

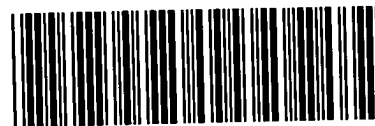
MASTERCARD EUROPE SERVICES LIMITED

(Company Registration Number: 09210818)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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MASTERCARD EUROPE SERVICES LIMITED

Company Information

Directors	Scarlet Pereira Kelly Ann Devine Sandra Monica Simoes De Matos
Company secretary	John McLaren
Registered number	09210818 (England and Wales)
Registered office	7th Floor 1 Angel Lane London England EC4R 3AB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
Bankers	Deutsche Bank AG Filiale London 10 Bishops Square London E1 6AO

MASTERCARD EUROPE SERVICES LIMITED

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MASTERCARD EUROPE SERVICES LIMITED

Strategic report

For the year ended 31 December 2022

The directors present the strategic report of Mastercard Europe Services Limited ("the Company") for the year ended 31 December 2022.

Principal activities

The principal activity of the company is to act as an operating entity supporting Mastercard's European business. Therefore, the company has a profit share agreement with Mastercard Europe SA. The activities were unchanged during the year and no significant changes to the principal business are expected in the forthcoming year.

Review of business, future outlook and key performance indicators

The Company results are set out in the Statement of comprehensive income on page 10. The Company Statement of financial position is set out on page 11.

The Company measures and monitors a number of key performance indicators, the most important of which are profit before income tax and net assets.

The Company's profit before income tax for the year was €1,840,703,000 (2021: €1,259,276,000).

The profit before income tax increase on prior year is mainly due to an increase in turnover to €2,154,658,000 compared with the prior year of €1,615,750,000. The increase was due to the additional profit share from Mastercard Europe SA. Operating expenses have decreased by 10.97% to €326,080,000 (2021: €366,257,000) mainly due to the fact that the Product intellectual property intangible assets have now been fully amortised, therefore there was no further amortisation expense in 2022.

The Company's net assets (being total assets less total liabilities) at the year end were €1,406,764,000 (2021: €1,402,424,000). The net assets increase of €4,340,000 was driven by profit before income tax of €1,840,703,000 offset by distribution of dividends of €1,485,009,000 to the Company's parent.

The directors have carried out a detailed and comprehensive review of the business and its future prospects. The Company expects to largely continue to act as an operating entity supporting Mastercard's European business.

Section 172 (1) Statement

The directors have a duty to promote the success of the Company which is a key consideration when determining the Company's strategy. The directors ensure they have suitable access to information to allow them to make informed business decisions and the directors consider whether they possess sufficient information regarding the stakeholder interests which are affected by their actions. In instances when the directors do not have all the information relevant to a decision, it is important to consider the expertise of others and care is taken to assess the source, quality and quantity of all information available. A principal key decision is a decision that the Company's directors make in supporting the implementation and achievement of the Company's long-term strategy.

The directors have made the following key decisions:

- the following dividend distributions to the parent company Mastercard Holdings LP took place throughout the year;
 - 22 February 2022 : €59,964,400
 - 26 May 2022 : €49,631,184
 - 15 June 2022 : €400,000,000
 - 30 August 2022 : €117,345,900
 - 15 September 2022 : €350,000,000
 - 02 November 2022 : €58,067,190
 - 15 December 2022 : €450,000,000

The directors ensure that key management personnel are consulted on any principal decisions, to ensure that all stakeholders are fairly considered.

Strategic report (continued)

For the year ended 31 December 2022

Section 172 (1) Statement (continued)

The directors have utilised a number of communication methods with employees of subsidiaries throughout the year, including townhalls, emails and employee engagement surveys. Employee engagement is measured annually, using an external anonymised tool. This enables the directors to see and respond to anonymised feedback. A number of initiatives were implemented in response to the feedback, including career development workshops.

The directors will continue to promote a culture which considers the interests of all stakeholders. The directors need to foster the Company's business relationships with suppliers, customers and HM Revenue and Customs ("HMRC"), which includes committing to partnerships that share the Mastercard dedication to conducting business in a legal, ethical, and socially responsible manner, to deliver the best possible value for the Company and mitigate the risk to the Company.

