated Statements of Operations and Comprehensive Loss in customer arrangements where the Company is the principal. The Company's contracts with Card Networks and Issuing Banks typically have terms ranging from three to five years which may be renewed in one-year to two-year increments as agreed by both parties.

Advertising Costs

The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2023, 2022 and 2021, were $1.5 million, $2.2 million and $1.7 million, respectively.

Research and Development Costs

Research and development costs, which consist primarily of salaries, employees' benefits, share-based compensation, third-party hosting fees and software licenses were $148.0 million, $108.3 million, and $84.1 million for the years ended December 31, 2023, 2022 and 2021, respectively. Research and development costs are expensed as incurred and are included in Compensation and benefits, and Technology expenses in the Consolidated Statements of Operations and Comprehensive Loss.

Share-based Compensation

The primary types of share-based compensation utilized by the Company are restricted share units ("RSUs") and stock options and the use of the employee stock purchase plan ("ESPP"). The Company determines compensation expense associated with RSUs based on the estimated fair value of its common stock on the date of grant. The compensation expense associated with stock options is determined based

on the estimated grant date fair value using the Black-Scholes option pricing model. The Company generally recognizes compensation expense using a straight-line amortization method over the respective vesting period. The Company accounts for forfeitures as they occur.

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 compensation that an employee contributes. The matching contribution vests after one year of service.

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 Consolidated Balance Sheets.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it believes these assets are more likely than not to be realized. In making such a determination, the Company considers the available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts that are more likely than not expected to be realized. If the Company determines that it is able to realize its deferred tax assets in the future in excess of the net recorded amount, the Company decreases the deferred tax asset valuation allowance, which reduces the income tax expense.

Uncertain tax positions are recognized only when the Company believes it is more likely than not that the tax position will be upheld on examination by the taxing authorities based on the merits of the position. The Company recognizes interest and penalties, if any, related to uncertain tax positions in Income tax benefit in the Consolidated Statements of Operations and Comprehensive Loss.

Net Loss Per Share Attributable to Common Stockholders

The Company presents basic and diluted net loss per share attributable to common stockholders in conformity with the two-class method required for participating securities. Prior to the completion of the IPO, all series of redeemable convertible preferred stock were considered participating securities. Immediately prior to the completion of the IPO, all shares of redeemable convertible preferred stock then outstanding were converted into shares of Class B common stock. The Company has not allocated net loss attributable to common stockholders to redeemable convertible preferred stock in any period presented because the holders of its redeemable convertible preferred stock were not contractually obligated to share in losses.

The Company calculates basic net loss per share attributable to common stockholders by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share attributable to common stockholders gives effect to all potential shares of common stock, including common stock issuable upon conversion of redeemable convertible preferred stock and redeemable convertible preferred stock warrants, stock options, RSUs and common stock warrants to the extent these are dilutive.

Loss Contingencies

The Company may be involved in various lawsuits, claims, and proceedings that arise in the ordinary course of business. The Company records a liability for these when it believes it is probable that it has incurred a loss, and the Company can reasonably estimate the loss. The Company regularly evaluates current information to determine whether it should adjust a recorded liability or record a new one. If a loss is reasonably possible and the loss or range of loss can be reasonably estimated, the Company discloses the possible loss in the accompanying notes to the Consolidated Financial Statements. Significant judgment is required to determine both the probability and the estimated amount.

Fair Value Measurements

Fair value is an exit price, representing the price that would be received to sell the financial asset or paid to transfer the financial liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy includes a three-level classification, which is based on whether the inputs to the valuation methodology used for measurement are observable:

- *Level 1* - Inputs are quoted prices in active markets for identical assets as of the reporting date;
- *Level 2* - Inputs other than Level 1 that are observable, either directly or indirectly; or
- *Level 3* - Unobservable pricing inputs in the market.

When developing fair value measurements, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. In instances where the Company lacks observable inputs in the market to measure the fair value of an asset or liability, the Company may use unobservable inputs which requires greater judgment in measuring fair value. In instances where there is limited or no observable market data, fair value measurements for assets and liabilities are based primarily upon the Company's own estimates, and the measurements reflect information and assumptions that management believes a market participant would use in pricing the asset or liability.

The Company's financial instruments consist of cash equivalents, short-term investments, accounts receivable, settlements receivable, accounts payable, accrued liabilities, and prior to the IPO, redeemable convertible preferred stock warrant liabilities. Cash equivalents are stated at amortized cost, which approximates fair value at the balance sheet dates, due to the short period of time to maturity. Short-term investments are carried at fair value. Accounts receivable, settlements receivable, accounts payable, and accrued liabilities are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date. The redeemable convertible preferred stock warrant liabilities were carried at fair value.

Foreign Currency

The functional currency of the Company's foreign subsidiaries is its respective local currency. For these foreign entities, the Company translates the financial statements into U.S. dollars using average exchange rates for the period for income statement amounts and using end-of-period exchange rates for assets and liabilities. There translation adjustments are included in Accumulated other comprehensive income (loss) within the Consolidated Balance Sheets and the Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit). Foreign currency transaction gains and losses are included in Other income (expense), net in the Consolidated Statements of Operations and Comprehensive Loss.

Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"), which modifies the rules on income tax disclosures to require entities to disclose (1) specific categories in the rate reconciliation, (2) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (3) income tax expense or benefit from continuing operations (separated by federal, state and foreign). ASU 2023-09 also requires entities to

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disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. The Company is currently evaluating the potential impact of adopting this new guidance on the consolidated financial statements and related disclosures.

3. Revenue

Disaggregation of Revenue

The following table provides information about disaggregated revenue from customers:

	Year Ended December 31,		
	2023	2022	2021
Platform services revenue, net	$ 654,553	$ 725,629	$ 502,296
Other services revenue	21,618	22,577	14,879
Total net revenue	$ 676,171	$ 748,206	$ 517,175

Contract Balances

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

Contract balance	Balance sheet line reference	December 31, 2023	December 31, 2022
Contract assets - current	Prepaid expenses and other current assets	$ 1,461	$ 621
Contract assets - non-current	Other assets	9,397	1,323
Total contract assets		$ 10,858	$ 1,944
Deferred revenue - current	Accrued expenses and other current liabilities	$ 11,829	$ 17,048
Deferred revenue - non-current	Other liabilities	4,071	4,202
Total deferred revenue		$ 15,900	$ 21,250

Net revenue recognized during the years ended December 31, 2023 and 2022 that was included in the deferred revenue balances at the beginning of the respective periods was $12.0 million and $13.8 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.

As of December 31, 2023 and 2022, the Company did not have a material right included in its deferred revenue balance.

4. 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.

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

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

Base purchase price less contingent consideration	$	221,933
Less: postcombination cash, non-cash expense and other purchase adjustments		118,447
Plus: cash acquired on acquisition date		7,089
Total purchase consideration, excluding contingent consideration		110,575
Contingent consideration		53,067
Purchase consideration	$	163,642

Of the $117.6 million postcombination compensation excluded from purchase consideration, approximately $32.4 million was recognized as non-cash postcombination compensation cost at closing as a result of the vesting provisions of the employee replacement awards on the acquisition date. The remaining $85.1 million is subject to continuous employment and will be recognized as postcombination cash compensation cost over a weighted-average period of 2.2 years. Postcombination expense recognized was $36.4 million for the year ended December 31, 2023 and is included within Compensation and benefits in the Consolidated Statements of Operations and Comprehensive Loss.

The assets acquired and liabilities assumed were recorded at fair value as of the acquisition date. The final $163.6 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), $8.0 million of deferred tax liabilities, and $7.1 million of net assets acquired, with the $123.5 million excess of purchase consideration over the fair value of assets acquired and liabilities assumed recorded as goodwill. The fair value of the 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, 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 was not considered deductible for tax purposes.

The financial results of Power Finance are included in the Company's 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 $3.3 million for the year ended December 31, 2023 and are included in Professional services in the Consolidated Statements of Operations and Comprehensive Loss.

During the third quarter of 2023, the Company paid out $53.1 million as the performance-based goals tied to the contingent consideration were achieved during the second quarter of 2023.

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

5. Goodwill and Intangible Assets

Goodwill

Goodwill consisted of the following:

Balance as of December 31, 2022	$ —
Goodwill from acquisition of Power Finance, Inc.	123,000
Measurement period adjustments	523
Balance as of December 31, 2023	$ 123,523

Intangibles Assets, net

Intangible assets consisted of the following as of the dates presented:

	December 31, 2023	December 31, 2022
Developed technology	$ 41,000	$ —
Accumulated amortization	(5,369)	—
Intangibles, net	$ 35,631	$ —

The amortization period for developed technology intangible assets is 7 years. Amortization expense for developed technology was $5.4 million for year ended December 31, 2023.

Expected future amortization expense for intangible assets was as follows as of December 31, 2023:

2024	$ 5,857
2025	5,857
2026	5,857
2027	5,857
2028	5,857
Thereafter	6,345
Total expected future amortization expense for intangible assets	$ 35,631

6. Short-term Investments

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

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

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

	December 31, 2023			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Short-term Investments				
U.S. treasury securities	$ 239,297	$ 970	$ (11)	$ 240,256
U.S. agency securities	15,000	—	(7)	14,993
Asset-backed securities	10,438	62	—	10,500
Corporate debt securities	2,981	—	(6)	2,975
Total short-term investments	$ 267,716	$ 1,032	$ (24)	$ 268,724

	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 four and thirteen separate short-term investments in unrealized loss positions as of December 31, 2023 and 2022, respectively. The Company does not intend to sell any short-term investments that have an unrealized losses at December 31, 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 material realized gains or losses from short-term investments that were reclassified out of accumulated other comprehensive income for the years ended December 31, 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 December 31, 2023 and 2022.

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

	December 31, 2023		December 31, 2022	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due within one year	$ 90,438	$ 90,533	$ 447,827	$ 440,858
Due after one year through five years	177,278	178,191	—	—
Total	$ 267,716	$ 268,724	$ 447,827	$ 440,858

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

7. Fair Value Measurements

The following tables present the fair value hierarchy for assets and liabilities measured at fair value on a recurring basis:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents				
Money market funds	$ 627,983	$ —	$ —	$ 627,983
U.S. treasury bills	230,602	—	—	230,602
Short-term investments				
U.S. treasury securities	240,256	—	—	240,256
U.S. agency securities	—	14,993	—	14,993
Asset-backed securities	—	10,500	—	10,500
Corporate debt securities	—	2,975	—	2,975
Total assets	$ 1,098,841	$ 28,468	$ —	$ 1,127,309

	December 31, 2022			
	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents				
Money market funds	$ 462,459	$ —	$ —	$ 462,459
Short-term investments				
U.S. treasury 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, U.S. treasury bills, commercial paper, U.S. treasury securities, U.S. agency securities, asset-backed securities and corporate debt securities 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.

There were no transfers of financial instruments between the fair value hierarchy levels during the years ended December 31, 2023 and 2022.

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

8. Certain Balance Sheet Components

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	December 31, 2023	December 31, 2022
Prepaid expenses	$ 6,342	$ 9,082
Inventory	4,309	5,150
Prepaid hosting and data costs	5,815	6,443
Accrued interest receivable	4,457	3,983
Prepaid insurance	2,678	3,729
Card program deposits	128	2,128
Contract assets	1,461	621
Other current assets	2,043	6,871
Prepaid expenses and other current assets	$ 27,233	$ 38,007

Property and Equipment, net

Property and equipment consisted of the following:

	December 31, 2023	December 31, 2022
Leasehold improvements	$ 8,110	8,110
Computer equipment	8,885	9,115
Furniture and fixtures	2,597	2,542
Internally developed and purchased software	19,324	3,082
	38,916	22,849
Accumulated depreciation and amortization	(20,152)	(15,409)
Property and equipment, net	$ 18,764	$ 7,440

Depreciation and amortization expense related to property and equipment was $10.7 million, $3.9 million and $3.5 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company capitalized $16.4 million as internal-use software development costs during the year ended December 31, 2023. Internal-use software development costs during the year ended December 31, 2022 were not material.

Other Assets

Other assets consisted of the following:

	December 31, 2023	December 31, 2022
Contract assets, noncurrent	$ 9,397	$ 1,323
Deferred tax assets	495	1,207
Other noncurrent assets	6,695	4,592
Other assets	$ 16,587	$ 7,122

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	December 31, 2023	December 31, 2022
Accrued costs of revenue	$ 73,645	$ 57,191
Accrued compensation and benefits	42,095	41,268
Deferred revenue	11,829	17,048
Due to Issuing Banks	7,892	—
Accrued tax liabilities	4,929	4,978
Accrued professional services	4,559	4,784
Operating lease liabilities, current portion	3,908	3,394
Reserve for contract contingencies and processing errors	3,754	2,494
Other accrued liabilities	8,903	5,730
Accrued expenses and other current liabilities	$ 161,514	$ 136,887

Other Liabilities

Other liabilities consisted of the following:

	December 31, 2023	December 31, 2022
Deferred revenue, net of current portion	$ 4,071	$ 4,202
Other long-term liabilities	520	1,275
Other liabilities	$ 4,591	$ 5,477

9. Leases

In 2016, the Company entered into a lease agreement for its corporate headquarters in Oakland, California for 19,000 square feet of office space, which was subsequently amended resulting in a total of 63,000 square feet of office space being leased. 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:

	Year Ended December 31,		
	2023	2022	2021
Operating lease cost	$ 3,372	$ 3,372	$ 3,424
Variable lease cost	490	439	212
Short-term lease cost	247	435	358
Total lease cost	$ 4,109	$ 4,246	$ 3,994

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.

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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:

	December 31, 2023	December 31, 2022
Weighted average remaining operating lease term (in years)	2.1	3.1
Weighted average discount rate	7.7%	7.7%

Maturities of operating lease liabilities by year are as follows as of December 31, 2023:

2024	4,472
2025	4,599
2026	780
Total lease payments	$ 9,851
Less imputed interest	(817)
Total operating lease liabilities	$ 9,034

10. Commitments and Contingencies

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 Consolidated Balance Sheets.

Purchase Obligations

As of December 31, 2023, the Company had non-cancellable purchase commitments with certain service providers and Issuing Banks of $187.4 million, payable over the next 3 years. These purchase obligations include $174.6 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

During the years ended December 31, 2023, 2022 and 2021, the Company contributed a total of $5.5 million, $5.8 million and $3.1 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 December 31, 2023 and 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

Generally, 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 Consolidated Balance Sheets. If a customer does not have 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. At December 31, 2023, we had $7.0 million in Restricted cash which included a deposit held at an Issuing Bank to provide the Issuing Bank collateral in the event that our

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

customers' funds are not deposited at the Issuing Bank in time to settle our customers' transactions with the Card Networks.

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, Card Networks, Issuing Banks, vendors, lessors, 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 Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Loss, or Consolidated Statements of Cash Flows.

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 those levels.

11. 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" and, together with the 2011 Plan, the "Plans"). The 2011 Plan was terminated in June 2021 in connection with the IPO but continues to govern the terms of outstanding awards that were granted prior to the IPO. Additionally, the Company offers an 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 within the following line items in the Consolidated Statement of Operations and Comprehensive Loss and Consolidated Balance Sheet in the periods presented:

	Year Ended December 31,		
	2023	2022	2021
Restricted stock units	$ 99,648	$ 76,094	$ 59,652
Stock options	26,323	28,816	31,231
Executive Chairman Long-Term Performance Award	53,214	53,214	38,189
Employee Stock Purchase Plan	1,554	2,619	1,946
Secondary sales of common stock	—	—	11,642
Share-based compensation recorded within Compensation and benefits	180,739	160,743	142,660
Property and equipment (capitalized internal-use software)	4,492	—	—
Total share-based compensation expense	$ 185,231	$ 160,743	$ 142,660

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

Restricted Stock Units

Restricted Stock Units

RSUs granted prior to April 1, 2021 vest upon the satisfaction of both a service condition and a liquidity condition. The service condition for these awards is satisfied over four years. On June 8, 2021, the Company completed its IPO and the liquidity condition for these awards was satisfied and the Company recognized a cumulative share-based compensation expense of $23.1 million associated with RSUs that had service-vested as of the IPO completion date. Subsequent to the IPO, the unamortized grant date fair value of these RSUs will be recorded as share-based compensation expense over the remaining service period.

RSUs granted on or after April 1, 2021, vest upon the satisfaction of a service condition. In general, the service condition for these awards is satisfied over three or four years.

The fair value of RSUs is based on the closing price of the Company's Class A common stock on the grant date. Prior to the IPO, the fair value of RSUs was based on the fair value of the underlying common stock on the grant date as determined by the Company's board of directors at each meeting in which RSU awards were approved.

A summary of the Company's RSUs activity under the Plans was as follows:

	Number of Restricted Stock Units	Weighted-average grant date fair value per share
Balance as of December 31, 2021	9,001,949	$ 18.30
Granted	36,159,090	8.91
Vested	(4,883,296)	13.99
Canceled and forfeited	(6,131,197)	14.07
Balance as of December 31, 2022	34,146,546	$ 9.74
Granted	31,060,513	4.62
Vested	(14,128,901)	8.47
Canceled and forfeited	(12,901,086)	7.98
Balance as of December 31, 2023	38,177,072	$ 6.64

As of December 31, 2023, unrecognized compensation costs related to unvested RSUs was $231.4 million. These costs are expected to be recognized over a weighted-average period of 2.5 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).

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

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 (Years)	Aggregate Intrinsic Value[1]
Balance as of January 1, 2021	23,421,374	$ 1.35	8.33	$ 248,002
Granted	29,113,555	20.07		
Exercised	(4,277,344)	1.18		
Canceled and forfeited	(4,072,097)	5.58		
Balance as of December 31, 2021	44,185,488	$ 13.31	8.46	$ 279,242
Granted	4,182,522	10.16		
Exercised	(7,785,748)	1.20		
Canceled and forfeited	(4,425,817)	6.60		
Balance as of December 31, 2022	36,156,445	$ 16.37	7.67	$ 29,101
Granted	6,080,148	5.35		
Exercised	(3,353,103)	1.58		
Canceled and forfeited	(2,212,852)	13.24		
Balance as of December 31, 2023	36,670,638	$ 16.09	7.45	$ 24,481
Exercisable as of December 31, 2023[2]	10,677,680	$ 11.62	7.12	$ 17,426
Vested as of December 31, 2023	8,355,940	$ 10.12	6.84	$ 15,917

[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.

The weighted-average grant date fair value of options granted during the years ended December 31, 2023, 2022, and 2021, was $3.52, $5.89, and $12.10, per share, respectively.

The total intrinsic value of options exercised during the years ended December 31, 2023, 2022, and 2021, was $12.2 million, $61.6 million, and $83.0 million, respectively.

The total grant-date fair value of options vested during the years ended December 31, 2023, 2022, and 2021, was $61.8 million, $40.0 million, and $17.6 million, respectively.

As of December 31, 2023, aggregate unrecognized compensation costs related to unvested outstanding stock options, excluding the Executive Chairman Long-Term Performance Award, was $43.3 million. These costs are expected to be recognized over a weighted-average period of 2.1 years.

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

	Year Ended December 31,		
	2023	2022	2021
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	70.78%	61.52%	52.36%
Expected term (in years)	6.04	6.08	6.14
Risk-free interest rate	3.78%	2.32%	1.00%

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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 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 December 31, 2023, the aggregate unrecognized compensation cost of the Executive Chairman Long-Term Performance Award was $63.8 million, which is expected to be recognized over the remaining derived service period of 2.1 years.

Secondary Sales of Common Stock

Prior to the completion of the IPO, certain economic interest holders acquired outstanding common stock from current or former employees for a purchase price greater than the Company's estimated fair value at the time of the transactions. During 2021, the Company recorded share-based compensation expense for the difference between the price paid and the estimated fair value on the date of the transaction of $11.6 million.

12. 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.

As of December 31, 2023 and 2022, 1,101,262 and 695,637 warrants were vested, respectively. The Company recorded $5.5 million and $7.3 million as a reduction of net revenue related to these warrants during the years ended December 31, 2023 and 2022, respectively. Upon vesting, the fair value 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 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 year ended December 31, 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. During the year ended December 31, 2022, the Company repurchased and subsequently retired 11.7 million shares for $79.2 million under the 2022 Share Repurchase Program, for an average price of $6.77.

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 year ended December 31, 2023, the Company repurchased and subsequently retired 31.3 million shares for $169.4 million under the 2023 Share Repurchase Program, for an average price of $5.41. As of December 31, 2023, $32.2 million remained available for future share repurchases under the 2023 Share Repurchase Program.

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 Consolidated Balance Sheets.

13. 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 was approximately $8.7 million, which was completed as of December 31, 2023.

The Company recorded $8.7 million in restructuring charges during the year ended December 31, 2023, which consisted of $14.6 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 Consolidated Statements of Operations and Comprehensive Loss.

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

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

Balance as of December 31, 2022	$ —
Restructuring charges	14,588
Cash payments	(14,588)
Balance as of December 31, 2023	$ —

14. Net Loss Per Share Attributable to Common Stockholders

Basic and diluted net loss per share attributable to common stockholders is as follows:

	Year Ended December 31,		
	2023	2022	2021
Numerator			
Net loss attributable to Class A and Class B common stockholders	$ (222,962)	$ (184,780)	$ (163,929)
Denominator			
Weighted-average shares used in computing net loss per share attributable to Class A and Class B common stockholders, basic and diluted	532,540,175	545,397,254	362,756,466
Net loss per share attributable to Class A and Class B common stockholders, basic and diluted	$ (0.42)	$ (0.34)	$ (0.45)

Basic net loss per share is the same as diluted net loss per share because the Company reported a net loss for the years ended December 31, 2023, 2022 and 2021 respectively.

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.

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 December 31,		
	2023	2022	2021
Warrants to purchase Class B common stock	1,900,000	1,900,000	1,900,000
Stock options outstanding, including early exercise of options	36,670,638	36,156,445	45,307,479
Unvested RSUs outstanding	38,177,072	34,146,546	9,001,949
Shares committed under the ESPP	253,317	408,831	211,118
Stock options and RSUs available for future grants	70,722,895	60,892,581	61,893,427
Total	147,723,922	133,504,403	118,313,973

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

15. Income Tax

The components of loss before income taxes by tax jurisdiction were as follows:

	Year Ended December 31,		
	2023	2022	2021
United States	$ (231,790)	$ (185,612)	$ (165,160)
Foreign	1,215	730	591
Loss before income tax expense	$ (230,575)	$ (184,882)	$ (164,569)

The components of income tax expense (benefit) were as follows:

	Year Ended December 31,		
	2023	2022	2021
Current:			
Federal	$ —	$ —	$ —
State	83	353	38
Foreign	(139)	18	—
	(56)	371	38
Deferred:			
Federal	(6,347)	—	—
State	(2,025)	—	—
Foreign	815	(473)	(678)
	(7,557)	(473)	(678)
Total:			
Federal	(6,347)	—	—
State	(1,942)	353	38
Foreign	676	(455)	(678)
Income tax benefit	$ (7,613)	$ (102)	$ (640)

The reconciliation of the Company's effective tax rate to the statutory federal rate is as follows:

	Year Ended December 31,		
	2023	2022	2021
Taxes at federal statutory rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal effect	6.5 %	4.6 %	4.0 %
Share-based compensation	(3.1)%	3.9 %	4.5 %
Executive compensation	(11.0)%	(13.8)%	(8.3)%
Research and development credits	17.0 %	— %	— %
Change in uncertain tax positions	(4.2)%	— %	— %
Mergers and acquisitions	3.5 %	— %	— %
Nondeductible compensation	(7.4)%	— %	— %
Other	(1.6)%	1.4 %	(0.3)%
Change in valuation allowance	(17.4)%	(17.0)%	(20.5)%
Effective tax rate	3.3 %	0.1 %	0.4 %

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

Deferred tax assets and liabilities consist of the following:

	December 31	
	2023	2022
Deferred tax assets:		
Federal and state net operating losses	$ 50,498	$ 33,497
Research and development credits	27,729	77
Property and equipment	586	205
Accruals and other	9,016	20,884
Share-based compensation	10,484	14,490
Research and development capitalization expenditures	36,743	23,404
Reserve for contract contingencies and processing errors	951	614
Deferred revenue	1,018	6,011
Lease liability	2,288	3,061
Total deferred tax assets	139,313	102,243
Less valuation allowance	(128,150)	(98,816)
Total deferred tax assets, net of valuation allowance	11,163	3,427
Deferred tax liabilities:		
Intangibles	(9,025)	—
Right-of-use asset	(1,643)	(2,220)
Total deferred tax liabilities	(10,668)	(2,220)
Net deferred tax assets	$ 495	$ 1,207

In accordance with ASC 740 and based on all available evidence on a jurisdictional basis, the Company believes that it is more likely than not that its U.S. deferred tax assets will not be utilized and has recorded a full valuation allowance against its net deferred tax assets in the U.S. jurisdiction. The Company assesses on a periodic basis the likelihood that it will be able to recover its deferred tax assets. The Company considers all available evidence, both positive and negative, including historical levels of income or losses and expectations and risks associated with estimates of future taxable income in assessing the need for the valuation allowance. If it is not more likely than not that the Company expects to recover its deferred tax assets, the Company will increase its provision for taxes by recording a valuation allowance against the deferred tax assets that it estimates will not ultimately be recoverable. The available negative evidence at December 31, 2023 and 2022 included historical and projected future operating losses. As a result, the Company concluded that an additional valuation allowance of $29.3 million and $30.0 million was required to reflect the change in its deferred tax assets prior to valuation allowance during 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Company considered it more likely than not that substantially all of its deferred tax assets would not be realized.

The Tax Cuts and Jobs Act of 2017 (TCJA) requires research and development (R&D) expenditures incurred under Section 174 for tax years beginning after December 31, 2021, to be capitalized and amortized ratably over 5 years for domestic research and 15 years for international research. The mandatory capitalization requirement had no material impact to the Company’s 2023 income tax provision due to the Company’s tax attributes carryover and full valuation allowance position.

As of December 31, 2023, the Company had net operating loss carryforwards of approximately $194.8 million and $153.1 million for federal and state tax purposes, respectively. Of the Company's federal net operating loss carryforwards as of December 31, 2023, $158.7 million can be carried forward indefinitely but is limited to 80% of taxable income. If not utilized, the federal and state net operating carryforwards will begin to expire in 2033 and 2025, respectively.

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

In addition, the Company had research and development tax credit carryforwards of approximately $27.9 million for federal income tax purposes and $11.3 million for California tax purposes. If not utilized, the federal research and development tax credit carryforwards will begin to expire in 2031. The California state research credit can be carried forward indefinitely.

Under Section 382 of the Internal Revenue Code of 1986, as amended, the Company's ability to utilize net operating loss carryforwards or other tax attributes in any taxable year may be limited if the Company has experienced an ownership change. As of December 31, 2023, the Company has concluded that it has experienced ownership changes since inception and that its utilization of net operating loss carryforwards and other tax attributes will be subject to annual limitations.

The Company files federal, state, and foreign income tax returns in jurisdictions with varying statutes of limitations. To the extent the Company has tax attributes carryforwards, the tax years in which the attribute was generated may still be adjusted upon examination by the federal, state, or foreign tax authorities to the extent utilized in a future period.

The Company made an accounting policy election to provide for the Global Intangible Low-Taxed Income (GILTI) tax expense in the year the tax is incurred as a period cost. The Company elected and applied the tax law ordering approach when considering GILTI as part of its valuation allowance.

The Company recognizes tax benefits from uncertain tax positions only if the Company believes that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The Company makes adjustments to the reserves in accordance with the income tax accounting guidance when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate.

A reconciliation of the total amounts of unrecognized tax benefits was as follows:

	Year Ended December 31,		
	2023	2022	2021
Beginning balance	$ —	$ —	$ —
Reductions of tax positions taken during previous years	—	—	—
Additions based on uncertain tax positions related to the current period	3,238	—	—
Additions based on uncertain tax positions related to the prior periods	6,562	—	—
Ending balance	$ 9,800	$ —	$ —

The Company’s policy is to include interest and penalties related to unrecognized tax benefits within our tax provision for income taxes. The Company did not accrue any interest or penalties during the year ended December 31, 2023. The Company had $9.8 million of gross unrecognized tax benefits as of December 31, 2023, which would not affect its effective tax rate if recognized due to the Company’s valuation allowance. The Company expects no significant increases or decreases to its unrecognized benefits within the next twelve months.

16. 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, and accounts receivable. Cash on deposit with financial institutions may exceed federally insured limits. Cash and cash equivalents as of December 31, 2023 and December 31, 2022 included $628.0 million and $462.5 million, respectively, of investments managed by two financial institutions, which invest primarily in securities issued by the U.S. Government or U.S. Government agencies.

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

As of December 31, 2023, short-term investments were $268.7 million, and there was no concentration of securities of the same issuer with an aggregate fair value greater than 5% of this total balance, except for U.S. Treasuries and U.S. agency securities, which amounted to $255.2 million, or 95% of the short-term investments. As of December 31, 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, 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 is settled through one Issuing Bank, Sutton Bank. For the years ended December 31, 2023, 2022 and 2021, 76%, 82% and 90% of Total Processing Volume was settled through Sutton Bank, respectively.

A significant portion of the Company's revenue and accounts receivable is derived from a single customer. For each significant customer, net revenue as a percentage of total net revenue and customers' receivables as a percentage of total customers' receivables are as follows:

	Percent of Net Revenue for the Year Ended December 31,		
	2023	2022	2021
Customer A	68%	71%	69%

	Percent of Customers' Receivables as of December 31,	
	2023	2022
Customer B	11%	18%

17. Related Party Transactions

The Company may enter into transactions with related parties.

The Company had an equity method investment in a private company, which was a related party up until the investment was sold in October 2022. During the years ended December 31, 2022 and 2021, the Company earned net revenue of $2.7 million and $2.8 million from the private company, respectively.

Prior to the completion of the IPO, DFS Services LLC, a holder of more than 5% of the Company's outstanding capital stock, was a related party. During the year ended December 31, 2021, the Company incurred $30.4 million in Card Network fees, net, recorded within Costs of revenue in the Consolidated Statements of Operations and Comprehensive Loss, to PULSE Network LLC, an entity affiliated with DFS Services LLC.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. 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 Annual Report on Form 10-K. 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 such evaluation, our management has concluded our disclosure controls and procedures were not effective at a reasonable assurance level as of December 31, 2023, due to the material weaknesses in internal control over financial reporting described in Management's Report on Internal Control Over Financial Reporting below.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Under the supervision of and with the participation of our principal executive officer and principal financial officer, our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria established in "Internal Control - Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that assessment, our management has concluded that our internal control over financial reporting as of December 31, 2023 was not effective due to the material weaknesses identified below. The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by Ernst & Young, LLP, an independent registered public accounting firm, as stated in their report which is included in Item 8 of this Annual Report on Form 10-K.

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 the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In the period ended March 31, 2023, management identified a material weakness related to the accounting for our acquisition of Power Finance (the "Business Combination Material Weakness"), 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.

For the period ended December 31, 2023, management identified a material weakness related to information technology general controls ("ITGCs") (the "ITGC Material Weakness" and together with the Business Combination Material Weakness, the "2023 Material Weaknesses") in user access over certain information technology ("IT") systems that support the Company's revenue and related financial reporting processes. As a result, the related process-level IT dependent manual controls, certain change management controls, and automated application controls for certain key IT systems were also deemed ineffective for the period ended December 31, 2023.

The 2023 Material Weaknesses did not result in any material misstatements in our Consolidated Financial Statements included in this Annual Report on Form 10-K. Our management concluded that the Consolidated Financial Statements included in this Annual Report on Form 10-K, present fairly, in all material respects, our financial position, results of operations, and cash flows for the periods presented in accordance with accounting principles generally accepted in the United States.

Management's Plan to Remediate the Material Weaknesses

Our management is committed to maintaining a strong internal control environment. As it relates to the Business Combination Material Weakness, we have and will continue to take actions to enhance the design of our business combination controls with the level of precision required to operate them in an effective manner. We will continue 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.

To remediate the ITGC Material Weakness, we are enhancing the design of our ITGCs over the IT systems that support the Company's revenue and related financial reporting processes, including, (i) developing and implementing additional training and awareness addressing ITGCs and policies, including educating control owners concerning the principles and requirements of each control, with a focus on user access; (ii) increasing the extent of oversight and verification checks included in operation of user access controls and processes; (iii) deploying additional tools to support administration of user access; and (iv) enhancing quarterly management reporting on the remediation measures to the audit committee of the board of directors. Although we intend to complete the remediation process as promptly as possible, we will not be able to fully remediate the ITGC Material Weakness until these steps have been completed and the controls are operating effectively.

Changes in Internal Control Over Financial Reporting

Except for the identification of the 2023 Material Weaknesses and related remediation efforts to date, there have been no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) during the fourth quarter of fiscal 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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.

Item 9B. Other Information

During our last fiscal quarter, on December 12, 2023, Martha Cummings, a member of our board of directors, adopted a “Rule 10b5-1 trading arrangement” as defined in Regulation S-K Item 408 providing for the sale from time to time of an aggregate of up to 340,241 shares of our Class A Common Stock. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until April 8, 2025, or earlier if all transactions under the trading arrangement are completed, but in no case earlier than one year or later than two years from December 12, 2023.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days of our fiscal year ended December 31, 2023.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days of our fiscal year ended December 31, 2023.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days of our fiscal year ended December 31, 2023.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days of our fiscal year ended December 31, 2023.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days of our fiscal year ended December 31, 2023.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. Consolidated Financial Statements

See Index to Consolidated Financial Statements at Part II, Item 8 herein.

2. Financial Statement Schedules

All schedules have been omitted because they are not required, not applicable, or not present in amounts sufficient to require submission of the schedule.

3. Exhibits

		Incorporated by Reference			
Exhibit Number	Description	Form	File No.	Exhibit Number	Filing Date
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	S-1/A	333-256154	3.2	May 24, 2021
3.2	Amended and Restated Bylaws of the Registrant.	S-1/A	333-256154	3.4	May 24, 2021
4.1	Form of Class A common stock certificate of the Registrant.	S-1	333-256154	4.1	May 14, 2021
4.2	Amended and Restated Investors Rights Agreement, dated May 27, 2020, by and among the Registrant and certain of its stockholders.	S-1	333-256154	4.2	May 14, 2021
4.3	Warrant to Purchase Stock issued to Comerica Ventures Incorporated by the Registrant, dated October 11, 2013.	S-1	333-256154	4.3	May 14, 2021
4.4	Warrant to Purchase Stock issued to Comerica Ventures Incorporated by the Registrant, dated October 11, 2013.	S-1	333-256154	4.4	May 14, 2021
4.5†	Warrant to Purchase Common Stock issued to Uber Technologies, Inc. by the Registrant, dated September 15, 2020, as amended on January 7, 2021.	S-1/A	333-256154	4.7	May 24, 2021
4.6†	Warrant to Purchase Common Stock issued to Square, Inc. by the Registrant, dated March 13, 2021.	S-1	333-256154	4.8	May 14, 2021
4.7†	Warrant to Purchase Common Stock issued to Ramp Business Corporation by the Registrant, dated March 31, 2021.	S-1/A	333-256154	4.9	May 24, 2021
4.8	Description of the Registrant's Securities.	10-K	001-40465	4.8	March 11, 2022
10.1#	Form of Amended and Restated Indemnification Agreement between the Registrant and each of its directors and executive officers.	10-K	001-40465	10.1	February 28, 2023
10.2#	Amended and Restated 2011 Equity Incentive Plan, as amended, and forms of agreements thereunder.	S-1/A	333-256154	10.2	May 14, 2021
10.3#	2021 Stock Option and Incentive Plan, and forms of agreements thereunder.	S-1/A	333-256154	10.3	June 1, 2021
10.4#	2021 Employee Stock Purchase Plan.	S-1/A	333-256154	10.4	June 1, 2021
10.5#	Senior Executive Cash Incentive Bonus Plan.	S-1/A	333-256154	10.5	May 24, 2021
10.6#	Executive Severance Plan.	S-1/A	333-256154	10.6	May 24, 2021
10.7#	Amended Non-Employee Director Compensation Policy.	10-Q	001-40465	10.1	May 9, 2023
10.8#	Form of Director Offer Letter.	S-1	333-256154	10.12	May 14, 2021
10.9#*	Offer Letters between the Registrant and Simon Khalaf dated May 25, 2022 and January 26, 2023.	10-K	001-40465	10.9	February 28, 2023
10.10#	Offer Letter between the Registrant and Jason Gardner dated June 6, 2011.	S-1	333-256154	10.8	May 14, 2021
10.11#	Offer Letter between the Registrant and Mike Milotich dated February 3, 2022.	10-K	001-40465	10.16	March 11, 2022

10.12#	Offer Letter between the Registrant and Randy Kern dated May 20, 2021.	10-K	001-40465	10.12	February 28, 2023
10.13*	Lease Agreement by and between the Registrant and MACH II 180 LLC, dated on or about March 1, 2016, as amended on November 8, 2017, March 14, 2019, and November 7, 2019.				
10.14†	Master Services Agreement by and between the Registrant and Square, Inc., dated April 19, 2016, as amended on September 1, 2016, October 18, 2016, December 24, 2016, June 30, 2017, August 2, 2017, October 1, 2017, April 1, 2018, June 6, 2019, September 20, 2019, February 7, 2020, November 18, 2020, November 18, 2020, March 13, 2021, May 21, 2021, January 27, 2022, and March 1, 2023.	10-Q	001-40465	10.4	May 9, 2023
10.15†*	Amendment No. 19 to the Master Services Agreement by and between the Registrant and Square, Inc. dated November 3, 2023.				
10.16	Amendment No. 18 to the Master Services Agreement by and between the Registrant and Square, Inc. dated September 26, 2023.	10-Q	001-40465	10.1	November 8, 2023
10.17†	Amendment No. 17 to the Master Services Agreement by and between the Registrant and Square Inc. dated August 4, 2023.	8-K/A	001-40465	10.1	August 11, 2023
10.18†	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.	10-Q	001-40465	10.1	August 8, 2023
21.1*	Subsidiaries of the Registrant.				
23.1*	Consent of Ernst & Young LLP, independent registered public accounting firm.				
24.1*	Power of Attorney (incorporate by reference to the signature page to this Annual Report on Form 10-K)				
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.				
97.1*	Compensation Recovery Policy.				
99.1*	Standstill and Release Agreement.				
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.				
#	Indicates management contract or compensatory plan, contract or agreement.				
*	Filed herewith.				
**	Furnished herewith. The certifications attached as Exhibits 32.1 and 32.2 that accompany this Annual Report on Form 10-K 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 Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.				

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: February 28, 2024

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

Date: February 28, 2024

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

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Simon Khalaf, Michael Milotich, and Crystal Sumner, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Simon Khalaf Simon Khalaf	Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2024
/s/ Michael (Mike) Milotich Michael (Mike) Milotich	Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2024
/s/ Jason Gardner Jason Gardner	Director	February 28, 2024
/s/ Martha Cummings Martha Cummings	Director	February 28, 2024
/s/ Gerri Elliott Gerri Elliott	Director	February 28, 2024
/s/ Helen Riley Helen Riley	Director	February 28, 2024
/s/ Arnon Dinur Arnon Dinur	Director	February 28, 2024
/s/ Judson Linville Judson Linville	Director	February 28, 2024
/s/ Kiran Prasad Kiran Prasad	Director	February 28, 2024
/s/ Godfrey Sullivan Godfrey Sullivan	Director	February 28, 2024
/s/ Najuma Atkinson Najuma Atkinson	Director	February 28, 2024

Exhibit 10.13

• 180 GRAND AVENUE •
• Oakland, California •

• OFFICE BUILDING LEASE •

BASIC LEASE INFORMATION

Date of Lease:	March 1, 2016
Landlord:	MACH 11 180 LLC, a Delaware limited liability company
Landlord's Address For Notices:	MACH II 180 LLC c/o Ellis Partners LLC 111 Sutter Street, Suite 800 San Francisco, California 94104 Attn: James F. Ellis
Tenant:	MARQETA, INC., a Delaware corporation
Tenant's Address For Notices:	180 Grand Avenue, 5th Floor Oakland, California 94612 Attn: Gizelle Barany, General Counsel
Building:	180 Grand Avenue, Oakland, California
Leased Premises:	Approximately 18,774 rentable square feet consisting of the entire 5th Floor of the Building
Rentable Area:	
Leased Premises:	Approximately 18,774 rentable square feet
Building:	Approximately 277,147 rentable square feet
Term Commencement Date:	The date that the Tenant Improvements (as defined in **Exhibit B**) are Substantially Complete (as defined in **Exhibit B**), estimated to occur on or about July 1, 2016.
Term Expiration Date:	The last day of the eighty-seventh (87th) full calendar month after the Term Commencement Date (meaning if the Term Commencement Date shall occur on a date other than the first day of a calendar month, the Term shall be eighty-seven (87) full calendar months plus a partial month).
Option to Extend:	Number of Extension Periods: One (l) Years per Extension Period: Seven (7)

Base Rent:	Term Commencement Date through the last day of the 12th full calendar month after the Term Commencement Date = $75,096.00 per month (based on $4.00 per rentable square foot of Rentable Area of the Leased Premises per month). Notwithstanding the foregoing, no Base Rent shall be payable for three (3) months after the Term Commencement Date (the "Base Rent Abatement Period''). The collective Base Rent abatement during the Base Rent Abatement Period is equivalent to $225,288.00. Month 13 through Month 24 = $77,348.88 per month (based on $4.12 per rentable square foot of Rentable Area of the Leased Premises per month). Month 25 through Month 36 = $79,601.76 per month (based on $4.24 per rentable square foot of Rentable Area of the Leased Premises per month). Month 37 through Month 48 = $82,042.38 per month (based on $4.37 per rentable square foot of Rentable Area of the Leased Premises per month). Month 49 through Month 60 = $84,483.00 per month (based on $4.50 per rentable square foot of Rentable Area of the Leased Premises per month). Month 61 through Month 72 = $87,111.36 per month (based on $4.64 per rentable square foot of Rentable Area of the Leased Premises per month). Month 73 through 84 = $89,739.72 per month (based on $4.78 per rentable square foot of Rentable Area of the Leased Premises per month). Month 85 through Term Expiration Date = $92,368.08 per month (based on $4.92 per rentable square foot of Rentable Area of the Leased Premises per month).
Base Year:	Calendar year 2016
Tenant's Proportionate Share:	Approximately 6.77%

Parking Spaces:	Tenant shall have the right, but not the obligation, to use one (1) unreserved parking space per 1,000 rentable square feet of the Leased Premises, which amounts to a total of nineteen (19) unreserved parking spaces, in the Building's adjacent parking structure at the prevailing rates established by Landlord for the Building from time to time (currently $175.00 per unreserved parking space per month). Reserved parking is currently $220.00 per parking space per month.
Security Deposit:	$901,152.00 (which shall be provided in the form of a letter of credit and is subject to reduction [see Section 5.14]).
Guarantor:	None
Landlord's Broker:	CBRE, Inc.
Tenant's Broker:	Colliers International

EXHIBITS:

Exhibit A -	Floor Plan of the Leased Premises
Exhibit B -	Initial Improvement of the Leased Premises
Exhibit C -	Confirmation of Term of Lease
Exhibit D -	Building Rules and Regulations

The foregoing BASIC LEASE INFORMATION is incorporated herein and made a part of the LEASE to which it is attached. If there is any conflict between the BASIC LEASE INFORMATION and the LEASE, the BASIC LEASE INFORMATION shall control.