Through the entity's subsidiaries, the directors aim to attract and retain talented employees from diverse backgrounds and industries by building a world-class culture based on integrity, respect and inclusion in which people have opportunities to do purpose-driven work that impacts customers, communities and co-workers globally.

Principal risks and uncertainties

All businesses are subject to risk and many individual risks are macro-economic or social and common across many businesses. Many risks are to a greater or lesser degree controllable, but some are not controllable. Through its internal risk management process, the Company identifies business specific risks. It classifies the key risks as those which could materially damage the Company's strategy, reputation, business, profitability or assets and these risks are listed below. This list is in no particular order and is not an exhaustive list of all potential risks. Some risks may be unknown and it may transpire that others, currently considered immaterial, become material.

Commercial relationships

The Company is exposed to changes in relationships with both customers and suppliers. It is a key task for the operational management in each business unit to maintain and develop relationships with customers and suppliers.

Regulation and compliance risk

The Company has a dedicated team to set policy and ensure compliance with Anti Money Laundering (AML) and other legal, regulatory and licensing requirements, including launches in new countries. Money Laundering Reporting Officers (MLROs) are employed to implement policies and monitor transactions.

Business continuity risk

The Company continues to document a Business Continuity Plan (BCP) annually, and revisits it on a quarterly basis for any necessary amendments. The BCP is intended for use during a serious and unplanned business disruption impacting the Company's staff or premises. It is designed to enable the Company to minimize impact to, and prevent further degradation of, its critical activities. This is achieved through execution of appropriate recovery strategies prioritized to meet pre-defined recovery time objectives.

Recovery strategies for premises have been deployed in 2021 and 2022 in the wake of the COVID-19 outbreaks. The Company has ensured continued delivery of service with no issues noted in the period up to signing these financial statements.

Technology risk

The unavailability of our systems or infrastructure needed to meet our business requirements is a risk to the Company. The Company has a dedicated team to monitor this risk.

Litigation risk

Although the Company has not been directly named in any litigation actions, there are risks related to the litigation actions for which Mastercard Europe SA has been named that may have an impact on the future operating results of the Company. This is because the potential litigation costs for Mastercard Europe SA will have a negative impact on its results, which will impact the profit share agreement it has with the Company. Current litigation activity is further detailed in note 20.

MASTERCARD EUROPE SERVICES LIMITED

Strategic report (continued)

For the year ended 31 December 2022

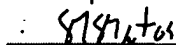
Financial risk*Foreign exchange risk*

The Company incurs minimal costs in currencies other than GBP and EUR. The directors consider the exposure to foreign exchange variances to be minimal.

Investment risk

The Company has a number of investments which are at risk from adverse changes in their market value. The Company reviews these investments for impairment at each reporting date.

This report was approved by the board on 15 June 2023 and signed on its behalf.



Sandra Matos (Jun 15, 2023 09:14 GMT+1)

Sandra Monica Simoes De Matos

Director

MASTERCARD EUROPE SERVICES LIMITED

Directors' report

For the year ended 31 December 2022

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Scarlet Pereira

Eva Karin Aurora Fritz (resigned on 27 April 2022)

Kelly Ann Devine

Sandra Monica Simoes De Matos (appointed on 4 May 2022)

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnities were in place throughout the financial year and to the date of signing these financial statements. The Company also purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors.

Dividends

The directors declared and paid the following dividends during the year:

- 22 February 2022 : €59,964,400 (being €59,964,400 per ordinary share)
- 26 May 2022 : €49,631,184 (being €49,631,184 per ordinary share)
- 15 June 2022 : €400,000,000 (being €400,000,000 per ordinary share)
- 30 August 2022 : €117,345,900 (being €117,345,900 per ordinary share)
- 15 September 2022 : €350,000,000 (being €350,000,000 per ordinary share)
- 02 November 2022 : €58,067,190 (being €58,067,190 per ordinary share)
- 15 December 2022 : €450,000,000 (being €450,000,000 per ordinary share)

(2021: total dividends of €976,881,770 being €976,881,770 per ordinary share)

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2021: €nil).

Financial risk management

The Company has limited exposure to financial risk as all material financial instruments are with Companies within the group headed by Mastercard Incorporated, its ultimate parent company. The Company's management of financial risk is included in the strategic report.