OFFICE BUILDING LEASE

THIS OFFICE BUILDING LEASE (this "Lease") is made as of the date specified in the BASIC LEASE INFORMATION sheet, by and between the landlord specified in the BASIC LEASE INFORMATION sheet ("Landlord") and the tenant specified in the BASIC LEASE INFORMATION sheet ("Tenant").

Article 1.
Definitions

1.1 Definitions: Terms used herein shall have the following meanings:

1.2 "**Additional Rent**" shall mean all monetary obligations of Tenant under this Lease other than the obligation for payment of Gross Rent.

1.3 Intentionally Omitted.

1.4 "**Base Rent**" shall mean the minimum monthly rental amounts set forth in the Basic Lease Information due from time to time as rental for the Leased Premises.

1.5 "**Base Year**" shall mean the calendar year specified on the Basic Lease Information sheet.

1.6 "**Basic Operating Costs**" shall have the meaning given in Section 3.5.

1.7 "**Building**" shall mean the building and other improvements associated therewith identified on the Basic Lease Information sheet.

1.8 "**Building Standard Improvements**" shall mean the standard materials ordinarily used by Landlord in the improvement of the Building and leased premises within the Building.

1.9 "**Common Areas**" shall mean, as applicable, (a) the areas of the Building devoted to the non-exclusive use and benefit of tenants (and invitees, if applicable), such as common corridors, lobbies, fire vestibules, elevator foyers, stairways, elevators, electric and telephone closets, restrooms, mechanical closets, janitor closets, loading docks, and other similar facilities, and (b) other areas of the Project available for the non-exclusive use and benefit of tenants (and invitees, if applicable).

1.10 "**Computation Year**" shall mean a fiscal year consisting of the calendar year commencing January 1st of the Base Year and continuing through the Term with a short or stub fiscal year in (i) the Base Year for the period between the Term Commencement Date and December 31 of such year (if the Term Commencement Date is not January 1) and (ii) any partial year in which the Lease expires or is terminated for the period between January 1 of such year and the date of lease termination or expiration (if the Term Expiration Date is not December 31).

1.11 "**Gross Rent**" shall mean the total of Base Rent and Tenant's Proportionate Share of Basic Operating Costs and Tenant's Proportionate Share of Property Taxes.

1.12 "**Landlord's Broker**" shall mean the individual or corporate broker identified on the Basic Lease Information sheet as the broker for Landlord.

1.13 Intentionally Omitted.

1.14 Intentionally Omitted.

1.15 "**Leased Premises**" shall mean the floor area more particularly shown on the floor plan attached hereto as **Exhibit A**, containing the Rentable Area (as such term is defined in Section 1.19 below) specified on the Basic Lease Information sheet.

1.16 "**Permitted Use**" shall mean general office and other ancillary office use; provided, however, that Permitted Use shall not include (a) offices or agencies of any foreign government or political subdivision thereof; (b) offices of any agency or bureau of any state, county or city government; (c) offices of any health care professionals; (d) schools or other training facilities which are not ancillary to corporate, executive or professional office use; (e) retail, restaurant, church or worship uses; or (f) telephone call centers, data centers, or internet service provider facilities.

1.17 "**Project**" shall mean the Building, adjoining parking areas and garages, if any, and Common Areas associated with the Building, and the real property on which the Building and the parking and Common Areas are located.

1.18 "**Rent**" shall mean Gross Rent plus Additional Rent.

1.19 "**Rentable Area**" shall mean the number of rentable square feet included within the Building as calculated in accordance with the methods of measuring rentable square feet, as that method is described in the American National Institute Publication ANSI Z65.1-1996, as promulgated by the Building Owners and Managers Association (the "BOMA Standard"). Tenant and Landlord agree that the rentable square footage in the Leased Premises shall be calculated by measuring the number of usable square feet within the Leased Premises in accordance with the BOMA Standard and increasing the number of usable square feet by fifteen percent (15%). The Rentable Area of the Leased Premises is agreed for all purposes of this Lease by Tenant and Landlord to be the amount stated on the Basic Lease Information sheet, subject to remeasurement by Landlord using the BOMA Standard.

1.20 "**Security Deposit**" shall mean the amount specified on the Basic Lease Information sheet to be paid by Tenant to Landlord and held and applied pursuant to Section 5.14.

1.21 Intentionally Omitted.

1.22 Intentionally Omitted.

1.23 "**Tenant Improvements**" shall have the meaning given in **Exhibit B**, if any.

1.24 "**Tenant's Broker**" shall mean the individual or corporate broker identified on the Basic Lease Information sheet as the broker for Tenant.

1.25 Intentionally Omitted.

1.26 "**Tenant's Proportionate Share**" is specified on the Basic Lease Information sheet and is based on the percentage which the Rentable Area of the Leased Premises bears to the total Rentable Area of the Building.

1.27 "**Term**" shall mean the period commencing with the Term Commencement Date and ending at midnight on the Term Expiration Date.

1.28 "**Term Commencement Date**" shall be the date set forth on the Basic Lease Information sheet.

1.29 "**Term Expiration Date**" shall be the date set forth on the Basic Lease Information sheet, unless sooner terminated pursuant to the terms of this Lease or unless extended pursuant to the provisions of Section 8.1.

1.30 Other Terms. Other terms used in this Lease and on the Basic Lease Information sheet shall have the meanings given to them herein and thereon.

Article 2.
Leased Premises

2.1 Lease. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Leased Premises upon all of the terms, covenants and conditions set forth in this Lease.

2.2 Acceptance of Leased Premises. Tenant acknowledges that: (a) it has been advised by Landlord, Landlord's Broker and Tenant's Broker, if any, to satisfy itself with respect to the condition of the Leased Premises (including, without limitation, the HVAC, electrical, plumbing and other mechanical installations, fire sprinkler systems, security, environmental aspects, and compliance with applicable laws, ordinances, rules and regulations) and the present and future suitability of the Leased Premises for Tenant's intended use; (b) Tenant has made such inspection and investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to Tenant's occupancy of the Leased Premises and the Term of this Lease; and (c) neither Landlord nor Landlord's Broker nor any of Landlord's agents has made any oral or written representations or warranties with respect to the condition, suitability or fitness of the Leased Premises other than as may be specifically set forth in this Lease. Tenant accepts the Leased Premises in its AS IS condition existing on the date Tenant executes this Lease, subject to all matters of record and applicable laws, ordinances, rules and regulations. Tenant acknowledges that neither Landlord nor Landlord's Broker nor any of Landlord's agents has agreed to undertake any alterations or additions or to perform any maintenance or repair of the Leased Premises except for the routine maintenance and janitorial work specified herein and except as may be expressly set forth in **Exhibit B**. If Landlord, for any reason whatsoever, cannot deliver possession of the Leased Premises to Tenant on the estimated commencement date in the condition specified in this Section 2.2, Landlord shall neither be subject to any liability nor shall the validity of this Lease be affected; provided, the Term and the obligation to pay Gross Rent shall commence on the date possession is actually tendered to Tenant (which date shall become the Term Commencement Date) and the Term Expiration Date shall be extended commensurately. If the Term Commencement Date and/or the Term Expiration Date is other than the Term

Commencement Date and Term Expiration Date specified in the Basic Lease Information or is not set forth in the Basic Lease Information, the parties shall execute that certain Confirmation of Term of Lease, substantially in the form of **Exhibit C** hereto specifying the actual Term Commencement Date, Term Expiration Date and the date on which Tenant is to commence paying Rent. Tenant shall execute and return such Confirmation of Term of Lease to Landlord within fifteen (15) days after Tenant's receipt thereof. If Tenant fails to execute and return (or reasonably object in writing to) the Confirmation of Term of Lease within fifteen (15) days after receiving it, Tenant shall be deemed to have executed and returned it without exception.

2.3 Right To Relocate Leased Premises. At any time during the Term, Landlord shall have the right to relocate Tenant to other premises within the Building which are at least an entire floor in the Building and above the fifth (5th) floor, have the same approximate area as the Leased Premises, are built-out by Landlord to substantially the same layout, with finishes of equal or better quality, as is in place in the Leased Premises immediately prior to such relocation, and the same rental rate per square foot as the Leased Premises, upon ninety (90) days prior notice to Tenant. In addition, Tenant's rights with respect to its signage on the fifth (5th) floor, as provided in Section 4.4 below, shall apply with regard to the floor to which the Leased Premises arc relocated. Any such move to such relocated premises must be completed by Landlord only during a weekend, and at Tenant's reasonable convenience. Landlord shall lease the new premises to Tenant on the same terms and conditions as set forth in this Lease, at a Gross Rent no greater than what Tenant is obligated to pay under this Lease prior to such relocation, provided that if the Rentable Area of the new premises is less than the Rentable Area of the original Leased Premises, there shall be a proportionate adjustment of Gross Rent based on the revised Rentable Area. Landlord shall reimburse Tenant for Tenant's reasonable out of pocket costs to relocate Tenant's inventory, furniture, trade fixtures, and equipment and to install Tenant's fixtures (or provide new fixtures of the same quality, nature and extent as those in the Leased Premises if, in Landlord's judgment, it is not economically feasible to relocate Tenant's fixtures), within ten (10) business days after the later of (a) Tenant's submission to Landlord of an itemized list of such out of pocket expenses (accompanied by copies of paid receipts for each itemized cost) and (b) Tenant's conducting business in such new premises. The new premises thereafter shall be the "Leased Premises" under this Lease for all purposes and Tenant agrees to execute an amendment to this Lease memorializing such relocation and modifying this Lease to reflect any change in Rent or other terms.

2.4 Reservation of Rights. Landlord reserves the right from time to time, to install, use, maintain, repair, relocate and/or replace pipes, conduits, wires and equipment within and around the Building and the Common Areas and to do and perform such other acts and make such other changes, additions, improvements, repairs and/or alterations in, to or with respect to the Building and the Project (including without limitation with respect to the driveways, parking areas, walkways and entrances to the Project) as Landlord may, in the exercise of sound business judgment, deem to be appropriate. In connection therewith, Landlord shall have the right to close temporarily any of the Common Areas while engaged in making any such repairs, improvements or alterations.

Article 3.
Term, Use and Rent

3.1 Term. Except as otherwise provided in this Lease, the Term shall commence upon the Term Commencement Date, and unless sooner terminated, shall end on the Term Expiration Date. Subject to Landlord's reasonable security precautions and factors beyond the reasonable control of Landlord. Tenant shall have access to the Leased Premises twenty-four (24) hours per day, seven (7) days per week, and fifty-two (52) weeks per year. In addition, notwithstanding the terms of Rule No. 5 in the rules and regulations attached hereto as **Exhibit D**, Tenant shall be permitted to install and utilize either a key/card or a biometric security system for entry to the Leased Premises

provided Tenant receives Landlord's prior written approval as to system size, design, installation and location (which approval Landlord shall not unreasonably withhold or delay) and Tenant also gives Landlord access to the Leased Premises through such system.

3.2 Use. Tenant shall use the Leased Premises solely for the Permitted Use and for no other use or purpose. Tenant shall not commit waste, overload the Building's structure or the Building's systems or subject the Leased Premises to any use that would damage the Leased Premises. Tenant shall maintain a ratio of not more than the lesser of (i) one Occupant (as defined below) for each one hundred twenty-five (125) rentable square feet of the Leased Premises, or (ii) any occupancy limit imposed by applicable law. Upon request by Landlord, Tenant shall maintain on a daily basis an accurate record of the number of employees, visitors, contractors and other people that visit the Leased Premises (collectively "Occupants"). Landlord shall have the right to audit Tenant's Occupant record and, at Landlord's option, Landlord shall have the right to periodically visit the Leased Premises without advance notice to Tenant in order to track the number of Occupants arriving at the Leased Premises. For purposes of this Section 3.2, "Occupants" shall not include people not employed by Tenant that deliver or pick up mail or other packages or deliver supplies or perform maintenance work at the Leased Premises, employees of Landlord or employees of Landlord's agents or contractors. Tenant acknowledges that increased numbers of Occupants causes additional wear and tear on the Leased Premises and the Common Areas, additional use of electricity, water and other utilities, and additional demand for other Building services. Tenant's failure to comply with the requirements of this Section 3.2 shall constitute an event of default under Section 7.8 and Landlord shall have the right, in addition to any other remedies it may have at law or equity, to specifically enforce Tenant's obligations under this Section.

3.3 Base Rent.

(a) Tenant shall pay the Base Rent to Landlord in accordance with the schedule set forth on the Basic Lease Information sheet and in the manner described below. Tenant shall prepay **$75,096.00** of Base Rent (to be credited for Base Rent due and payable after the Base Rent Abatement Period, if any, expires) upon execution of this Lease. Tenant shall pay the Gross Rent (consisting of Base Rent plus, when applicable in accordance with Section 3.4 below, Tenant's Proportionate Share of Basic Operating Costs and/or Tenant's Proportionate Share of Property Taxes)) in monthly installments on or before the first day of each calendar month during the Term and any extensions or renewals thereof, in advance without demand and without any reduction, abatement, counterclaim or setoff, in lawful money of the United States at Landlord's address specified on the Basic Lease Information sheet or at such other address as may be designated by Landlord in the manner provided for giving notice under Section 9.11 hereof.

(b) If the Term commences on other than the first day of a month, then the Base Rent provided for such partial month shall be prorated based upon a thirty (30)-day month. If the Term terminates on other than the last day of a calendar month, then the Gross Rent provided for such partial month shall be prorated based upon a thirty (30)-day month and the prorated installment shall be paid on the first day of the calendar month in which the date of termination occurs.

3.4 Tenant's Proportionate Share of Basic Operating Costs and Property Taxes.

(a) Commencing on the Term Commencement Date and continuing through the remainder of the Term, for each Computation Year after the Base Year Tenant shall pay to Landlord (i) Tenant's Proportionate Share of the total dollar increase, if any, in Basic Operating Costs attributable to such Computation Year over the Basic Operating Costs attributable to the Base Year, and (ii) Tenant's Proportionate Share of the total dollar increase, if any, in Property Taxes attributable to such Computation Year over the Property Taxes attributable to the Base Year. Tenant shall not be entitled to any credit or refund from Landlord if the Basic Operating Costs or Property Taxes for any Computation Year are less than the Basic Operating Costs or Property Taxes for the Base Year, respectively.

(b) During the first Computation Year after the Base Year, on or before the first day of each month during such Computation Year, Tenant shall pay to Landlord one-twelfth (1/12th) of Landlord's estimate of the amount payable by Tenant under Section 3.4(a) as set forth in Landlord's written notice to Tenant. During the last month of each Computation Year (or as soon thereafter as practicable), Landlord shall give Tenant notice of Landlord's estimate of the amount payable by Tenant under Section 3.4(a) for the following Computation Year. On or before the first day of each month during the following Computation Year, Tenant shall pay to Landlord one-twelfth (1/12) of such estimated amount, provided that if Landlord fails to give such notice in the last month of the prior year, then Tenant shall continue to pay on the basis of the prior year's estimate until the first day of the calendar month next succeeding the date such notice is given by Landlord; and from the first day of the calendar month following the date such notice is given, Tenant's payments shall be adjusted so that the estimated amount for that Computation Year will be fully paid by the end of that Computation Year. If at any time or times Landlord determines that the amount payable under Section 3.4(a) for the current Computation Year will vary from its estimate given to Tenant, Landlord, by notice to Tenant, may revise its estimate for such Computation Year, and subsequent payments by Tenant for such Computation Year shall be based upon such revised estimate.

(c) Following the end of each Computation Year, Landlord shall deliver to Tenant a statement of amounts payable under Section 3.4(a) for such Computation Year. If such statement shows an amount owing by Tenant that is less than

the payments for such Computation Year previously made by Tenant, and if no event of default (as defined below) is outstanding at the time such statement is delivered, Landlord shall credit such amount to the next payment(s) of Gross Rent falling due under this Lease. If such statement shows an amount owing by Tenant that is more than the estimated payments for such Computation Year previously made by Tenant,

Tenant shall pay the deficiency to Landlord within fifteen (15) days after delivery of such statement. The respective obligations of Landlord and Tenant under this Section 3.4(c) shall survive the Term Expiration Date, and, if the Term Expiration Date is a day other than the last day of a Computation Year, the adjustment in Tenant's Proportionate Share of Basic Operating Costs and in Tenant's Proportionate Share of Property Taxes pursuant to this Section 3.4(c) for the Computation Year in which the Term Expiration Date occurs shall be prorated in the proportion that the number of days in such Computation Year preceding the Term Expiration Date bears to three hundred sixty-five (365).

(d) Landlord shall have the same remedies for a default in the payment of Tenant's Proportionate Share of Basic Operating Costs or for a default in the payment of Tenant's Proportionate Share of Property Taxes as for a default in the payment of Base Rent.

(e) Provided that (i) no event of default is then occurring hereunder, nor (ii) is any event occurring which with the giving of notice or the passage of time, or both, would constitute an event of default, then in the event that Basic Operating Costs allocated to the Building increases by more than ten percent (10%) in any Computation Year as compared to the immediately preceding Computation Year, Tenant, at its sole expense, shall have the right, exercisable upon delivery of written notice to Landlord within six (6) months after the end of the Computation Year or the receipt of a reconciliation statement for the Computation Year (if applicable), to review and audit Landlord's books and records regarding such increase in Basic Operating Costs with respect to such Computation Year for the sole purpose of determining the accuracy thereof. Such review or audit shall be performed by a nationally recognized accounting firm that calculates its fees with respect to hours actually worked (as opposed to a calculation based upon percentage of recoveries or other incentive arrangement), shall take place during business hours in the office of Landlord or Landlord's property manager and shall be completed within sixty (60) days after Tenant's delivery to Landlord of notice of its election to conduct such audit. If Tenant does not so review or audit Landlord's books and records, the Basic Operating Costs for a particular Computation Year shall be final and binding upon Tenant. In the event that such audit of Landlord's books and records reveals that the amount of Basic Operating Cost paid by Tenant pursuant to Section 3.4(a), as adjusted pursuant to Section 3.4(c) above, for the period covered by such audit is less than or greater than the actual amount properly payable by Tenant under the terms of this Lease, Tenant shall promptly pay any deficiency to Landlord or, if Landlord concurs with the results of such audit. Landlord shall promptly refund any excess payment to Tenant, as the case may be. Without limiting the foregoing, in the event that such audit reveals an overstatement of Basic Operating Costs charged to Tenant in excess of seven percent (7%), Landlord shall reimburse Tenant for the reasonable cost of said audit in addition to refunding any excess payment to Tenant as provided above. Tenant shall keep any information gained from its review of Landlord's books and records confidential and shall not disclose it to any other party, except as required by any laws. Prior to being permitted access to Landlord's books and records to conduct any audit permitted by the terms of this Section 3.4(e), Tenant's accounting firm shall execute a confidentiality agreement, in a form reasonably acceptable to Landlord, pursuant to which Tenant's accounting firm shall agree (i) to keep any information gained from its review of Landlord's books and records confidential, (ii) not disclose such information to any other party, except as required by any laws, and (iii) such other terms and conditions as Landlord may reasonably require.

3.5 Basic Operating Costs.

(a) Basic Operating Costs shall mean all expenses and costs (but not specific costs which are separately billed to and paid by particular tenants of the Building) of every kind and nature which Landlord shall pay or become obligated to pay because of or in connection with the management, ownership, maintenance, repair, replacement, preservation and operation of the Leased Premises, the Building, the Project and its supporting facilities directly servicing the Building and/or the Project (determined in accordance with generally accepted accounting principles, consistently applied) including, but not limited to, the following:

(1) Wages, salaries and related expenses and benefits of all on-site and off-site employees and personnel engaged in the operation, maintenance, repair and security of the Project.

(2) Costs of Landlord's office (including the property management office) to the extent providing for the management of the Project and office operation in the Project, as well as the costs of operation of a room for delivery and distribution of mail to tenants of the Building.

(3) All supplies, materials, equipment and equipment rental used in the operation, maintenance, repair, replacement and preservation of the Project .

(4) Utilities, including water, sewer and power, telephone, communication and cable television facilities, lighting, heating, air conditioning and ventilating the entire Project.

(5) All maintenance, janitorial and service agreements for the Project and the equipment therein, including, without limitation, alarm and/or security service, window cleaning, elevator maintenance, courtyards, sidewalks, landscaping, Building exterior and service areas.

(6) A property management fee in an amount not to exceed five percent (5%) of all gross revenues derived from the Project.

(7) Legal and accounting services for the Project, including the costs of audits by certified public accountants; provided, however, that legal expenses shall not include the cost of lease negotiations, termination of leases, extension of leases or legal costs incurred in proceedings by or against any specific tenant, or for the defense of Landlord's legal title to the Project.

(8) All insurance premiums and costs, including, but not limited to, the cost of property and liability coverage and rental income and earthquake and flood insurance applicable to tire Project and Landlord's personal property used in connection therewith, as well as deductible amounts applicable to such insurance; provided, however, that Landlord may, but shall not be obligated to, carry earthquake or flood insurance.

(9) Repairs, replacements and general maintenance (except to the extent paid by proceeds of insurance or by Tenant or other tenants of the Building or third parties).

(10) Intentionally Omitted.

(11) Amortized costs (together with reasonable financing charges) of capital improvements made to the Project subsequent to the Term Commencement Date which are designed to improve the operating efficiency of the Project, achieve energy or carbon reduction, or which may be required by governmental authorities, including, but not limited to, those improvements required for the benefit of individuals with disabilities, such amortization to be taken in accordance with generally accepted accounting principles.

(b) In the event any of the Basic Operating Costs are not provided on a uniform basis, Landlord shall make an appropriate and equitable adjustment, in Landlord's discretion reasonably exercised.

(c) Notwithstanding any other provision of this Lease to the contrary, in the event that the Project is not fully occupied during any year of the Term, an adjustment shall be made in computing Basic Operating Costs for such year (including the Base Year) so that Basic Operating Costs shall be computed as though the Building had been ninety-five percent (95%) occupied during such year.

(d) The following items shall be excluded from Basic Operating Costs: (i) depreciation on the Building and the Project; (ii) debt service; (iii) rental under any ground or underlying lease; (iv) attorneys' fees and expenses incurred in connection with lease negotiations with prospective Building tenants or alleged defaults with other Building tenants; (v) the cost of any improvements or equipment which would be properly classified as capital expenditures (except for any capital expenditures expressly included in Section 3.5(a), including, without limitation, Section 3.5(a)(ll)); (vi) the cost of decorating, improving for tenant occupancy, painting or redecorating portions of the Building to be demised to tenants; (vii) advertising expenses relating to vacant space; or (viii) real estate brokers' or other leasing commissions.

3.6 Property Taxes. "Property Taxes" shall mean all real estate or personal property taxes, possessory interest taxes, business or license taxes or fees, service payments in lieu of such taxes or fees, annual or periodic license or use fees, excises, transit charges, housing fund assessments, open space charges, assessments, bonds, levies, fees or charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind which are assessed, levied, charged, confirmed or imposed by any public authority upon the Project (or any portion or component thereof), its operations, this Lease, or the Rent due hereunder (or any portion or component thereof), except: (i) inheritance or estate taxes imposed upon or assessed against the Project, or any part thereof or interest therein, and (ii) Landlord's personal or corporate income, gift or franchise taxes.

Article 4.
Landlord's Covenants

4.1 Basic Services. Landlord shall provide the following basic services during the Term, subject to any limitations imposed by applicable law and governmental authorities:

(a) Hot and cold water at those points of supply provided for general use of other tenants in the Building; heat and air conditioning in season, during the Building hours of

operation specified in the rules and regulations for the Building adopted pursuant to Section 5.17 and at such temperatures and in such amounts as are considered by Landlord to be standard for the comfortable use and occupancy of the Leased Premises or, in all events, as may be required by applicable laws, ordinances, rules and regulations.

(b) Structural and exterior maintenance (including exterior glass and glazing) and routine maintenance, repairs and electric lighting service for all public areas and service areas of the Project in the manner and to the extent deemed by Landlord to be standard.

(c) Janitorial service on a five (5) day per week basis, excluding holidays.

(d) Electric lighting service throughout the Leased Premises and electrical facilities to provide sufficient power for copy machines, facsimile machines, standard size personal computers and other standard office machines of similar low electrical consumption, but not including electricity required for special lighting in excess of Building standards, and any other item of electrical equipment which consumes electricity in amounts in excess of standard office equipment ("Extra Electrical Service").

(e) Building Standard lamps, bulbs, starters and ballasts used in the Leased Premises.

(f) Public elevator service serving the floors on which the Leased Premises are situated, including freight elevator service when prearranged with Landlord, subject to such rules and regulations as Landlord shall promulgate from time to time.

Landlord shall not be liable for damages to either person or property, nor shall Landlord be deemed to have evicted Tenant, nor shall there be any abatement of Rent, nor shall Tenant be relieved from performance of any covenant on its part to be performed under this Lease by reason of any (i) deficiency in the provision of basic services; (ii) breakdown of equipment or machinery utilized in supplying services; or (iii) curtailment or cessation of services due to causes or circumstances beyond the reasonable control of Landlord or by the making of necessary repairs or improvements, unless such deficiency, breakdown, curtailment or cessation is due to the active gross negligence or willful misconduct of Landlord. Landlord shall use reasonable diligence to make such repairs as may be required to machinery or equipment within the Project to provide restoration of services and, where the cessation or interruption of service has occurred due to circumstances or conditions beyond Project boundaries, to cause the same to be restored, by diligent application or request to the provider thereof. In no event shall any mortgagee or the beneficiary under any deed of trust referred to in Section 5.12 be or become liable for any default of Landlord under this Section 4.1.

4.2 Extra Services. Landlord may provide to Tenant at Tenant's sole cost and expense (and subject to the limitations hereinafter set forth) the following extra services:

(a) Such extra cleaning and janitorial services requested by Tenant;

(b) Intentionally Omitted;

(c) Heating, ventilation, air conditioning or Extra Electrical Service, subject to the provisions of Section 4.2(g) hereof, provided by Landlord to Tenant (i) during hours other than the Building hours of operation specified in the rules and regulations for the Building adopted pursuant to Section 5.17, which shall provide for Building hours of operation of 8:00 a.m. to 6:00 p.m., Monday through Friday (excluding holidays observed by the federal government), or (ii) on Saturdays, Sundays, or holidays, all said heating, ventilation, and air conditioning or extra electrical service to be furnished solely upon the prior written request of Tenant submitted during business hours to Landlord at least 24 hours in advance of the time such service is needed, or pursuant to such other procedures (which may permit less than 24 hours notice) as may be established from time to time by Landlord for the Building (such after-hour HVAC, shall be billed at Landlord's commercially reasonable standard rates);

(d) Maintaining and replacing non-Building Standard lamps, bulbs, starters and ballasts (whether or not the light fixtures were installed by Landlord as part of the Tenant Improvements);

(e) Repair and maintenance service which is the obligation of Tenant under this Lease;

(f) Repair, maintenance or janitorial service to the Leased Premises, the Common Areas or the Project parking area which is required as a result of the acts or omissions of Tenant, its agents, employees, contractors, invitees or licensees; and

(g) Any basic service in amounts determined by Landlord to exceed the amounts required to be provided under Section 4.1, including without limitation, Extra Electrical Service, but only if Landlord elects to provide such additional or excess service.

For the purposes of this Section 4.2, if, in Landlord's reasonable opinion, Tenant's use of electrical and/or water service at the Leased Premises is excessive, Landlord may install a separate meter(s) at the Leased Premises to measure the amount of electricity and/or water consumed by Tenant therein. The cost of such installation and of such excess electricity and/or water (at the rates charged for such services by the local public utility) shall be paid by Tenant to Landlord upon receipt by Tenant of a bill therefor.

The cost chargeable to Tenant for all extra services shall constitute Additional Rent and shall include a management fee payable to Landlord of ten percent (10%). Additional Rent shall be paid monthly by Tenant to Landlord concurrently with the payment of Base Rent.

4.3 Window Coverings. All window coverings for the Leased Premises shall be those approved by Landlord. Tenant shall not place or maintain any window coverings, blinds, curtains or drapes other than those approved by Landlord on any exterior window without Landlord's prior written approval, which Landlord shall have the right to grant or withhold in its absolute and sole discretion.

4.4 Graphics and Signage. Landlord, at Landlord's sole cost and expense, shall provide Building standard identification of Tenant's name and suite numerals on a building directory in the Building lobby. Landlord reserves the right to exclude any other names from the building directory. All signs, notices, advertisements and graphics of every kind or character,

visible in or from the Common Areas or the exterior of the Leased Premises shall be subject to approval from the City of Oakland, if applicable, and shall be subject to Landlord's prior written approval, which Landlord shall have the right to withhold in its absolute and sole discretion. Landlord may remove, without notice to and at the expense of Tenant, any sign, notice, advertisement or graphic of any kind inscribed, displayed or affixed in violation of the foregoing requirement. All approved signs, notices, advertisements or graphics shall be printed, affixed or inscribed at Tenant's expense by a sign company selected by or approved by Landlord. Landlord shall be entitled to revise the Project graphics and signage standards at any time. Tenant shall have the right, at Tenant's sole expense, to install signage of its name and logo on the fifth (5th)floor of the Building, the size and design, installation method, and location of which shall be proposed by Tenant in a rendering and submitted to Landlord for approval, which approval Landlord shall not unreasonably withhold or delay. Installation, fabrication, maintenance and removal of Tenant's signs shall be at Tenant's sole cost and expense; Tenant shall remove Tenant's signage and repair any damage caused by the installation or removal of such signage (and Tenant shall restore the installation area to the condition existing prior to installation of such signage) at the expiration or earlier termination of this Lease.

4.5 Intentionally Omitted.

4.6 Repair Obligation. Landlord's obligation under this Lease with respect to maintenance, repair, and replacement shall be limited to (i) the structural portions of the Building; (ii) the exterior walls of the Building, including exterior glass and glazing; (iii) the exterior roof; (iv) mechanical, electrical, plumbing and life safety systems serving the Project and/or the Leased Premises, subject to Tenant's repair obligations provided in Section 5.4 below; (v) the Common Areas; (vi) the Project parking area; and (vii) landscaped areas. However, Landlord shall not have any obligation to repair damage caused by Tenant, its agents, employees, contractors, invitees or licensees. Landlord shall have the right, but not the obligation, to undertake work of repair which Tenant is required to perform under this Lease and which Tenant fails or refuses to perform in a timely and efficient manner after Tenant's receipt of written notice and reasonable opportunity to cure. Tenant shall reimburse Landlord upon demand, as Additional Rent, for all costs incurred by Landlord in performing any such repair for the account of Tenant, together with an amount equal to ten percent (10%) of such costs to reimburse Landlord for its administration and managerial effort. Except as specifically set forth in this Lease, Landlord shall have no obligation whatsoever to maintain or repair the Leased Premises or the Project. The parties intend that the terms of this Lease govern their respective maintenance and repair obligations. Tenant expressly waives the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease with respect to such obligations or which affords Tenant the right to make repairs at the expense of Landlord or terminate this Lease by reason of the condition of the Leased Premises or any needed repairs.

4.7 Peaceful Enjoyment. Landlord covenants with Tenant that upon Tenant paying the Rent required under this Lease and performing all of Tenant's covenants and agreements herein contained, Tenant shall peacefully have, hold and enjoy the Leased Premises subject to all of the terms of this Lease and to any deed of trust, mortgage, ground lease or other agreement to which this Lease may be subordinate. This covenant and the other covenants of Landlord contained in this Lease shall be binding upon Landlord and its successors only with respect to breaches occurring during its or their respective ownerships of Landlord's interest hereunder.

Article 5.
Tenant's Covenants

5.1 Payments by Tenant. Tenant shall pay Rent at the times and in the manner provided in this Lease. All obligations of Tenant hereunder to make payments to Landlord shall constitute Rent and failure to pay the same when due shall give rise to the rights and remedies provided for in Section 7.8. If Tenant consists of more than one person or entity, the obligations imposed under this Lease upon all such persons or entities shall be joint and several.

5.2 Tenant Improvements. The Tenant Improvements, if any, shall be installed and constructed pursuant to **Exhibit B**.

5.3 Taxes on Personal Property. In addition to and wholly apart from its obligation to pay Tenant's Proportionate Share of Basic Operating Costs and Tenant's Proportionate Share of Property Taxes, Tenant shall be responsible for, and shall pay prior to delinquency, all taxes or governmental service fees, possessory interest taxes, fees or charges in lieu of any such taxes, capital levies, and any other charges imposed upon, levied with respect to. or assessed against Tenant's personal property, and on its interest pursuant to this Lease. To the extent that any such taxes are not separately assessed or billed to Tenant, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord.

5.4 Repairs by Tenant. Tenant shall be obligated to maintain and repair, at Tenant's sole cost and expense, the interior of the Leased Premises (including all wall surfaces, floor coverings and fixtures, all supplemental heating, ventilation and air conditioning units exclusively serving the Leased Premises [e.g., server room cooling units], kitchens [including hot water heaters, dishwashers, garbage disposals, insta-hot dispensers] and Tenant's personal property, trade fixtures and any improvements or alterations installed by or on behalf of Tenant), to keep the same at all times in good order, condition and repair, and, upon expiration of the Term, to surrender the same to Landlord in the same condition as on the Term Commencement Date, reasonable wear and tear, taking by condemnation, and damage by casualty not caused by Tenant, its agents, employees, contractors, invitees and licensees excepted. In addition, with regard to the plumbing serving the Leased Premises, Tenant shall keep such plumbing clear and functional, and shall be responsible for any maintenance or repairs made necessary by the clogging of any sink or toilet in the Leased Premises. Tenant shall be responsible for the maintenance and repair of all electrical lines located within the Leased Premises and exclusively serving the Leased Premises. Tenant's obligations shall include, without limitation, the obligation to repair all damage caused by Tenant, its agents, employees, contractors, invitees and others using the Leased Premises with Tenant's expressed or implied permission. At the request of Tenant, but without obligation to do so, Landlord may perform the work of maintenance and repair constituting Tenant's obligation under this Section 5.4 at Tenant's sole cost and expense and as an extra service to be rendered pursuant to Section 4.2. Any work of repair and maintenance performed by or for the account of Tenant by persons other than Landlord shall be performed by contractors approved by Landlord and in accordance with procedures Landlord shall from time to time reasonably establish. Tenant shall give Landlord prompt notice of any damage to or defective condition in any part of the Building's mechanical, electrical, plumbing, life safety or other system servicing, located in or passing through the Leased Premises.

5.5 Waste. Tenant shall not commit or allow any waste or damage to be committed in any portion of the Leased Premises or the Project.

5.6 Assignment or Sublease.

(a) Tenant shall not voluntarily or by operation of law assign, transfer or encumber (collectively "Assign") or sublet all or any part of Tenant's interest in this Lease or in the Leased Premises, or allow any third party to use any portion of the Leased Premises (which for purposes of the balance of this Section 5.6 shall be deemed to be a "sublet" or "sublease" of the Leased Premises), without Landlord's prior written consent given under and subject to the terms of this Section 5.6.

(b) If Tenant desires to Assign this Lease or any interest herein or sublet the Leased Premises or any part thereof, Tenant shall give Landlord a request for consent to such transaction, in writing. Tenant's written request for consent shall specify the date the proposed assignment or sublease would be effective and be accompanied by information pertinent to Landlord's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or subtenant, including, without limitation, its name, business and financial condition, financial details of the proposed transfer, the intended use (including any modification) of the Leased Premises, and exact copies of all of the proposed agreement(s) between Tenant and the proposed assignee or subtenant. Tenant shall promptly provide Landlord with (i) such other or additional information or documents reasonably requested (within ten (10) days after receiving Tenant's consent request) by Landlord, and (ii) an opportunity to meet and interview the proposed assignee or subtenant, if requested by Landlord.

(c) Landlord shall have until the later of (i) ten (10) business days following such interview and receipt of all such additional information, or (ii) thirty (30) days from the date of Tenant's original notice if Landlord does not request additional information or an interview, within which to notify Tenant in writing that Landlord elects either (A) to

terminate this Lease if Tenant is seeking consent to Assign this Lease, or if Tenant is seeking consent to sublet more than forty percent (40%) of the Leased Premises, to terminate the Lease as to the portion of the Leased Premises so affected as of the effective date of the proposed assignment or sublease specified by Tenant, in which event Tenant will be relieved of all further obligations hereunder as to such portion of the Leased Premises as of such date, other than those obligations which survive termination of the Lease, or (B) to consent to or withhold consent to Tenant's request to Assign this Lease or sublet such space, such consent not to be withheld so long as the proposed assignee or sublessee is approved by Landlord, which approval Landlord shall not unreasonably withhold or delay, and is of sound financial condition as determined by Landlord in its commercially reasonable discretion, the use of the Leased Premises by such proposed assignee or sublessee would be a Permitted Use, the proposed assignee or sublessee executes such reasonable assumption documentation as Landlord shall require, and the proposed assignee or sublessee is not (x) already a tenant in the Building or (y) a party with whom Landlord has been discussing the leasing of space in the Building within the immediately preceding sixty (60) days. Failure by Landlord to approve a proposed subtenant or assignee shall not cause a termination of this Lease.

(d) In the event Tenant shall request the consent of Landlord to any assignment or subletting hereunder, Tenant shall pay Landlord a processing fee of $2,500.00. All such fees shall be deemed Additional Rent under this Lease.

(e) Any rent or other consideration realized by Tenant under any such sublease or assignment in excess of (i) the Rent payable hereunder, (ii) any reasonable tenant improvement allowance or other economic concession (e.g., space planning allowance, moving expenses, free or reduced rent periods, etc.), and (iii) any advertising costs and brokerage commissions associated with such assignment or sublease ("Profit"), shall be divided and paid as follows: fifty percent (50%) to Tenant and fifty percent (50%) to Landlord; provided, however, that if Tenant is in default hereunder beyond any applicable cure period, Landlord shall be entitled to all such Profit.

(f) Intentionally Omitted.

(g) The consent of Landlord to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Tenant or to any subsequent or successive assignment or subletting by the assignee or subtenant.

(h) No assignment or subletting by Tenant shall relieve Tenant of any obligation under this Lease. In the event of default by an assignee or subtenant of Tenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee, subtenant or successor. Any assignment or subletting made without Landlord's consent or which conflicts with the provisions hereof shall be void and, at Landlord's option, shall constitute a default under this Lease.

5.7 Alterations, Additions and Improvements.

(a) Tenant shall not make or allow to be made any alterations, additions or improvements in or to the Leased Premises without first obtaining the written consent of Landlord. Landlord's consent will not be unreasonably withheld or delayed with respect to proposed alterations, additions or improvements which (i) comply with all applicable laws, ordinances, rules and regulations; (ii) are compatible with and do not adversely affect the Building and its mechanical, telecommunication, electrical. HVAC and life safety systems; (iii) will not affect the structural or exterior portions of the Building; (iv) will not interfere with the use and occupancy of any other portion of the Building by any other tenant, its employees or invitees; and (v) will not trigger any additional costs to Landlord. Specifically, but without limiting the generality of the foregoing, Landlord's right of consent shall encompass plans and specifications for the proposed alterations, additions or improvements, construction means and methods, the identity of any contractor or subcontractor to be employed on the work of alterations, additions or improvements, and the time for performance of such work. Tenant shall supply to Landlord any additional documents and information reasonably requested by Landlord in connection with Tenant's request for consent hereunder.

(b) Any consent given by Landlord under this Section 5.7 shall be deemed conditioned upon: (i) Tenant acquiring all applicable permits required by governmental authorities; (ii) Tenant furnishing to Landlord copies of such permits, together with copies of the approved

plans and specifications, prior to commencement of the work thereon; and (iii) the compliance by Tenant with the conditions of all applicable permits and approvals in a prompt and expeditious manner.

(c) Tenant shall provide Landlord with not less than fifteen (15) days prior written notice of commencement of the work so as to enable Landlord to post and record appropriate notices of non-responsibility. All alterations, additions and improvements permitted hereunder shall be made and performed by Tenant without cost or expense to Landlord and in strict accordance with plans and specifications approved by Landlord. Tenant shall pay the contractors and suppliers all amounts due to them when due and keep the Leased Premises and the Project free from any and all mechanics', materialmen's and other liens and claims arising out of any work performed, materials furnished or

obligations incurred by or for Tenant. Landlord may require, at its sole option, that Tenant provide to Landlord, at Tenant's expense, a lien and completion bond in an amount equal to the total estimated cost of any alterations, additions or improvements to be made in or to the Leased Premises, to protect Landlord against any liability for mechanics', materialmen's and other liens and claims, and to ensure timely completion of the work. In the event any alterations, additions or improvements to the Leased Premises are performed by Landlord hereunder, whether by prearrangement or otherwise, Landlord shall be entitled to charge Tenant a fifteen percent (15%) administration fee in addition to the actual costs of labor and materials provided. Such costs and fees shall be deemed Additional Rent under this Lease, and may be charged and payable prior to commencement of the work.

(d) Any and all alterations, additions or improvements made to the Leased Premises by Tenant shall become the property of Landlord upon installation and shall be surrendered to Landlord without compensation to Tenant upon the termination of this Lease by lapse of time or otherwise unless (i) Landlord conditioned its approval of such alterations, additions or improvements on Tenant's agreement to remove them, or (ii) if Tenant did not provide a Removal Determination Request (as defined below), Landlord notifies Tenant prior to (or promptly after) the Term Expiration Date that the alterations, additions and/or improvements must be removed, in which case Tenant shall, by the Term Expiration Date, remove such alterations, additions and improvements, repair any damage resulting from such removal and restore the Leased Premises to their condition existing prior to the date of installation of such alterations, additions and improvements, ordinary wear and tear excepted. Prior to making any alterations, additions or improvements to the Leased Premises, Tenant may make a written request that Landlord determine in advance whether or not Tenant must remove such alterations, additions or improvements on or prior to the Term Expiration Date or any earlier termination of this Lease (''Removal Determination Request"). Notwithstanding anything to the contrary set forth above, this clause shall not apply to movable equipment or furniture owned by Tenant. Tenant shall repair at its sole cost and expense all damage caused to the Leased Premises and the Project by removal of Tenant's movable equipment or furniture and such other alterations, additions and improvements as Tenant shall be required or allowed by Landlord to remove from the Leased Premises.

(e) All alterations, additions and improvements permitted under this Section 5.7 shall be constructed diligently, in a good and workmanlike manner with new, good and sufficient materials and in compliance with all applicable laws, ordinances, rules and regulations (including, without limitation, building codes and those related to accessibility and use by

individuals with disabilities). Tenant shall, promptly upon completion of the work, furnish Landlord with "as built" drawings for any alterations, additions or improvements performed under this Section 5.7.

(f) Notwithstanding anything in this Lease to the contrary, Tenant shall construct all alterations, additions and improvements and perform all repairs and maintenance under this Lease (all contractors to be approved in writing in advance by Landlord or, at Landlord's option, designated by Landlord; without limiting the generality of the foregoing. Tenant specifically acknowledges and agrees that Landlord may require any contractors to be union members and may withhold approval of such contractors in the event the use of the same would, in Landlord's reasonable judgment, violate the terms of any agreement between Landlord and any union providing work, labor or services at the Project or disturb labor harmony with the workforce or trades engaged in performing other work, labor or services at the Project) in conformance with any and all applicable laws, including, without limitation, pursuant to a valid building permit issued by the applicable municipality, in conformance with Landlord's construction rules and regulations.

(g) Tenant shall have the right to install a wireless intranet, internet, and communications network (also known as "Wi-Fi") within the Leased Premises for the use of Tenant and its employees (the "Network") subject to this subsection and all the other clauses of this Lease as are applicable. Tenant shall not solicit, suffer, or permit other tenants or occupants of the Building to use the Network or any other communications service, including, without limitation, any wired or wireless internet service that passes through, is transmitted through, or emanates from the Leased Premises. Tenant agrees that Tenant's communications equipment and the communications equipment of Tenant's service providers located in or about the Leased Premises, including, without limitation, any antennas, switches, or other equipment (collectively, "Tenant's Communications Equipment") shall be of a type and, if applicable, a frequency that will not cause radio frequency, electromagnetic, or other interference to any other party or any equipment of any other party including, without limitation, Landlord, other tenants, or occupants of the Building or any other party. In the event that Tenant's Communications Equipment causes or is believed to cause any such interference, upon receipt of notice from Landlord of such interference. Tenant will take all steps necessary, at Tenant's sole cost and expense, to correct and eliminate the interference. If the interference is not eliminated within 24 hours (or a shorter period if Landlord believes a shorter period to be appropriate) then, upon request from Landlord, Tenant shall shut down the Tenant's Communications Equipment pending resolution of the interference, with the exception of intermittent testing upon prior notice to and with the approval of Landlord.

5.8 Compliance With Laws and Insurance Standards. Tenant shall not occupy or use, or permit any portion of the Leased Premises to be occupied or used in a manner that violates any applicable law, ordinance, rule, regulation, order, permit, covenant, easement or restriction of record, or the recommendations of Landlord's engineers or consultants, relating in any manner to the Project, or for any business or purpose which is disreputable, objectionable or productive

of fire hazard. Tenant shall not do or permit anything to be done which would result in the cancellation, or in any way increase the cost, of the property insurance coverage on the Project and/or its contents. If Tenant does or permits anything to be done which increases the cost of any insurance covering or affecting the Project, then Tenant shall reimburse Landlord, upon demand, as Additional Rent, for such additional costs. Landlord shall deliver to Tenant a written statement

setting forth the amount of any such insurance cost increase and showing in reasonable detail the manner in which it has been computed. Tenant shall, at Tenant's sole cost and expense, comply with all laws, ordinances, rules, regulations and orders (state, federal, municipal or promulgated by other agencies or bodies having or claiming jurisdiction) related to the use, condition or occupancy of the Leased Premises now in effect or which may hereafter come into effect including, but not limited to, (a) accessibility and use by individuals with disabilities, and (b) environmental conditions in, on or about the Leased Premises. If anything done by Tenant in its use or occupancy of the Leased Premises shall create, require or cause imposition of any requirement by any public authority for structural or other upgrading of or alteration or improvement to the Project, Tenant shall, at Landlord's option, either perform the upgrade, alteration or improvement at Tenant's sole cost and expense or reimburse Landlord upon demand, as Additional Rent, for the cost to Landlord of performing such work. The judgment of any court of competent jurisdiction or the admission by Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, ordinance, rule, regulation, order, permit, covenant, easement or restriction shall be conclusive of that fact as between Landlord and Tenant.

5.9 No Nuisance; No Overloading. Tenant shall use and occupy the Leased Premises, and control its agents, employees, contractors, invitees and visitors in such manner so as not to create any nuisance, or interfere with, annoy or disturb (whether by noise, odor, vibration or otherwise) any other tenant or occupant of the Building or Landlord in its operation of the Building. Tenant shall not place or permit to be placed any loads upon the floors, walls or ceilings in excess of the maximum designed load specified by Landlord or which might damage the Leased Premises, the Building, or any portion thereof.

5.10 Furnishing of Financial Statements; Tenant's Representations. In order to induce Landlord to enter into this Lease, Tenant agrees that it shall promptly furnish Landlord, from time to time (but not more than twice in any twelve (12) month period), within ten (10) business days of receipt of Landlord's written request therefor, with financial statements in form and substance reasonably satisfactory to Landlord reflecting Tenant's current financial condition. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are or will be true, correct and complete in all material respects.

5.11 Entry by Landlord. Landlord, its employees, agents and consultants, shall have the right to enter the Leased Premises at any time, in cases of an emergency, and otherwise at reasonable times after reasonable advance notice to Tenant (which notice may be telephonic, via email, or in person) to inspect the same, to clean, to perform such work as may be permitted or required under this Lease, to make repairs to or alterations of the Leased Premises or other portions of the Building or other tenant spaces therein, to deal with emergencies, to post such notices as may be permitted or required by law to prevent the perfection of liens against Landlord's interest in the Project or to show the Leased Premises to prospective tenants (only during the last nine (9) months of the lease term, with 24 hours advance notice and only while accompanied by an employee or agent designated by Tenant, provided that Tenant makes such employee or agent available), purchasers, encumbrancers or others, or for any other purpose as Landlord may deem reasonably necessary or desirable. Landlord need not provide advance notice when entering the Leased Premises to provide routine services, such as the janitorial service described in Section 4.1(c). Tenant shall not be entitled to any abatement of Rent or damages by reason of the exercise of any such right of entry or performance of any such work by Landlord.

5.12 Nondisturbance and Attornment.

(a) Titis Lease and the rights of Tenant hereunder shall be subject and subordinate to the lien of any deed of trust, mortgage, ground lease or other hypothecation or security instrument (collectively, "Security Device") now or hereafter placed upon, affecting or encumbering the Project or any part thereof or interest therein, and to any and all advances made thereunder, interest thereon or costs incurred and any modifications, renewals, supplements, consolidations, replacements and extensions thereof. Without the consent of Tenant, the holder of any such Security Device or the beneficiary thereunder shall have the right to elect to be subject and subordinate to this Lease, such subordination to be effective upon such terms and conditions as such holder or beneficiary may direct which are not inconsistent with the provisions hereof. Tenant agrees to attorn to and recognize as the Landlord under this Lease the holder or beneficiary under a Security Device or any other party that acquires ownership of the Leased Premises by reason of a foreclosure or sale under any Security Device (or deed in lieu thereof). The new owner following such foreclosure, sale or deed shall not be (i) liable for any act or omission of any prior landlord or with respect to events occurring prior to acquisition of ownership; (ii) subject to any offsets or defenses which Tenant might have against any prior landlord; (iii) bound by prepayment of more than one (1) month's Rent; or (iv) liable to Tenant for any security deposit not actually received by such new owner. Tenant covenants and agrees to execute (and acknowledge if required by Landlord, any lender or ground lessor) and deliver, within ten (10) business days of receipt of a written demand or request by Landlord and in

the form reasonably requested by Landlord, any ground lessor, mortgagee or beneficiary, any additional documents evidencing the priority or subordination of this Lease with respect to any such ground leases or underlying leases or the lien of any such mortgage or deed of trust.

(b) At Tenant's sole cost, not to exceed One Thousand Five Hundred Dollars ($1,500.00), Landlord shall use commercially reasonable efforts to obtain a nondisturbance agreement from the existing lender within ninety (90) days after the Date of Lease on such lender's standard form with commercially reasonable changes requested by Tenant and agreed to by the lender. Landlord shall be responsible for any cost of obtaining such nondisturbance agreement above the amount indicated hereinabove.

5.13 Estoppel Certificate. Within ten (10) business days following Tenant's receipt of Landlord's request, Tenant shall execute, acknowledge and deliver written estoppel certificates addressed to (i) any mortgagee or prospective mortgagee of Landlord, or (ii) any purchaser or prospective purchaser of all or any portion of, or interest in, the Project, on a form specified by Landlord, certifying as to such facts (if true) and agreeing to such notice provisions and other matters as such mortgagee(s) or purchaser(s) may reasonably require, including, without limitation, the following: (a) that this Lease is unmodified and in full force and effect (or in full force and effect as modified, and stating the modifications); (b) the amount of, and date to which Rent and other charges have been paid in advance; (c) the amount of any Security Deposit; and (d) acknowledging that Landlord is not in default under this Lease (or, if Landlord is claimed to be in default, stating the nature of the alleged default). Any such estoppel certificate may be relied upon by any such mortgagee or purchaser. Failure by Tenant to execute and deliver any such

estoppel certificate within the time requested shall be, at Landlord's election, conclusive upon Tenant that (1) this Lease is in full force and effect and has not been modified except as represented by Landlord; (2) not more than one month's Rent has been paid in advance; and (3) Landlord is not in default under this Lease.

5.14 Security Deposit.

(a) Concurrently with the execution hereof, Tenant shall pay to Landlord the agreed upon Security Deposit as security for the full and faithful performance of Tenant's obligations under this Lease. If at any time during the Term, Tenant shall be in default in the payment of Rent or in default for any other reason, Landlord may use. apply or retain all or part of the Security Deposit for payment of any amount due Landlord or to cure such default or to reimburse or compensate Landlord for any liability, loss, cost, expense or damage (including attorneys' fees) which Landlord may suffer or incur by reason of Tenant's default. If Landlord uses or applies all or any part of the Security Deposit, Tenant shall, on demand, pay to Landlord a sum sufficient to restore the Security Deposit to the full amount required by this Lease. Upon expiration of the Term or earlier termination of this Lease and after Tenant has vacated the Leased Premises, Landlord shall return the Security Deposit to Tenant, reduced by such amounts as may be required by Landlord to remedy defaults on the part of Tenant in the payment of Rent, to repair damages to the Leased Premises caused by Tenant and to clean the Leased Premises. The portion of the deposit not so required shall be paid over to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest in this Lease) within thirty (30) days after expiration of the Term or earlier termination hereof. Landlord shall hold the Security Deposit for the foregoing purposes; provided, however, that Landlord shall have no obligation to segregate the Security Deposit from its general funds or to pay interest in respect thereof. No part of the Security Deposit shall be considered to be held in trust, or to be prepayment of any monies to be paid by Tenant under this Lease. Tenant hereby waives (i) the protections of Section 1950.7 of the California Civil Code, as it may hereafter be amended and any and all other laws, rules and regulations applicable to security deposits in the commercial context ("Security Deposit Laws"), and (ii) any and all rights, duties and obligations either party may now or, in the future, will have relating to or arising from the Security Deposit Laws. Notwithstanding anything to the contrary herein, the Security Deposit may be retained and applied by Landlord (a) to offset Rent which is unpaid either before or after termination of this Lease, and (b) against other damages suffered by Landlord before or after termination of this Lease.

(b) Instead of a cash deposit, Tenant shall deliver the Security Deposit to Landlord in the form of a clean and irrevocable letter of credit (the "Letter of Credit") issued by and drawable upon (said issuer being referred to as the "Issuing Bank") a financial institution which is reasonably approved by Landlord, provided that Landlord shall not withhold its consent to an Issuing Bank which is insured by the Federal Deposit Insurance Corporation, and the long term unsecured debt obligations of which are rated at least "AA" by Fitch and Standard & Poors and "Aa2" by Moody's. Such Letter of Credit shall (a) name Landlord as beneficiary, (b) be in the amount of the Security Deposit, (c) have a term of not less than one (1) year, (d) permit multiple drawings, (e) be fully transferable by Landlord, and (f) otherwise be in form and content reasonably satisfactory to Landlord. If upon any transfer of the Letter of Credit, any fees or charges shall be so imposed, then such fees or charges shall be payable solely by Tenant and the Letter of Credit shall so specify and if the Issuing Bank will not agree to the transfer (or if it imposes

unreasonable requirements for the transfer), Tenant shall promptly replace such Letter of Credit. The Letter of Credit shall provide that it shall be deemed automatically renewed, without amendment, for consecutive periods of one year each thereafter during the Term unless the Issuing Bank sends a notice (the "Non-Renewal Notice") to Landlord by

certified mail, return receipt requested, not less than 45 days next preceding the then expiration date of the Letter of Credit stating that the Issuing Bank has elected not to renew the Letter of Credit. Landlord shall have the right, upon receipt of the Non-Renewal Notice, to draw the full amount of the Letter of Credit, by sight draft on the Issuing Bank, and shall thereafter hold or apply the cash proceeds of the Letter of Credit pursuant to the terms of this Section 5.14. The Issuing Bank shall agree with all drawers, endorsers and bona fide holders that drafts drawn under and in compliance with the terms of the Letter of Credit will be duly honored upon presentation to the Issuing Bank at an office location in the San Francisco Bay Area. Notwithstanding the foregoing, Landlord hereby approves Silicon Valley Bank as an Issuing Bank.

(c) Notwithstanding anything in this Section 5.14 to the contrary, the Security Deposit shall be reduced from $901,152.00 to $450,576.00 if Tenant provides to Landlord at any time during the Term after the last day of the forty-fourth (44th) full calendar month after the Term Commencement Date financial statements, in form and substance reasonably satisfactory to Landlord, showing an operating profit for Tenant in each of the four (4) consecutive quarters immediately preceding Tenant's delivery of such financial statements. In the event that Tenant satisfies the condition above, Tenant shall have the right to reduce the Letter of Credit amount via the delivery to Landlord of either (i) an amendment to the existing Letter of Credit (in form and content reasonably acceptable to Landlord) reducing the Letter of Credit amount to the amount set forth above, or (ii) an entirely new Letter of Credit (in the form and content required by this Section 5.14) in the Letter of Credit amount then required as set forth above. If applicable, Landlord shall cooperate with Tenant in executing such authorizations as the Issuing Bank may require to accomplish any such reduction.

5.15 Surrender.

(a) Subject to the provisions of Section 5.7 hereof, on the Term Expiration Date (or earlier termination of this Lease), Tenant shall quit and surrender possession of the Leased Premises to Landlord in broom clean condition and as good order and condition as they were in on the Term Commencement Date, reasonable wear and tear, taking by condemnation and damage by casualty not caused by Tenant, its agents, employees, contractors, invitees and licensees excepted. Reasonable wear and tear shall not include any damage or deterioration that would have been prevented by good maintenance practice or by Tenant performing all of its obligations under this Lease. Tenant shall, without cost to Landlord, remove all furniture, equipment, trade fixtures, debris and articles of personal property owned by Tenant in the Leased Premises, and shall repair any damage to the Project resulting from such removal. Any such property not removed by Tenant by the Term Expiration Date (or earlier termination of this Lease) shall be considered abandoned, and Landlord may remove any or all of such items and dispose of same in any lawful manner or store same in a public warehouse or elsewhere for the account and at the expense and risk of Tenant. If Tenant shall fail to pay the cost of storing any such property after storage for thirty (30) days or more, Landlord may sell any or all of such property at public or private sale, in such manner and at such times and places as Landlord may deem proper, without notice to or demand upon Tenant. Landlord shall apply the proceeds of any such sale as follows: first, to the costs of such

sale; second, to the costs of storing any such property; third, to the payment of any other sums of money which may then or thereafter be due to Landlord from Tenant under any of the terms of this Lease; and fourth, the balance, if any, to Tenant.

(b) In addition, on the Term Expiration Date (or earlier termination of this Lease), Tenant shall remove, at its sole cost and expense, all of Tenant's telecommunications lines and cabling installed by Tenant, including, without limitation, any such lines and cabling installed in the plenum or risers of the Building in compliance with the National Electrical Code (collectively, "Wires") and repair all damage caused thereby and restore the Leased Premises or the Building, as the case may be, to their condition existing prior to the installation of the Wires ("Wire Restoration Work"). Landlord, at its option, may perform such Wire Restoration Work at Tenant's sole cost and expense. In the event that Tenant fails to perform the Wire Restoration Work or refuses to pay all costs of the Wire Restoration Work (if performed by Landlord) within ten (10) days of Tenant's receipt of Landlord's notice requesting Tenant's reimbursement for or payment of such costs or otherwise fails to comply with the provisions of this Section, Landlord may apply all or any portion of the Security Deposit toward the payment of any costs or expenses relative to the Wire Restoration Work or Tenant's obligations under this Section. The retention or application of such Security Deposit (if any) by Landlord pursuant to this Section does not constitute a limitation on or waiver of Landlord's right to seek further remedy under law or equity. The provisions of this Section shall survive the expiration or sooner termination of this Lease.

5.16 Tenant's Remedies.

(a) Landlord shall not be deemed in breach of this Lease unless Landlord fails within a reasonable time to perform an obligation required to be performed by Landlord. For purposes of this Section 5.16, a reasonable time shall in no event be less than thirty (30) days after receipt by Landlord, and by the holders of any ground lease, deed of trust or mortgage covering the Leased Premises whose name and address shall have been furnished Tenant in writing for such purpose, of written notice specifying wherein such obligation of Landlord has not been performed; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days after such notice are reasonably required for its performance, then Landlord shall not be in breach of this Lease if performance is commenced within said thirty (30)-

day period and thereafter diligently pursued to completion. If Landlord fails to cure such default within the time provided for in this Lease, the holder of any such ground lease, deed of trust or mortgage shall have an additional period of time as described in Section 9.26 below. The liability of Landlord to Tenant for any default by Landlord under the terms of this Lease shall be limited to the actual interest of Landlord and its present or future partners or members in the Building, and Tenant agrees to look solely to Landlord's interest in the Building for satisfaction of any liability and shall not look to other assets of Landlord nor seek any recourse against the assets of the individual partners, members, directors, officers, shareholders, agents or employees of Landlord, including without limitation, any property management or asset management company of Landlord (collectively, the "Landlord Parties"). It is the parties' intention that Landlord and the Landlord Parties shall not in any event or circumstance be personally liable, in any manner whatsoever, for any judgment or deficiency hereunder or with respect to this Lease. Landlord shall not be liable for any loss, injury or damage arising from any act or omission of any other tenant or occupant of the Building, nor shall Landlord be liable under any circumstances for damage or inconvenience to Tenant's business or for any loss of income or profit therefrom or for other consequential damages. The

liability of Landlord under this Lease is limited to its actual period of ownership of title to the Building. Any lien obtained to enforce any such judgment and any levy of execution thereon shall be subject and subordinate to any lien, deed of trust or mortgage to which Section 5.12 applies or may apply. Tenant shall not have the right to terminate this Lease or withhold, reduce or offset any amount against any payments of Rent due and payable under this Lease by reason of a breach of this Lease by Landlord, except as hereinafter provided.

(b) If (i) Tenant provides written notice to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance which solely affects the Leased Premises and no other tenant space, and Landlord fails to provide such action and the failure continues beyond the applicable cure period set forth in this Section 5.16, and (ii) Landlord does not provide Tenant written notice reasonably objecting to the necessity or appropriateness of the Tenant requested repair and/or maintenance, then Tenant may proceed to take the required action upon delivery of an additional ten (10) days' notice to Landlord specifying that Tenant is taking such required action, and if such action was required under the terms of this Lease to be taken by Landlord and was not taken by Landlord within such additional ten (10)-day period, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable direct out-of- pocket costs and expenses in taking such action. If Landlord provides written notice to Tenant reasonably objecting to the necessity or appropriateness of the Tenant requested repair and/or maintenance. Tenant's sole remedy shall be to claim a default by Landlord and file an action in a court of competent jurisdiction in connection therewith. In the event Tenant takes such action, such work must be performed in a first-class manner and in compliance with all applicable laws; and, if such work will affect the Building's systems and equipment or the structural integrity of the Building, Tenant shall use only those contractors used by Landlord in the Building for work on such systems and equipment (or structural components) (and Landlord shall cause such contractors to charge Tenant competitive rates for such work) unless such contractors are unwilling or unable to perform, or timely perform, such work, in which event Tenant may utilize the services of any other qualified contractor which normally and regularly performs similar work in Comparable Buildings (as defined in Section 8.1). Further, if Landlord does not deliver a detailed written objection to Tenant within thirty (30) days after receipt of an invoice by Tenant of Tenant's costs of taking action which Tenant claims should have been taken by Landlord, and if such invoice from Tenant sets forth a reasonably particularized breakdown of Tenant's costs and expenses in connection with taking such action on behalf of Landlord, then Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease, the amount set forth in such invoice. If, however, Landlord delivers to Tenant within thirty (30) days after receipt of Tenant's invoice, a written objection to the payment of such invoice, setting forth with reasonable particularity Landlord's reasons for its claim that such action did not have to be taken by Landlord pursuant to the terms of this Lease or that the charges are excessive (in which case Landlord shall pay the amount it contends would not have been excessive), then Tenant shall not be entitled to such deduction from Base Rent, but as Tenant's sole remedy, Tenant may proceed to claim a default by Landlord and file an action in a court of competent jurisdiction in connection therewith.

5.17 Rules and Regulations. Tenant shall comply with the rules and regulations for the Project attached as **Exhibit D** and such reasonable amendments thereto as Landlord may adopt from time to time with prior notice to Tenant. Notwithstanding the foregoing, it is understood that Rule No. 2 of such rules and regulations shall in no event prevent Tenant from having snacks delivered to the Leased Premises, or from having lunches or other events catered in the Leased Premises.

Article 6.
Environmental Matters

6.1 Hazardous Materials Prohibited.

(a) Tenant shall not cause or permit any Hazardous Material (as defined in Section 6.1(c) below) to be brought, kept, used, generated, released or disposed in, on, under or about the Leased Premises or the Project by Tenant, its agents, employees, contractors, licensees or invitees (collectively, "Tenant's Representatives"); provided, however, that Tenant may use, store and dispose of, in accordance with applicable Governmental Requirements (as defined in Section 6.1(b), limited quantities of standard office and janitorial supplies, but only to the extent reasonably necessary for Tenant's

operations in the Leased Premises. Tenant hereby indemnifies Landlord from and against (i) any breach by Tenant of the obligations stated in the preceding sentence, (ii) any breach of the obligations stated in Section 6.1(b) below, or (iii) any claims or liability resulting from Tenant's use of Hazardous Materials. Tenant hereby agrees to defend and hold Landlord harmless from and against any and all claims, liability, losses, damages, costs and/or expenses (including, without limitation, diminution in value of the Project, or any portion thereof, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Building, damages arising from any adverse impact on marketing of space in the Building, and sums paid in settlement of claims, fines, penalties, attorneys' fees, consultants' fees and experts' fees) which arise during or after the Term as a result of any breach of the obligations stated in Sections 6,1 (a) or 6.1(b) or otherwise resulting from Tenant's use of Hazardous Materials. This indemnification of Landlord by Tenant includes, without limitation, death of or injury to person, damage to any property or the environment and costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state or local governmental agency or political subdivision because of any Hazardous Material present in, on, under or about the Leased Premises or the Project (including soil and ground water contamination) which results from such a breach. Without limiting the foregoing, if the presence of any Hazardous Material in, on, under or about the Leased Premises or the Project caused or permitted by Tenant results in any contamination of the Leased Premises or the Project, Tenant shall promptly take all actions at its sole expense as are necessary to return the same to the condition existing prior to the introduction of such Hazardous Material; provided that Landlord's approval of such actions, and the contractors to be used by Tenant in connection therewith, shall first be obtained. This indemnification of Landlord by Tenant shall survive the expiration or sooner termination of this Lease.

(b) Tenant covenants and agrees that Tenant shall at all times be responsible and liable for, and be in compliance with, all federal, state, local and regional laws, ordinances, rules, codes and regulations, as amended from time to time ("Governmental Requirements"), relating to health and safety and environmental matters, arising, directly or indirectly, out of the use of Hazardous Materials (as defined in Section 6.1(c) below) in the Project, including the specific laws, ordinances and regulations referred to in Section 6.1(c) below. Health and safety and environmental matters for which Tenant is responsible under this paragraph include, without limitation (i) notification and reporting to governmental agencies, (ii) the provision of warnings of

potential exposure to Hazardous Materials to Landlord and Tenant's agents, employees, licensees, contractors and others, (iii) the payment of taxes and fees, (iv) the proper off-site transportation and disposal of Hazardous Materials, and (v) all requirements, including training, relating to the use of equipment. Immediately upon discovery of a release of Hazardous Materials, Tenant shall give written notice to Landlord, whether or not such release is subject to reporting under Governmental Requirements. The notice shall include information on the nature and conditions of the release and Tenant's planned response. Tenant shall be liable for the cost of any clean-up of the release of any Hazardous Materials by Tenant or Tenant's Representatives on the Project.

(c) As used in this Lease, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "Hazardous Material" includes, without limitation, any substance, material or waste which is (i) defined as a "hazardous waste" or similar term under the laws of the jurisdiction where the Project is located; (ii) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1317); (iii) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource, Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903); (iv) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601); (v) hydrocarbons, petroleum, gasoline, crude oil or any products, by-products or fractions thereof; or (vi) asbestos in any form or condition.

6.2 Limitations on Assignment and Subletting. In addition to the provisions of Section 5.6 above, it shall not be unreasonable for Landlord to withhold its consent to any proposed assignment or subletting of the Leased Premises if (i) the proposed transferee's anticipated use of the Leased Premises involves the generation, storage, use, treatment, or disposal of Hazardous Material (excluding standard office and janitorial supplies; in limited quantities as hereinabove provided); (ii) the proposed transferee has been required by any prior landlord, lender or governmental authority to take remedial action in connection with Hazardous Material contaminating a property if the contamination resulted from such transferee's actions or use of the property in question; or (iii) the proposed transferee is subject to an enforcement order issued by any governmental authority in connection with the generation, storage, use, treatment or disposal of a Hazardous Material.

6.3 Right of Entry. In addition to the provisions of Section 5.11 above, Landlord, its employees, agents and consultants, shall have the right to enter the Leased Premises at any time, in case of an emergency, and otherwise during reasonable hours and upon reasonable notice to Tenant, and only while accompanied by an employee or agent designated by Tenant (provided that an employee or agent is made available by Tenant), in order to conduct periodic environmental inspections and tests to determine whether any Hazardous Materials are present. The costs and expenses of such inspections shall be paid by Landlord unless a default or breach of this Lease, violation of Governmental Requirements or contamination caused or permitted by Tenant is found to exist or Landlord has reason to believe such

a default exists. In such event, Tenant shall reimburse Landlord upon demand, as Additional Rent, for the costs and expenses of such inspections.

6.4 Notice to Landlord. Tenant shall immediately notify Landlord in writing of: (i) any enforcement, clean-up, removal or other governmental or regulatory action instituted or threatened regarding the Leased Premises or the Project pursuant to any Governmental Requirements; (ii) any claim made or threatened by any person against Tenant or the Leased Premises relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Material: and (iii) any reports made to or received from any governmental agency arising out of or in connection with any Hazardous Material in or removed from the Leased Premises or the Project, including any complaints, notices, warnings or asserted violations in connection therewith. Tenant shall also supply to Landlord as promptly as possible, and in any event within three (3) business days after Tenant first receives or sends the same, copies of all claims, reports, complaints, notices, warnings, asserted violations or other communications relating in any way to the Leased Premises or Tenant's use thereof.

6.5 Disclosure as to Hazardous Materials. Landlord hereby discloses to Tenant that previous occupants or others possessed and used or may have possessed and used office supplies, cleaning products, construction and decorating materials and other substances in or about the Leased Premises or portions thereof and which may contain or may have contained Hazardous Materials. In addition: (i) portions of the Project (including, without limitation, the equipment rooms) contain Hazardous Materials of the kind ordinarily employed in such areas; and (ii) automobiles and other vehicles operated or parked in the parking and loading dock areas emit substances which may contain Hazardous Materials.

Article 7.
Insurance, Indemnity, Condemnation, Damage and Default

7.1 Landlord's Insurance. Landlord shall secure and maintain policies of insurance for the Project covering loss of or damage to the Project, including the Tenant Improvements, if any, but excluding all subsequent alterations, additions and improvements to the Leased Premises, with loss payable to Landlord and to the holders of any deeds of trust, mortgages or ground leases on the Project. Landlord shall not be obligated to obtain insurance for Tenant's trade fixtures, equipment, furnishings, machinery or other property. Such policies shall provide protection against fire and extended coverage perils and such additional perils as Landlord deems suitable, and with such deductible(s) as Landlord shall deem reasonably appropriate. Landlord shall further secure and maintain commercial general liability insurance with respect to the Project in such amount as Landlord shall determine, such insurance to be in addition to and not in lieu of, the liability insurance required to be maintained by Tenant. Landlord may elect to self-insure for the coverages required under this Section 7.1. If the annual cost to Landlord for any such insurance exceeds the standard rates because of the nature of Tenant's operations. Tenant shall, upon receipt of appropriate invoices, reimburse Landlord for such increases in cost, which amounts shall be deemed Additional Rent hereunder. Tenant shall not be named as an additional insured on any policy of insurance maintained by Landlord.

7.2 Tenant's Liability Insurance. Tenant (with respect to both the Leased Premises and the Project) shall secure and maintain, at its own expense, at all times during the Term (including any early access period), a policy or policies of commercial general liability insurance with the premiums thereon fully paid in advance, protecting Tenant and naming Landlord, the holders of any deeds of trust, mortgages or ground leases on the Project, and Landlord's

representatives (which term, whenever used in this Article 7, shall be deemed to include Landlord's partners, trustees, ancillary trustees, officers, directors, shareholders, beneficiaries, agents, employees and independent contractors) as additional insureds against claims for bodily injury, personal injury, advertising injury and property damage (including attorneys' fees) based upon, involving or arising out of Tenant's operations, assumed liabilities or Tenant's use, occupancy or maintenance of the Leased Premises and the Common Areas of the Project. Such insurance shall provide for a minimum amount of Two Million Dollars ($2,000,000.00) for property damage or injury to or death of one or more than one person in any one accident or occurrence, with an annual aggregate limit of at least Five Million Dollars ($5,000,000.00). The coverage required to be carried shall include fire legal liability, blanket contractual liability, personal injury liability (libel, slander, false arrest and wrongful eviction), broad form property damage liability, products liability and completed operations coverage (as well as owned, non-owned and hired automobile liability if an exposure exists) and the policy shall contain an exception to any pollution exclusion which insures damage or injury arising out of heat, smoke or fumes from a hostile fire. Such insurance shall be written on an occurrence basis and contain a separation of insureds provision or cross-liability endorsement acceptable to Landlord. Tenant shall provide Landlord with a certificate evidencing such insurance coverage. The certificate shall indicate that the insurance provided specifically recognizes the liability assumed by Tenant under this Lease and that Tenant's insurance is primary to and not contributory with any other insurance maintained by Landlord, whose insurance shall be considered excess insurance only. Not more frequently than every two (2) years, if, m the commercially reasonable opinion of any mortgagee of Landlord or of the insurance broker retained by Landlord, the amount of liability insurance coverage at that time is not adequate, Tenant shall increase its liability insurance coverage as required by either any mortgagee of

Landlord or Landlord's insurance broker. Whenever, in Landlord's reasonable judgment, good business practice or change in conditions indicate a need for additional or different types of insurance, Tenant shall, within fifteen (15) days of receipt of Landlord's request therefor, obtain the insurance at its own expense.

7.3 Tenant's Additional Insurance Requirements.

(a) Tenant shall secure and maintain, at Tenant's expense, at all times during the Term (including any early access period), a policy of physical damage insurance on all of Tenant's fixtures, furnishings, equipment, machinery, merchandise and personal property in the Leased Premises and on any alterations, additions or improvements made by or for Tenant upon the Leased Premises, all for the full replacement cost thereof without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance. Such insurance shall insure against those risks customarily covered in an "all risk" policy of insurance covering physical loss or damage. Tenant shall use the proceeds from such insurance for the replacement of fixtures, furnishings, equipment and personal property and for the restoration of any alterations, additions or improvements to the Leased Premises. In addition, Tenant shall secure and maintain, at all times during the Term, loss of income, business interruption and extra expense insurance in such amounts as will reimburse Tenant for direct or indirect loss of earnings and incurred costs for a minimum period of twelve (12) months attributable to all perils commonly insured against by prudent tenants or attributable to prevention of access to the Leased Premises or to the Building as a result of such perils; such insurance shall be maintained with Tenant's property insurance carrier. Further, Tenant shall secure and maintain at all times during the Term workers' compensation insurance in such amounts as are required by

law, employer's liability insurance in the amount of One Million Dollars ($1,000,000.00) per occurrence, and all such other insurance as may be required by applicable law or as may be reasonably required by Landlord. In the event Tenant makes any alterations, additions or improvements to the Leased Premises, prior to commencing any work in the Leased Premises, Tenant shall secure "builder's all risk" insurance which shall be maintained throughout the course of construction, such policy being an all risk builder's risk completed value form, in an amount approved by Landlord, but not less than the total contract price for the construction of such alterations, additions or improvements and covering the construction of such alterations, additions or improvements, and such other insurance as Landlord may reasonably require, it being understood and agreed that all of such alterations, additions or improvements shall be insured by Tenant pursuant to this Section 7.3 immediately upon completion thereof. Tenant shall provide Landlord with certificates of all such insurance. The property insurance certificate shall confirm that the waiver of subrogation required to be obtained pursuant to Section 7.5 is permitted by the insurer. Tenant shall, at least thirty (30) days prior to the expiration of any policy of insurance required to be maintained by Tenant under this Lease, furnish Landlord with an "insurance binder" or other satisfactory evidence of renewal thereof.

(b) All policies required to be carried by Tenant under this Lease shall be issued by and binding upon a reputable insurance company of good financial standing licensed to do business in the State of California with a rating of at least A-IX or such other rating as may be required by a lender having a lien on the Project, as set forth in the most current issue of "Best's Insurance Reports." Tenant shall not do or permit anything to be done that would invalidate the insurance policies referred to in this Article 7. All policies required to be carried by Tenant under this Article 7 shall contain a waiver of subrogation endorsement and shall contain an endorsement or endorsements providing that (i) Landlord and its affiliated entities, the property manager for the Building, the asset manager for the Building, and any lender with a deed of trust encumbering the Project or any part thereof, of whom Landlord has notified Tenant, are included as additional insureds, (ii) the insurer agrees not to cancel or alter the policy without at least thirty (30) days' prior written notice to Landlord and all named and additional insureds, and (iii) all such insurance maintained by Tenant is primary, with any other insurance available to Landlord or any other named or additional insured being excess and non-contributing.

(c) Tenant shall provide evidence of each of the policies of insurance which Tenant is required to obtain and maintain pursuant to this Lease on or before the Term Commencement Date (or the start of any early access period) and at least thirty (30) days prior to the expiration of any policy, which evidence shall be binding upon the insurance carrier, shall be accompanied by a copy of the ISO Additional Insured Endorsement CG 2037 or CG 2026 (or their equivalent), as applicable, and, as to property insurance, shall be in the form of an "ACORD 28 (10/2003)" evidence of insurance or other form reasonably acceptable to Landlord. In the event that Tenant fails to provide evidence of insurance required to be provided by Tenant under this Lease, prior to commencement of the Term, and thereafter during the Term, within ten (10) days following Landlord's written request therefor, Landlord shall be authorized (but not required) to procure such coverage in the amounts stated with all costs thereof (plus a fifteen percent (15%) administrative fee) to be chargeable to Tenant and payable upon written invoice therefor, which amounts shall be deemed Additional Rent hereunder.

(d) The minimum limits of insurance required by this Lease, or as carried by Tenant, shall not limit the liability of Tenant nor relieve Tenant of any obligation hereunder.

7.4 Indemnity and Exoneration.

(a) To the extent not prohibited by law, Landlord and Landlord's representatives, partners, members, agents, employees, directors, officers, successors and assigns ("Landlord's Representatives") shall not be liable for any loss, injury or damage to person or property of Tenant, Tenant's agents, employees, contractors, invitees or any other person, whether caused by theft, fire, act of God, acts of the public enemy, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority or which may arise through repair, alteration or maintenance of any part of the Project or failure to make any such repair or from any other cause whatsoever, except as expressly otherwise provided in Sections 7.6 and 7.7. Landlord shall not be liable for any loss, injury or damage arising from any act or omission of any other tenant or occupant of the Project, nor shall Landlord be liable under any circumstances for damage or inconvenience to Tenant's business or for any loss of income or profit therefrom.

(b) Landlord shall indemnify, protect, defend and hold Tenant and Tenant's Representatives, harmless of and from any and all claims, liability, costs, penalties, fines, damages, injury, judgments, forfeiture, losses (including without limitation diminution in the value of the Leased Premises) or expenses (including without limitation attorneys' fees, consultant fees, testing and investigation fees, expert fees and court costs) arising out of or in any way related to or resulting directly or indirectly from (i) the negligent activities or willful misconduct of Landlord or Landlord's Representatives in or about the Leased Premises or the Project, (ii) any failure to comply with any applicable law, and (iii) any default or breach by Landlord in the performance of any obligation of Landlord under this Lease; provided, however, that the foregoing indemnity shall not be applicable to claims arising by reason of the negligence or willful misconduct of Tenant.

(c) Tenant shall indemnify, protect, defend and hold the Project. Landlord and Landlord's Representatives, harmless of and from any and all claims, liability, costs, penalties, fines, damages, injury, judgments, forfeiture, losses (including without limitation diminution in the value of the Leased Premises) or expenses (including without limitation attorneys' fees, consultant fees, testing and investigation fees, expert fees and court costs) arising out of or in any way related to or resulting directly or indirectly from (i) the use or occupancy of the Leased Premises, (ii) the activities of Tenant or Tenant's Representatives in or about the Leased Premises or the Project, (iii) any failure to comply with any applicable law, and (iv) any default or breach by Tenant in the performance of any obligation of Tenant under this Lease; provided, however, that the foregoing indemnity shall not be applicable to claims arising by reason of the negligence or willful misconduct of Landlord.

(d) Tenant shall indemnify, protect, defend and hold the Project, Landlord and its representatives, harmless of and from any and all claims, liability, costs, penalties, fines, damages, injury, judgments, forfeiture, losses (including without limitation diminution in the value of the Leased Premises) or expenses (including without limitation attorneys' fees, consultant fees, testing and investigation fees, expert fees and court costs) arising out of or in any way related to or resulting directly or indirectly from work or labor performed, materials or supplies furnished to or at the request of Tenant or in connection with obligations incurred by or performance of any work done for the account of Tenant in the Leased Premises or the Project.

(e) The provisions of this Section 7.4 shall survive the expiration or sooner termination of this Lease. **EACH PARTY HERETO ACKNOWLEDGES IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THE PROVISIONS SET FORTH IN THIS SECTION 7.4 AND FURTHER ACKNOWLEDGES THAT SUCH PROVISIONS WERE SPECIFICALLY NEGOTIATED.**

7.5 Waiver of Subrogation. Anything in this Lease to the contrary notwithstanding. Landlord and Tenant each waives all rights of recovery, claim, action or cause of action against the other, its agents (including partners, both general and limited), trustees, officers, directors, and employees, for any loss or damage that may occur to the Leased Premises, or any improvements thereto, or the Project or any personal property of such party therein, by reason of any cause required to be insured against under this Lease to the extent of the coverage required, regardless of cause or origin, including negligence of the other party hereto, provided that such party's insurance is not invalidated thereby; and each party covenants that, to the fullest extent permitted by law, no insurer shall hold any right of subrogation against such other party. Tenant shall advise its insurers of the foregoing and such waiver shall be a part of each policy maintained by Tenant which applies to the Leased Premises, any part of the Project or Tenant's use and occupancy of any part thereof.

7.6 Condemnation.

(a) If the Leased Premises are taken under the power of eminent domain or sold under the threat of the exercise of such power (all of which are referred to herein as "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs (the "date of taking"). If the Leased Premises or any portion of the Project is taken by condemnation to such an extent as to render the Leased Premises untenantable as reasonably determined by Landlord or Tenant, this Lease shall, at the option of either party to be exercised in writing within thirty (30) days after receipt of written notice of such taking, forthwith cease and terminate as of the date of taking. All proceeds from any condemnation of the Leased Premises shall belong and be paid to Landlord, subject to the rights of any mortgagee of Landlord's interest in the Project or the beneficiary of any deed of trust which constitutes an encumbrance thereon; provided that Tenant shall be entitled to any compensation separately

awarded to Tenant for Tenant's relocation expenses and/or, loss of Tenant's trade fixtures. If this Lease continues in effect after the date of taking pursuant to the provisions of this Section 7.6(a), Landlord shall proceed with reasonable diligence to repair, at its expense, the remaining parts of the Project and the Leased Premises to substantially their former condition to the extent that the same is feasible (subject to reasonable changes which Landlord shall deem desirable) and so as to constitute a complete and tenantable Project and Leased Premises. Following a taking, Gross Rent shall thereafter be equitably adjusted according to the remaining Rentable Area of the Leased Premises and the Building. Except as hereinafter provided, in the event of any taking. Landlord shall have the right to all compensation, damages, income, rent or awards made with respect thereto (collectively an "award"), including any award for the value of the leasehold estate created by this Lease. No award to Landlord shall be apportioned and, subject to Tenant's rights hereinafter specified Tenant hereby assigns to Landlord any right of Tenant in

any award to Landlord made for any taking. So long as such claim will not reduce any award otherwise payable to Landlord under this Section 7.6, Tenant may seek to recover, at its cost and expense, as a separate claim, any damages or awards payable on a taking of the Leased Premises to compensate for the unamortized cost paid by Tenant for the alterations, additions or improvements, if any, made by Tenant during the initial improvement of the Leased Premises and for any alterations, or for Tenant's personal property taken, or for interference with or interruption of Tenant's business (including goodwill), or for Tenant's removal and relocation expenses.

(b) In the event of a temporary taking of all or a portion of the Leased Premises, there shall be no abatement of Rent and Tenant shall remain fully obligated for performance of all of the covenants and obligations on its part to be performed pursuant to the terms of this Lease. As used herein, a taking shall be deemed temporary if it negatively impacts Tenant's use and occupancy of the Leased Premises for thirty (30) days or less.

7.7 Damage or Destruction. In the event of a fire or other casualty in the Leased Premises, Tenant shall immediately give notice thereof to Landlord. The following provisions shall then apply:

(a) If the damage is limited solely to the Leased Premises and the Leased Premises can, in Landlord's reasonable opinion, be made tenantable with all damage repaired (excluding Tenant's personal property, trade fixtures, equipment and any Tenant Improvements or alterations installed by or on behalf of Tenant) within six (6) months from the date of damage, then Landlord shall be obligated to rebuild the same to substantially their former condition to the extent that the same is feasible (subject to reasonable changes which Landlord shall deem desirable and such changes as may be required by applicable law) and shall proceed with reasonable diligence to do so and this Lease shall remain in full force and effect.

(b) If portions of the Project outside the boundaries of the Leased Premises are damaged or destroyed (whether or not the Leased Premises are also damaged or destroyed) and the Leased Premises and the Project can, in Landlord's opinion, both be made tenantable with all damage repaired (excluding Tenant's personal property, trade fixtures, equipment and any Tenant Improvements or alterations installed by or on behalf of Tenant) within six (6) months from the date of damage or destruction, and provided that Landlord determines that it is economically feasible, then Landlord shall be obligated to rebuild the same to substantially their former condition to the extent that the same is feasible (subject to reasonable changes which Landlord shall deem desirable and such changes as may be required by applicable law) and shall proceed with reasonable diligence to do so and this Lease shall remain in full force and effect.