Going concern

These financial statements have been prepared on a going concern basis. In preparing the financial statements the directors have taken into account all information that could reasonably be expected to be available for the following 12 months from the date of signing the financial statements and beyond.

The directors have considered the recoverability of its investments in subsidiaries, the net assets, future performance projected, the Company's ongoing cash requirements, amounts owed by Group undertakings, amounts due to Group undertakings and the letter of support received from Mastercard International Incorporated, the intermediate parent company.

As a result of the review and the support from Mastercard International Incorporated, the intermediate parent company, the directors are confident the Company has sufficient resources to continue as a going concern for at least 12 months from the date of signing these financial statements and on this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

Events after reporting year

Please see note 23 for details of the Company's events after the reporting date.

Future developments

Please see the review of business, future outlook and key performance indicators section of the Strategic report on page 1 for details of the Company's future developments.

MASTERCARD EUROPE SERVICES LIMITED

Directors' report (continued)

For the year ended 31 December 2022

Employees

The business maintains regular cadence when it comes to engaging with employees in order to understand views and interests via an established Employee Engagement Survey as well as follow up Listening Groups to analyse the associated results in partnership with employee populations.

We also share important business information and updates via monthly 'all-employee' meetings hosted by directors, newsletters, Chatter page, corporate e-mails as well as via our extensive Mastercard intranet site.

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities.

Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its business.

Suppliers, customers and others

In the Strategic Report, within the Section 172 (1) Statement on page 1, the directors have summarised how they have engaged with suppliers, customers and others in a business relationship.

Streamlined Energy and Carbon report (SECR)

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 introduced the obligation for quoted companies to report on their greenhouse gas (GHG) emissions. These requirements have been extended to certain unquoted companies, including Mastercard Europe Services Limited, by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, and the UK Streamlined Energy & Carbon Reporting (SECR) regulations 2019 in respect of the energy consumption and emissions for which we are responsible.

We have assessed Mastercard Europe Services Limited's annual energy consumption (from gas, electricity and transport fuel usage) for the 2022 reporting period (1 January - 31 December 2022). This exercise concluded that our UK operations qualifies as a "low energy user", in-line with the criteria set out in the SECR regulations. To this end, Mastercard Europe Services Limited is not required to prepare detailed energy and carbon disclosures in-line with the SECR regulations. The Company is entitled to an exemption from preparing a Streamlined Energy & Carbon Report (SECR) as the Company is a low energy user, below the 40,000 kWh energy usage yearly threshold.

MASTERCARD EUROPE SERVICES LIMITED

Directors' report (continued)

For the year ended 31 December 2022

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

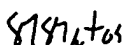
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

This report was approved by the board on 15 June 2023 and signed on its behalf.


Sandra Matos (Jun 15, 2023 09:14 GMT+1)

Sandra Monica Simoes De Matos
Director

Independent auditors' report to the members of Mastercard Europe Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Mastercard Europe Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and audited financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2022; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to but not limited to general data protection regulation (GDPR) and anti money laundering regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation in relevant jurisdictions and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal postings to manipulate financial results. Audit procedures performed by the engagement team included:

- Discussions with management and the Company's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Review of legal expenses;
- Identifying and testing unusual journal entries, in particular those with an unusual account combination;
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Brian Henderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 June 2023

MASTERCARD EUROPE SERVICES LIMITED

Statement of comprehensive incomeFor the year ended 31 December 2022

	Note	2022 €000	2021 €000
Revenue	3	2,154,658	1,615,750
Operating expenses	4	(326,080)	(366,257)
Operating profit		1,828,578	1,249,493
Fair value (losses)/gains on financial assets at fair value through profit or loss	14	(679)	3,458
Finance income	9	14,381	9,409
Finance expenses	9	(1,577)	(3,084)
Profit before income tax		1,840,703	1,259,276
Tax on profit	10	(351,354)	(189,085)
Profit and total comprehensive income for the financial year		1,489,349	1,070,191

The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 13 to 34 form an integral part of these financial statements.