(c) Notwithstanding anything to the contrary contained in Sections 7.7(a) or 7.7(b) above, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Leased Premises if (i) the cost to repair and restore the Building is twenty-five percent (25%) or more of the replacement cost of the entire Building prior to such damage or destruction, (ii) the holder of any mortgage or beneficiary of any deed of trust requires that Landlord's insurance proceeds be paid to it, or (iii) when any damage thereto or to the Building occurs during the last eighteen (18) months of the Term. Under such circumstances, Landlord shall notify Tenant of its decision not to rebuild within ninety (90) days of such damage, whereupon the Lease shall terminate as of the date of such notice.

(d) If neither Section 7.7(a) nor 7.7(b) above applies, Landlord shall so notify Tenant within ninety (90) days after the date of the damage or destruction and Landlord may terminate this Lease within thirty (30) days after the date of such notice, such termination notice to be immediately effective; provided, however, that if Landlord elects to reconstruct the Project and the Leased Premises, such election to be made at Landlord's sole option, in which event (i) Landlord shall notify Tenant of such election within said ninety (90) day period, and (ii) Landlord shall proceed with reasonable diligence to rebuild the Project and the Leased Premises to substantially their former condition to the extent that the same is feasible (subject to reasonable changes which Landlord shall deem desirable and such changes as may be required by applicable law) but excluding Tenant's personal property, trade fixtures, equipment and any Tenant Improvements or alterations installed by or on behalf of Tenant.

(e) During any period when Tenant's use of the Leased Premises is significantly impaired by damage or destruction, Base Rent shall abate in proportion to the degree to which Tenant's use of the Leased Premises is impaired and Tenant does not actually use the Leased Premises until such time as the Leased Premises are made tenantable as reasonably

determined by Landlord; provided that no such rental abatement shall be permitted if the casualty is the result of the negligence or willful misconduct of Tenant or Tenant's Representatives.

(f) The proceeds from any insurance paid by reason of damage to or destruction of the Project or any part thereof insured by Landlord shall belong to and be paid to Landlord, subject to the rights of any mortgagee of Landlord's interest in the Project or the beneficiary of any deed of trust which constitutes an encumbrance thereon. Tenant shall be responsible at its sole cost and expense for the repair, restoration and replacement of (i) its fixtures, furnishings, equipment, machinery, merchandise and personal property in the Leased Premises, and (ii) its alteration, additions and improvements.

(g) Landlord's repair and restoration obligations under this Section 7.7 shall not impair or otherwise affect the rights and obligations of the parties set forth elsewhere in this Lease. Subject to Section 7.7(e), Landlord shall not be liable for any inconvenience or annoyance to Tenant, its employees, agents, contractors or invitees, or injury to Tenant's business resulting in any way from such damage or the repair thereof. Landlord and Tenant agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Leased Premises or the Project with respect to the termination of this Lease and hereby waive the provisions of any present or future statute or law to the extent inconsistent therewith.

(h) Tenant shall promptly replace or repair, at Tenant's cost and expense. Tenant's movable furniture, equipment, trade fixtures and other personal property in the Leased Premises which Tenant shall be responsible for insuring during the Term of this Lease.

(i) Tenant shall pay to Landlord, as Additional Rent, the deductible amounts under the insurance policies obtained by Landlord and Tenant under this Lease if the proceeds are used to repair the Leased Premises. However, if other portions of the Building arc also damaged by said casualty and insurance proceeds are payable therefor, then Tenant shall only pay its Proportionate Share of the deductible as reasonably determined by Landlord. If any portion of the Leased Premises is damaged and is not fully covered by the aggregate of insurance proceeds received by Landlord and any applicable deductible, and Tenant does not voluntarily contribute

any shortfall thereof, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within sixty (60) days after the date of notice to Tenant of such event, whereupon this Lease shall terminate thirty (30) days after Tenant's receipt of such notice, and Tenant shall immediately vacate the Leased Premises and surrender possession thereof to Landlord in the condition required under this Lease.

(j) The respective rights and obligations of Landlord and Tenant in the event of any damage to or destruction of the Leased Premises, or any other portion of the Building or the Project, are governed exclusively by this Lease. Accordingly, Tenant hereby waives the provisions of any law to the contrary, including California Civil Code Sections 1932(2), 1933(4), 1941 and 1942 and any similar or successor laws and any other laws providing for the termination of a lease upon destruction of the leased property.

7.8 Default by Tenant.

(a) **Events of Default**. The occurrence of any of the following shall constitute an event of default on the part of Tenant:

(1) **Abandonment**. Vacating the Leased Premises without the intention to reoccupy same, or abandonment of the Leased Premises for a continuous period in excess of ten (10) days;

(2) **Nonpayment of Rent**. Failure to pay any installment of Rent due and payable hereunder on the date when payment is due; furthermore, if Tenant shall be served with a demand for the payment of past due Rent, any payment(s) tendered thereafter to cure any default by Tenant shall be made only by cashier's check, wire-transfer or direct deposit of immediately available funds;

(3) **Other Obligations**. Failure to perform any obligation, agreement or covenant under this Lease other than those matters specified in subsections 7.8(a)(1), 7.8(a)(2) or 7.8(a)(12), such failure continuing for a period of fifteen (15) days after receipt of written notice of such failure (or such longer period as is reasonably necessary to remedy such default (not to exceed sixty (60) days after receipt of notice thereof), provided that Tenant commences the remedy within such fifteen (15)-day period and continuously and diligently pursues such remedy at all times until such default is cured);

(4) **General Assignment**. Any general arrangement or assignment by Tenant for the benefit of creditors;

(5) **Bankruptcy**. The filing of any voluntary petition in bankruptcy by Tenant, or the filing of an involuntary petition against Tenant, which involuntary petition remains undischarged for a period of sixty (60) days. In the event that under applicable law the trustee in bankruptcy or Tenant has the right to affirm this Lease and continue to perform the

obligations of Tenant hereunder, such trustee or Tenant shall, within such time period as may be permitted by the bankruptcy court having jurisdiction, cure all defaults of Tenant hereunder outstanding as of the date of the affirmance of this Lease and provide to Landlord such adequate assurances as may be necessary to ensure Landlord of the continued performance of Tenant's obligations under this Lease;

(6) **Receivership**. The appointment of a trustee or receiver to take possession of all or substantially all of Tenant's assets or the Leased Premises, where possession is not restored to Tenant within thirty (30) days;

(7) **Attachment**. The attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or the Leased Premises, if such attachment or other seizure remains undismissed or undischarged for a period of thirty (30) days after the levy thereof;

(8) **Insolvency**. The admission by Tenant in writing of its inability to pay its debts as they become due; the filing by Tenant of a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation; the filing by Tenant of an answer admitting or failing timely to contest a material allegation of a petition filed against Tenant in any such proceeding; or, if within sixty (60) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed;

(9) Intentionally Omitted;

(10) Intentionally Omitted;

(11) Intentionally Omitted;

(12) **Misrepresentation**. The discovery by Landlord that any representation, warranty or financial statement given to Landlord by Tenant was materially false or misleading; or

(13) **SNDA/Estoppel**. Failure to deliver the documents required to be delivered by Tenant under Sections 5.12(a) and/or 5.13 above within the applicable time period set forth in such sections, but only after Landlord has notified Tenant in writing of such failure, and such failure is not cured within another five (5) business days after Tenant's receipt of such second (2nd) notice.

(b) **Remedies Upon Default**:

(1) **Termination**. If an event of default occurs, Landlord shall have the right, with or without notice or demand, immediately (after expiration of any applicable grace period specified herein) to terminate this Lease, and at any time thereafter recover possession of the Leased Premises or any part thereof and expel and remove therefrom Tenant and any other person occupying the same, by any lawful means, and again repossess and enjoy the Leased Premises without prejudice to any of the remedies that Landlord may have under this Lease, or at law or in equity by reason of Tenant's default or of such termination. In addition to the foregoing, if at any time, Tenant is in default of any term, condition or provision of this Lease beyond all applicable notice and cure periods, to the fullest extent permitted by law, any express or implicit waiver by Landlord of Tenant's requirement to pay Base Rent shall be amortized over the Term and Tenant shall immediately pay to Landlord the unamortized portion of such Base Rent so expressly or implicitly waived by Landlord as of the date of expiration of all cure periods for such Tenant default.

(2) **Continuation After Default**. Even though Tenant has breached this Lease and/or abandoned the Leased Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession under subsection 7.8(b)(1) hereof in writing, and Landlord may enforce all of its rights and remedies under this Lease, including (but without limitation) the right to recover Rent as it becomes due, and Landlord, without terminating this Lease, may exercise all of the rights and remedies of a landlord under Section 1951.4 of the Civil Code of the Slate of California or any amended or successor code section. Acts of maintenance or preservation, efforts to relet the Leased Premises or the appointment of a receiver upon application of Landlord to protect Landlord's interest under this Lease shall not constitute an election to terminate Tenant's right to possession. If Landlord elects to relet the Leased Premises for the account of Tenant, the rent received by Landlord from such reletting shall be applied as follows: first, to the payment of tiny indebtedness other than Rent due hereunder from Tenant to Landlord; second, to the payment of any costs of such reletting; third, to the payment of the cost of any alterations or repairs to the Leased Premises; fourth, to the payment of Rent due and unpaid hereunder; and the balance, if any, shall be held by Landlord and applied in payment of future Rent as it becomes due. If that portion of rent received from the reletting which is applied against the Rent due hereunder is less than the amount of the Rent due, Tenant shall pay the deficiency to Landlord promptly upon demand by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as determined, any costs and expenses incurred by Landlord in connection with such reletting or in making alterations and repairs to the Leased Premises, which are not covered by the rent received from the reletting.

(c) **Damages Upon Termination**. Should Landlord terminate this Lease pursuant to the provisions of subsection 7.8(b)(1) hereof, Landlord shall have all the rights and remedies of a landlord provided by Section 1951.2 of the Civil Code of the State of California. Upon such termination, in addition to any other rights and remedies to which Landlord may be entitled under applicable law. Landlord shall be entitled to recover from Tenant: (i) the worth at the time of award of the unpaid Rent and other amounts which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that Tenant proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rent loss that Tenant proves could be reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom. The "worth at the time of award" of the amounts referred to in clauses (i) and (ii) shall be computed with interest at the lesser of twelve percent (12%) per annum or the maximum rate then allowed by law. The "worth at the time of award" of the amount referred to in clause (iii) shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%).

(d) **Computation of Rent for Purposes of Default**. For purposes of computing unpaid Rent which would have accrued and become payable under this Lease pursuant to the provisions of Section 7.8(c), unpaid Rent shall consist of the sum of:

(1) the total Base Rent for the balance of the Term, plus

(2) a computation of Tenant's Proportionate Share of Basic Operating Costs and of Tenant's Proportionate Share of Property Taxes for the balance of the Term, the assumed amount for the Computation Year of the default and each future Computation Year in the Term to be equal to Tenant's Proportionate Share of Basic Operating Costs and Tenant's Proportionate Share of Property Taxes, respectively, for the Computation Year immediately prior to the year in which default occurs, compounded at a per annum rate equal to the mean average rate of inflation for the preceding five (5) calendar years as determined by the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index (All Urban Consumers, all items (1982- 84" 100)) for the Metropolitan Area or Region in which the Project is located. If such Index is discontinued or revised, the average rate of inflation shall be determined by reference to the index designated as the successor or substitute index by the government of the United States.

(e) **Late Charge**. If any payment required to be made by Tenant under this Lease is not received by Landlord on or before the date the same is due, Tenant shall pay to Landlord an amount equal to ten percent (10%) of the delinquent amount. The parties agree that Landlord would incur costs not contemplated by this Lease by virtue of such delinquencies, including without limitation administrative, collection, processing and accounting expenses, the amount of which would be extremely difficult to compute, and the amount stated herein represents a reasonable estimate thereof. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's breach or default with respect to such delinquency, or prevent Landlord from exercising any of Landlord's other rights and remedies. Notwithstanding the foregoing, Landlord will not assess a late charge until Landlord has given written notice of such late payment for the first late payments in any calendar year and after Tenant has not cured such late payment within five (5) business days from receipt of such notice. After Landlord has given written notice of one (I) late payment in any calendar year, no other notices will be required during the remainder of the applicable calendar year for a late charge to be assessed to Tenant.

(f) **Interest on Past-Due Obligations**. Except as expressly otherwise provided in this Lease, any Rent due Landlord hereunder, other than late charges, which is not received by Landlord on the date on which it was due. shall bear interest from the day after it was due at the lesser of ten percent (10%) per annum or the maximum rate then allowed by law, in addition to the late charge provided for in Section 7.8(e).

(g) **Landlord's Right to Perform**. Notwithstanding anything to the contrary set forth elsewhere in this Lease, in the event Tenant fails to perform any affirmative duty or obligation of Tenant under this Lease, provided Landlord has delivered to Tenant advance written notice of Landlord's intent with regard to the following, then Landlord may (but shall not be obligated to) perform such duty or obligation on Tenant's behalf without waiving any of Landlord's rights in connection therewith or releasing Tenant from any of its obligations or such default, including, without limitation, the obtaining of insurance policies or governmental licenses, permits or approvals. Tenant shall reimburse Landlord upon demand for the costs and expenses of any such performance (including penalties, interest and attorneys' fees incurred in connection therewith). Such costs and expenses incurred by Landlord shall be deemed Additional Rent hereunder.

(h) **Remedies Cumulative**. All rights, privileges and elections or remedies of Landlord are cumulative and not alternative with all other rights and remedies at law or in equity to the fullest extent permitted by law.

(i) **Waiver**. Tenant waives any right of redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179 and California Civil Code Section 3275, or under any other present or future law in the event Tenant is evicted and Landlord lakes possession of the Leased Premises by reason of a default.

Article 8.
Tenant Options

8.1 Option to Renew.

(a) Landlord hereby grants to Tenant one (1) option (the "Option") to extend the Term of this Lease for an additional period of seven (7) years (the "Option Term"), all on the following terms and conditions:

(1) The Option must be exercised, if at all, by written notice irrevocably exercising the Option ("Option Notice") delivered by Tenant, to Landlord not later than nine (9) months and not earlier than twelve (12) months prior to the Term Expiration Date. Further, at Landlord's option, the Option shall not be deemed to be properly exercised if, as of the date of the Option Notice or at the Term Expiration Date, (i) Tenant is in default under this Lease beyond all applicable notice and cure periods, (ii) Tenant has assigned this Lease or sublet more than forty percent (40%) of the Leased Premises (other than to an affiliate or subsidiary of Tenant), (iii) Tenant, or Tenant's affiliate or subsidiary, is in possession of less than sixty percent (60%) of the square footage of the Leased Premises, or (iv) Tenant has been in default beyond all applicable notice and cure periods at any time during the Term. Provided Tenant has properly and timely exercised the Option, the Term of this Lease shall be extended for the period of the Option Term (and the Option Term shall be part of the "Term"), and all terms, covenants and conditions of this Lease shall remain unmodified and in full force and effect, except that (i) the Tenant Improvements, if any, set forth in **Exhibit B** shall not apply to the Option Term (Tenant shall accept the Leased Premises in its AS IS condition existing prior to Option Term), (ii) the Base Rent shall be modified as set forth in subsection 8.1(a)(2) below, and (iii) Tenant shall have no further right to extend the Term.

(2) The Base Rent payable for the initial year of the Option Term shall be the greater of (i) the Base Rent payable on the Term Expiration Date, or (ii) the then-current rental rate per rentable square foot (as further defined below, "FMRR") being agreed to (with annual market increases) in new and renewal leases by Landlord and other landlords of Class A office buildings in the downtown Oakland submarket of Oakland, California which are comparable in quality, location and prestige to the Building ("Comparable Buildings") and tenants leasing space in the Building or Comparable Buildings. As used herein, "FMRR" shall mean the rental rate per rentable square foot for which Landlord and/or other landlords are entering into new and renewal leases for office space in the Building and/or Comparable Buildings ("Comparative Transactions"), taking into consideration fair market annual increases and the value of existing tenant improvements in the Leased Premises. To the extent such other Comparable Buildings have

historically received lower or higher rents than the rents in the Building, then for the purpose of arriving at the FMRR, such rates when used to establish the FMRR in the Building shall be increased or decreased as appropriate to reflect such historical differences. Landlord shall provide its determination of the FMRR to Tenant within twenty (20) days after Landlord receives the Option Notice. Tenant shall have ten (10) days ("Tenant's Review Period") after receipt of Landlord's notice of the FMRR within which to accept such FMRR or to reasonably object thereto in writing. In the event Tenant objects to the FMRR submitted by Landlord, Landlord and Tenant shall attempt to agree upon such FMRR. If Landlord and Tenant fail to reach agreement on such FMRR within ten (10) days following Tenant's Review Period (the "Outside Agreement Date"), then each party shall place in a separate sealed envelope its final proposal as to FMRR and such determination shall be submitted to arbitration in accordance with subparagraph 8.1(b) below.

(b) Landlord and Tenant shall meet with each other within three (3) business days of the Outside Agreement Date and exchange the scaled envelopes and then open such envelopes in each other's presence. If Landlord and Tenant do not mutually agree upon the FMRR within one (1) business day of the exchange and opening of envelopes, then, within ten (10) business days of the exchange and opening of envelopes, Landlord and Tenant shall agree upon and jointly appoint one arbitrator who shall be by profession be a real estate appraiser or broker who shall have been active over the ten (10) year period ending on the date of such appointment in the leasing of comparable commercial properties in the vicinity of the Building. Neither Landlord nor Tenant shall consult with such broker or appraiser as to his or her opinion as to FMRR prior to the appointment. The determination of the arbitrator shall be limited solely to the issue of whether Landlord's or Tenant's submitted FMRR for the Leased Premises is the closer to the actual rental rate per rentable square foot for new leases for Comparative Transactions. Such arbitrator may hold such meetings and require such additional information as the arbitrator, in his or her sole discretion, determines is necessary. In addition, Landlord or Tenant may submit to the arbitrator with a copy to the other party within two (2) business days after the appointment of the arbitrator any data and additional information that such party deems relevant to the determination by the arbitrator ("Data") and the other party may submit a reply in writing within two (2) business days after receipt of such Data.

(1) The arbitrator shall, within thirty (30) days of his or her appointment, reach a decision as to whether the parties shall use Landlord's or Tenant's submitted FMRR, and shall notify Landlord and Tenant of such determination.

(2) The decision of the arbitrator shall be binding upon Landlord and Tenant.

(3) If Landlord and Tenant fail to agree upon and appoint such arbitrator, then the appointment of the arbitrator shall be made by the American Arbitration Association.

(4) The cost of arbitration shall be paid by the losing party.

(5) The arbitration proceeding and all evidence given or discovered pursuant thereto shall be maintained in confidence by all parties.

8.2 Right of First Offer as to 6th Floor Space. Tenant shall have a right of first offer to lease space on the 6th floor of the Building (as applicable, a "6th Floor Space") as set forth below. Landlord shall keep Tenant reasonably informed of the date of a potential vacancy for a 6th Floor Space. Before entering into a new lease for a 6th Floor Space with a party other than the current tenant of the applicable 6th Floor Space or a tenant with pre-existing rights, Landlord shall notify Tenant in writing of the terms and conditions upon which Landlord is willing to lease such space (the "Offer Notice"). If Tenant wishes to exercise its option to lease the applicable 6th Floor Space, Tenant, shall, within five (5) business days after receipt of the Offer Notice, deliver written notice to Landlord of Tenant's irrevocable exercise of its option to lease such space on the terms set forth in the Offer Notice. If Tenant fails to respond to the Offer Notice within the five (5) business day period, the right of first offer set forth in this Section 8.2 for the applicable 6th Floor Space shall be null and void and of no further force or effect, and Landlord shall be free to lease such space to any other persons or entities, free of any restrictions set forth herein; provided, however, if such space is not then leased by Landlord within the following one hundred eighty (180) days. Tenant's right of first offer to lease such space as provided hereinabove shall again apply. This right of first offer shall only be exercisable by the originally named Tenant under this Lease and only if Tenant has not sublet any portion of the Leased Premises for a term that has at least twelve (12) months of term remaining at the time Tenant receives such Offer Notice (and Tenant may not extend the term of such sublease), and Tenant has no intention to sublet the applicable 6th Floor Space; in addition, this right of first offer shall only be exercisable during the Option Term if Tenant has not sublet any portion of the Leased Premises during the last twelve (12) months of the initial Term or at any time during the Option Term. This right of first offer shall be suspended during any period in which Tenant is in default (beyond any applicable notice and cure period) until said default has been cured. The period of time within which this right of first offer may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise such rights because of the foregoing provisions. Time is of the essence. In the event Landlord relocates the Leased Premises pursuant to Section 2.3 above, if Tenant has not yet exercised its rights pursuant to this Section 8.2, the rights granted to Tenant hereunder shall apply with regard to the floor of the Building immediately above the relocated Leased Premises.

Article 9.
Miscellaneous Matters

9.1 Parking. Tenant shall receive the use of the number of parking spaces set forth in the Basic Lease Information sheet upon Tenant's compliance with all parking rules and regulations issued from time to time by Landlord and upon payment of prevailing parking rates as in effect from time to time, provided however, if at any time during the Term, Tenant ceases to pay any amounts owed for one (1) or more of the parking spaces provided to Tenant, then Tenant shall have no further right to rent such unused space(s) except as provided in the following sentence. Tenant shall have the right to lease from Landlord for Tenant's use, additional spaces at the prevailing parking rates established from time to time by Landlord, as and when made available to Tenant by Landlord. Tenant's parking rights and privileges are personal to the originally-named Tenant only, and may not be assigned, subleased or otherwise transferred. The parking spaces will not be separately identified and Landlord shall have no obligation to monitor the use of the parking area. If a parking density problem occurs during the Term, Landlord shall address the problem, in its reasonable discretion, which solution may include initiating a valet parking system. All parking shall be subject to any and all rules and regulations adopted by Landlord in its reasonable discretion

from time to time. Only automobiles no larger than full size passenger automobiles or pick-up trucks or standard business use vehicles (which do not require parking spaces larger than full size passenger automobiles) may be parked in the Project parking area. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, agents, customers or invitees to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities. A failure by Tenant or any of its employees, agents, or invitees to comply with the foregoing provisions shall afford Landlord the right, but not the obligation, without notice, in addition to any other rights and remedies available under this Lease, to remove and to tow away the vehicles involved and to charge the cost to Tenant, which cost shall be immediately due and payable upon demand by Landlord.

9.2 Brokers. Landlord has been represented in this transaction by Landlord's Broker. Tenant has been represented in this transaction by Tenant's Broker. Upon full execution of this Lease by both parties, Landlord shall pay to Landlord's Broker and Landlord's Broker shall pay Tenant's Broker a fee for brokerage services rendered by it in this transaction provided for in separate written agreements between Landlord and Landlord's Broker and Landlord's Broker and Tenant's Broker. Tenant represents and warrants to Landlord that the brokers named in the Basic Lease Information sheet are the only agents, brokers, finders or other similar parties with whom Tenant has had any dealings in connection with the negotiation of this Lease and the consummation of the transaction contemplated hereby. Tenant hereby agrees to indemnify, defend and hold Landlord free and harmless from and against liability for compensation or charges which may be claimed by any agent, broker, finder or other similar party by reason of any dealings with or actions of Tenant in connection with the negotiation of this Lease and the consummation of this transaction, including any costs, expenses and attorneys' fees incurred with respect thereto.

9.3 No Waiver. No waiver by either party of the default or breach of any term, covenant or condition of this Lease by the other shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent default or breach by the other of the same or of any other term, covenant or condition hereof. Landlord's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to, or approval of, any subsequent or similar act by Tenant, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. Regardless of Landlord's knowledge of a default or breach at the time of accepting Rent, the acceptance of Rent by Landlord shall not be a waiver of any preceding default or breach by Tenant of any provision hereof, other than the failure of Tenant to pay the particular Rent so accepted. Any payment given Landlord by Tenant may be accepted by Landlord on account of monies or damages due Landlord, notwithstanding any qualifying statements or conditions made by Tenant in connection therewith, which statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Landlord at or before the time of deposit of such payment.

9.4 Recording. Neither this Lease nor a memorandum thereof shall be recorded without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

9.5 Holding Over. If Tenant fails to surrender possession of the Leased Premises in the condition required under this Lease or holds over after expiration or termination of this Lease without the written consent of Landlord, Tenant shall pay for each month of hold-over tenancy

one hundred fifty percent (150%) times the Gross Rent which Tenant was obligated to pay for the month immediately preceding the end of the Term for each month or any part thereof of any such hold-over period, together with such other amounts as may become due hereunder. No holding over by Tenant after the Term shall operate to extend the Term. In the event of any unauthorized holding over. Tenant shall indemnify, defend and hold Landlord harmless from and against all claims, demands. liabilities, losses, costs, expenses (including attorneys' fees), injury and damages including any lost profits incurred by Landlord as a result of Tenant's delay in vacating the Leased Premises.

9.6 Transfers by Landlord. The term "Landlord" as used in this Lease shall mean the owner(s) at the time in question of the fee title to the Leased Premises. If Landlord transfers, in whole or in part, its rights and obligations under this Lease or in the Project, upon its transferee's assumption of Landlord's obligations hereunder and delivery to such transferee of any unused Security Deposit then held by Landlord, no further liability or obligations shall thereafter accrue against the transferring or assigning person as Landlord hereunder. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by Landlord shall be binding only upon Landlord as defined in this Section 9.6.

9.7 Attorneys' Fees. In the event either party places the enforcement of this Lease, or any part of it, or the collection of any Rent due, or to become due, hereunder, or recovery of the possession of the Leased Premises, in the hands of an attorney, or files suit upon the same, the prevailing party shall recover its reasonable attorneys' fees, costs and expenses as a cost of suit incurred and not as damages, including those which may be incurred on appeal. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not suit is filed or any suit that may be filed is pursued to decision or judgment. The term "prevailing party" shall include, without limitation, a party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other party of its claim or defense. The attorneys' fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition to the foregoing, in the event Tenant requires Landlord's consent or signature with respect to an agreement or other matter not provided for in this Lease (e.g., an agreement requested by Tenant's lender), Tenant shall reimburse Landlord for its reasonable attorneys' fees or other consultant fees incurred in connection with the review and/or negotiation of such agreement or matter.

9.8 Termination; Merger. No act or conduct of Landlord, including, without limitation, the acceptance of keys to the Leased Premises, shall constitute an acceptance of the surrender of the Leased Premises by Tenant before the scheduled Term Expiration Date. Only a written notice from Landlord to Tenant shall constitute acceptance of the surrender of the Leased Premises and accomplish a termination of this Lease. Unless specifically stated otherwise in writing by

Landlord, the voluntary or other surrender of this Lease by Tenant, the mutual termination or cancellation hereof, or a termination hereof by Landlord for default by Tenant, shall automatically terminate any sublease or lesser estate in the Leased Premises; provided, however, Landlord shall, in the event of any such surrender, termination or cancellation, have the option to continue any one or all of any existing subtenancies. Landlord's failure within thirty (30) days following any such event to make any written election to the contrary by written notice to the holder of any such lesser interest, shall constitute Landlord's election to have such event constitute the termination of such interest.

9.9 Amendments; Interpretation. This Lease may not be altered, changed or amended, except by an instrument in writing signed by the parties in interest at the time of the modification. The captions of this Lease are for convenience only and shall not be used to define or limit any of its provisions.

9.10 Severability. If any term or provision of this Lease, or the application thereof to any person or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and shall be enforceable to the fullest extent permitted by law.

9.11 Notices. Except as otherwise expressly provided herein, all notices, demands, consents and approvals which are required or permitted by this Lease to be given by either party to the other shall be in writing and shall be deemed to have been fully given by personal delivery or by recognized same day or overnight courier service or when deposited in the United States mail, certified or registered, with postage prepaid, and addressed to the party to be notified at the address for such party specified on the Basic Lease Information sheet, or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days' notice to the notifying party given in accordance with this Section 9.11, except that upon Tenant's taking possession of the Leased Premises, the Leased Premises shall constitute Tenant's address for notice purposes. A copy of all notices given to Landlord under this Lease shall be concurrently transmitted to such party or parties at such addresses as Landlord may from time to time hereafter designate by notice to Tenant.

Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. Notices delivered by recognized overnight courier shall be deemed given on the next business day after the business day upon which delivery of the same was made to the courier. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day. Tenant hereby appoints as its agent to receive the service of all default notices and notice of commencement of unlawful detainer proceedings the person in charge of or apparently in charge of or occupying the Leased Premises at the time, and, if there is no such person, then such service may be made by attaching the same on the main entrance of the Leased Premises.

9.12 Force Majeure. Any prevention, delay or stoppage of work to be performed by Landlord or Tenant which is due to strikes, labor disputes, inability to obtain labor, materials, equipment or reasonable substitutes therefor, acts of God, governmental restrictions or regulations or controls, judicial orders, enemy or hostile government actions, civil commotion, or other causes beyond the reasonable control of the party obligated to perform hereunder, shall excuse performance of the work by that party for a period equal to the duration of that prevention, delay or stoppage. Nothing in this Section 9.12 shall excuse or delay Tenant's obligation to pay Rent or other charges due under this Lease.

9.13 Intentionally Omitted.

9.14 Successors and Assigns. This Lease shall be binding upon and inure to the benefit of Landlord, its successors and assigns (subject to the provisions hereof, including, without limitation, Section 5.15), and shall be binding upon and inure to the benefit of Tenant, its successors, and to the extent assignment or subletting, may be approved by Landlord hereunder, Tenant's assigns or subtenants.

9.15 Further Assurances. Landlord and Tenant each agree to promptly sign all documents reasonably requested to give effect to the provisions of this Lease.

9.16 Incorporation of Prior Agreements. This Lease, including the exhibits and addenda attached to it, contains all agreements of Landlord and Tenant with respect to any matter referred to herein. No prior agreement or understanding pertaining to such matters shall be effective.

9.17 Applicable Law. This Lease shall be governed by, construed and enforced in accordance with the laws of the State of California.

9.18 Time of the Essence. Time is of the essence of each and every covenant of this Lease. Each and every covenant, agreement or other provision of this Lease on Tenant's part to be performed shall be deemed and construed as a separate and independent covenant of Tenant, not dependent on any other provision of this Lease or on any other covenant or agreement set forth herein.

9.19 No Joint Venture. This Lease shall not be deemed or construed to create or establish any relationship of partnership or joint venture or similar relationship or arrangement between Landlord and Tenant hereunder.

9.20 Authority. If Tenant is a corporation, limited liability company, trust or general or limited partnership, each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on Tenant's behalf and that this Lease is binding upon Tenant in accordance with its terms. If Tenant is a corporation, limited liability company, trust or partnership, Tenant shall, upon request by Landlord, deliver to Landlord evidence satisfactory to Landlord of such authority.

9.21 Landlord Renovations. It is specifically understood and agreed that Landlord has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Leased Premises, Building, Project, or any part thereof and that no representations or warranties respecting the condition of the Leased Premises, the Building or the Project have been made by Landlord to Tenant, except as specifically set forth in this Lease. However, Tenant acknowledges that Landlord may from time to time, at Landlord's sole option, renovate, improve, alter, or modify (collectively, the "Renovations") the Building, Leased Premises, and/or Project, common areas, systems and equipment, roof, and structural portions of the same, which Renovations may include, without limitation, (i) modifying the common areas and tenant spaces to comply with applicable laws, including regulations relating to the physically disabled, seismic conditions, and building safety and security, and (ii) installing new carpeting, lighting, and wall coverings in the Building common areas, and in connection with such Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Building, limit or

eliminate access to portions of the Project, including portions of the common areas, or perform work in the Building, which work may create noise, dust or leave debris in the Building. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Leased Premises or of Tenant's personal property or improvements resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions in connection with such Renovations.

9.22 Offer. Preparation of this Lease by Landlord or Landlord's agent and submission of same to Tenant shall not be deemed an offer to lease to Tenant. This Lease is not intended to be binding and shall not be effective until fully executed by both Landlord and Tenant.

9.23 Security. Landlord shall not be required to provide, operate or maintain alarm or surveillance systems or services for the Leased Premises or the Common Areas. Tenant shall provide such security services and shall install within the Leased Premises such security equipment, systems and procedures as may reasonably be required for the protection of its employees and invitees, provided that Tenant shall coordinate such services and equipment with Landlord and the Building rules and regulations. The determination of the extent to which such security equipment, systems and procedures are reasonably required shall be made in the sole judgment, and shall be the sole responsibility, of Tenant. Tenant acknowledges that it has neither received nor relied upon any representation or warranty made by or on behalf of Landlord with respect to the safety or security of the Leased Premises or the Project or any part thereof, and further acknowledges that Tenant has made its own independent determinations with respect to all such matters.

9.24 No Easement For Light, Air and View. This Lease conveys to Tenant no rights for any light, air or view. No diminution of light, air or view, or any impairment of the visibility of the Leased Premises from inside or outside the Building, by any structure or other object that may hereafter be erected (whether or not by Landlord) shall entitle Tenant to any reduction of Rent under this Lease, constitute an actual or constructive eviction of Tenant, result in any liability of Landlord to Tenant, or in any other way affect this Lease or Tenant's obligations hereunder.

9.25 OFAC Compliance.

(a) Tenant represents and warrants that (i) Tenant and each person or entity owning an interest in Tenant is (A) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "List"), and (B) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, (ii) none of the funds or other assets of Tenant constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person

(as hereinafter defined), (iii) no Embargoed Person has any interest of any nature whatsoever in Tenant (whether directly or indirectly), (iv) none of the funds of Tenant have been derived from any unlawful activity with the result

that the investment in Tenant is prohibited by law or that the Lease is in violation of law, and (v) Tenant has implemented procedures, and will consistently apply those procedures, to ensure the foregoing representations and warranties remain true and correct at all times. The term "Embargoed Person" means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Tenant is prohibited by law or Tenant is in violation of law.

(b) Tenant covenants and agrees (i) to comply with all requirements of law relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, (ii) to immediately notify Landlord in writing if any of the representations, warranties or covenants set forth in this paragraph or the preceding paragraph are no longer true or have been breached or if Tenant has a reasonable basis to believe that they may no longer be true or have been breached, (iii) not to use funds from any "Prohibited Person" (as such term is defined in the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) to make any payment due to Landlord under the Lease and (iv) at the request of Landlord, to provide such information as may be requested by Landlord to determine Tenant's compliance with the terms hereof.

(c) Tenant hereby acknowledges and agrees that Tenant's inclusion on the List at any time during the Term shall be a material default of the Lease. Notwithstanding anything herein to the contrary, Tenant shall not permit the Leased Premises or any portion thereof to be used or occupied by any person or entity on the List or by any Embargoed Person (on a permanent, temporary or transient basis), and any such use or occupancy of the Leased Premises by any such person or entity shall be a material default of the Lease.

9.26 Mortgagee Protection. Upon any default on the part of Landlord, Tenant will give written notice by registered or certified mail to any beneficiary of a deed of trust or mortgagee of a mortgage covering the Leased Premises who has provided Tenant with notice of their interest together with an address for receiving notice, and shall offer such beneficiary or mortgagee a reasonable opportunity to cure the default, including time to obtain possession of the Leased Premises by power of sale or a judicial foreclosure, if such should prove necessary to effect a cure. If such default cannot be cured within such time period, then such additional time as may be necessary will be given to such beneficiary or mortgagee to effect such cure so long as such beneficiary or mortgagee has commenced the cure within the original time period and thereafter diligently pursues such cure to completion, in which event this Lease shall not be terminated while such cure is being diligently pursued. Tenant agrees that each lender to whom this Lease has been assigned by Landlord is an express third party beneficiary hereof. Tenant shall not make any prepayment of Rent more than one (1) month in advance without the prior written consent of each such lender. Tenant waives the collection of any deposit from each such lender or purchaser at a foreclosure sale unless said lender or purchaser shall have actually received and not refunded the deposit. Tenant agrees to make all payments under this Lease to the lender with the most senior encumbrance upon receiving a direction, in writing, to pay said amounts to such lender. Tenant

shall comply with such written direction to pay without determining whether an event of default exists under such lender's loan to Landlord. If, in connection with obtaining financing for the Leased Premises or any other portion of the Project, Landlord's lender shall request reasonable modification(s) to this Lease as a condition to such financing. Tenant shall not unreasonably withhold, delay or defer its consent thereto, provided such modifications do not materially and adversely affect Tenant's rights hereunder, including Tenant's use, occupancy or quiet enjoyment of the Leased Premises.

9.27 Intentionally Omitted.

9.28 Waiver of Jury Trial. To the extent permitted by applicable law, Landlord and Tenant each hereby waive trial by jury in any action, proceeding or counterclaim brought by either party against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant created hereby, Tenant's use or occupancy of the Leased Premises or any claim or injury or damage.

9.29 Counterparts; Signatures. This Lease may be executed in counterparts. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that facsimile signatures or signatures transmitted by electronic mail in so-called "pdf" format shall be legal and binding and shall have the same full force and effect as if an original of this Lease had been delivered. Landlord and Tenant (i) intend to be bound by the signatures on any document sent by facsimile or electronic mail, (ii) arc aware that the other party will rely on such signatures, and (iii) hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature.

9.30 Accessibility Inspection Disclosure. Pursuant to California Civil Code Section 1938, Landlord hereby advises Tenant that Landlord has not had the Building or the Leased Premises inspected by a Certified Access Specialist.

9.31 Tax Status of Beneficial Owner. Tenant recognizes and acknowledges that Landlord and/or certain beneficial owners of Landlord may from time to time qualify as real estate investment trusts pursuant to Sections 856 et seq. of the Internal Revenue Code and that avoiding (a) the loss of such status, (b) the receipt of any income derived under any provision of this Lease that does not constitute "rents from real property" (in the case of real estate investment trusts), and (c) the imposition of income, penalty or similar taxes (each an "Adverse Event") is of material concern to Landlord and such beneficial owners. In the event that this Lease or any document contemplated hereby could, in the opinion of counsel to Landlord, result in or cause an Adverse Event, Tenant agrees to cooperate with Landlord in negotiating an amendment or modification thereof and shall at the request of Landlord execute and deliver such documents reasonably required to effect such amendment or modification; provided, however, in the event Tenant notifies Landlord that Tenant has reasonably determines that Tenant will incur an expense in cooperating with such negotiation and/or in executing or delivering any such documents, which notice must include Tenant's estimate of the expenses it will incur, Tenant shall not be obligated to cooperate in such negotiation or execute and deliver such documents unless Landlord has agreed in advance, in writing, to reimburse Tenant for such estimated expenses within fifteen (15) days following Landlord's receipt of Tenant's billing of its actual expenses so incurred. Any amendment or modification pursuant to this Section 9.31 shall be structured so that the economic results to

Landlord and Tenant shall be substantially similar to those set forth in this Lease without regard to such amendment or modification. Without limiting any of Landlord's other rights under this Section 9.31, Landlord may waive the receipt of any amount payable to Landlord hereunder and such waiver shall constitute an amendment or modification of this Lease with respect to such payment.

9.32 Landlord's Reservations. In addition to the other rights of Landlord under this Lease, Landlord reserves the right to change the street address and/or name of the Building without being deemed to be guilty of an eviction, actual or constructive, or a disturbance or interruption of the business of Tenant or Tenant's use or occupancy of the Leased Premises.

9.33 Supplemental HVAC. If any supplemental HVAC unit (a "Unit") exclusively serves the Leased Premises, then (a) Tenant shall pay the costs of all electricity consumed in the Unit's operation, together with the cost of installing a meter to measure such consumption; (b) Tenant, at its expense, shall (i) operate and maintain the Unit in compliance with all applicable laws and such reasonable rules and procedures as Landlord may impose; (ii) keep the Unit in as good working order and condition as existed upon installation (or, if later, when Tenant took possession of the Leased Premises), subject to normal wear and tear; (iii) maintain in effect, with a contractor reasonably approved by Landlord, a contract for the maintenance and repair of the Unit, which contract shall require the contractor, at least once every three (3) months, to inspect the Unit and provide to Tenant a report of any defective conditions, together with any recommendations for maintenance, repair or parts-replacement; (iv) follow all reasonable recommendations of such contractor; and (v) promptly provide to Landlord a copy of such contract and each report issued thereunder; (c) the Unit shall become Landlord's property upon the expiration or earlier termination of this Lease and without compensation to Tenant; provided, however, that upon Landlord's request at the expiration or earlier termination of this Lease, Tenant, at its expense, shall remove the Unit and repair any resulting damage (and if Tenant fails to timely perform such work, Landlord may do so at Tenant's expense); (d) [Intentionally Omitted]; (e) if the Unit exists on the date of mutual execution and delivery of this Lease, Tenant accepts the Unit in its "as is" condition, without representation or warranty as to quality, condition, fitness for use or any other matter; (f) if the Unit connects to the Building's condenser water loop (if any), then Tenant shall pay to Landlord, as Additional Rent, Landlord's standard one-time fee for such connection and Landlord's standard monthly per-ton usage fee; and (g) if any portion of the Unit is located on the roof, then (i) Tenant's access to the roof shall be subject to such reasonable rules and procedures as Landlord may impose; (ii) Tenant shall maintain the affected portion of the roof in a clean and orderly condition and shall not interfere with use of the roof by Landlord or any other tenants or licensees; and (iii) Landlord may relocate the Unit and/or temporarily interrupt its operation, without liability to Tenant, as reasonably necessary to maintain and repair the roof or otherwise operate the Building.

9.34 Conference Room. Landlord currently operates a shared conference facility (the "Conference Center") in the Building, which Conference Center is currently available for use by all tenants of the Building, at the current rates set by Landlord from time to time in its sole and absolute discretion ($25.00 per hour as of the Date of Lease), on a first come, first serve basis. So long as Landlord continues to offer the Conference Center for non-exclusive use by tenants of the Building, and provided there is no Event of Default, Tenant shall have a non-exclusive right to use the Conference Center, subject to availability, as determined by Landlord in its sole and absolute

discretion. Such right to use the Conference Center shall be subject to all rules and regulations regarding the use of the Conference Center as Landlord may impose from time to time, including, without limitation, restrictions on frequency, hours and length of use, payment of a fee for such and cleaning and trash dispensing requirements. Tenant acknowledges, understands and agrees that Landlord makes no representation or warranty to Tenant that Landlord will continue to provide the Conference Center throughout the Term of this Lease or that the Conference Center will be available for use by Tenant at any particular time or from time to time.

9.35 Bicycle Parking. As of the Date of Lease, there are seven (7) bicycle racks (the "Bicycle Racks") located on the first (1st) floor of the parking garage (within approximately fifty (50) feet from the parking garage attendant's booth) available for use by all tenants of the Building, on a first come, first serve basis. Landlord shall, prior to the Term Commencement Date, enclose the Bicycle Racks with door to ceiling fencing with an access gate that is securely locked at all times. The Bicycle Racks may be relocated by Landlord from time to time within the parking garage or inside the Building, provided that in no event shall the total number of bicycle parking spaces be reduced from the number in existence as of the Date of Lease. Tenant shall have a nonexclusive right to use the Bicycle Racks, subject to availability. Such right to use the Bicycle Racks shall be subject to all rules and regulations regarding the use of the Bicycle Racks as Landlord may impose from time to time.

9.36 Bart Shuttle. Landlord currently provides a shuttle to and from the 19th Street Oakland BART Station for the non-exclusive use of the tenants of the Building. Such shuttle service is provided at the sole discretion of Landlord.

9.37 Exhibits; Addenda. The following Exhibits and addenda are attached to, incorporated in and made a part of this Lease: **Exhibit A** Floor Plan of the Leased Premises; **Exhibit B** Initial Improvement of the Leased Premises; **Exhibit C** Confirmation of Term of Lease; and **Exhibit D** Building Rules and Regulations.

[**SIGNATURES APPEAR ON FOLLOWING PAGE**]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first written above.

"**LANDLORD**"**:**

MACH II 180 LLC,
a Delaware limited liability company

By: Mach II Ellis Investments LLC,
a Delaware limited liability company,
its Managing Member

MEP II Investors LLC,
a California limited liability company,
By: its Administrative Manager

Ellis Partners LLC,
a California limited liability company,
By: its Sole Member and Manager

By: /s/ James F. Ellis

Printed Name: James F. Ellis

Title: Managing Member

"**TENANT**"**:**

MARQETA, INC.,
a Delaware corporation

By: /s/ Eric Bachman

Printed Name: Eric Bachman

Title: COO

49

EXHIBIT A

FLOOR PLAN OF THE LEASED PREMISES

EXHIBIT B

INITIAL IMPROVEMENT OF THE LEASED PREMISES

1. Tenant Improvements. Landlord and Tenant agree that WCI-GC Commercial Construction (the "Contractor") shall construct and install the improvements (the "Tenant Improvements") in the Leased Premises with Building standard materials and finishes (or other materials specifically set forth), substantially in accordance with the space plan ("Tenant's Plans") attached to this **Exhibit B** as **Exhibit B-l**. Notwithstanding the foregoing, the parties agree that any improvement or installation that is not referenced in **Exhibit B-l** shall be Tenant's responsibility and shall be part of Tenant's Work (as defined below), including, without limitation, phone and data cabling, telephone conduits, furniture, fixtures, and equipment, and any specialized office improvements. Landlord's architect (the "Architect") shall prepare the construction documents (the "Construction Documents") consistent with Tenant's Plans, which shall be subject to Landlord and Tenant's written approval, which approval shall not be unreasonably withheld, conditioned or delayed (as set forth below), and upon such approval shall be known as the "Final Construction Documents." Within three (3) business days after Tenant's receipt of the Construction Documents in PDF and CAD files (and one (1) business day for revisions), Tenant shall either approve such plans (with Tenant's approval not to be unreasonably withheld) or disapprove the plans. Any disapproval shall include a detailed explanation of the rejected components of the plans.

2. Permits. If necessary, Landlord shall, as part of the Tenant Improvements, secure all permits and the approval of all government authorities with jurisdiction over the Building with respect to the construction of the Tenant Improvements; provided, however, if needed, Tenant shall cooperate fully with Landlord with respect to the foregoing.

3. Landlord's Review. Landlord's review and approval of Tenant's Plans or the Construction Documents shall not constitute, and Landlord shall not be deemed to have made, any representation or warranty as to the suitability of the Leased Premises or the Tenant Improvements for Tenant's needs.

4. Construction. The Tenant Improvements shall be completed in accordance with the Final Construction Documents by the Contractor in a good and workmanlike manner.

5. Landlord's Contribution. With respect to the costs of preparing Tenant's Plans and the Construction Documents and the construction costs of the Tenant Improvements and all other related costs, Landlord shall provide Tenant an allowance in the maximum amount of $40.00 per rentable square foot of the Leased Premises, for a total of $750,960.00 based on 18,774 rentable square feet ("Landlord's Contribution"). Notwithstanding the foregoing, Landlord's Contribution may not be utilized by Tenant until Tenant deposits with Landlord the necessary funds in excess of Landlord's Contribution ("Tenant's Construction Funds") to utilize for the construction of the Tenant Improvements, if applicable, or at Tenant's option, Tenant may provide the proportionate share of Tenant's Construction Funds on a monthly basis in advance of construction of the Tenant Improvements planned for the upcoming month based on the construction schedule (monthly payments to the Contractor shall be made pari passu from Landlord's Contribution on the one hand, and Tenant's Construction Funds, on the other hand, until such funds are exhausted). Any

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costs related to the construction of the Tenant Improvements in excess of Landlord's Contribution and Tenant's Construction Funds shall be paid promptly by Tenant within fifteen (15) days following Tenant's receipt of Landlord's billing therefor. Any portion of Landlord's Contribution not utilized by Tenant on or before the later to occur of six (6) months after Landlord delivers possession of the Leased Premises to Tenant and January 1,2017 shall accrue to Landlord.

6. Changes. If Tenant requests any changes or additions to the Tenant Improvements, Tenant shall request such change in a written notice to Landlord; provided, however, Tenant shall, at its sole cost, pay for all costs reasonably incurred by such change order plus a construction coordination fee equal to five percent (5%) of the total costs (soft and hard costs) of the change order.

7. Requirements for Work Performed by Tenant. All work (including all fit-up work) performed by Tenant or Tenant's contractor or subcontractors prior to initially commencing business operations in the Leased Premises ("Tenant's Work") shall be subject to the following additional requirements:

(a) Such work shall not proceed until Landlord has approved in writing (which approval shall not be unreasonably withheld, conditioned or delayed): (i) the amount and coverage of public liability and property damage insurance, with Landlord named as an additional insured, on such liability coverage carried by Tenant's contractor, (ii) complete and detailed plans and specifications for such work (among other things, Landlord may condition its approval of any improvements on Tenant's agreement to remove them prior to the Term Expiration Date, repair any damage resulting from such removal and restore the Leased Premises to their condition existing prior to the date of the installation of such improvements, including, without limitation, in the event Tenant decides to paint certain portions of the Leased Premises), and (iii) a schedule for the work.

(b) All work shall be done in conformity with a valid permit when required, a copy of which shall be furnished to Landlord before such work is commenced. In any case, all such work shall be performed in accordance with all applicable laws. Notwithstanding any failure by Landlord to object to any such work, Landlord shall have no responsibility for Tenant's failure to comply with applicable laws.

(c) Tenant shall be responsible for cleaning the Leased Premises, the Building and the Project and removing all debris in connection with its work, except for work performed by the Contractor. All completed work shall be subject to inspection and acceptance by Landlord. Tenant shall reimburse Landlord for the actual out-of-pocket cost for all extra expense incurred by Landlord by reason of faulty work done by Tenant or Tenant's contractor or by reason of inadequate cleanup by Tenant or Tenant's contractor.

(d) Tenant (and Tenant's contractors, vendors, agents, and employees) performing Tenant's Work shall not disrupt or delay the performance of the Tenant Improvements.

8. Tenant Delay. If the completion of the Tenant Improvements is actually delayed (i) at the request, in writing, of Tenant, (ii) by Tenant's failure to comply with the provisions of

this **Exhibit B** (including failure to pay any sums payable by Tenant, failure to provide or approve certain items within the time periods specified herein, or failure to comply with the early access terms and conditions) or failure to reasonably cooperate with Landlord, (iii) by changes in the Tenant's Plans or the Construction Documents, as the case may be, ordered by Tenant, (iv) because Tenant chooses to have additional work performed by Landlord (collectively, "Tenant Delay"), then Tenant shall be responsible for all costs and any expenses occasioned by such Tenant Delay including, without limitation, any costs and expenses attributable to increases in labor or materials; and, if such delay actually delays the Term Commencement Date, then the Term Commencement Date shall be the date that would have been the Term Commencement Date but not for Tenant's Delay.

9. Substantial Completion. "Substantial Completion" shall mean (and the Tenant Improvements shall be deemed "Substantially Complete") when installation of the Tenant Improvements by the Contractor has occurred in accordance with the provisions of this Exhibit B. Substantial Completion shall be deemed to have occurred notwithstanding a requirement to complete punchlist items or similar corrective work.

10. Punchlist. Upon Substantial Completion of the Tenant Improvements, Landlord and Tenant shall inspect the improvements together and prepare a punchlist. The punchlist shall list incomplete, minor or insubstantial details or construction and needed finishing touches that do not unreasonably interfere with Tenant's use of the Leased Premises. Landlord shall complete the punchlist items in an expeditious manner.

11. Early Access. Depending on the progress of the construction of the Tenant Improvements, Tenant shall be given access to the Leased Premises up to two (2) weeks prior to the Term Commencement Date in order for Tenant to install Tenant's furniture, trade fixtures, equipment, telephone networks and computer networks, and to perform general set-up for Tenant's business operations. From the date Tenant is given early access to the Leased Premises as set forth above through the Term Commencement Date, Tenant shall be subject to all of the covenants in the Lease, except that Tenant's obligation to pay Rent shall commence in accordance with the Basic Lease Information sheet of the Lease; provided, however, (i) Tenant shall not enter the Leased Premises unless they are accompanied by a person designated by Landlord, if required by Landlord, and Tenant shall provide to Landlord at least 24 hours prior written notice prior to such entry, (ii) Tenant shall exercise such right of access in a manner that comports with the requirements of all relevant insurance policies, (iii) Tenant (and Tenant's contractors, vendors, agents, and employees) shall not disrupt or delay the construction of the Tenant Improvements, and (iv) Tenant (and Tenant's contractors, vendors, agents, and employees) shall in no event give directions to (or otherwise interfere with) the Contractor or others performing the Tenant Improvements. Tenant shall indemnify and hold the Landlord free and harmless from any and all liens, costs, and liabilities or expenses incurred in connection with any early access of Tenant.

EXHIBIT B-I

TENANT'S PLANS
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EXHIBIT C

CONFIRMATION OF TERM OF LEASE

This Confirmation of Term of Lease is made by and between **MACH II 180 LLC,** a Delaware limited liability company, as Landlord, and **MARQETA, INC.** a Delaware corporation as Tenant, who agree as follows:

1. Landlord and Tenant entered into an Office Building Lease dated **March 1, 2016** (the "Lease"), in which Landlord leased to Tenant and Tenant leased from Landlord the Leased Premises described in the Basic Lease Information sheet of the Lease (the "Leased Premises").

2. Pursuant to Section 3.1 of the Lease, Landlord and Tenant hereby confirm as follows:

a. **August 12, 2016** is the Term Commencement Date;

b. **November 30, 2023** is the Term Expiration Date; and

c. **November 12, 2016** is the commencement date of Rent under the Lease.

3. Tenant hereby confirms that the Lease is in full force and effect and:

a. It has accepted possession of the Leased Premises as provided in the Lease;

b. The improvements and space required to be furnished by Landlord under the Lease have been furnished;

c. Landlord has fulfilled all its duties of an inducement nature;

d. The Lease has not been modified, altered or amended, except as follows: N/A; and

e. There are no setoffs or credits against Rent and no security deposit has been paid except as expressly provided by the Lease.

4. The provisions of this Confirmation of Term of Lease shall inure to the benefit of, or bind, as the case may require, the parties and their respective successors, subject to the restrictions on assignment and subleasing contained in the Lease.

[NOTE: If Tenant fails to execute and return (or reasonably object in writing to) this Confirmation of Term of Lease within fifteen (15) days after receiving it, Tenant shall be deemed to have executed and returned it without exception.]

///**signature page flows**///
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DATED: 9/6/16

"**LANDLORD**"**:**

MACH II180 LLC,
a Delaware limited liability company

By: Mach II Ellis Investments LLC,
a Delaware limited liability company,
its Managing Member

By: MEP II Investors LLC,
a California limited liability company,
its Administrative Manager

By: Ellis Partners LLC,
a California limited liability company,
it's Sole Member and Manager

By: /s/ James F. Ellis

Printed Name: James F. Ellis

Title: Managing Member

"**TENANT**"**:**

MARQETA, Inc.
a Delaware corporation

By: /s/ Eric Bachman

Printed Name: Eric Bachman

Title: COO

EXHIBIT D

BUILDING RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building or any part of the Leased Premises visible from the exterior of the Leased Premises without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion. Landlord shall have the right to remove, at Tenant's expense and without notice to Tenant, any such sign, placard, picture, advertisement, name or notice that has not been approved by Landlord. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord. If Landlord notifies Tenant in writing that Landlord objects to any curtains, blinds, shades or screens attached to or hung in or used in connection with any window or door of the Leased Premises, such use of such curtains, blinds, shades or screens shall be removed immediately by Tenant. No awning shall be permitted on any part of the Leased Premises.

2. No ice, drinking water, or repair services, or other similar services shall be provided to the Leased Premises, except from persons authorized by Landlord and at the hours and under regulations fixed by Landlord.

3. The bulletin board or directory of the Building will be provided exclusively for the display of the name and location of tenants only and Landlord reserves the right to exclude any other names therefrom.

4. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any of the Tenant's employees, contractors, agents, or invitees, or used by Tenant for any purpose other than for ingress to and egress from its Leased Premises. The halls, passages, exits, entrances, elevators, stairways, balconies and roof are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the judgment of Landlord shall be prejudicial to the safety, character, reputation and interests of the Building and its tenants. None of Tenant's employees, contractors, agents, or invitees shall go upon the roof of the Building.

5. Tenant shall not alter any lock or install any new or additional locks or any bolts on any interior or exterior door of the Leased Premises without the prior written consent of Landlord.

6. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees, contractors, agents or invitees, shall have caused it.

7. Tenant shall not overload the floor of the Leased Premises or mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Leased Premises or any part thereof.

8. No furniture, freight or equipment of any kind shall be brought into the Building without the consent of Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on a platform of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause, and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of Tenant. The elevator designated for freight by Landlord shall be available for use by all tenants in the Building during the hours and pursuant to such procedures as Landlord may determine from time to time. The persons employed to move Tenant's equipment, material, furniture or other property in or out of the Building must be acceptable to Landlord. The moving company must be a locally recognized professional mover, whose primary business is the performing of relocation services, and must be bonded and fully insured. In no event shall Tenant employ any person or company whose presence may give rise to a labor or other disturbance in the Project. A certificate or other verification of such insurance must be received and approved by Landlord prior to the start of any moving operations. Insurance must be sufficient in Landlord's sole opinion, to cover all personal liability, theft or damage to the Project, including, but not limited to, floor coverings, doors, walls, elevators, stairs, foliage and landscaping. Special care must be taken to prevent damage to foliage and landscaping during adverse weather. All moving operations shall be conducted at such times and in such a manner as Landlord shall direct, and all moving shall take place during non-business hours unless Landlord agrees in writing otherwise.

9. Tenant shall not employ any person or persons other than the janitor of Landlord for the purpose of cleaning the Leased Premises, unless otherwise agreed to by Landlord. Except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be permitted to enter the Building for the purpose of cleaning the Building or the Leased Premises. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness.

10. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Leased Premises, or permit or suffer the Leased Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Leased Premises or the Building. Tenant shall not keep, use, or permit to be used in or brought into the Leased Premises or Project at any time, by Tenant or any of its employees, agents or invitees, any gun, firearm, weapon, explosive device, ammunition or explosive. Tenant shall not bring into (or permit to be brought into) the Leased Premises any bicycle or similar type of vehicle. In no event may a hoverboard or similar type of motorized device be charged in the Leased Premises or in the Project.

11. No cooking shall be done or permitted by Tenant in the Leased Premises, nor shall the Leased Premises be used for the storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.

Notwithstanding the foregoing, however, Tenant may maintain and use microwave ovens, toasters and equipment for brewing coffee, tea,

hot chocolate and similar beverages, provided that Tenant shall (i) prevent the emission of any food or cooking odor from leaving the Leased Premises, (ii) be solely responsible for cleaning the areas where such equipment is located and removing food related waste from the Leased Premises and the Building, or shall pay Landlord's standard rate for such service as an addition to cleaning services ordinarily provided, (iii) maintain and use such areas solely for Tenant's employees and business invitees, not as public facilities, and (iv) keep the Leased Premises free of vermin and other pest infestation and shall exterminate, as needed, in a manner and through contractors reasonably approved by Landlord, preventing any emission of odors, due to extermination, from leaving the Leased Premises. Notwithstanding clause (ii) above, Landlord shall, without special charge, empty and remove the contents of one (1) 15-gallon (or smaller) waste container from the food preparation area so long as such container is fully lined with, and the contents can be removed in. a waterproof plastic liner or bag, supplied by Tenant, which will prevent any leakage of food related waste or odors; provided, however, that if at any time Landlord must pay a premium or special charge to Landlord's cleaning or scavenger contractors for the handling of food related or so called "wet" refuse. Landlord's obligation to provide such removal, without special charge, shall cease.

12. Tenant shall not use or keep in the Leased Premises or the Building any kerosene, gasoline, or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.

13. Landlord will direct electricians as to where and how telephone and data wires are to be introduced into the Leased Premises and the Building. No boring or cutting for wires will be allowed without the prior consent of Landlord. The location of telephones, call boxes and other office equipment affixed to the Leased Premises shall be subject to the prior approval of Landlord.

14. Upon the expiration or earlier termination of the Lease, Tenant shall deliver to Landlord the keys of offices, rooms and toilet rooms which have been furnished by Landlord to Tenant and any copies of such keys which Tenant has made. In the event Tenant has lost any keys furnished by Landlord, Tenant shall pay Landlord for such keys.

15. Tenant shall not lay linoleum, tile, carpet or other similar floor covering so that the same shall be affixed to the floor of the Leased Premises, except to the extent and in the manner approved in advance by Landlord. The expense of repairing any damage resulting from a violation of this rule or removal of any floor covering shall be borne by the tenant by whom, or by whose contractors, employees or invitees, the damage shall have been caused.

16. No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours and in such elevators as shall be designated by Landlord, which elevator usage shall be subject to the Building's customary charge therefor as established from time to time by Landlord.

17. On Saturdays, Sundays and legal holidays, and on other days between the hours of 6:00 P.M. and 8:00 A.M., access to the Building, or to the halls, corridors, elevators or stairways in the Building, or to the Leased Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge and has a pass or is properly identified. Landlord shall in no case be liable for damages for any error with regard to the admission to or

exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building during the continuance of the same by closing the doors or otherwise, for the safety of the tenants and protection of property in the Building.

18. Tenant shall be responsible for insuring that the doors of the Leased Premises are closed and securely locked before leaving the Building and must observe strict care and caution that all water faucets or water apparatus are entirely shut off before Tenant or Tenant's employees leave the Building, and that all electricity, gas or air shall likewise be carefully shut off, so as to prevent waste or damage. Landlord shall not be responsible to Tenant for loss of property on the Leased Premises, however occurring, or for any damage to the property of Tenant caused by the employees or independent contractors of Landlord or by any other person.

19. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.

20. The requirements of any tenant will be attended to only upon application at the office of the Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee will admit any person (tenant or otherwise) to any office without specific instructions from Landlord.

21. No vending machine or similar machines of any description shall be installed, maintained or operated upon the Leased Premises without the prior written consent of Landlord.

22. Subject to Tenant's right of access to the Leased Premises in accordance with Building security procedures, Landlord reserves the right to close and keep locked all entrance and exit doors of the Building on Saturdays, Sundays and legal holidays and on other days between the hours of 6:00 P.M. and 8:00 A.M., and during such further hours as Landlord may deem advisable for the adequate protection of the Building and the property of its tenants.

23. Landlord reserves the right to rescind any of these rules and regulations and to make future rules and regulations required for the safety, protection and maintenance of the Project, the operation and preservation of the good order thereof, and the protection and comfort of the tenants and their employees and visitors. Such rules and regulations, when made and written notice thereof given to Tenant, shall be binding as if originally included herein. Landlord shall not be responsible to Tenant for the non-observance or violation of these rules and regulations by any other tenant of the Building.

FIRST AMENDMENT TO OFFICE BUILDING LEASE

(Expansion of Premises; Extension of Term)

THIS FIRST AMENDMENT TO OFFICE BUILDING LEASE (this "**Amendment**") is entered into as of the 8th day of November, 2017, by and between **180 GRAND OWNER LLC,** a Delaware limited liability company ("**Landlord**"), and **MARQETA, INC.,** a Delaware corporation ("**Tenant**").

RECITALS

A. MACH II 180 LLC, a Delaware limited liability company and Landlord's predecessor-in-interest under the Lease, as defined herein ("**Original Landlord**"), and Tenant entered into that certain Office Building Lease dated as of March 1, 2016 (the "**Lease**"), pursuant to which Tenant leases from Landlord those certain premises containing approximately 18,774 rentable square feet (the "**Existing Premises**") consisting of the entire fifth (5th) floor of that certain office building with an address of 180 Grand Avenue, Oakland, California (the "**Building**"). The Building, the land on which such building is located, the parking garage located adjacent to the Building owned by Landlord but located on a separate tax parcel (the "**Parking Garage**"), and the sidewalks and similar improvements and easements associated with the foregoing or the operation thereof, are referred to collectively herein as the "**Project.**"

B. Landlord is the successor-in-interest to Original Landlord and owner of the Project.

C. The Term of the Lease with respect to the Existing Premises is scheduled to expire on November 30, 2023.

D. Tenant desires to lease additional space in the Building containing (i) approximately 18,744 rentable square feet (16,299 usable square feet) consisting of the entire fourth (4th) floor of the Building (the "**4th Floor Space**") and (ii) approximately 18,967 rentable square feet (16,326 usable square feet) consisting of the entire sixth (6th) floor of the Building (the "**6th Floor Space**") for a total of approximately 37,711 rentable square feet (32,625 usable square feet) (collectively, the "**Expansion Space**").

E. Landlord and Tenant hereby desire to amend the Lease in order to provide for, among other things, the expansion of the Existing Premises and an extension of the Term of the Lease with respect to the Existing Premises, on the terms and conditions set forth below.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which hereby is acknowledged, Landlord and Tenant agree as follows:

1. **Defined Terms.** Capitalized terms not otherwise defined herein shall have the respective meanings given to them in the Lease. Unless the context clearly indicates otherwise, all references to the "Lease" in the Lease and in this Amendment shall hereinafter be deemed to refer to the Lease, as amended hereby.

2. **Addition of Expansion Space.**

(a) **Expansion Space.** In addition to Tenant's lease of the Existing Premises, Tenant shall lease the Expansion Space for the Permitted Use as follows, and as each portion of the Expansion Space is added to the Leased Premises Tenant is leasing under the Lease, as amended hereby, the Existing Premises and such portion of the Expansion Space are

sometimes hereinafter collectively referred to as the "**Leased Premises**" and, except as otherwise provided in this Amendment, shall be subject to all of the terms of the Lease applicable to the Leased Premises, as defined therein.

(b) **Landlord's Representation and Warranty.** Landlord hereby represents to Tenant that the 6th Floor Space is currently leased to HealthNet pursuant to a lease that expires June 14, 2018. Landlord acknowledges that, in order for Landlord to perform the 6th Floor Work (defined below) and deliver the 6th Floor Space to Tenant by the E6FSDD (defined below), HealthNet must vacate the 6th Floor Space no later than thirty (30) days after such expiration date, and therefore Landlord hereby represents and warrants to Tenant that Landlord shall exercise commercially reasonable diligence to cause HealthNet to vacate the entire 6th Floor Space by no later than thirty (30) days after such expiration date, and, if HealthNet does not so vacate the entire 6th Floor Space by such date, Landlord shall enforce its rights under such lease to cause HealthNet to vacate the entire 6th Floor Space as soon thereafter as is reasonably possible, including, without limitation, Landlord's right under such lease to re-enter and take possession of such 6th Floor Space without process, or by any legal process in force in the State of California.

(c) **Commencement Date.** Commencing on the earliest to occur of: (i) the date on which Tenant occupies any portion of the 4th Floor Space or the 6th Floor Space, as the case may be; (ii) the date on which the 4th Floor Work or the 6th Floor Work (as defined herein) is Substantially Completed (as defined in Exhibit B attached hereto); or (iii) the date on which the 4th Floor Work or the 6th Floor Work, as the case may be, would have been Substantially Completed but for the occurrence of any Tenant Delay Days (as defined in Exhibit B attached hereto) (such dates referred to herein as the "**4th Floor Space Commencement Date**" or "**4FSCD**" and the "**6th Floor Space Commencement Date**" or "**6FSCD**"), and expiring on the Expansion Space Expiration Date (as defined below), Tenant shall lease the 4th Floor Space as depicted on Exhibit A-l attached hereto and the 6th Floor Space as depicted on Exhibit A-2 attached hereto, all subject to and in accordance with the terms and conditions of the Lease, as amended hereby. As used herein, the "**4th Floor Work**" and the "**6th Floor Work**" shall mean and refer to those certain improvements to the 4th Floor Space and the 6th Floor Space, as the case may be, to be performed by Landlord in accordance with the terms of this Amendment and Exhibit B hereto, including the Connecting Stairwell and/or a Light Well, as provided in Exhibit B hereto. The 4th Floor Work and the 6th Floor Work shall be collectively referred to herein as the "**Expansion Space Work.**" In connection with the Expansion Space Work, Landlord shall perform certain improvements to the Existing Premises, as indicated in the Expansion Space Plans (as defined below) approved by the parties. For purposes of this Amendment, such improvements shall be included in the definition of the Expansion Space Work. Tenant hereby acknowledges that Landlord will be performing the Expansion Space Work during the Term (as extended hereby), and Tenant shall not be entitled to any additional abatement or reduction of Rent or any other amount payable under the Lease in connection therewith, nor shall the Expansion Space Work be deemed an eviction, actual or constructive, of Tenant. Tenant shall at all times cooperate reasonably and in good faith in

connection with Landlord's prosecution of the Expansion Space Work, including, without limitation, by granting Landlord access to the Existing Premises and the Expansion Space and by promptly responding to matters arising in connection with the Expansion Space Work.

(d) **Submission of Permit Application.** Within two (2) days following Landlord's approval of the Architectural Drawings pursuant to the terms of Exhibit B hereto, but no later than January 1, 2018 for the 4th Floor Work (and for any remodeling work to be performed within the Existing Premises), and no later than May 1, 2018 for the 6th Floor Work (and for any remodeling work to be performed in the Existing Premises in connection with Landlord's construction of the Connecting Stairwell and/or a Light Well, as provided in Exhibit B hereto), Tenant shall deliver to Landlord a complete set of Architectural Drawings for the 4th Floor Work and for the 6th Floor Work, as the case may be (the "**4th Floor Plans,**" the "**6th Floor Plans**" and collectively the "**Expansion Space Plans**"). Any day beyond January 1, 2018 and May 1, 2018, as the case may be, that Tenant takes to deliver the 4th Floor Plans and the 6th Floor Plans, as the case may be, shall result in a deduction of one day of rent abatement to which Tenant is entitled hereunder. Landlord shall submit the approved Architectural Drawings, along with a permit application worksheet, application fees and all other documentation and information required by the City of Oakland (the "**City**"**)** (collectively, the "**Permit Application**") in form and substance complete and accurate for the City to approve a permit for the construction of the Expansion Space Work on the 4th Floor Space and the 6th Floor Space, as the case may be (in each instance, a "**Permit**"). Following submission of the Permit Application to the City, drawings for any modifications to the mechanical, electrical and plumbing systems of the Expansion Space and the Building required for the Expansion Space Work (the "**MEP Plans**") and the Fire Life Safety drawings (the "**FLS Drawings**") shall be prepared by Landlord. Tenant shall make any changes requested by Landlord to the Expansion Space Plans reasonably necessary for Landlord to obtain City approval for the applicable Permit Application within ten (10) business days after Landlord's written request therefor (it being agreed that each day of such ten (10) business day period that it takes Tenant to make such changes shall be deemed a Tenant Delay Day). Landlord shall not be responsible for the accuracy of Tenant's Architectural Drawings or any item provided by Tenant. Tenant shall, at Landlord's request, sign each Permit Application in acknowledgment thereof.

(e) **Estimated Delivery Date.** Landlord shall use commercially reasonable efforts to cause the Expansion Space Work to be Substantially Completed as follows: (i) with respect to the 4th Floor Work, the date of Substantial Completion shall be the one hundred twentieth (120th) day after the date Tenant submits the Expansion Space Plans for the 4th

Floor Space to Landlord in form sufficiently complete for Landlord's submission of the Permit Application for the 4th Floor Work to the City, which Substantial Completion Landlord estimates shall occur on or about May 23, 2018, it being agreed that Landlord shall not be required to deliver possession of the 4th Floor Space to Tenant any earlier than May 23, 2018 (the "**Estimated 4th Floor Space Delivery Date**" or "**E4FSDD**"); and (ii) with respect to the 6th Floor Work, provided Tenant has submitted the Expansion Space Plans for the 6th Floor Space to Landlord in form sufficiently complete for Landlord's submission of the Permit Application for the 6th Floor Work by no later than May 1, 2018, the date of Substantial Completion shall be November 1,2018 (the "**Estimated 6th Floor Space Delivery Date**" or "**E6FSDD**"). If Landlord is unable to tender possession of the 4th Floor Space or the 6th Floor Space in the condition required hereunder by the E4FSDD or the E6FSDD, as the case may be, then: (1) the validity of this Amendment shall not be affected or impaired thereby; (2) Landlord shall not be in default hereunder or be liable for damages therefor;

and (3) subject to Tenant's partial rent abatement rights as provided in Section 2(f) below and Tenant's termination rights as provided in Section 2(g) below, Tenant shall accept possession of the 4th Floor Space and the 6th Floor Space when Landlord tenders possession thereof to Tenant. The E4FSDD and the E6FSDD, as the case may be, shall be extended one day for each day of delay caused by or attributable to a Tenant Delay Day or force majeure event, as such term is defined in Section 9.12 of the Lease (it being understood by the parties hereto that for purposes of this Amendment, the City's approval of the Permit Application and granting or issuing a Permit will not be considered a force majeure event). Furthermore, if the City requires revisions to the Permit Application for any reason involving the Expansion Space Plans (regardless of fault), the E4FSDD and the E6FSDD, as the case may be, and the 4th Floor Outside Delivery Date and the 6th Floor Outside Delivery Date, as the case may be, shall be extended one day for each day that Tenant takes to deliver revised Expansion Space Plans incorporating all such revisions to Landlord. Without limiting the generality of the foregoing, Tenant shall have three (3) business days following the City's request to deliver such revised Expansion Space Plans to Landlord. Any day beyond such three (3) business day period that Tenant takes to deliver such revised Expansion Space Plans to Landlord shall result in a deduction of one day of rent abatement to which Tenant is entitled hereunder.

(f) **Partial Rent Abatement.** Notwithstanding the foregoing, if Landlord is unable to deliver possession of the 4th Floor Space or the 6th Floor Space to Tenant by the E4FSDD or the E6FSDD, as the case may be, and such delay is due solely to Landlord's acts or omissions and not caused by or attributable to a Tenant Delay Day or force majeure event, then Tenant shall, as its sole remedy therefore, be entitled to an abatement (in addition to the rent abatement provided in Section 8 below) of seventy five percent (75%) of the monthly Base Rent for each day beginning on the E4FSDD or the E6FSDD, as the case may be, and ending on the day Landlord delivers possession of the 4th Floor Space or the 6th Floor Space, as the case may be (in either case, the "**Partial Rent Abatement**"). Notwithstanding the foregoing, if the foregoing delay in delivery of possession is due to the City requiring changes to the applicable Expansion Space Plans following submission thereof with the applicable Permit Application, and such changes are not due to Tenant's error or omission or had been raised earlier, then Tenant shall be entitled to only fifty percent (50%) of the Partial Rent Abatement up to one hundred twenty (120) days following the applicable Commencement Date (it being agreed that any time taken by Tenant to revise and resubmit such changes to Landlord for more than three (3) business days shall be deducted from the one hundred twenty (120) day period). For the avoidance of doubt, notwithstanding anything to the contrary contained in this Amendment, each day Tenant takes to revise and resubmit any change to any portion of the Expansion Space Plans to Landlord as required under the terms hereinabove (regardless of whether or not a time period is provided therefor) shall be deemed a Tenant Delay Day.

(g) **Tenant's Termination Right.**

(i) **4th Floor Space.**

(1) **Vacancy.** Notwithstanding the above, in the event Landlord has not demonstrated to Tenant's reasonable satisfaction, by no later than the 4th Floor Vacancy Deadline, as hereinafter defined, that (I) all of the occupants of the 4th Floor Space have vacated or been removed, and (II) Landlord shall commence the 4th Floor Work immediately, then, for as

long as such conditions remain unsatisfied, Tenant, as its sole remedy therefor, shall have the right to terminate this Amendment with respect to the entire Expansion Space. As used herein, the "**4th Floor Vacancy Deadline**" is March 31, 2018, as such date may be extended due to delays caused by or attributable to a Tenant Delay Day or force majeure event. Upon any such termination, Tenant shall continue to lease the Existing Premises pursuant to the terms of the Lease, as amended hereby with respect to Tenant's termination of the Lease with respect to the Expansion Space.

(2) **Outside Delivery Date.** Notwithstanding the above, in the event the 4th Floor Space Commencement Date has not occurred by November 1, 2018 (the "**4th Floor Outside Delivery Date**"), as such date may be extended due to delays caused by or attributable to a Tenant Delay Day or force majeure event, then Tenant, as its sole remedies therefor, shall have the right to (A) terminate this Amendment with respect to the entire Expansion Space, or (B) grant Landlord an extension on the 4th Floor Outside Delivery Date of up to ninety (90) days, after which Tenant shall again have the

right to terminate this Amendment with respect to the entire Expansion Space if Landlord has failed to deliver the 4th Floor Space by delivering written notice to Landlord within ten (10) business days following the 4th Floor Outside Delivery Date but prior to delivery of possession of the 4th Floor Space. Upon any such termination, Tenant shall continue to lease the Existing Premises pursuant to the terms of the Lease, as amended hereby with respect to Tenant's termination of the Lease with respect to the Expansion Space.

(ii) **6th Floor Space.** Notwithstanding the above, provided Tenant has not terminated this Amendment with respect to the entire Expansion Space as provided in Section 2(g)(i) above, in the event the 6th Floor Space Commencement Date has not occurred by May 1, 2019 (the "**6th Floor Outside Delivery Date**"), as such date may be extended due to delays caused by or attributable to a Tenant Delay Day or force majeure event, then Tenant, as its sole remedies therefor, shall have the right to: (A) terminate this Amendment with respect to the entire Expansion Space; or (B) grant Landlord an extension on the 6th Floor Outside Delivery Date of up to ninety (90) days, after which Tenant shall again have the right to terminate this Amendment with respect to the entire Expansion Space, by delivering written notice to Landlord within ten (10) business days following the 6th Floor Outside Delivery Date. Upon any such termination, Tenant shall continue to lease the Existing Premises pursuant to the terms of the Lease, as amended hereby.

(iii) **Limitation of Tenant's Liabilities; Remedies.** If Tenant exercises its termination right in accordance with this Section 2, Tenant shall have no liability for any costs incurred by Landlord in terminating any lease with a current tenant of the 4th Floor Space or the 6th Floor Space, or with regard to any costs or expenses incurred by Landlord in the performance of any aspects of the Permit Application (as defined below), or the performance of the Expansion Space Work (as defined below), and Landlord shall reimburse Tenant, within thirty (30) days following receipt of invoices from Tenant for all reasonable, actual third party costs incurred by Tenant in the preparation of the Expansion Space Plans (as defined below). In addition, in the event Tenant elects to terminate this Amendment as it applies to the Expansion Space because Landlord has failed to meet any deadline (as the same may be extended) herein applicable to the 6th Floor Space, if at the time of such termination Landlord has delivered the 4th Floor Space to Tenant, Tenant shall remove all of its furniture, equipment and other personal property from the 4th Floor Space and shall vacate same, in broom clean condition, within sixty (60) days after Tenant has so terminated this Amendment as it applies to the Expansion Space.

(h) **Early Access to Expansion Space.** Provided Tenant does not interfere with Landlord's construction of the 4th Floor Work and the 6th Floor Work, as the case may be, Tenant shall have early access to the 4th Floor Space and the 6th Floor Space, as the case may be, fourteen (14) days prior to Landlord's then-current estimated date of delivery of the 4th Floor Space and the 6th Floor Space, as the case may be (the "**Access Date**"). Such early occupancy shall be subject to all of the terms and conditions of the Lease (as amended hereby), except for Tenant's obligation to pay Rent for the applicable portion of the Expansion Space (which obligation shall commence upon the 4th Floor Space Commencement Date and the 6th Floor Space Commencement Date, as the case may be). Such period of early occupancy shall commence on the Access Date and continue through the date immediately preceding the 4th Floor Space Commencement Date and the 6th Floor Space Commencement Date, as the case may be (the "**Early Occupancy Period**"). During the Early Occupancy Period, Tenant may enter the 4th Floor Space or the 6th Floor Space, as the case may be (but not any other portion of the Building or the Project other than the Existing Premises) for the sole purpose of installing telephones, electronic communication equipment, fixtures and furniture, provided that Tenant shall be solely responsible for all of the foregoing and for any loss or damage thereto from any cause whatsoever. Such early access and such installation shall be permitted only to the extent the same will not interfere with the access, use and occupancy of the Building or the Project by Landlord or any other tenant or occupant or Landlord's construction of the Expansion Space Work or otherwise delay Landlord's delivery of any portion of the Expansion Space to Tenant. The provisions of Sections 5.7 and Article 7 of the Lease with respect to Tenant's insurance and indemnity obligations shall apply in full during the Early Occupancy Period, and Tenant shall (x) provide certificates of insurance evidencing the existence and amounts of liability insurance carried by Tenant and its agents and contractors, reasonably satisfactory to Landlord, prior to and as a condition to such early entry, and (y) comply with all laws applicable to such early entry work in the Expansion Space.

3. **Swing Space.** Commencing on October 14, 2017, with retroactive effect thereto, Tenant shall lease Suite 700 in the Building ("**Suite 700**"), containing approximately 2,669 rentable square feet (2,321 usable square feet), subject to the terms and conditions of the Lease, as amended hereby. In addition, Tenant shall have the right upon ten (10) days' prior written notice to Landlord but no later than December 1, 2017, to lease Suite 725 in the Building ("**Suite 725**"), containing approximately 4,254 rentable square feet (3,699 usable square feet), commencing no earlier than December 1, 2017. In addition, Tenant shall have the right, exercisable upon delivery of written notice to Landlord by April 1, 2018, to lease Suite 720 in the Building ("**Suite 720**"), containing approximately 2,792 rentable square feet (2,428 usable square feet), commencing on July 1,2018, Suite 700, 720 and 725 shall collectively be referred to herein as the "**Swing Space**." For purposes of this Amendment, the Swing Space shall be deemed part of the Existing Premises and subject to the Lease, as amended hereby. If Tenant exercises its option to lease Suite 725 and/or Suite 720, to the extent Landlord has the legal right to do so and the current tenants therein have vacated and surrendered such spaces, Tenant shall be permitted early access to such spaces under the same terms and conditions provided in Section 2(h) above, except that access to Suite 725 shall be no earlier than November 26, 2017, the day after the current lease of such space expires. All such occupancies shall be on a month-to-month basis and shall terminate automatically at 5:00 p.m. local

time on the day immediately prior to the 4th Floor Space Commencement Date (the "**Swing Space Termination Date**"), unless sooner terminated as provided in the Lease, as amended hereby. Tenant shall accept each suite in the Swing Space in its "AS IS" condition as of the date on which Landlord delivers possession thereof to Tenant. Tenant shall pay, in addition to all other amounts due and payable under the Lease, a monthly Base Rent of $4.50 per rentable square foot for the Swing Space leased by Tenant, during such month-to-month tenancy.

4. **Size of Leased Premises.** As of the 4th Floor Space Commencement Date, the "Leased Premises" shall mean and refer to the Existing Premises and the 4th Floor Space consisting of approximately 37,518 rentable square feet in the aggregate. As of the 6th Floor Space Commencement Date, the term the "Leased Premises" shall mean and refer to the Existing Premises, the 4th Floor Space and the 6th Floor Space consisting of approximately 56,485 rentable square feet (48,950 usable square feet) in the aggregate. In addition, Tenant may have the right to expand the Leased Premises pursuant to the terms of the Right of First Offer attached hereto as Exhibit D.

5. **Condition of Premises; Warranty.** Tenant has been occupying the Existing Premises, is familiar with the condition thereof and accepts the Existing Premises in its "AS IS" state and condition. Tenant shall accept the 4th Floor Space and the 6th Floor Space in their "AS IS" state (except as expressly provided in this Amendment) and broom clean condition as of the 4th Floor Space Commencement Date and the 6th Floor Commencement Date, as the case may be, and Landlord shall have no obligation to make any improvements or renovations in or to the Existing Premises and/or the Expansion Space or to otherwise prepare the same for Tenant's use and occupancy except as expressly set forth in this Amendment. Unless indicated otherwise by Tenant by written notice to Landlord, any remaining furniture and personal property abandoned by any prior tenants shall be removed from the Expansion Space by Landlord at Landlord's sole cost prior to delivery of the Expansion Space to Tenant. Notwithstanding the foregoing, Landlord warrants that for twelve (12) months following the 4th Floor Space Commencement Date and the 6th Floor Space Commencement Date, as the case may be (each, a "**Warranty Period**"), the mechanical, electrical and plumbing systems located in and serving the 4th Floor Space and the 6th Floor Space, as the case may be, shall be in good working order, condition and repair. Landlord shall repair any defective or malfunctioning component of such systems of which Landlord has received written notice from Tenant describing the failure or malfunction within the applicable Warranty Period.

6. **Compliance with Law.** During the Term and any extensions thereof, Landlord shall, at Landlord's sole cost (except where provided otherwise in the Lease) and without limiting Tenant's compliance obligations under the Lease, maintain the Common Areas of the Building, all Building systems (including, but not limited to, fire, life safety, elevators, electrical) and the Leased Premises, including any Swing Space and Offer Space (as defined in Exhibit D attached hereto), in compliance with all governmental laws, regulations, building codes and ordinances, rules and orders, including, without limitation, environmental laws, any "Green" building requirements, whether voluntary or mandated, Title 24, and the Americans with Disabilities Act, regardless if any such are triggered as a result of the Expansion Space Work.

7. **Term of Lease.**

(a) **Expansion Space Term.** The period commencing on the 4th Floor Space Commencement Date and expiring on the last day of the eighty seventh (87th) month following the 6th Floor Space Commencement Date (the "**Expansion Space Expiration Date**" or "**ESED**") shall be referred to herein as the "**Expansion Space Term.**"

(b) **Extension of Term.** The parties acknowledge that the current Term of the Lease with respect to the Existing Premises (the "**Existing Premises Term**") is scheduled to expire on November 30, 2023. Notwithstanding the foregoing, the Existing Premises Term shall be extended by the period commencing on December 1, 2023 and expiring on the Expansion Space Expiration Date (the "**Existing Premises Extension Term**") so that the Terms of the Lease with respect to the Existing Premises and the Expansion Space expire co-terminously. Effective as of the date hereof, the "Term Expiration Date" as used in the Lease shall mean and refer to the Expansion Space Expiration Date.