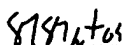
MASTERCARD EUROPE SERVICES LIMITED

Statement of financial position
As at 31 December 2022

	Note	2022 €000	2021 €000
ASSETS			
Non-current assets			
Intangible assets	11	6,157	6,393
Property, plant and equipment	12	4,421	2,859
Loan receivable	13	865,000	865,000
Financial assets at fair value through profit or loss	14	4,661	7,460
Deferred tax asset	10	175,690	185,963
		<u>1,055,929</u>	<u>1,067,675</u>
Current assets			
Trade and other receivables	15	504,820	526,438
Cash and cash equivalents		161,721	115,196
		<u>666,541</u>	<u>641,634</u>
Total assets		<u><u>1,722,470</u></u>	<u><u>1,709,309</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Called up share capital	16	-	-
Retained earnings		1,406,764	1,402,424
Total equity		<u>1,406,764</u>	<u>1,402,424</u>
Non-current liabilities			
Loan payable	17	126,000	60,000
		<u>126,000</u>	<u>60,000</u>
Current liabilities			
Trade and other payables	18	189,706	246,885
		<u>189,706</u>	<u>246,885</u>
Total liabilities		<u>315,706</u>	<u>306,885</u>
Total equity and liabilities		<u><u>1,722,470</u></u>	<u><u>1,709,309</u></u>

The notes on pages 13 to 34 form an integral part of these financial statements.

The financial statements on pages 10 to 34 were approved and authorised for issue by the board on 15 June 2023 and signed on its behalf by:


Sandra Matos (Jun 15, 2023 09:14 GMT+1)
Sandra Monica Simoes De Matos
Director
Company registration number: 09210818

MASTERCARD EUROPE SERVICES LIMITED

Statement of changes in equityFor the year ended 31 December 2022

	Ordinary shares €000	Retained earnings €000	Total equity €000
As at 1 January 2021	-	1,309,115	1,309,115
Profit and total comprehensive income for the year	-	1,070,191	1,070,191
Dividends (note 19)	-	(976,882)	(976,882)
As at 31 December 2021	-	1,402,424	1,402,424
Profit and total comprehensive income for the year	-	1,489,349	1,489,349
Dividends (note 19)	-	(1,485,009)	(1,485,009)
As at 31 December 2022	-	1,406,764	1,406,764

The notes on pages 13 to 34 form an integral part of these financial statements.

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements

For the year ended 31 December 2022

1. Company information

Mastercard Europe Services Limited is a private limited liability company limited by shares and incorporated and domiciled in England and Wales in the United Kingdom. The registered number is 09210818 and the registered address is 7th Floor, 1 Angel Lane, London, England, EC4R 3AB.

2. Accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The Statement of financial position has been presented using the IFRS presentation. The financial statements have been prepared under the historical cost convention except for Equity Investments which are measured at fair value through profit or loss and in accordance with Companies Act 2006.

The principal accounting policies, which have been consistently applied, are set out below. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- c) the requirements of Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information requirements in respect of:
 - i) Paragraph 79(a)(iv) of IAS 1;
 - ii) Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - iii) Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- d) the requirements of IAS 7 Statement of Cash Flows;
- e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g) The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- h) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations; and
- i) the requirements of IFRS 15 disclosure exemptions from the second sentence of paragraph 110, and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129.

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Accounting policies (continued)**2.2 Going concern**

These financial statements have been prepared on a going concern basis. In preparing the financial statements the directors have taken into account all information that could reasonably be expected to be available for the following 12 months from the date of signing the financial statements and beyond.

The directors have considered the recoverability of its investments in subsidiaries, the net assets, future performance projected, the Company's ongoing cash requirements, amounts owed by Group undertakings, amounts due to Group undertakings and the letter of support received from Mastercard International Incorporated, the intermediate parent company.

As a result of the review and the support from Mastercard International Incorporated, the intermediate parent company, the directors are confident the Company has sufficient resources to continue as a going concern for at least 12 months from the date of signing these financial statements and on this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

2.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

There are no significant judgements and estimates used in the application of the accounting policy.

2.4 New and amended standards adopted by the Company

The Company has applied all standards and amendments, which are mandatory for the 2022 reporting period. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. Certain new accounting standards and interpretations have been published that are not mandatory for the 2022 reporting period and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the financial statements (continued)For the year ended 31 December 2022

2. Accounting policies (continued)**2.5 Foreign exchange***Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Euro, which is the Company's functional currency and presentation currency.