8. **Rent for Premises.**

(a) **Base Rent for Existing Premises.** Throughout the Existing Premises Term, Tenant shall continue to pay Base Rent for the Existing Premises in accordance with the terms of the Lease. Commencing on December 1, 2023 and thereafter on or before the first (1st) day of each calendar month during the Existing Premises Extension Term, Tenant shall pay to Landlord Base Rent for the Existing Premises at the monthly Base Rent rate then-in effect for the 6th Floor Space as set forth in Section 8(c) below.

(b) **Base Rent for 4th Floor Space.** Commencing on the 4th Floor Space Commencement Date and thereafter on or before the first (1st) day of each calendar month during the Expansion Space Term, in addition to all Rent for the Existing Premises and all other Rent for the 4th Floor Space, Tenant shall pay to Landlord Base Rent for the 4th Floor Space as follows:

Monthly	Base Rent Rate Months Per Rentable Square Foot		Monthly Base Rent
4FSCD - 3	$	—	Abated *
4-12	$	4.7	$ 88,096.8
13-24	$	4.841	$ 90,739.7
25-36	$	4.9862	$ 93,461.9
37-48	$	5.1358	$ 96,265.75
49-60	$	5.2899	$ 99,153.72
61-72	$	5.4486	$ 102,128.34
73-84	$	5.612	$ 105,192.19
85 – ESED	$	5.7804	$ 108,347.95

* Base Rent for the 4th Floor Space shall be abated for the first three (3) months of the Expansion Space Term. Notwithstanding such abatement of Base Rent, (a) all other sums due under the Lease, including Tenant's Proportionate Share of Basic Operating Costs, Tenant's Proportionate Share of Property Taxes and Additional Rent, shall be payable as provided in the Lease, and (b) any increases in Base Rent set forth above shall occur on the dates scheduled therefor. The abatement of Base Rent provided for above is conditioned upon Tenant's full and timely performance of all of its obligations under the Lease, as amended hereby. If at any time during the Term Tenant defaults under any term or provision of the Lease, as amended hereby, and fails to cure such default within the prescribed cure period, Tenant shall promptly pay to Landlord, in addition to all other amounts due to Landlord under the Lease, as amended hereby, a prorated amount of all Base Rent hereinabove abated (i.e., up to $264,290.40, depending on when

such default and failure to cure timely occurs), which portion shall be based on the ratio between the number of days remaining in the Expansion Space Term as of the date of the end of all applicable cure periods for such event of default, and the total number of days in the Expansion Space Term applicable to the 4th Floor Space. No such payment by Tenant of any portion of the abated Base Rent shall constitute a waiver by Landlord of any default of Tenant or any election of remedies by Landlord.

(c) **Base Rent for 6th Floor Space.** Commencing on the 6th Floor Space Commencement Date and thereafter on or before the first (1st) day of each calendar month during the Expansion Space Term, in addition to all Rent for the Existing Premises and the 4th Floor Space and all other Rent for the 6th Floor Space, Tenant shall pay to Landlord Base Rent for the 6 Floor Space as follows:

Months	Monthly Base Rent Rate Per Rentable Square Foot		Monthly Base Rate
6FSCD - 3	$	—	Abated *
4-12	$	4.7	$ 89,144.9
13-24	$	4.841	$ 91,819.25
25-36	$	4.9862	$ 94,573.82
37-48	$	5.1358	$ 97,411.04
49-60	$	5.2899	$ 100,333.37
61-72	$	5.4486	$ 103,343.37
73-84	$	5.612	$ 106,443.67
85 – ESED	$	5.7804	$ 109,636.98

* Base Rent for the 6th Floor Space shall be abated for the first three (3) months of the Expansion Space Term. Notwithstanding such abatement of Base Rent, (a) all other sums due under the Lease, including Tenant's Proportionate Share of Basic Operating Costs, Tenant's Proportionate Share of Property Taxes and Additional Rent, shall be payable as provided in the Lease, and (b) any increases in Base Rent set forth above shall occur on the dates scheduled therefor. The abatement of Base Rent provided for above is conditioned upon Tenant's full and timely performance of all of its obligations under the Lease, as amended hereby. If at any time during the Term Tenant defaults under any provision of the Lease, as amended hereby, and fails to cure such default within the prescribed cure period, Tenant shall promptly pay to Landlord, in addition to all other amounts due to Landlord under the Lease, as amended hereby, a prorated amount of all Base Rent hereinabove abated (i.e., up to $267,434.70, depending on when such default and failure to cure timely occurs), which portion shall be based on the ratio between the number of days remaining in the Expansion Space Term as of the date of the end of all applicable cure periods for such event of default, and the total number of days in the Expansion Space Term applicable to the 6th Floor Space. No such payment by Tenant of any portion of the abated Base Rent shall constitute a waiver by Landlord of any default of Tenant or any election of remedies by Landlord.

9. **Other Components of Gross Rent.**

(a) **Tenant's Proportionate Share.** Based on the current measurement of the Building of approximately 278,596 rentable square feet, effective as of the 4th Floor Space Commencement Date, Tenant's Proportionate Share with respect to the Existing Premises and the 4th Floor Space shall be 13.47%, and effective as of the 6th Floor Space Commencement Date, Tenant's Proportionate Share with respect to the Existing Premises and the Expansion Space shall be 20.27%.

(b) **Base Year.** During the Expansion Space Term, the Base Year for the 4th Floor Space shall be calendar year 2018, and the Base Year for the 6th Floor Space shall be calendar year 2019.

(c) **Tenant's Audit Right.** Tenant shall continue to have the right to audit Landlord's books and records with respect to the Expansion Space on the terms and conditions set forth in Section 3.4(e) of the Lease, except that (i) reference to "seven percent (7%)" in the tenth (10th) line from the bottom of such Section shall be deleted and replaced with "five percent (5%)" and (ii) effective as of the date hereof, Landlord shall maintain its books and records for two (2) years following the expiration or earlier termination of the Lease.

(d) **Base Year Adjustments.** If Landlord eliminates a recurring category of expenses from any Computation Year's Basic Operating Costs which category was previously included in the Base Year, Landlord may subtract such category from the Base Year commencing with such Computation Year. If Landlord adds a recurring category of expenses to any Computation Year's Basic Operating Costs which category was previously not included in the Base Year, Landlord shall add such category to the Base Year commencing with such Computation Year. Increases in Basic Operating Costs and Property Taxes shall be determined separately, and a reduction or an increase in the aggregate amount of Basic Operating Costs or Property Taxes in any Computation Year shall not be applied to reduce or increase any increase otherwise applicable to the other category. Tenant shall not be entitled to any reduction, refund, offset, allowance or rebate in Base Rent if the Basic Operating Costs or Property Taxes for any Computation Year are less than the Basic Operating Costs or Property Taxes incurred relating to Basic Operating Costs and/or Property Taxes, as applicable, during the Base Year.

(e) **Property Tax Adjustments.** If the Building and/or the Project is not fully assessed in the Base Year and any Computation Years, Property Taxes shall be adjusted to reflect the assessment value had the Building and/or the Project been fully completed and assessed for tax purposes. Notwithstanding the foregoing, if Landlord obtains a reduction in Property Taxes for a Base Year, then such reduction shall not reduce the amount of Property Taxes for such Base Year for purposes of calculating Tenant's Proportionate Share of Property Taxes.

(f) **Basic Operating Costs.** Section 3.5(a)(11) of the Lease shall be deleted and replaced with the following:

"(11) Amortized costs (together with reasonable financing charges) of capital improvements made to the Project subsequent to the Term Commencement Date

which are designed to improve the operating efficiency of the Project, achieve energy or carbon reduction, improve the health, safety and welfare of the Project and its tenants, or which may be required by government codes enacted or interpretation rendered after the Term Commencement Date with respect to any existing laws or otherwise required by governmental authorities, including, but not limited to, those improvements required for the benefit of individuals with disabilities, such amortization to be taken in accordance with generally accepted accounting principles."

(g) **Basic Operating Cost Exclusions.** Notwithstanding anything to the contrary contained in the Lease, the following items shall be added to the list of Basic Operating Costs exclusions set forth in Section 3.5(d) of the Lease: (i) Costs of a capital nature including capital leases not otherwise allowable; (ii) Landlord's general overhead expenses not related

to the Building; (iii) Costs paid to related parties/subsidiaries greater than market rates; (iv) specific tenant costs or services benefitting specific tenant(s) to the exclusion of Tenant; (v) costs resulting from Landlord's violation of applicable laws; (vi) costs resulting from the repair of defects in the original design or construction of the Building; (vii) political, charitable, industry or other contributions, subscriptions or membership fees; (viii) damage and repairs attributable to fire or other casualty; (ix) cost for repairs required to be carried by Landlord's insurance; (x) except for insurance premiums, costs resulting from the negligence or willful misconduct of Landlord or its agents; (xi) Executive salaries or allocation of salaries for personnel working on other properties (provided, however, Landlord may pass through a portion of such salaries which are allocated to the Project); (xii) costs resulting from any violation by Landlord or any tenant of any lease obligation; (xiii) late fees or penalties incurred by Landlord; (xiv) costs reimbursed to Landlord; (xv) cost for art other than normal maintenance; (xvi) costs for removing Hazardous Materials, except the incidental costs attributable to removing Hazardous Materials in the ordinary course of cleaning and maintaining the Project; (xvii) commercial concessions; (xviii) advertising and promotional costs and activities for the Building including gifts and parties; (xix) rent for space within the Building or other locations; (xx) costs for any ground lease of land; (xxi) depreciation and amortization on the Building and the Project; and (xxii) code compliance in effect on or before the Term Commencement Date with regard to the Existing Premises, the 4FSCD with regard to the 4th Floor Space and the 6FSCD with regard to the 6th Floor Space (provided, however, that the foregoing shall not limit Landlord's right to pass through code compliance costs relating to the Common Areas).

10. **Recapture Upon Sublease.** Notwithstanding anything to the contrary contained in the Lease, as amended hereby, Landlord's right to recapture the Leased Premises in the event Tenant subleases more than forty percent (40%) of the Leased Premises shall be on a cumulative basis, i.e., if Tenant subleases a portion or portions of the Leased Premises consisting of up to but no more than forty percent (40%) of the rentable square footage of the Leased Premises (the "**Recapture Threshold**"), if Tenant then proposes to sublease a separate portion of the Leased Premises that, when added to the portion or portions of the Leased Premises that Tenant is then subleasing, would make the cumulative amount of space in the Leased Premises under sublease exceed the Recapture Threshold, then Landlord shall have the right to recapture such portion of

the Leased Premises proposed for subleasing only, and not the portion or portions of the Leased Premises which meet or fall below the Recapture Threshold. By way of example, if Tenant subleases thirty percent (30%) of the rentable square footage of the Leased Premises and then subsequently proposes to sublease another fifteen percent (15%) of the rentable square footage of the Leased Premises, Landlord shall have the right to recapture the fifteen percent (15%) of the rentable square footage of the Leased Premises. However, if Tenant subleases a portion of the Leased Premises which is higher than the Recapture Threshold, then Landlord shall have the right to recapture all such portion of the Leased Premises which Tenant desires to sublease. By way of example, if Tenant proposes to sublease forty one percent (41%) of the rentable square footage of the Leased Premises, Landlord shall have the right to recapture such forty one percent (41%) of the rentable square footage of the Leased Premises.

11. **Letters of Credit.**

(a) **New Letter of Credit.** The parties acknowledge that Tenant's performance of its obligations under the Lease is secured by the Letter of Credit in the amount of $901,152.00 for the benefit of Original Landlord (the "**Existing Letter of Credit**"). Concurrently with its execution of this Amendment, Tenant shall deliver to Landlord an amendment to the Existing Letter of Credit increasing the amount to $1,500,000 and replacing Original Landlord with Landlord as the beneficiary and, assuming Landlord delivers possession of the 6th Floor Space to Tenant by November 1, 2018, modifying the outside automatic extension date to January 31, 2026 (the "**New Letter of Credit**"); provided, however, on the last day of the thirty-sixth (36th) month following the 6th Floor Space Commencement Date, Tenant shall continue to have the right to reduce the amount of the New Letter of Credit pursuant to Section 5.14(c) of the Lease, except that the amount reduced shall be from $1,500,000 to $750,000 and Tenant shall not be required to provide any evidence of any operating profit as a condition of such reduction. Without limiting the generality of the foregoing, if Landlord delivers possession of the 6th Floor Space after November 1, 2018, Tenant shall deliver to Landlord, within thirty (30) days following Landlord's delivery of the 6th Floor Space, an amendment to the New Letter of Credit modifying the outside automatic extension date from January 31, 2026 to the last day of the third (3rd) month following the Expansion Space Expiration Date. In addition, in the event Tenant exercises any of its termination rights under Section 2(g) above, Tenant shall be entitled to amend the New Letter of Credit to reduce the amount thereof to $901,152, and Tenant shall be entitled to further amend such New Letter of Credit to reduce the amount thereof to $450,576 as of the last day of the forty-fourth (44th) calendar month after the Term Commencement Date, as provided in Section 5.14(c) of the Lease except that Tenant shall not be obligated to provide any evidence of any operating profit as a condition of such reduction. Notwithstanding the foregoing, if Tenant exercises its option to terminate this Amendment as it pertains to the Expansion Space as provided in Section 2(g) above, Landlord shall, at no cost to Landlord, cooperate with Tenant in amending the New Letter of Credit to decrease the amount thereof to $901,152.00, and to change the outside automatic extension date to February 29, 2024.

(b) **Letter of Credit for Connecting Stairwell/Light Well.** In connection with the installation of the Connecting Stairwell and/or a Light Well, as provided in Exhibit B hereto, concurrently with Tenant's submission of the 6th Floor Plans to Landlord, Tenant shall deliver to Landlord a Letter of Credit in an amount equal to the estimated inflated cost

of the removal and restoration of the Connecting Stairwell and/or Light Well based on the City approved structural drawings, to be determined in good faith by the parties. Such Letter of Credit shall not be subject to reduction.

12. **Parking.** During the Expansion Space Term, in connection with Tenant's lease of the Expansion Space, Tenant shall have the right to use up to thirty seven (37) additional unreserved parking spaces in the Parking Garage at the prevailing rates established by Landlord for the Building from time to time.

13. **Signage.**

(a) **Suite Signage.** Subject to and in compliance with the terms of Section 4.4 of the Lease, Tenant shall have the right, at Tenant's sole expense (or, at Tenant's election, deducted from the Construction Allowance, as defined in Exhibit B), to install signage of its name and logo on the walls of the fourth (4th) and sixth (6th) floor elevator lobbies of the Building and on the entrance doors to the 4th Floor Space and the 6th Floor Space.

(b) **Building Top Signage.**

(i) **General Conditions.**

(1) **Master Signage Program.** Landlord is currently in the process of submitting an application to the City for a master sign permit (the "**Master Signage Program**") to enable Landlord to install or to allow the installation of, exterior signage for occupants of the Building, including signage on the top of each side of the Building ("**Building Top Signage**"). Landlord's application for the Master Signage Program shall be at Landlord's sole expense, and Landlord shall use commercially reasonable efforts to obtain the City's approval of the Master Signage Program.

(2) **Tenant's Building Top Signage Permit.** Subject to and in compliance with the terms of Section 4.4 of the Lease, Tenant shall, at Tenant's sole cost, apply for a separate permit for Tenant's Building Top Signage ("**Tenant's Building Top Signage Permit**"). Tenant shall use commercially reasonable efforts to obtain the City's approval of Tenant's Building Top Signage Permit, and Landlord shall, at no additional cost to Landlord, cooperate with Tenant in obtaining the same.

(3) **Signage Allotment.** Subject to City approval of Tenant's Building Top Signage Permit and in compliance with the Master Signage Program and the terms of the Lease, so long as Tenant is leasing more than 50,000 rentable square feet of the Building and is in physical occupancy of more than 37,500 rentable square feet of space in the Building, Tenant shall have the exclusive right to license one hundred percent (100%) of the total maximum square footage of Building Top Signage permitted for the entire Building. If Tenant is in physical occupancy of more than 37,500 rentable square feet of the Building, but is leasing less than 50,000 rentable square feet of the Building, the maximum square footage of the Building Top Signage available to Tenant shall be seventy five percent (75%) of the total maximum square footage of Building Top Signage permitted by the Master Signage Program and the City for the entire Building. Subject to the Master Signage Program and City approval, Tenant may elect to have such Building Top Signage on one or two sides of the Building. If at any time during the Term, Tenant is in physical occupancy of less than 37,500 rentable square feet in the Building, Tenant

shall not be entitled to any Building Top Signage and shall, at its sole cost, remove any then-existing Building Top Signage of Tenant within thirty (30) days after receipt of Landlord's notice instructing such removal; provided, however, if the reason Tenant is in physical occupancy of less than 37,500 rentable square feet in the Building is as a result of Tenant's termination of this Amendment as it pertains to the Expansion Space as a result of Landlord's failure to deliver the Expansion Space to Tenant as provided in Section 2(g) above, Tenant shall not be obligated to remove any such then-existing Building Top Signage unless Landlord has reimbursed Tenant for all reasonable, actual out of pocket costs incurred by Tenant in having such signage designed, constructed and installed, and for the estimated costs of removal and disposal of such signage as provided in invoices and approved by Landlord.

(4) **License Fee.** Tenant shall pay Landlord a monthly fee in the amount of $5,000 for each Building Top Signage. Payment of such fee shall commence upon the completion of installation of each such Building Top Signage.

(5) **Assignability; Delay.** All Tenant signage rights shall be transferable in whole or in part by Tenant in connection with any assignment of the Lease, as amended hereby, in accordance with Section 5.6 of the Lease. In no way shall any delay or failure of Landlord to deliver to Tenant any exterior signage rights diminish, limit or otherwise affect Tenant's other obligations under the Lease, as amended hereby.

(ii) **Exercise of Option.** Tenant shall have the one time right to elect to license the abovementioned Building Top Signage upon written notice to Landlord delivered within twelve (12) months following the later of (A) the 4th Floor Space Commencement Date and (B) the date on which the City approves the Master Signage Program. Such election may be for the full amount of signage to which Tenant is entitled, as provided in Section 13(b)(i)(B) above, or for a

lesser amount. Upon Tenant's timely exercise of such right, Landlord and Tenant shall use commercially reasonable efforts to obtain City approval and install such signage in a timely manner. If Tenant fails to notify Landlord within such twelve (12) month period, or if Tenant elects to license a portion but not all of such rights, then Tenant's right to any remaining Building Top Signage will be null and void, and Landlord may freely license such rights to other parties without any liability to Tenant, provided, however, that as long as Tenant has any such Building Top Signage, Landlord shall not allow any Building Top Signage of any other party on the same side of the Building.

14. **Surrender.** Notwithstanding anything to the contrary contained in the Lease, upon the expiration or earlier termination of the Lease, Tenant shall not be obligated to (i) remove or restore any portion of the Expansion Space Work, or (ii) remove any Alterations therein not required to be removed by Landlord in writing; provided, however, Tenant shall pay for all costs in connection with the removal of the Connecting Stairwell and/or the Light Well, to the extent either or both are constructed, and for all costs in connection with the construction of unfinished structural fill-in ceiling/flooring in the area of such Connecting Stairwell and/or Light Well, as applicable.

15. **Holding Over.** Notwithstanding anything to the contrary contained in the Lease, in the event Tenant continues its occupancy, with or without Landlord's approval, beyond the expiration of the Term (as extended hereby), Tenant's occupancy shall be deemed a month to

month tenancy, which may be terminated by either party upon thirty (30) days' prior written notice to the other party. Tenant's payment of Gross Rent during any such holdover period shall be determined in accordance with Section 9.5 of the Lease.

16. **Landlord's Representatives.** Effective immediately, the terms "Landlord's Representatives" and "Landlord Parties" as used in the Lease shall include Landlord, Harvest Properties, Inc., ("**Harvest**") and KRE 180 Grand Manager LLC ("**KRE**"). Furthermore, Tenant shall add Landlord, Harvest and KRE as additional insureds to its insurance policies required under the Lease.

17. **Notices.** Effective immediately, Landlord's address for notice purposes under the Lease shall be as follows:

180 Grand Owner LLC
c/o Harvest Properties, Inc.
6425 Christie Avenue, Suite 220
Emeryville, CA 94608
Attention: Asset Manager

18. **Civil Code Section 1938 Advisory.** Landlord and Tenant acknowledge and agree that the Leased Premises have not been inspected by a Certified Access Specialist ("**CASp**") pursuant to Section 1938 of the Civil Code ("**Code**"). The parties further agree, pursuant to subdivision (e) of Section 55.53 of the Code the following:

(a) A CASp can inspect the Leased Premises and determine whether the Leased Premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the Leased Premises, Landlord may not prohibit Tenant from obtaining a CASp inspection of the Leased Premises for the occupancy or potential occupancy of Tenant, if requested by the Tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of the construction-related accessibility standards within the Leased Premises.

(b) Pursuant to the paragraph above, the parties expressly agree that, if Tenant elects to obtain a CASp inspection of the Leased Premises, Tenant shall be solely responsible for scheduling the inspection and that such inspection shall not unreasonably interfere with the operations of the Leased Premises and/or Building or disturb any other tenant or occupant. Tenant shall be solely responsible for any and all costs to perform the CASp inspection, including any ancillary costs relating thereto. If the results of the inspection determine that modifications or alterations are required to meet all applicable construction-related accessibility standards, Tenant agrees to perform such work, in its sole cost and expense and provided approvals from Landlord are obtained under the Lease, as required; provided, however, if the results of the inspection determine that any such modifications or alterations are required due to Landlord's performance of the Expansion Space Work, Landlord agrees to perform the work required to meet such standards at its sole cost and expense. Landlord and Tenant agree that all work shall be performed in good workmanlike manner in compliance with all laws and using commercially reasonable efforts to minimize any disruption to the Building and other tenants or occupants, if applicable.

Furthermore, Tenant agrees that any report that is generated as a result of an inspection pursuant to this Section 18 and all information contained therein, shall remain confidential, except as necessary for Tenant to complete repairs and/or correct violations, as agreed herein.

19. **Brokers.** Tenant warrants that it has had no dealing with any broker or agent in connection with the negotiation or execution of this Amendment, except for Harvest Properties, Inc., representing Landlord, and Newmark Cornish & Carey, representing Tenant ("**Tenant's Broker**"). Landlord shall pay any commission due to such brokers pursuant to a separate written agreement. Tenant agrees to indemnify, defend and hold Landlord harmless from and against any claims by any broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction.

20. **Full Force and Effect.** Except as modified by the terms of this Amendment, the terms, covenants, conditions and agreements of the Lease are hereby in all respects ratified, confirmed and approved, and remain in full force and effect. Tenant hereby affirms that the Lease, and all of its terms, conditions, covenants, agreements and provisions, except as hereby modified, are in full force and effect.

21. **No Changes.** This Amendment contains the entire understanding among the parties with respect to the matters contained herein. No representations, warranties, covenants or agreements have been made concerning or affecting the subject matter of this Amendment. This Amendment may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change or modification or discharge is sought.

22. **Severability.** If any term or provision of this Amendment is, to any extent, held to be invalid or unenforceable, the remainder of this Amendment will not be affected, and each term or provision of this Amendment will be valid and be enforced to the fullest extent permitted by law. If the application of any term or provision of this Amendment to any person or circumstances is held to be invalid or unenforceable, the application of that term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected, and each term or provision of this Amendment will be valid and be enforced to the fullest extent permitted by law.

23. **Time of Essence.** The parties hereto agree that time is of the essence with respect to all of its covenants, obligations and agreements herein.

24. **Counterparts.** This Amendment may be executed in any number of identical counterparts each of which shall be deemed to be an original and all, when taken together, shall constitute one and the same instrument.

25. **No Offer.** Submission of this instrument for examination and signature by Tenant does not constitute an offer to lease or a reservation of or option for lease, and this instrument is not effective as a lease amendment or otherwise until executed and delivered by both Landlord and Tenant.

26. **Governing Law.** This Amendment shall in all respects be interpreted, enforced and governed by and under the laws of the State of California.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date first written above.

LANDLORD:	**TENANT:**
180 GRAND OWNER LLC, a Delaware limited liability company	**MARQETA, INC.,** a Delaware corporation
By: /s/ Justin Pattner Name: Justin Patter Its: Authorized Signatory	By: /s/ Omri Dahan Name: Omri S. Dahan Its: Chief Revenue Officer
Execution Date: 11/8, 2017	Execution Date: 11/8, 2017

EXHIBIT A-l

4TH FLOOR SPACE

EXHIBIT A-2

6TH FLOOR SPACE

EXHIBIT B

WORK LETTER

1. **Acceptance of Premises.** Except as set forth in the Amendment and this Exhibit, Tenant accepts the Expansion Space in its "AS IS" condition.

2. **Tenant's Architect.** Tenant shall have the right to use its selected architect (the "**Architect**") to prepare the Expansion Space Plans. Upon delivery of invoices, the Architect's fees may be included in the Construction Allowance. Tenant shall contract directly with the Architect for the preparation of the Expansion Space Plans.

3. **Connecting Stairwell/Light Well.** The 6th Floor Work shall include the construction of a stairwell connecting the Existing Premises and the 6th Floor Space (the "**Connecting Stairwell**") and/or the construction of a light well between the Existing Premises and the 6th Floor Space (a "**Light Well**"), each in a location to be designated by Tenant in the 6th Floor Plans and reasonably approved by Landlord.

4. **Approval of Space Plans.** On or before the fifth (5th) day following the date of mutual execution of this Amendment, Tenant shall deliver to Landlord a space plan prepared by the Architect depicting the Expansion Space Work (the "**Space Plans**"). Landlord shall notify Tenant whether it approves of the submitted Space Plans within five (5) business days after Tenant's submission thereof. If Landlord disapproves of such Space Plans, then Landlord shall notify Tenant thereof specifying in reasonable detail the reasons for such disapproval, in which case Tenant shall, within five (5) business days after such notice, revise such Space Plans in accordance with Landlord's objections and submit same to Landlord for its review and approval. Landlord shall notify Tenant in writing whether it approves of the resubmitted Space Plans within three (3) business days after its receipt thereof. This process shall be repeated until the Space Plans have been finally approved by Landlord and Tenant.

5. **Approval of Architectural Drawings.** On or before the dates indicated in Section 2(d) of this Amendment, Tenant shall provide to Landlord for its approval final architectural drawings, prepared by the Architect, of the Expansion Space Work; such architectural drawings shall include the partition layout, ceiling plan, electrical outlets and switches, telephone outlets, and detailed plans and specifications for the construction of the Expansion Space Work in accordance with all applicable Laws (the "**Architectural Drawings**"). Tenant shall include the structural design and stamped drawings for design and construction of the Connecting Stairwell and/or Light Well in the Architectural Drawings for the 6th Floor Work. Landlord shall notify Tenant whether it approves of the submitted Architectural Drawings within ten (10) business days after Tenant's submission thereof. If Landlord disapproves of such Architectural Drawings, then Landlord shall notify Tenant thereof specifying in reasonable detail the reasons for such disapproval, in which case Tenant shall, within ten (10) business days after such notice, revise such Architectural Drawings in accordance with Landlord's objections and submit the revised Architectural Drawings to Landlord for its review and approval. Landlord shall notify Tenant in writing whether it approves of the resubmitted Architectural Drawings within five (5) business days after its receipt thereof. This process shall be repeated until the Architectural Drawings have been finally approved by Tenant and Landlord. Landlord shall cause the MEP Plans and the FLS Drawings to be revised, as necessary, to accommodate the approved Architectural Drawings.

6. **Definitions.** As used herein, a "**Tenant Delay Day**" shall mean each day of delay in the performance of the Expansion Space Work and Landlord's delivery of possession of any portion of the Expansion Space to Tenant that occurs (a) because of Tenant's failure to timely deliver, approve or revise any required documentation, including any portion of the Permit Application, (b) because Tenant fails to timely furnish any information, deliver, revise or approve any required documents, including any portion of the Permit Application Tenant is obligated to provide pursuant to Section 2(d) of the Amendment (whether preliminary, interim revisions or final), pricing estimates, construction bids, and the like, (c) because of any change by Tenant to the Expansion Space Work, (d) because Tenant fails to attend any meeting in connection with the performance of the Expansion Space Work as may be required or scheduled hereunder or otherwise necessary in connection with the preparation or completion of any construction documents or any portion of the Permit Application, (e) because of any revisions to the Expansion Space Plans or the Permit Application after Landlord's initial submission thereof to the City; or (f) because Tenant or its employee, agent or representative otherwise delays completion of the Expansion Space Work and/or Landlord's delivery of possession of any portion of the Expansion Space to Tenant, provided Landlord has notified Tenant of such delay and has included in such notice a detailed description of the nature and basis for such delay, and the date(s) and asserted length of such delay. Landlord shall notify Tenant of any such instance of a Tenant Delay Day. As used herein "**Substantial Completion,**" "**Substantially Completed,**" and any derivations thereof mean the Expansion Space Work has been performed in substantial accordance with the plans and specifications upon which the City based its approval of the Permit, as determined by Landlord in good faith (other than any details of construction, mechanical adjustment or other similar matter, the non-completion of which does not materially interfere with Tenant's use or occupancy of the Expansion Space). Notwithstanding anything to the contrary contained in the Lease, Tenant shall be liable for all costs reasonably incurred by Landlord in connection with any Tenant Delay Day and shall reimburse such costs to Landlord within ten (10) days following receipt of Landlord's demand. Without limiting Landlord's rights and remedies, provided Landlord notifies Tenant in advance, Landlord shall have the right to cease construction without any liability or penalty until Tenant cures any delay by Tenant.

7. **Walk-Through; Punchlist.** When Landlord considers the 4th Floor Work or the 6th Floor Work, as the case may be, to be Substantially Completed, Landlord will notify Tenant and within three (3) business days thereafter, Landlord's representative and Tenant's representative shall conduct a walk-through of the applicable portion of Expansion Space and identify any necessary touch-up work, repairs and minor completion items that are necessary for final completion of such portion of the Expansion Space Work **(**"**Punchlist Items**"). Neither Landlord's representative nor Tenant's representative shall unreasonably withhold his or her agreement on Punchlist Items. Landlord shall use reasonable efforts to cause the contractor performing the Expansion Space Work to complete all Punchlist Items within thirty (30) days after agreement thereon.

8. **Excess Costs.** The entire cost of performing the Expansion Space Work (including design thereof, architectural fees, installation of the Connecting Stairwell and/or Light Well, permit fees, any other consulting services, space planning and preparation and submission of the

Permit Application, costs of construction labor and materials, electrical usage during construction, additional janitorial services, general tenant signage, related taxes and insurance costs, and the construction supervision fee referenced below, but not the costs of any expedited permits applied for or any over-time work utilized by Landlord, all of which costs are herein collectively called (the "**Total Construction Costs**") in excess of the Construction Allowance shall be paid by Tenant.

9. **Construction Allowance.** Landlord shall provide to Tenant a construction allowance not to exceed $3,393,990.00 (based on $90.00 per rentable square foot in the Expansion Space) (the "**Construction Allowance**") to be applied toward the Total Construction Costs, as adjusted for any changes to the Expansion Space Work. The Construction Allowance shall not be disbursed to Tenant in cash, but shall be applied by Landlord to the payment of the Total Construction Costs. The Construction Allowance shall be spent as follows: Tenant shall use at least $60.00 per rentable square foot towards the 4th Floor Work and the 6th Floor Work each. The remaining $30.00 per rentable square foot for the 4th Floor Work and the 6th Floor Work each may be used by Tenant towards any portion of the Expansion Space Work, subject to the following conditions: (a) the 6th Floor Work and any additional construction work performed by Tenant in the 6th Floor Space shall be in compliance with Title 24 of the California Code of Regulations ("**Title 24**"); (b) the 6th Floor Work and any additional construction work performed by Tenant in the 6th Floor Space shall include an open ceiling, installation of the distribution of all ductwork for the heating, ventilation and air conditioning system serving the 6th Floor Space and such other improvements to make the 6th Floor Space compliant with the requirements of Title 24 in effect as of the date hereof; and (c) Tenant shall not be entitled to use any unused portion of the Construction Allowance. For the avoidance of doubt, Landlord's costs in connection with the Expansion Space Work shall in no event exceed the Construction Allowance, except to the extent of the costs of any expedited permits and over-time labor, and without limiting other amounts for which Tenants is responsible as provided elsewhere in this Amendment, Tenant shall be responsible for all costs of the Expansion Space Plans, the MEP Plans, the FLS Drawings, Tenant's suite signage, the Permit Application and the Expansion Space Work in excess of the Construction Allowance.

10. **Construction Management.** Landlord or its affiliate or agent shall supervise the Expansion Space Work, make disbursements required to be made to the contractor, and act as a liaison between the contractor and Tenant and coordinate the relationship between the Expansion Space Work, the Building and the Building's systems. In consideration for Landlord's construction supervision services, Tenant shall pay to Landlord a construction supervision fee equal to three percent (3%) of the Total Construction Costs (excluding the construction supervision fee).

(11) **Construction Representatives.** Landlord's and Tenant's representatives for coordination of construction and approval of change orders will be as follows, provided that either party may change its representative upon written notice to the other:

Landlord's Representative: Harvest Properties, Inc.
c/o Kristy Michelmore, RPA
Senior Property Manager
555 12th Street, Suite 650
Oakland, CA 94607
Telephone: [***]
Email: [***]

Tenant's Representative: Marqeta, Inc.
c/o Penny DeFrank
180 Grand Avenue, 5th Floor Oakland, CA 94612
Telephone: [***]
Email: [***]

EXHIBIT C

RENEWAL OPTION

A. If Tenant is not in default under any term or condition of the Lease, as amended by the Amendment, beyond all applicable cure periods, at the time of delivery of the Renewal Notice (as defined below), and as of the commencement of the Renewal Term (as defined below), and the original Tenant named herein is occupying the entire Leased Premises at the time of such election, Tenant may renew the Lease for all or a portion of the Leased Premises (but no less than one floor) for one (1) additional period of five (5) years (the "**Renewal Term**"), by delivering written notice (the "**Renewal Notice**") of the exercise thereof to Landlord not earlier than twelve (12) months nor later than nine (9) months before the expiration of the then current Term. The Base Rent payable for each month during the Renewal Term shall be the Fair Market Rent (as defined below) as of the commencement date of the Renewal Term. Within thirty (30) days after receipt of Tenant's Renewal Notice, Landlord shall deliver to Tenant written notice of Landlord's Fair Market Rent proposal for the Renewal Term ("**Landlord's Fair Market Rent Proposal**") and shall advise Tenant of the required adjustment to Base Rent, if any, and the other terms and conditions offered. Within ten (10) business days after receipt of Landlord's Fair Market Rent Proposal, Tenant shall notify Landlord in writing whether Tenant accepts or rejects Landlord's Fair Market Rent Proposal. If Tenant rejects Landlord's Fair Market Rent Proposal, then Tenant's written notice shall include Tenant's determination of the Fair Market Rent. If Tenant does not deliver Tenant's written determination of Fair Market Rent to Landlord within ten (10) business days after receipt of Landlord's Fair Market Rent Proposal, Tenant will be deemed to have rejected Landlord's Fair Market Rent Proposal. If Tenant and Landlord disagree on the Fair Market Rent as evidenced by Landlord's Fair Market Rent Proposal, then Landlord and Tenant shall attempt in good faith to agree upon the Fair Market Rent. If by that date which is six (6) months prior to the commencement of the Renewal Term (the "**Trigger Date**"), Landlord and Tenant have not agreed in writing as to the Fair Market Rent, then within ten (10) business days following the Trigger Date (the "**Withdrawal Deadline**"), Tenant shall have the one time right to withdraw its Renewal Notice, and the Lease shall expire upon the expiration of the then current Term. If Tenant does not withdraw its Renewal Notice by the Withdrawal Deadline, the parties shall proceed to determine the Fair Market Rent in accordance with the procedure set forth in Paragraph C below. In all events, Tenant's exercise of its renewal option right hereunder shall be binding upon Tenant and not subject to rescission except as provided herein.

B. For purposes of this Exhibit, the term "**Fair Market Rent**" means the annual amount per square foot that a willing, comparable tenant would pay and a willing, comparable landlord of a comparable building in the Downtown Oakland area would accept at "arm's length", giving appropriate consideration to the credit of the tenant, free rent and other tenant inducements then being offered for comparable space, length of lease term, size and location of premises being leased, tenant improvement allowances, if any (but excluding any above standard improvements made by Tenant), and other generally applicable terms and conditions for tenancy in comparable space. Further, the Base Year for Basic Operating Costs and Property Taxes shall be amended to the calendar year which immediately follows the end of the then current Term.

C. If Landlord and Tenant are unable to reach agreement on the Fair Market Rent by the Trigger Date, and Tenant has not withdrawn it Renewal Notice by the Withdrawal Deadline,

then within ten (10) days of the Withdrawal Deadline, Landlord and Tenant shall each simultaneously submit to the other in a sealed envelope its good faith estimate of the Fair Market Rent for the Renewal Term. If either Landlord or Tenant fails to propose a Fair Market Rent, then the Fair Market Rent for the Renewal Term proposed by the other party shall prevail. If the higher of such estimates is not more than one hundred five percent (105%) of the lower, then the Fair Market Rent shall be the average of the two. Otherwise, the dispute shall be resolved by arbitration in accordance with the remainder of this Paragraph C. Within ten (10) days after the exchange of estimates, the parties shall select as an arbitrator either (i) a licensed real estate broker with at least ten (10) years of experience leasing premises in office buildings in the City of Oakland or (ii) an independent MAI appraiser with at least five (5) years of experience in appraising first class office buildings in the City of Oakland (a "**Qualified Arbitrator**"). If the parties cannot agree on a Qualified Arbitrator, then within a second period of ten (10) days, each shall select a Qualified Arbitrator and within ten (10) days thereafter the two appointed Qualified Arbitrators shall select a third Qualified Arbitrator and the third Qualified Arbitrator shall be the sole arbitrator. If the two Qualified Arbitrators are unable to agree upon the third Qualified Arbitrator within the referenced ten (10)-day period, the third Qualified Arbitrator shall be selected by the parties themselves, if they can agree thereon, within a further period of ten (10) days. If the parties do not so agree, then either party, on behalf of both, may request that the appointment of such third Qualified Arbitrator be made in accordance with the selection procedures of the commercial arbitration rules of the American Arbitration Association ("**AAA**") or its successor for arbitration of commercial disputes. If one party shall fail to select a Qualified Arbitrator within the second ten (10)-day period, then the Qualified Arbitrator chosen by the other party shall be the sole arbitrator (the single Qualified Arbitrator initially selected by both parties, the third Qualified Arbitrator appointed by the two (2) Qualified Arbitrators selected by the parties, or the one Qualified Arbitrator selected via the AAA, as applicable, shall hereafter be referred to as the "**Sole Arbitrator**"). Within thirty (30) days after submission of the matter to the Sole Arbitrator, the Sole Arbitrator shall determine the Fair Market Rent by choosing whichever of the estimates submitted by Landlord and Tenant the Sole Arbitrator judges to be more accurate. The Sole Arbitrator shall notify Landlord and Tenant of his or her decision, which shall be final and binding. If the Sole Arbitrator believes that expert advice would materially assist him or her, the Sole Arbitrator may retain one or more qualified persons to

provide expert advice. The parties shall reasonably cooperate with any request from the Sole Arbitrator for information regarding the parties' respective estimates of Fair Market Rent for the Renewal Term. The fees of the Sole Arbitrator and the expenses of the arbitration proceeding, including (i) the costs of the AAA proceeding, if any, and (ii) the fees of any expert witnesses retained by the Sole Arbitrator, shall be shared equally by Landlord and Tenant. The fees of each party's respective Qualified Arbitrator shall be borne by that party. Further, each party shall pay the fees of its respective counsel and the fees of any witness called by that party.

D. On or before the commencement date of the Renewal Term, Landlord and Tenant shall execute an amendment to the Lease prepared by Landlord extending the Term on the same terms provided in the Lease, except as follows:

(i) Base Rent shall be adjusted to the Fair Market Rent (which shall be the rental rate set forth in Landlord's Fair Market Rent Proposal or the Fair Market Rent determined by mutual agreement or by arbitration, as the case may be, as provided in Paragraph C hereinabove);

(ii) Tenant shall have no further renewal option unless expressly granted by Landlord in writing;

(iii) Landlord shall lease to Tenant the Leased Premises in their then-current condition, and Landlord shall not provide to Tenant any allowances (e.g., a construction allowance) or other tenant inducements, unless the foregoing have been determined to be a part of the formula for the adjustment of Base Rent and Fair Market Rent, as provided in Paragraph C hereinabove, or to the extent otherwise negotiated by the parties; and

(iv) Tenant shall pay for the parking spaces which it is entitled to use at the rates from time to time charged to patrons of the Parking Garage associated with the Project during the extended Term (plus all applicable taxes).

E. In the event that Fair Market Rent is not established prior to the commencement of the Renewal Term, then Tenant shall continue to pay the Base Rent at the rate in effect immediately prior to the expiration of the then current Term of the Lease in addition to all other Rent, and within thirty (30) days of the determination of Fair Market Rent, Tenant shall reimburse Landlord for any difference.

F. Tenant's rights under this Exhibit shall terminate if: (i)the Lease or Tenant's right to possession of the Leased Premises is terminated; (ii) Tenant assigns any of its interest in the Lease or sublets more than one (1) full floor of the Leased Premises; or (iii) Tenant fails to timely exercise its option under this Exhibit, time being of the essence with respect to Tenant's exercise thereof.

EXHIBIT D

RIGHT OF FIRST OFFER

A. Subject to then-existing renewal or expansion options of other tenants (or, even if not a right under such tenant's lease, the renewal of a lease of any tenant by Landlord for the Offer Space, as defined herein) **(**"**Prior Rights**"), and provided no event of default by Tenant then exists, Landlord shall, prior to offering the same to any party (other than tenants with Prior Rights), first offer to lease to Tenant any available space on floors 2 - 8 of the Building, including each suite in the Swing Space (each, an "**Offer Space**"), in its then "**AS-IS**" condition except as otherwise provided herein; such offer shall be in writing and shall specify the lease terms for the Offer Space, including, without limitation, the rent to be paid for the Offer Space, the date on which the Offer Space shall be included in the Leased Premises and the tenant improvements and/or improvement allowance Landlord is prepared to offer for such Offer Space, if any (the "**Offer Notice**").

B. Notwithstanding the foregoing, with regard to each suite in the Swing Space, as defined in Section 3 of the First Amendment to Office Building Lease to which this Exhibit is attached (the "**Amendment**"), for the twelve (12) month period following the 4FSCD (as defined in Section 2(c) of the Amendment) (the "**Swing Space Grace Period**"), the Offer Notice shall contain the same economic terms as that of the 6th Floor Space pursuant to the Amendment ("**6th Floor Terms**"). Notwithstanding the foregoing, if Tenant does not elect to lease Suite 725 pursuant to Section 3 of the Amendment, the Swing Space Grace Period with respect to Suite 725 shall commence on December 1, 2017 and expire on the last day of the twelve (12)-month period following the 4FSCD (i.e., Landlord shall have the right to deliver an Offer Notice for Suite 725 to Tenant as early as December 1, 2017).

C. Each Offer Notice shall be substantially similar to the Offer Notice attached to this Exhibit as Schedule 1.

D. Except as provided in Paragraph F below, if Tenant elects to exercise any of its rights under this Exhibit to lease an Offer Space, Tenant must so notify Landlord within ten (10) business days after Landlord delivers the Offer Notice to Tenant, and Tenant must lease the entire Offer Space, on the terms set forth in the Offer Notice.

E. Notwithstanding the foregoing, if, at any time during the Swing Space Grace Period, Landlord desires to improve any suite in the Swing Space on a speculative basis (a "**Spec Space**"), provided no event of default by Tenant then

exists, Landlord must send Tenant an Offer Notice for such Spec Space, in compliance with the terms of Paragraph B above. In such event, notwithstanding the fact that Landlord is not offering such Spec Space to a third party to lease, if Tenant wishes to add such Spec Space to the Leased Premises under the terms of this Exhibit, Tenant must so notify Landlord in writing of its election to lease such Spec Space on the terms set forth in the Offer Notice within ten (10) business days after Landlord delivers the Offer Notice to Tenant.

F. Notwithstanding the foregoing, if prior to Landlord's delivery to Tenant of an Offer Notice, Landlord has received an offer to lease all or part of the subject Offer Space from a third party (a "**Third Party Offer**") and such Third Party Offer includes space in excess of the Offer Space, Tenant must exercise its rights hereunder, if at all, as to all of the space contained in the Third Party Offer.

G. If Tenant timely elects to lease an Offer Space, then Landlord and Tenant shall execute an amendment to the Lease, effective as of the date such Offer Space is to be included in the Leased Premises, on the terms set forth in the Offer Notice and, to the extent not inconsistent with the Offer Notice terms, the terms of the Lease, as amended by the Amendment, including the expiration date thereof; however, Tenant shall accept the Offer Space in its then "**AS-IS**" condition, subject to the terms of the Offer Notice pertaining to tenant improvements, and Landlord shall not provide to Tenant any allowances (e.g., moving allowance, construction allowance, and the like) or other tenant inducements except as may be specifically provided in the Offer Notice.

H. If Tenant fails or is unable to timely exercise its right hereunder with respect to an Offer Space, then such right shall lapse with regard to such Offer Space, time being of the essence with respect to the exercise thereof, and if the subject Offer Space is a suite in the Swing Space, then Tenant shall vacate and surrender such suite in accordance with the terms of the Lease, as amended hereby. Thereafter, Landlord may lease all or a portion of such Offer Space to third parties on terms and conditions acceptable to Landlord within ninety percent (90%) of the Net Effective Rent of the applicable Offer Notice within six (6) months following the Offer Notice. As used herein, "**Net Effective Rent**" will be based on all economic factors commonly taken into account when commercially reasonable landlords in the Uptown Lake Merritt/Oakland area are attempting to lease spaces comparable to the Offer Space, including, without limitation, base rent rate, additional rent, length of lease term, tenant improvements, rent abatement, brokerage commissions and other financial incentives offered to prospective tenants. If a lease for such Offer Space is not signed with such third party on such terms within such six (6) month period, the subject Offer Space shall be available and subject to Tenant's right of first offer set forth in this Exhibit; provided, however, with respect to any suite in the Swing Space (excluding all Spec Spaces, if any), the terms of the Offer Notice shall be as described in Paragraph A above, except that if the Swing Space Grace Period is still then in effect, the terms of Paragraph B above shall also apply.

I. Tenant may not exercise its rights under this Exhibit if (i) an event of default exists as of the date Tenant exercises its option to lease the subject Offer Space, (ii) Tenant assigns any of its interest in the Lease or sublets more than one (1) floor of the Leased Premises, or (iii) the Lease or Tenant's right to possession of the Leased Premises is terminated.

J. Payment of any commission with respect to any space leased by Tenant under this Exhibit shall be made by Landlord, and Tenant shall indemnify, defend, and hold Landlord harmless from and against all costs, expenses, attorneys' fees, and other liability for commissions or other compensation claimed by any broker or agent claiming the same by, through, or under Tenant, other than Tenant's Broker.

SCHEDULE 1 TO RIGHT OF FIRST OFFER

[Insert Date of Notice]

BY TELECOPY AND FEDERAL EXPRESS

_____

_____

_____

_____

Re: Office Building Lease dated as of March 1, 2016 (the "Original Lease"), as amended by First Amendment to Office Building Lease (the "Amendment") dated November 8, 2017, between 180 Grand Owner LLC, a Delaware limited liability company ("Landlord"), and Marqeta, Inc., a Delaware corporation ("Tenant"). Capitalized terms used herein but not defined shall be given the meanings assigned to them in the Lease.

Ladies and Gentlemen:

Pursuant to the Right of First Offer attached as Exhibit D to the Amendment, enclosed please find an Offer Notice on Suite_____. The basic terms and conditions are as follows:

LOCATION:	_____
SIZE:	[rentable] square feet
BASE RENT RATE:	$ per month
BASE YEAR:	
TERM:	_____
IMPROVEMENTS:	_____
COMMENCEMENT:	_____
PARKING TERMS:	_____
OTHER MATERIAL TERMS:	_____

Under the terms of the Right of First Offer, you must exercise your rights, if at all, as to the Offer Space on the depiction attached to this Offer Notice within ten (10) business days after Landlord delivers such Offer Notice. Accordingly, you have until 5:00 p.m. local time on _____, 20_, to exercise your rights under the Right of First Offer and accept the terms as contained herein, failing which your rights under the Right of First Offer shall terminate and Landlord shall be free to lease the Offer Space to any third party. If possible, any earlier response would be appreciated. Please note that your acceptance of this Offer Notice shall be irrevocable and may not be rescinded.

Upon receipt of your acceptance herein, Landlord and Tenant shall execute a further amendment to the Original Lease memorializing the terms of this Offer Notice including the inclusion of the Offer Space in the Leased Premises; provided, however, that the failure by Landlord and Tenant to execute such amendment shall not affect the inclusion of such Offer Space in the Leased Premises in accordance with this Offer Notice

THE FAILURE TO ACCEPT THIS OFFER NOTICE BY (1) DESIGNATING THE "ACCEPTED" BOX, AND (2) EXECUTING AND RETURNING THIS OFFER NOTICE TO LANDLORD WITHOUT MODIFICATION WITHIN SUCH TIME PERIOD SHALL BE DEEMED A WAIVER OF TENANT'S RIGHTS UNDER THE RIGHT OF FIRST OFFER, AND TENANT SHALL HAVE NO FURTHER RIGHTS TO THE OFFER SPACE, EXCEPT AS PROVIDED IN PARAGRAPH E OF THE RIGHT OF FIRST OFFER. THE FAILURE TO EXECUTE THIS LETTER WITHIN SUCH TIME PERIOD SHALL BE DEEMED A WAIVER OF THIS OFFER NOTICE.

Should you have any questions, do not hesitate to call.

Sincerely,

_____

_____

_____

[please check appropriate box]
ACCEPTED ☐
REJECTED ☐

[TENANT'S SIGNATURE BLOCK]

By:	_____
Name:	_____
Title:	_____
Date:	_____

Enclosure [attach depiction of Offer Space]

SECOND AMENDMENT TO OFFICE BUILDING LEASE
(Exercise of Signage Right)

THIS SECOND AMENDMENT TO OFFICE BUILDING LEASE (this "**Amendment**") is entered into as of the 14th day of March, 2019, by and between **180 GRAND OWNER LLC,** a Delaware limited liability company ("**Landlord**"), and **MARQETA, INC.,** a Delaware corporation ("**Tenant**").

RECITALS

A. MACH II 180 LLC, a Delaware limited liability company and Landlord's predecessor-in-interest under the Lease, as defined herein ("**Original Landlord**"), and Tenant entered into that certain Office Building Lease dated as of March 1, 2016 (the "**Original Lease**"), as amended by that certain First Amendment to Office Building Lease dated as of November 8, 2017 (the "**First Amendment**"**;** the Original Lease, as amended by the First Amendment, is referred to herein as the "**Lease**"), pursuant to which Tenant leases from Landlord those certain premises consisting of approximately 56,485 rentable square feet (48,950 usable square feet) in the aggregate (the "**Premises**") comprised of (i) approximately 18,744 rentable square feet (16,299 usable square feet) consisting of the entire fourth (4th) floor, (ii) approximately 18,774 rentable square feet consisting of the entire fifth (5"') floor, and (iii) approximately 18,967 rentable square feet (16,326 usable square feet) consisting of the entire sixth (6th) floor of that certain office building with an address of 180 Grand Avenue, Oakland, California (the "**Building**"). The Building, the land on which the Building is located, the parking garage located adjacent to the Building owned by Landlord but located on a separate tax parcel, and the sidewalks and similar improvements and easements associated with the foregoing or the operation thereof, are referred to collectively herein as the "**Project.**"

B. The parties acknowledge that the Master Signage Program, as approved by the City of Oakland on May 1, 2018, currently allows Building Top Signage to be installed on each of the north, south, east and west sides of the Building.

C. Tenant has obtained Tenant's Building Top Signage Permit for, and is currently licensing and has installed the Building Top Signage located on, the north and south sides of the Building (the "**Existing Building Top Signage**"), subject to the payment of a monthly fee of $5,000.00 for each such Building Top Signage.

D. Tenant did not exercise its option to license the Building Top Signage located on the east and west sides of the Building (the "**Additional Building Top Signage**") in accordance with the terms of Section 13(b)(ii) of the First Amendment. Notwithstanding the foregoing, Landlord is willing to extend the time period for Tenant's exercise of such option.

E. Landlord and Tenant now desire to amend the Lease in order to provide for, among other things, such agreement upon the terms and conditions set forth below.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which hereby is acknowledged, Landlord and Tenant agree as follows:

1. **Defined Terms.** Capitalized terms not other-wise defined herein shall have the respective meanings given to them in the Lease. Unless the context clearly indicates otherwise, all references to the "Lease" in the Lease and in this Amendment shall hereinafter be deemed to refer to the Lease, as amended hereby.

2. **Additional Building Top Signage.**

(a) **Exercise of Option.** Subject to the terms and conditions of the Lease, as amended hereby, and notwithstanding anything to the contrary contained in the Lease, effective retroactively as of March 10, 2019, Tenant shall be deemed to have exercised its option to license the Additional Building Top Signage. Except as expressly provided in the Lease, Tenant has no option to license any other signage at the Project.

(b) **Payment of Signage Fee.** Notwithstanding anything to the contrary contained in the Lease, including the second sentence of Section 13(b)(i)(4) of the First Amendment, commencing April 1, 2019, in addition to all Rent and other sums due under the Lease, including the monthly fee for the Existing Building Top Signage in the aggregate amount of $10,000.00, Tenant shall pay Landlord the monthly fee for each Additional Building Top Signage in the amount of $5,000.00 for a total of $10,000.00. Tenant has no obligation to install the Additional Building Top Signage but reserves the right to do so during the Term of the Lease, and if and when Tenant elects to install such Additional Building Top Signage, Tenant shall be responsible for obtaining Tenant's Building Top Signage Permit for such Additional Building Top Signage.

3. **Notices.** Effective immediately, Landlord's address for notice purposes under the Lease shall be as follows:

180 Grand Owner LLC
c/o Harvest Properties, Inc.
180 Grand Avenue, Suite 1400
Oakland, CA 94612
Attention: Asset Manager

4. **Brokers.** Tenant warrants that it has had no dealing with any broker or agent in connection with the negotiation or execution of this Amendment, except for Harvest Properties, Inc., representing Landlord. Tenant agrees to indemnify, defend and hold Landlord harmless from and against any claims by any broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this Amendment.

5. **Full Force and Effect.** Except as modified by the terms of this Amendment, the terms, covenants, conditions and agreements of the Lease are hereby in all respects ratified, confirmed and approved, and remain in full force and effect. Tenant hereby affirms that the Lease, and all of its terms, conditions, covenants, agreements and provisions, except as hereby modified, are in full force and effect.

6. **No Changes.** This Amendment contains the entire understanding among the parties with respect to the matters contained herein. No representations, warranties, covenants or agreements have been made concerning or affecting the subject matter of this Amendment. This Amendment may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change or modification or discharge is sought.

7. **Severability.** If any term or provision of this Amendment is, to any extent, held to be invalid or unenforceable, the remainder of this Amendment will not be affected, and each term or provision of this Amendment will be valid and be enforced to the fullest extent permitted by law. If the application of any term or provision of this Amendment to any person or circumstances is held to be invalid or unenforceable, the application of that term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected, and each term or provision of this Amendment will be valid and be enforced to the fullest extent permitted by law.

8. **Time of Essence.** The parties hereto agree that time is of the essence with respect to all of its covenants, obligations and agreements herein.

9. **Counterparts.** This Amendment may be executed in any number of identical counterparts each of which shall be deemed to be an original and all, when taken together, shall constitute one and the same instrument.

10. **No Offer.** Submission of this instrument for examination and signature by Tenant does not constitute an offer to lease or a reservation of or option for lease, and this instrument is not effective as a lease amendment or otherwise until executed and delivered by both Landlord and Tenant.

11. **Governing Law.** This Amendment shall in all respects be interpreted, enforced and governed by and under the laws of the State of California.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date first written above.

LANDLORD:

180 GRAND OWNER LLC,
a Delaware limited liability company

By: /s/ Paul Wasserman

Name: Paul Wasserman

Its: Manager, Authorized Signatory

Execution Date: March 15, 2019

TENANT:

MARQETA, INC.,
a Delaware corporation

By: /s/ Jason Gardner

Name: Jason Gardner

Its: CEO

Execution Date: March 14, 2019

THIRD AMENDMENT TO OFFICE BUILDING LEASE

(*Expansion of Leased Premises*)

THIS THIRD AMENDMENT TO OFFICE BUILDING LEASE (this "**Third Amendment**") is entered into as of the 7th day of November, 2019 (the "**Third Amendment Effective Date**"), by and between **OAKLAND GRAND OWNER LLC**, a Delaware limited liability company ("**Landlord**"), and **MARQETA, INC.**, a Delaware corporation ("**Tenant**").

RECITALS

A. MACH II 180 LLC, a Delaware limited liability company and Landlord's predecessor-in-interest under the Lease, as defined herein ("**Original Landlord**"), and Tenant entered into that certain Office Building Lease dated as of March 1, 2016 (the "**Original Lease**"), as amended by that certain First Amendment to Office Building Lease dated as of November 8, 2017 (the "**First Amendment**") and that certain Second Amendment to Office Building Lease dated as of March 14, 2019 (the "**Second Amendment**"; the Original Lease, as amended by the First Amendment and the Second Amendment, is referred to herein as the "**Existing Lease**"), pursuant to which Tenant leases from Landlord those certain premises consisting of approximately 56,485 rentable square feet (48,950 usable square feet) in the aggregate (the "**Existing Premises**") comprised of (i) approximately 18,744 rentable square feet (16,299 usable square feet) consisting of the entire fourth (4th) floor, (ii) approximately 18,774 rentable square feet consisting of the entire fifth (5th) floor, and (iii) approximately 18,967 rentable square feet (16,326 usable square feet) consisting of the entire sixth (6th) floor of that certain office building with an address of 180 Grand Avenue, Oakland, California (the "**Building**"). The Building, the land on which the Building is located, the parking garage located adjacent to the Building owned by Landlord but located on a separate tax parcel, and the sidewalks and similar improvements and easements associated with the foregoing or the operation thereof, are referred to collectively herein as the "**Project**."

B. Landlord and Tenant desire by this Third Amendment to amend the Lease in order to provide for, among other things, an expansion of the Existing Premises to include approximately 6,799 rentable square feet in the aggregate designated as Suites 700 and 725 (collectively, the "**Expansion Space**") located on the seventh (7th) floor of the Building, as depicted on Exhibit A attached hereto, and further amend, modify and supplement the Lease as set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals which are incorporated herein by reference and for other good and valuable consideration, the receipt and sufficiency of which hereby is acknowledged, Landlord and Tenant agree as follows:

1. **Defined Terms**. Capitalized terms not otherwise defined herein shall have the respective meanings given to them in the Existing Lease. Unless the context clearly indicates otherwise, all references to the "Lease" in the Existing Lease and in this Third Amendment shall hereinafter be deemed to refer to the Existing Lease, as amended hereby.

1. **Addition of Expansion Space**. In addition to Tenant's lease of the Existing Premises, commencing on the date on which Landlord delivers possession of the Expansion Space to Tenant in the condition required by this Third Amendment (the "**Expansion Space Delivery Date**" or "**ESDD**" as used in the Base Rent schedule below, and such delivery being referred to herein as "**Delivery**" and Landlord's act of doing so as "**Deliver**"), which is estimated to occur on November 15, 2019 (the "**Estimated Expansion Space Delivery Date**"), Tenant shall lease the Expansion Space for the Permitted Use, subject to and in accordance with all of the terms and conditions of the Existing Lease, as amended hereby. If Landlord is unable to deliver possession of the Expansion Space to Tenant by the Estimated Expansion Space Delivery Date, then: (i) the validity of this Third Amendment shall not be affected or impaired thereby; (ii) the expiration of the Expansion Space Term (as defined below) shall not be affected thereby; (iii) Landlord shall not be in default hereunder or be liable for damages therefor; and (iv) Tenant shall accept possession of the Expansion Space when Landlord achieves Delivery of the Expansion Space. Tenant's obligation to pay Rent for the Expansion Space shall begin on the Expansion Space Commencement Date, as defined below. Upon Landlord's request, Tenant shall execute (or make good faith corrective comments to) and deliver to Landlord a document confirming the Expansion Space Delivery Date, the Expansion Space Commencement Date, the expiration date of the Term, and Tenant's acceptance of the Expansion Space (an "**Expansion Space Confirmation Letter Agreement**"); provided, however, Tenant's failure to execute (or make good faith corrective comments to) such document within ten (10) business days after receipt thereof shall be deemed to constitute Tenant's agreement to the contents of such document.

2. **Condition of Leased Premises; Warranty**. Tenant has been occupying the Existing Premises, is familiar with the condition thereof and accepts the Existing Premises as of the Third Amendment Effective Date in its current "AS IS" state and condition. Tenant shall accept the Expansion Space in its "AS IS" state as of the Expansion Space Delivery Date, and Landlord shall have no obligation to make or pay for any improvements or renovations in or to the Existing Premises and/or the Expansion Space or to otherwise prepare the same for Tenant's use and occupancy except as expressly set forth in this Third Amendment, provided that Landlord will Deliver the Expansion Space to Tenant broom clean and free of any prior occupant's (or Landlord's) personal property, refuse or equipment/furniture. Notwithstanding the foregoing, Landlord warrants that for twelve (12) months following the Expansion Space Delivery Date (the "**Warranty Period**"), that the mechanical, electrical, life-safety and plumbing systems located in and/or serving the Expansion Space shall be in good working order, condition and repair. Landlord shall promptly repair (at Landlord's sole cost) or replace (subject to Landlord's right to reimbursement pursuant to the terms of the Lease), as necessary, any defective or malfunctioning component of such systems of which Landlord has received written notice from Tenant describing the failure or malfunction within the Warranty Period.

3. **Expansion Space Work; Expansion Space Work Allowance.**

(a) **Expansion Space Work**. Following the Expansion Space Delivery Date, Tenant plans to install, construct and/or perform certain upgrades to the Expansion Space (the "**Expansion Space Work**") in accordance with the space plan attached hereto as Exhibit A (the "**Space Plan**"), using Building-standard materials, methods, quantities and finishes except as provided in the last sentence of this Section 4(a). All Expansion Space Work shall be performed

in a good and workmanlike manner, in compliance with all applicable Laws, and in accordance with the terms and conditions of the Lease, as amended hereby, including, without limitation, Section 5.7 of the Original Lease (it being agreed that removal of the Expansion Space Work, if any, shall be governed by the terms of Section 5.7(d) of the Original Lease). Landlord acknowledges that Tenant anticipates that the Expansion Space Work will include certain finishes and other items which are upgrades above Landlord's "Building standard" finishes, including, without limitation, upgrades to the lighting, ceiling, mill work, appliances, paint, color, carpet, etc., so as to generally be consistent with the level of improvements installed in the Existing Premises; Landlord will not unreasonably withhold its consent to such upgrades. Tenant shall be responsible for the cost of the Expansion Space Work, including all such upgrades, subject to the Expansion Space Work Allowance (as defined below).

(b) **Approval of Architectural Drawings**. Tenant shall provide to Landlord for its approval final architectural drawings based on the Space Plan, prepared by an architect selected by Tenant ("**Architect**"), of the Expansion Space Work; such architectural drawings shall include, as applicable, the partition layout, ceiling plan, electrical outlets and switches, telephone outlets, and detailed plans and specifications for the construction of the Expansion Space Work in accordance with all applicable Laws (the "**Architectural Drawings**"). Landlord shall use commercially reasonable efforts to notify Tenant whether it approves of the submitted Architectural Drawings within ten (10) business days after Tenant's submission thereof. If Landlord disapproves of such Architectural Drawings, then Landlord shall notify Tenant thereof specifying in reasonable detail the reasons for such disapproval, in which case Tenant shall, within ten (10) business days after such notice, revise such Architectural Drawings in accordance with Landlord's objections and submit the revised Architectural Drawings to Landlord for its review and approval. Landlord shall use commercially reasonable efforts to notify Tenant in writing whether it approves of the resubmitted Architectural Drawings within five (5) business days after its receipt thereof. Landlord's failure to notify Tenant within the foregoing time periods shall not be a default by Landlord under the Lease. This process shall be repeated until the Architectural Drawings have been finally approved by Tenant and Landlord. Tenant shall be solely responsible for applying for, obtaining and maintaining any permits and approvals required by applicable jurisdictional authorities for the Expansion Space Work, and Landlord shall, at no cost to Landlord, reasonably cooperate with Tenant in connection therewith. Landlord shall not be responsible for the accuracy of the Architectural Drawings or any item prepared by Tenant.

(c) **Expansion Space Work Allowance**. Subject to the terms and conditions hereof, Landlord shall reimburse Tenant for the costs incurred by Tenant in the design, permitting and construction of the Expansion Space Work (including, without limitation, architectural fees, engineering fees and project management fees) (collectively, the "**ESW Construction Costs**"); provided, however, Landlord's obligation to reimburse Tenant for the ESW Construction Costs shall be: (i) limited to the lesser of (A) the actual ESW Construction Costs incurred by Tenant in design, permitting, project management and performance of the Expansion Space Work; and (B) an amount not to exceed $611,910.00 (based on $90.00 per rentable square foot of the Expansion Space, the "**Expansion Space Work Allowance**"); and
(ii) conditioned upon Landlord's receipt of written notice (which notice shall be accompanied by the invoices and documentation set forth below) from Tenant that the Expansion Space Work has been completed and accepted by Tenant. Landlord shall reimburse Tenant for the ESW

Construction Costs (limited as described above) on a monthly basis as design and construction proceed, within thirty (30) days following Landlord's receipt of a monthly request for disbursement, accompanied by: (x) copies of third party invoices for costs incurred by Tenant in constructing the Expansion Space Work; (y) evidence that Tenant has paid the invoices for such costs; and (z) lien waivers (conditional or unconditional, as appropriate) and mechanics' lien releases from any contractor or subcontractor who has constructed any portion of the Expansion Space Work for which payment is requested or any materialman with lien rights who has supplied materials used or incorporated into any such portion of the Expansion Space Work (if applicable), all such waivers and releases to be on the applicable statutory form and otherwise reasonably satisfactory to Landlord. Tenant must submit all reimbursement requests to Landlord by December 31, 2020 (the "**Outside Allowance Request Date**"), and Landlord will not be obligated to make any payment related to the Expansion Space Work for requests submitted after such date. However, the Outside Allowance Request Date shall be delayed on a day-for-day basis for each day that the Expansion Space Delivery Date is delayed beyond the Estimated Expansion Space Delivery Date and for each day that Tenant's performance of the Expansion Space Work is delayed due to force majeure or Landlord Delay (as defined below). Under no circumstances shall Landlord be required to reimburse Tenant for any portion of the ESW Construction Costs while Tenant is in default under the Lease beyond any applicable notice and cure period; provided, that Landlord shall resume such reimbursement of Tenant for the ESW Construction Costs in accordance with this Section 4(c) as soon as Tenant has cured its default under the Lease, to Landlord's satisfaction. Any unused portion of the Expansion Space Work Allowance for which Tenant has not submitted a reimbursement request by the Outside Allowance Request Date shall be deemed forfeited (and expressly may not be credited toward Rent due under the Lease, as amended hereby). Furthermore, Tenant may not use any portion of the Expansion Space Work Allowance for its furniture, fixtures, equipment, personal property or telecommunications equipment and cabling nor shall Tenant be entitled to receive any unused portion of the Expansion Space Work Allowance. As used herein, "**Landlord Delay**" shall mean (A) actual delays to the extent resulting solely from the failure of Landlord to approve or disapprove the Architectural Drawings within the time period set forth in Section 4(b), which failure is not due to (i) Tenant's failure to provide information requested by Landlord in order to approve or disapprove the Architectural Drawings or (ii) a reason outside Landlord's reasonable control or (B) intentional interference (when judged in accordance with industry custom and practice) by Landlord, its agents, employees or contractors with the Expansion Space Work (including the impairment of Tenant's contractors' or vendors' or employees' access to the Expansion Space, failure to provide reasonable access to the Building's loading docks or other facilities necessary for the construction of the Expansion Space Work and/or the movement of materials and personnel to the Expansion Space for such purpose) and which objectively preclude or delay the construction of improvements in the Building by any person, which interference relates to access by Tenant, or Tenant's employees, contractors, vendors or representatives to the Building. If Tenant contends that a Landlord Delay has occurred, Tenant shall notify Landlord in writing of the event which constitutes such delay (the "**Delay Notice**"). Such notice may be via electronic mail to Landlord's property manager. Tenant will additionally use reasonable efforts to mitigate the effects of any Landlord Delay through the re-sequencing or re-scheduling of work, if feasible, but this sentence will not be deemed to require Tenant to incur overtime or after-hours costs unless Landlord agrees in writing to bear such costs. If such actions, inaction or circumstance described in any Delay Notice regarding an alleged Landlord Delay are not cured by Landlord within two (2) business days after Landlord's receipt of the

Delay Notice, and if such action, inaction or circumstance otherwise qualify as a Landlord Delay, then a Landlord Delay shall be deemed to have occurred commencing as of the third (3rd) business day after Landlord's receipt of the Delay Notice and ending as of the date such delay ends. Notwithstanding the foregoing, if, as a result of a Landlord Delay, and notwithstanding Tenant's mitigation efforts described above, the date of substantial completion of the Expansion Space Work is delayed for a longer period than the actual length of the Landlord Delay (due to the need to reschedule subcontractors or suppliers and/or re-sequence elements of work, but no more than two (2) consecutive days), then, for the purposes of determining the extension of the date of substantial completion, the Landlord Delay will be deemed to be the number of days substantial completion of the Expansion Space Work is delayed as a result of such Landlord Delay.

2. **Size of Leased Premises**. As of the Expansion Space Delivery Date, the "Leased Premises" shall mean and refer to the Existing Premises and the Expansion Space consisting of approximately 63,284 rentable square feet in the aggregate.

3. **Expansion Space Term**. The Term of the Lease with respect to the Expansion Space shall commence on the Expansion Space Delivery Date and expire concurrently with the Term of the Lease with respect to the Existing Premises on February 28, 2026 (the "**Expansion Space Term**").

4. **Base Rent for Expansion Space**. From the Expansion Space Delivery Date to April 14, 2020, Tenant shall not be obligated to pay Base Rent for the Expansion Space, but Tenant shall pay all Rent for the Existing Premises and all other charges due under the Lease, as amended hereby. Commencing on April 15, 2020 (the "**Expansion Space Commencement Date**") and thereafter on or before the first (1st) day of each calendar month during the Expansion Space Term, in addition to all Rent for the Existing Premises and all other Rent for the Expansion Space, Tenant shall pay to Landlord Base Rent for the Expansion Space as follows:

Months	Monthly Base Rent Rate Per Rentable Square Foot	Monthly Base Rent
ESDD – 4/14/20	$0.0000	$0.00
4/15/20 – 6/14/20	$0.0000	Abated*

4/15/20 – 6/14/20	$5.0000	
		$36,714.60
6/15/20 – 4/14/21	$5.4000	
		$37,816.04
4/15/21 – 4/14/22	$5.5620	
		$38,950.52
4/15/22 – 4/14/23	$5.7289	
		$40,119.03
4/15/23 – 4/14/24	$5.9007	
		$41,322.61
4/15/24 – 4/14/25	$6.0777	
		$42,562.28

4/15/25 – 2/28/26	$6.2601

*Base Rent for the Expansion Space shall be abated for the first two (2) months of the Expansion Space Term. Notwithstanding the foregoing, the Expansion Space Commencement

Date (and the dates upon which the Base Rent rate payable as described above is increased) shall be delayed on a day-for-day basis for each day that the Expansion Space Delivery Date is delayed beyond the Estimated Expansion Space Delivery Date and for each day that substantial completion of the Expansion Space Work is delayed as a consequence of force majeure or Landlord Delay (in such event, the Expansion Space Confirmation Letter Agreement will restate

the Base Rent schedule using the correct calendar dates). Notwithstanding such abatement of Base Rent, (a) all other sums due under the Lease, including Tenant's Proportionate Share of Basic Operating Costs, Tenant's Proportionate Share of Property Taxes and Additional Rent, shall be payable as provided in the Lease, and (b) any increases in Base Rent set forth above shall occur on the dates scheduled therefor. The abatement of Base Rent provided for above is conditioned upon Tenant's full and timely performance of all of its obligations under the Lease. If at any time during the Term Tenant defaults under any term or provision of the Lease, as amended hereby, and fails to cure such default within the prescribed cure period, Tenant shall promptly pay to Landlord, in addition to all other amounts due to Landlord under the Lease, as amended hereby, a prorated amount of all Base Rent hereinabove abated (i.e., up to $73,429.20, depending on when such default and failure to cure timely occurs), which portion shall be based on the ratio between the number of days remaining in the Expansion Space Term as of the date of the end of all applicable cure periods for such event of default, and the total number of days in the Expansion Space Term. No such payment by Tenant of any portion of the abated Base Rent shall constitute a waiver by Landlord of any default of Tenant or any election of remedies by Landlord.

5. **Tenant's Proportionate Share; Base Year**. Effective as of the Expansion Space Commencement Date, (i) Tenant's Proportionate Share with respect to the Expansion Space shall be 2.44% (i.e., 6,799/278,596), and (ii) the Base Year for the Expansion Space shall be calendar year 2020.

6. **Parking**. During the Expansion Space Term, in connection with Tenant's lease of the Expansion Space, Tenant shall have the right to use up to seven (7) additional unreserved parking spaces in the Parking Garage at the prevailing rates established by Landlord for the Building from time to time.

7. **Signage**. Subject to and in compliance with the terms of Section 4.4 of the Original Lease, Landlord, at its sole cost, shall furnish Tenant with space on the Building directory for the Expansion Space.

8. **Give Back Option**. Notwithstanding anything to the contrary contained in the Lease, if during the Expansion Space Term, Tenant leases the entirety of one or more floors in the Building (other than the Existing Premises or the Expansion Space) (such floor(s) referred to herein as the "**Additional Expansion Space**"), Tenant shall, upon at least thirty (30) days' prior written notice to Landlord, have the one-time option, without penalty, to terminate the Lease with respect to the Expansion Space only, which termination shall be effective on the third (3rd) consecutive day after the date on which Tenant moves into the Additional Expansion Space, and Landlord and Tenant shall execute an amendment to the Lease memorializing the termination of the Expansion Space and the lease of the Additional Expansion Space on terms and conditions reasonably acceptable to both parties.

9. **Landlord's Representatives**. Effective immediately, the terms "Landlord's Representatives" and "Landlord Parties" as used in the Lease shall include AXA Real Estate Investment Managers US LLC, a Delaware limited liability company ("**AXA**"). Furthermore, Tenant shall include AXA as an additional insured to its insurance policies required under the Lease.

10. **Notices**. Effective immediately, Landlord's address for notice purposes under the Lease shall be as follows:

Oakland Grand Owner LLC c/o Harvest Properties, Inc. 180
Grand Ave, Suite 1400
Oakland, CA 94610 Attention: Asset Manager

With a copy to:

Oakland Grand Owner LLC
c/o AXA Real Estate Investment Managers US LLC 711 Third Avenue, Suite 210
New York, NY 10017
Attn: Stephen D. McCarthy and Caryn Lombardi

11. **Brokers**. Tenant warrants that it has had no dealing with any broker or agent in connection with the negotiation or execution of this Third Amendment, except for Harvest Properties, Inc., representing Landlord, and Newmark Knight Frank, representing Tenant. Landlord shall pay any commission due to such brokers pursuant to a separate written agreement. Tenant agrees to indemnify, defend and hold Landlord harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction. Landlord agrees to indemnify, defend and hold Tenant harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Landlord with regard to this leasing transaction.

12. **Full Force and Effect**. Except as modified by the terms of this Third Amendment, the terms, covenants, conditions and agreements of the Existing Lease are hereby in all respects ratified, confirmed and approved, and remain in full force and effect. Tenant hereby affirms that the Existing Lease, and all of its terms, conditions, covenants, agreements and provisions, except as hereby modified, are in full force and effect.

13. **No Changes**. This Third Amendment contains the entire understanding among the parties with respect to the matters contained herein. No representations, warranties, covenants or agreements have been made concerning or affecting the subject matter of this Third Amendment. This Third Amendment may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change or modification or discharge is sought.

14. **Severability**. If any term or provision of this Third Amendment is, to any extent, held to be invalid or unenforceable, the remainder of this Third Amendment will not be affected, and each term or provision of this Third Amendment will be valid and be enforced to the fullest extent permitted by law. If the application of any term or provision of this Third Amendment to any person or circumstances is held to be invalid or unenforceable, the application of that term or provision to persons or circumstances other than those as to which it is held invalid or

unenforceable, will not be affected, and each term or provision of this Third Amendment will be valid and be enforced to the fullest extent permitted by law.

15. **Time of Essence**. The parties hereto agree that time is of the essence with respect to all of its covenants, obligations and agreements herein.

16. **Counterparts**. This Third Amendment may be executed in any number of identical counterparts each of which shall be deemed to be an original and all, when taken together, shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including .pdf or any electronic signature complying with the U.S. Federal ESIGN Act of 2000, e.g., www.docusign.com or echosign, etc.) and any counterpart so delivered shall be deemed to have been duly and validly delivered, valid and effective for all purposes and binding upon the parties hereto.

17. **No Offer**. Submission of this Third Amendment for examination and signature by Tenant does not constitute an offer to lease or a reservation of or option for lease, and this instrument is not effective as a lease amendment or otherwise until executed and delivered by both Landlord and Tenant.

18. **Governing Law**. This Third Amendment shall in all respects be interpreted, enforced and governed by and under the laws of the State of California.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Third Amendment as of the Third Amendment Effective Date.

LANDLORD:

OAKLAND GRAND OWNER LLC,
a Delaware limited liability company

By:/s/ Kathryn Collins

Name: Kathryn Collins
Its: Vice President

Execution Date: November 12, 2019

TENANT:

MARQETA, INC.,
a Delaware corporation

By: /s/ Tripp Faix

Name: Tripp Faix
Its: CFO

Execution Date: November 8, 2019

By:/s/ Sarah Irving

Name: Sarah Irving
Its: Vice President

Execution Date: November 12, 2019

EXHIBIT A EXPANSION SPACE
[SEVENTH (7TH) FLOOR]

Conformed

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.

Exhibit 10.15

AMENDMENT NO. 19 TO MASTER SERVICES AGREEMENT

This Amendment No. 19 ("**Amendment**") is dated and effective on July 1, 2023 ("**Amendment Effective Date**") by and between Block, Inc. (formerly Square, Inc.), a Delaware corporation, whose principal address is 1955 Broadway, Suite 600, Oakland, CA 94612 ("**Client**") and Marqeta, Inc., a Delaware corporation, whose principal address is 180 Grand Avenue, 6th Floor, Oakland, CA 94612 ("**Marqeta**"), and amends the Master Services Agreement between Client and Marqeta dated April 19, 2016, as amended ("**Agreement**"). Capitalized terms that are not defined in this Amendment are defined in the Agreement.

CONTEXT:

A. Marqeta and Client entered into the Agreement for the provision of certain services to Client;

B. The Parties desire to supplement the Agreement with the terms of this Amendment, which become a part of the Agreement, and

C. *** and *** are Affiliates of Client which have, as applicable, entered into Amendment No. 11, Amendment No. 14, the ***, and the ***, each as amended and defined below, and are signing this Amendment in order to approve and incorporate the terms of this Amendment to those documents with Marqeta, as described in section 13.

TERMS:

1. **Extension of Initial Term for Cash App Program**. The first sentence of the additional paragraph added to Section 3(a) of Schedule, "Program Terms," to the Agreement in Section 2 of the Twelfth Amendment to the Agreement, dated March 13, 2021 ("**Amendment No. 12**"), as amended by Section 1 of Amendment No. 17 to the Agreement, dated July 1, 2023 ("**Amendment No. 17**"), is deleted in its entirety and replaced with the following:

"The Initial Term, with respect to the Cash App Program, will begin on the Effective Date and will expire on June 30, 2028, unless terminated earlier in accordance with the terms of this Agreement ("Cash App Initial Term")."

2. **Extension of Initial Term for Square Card Programs**. Section 8(a) of the *** to the Agreement, dated May 20, 2021 ("***"); Section 8(a) of the *** to the Agreement, dated March 1, 2023 ("***"); Section 4 of Amendment No. 14 to the Agreement, dated March 1, 2023 ("**Amendment No. 14**"); and the first three paragraphs of Schedule C to the ***, are each deleted in their entirety and replaced with, "[Intentionally Omitted]." The first sentence of the additional paragraph added to Section 3(a) of Schedule, "Program Terms," to the Agreement in Section 2 of the Tenth Amendment to the Agreement, dated November 23, 2020 ("**Amendment No. 10**"); is deleted in its entirety and replaced with the following:

"The Initial Term, solely with respect to the Square Card Programs, will begin on the Effective Date and will expire on June 30, 2028, unless terminated earlier in accordance with the terms of this Agreement ("Square Card Initial Term")."

3. **Card Brand and Issuing Bank Costs**. Notwithstanding anything in the Agreement to the contrary, from and after the Amendment Effective Date, Client will be responsible for payment to Marqeta of any and all Card Brand and Issuing Bank fees and costs allocated and attributable to the Square Card Programs.

4. **Payment Terms.** For the Cash App Program, the last sentence of Section 8(a)(iv) of Schedule B, "Statements, Invoices and Payments," to the Agreement, which was added to the Agreement in Section 5 of Amendment No. 12, as amended by Section 6 of Amendment No. 17, and, for the Square Card Programs, the last sentence of Section 8(a)(iv) of Schedule B, "Statements, Invoices and Payments," to the Agreement, which was added in Section 3 of Amendment No. 10, are each deleted in its entirety, and both such sections are replaced with the following as the new last sentence of Section 8(a)(iv) of Schedule B, "Statements and Payments," to the Agreement for both the Cash App Program and the Square Card Programs:

"In addition, Marqeta will withhold any revenue share payment to Client until Card Brand fees and costs allocated and attributed to the Cash App Program and the Square Card Programs are fully determined on a monthly basis, with the determination occurring no later than *** Business Days after month end. Any

Monthly Payments owed by Client, specifically including, but not limited to, the Card Brand fees and costs allocated and attributed to the Cash App Program and the Square Card Programs, shall be set off by Marqeta against any amounts owed to Client, specifically including, but not limited to, any revenue share payment to Client, when determining the net amount payable from one Party to the other on a monthly basis."

5. Taxes. Section 8(a)(ii) of Schedule B of the Agreement shall be deleted and replaced in its entirety with the following language:

"(ii) **Taxes**. "Taxes" means any taxes, including sales, use, value-added, goods and services, consumption, or other similar taxes, telecommunications taxes, withholding taxes, duties, levies, fees, excises, or tariffs impose by any federal, state, foreign, provincial or local government taxing authority, other than taxes imposed on net income, franchise taxes, and net worth taxes. Amounts due under this Agreement are exclusive of Taxes. If a Party receiving a payment hereunder ("Payee") is legally obligated to collect applicable Taxes, such Taxes shall be calculated by Payee based on the taxable fees payable for the relevant period (by location, if applicable), and separately stated on a valid, accurate and complete invoice for that period which meets the applicable taxing authority invoicing requirements. The Party making such payment hereunder ("Payor") shall pay the correct and undisputed invoice unless Payor provides Payee with a tax exemption certificate or any other additional documentation that satisfies the requirements to establish that the otherwise applicable Taxes are not required to be charged. Payor will not be responsible for any other taxes, assessments, duties, permits, tariffs, fees or other charges of any kind
Throughout the Term of this Agreement, each party shall provide the other party with any forms, documents, or certifications as may be required by such party to satisfy any information reporting or withholding tax obligations with respect to any payments under this Agreement. Either party may be obligated under applicable law to report certain information to tax and revenue authorities ("Tax Information") and/or to the other party with respect to amounts payable to such party under this Agreement. Prior to payment, Payee shall provide Payor with the necessary tax forms and documentation to complete any applicable Tax Information reporting and recertify such documentation from time to time, as may be required by Applicable Law. The Parties acknowledge and agree that Payor will report to the applicable tax or revenue authorities the required Tax Information (including the total amount of payments paid to Payee during a relevant reporting period). Payee is solely responsible for ensuring that the information contained in Payee's tax forms and documentation provided to Payor is current, complete and accurate
If applicable, Payor shall be entitled to deduct from any payments to Payee the amount of any withholding taxes with respects to the amounts payable, or any Taxes in each case required to be withheld by Payor to the extent that Payor pays the appropriate government taxing authority on behalf of Payee such Taxes. Any amounts so withheld shall be treated as having been paid for all purposes of this Agreement. Upon presentation to Payor by Payee of appropriate and timely tax forms and documentation claiming the benefits of an applicable income tax treaty to amounts payable, Payor agrees to reduce or eliminate withholding in accordance with such treaty claim. If Payor eliminates or reduces withholding tax in accordance with a treaty claim by Payee and a relevant governmental taxing authority determines a higher withholding tax amount should have been paid than that which was withheld by Payor, Payee agrees to indemnify Payor for the full amount of such underwithholding as well as any related penalties and interest."

6. **Definitions.** Schedule C, "Definitions," to the Agreement is amended by deleting the definition of "Square Card NPV" and adding the following definition:

"*** Square Debit Card Program" means the Square Debit Card Program for Client's business in the ***.

7. **Pricing Terms**. Schedule D, "Fees - Program Setup & Processing Services," to the Agreement is amended to extend the key pricing elements that apply to the Cash App Program to the Square Card Programs, as follows:

a. Square Card Program Fees. The introduction to Section (a) entitled, "*** Square Debit Card Program Fees," of the Section entitled, "Square Card Program Fees," of Schedule D to the Agreement, which was added to the Agreement in Section 6 of Amendment No. 10, is deleted in its entirety and replaced with the following:

"(a) **Square Card Program Fees**. The following terms shall apply to the Square Card Programs."

b. Revenue Sharing. Subsection (i) entitled, "Revenue Sharing," of Section (C) entitled, "Cash App Program Fees," of Schedule D to the Agreement, which was added to the Agreement in Section 6 of Amendment No. 12, and amended by Section 7 of Amendment No. 17 to the Agreement; subsection (i) of Section (a), which was renamed as, "Square Card Program Fees," by Section 6(a) of this Amendment above, of the Section of Schedule D to the Agreement entitled, "Square Card Program Fees," which was added to the Agreement in Section 6 of Amendment No. 10; subsections (ii) and (iii) of Section (c), entitled "***," of the Section of Schedule D to the Agreement entitled, "***," which was added to the Agreement in Section 5 of Amendment No. 11 to the Agreement, dated November 23, 2020 ("**Amendment No. 11**"); and the "*** Access Fee" and "Revenue Sharing" sections of the Section of Schedule C to the ***, entitled "***;" are each deleted in its entirety and replaced with "[Intentionally Omitted]." The following is added to the end of the existing Schedule D to the Agreement for both the Cash App Program and the Square Card Programs:

"Revenue Sharing for Cash App and Square Card Programs.

(A) Monthly Incentive Payment. *** an amount based on the value of Cash App and Square Card NPV in a given month as set forth in the table below ("Monthly Incentive Payment"). "Cash App and Square Card NPV" means ***

Cash App and Square Card NPV	Monthly Incentive Payment
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***

* ***.

Tiers will be applied on ***, meaning that if Client's monthly Cash App and Square Card NPV encompasses *** then Client ***the Monthly Incentive Payment based on Cash App and Square Card NPV in ***.

(B) ***Rebate. In addition to the ***rebate referenced in subsection (C) below, Marqeta will pay Client a ***transaction rebate ***according to the following calculation: Marqeta will sum *** across *** and apply Client's Cash App Program and *** Square Debit Card Program *** of *** (which include ***) to derive the rebate *** payable to Client. For example, if in ***, and Client's *** account for *** of *** on the Marqeta platform, then Client shall receive ***.

(C) *** Rebate. In addition to the *** transaction rebate referenced above, ***, Marqeta will pay Client a *** transaction rebate on *** according to the following calculation:

(1) Marqeta will create *** for Client's Cash App Program and *** Square Debit Card Program based on a calculation of *** Client's Cash App Program and *** Square Debit Card Program ***, divided by Marqeta's *** across ***; and
(2) Marqeta will *** assign Client a *** of the *** rebate based on this *** calculated in (1) above.

For example, if the *** across *** from *** is ***, and *** Client's Cash App Program and *** Square Debit Card Program *** is ***, Client shall receive *** rebate.

Notwithstanding the foregoing, for the period ***, the calculation referenced above will only include *** Client's Cash App Program and *** Square Debit Card Program *** for the period ***, divided by Marqeta's *** across *** for ***. For example, if the *** across *** was ***, and *** Client's Cash App Program and *** Square Debit Card Program *** is ***, Client shall receive *** rebate.

(D) *** Rebate. Marqeta will pay Client a *** rebate (the "*** **Rebate**") *** according to the following calculation: Marqeta will sum *** Marqeta pays *** Client's Cash App Program and *** Square Debit Card Program and *** as outlined in the Marqeta *** agreement as a ***. For example, if *** Marqeta pays *** Client's Cash App Program and *** Square Debit Card Program for a *** are *** and the *** is *** then Client shall receive ***. In the event that Marqeta *** Client's Cash App Program and *** Square Debit Card Program, Marqeta will provide *** to Client *** to those detailed in this Section ***.

(E) Rebate and Incentive Commitment. During each 12 month period of the Cash App Initial Term, starting July 1, 2023 through June 30, 2024, and each subsequent 12 month period ("Contract Year") with respect to the Cash App Program, Client will receive *** of rebate and / or incentive value on Client's annual Cash App NPV *** for the rebates described in (B), (C), and (D) above (the "Rebates") and / or other similar economic incentives to (B), (C), and (D) above provided by Marqeta to Client (the "Rebate and Incentive Commitment"). Client will not *** related to Client's Cash App Program that ***. If Client *** related to Client's Cash App Program that ***, then the Rebate and Incentive Commitment *** according to the following calculation:

(1) Marqeta and Client will calculate *** towards the Rebates ***; and
(2) The Rebate and Incentive commitment will be *** by this ***.

For example, if Client *** of the ***, then *** will be: *** for the remainder of the Contract Year and each subsequent Contract Year.

If a *** does not *** and ***, then Marqeta and Client will calculate *** in each Contract Year and consider *** Contract Year commitment.

For example, if *** of Cash App NPV is *** in the Contract Year, ***, then *** for that Contract Year. For the avoidance of doubt, if the ***, then *** pursuant to this paragraph.

(F) Rebate and Incentive Certification. Within *** immediately following *** during the Cash App Initial term, Marqeta will deliver to Client a written certification (the "Rebate and Incentive Certification Letter") substantially similar to the form attached as Rider 1, that will contain the dollar amount of the Rebates *** and will confirm and certify to Client that the calculation of the Rebates is true and accurate, to the best of Marqeta's knowledge. The Rebate and Incentive Certification letter will be fully executed by a Marqeta representative with requisite signing authority.

(G) *** Incentives. *** will retain any and all *** from *** that *** receives related to ***."

c. ATM Fees. Subsection (v) of Section (c), entitled "***," of the Section of Schedule D to the Agreement entitled, "***," which was added to the Agreement in Section 5 of Amendment No. 11, and the "***" section of the Section of Schedule C to the ***, entitled "***," are each deleted in their entirety and replaced with, "[Intentionally Omitted]." In addition to any and all ATM fees and costs that are passed through to Client pursuant to Section 3 of this Amendment, Subsection (i) entitled, "Square Card Program ATM Fees," of Section (b), entitled, "Additional Square Card Program Fees," of the Section of Schedule D to the Agreement entitled "Square Card Program Fees," which was added to the Agreement in Section 6 of Amendment No. 10, is deleted in its entirety and replaced with the following:

"i. Square Card Program ATM Fees. Client shall be responsible for paying to Marqeta *** Square Card Program ATM ***, including, but not limited to, ***."

d. Chargeback and Dispute Resolution Fees. Subsection (iv) of Section (c), entitled "***," of the Section of Schedule D to the Agreement entitled, "***," which was added to the Agreement in Section 5 of Amendment No. 11, and the "Chargeback and Dispute Claims" section of the Section of Schedule C to the ***, entitled "***," are each deleted in their entirety and replaced with, "[Intentionally Omitted]." Subsection (ii) entitled, "Chargeback Fees," of Section (a), which was renamed as, "Square Card

Program Fees," by Section 6(a) of this Amendment above, of the Section of Schedule D to the Agreement entitled, "Square Card Program Fees," which was added to the Agreement in Section 6 of Amendment No. 10, is deleted in its entirety and replaced with the following:

ii. Chargeback Fees. With respect to the Square Card Programs, the following Chargeback fees apply:

Item	Description	Unit	Fee
***	***	***	***

e. *** Fees. *** fees and costs will be *** Client pursuant to Section 3 of this Amendment. Accordingly, Subsection (ii) of Section (b) entitled, "Additional Square Card Program Fees," of the Section of Schedule D to the Agreement entitled, "Square Card Program Fees," which was added to the Agreement in Section 6 of Amendment No. 10, and Subsection (vi) of Section (c), entitled "***," of the Section of Schedule D to the Agreement entitled, "***," which was added to the Agreement in Section 5 of Amendment No. 11, are each deleted in their entirety and replaced with, "[Intentionally Omitted]."

f. FX Conversion. Transaction volumes and fees for non-US programs will be converted to USD at the *** Rates.

8. International Expansion. Marqeta will be Client's default provider of issuing processing and related services for the Cash App and Square Card Programs in any current or future markets outside of the United States (**U.S.**), as applicable, where (1) Client intends to operate the Cash App Program and / or the Square Card Program, and (2) Marqeta is able to provide issuing processing and related services ("**International Markets**"). If Client, acting reasonably and in good faith, believes that ***, Client will provide Marqeta with written notice detailing the reasons for Client's belief. Upon Marqeta's receipt of such written notice, the Parties will reasonably cooperate in good faith to mutually agree in writing on a resolution of the reasons detailed in such notice ***, but, if the Parties are unable to mutually agree in writing on such a resolution, ***. The Parties will mutually agree in writing on an amendment to the Agreement to add any such new program for an International Market to the Agreement, and such amendment will specify that *** detailed in the Agreement as being applicable to the Cash App Program and the Square Card Programs, respectively, specifically including *** to the Cash App Programs and Square Card Programs in the International Markets, *** by Marqeta to implement and enable a Cash App Program or Square Card Program in an International Market will be ***.

9. ***. Beginning on the date that this Amendment is mutually executed, Client agrees to cooperate in good faith with Marqeta, and both Parties will use reasonable efforts toward ***. As a result *** will produce ***. If, after such ***, the Parties will mutually agree on an amendment to the Agreement reflecting ***. For the avoidance of doubt, this Section 9 shall only apply to ***.

10. Press Release. Marqeta may issue a press release announcing the terms of this Amendment, the content of which will be mutually agreed by the Parties prior to the press release being issued.

11. Limited Addendum. This Amendment and the Agreement set forth the Parties' entire agreement regarding the subject matter of this Amendment. This Amendment incorporates by reference the terms of the Agreement, and the specific terms and conditions in this Amendment govern, control, and supersede the Agreement solely with respect to the subject matters covered in this Amendment. Except as modified or supplemented by this Amendment, all the provisions of the Agreement, specifically including, but not limited to, Section 14 of the Agreement, as amended by Amendment No. 14 (which specifies that Block, Inc., *** and *** are each separately liable, and shall not be jointly, severally or liable in any other manner with respect to the Agreement, or any amendment or addendum under the Agreement), and the Responsibility Matrices previously agreed to by the Parties, for *** under Schedule C of the ***, and for *** under Schedule C-2 of the ***, remain in full force and effect.

12. Counterparts. This Amendment may be executed electronically and in counterparts.

13. * and *** Approval and Execution**.

a. ***, by signing this Amendment, hereby agrees to the terms of this Amendment, specifically with respect to the amendments reflected in this Amendment to the terms of Amendment No. 11 and the ***, each as amended.
b. ***, by signing this Amendment, hereby agrees to the terms of this Amendment, specifically with respect to the amendments reflected in this Amendment to the terms of Amendment No. 14 and the ***, each as amended.

[Signature Page Follows]

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.

The Parties have caused this Amendment to be executed by their duly authorized representatives as of the Amendment Effective Date.

Marqeta, Inc.	**Block, Inc.**
By: /s/ Simon Khalaf	By: /s/ Jack Dorsey
Print: Simon Khalaf	Print: Jack Dorsey
Title: CEO	Title: Block Head
Date: November 3, 2023	Date: November 3, 2023

***	***
By: /s/ ***	By: /s/ ***
Print: ***	Print: ***
Title: ***	Title: ***
Date: November 3, 2023	Date: November 3, 2023

List of Subsidiaries of Marqeta, Inc.

Subsidiary Name	**Jurisdiction of Incorporation**
Marqeta Australia Pty Ltd	Australia
Marqeta do Brasil Processadora e Servicos LTDA	Brazil
Marqeta sp. z.o.o.	Poland
Marqeta Singapore Pte. Ltd.	Singapore
Marqeta UK Ltd	United Kingdom
Power Finance Inc.	U.S.A., Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-270134) pertaining to the 2021 Stock Option and Incentive Plan and 2021 Employee Stock Purchase Plan of Marqeta, Inc.,

(2) Registration Statement (Form S-8 No. 333-263489) pertaining to the 2021 Stock Option and Incentive Plan and the 2021 Employee Stock Purchase Plan of Marqeta, Inc., and

(3) Registration Statement (Form S-8 No. 333-256914) pertaining to the Amended and Restated 2011 Equity Incentive Plan, as amended, the 2021 Stock Option and Incentive Plan, and the 2021 Employee Stock Purchase Plan of Marqeta, Inc.;

of our reports dated February 28, 2024, with respect to the consolidated financial statements of Marqeta, Inc., and the effectiveness of internal control over financial reporting of Marqeta, Inc. included in this Annual Report (Form 10-K) of Marqeta, Inc. for the year ended December 31, 2023.

/s/ Ernst & Young LLP

San Mateo, California
February 28, 2024

Exhibit 31.1

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 annual report on Form 10-K 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: February 28, 2024

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

Exhibit 31.2

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 annual report on Form 10-K 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: February 28, 2024

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

Exhibit 32.1

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 Annual Report on Form 10-K of Marqeta, Inc. for the fiscal year ended December 31, 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 Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Marqeta, Inc.

Date: February 28, 2024

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

Exhibit 32.2

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 Annual Report on Form 10-K of Marqeta, Inc. for the fiscal year ended December 31, 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 Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Marqeta, Inc.

Date: February 28, 2024

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

Compensation Recovery Policy

August 2, 2023

Table of Contents

I. Overview

The Compensation Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Marqeta, Inc. ("**Marqeta**") has adopted this Compensation Recovery Policy (the "**Policy**"), intended to further Marqeta's pay-for-performance philosophy and to comply with applicable law by providing for the recovery of certain executive compensation in the event of an Accounting Restatement. Capitalized terms used in the Policy are defined below.

The Policy, which was adopted and originally effective as set forth above (the **"Effective Date"**) is intended to comply with Section 10D of the Securities Exchange Act of 1934 (the "**Exchange Act**"), with Rule 10D-1 under the Exchange Act and with the listing standards of the Nasdaq Global Select Market, and (the "**Exchange**") will be interpreted in a manner that is consistent with the requirements of such rules and regulations, including any interpretive guidance provided by the Exchange.

In summary, the Policy provides rules related to the recovery of certain incentive-based compensation received by Executive Officers. The application of the Policy to Executive Officers is not discretionary and applies without regard to whether an Executive Officer was at fault, except to the limited extent provided below.

II. Persons Covered by the Policy

The Policy is binding and enforceable against all Executive Officers. "**Executive Officer**" means each individual who is or was designated as an "officer" by the Board in accordance with Exchange Act Rule 16a-1(f). For the avoidance of doubt, even if an individual who was formerly designated as an officer of Marqeta before the Effective Date is no longer designated as such, that individual will be an Executive Officer under the Policy.

Each Executive Officer will be required to sign and return to the Company an acknowledgement that such Executive Officer will be bound by the terms and comply with the Policy. The failure to obtain such acknowledgement will have no impact on the applicability or enforceability of the Policy.

III. Administration of the Policy

The Committee has full delegated authority to administer the Policy. The Committee is authorized to interpret and construe the Policy and to make all determinations necessary, appropriate, or advisable for the administration of the Policy. In addition, if determined in the discretion of the Board, the Policy may be administered by the independent members of the Board or another committee of the Board made up of independent members of the Board, in which case all references to the Committee will be deemed to refer to the independent members of the Board or the other Board committee. All determinations of the Committee will be final and binding and will be given the maximum deference permitted by law.

IV. Events Requiring Application of the Policy

If Marqeta is required to prepare an accounting restatement due to Marqeta's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (an "**Accounting Restatement**"), then the Committee must determine what compensation, if any, must be recovered.

V. Compensation Covered by the Policy

The Policy applies to all **Incentive-Based Compensation** (certain terms used in this Section are defined below) that is **Received** after the Effective Date and during the **Covered Period** by a person who was an Executive Officer during the Covered Period and during the performance period for the Incentive-Based Compensation while the Company has a class of securities listed on a national securities exchange ("**Clawback Eligible Incentive-Based Compensation**"). The Incentive-Based Compensation that must be recovered is the amount of Clawback Eligible Incentive-Based Compensation that exceeds the amount of Clawback Eligible Incentive-Based Compensation that otherwise would have been Received had such Clawback Eligible Incentive-Based Compensation been determined based on the restated amounts (such compensation, as computed without regard to any taxes paid, the "**Excess Compensation**," is referred to in the listings standards as "erroneously awarded incentive-based compensation").

To determine the amount of Excess Compensation for Incentive-Based Compensation based on stock price or total shareholder return, where it is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received and Marqeta must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

"**Incentive-Based Compensation**" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For the avoidance of doubt, no compensation that is potentially subject to recovery under the Policy will be earned until Marqeta's right to recover under the Policy has lapsed.

For the avoidance of doubt, the following items of compensation are not Incentive-Based Compensation under the Policy: salaries, bonuses paid solely at the discretion of the Compensation Committee or Board that are not paid from a bonus pool that is determined by satisfying a Financial Reporting Measure, bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period, non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational

measures, and equity awards for which the grant is not contingent upon achieving any Financial Reporting Measure performance goal and vesting is contingent solely upon completion of a specified employment period (e.g., time-based vesting equity awards) and/or attaining one or more non-Financial Reporting Measures.

"**Financial Reporting Measures**" are measures that are determined and presented in accordance with the accounting principles used in preparing Marqeta's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

Incentive-Based Compensation is "**Received**" under the Policy in Marqeta's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment, vesting, settlement or grant of the Incentive-Based Compensation occurs after the end of that period.

"**Covered Period**" means the three completed fiscal years immediately preceding the Accounting Restatement Determination Date. In addition, Covered Period can include certain transition periods resulting from a change in Marqeta's fiscal year. Marqeta's obligation to recover Excess Compensation is not dependent on if or when the restated financial statements are filed.

"**Accounting Restatement Determination Date**" means the earliest to occur of: (a) the date the Board, a committee of the Board, or one or more of Marqeta's officers authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that Marqeta is required to prepare an Accounting Restatement; and (b) the date a court, regulator, or other legally authorized body directs Marqeta to prepare an Accounting Restatement.

VI. Repayment of Excess Compensation

Executive Officers are required to repay Excess Compensation to Marqeta. Subject to applicable law, Marqeta may recover such Excess Compensation by requiring the Executive Officer to repay such amount to Marqeta by direct payment to Marqeta or such other means or combination of means as the Committee determines to be appropriate (these determinations do not need to be identical as to each Executive Officer). These means may include:

(a) requiring reimbursement of cash Incentive-Based Compensation previously paid;

(b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;

(c) offsetting the amount to be recovered from any unpaid or future compensation to be paid by Marqeta or any affiliate of Marqeta to the Executive Officer;

(d) canceling outstanding vested or unvested equity awards; and/or

(e) taking any other remedial and recovery action permitted by law, as determined by the Committee.

The repayment of Excess Compensation must be made by an Executive Officer notwithstanding any Executive Officer's belief (whether legitimate or non-legitimate) that the Excess Compensation had been previously earned under applicable law and therefore is not subject to clawback.

In addition to its rights to recovery under the Policy, Marqeta or any affiliate of Marqeta may take any legal actions it determines appropriate to enforce an Executive Officer's obligations to Marqeta or to discipline an Executive Officer, including (without limitation) termination of employment, institution of civil proceedings, reporting of misconduct to appropriate governmental authorities, reduction of future compensation opportunities or change in role. The decision to take any actions described in the preceding sentence will not be subject to the approval of the Committee and can be made by the Board, any committee of the Board, or any duly authorized officer of Marqeta or of any applicable affiliate of Marqeta.

VII. Limited Exceptions to the Policy

Marqeta must recover the Excess Compensation in accordance with the Policy except to the limited extent that the conditions of Exchange Act Rule 10D-1(b)(1)(iv) and the Exchange listing standards are met, and the Committee has made a determination that recovery of the Excess Compensation would be impracticable.

VIII. Other Important Information in the Policy

The Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to Marqeta's Chief Executive Officer and Chief Financial Officer, as well as any other applicable laws, regulatory requirements, rules, or pursuant to the terms of any similar policy or agreement.

Notwithstanding the terms of any of Marqeta's organizational documents (including, but not limited to, Marqeta's bylaws), any corporate policy or any contract (including, but not limited to, any indemnification agreement), neither Marqeta nor any affiliate of Marqeta will indemnify any Executive Officer or former Executive Officer against any loss of Excess Compensation. Neither Marqeta nor any affiliate of Marqeta will pay for or reimburse insurance premiums for an insurance policy that covers potential recovery obligations. In the event Marqeta is required to recover Excess Compensation from a former Executive Officer pursuant to the Policy, Marqeta will be entitled to seek such recovery in order to comply with applicable law,

regardless of the terms of any release of claims or separation agreement the former Executive Officer may have signed.

The Committee or Board may review and modify the Policy from time to time.

If any provision of the Policy or the application of any such provision to any Executive Officer is adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of the Policy or the application of such provision to another Executive Officer, and the invalid, illegal or unenforceable provisions will be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

Exhibit 99.1

STANDSTILL AND RELEASE AGREEMENT

This standstill and release agreement (the "Standstill Agreement") is entered into by and among:

(i) Stephanie Smith ("Smith" or "Plaintiff");

(ii) Jason Gardner ("Gardner"); Najuma Atkinson ("Atkinson"); Martha Cummings ("Cummings"); Arnon Dinur ("Dinur"); Geraldine Elliott ("Elliott"); Simon Khalaf ("Khalaf"); Judson C. Linville ("Linville"); Srikiran Prasad ("Prasad"); Helen Riley ("Riley"); and Godfrey Sullivan ("Sullivan") (collectively, the "Director Defendants"); and

(iii) Marqeta, Inc. ("Marqeta," the "Company," or "Nominal Defendant," and together with the Director Defendants, "Defendants").

The parties to this Standstill Agreement collectively are the "Parties" and each is a "Party."

The "Effective Date" of this Standstill Agreement is the date upon which the last Party signs this Standstill Agreement.

WHEREAS, on August 24, 2023, Plaintiff initiated a case styled *Stephanie Smith v. Jason Gardner, et al.*, C.A. No. 2023-0872-MTZ (the "Action") by filing a Verified Stockholder Class Action and Derivative Complaint (the "Complaint") in the Delaware Court of Chancery;

WHEREAS, the Complaint purports to assert direct and derivative claims against the Director Defendants arising out of their decision to authorize Marqeta to use up to $200 million to repurchase Marqeta stock (the "2023 Repurchase Program");

WHEREAS, the Complaint alleges that the 2023 Repurchase Program would have allowed Gardner to achieve majority voting control of Marqeta through the exercise of certain options to purchase Class B shares of Marqeta stock (the "Gardner Stock Options");

WHEREAS, together with the Complaint, Plaintiff filed a motion to expedite (the "Motion to Expedite") seeking expedited discovery and a prompt preliminary injunction hearing;

WHEREAS, on September 11, 2023, Defendants filed an opposition to the Motion to Expedite;

WHEREAS, in support of the Defendants' opposition to the Motion to Expedite, Gardner committed not to exercise any of the Gardner Stock Options without first providing Plaintiff's counsel with at least thirty days' written notice;

WHEREAS, on September 15, 2023, the Court denied the Motion to Expedite;

WHEREAS, on September 18, 2023, the Company filed a motion to dismiss the Complaint;

WHEREAS, on September 29, 2023, the Director Defendants filed a motion to dismiss the Complaint;

WHEREAS, Defendants have not filed briefs in support of their respective motions to dismiss the Complaint;

WHEREAS, Defendants denied and continue to deny Plaintiff's allegations; and

WHEREAS, the Parties desire to fully and finally resolve all of Plaintiff's claims, without any admission of liability, incapacity, undue influence, fault or wrongdoing.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, in consideration of the foregoing and the covenants and agreements set forth below, that Plaintiff's claims in the Action shall be dismissed with prejudice as to Plaintiff only, subject to the terms and conditions set forth below:

1. **Standstill**: Gardner covenants and agrees that, for the period of time between and including the Effective Date and September 11, 2024, Gardner shall not take unilateral, affirmative

action to increase his voting power above 49.99% of the total voting power of the Company's then outstanding stock.

2. **Dismissal of Action:** Plaintiff hereby covenants and agrees that, within two (2) business days of the Effective Date, she shall file a stipulation of dismissal in the Action substantially in the form attached to this Standstill Agreement as Exhibit A.

3. **Releases**

a. Plaintiff, on behalf of herself and any person or entity claiming by, through or on behalf of her, including but not limited to her family members, affiliates, heirs, estates, executors, administrators, representatives, trustees, beneficiaries, partners, attorneys, predecessors, successors and assigns, in their capacities as such (collectively, the "Plaintiff Releasors"), hereby releases the Company, the Director Defendants, and each and all of their respective current or former directors, officers, employees, managers, agents, advisors, bankers, attorneys, representatives, stockholders, lenders, investors, affiliates, parents, subsidiaries, partners, members, heirs, estates, executors, administrators, predecessors, successors and assigns, in their capacities as such, including without limitation, Gardner (collectively, the "Defendant Releasors"), from any and all claims, demands, damages, losses, obligations, judgments, suits, rights, liabilities, causes of action or sums owed, foreseeable or unforeseeable, of any kind, nature or description whatsoever, which have accrued at the time of the signing of this Standstill Agreement, including both known claims and Unknown Claims (defined below), arising out of or relating to the allegations, facts, events, transactions, acts, occurrences, statements, representations, misrepresentations, omissions or any other matter, thing or cause whatsoever, or any series thereof, embraced, involved, set forth or otherwise related, directly or indirectly, to the 2023 Repurchase Program or the claims raised in the Complaint (all of the foregoing together, the "Released Plaintiff's Claims"); *provided*, *however*, that the Released Plaintiff's Claims shall not

be construed to release any person from any obligation under this Standstill Agreement or to release the Company from any award of fees and expenses resulting from any Fee Application (defined below) submitted in accordance with this Standstill Agreement; *provided further, however*, that nothing in this paragraph or this Standstill Agreement shall prevent Plaintiff from asserting any derivative or direct claims arising out of any stock repurchases by the Company made pursuant to any stock repurchase plan authorized by the Board after the Effective Date or any acquisition of stock by Gardner (including but not limited to acquisition of stock through open market purchases, the exercise of stock options, the receipt of stock awards from the Company, or any other means) subsequent to the date of this Standstill Agreement. For the avoidance of doubt, notwithstanding anything to the contrary in this Standstill Agreement, Plaintiff shall not assert any direct or derivative claims arising out of any future stock repurchases by the Company using any remaining repurchase capacity under the $200 million 2023 Repurchase Program, which was previously authorized by the Board.

b. Defendants hereby release the Plaintiff Releasors from any and all claims, demands, damages, losses, obligations, judgments, suits, rights, liabilities, causes of action or sums owed, foreseeable or unforeseeable, of any kind, nature or description whatsoever, which have accrued at the time of the signing of this Standstill Agreement, including both known claims and Unknown Claims (defined below), arising out of or relating to the allegations, facts, events, transactions, acts, occurrences, statements, representations, misrepresentations, omissions or any other matter, thing or cause whatsoever, or any series thereof, embraced, involved, set forth or otherwise related, directly or indirectly, to the 2023 Repurchase Program or the claims raised in the Complaint (all of the foregoing together, the "Released Defendants' Claims" and, together with the Released Plaintiff's Claims, the "Released Claims"); *provided*, *however*, that

the Released Defendants' Claims shall not be construed to release any person from any obligation under this Standstill Agreement or to release the Company from any award of fees and expenses resulting from any Fee Application (defined below) submitted in accordance with this Standstill Agreement.

c. "Unknown Claims" means any Released Claims that have accrued at the time of the signing of this Standstill Agreement and that any Releasor does not know or suspect to exist in their favor at the time of the release of such claims, which, if known by the Releasor, might have affected the Releasor's decision(s) with respect to this Standstill Agreement. With respect to any and all Released Claims, Plaintiff, on behalf of herself and all other Plaintiff Releasors, and Defendants acknowledge and agree that they waive, relinquish, surrender, release, and otherwise give up any rights conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to § 1542 of the California Civil code (or any similar, comparable, or equivalent provision) which provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Plaintiff, on behalf of herself and all other Plaintiff Releasors, and Defendants acknowledge that they may discover facts in addition to or different from those that they now know or believe to be true with respect to the Released Claims, but that it is their intention to completely, fully, finally, and forever settle and release any and all Released Claims, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, and without regard to subsequent discovery or existence of such additional or different facts.

4. **Covenants Not to Sue.**

a. Plaintiff hereby agrees that she will not institute or prosecute any action or other proceeding against any of the Defendant Releasors based in whole or in part upon any claims released by this Standstill Agreement. Plaintiff also hereby agrees that she will not authorize or solicit the commencement or prosecution against any of the Defendant Releasors of any action or other legal proceeding based in whole or in part upon any claims released by this Standstill Agreement. In addition, Plaintiff agrees that she will not in any way assist any other person with regard to the pursuit, prosecution, or defense of any Released Claims; provided however, that Plaintiff may respond to properly served and enforceable litigation discovery requests and/or subpoenas, but only if Plaintiff provides Gardner and the Company with notice of such discovery requests and/or subpoenas and a reasonable opportunity to object and/or seek relief with respect to the requests and/or subpoenas. For the avoidance of doubt, this Section 4 shall not apply to claims to enforce this Standstill Agreement.

b. Defendants each hereby agree that he, she, or it will not institute or prosecute any action or other proceeding against any of the Plaintiff Releasors based in whole or in part upon any claims released by this Standstill Agreement. Defendants each hereby agree that he, she, or it will not authorize or solicit the commencement or prosecution against any of the Plaintiff Releasors of any action or other legal proceeding based in whole or in part upon any claims released by this Standstill Agreement. In addition, Defendants each hereby agree that he, she, or it will not in any way assist any other person with regard to the pursuit, prosecution, or defense of any Released Claims; provided however, that any Defendant may respond to properly served and enforceable litigation discovery requests and/or subpoenas, but only if the responding Defendant or the Company provides Plaintiff with notice of such discovery requests and/or subpoenas and a reasonable opportunity to object and/or seek relief with respect to the requests

and/or subpoenas. For the avoidance of doubt, this Section 4 shall not apply to claims to enforce this Standstill Agreement.

5. **No Assignment of Claims.** The Parties represent and warrant that they have not assigned, conveyed, or otherwise transferred or taken any action, or entered into any understanding, commitment, or agreement of any nature, that has conferred, or has had the effect of conferring, assigning, conveying, or otherwise transferring, in whole or in part, to any other person or entity any of their rights or claims relating to matters released in connection with this Standstill Agreement.

6. **Representation Regarding Stock Ownership.** Plaintiff represents that she has continuously held common stock of Marqeta from before the adoption of the 2023 Repurchase Program through the date of the execution of this Standstill Agreement.

7. **No Admission.** Parties acknowledge and agree that this Standstill Agreement: (i) shall not be construed or used as an admission of liability or wrongdoing, including, but not limited to, any concession regarding the issues raised in the Complaint, and (ii) is for the sole and exclusive purpose of resolving the disputes discussed herein and avoiding further litigation. Each Party to this Standstill Agreement expressly denies liability to the other Parties.

8. **Attorneys' Fees**. Plaintiff's counsel intends to file an application for attorneys' fees and expenses in connection with the claims asserted by Plaintiff in this Action (the "Fee Application"). The Parties agree to meet and confer concerning the forthcoming Fee Application. If the Parties cannot reach an agreement as to attorneys' fees, Plaintiff's counsel may present their Fee Application to the Court. The Director Defendants and the Company reserve all rights to oppose the Fee Application. This Standstill Agreement is not conditioned on the payment of

attorneys' fees and expenses to Plaintiff's counsel, and the failure of the Court to approve an award of attorneys' fees and expenses or to indicate that Court approval is not required shall have no effect on the effectiveness of this Standstill Agreement or the releases contemplated herein. There have been no discussions between the Parties concerning any amount of attorneys' fees and expenses that Plaintiff may seek, or that Defendants may be willing to pay, related to this Action prior to the Court entering the stipulation of dismissal in the Action substantially in the form attached to this Standstill Agreement as Exhibit A.

9. **Notices**: All notices, requests, claims, demands and other communications under this Standstill Agreement shall be in writing, shall be sent by e-mail of a .pdf attachment (providing confirmation of transmission), by reliable overnight delivery service (with proof of service) or by hand delivery, and shall be deemed given upon receipt by the parties at the following addresses (or at such other address for a Party as shall be specified by like notice); provided however, that any notice received by e-mail transmission or otherwise at the addressee's location on any Business Day after 5:00 p.m. (addressee's local time) shall be deemed to have been received at 9:00 a.m. (addressee's local time) on the next Business Day:

a. if to Plaintiff to:

Christopher J. Orrico, Esq. Grant & Eisenhofer, P.A. 485
Lexington Avenue 29th Floor
New York, New York 10017
***

-and-

Vivek Upadhya
Grant & Eisenhofer, P.A. 123 Justison Street
7th Floor
Wilmington, Delaware 19801
***

b. if to the Director Defendants or the Company:

Marqeta, Inc.
c/o its Chief Legal Officer 180 Grand Avenue
6th Floor
Oakland, CA 94612
***

with copies to:

James N. Kramer, Esq.
Orrick, Herrington & Sutcliffe LLP The Orrick Building
405 Howard Street
San Francisco CA 94105-2669
***

-and-

A. Thompson Bayliss, Esq. Abrams & Bayliss LLP
20 Montchanin Road, Suite 200
Wilmington, Delaware 19807
***

10. **Voluntary Agreement**: This Standstill Agreement is executed voluntarily and without duress or undue influence from or on behalf of any person, firm, or entity. Each Party has read this Standstill Agreement and understands and intends to be bound by the terms hereof. Further, each Party acknowledges that it has been represented by independent counsel of its own choosing in the negotiation of this Standstill Agreement, and that it has been advised regarding the same before executing this Standstill Agreement.

11. **No Representations**: No representations have been made by any Party to any other Party to induce their entry into this Standstill Agreement, except those representations expressly contained in this Standstill Agreement.

12. **Entire Agreement**: This Standstill Agreement contains the entire agreement between the Parties with respect to the subject matters covered by it. Except as set forth in this Standstill Agreement, no representation, warranties, or promises have been made or relied upon by the Parties regarding this Standstill Agreement. This Standstill Agreement supersedes all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof.

13. **Amendments in Writing**: This Standstill Agreement may not be amended or modified, nor may any of its provisions be waived, except by a written instrument signed by counsel for all Parties or their successors-in-interest.

14. **No Waiver**: The waiver by any Party of any breach of this Standstill Agreement by any other Party shall not be deemed a waiver of any other prior or subsequent breach of any provision of this Standstill Agreement by any other Party.

15. **Binding Effect; Benefit; Assignment**: The Standstill Agreement shall be binding upon and inure to the benefit of the Parties and their respective officers, agents, employees, attorneys, directors, subsidiaries, affiliates, parent companies, heirs, executors, administrators, representatives, successors, transferees, and assigns. This Agreement is made and entered into for the sole protection and benefit of the Parties, and no non-Settling Parties shall be direct or indirect beneficiaries of, or base any claim or cause of action upon, this Standstill Agreement; *provided*, *however*, that the releases and covenants in Paragraphs 3-4 of this Standstill Agreement shall inure to the benefit of, and be enforceable by, each of the Plaintiff Releasors and each of the Defendant Releasors.

16. **Interpretation**: This Standstill Agreement shall be deemed to have been drafted jointly by the Parties. Accordingly, any rule pertaining to the construction of contracts to the effect that ambiguities are to be resolved against the drafting party shall not apply to the

interpretation of this Standstill Agreement or to any modifications of or amendments to this Standstill Agreement.

17. **Applicable Law and Venue**: The Standstill Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to Delaware's rules of conflicts of law. Any dispute arising out of this Standstill Agreement shall be filed and litigated exclusively in the Court of Chancery of the State of Delaware (or, only if the Court of Chancery finds it lacks subject matter jurisdiction, any other state or federal court within the State of Delaware). Each of the Parties (i) irrevocably consents to the exercise of personal jurisdiction of such court; (ii) agrees that all claims in respect of such suit, action, or proceeding shall be brought, heard, and determined exclusively in such court; (iii) agrees not to assert that such court is an inconvenient forum in which to conduct the litigation of any such dispute; (iv) agrees not to bring any action or proceeding arising out of or relating to this Standstill Agreement in any other court, and (v) expressly waives and agrees not to plead or to make any claim that any such litigation is subject (in whole or in part) to a jury trial. Each of the Parties further agrees to waive any bond, surety, or other security that might be required of any other party with respect to any suit, action, or proceeding brought in accordance with this paragraph, including an appeal thereof.

18. **Severability**: Should any part of this Standstill Agreement be rendered or declared invalid by a Delaware court of competent jurisdiction, such invalidation of such part or portion of this Standstill Agreement shall not invalidate the remaining portions thereof, and they shall remain in full force and effect. Any invalid or unenforceable provision shall be replaced by the Parties with a valid provision which most closely approximates the intent and effect of the invalid or unenforceable provision.

19. **Authority**: Each of the signatories executing this Standstill Agreement represents and warrants that he has been duly authorized and empowered to execute this Standstill Agreement on behalf of any party for whom the signatory is signing.

20. **Counterparts**: This Standstill Agreement may be executed in counterparts, all of which shall be considered one and the same agreement, and shall become effective upon complete execution. Signed signature pages of this Standstill Agreement may be delivered by facsimile or e-mail, which will constitute complete delivery without any necessity for delivery of originally signed signature pages in order for this to constitute a binding agreement.

[*Signature page follows*.]

IN WITNESS WHEREOF, each of the parties hereto has caused this Standstill Agreement to be executed as of the date first written above.

/s/ Stephanie Smith
Stephanie Smith

Date: February 21, 2024

/s/ Simon Khalaf
Simon Khalaf

Date: February 21, 2024

/s/ Jason Gardner
Jason Gardner

Date: February 21, 2024

/s/ Judson C. Linville
Judson C. Linville

Date: February 21, 2024

/s/ Najuma Atkinson
Najuma Atkinson

Date: February 23, 2024

/s/ Srikiran Prasad
Srikiran Prasad

Date: February 23, 2024

/s/ Martha Cummings
Martha Cummings

Date: February 22, 2024

/s/ Helen Riley
Helen Riley

Date: February 23, 2024

/s/ Arnon Dinur
Arnon Dinur

Date: February 21, 2024

/s/ Godfrey Sullivan
Godfrey Sullivan

Date: February 22, 2024

/s/ Geraldine Elliott
Geraldine Elliott

Date: February 21, 2024

Marqeta, Inc.

/s/ Crystal Sumner
Name: Crystal Sumner
Title: Chief Legal Officer

Date: February 24, 2024

Exhibit A

Stipulation of Dismissal

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

STEPHANIE SMITH, Plaintiff, v. JASON GARDNER, NAJUMA ATKINSON, MARTHA CUMMINGS, ARNON DINUR, GERALDINE ELLIOTT, SIMON KHALAF, JUDSON C. LINVILLE, SRIKIRAN PRASAD, HELEN RILEY, AND GODFREY SULLIVAN, Defendants, -and- MARQETA, INC., a Delaware corporation, Nominal Defendant.	C.A. No. 2023-0872-MTZ

STIPULATION AND [PROPOSED] ORDER DISMISSING THE ACTION AS MOOT AND RETAINING JURISDICTION TO DETERMINE PLAINTIFF'S COUNSEL'S APPLICATION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES

WHEREAS, on August 24, 2023, Plaintiff Stephanie Smith ("Plaintiff") filed a Verified Stockholder Class Action and Derivative Complaint (the "Complaint") initiating the above-captioned action (the "Action");

WHEREAS, the Complaint alleged, among other things, that the members of the Board of Directors (the "Individual Defendants") of nominal defendant Marqeta, Inc. ("Marqeta" or the "Company" and together with the Individual Defendants, "Defendants") breached their fiduciary duties in May 2023 by

authorizing the use of up to $200 million in cash to repurchase Marqeta stock (the "2023 Repurchase Program");

WHEREAS, Plaintiff alleged that the 2023 Repurchase Program would have allowed Defendant Jason Gardner to achieve majority voting control of Marqeta through the exercise of certain options to purchase Class B shares of Marqeta stock (the "Gardner Stock Options"),

WHEREAS, on August 24, 2023, Plaintiff filed a motion to expedite (the "Motion to Expedite") seeking expedited discovery and a prompt preliminary injunction hearing;

WHEREAS, on September 11, 2023, Defendants filed their opposition to the Motion to Expedite;

WHEREAS, in support of Defendants' opposition to the Motion to Expedite, Gardner committed not to exercise any of the Gardner Stock Options during the course of the litigation without first providing Plaintiff's counsel with at least thirty days' written notice;

WHEREAS, on September 15, 2023, the Court denied the Motion to Expedite;

WHEREAS, on September 18, 2023, the Company filed a motion to dismiss the Complaint;

WHEREAS, on September 29, 2023, the Individual Defendants filed a motion to dismiss the Complaint;

WHEREAS, Defendants have not filed briefs in support of their respective motions to dismiss;

WHEREAS, Defendants denied and continue to deny Plaintiff's allegations;

WHEREAS, on February 24, 2024, Plaintiff, the Individual Defendants, and the Company entered into an agreement in which Gardner agreed not to take unilateral, affirmative action that would increase his voting power above 49.99% of the total voting power of the Company's then outstanding stock on or before September 11, 2024 (the "Standstill"); and

WHEREAS, Plaintiff agreed that Gardner's commitment to the Standstill would render the Action moot;

WHEREAS, no compensation in any form has passed directly or indirectly from the Company or any Defendant in the Action to Plaintiff or Plaintiff's attorneys in this Action, and no promise to give any such compensation has been made.

NOW THEREFORE, IT IS HEREBY STIPULATED AND AGREED,

by the parties, pursuant to Court of Chancery Rules 23.1(c), 23(e) and 41(a), through their undersigned counsel, subject to the approval of the Court, that:

1. This Action is dismissed with prejudice, and all claims asserted therein are dismissed with prejudice as to Plaintiff only and without prejudice as to any actual or potential claims of any other stockholders of the Company or members of the putative class.

2. Because no compensation in any form has passed directly or indirectly to Plaintiff or her attorneys in the Action and no promise to give any such compensation has been made, pursuant to Court of Chancery Rules 23.1(c), and 23(e), class and stockholder notice of dismissal is not required.

3. The Court retains jurisdiction of this Action solely for the purpose of adjudicating an application for attorneys' fees and expenses in connection with the claims asserted by Plaintiff in this Action (the "Fee Application").

4. The parties will meet-and-confer concerning Plaintiff's request for attorneys' fees and will inform the Court of any agreement reached. If agreement as to such fees cannot be reached, the parties will present the Court with a schedule for briefing on the Fee Application.

5. This Stipulation and Order is without prejudice to any position, claim or defense any party may assert with respect to the Fee Application or any matter related thereto.

OF COUNSEL:

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/s/ Michael J. Barry
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*Admitted *pro hac vice*

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(302) 778-1000

Attorneys for Defendants and Nominal Defendant

Dated: February 27, 2024

SO ORDERED this 27 day of February, 2024.

/s/ Judge Morgan Zurn
Vice Chancellor Zurn