Transactions and balances

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

2.6 Revenue

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue recognition is based on a five-step model which requires, for each customer contract, that the transaction price is apportioned to the separate performance obligations set out in the contract on a relative standalone selling price basis, and recognised as revenue at the point at which control of goods or services is transferred to the customer. In determining the transaction price, variable revenue is included in the transaction price where it is highly probable that it will be realised. Revenue is taken into account where it is expected to be collectible.

The Company's revenue represents share of profits from Mastercard's European business.

Under the IFRS 15 standard, the performance obligation of the Company is to incur support costs. This is recognised over time. The amount of consideration is not known until profit is calculated by the counterparty in the profit share agreement, and revenue is only recognised to the extent it is highly probable not to reverse.

2.7 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of Property, plant and equipment have different useful lives, they are accounted for as separate items of Property, plant and equipment.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of Property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Computer equipment - 3 years
- Fixtures and fittings - 5 years

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

Leasehold improvements are amortised over the shorter of their respective lease periods and estimated useful economic life. The assets' residual values, useful lives and depreciation method are reviewed and adjusted.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the statement of comprehensive income in the period of derecognition.

Notes to the financial statements (continued)For the year ended 31 December 2022

2. Accounting policies (continued)**2.8 Intangible assets**

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Software, Product intellectual property and Other intangibles

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. The remaining Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software - 3 years
- Product intellectual property - 7 years
- Other intangibles - 9 years

Other intangibles are Customer relationships that were acquired as part of 5one acquisition. Amortisation period of 9 years was agreed as part of the valuation.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Accounting policies (continued)**2.9 Financial instruments*****(i) Recognition and initial measurement***

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement***Financial assets******(a) Classification***

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - equity investment; FVOCI - debt investment or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Notes to the financial statements (continued)For the year ended 31 December 2022

2. Accounting policies (continued)**2.9 Financial instruments (continued)****(ii) Classification and subsequent measurement (continued)****Financial assets (continued)****b) Subsequent measurement and gains and losses**

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Accounting policies (continued)**2.9 Financial instruments (continued)*****(iii) Impairment***

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets that do not contain a significant financing component are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.10 Investment in subsidiaries

Investment in subsidiaries are carried at cost less impairment. Gains or losses on disposal of investments are determined by comparing the sale proceeds with the net book value and are recognised in the statement of comprehensive income.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

Notes to the financial statements (continued)For the year ended 31 December 2022

2. Accounting policies (continued)**2.12 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements (continued)For the year ended 31 December 2022

2. Accounting policies (continued)**2.13 Share based employee remuneration**

Mastercard Incorporated operates a number of equity-settled, share-based compensation plans, under which the company receives services from employees as consideration for equity instruments (restricted stock units, performance stock units and stock options). The awards are granted by Mastercard Incorporated and the company has no obligation to settle the awards. The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense. A credit is recognised directly in shareholders' funds. The total amount to be expensed is determined by reference to the fair value of the awards granted;

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non market performance and service conditions are included in assumptions about the number of awards options that are expected to vest.

The fair value of restricted stock units is determined and fixed on the grant date based on the Mastercard Incorporated stock price, adjusted for the exclusion of dividend equivalents. All share-based compensation expenses are recorded in general and operating expenses.

The total expense is recognised straight-line over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

Mastercard Incorporated recharges expense associated with the awards when they vest.

Restricted stock units

A restricted stock unit (RSU) award is denominated in common shares that will be settled either by delivery of common shares or the payment of cash based upon the value of a specified number of common shares. Mastercard Incorporated grants restricted stock units periodically to employees in accordance with the restricted stock unit agreement.

Mastercard's RSUs are time-based awards that typically vest in equal tranches over a three or four year requisite service period. RSUs that were granted in 2020 and 2021 had vesting terms whereby the stock units will vest annually over a four year period. In 2022, Mastercard amended the vesting terms for the March 2022 RSUs awarded and for all future awards, whereby the stock units will now vest annually over a three year period. RSUs that were granted prior to March 2020 typically vested at the end of a three year requisite service period (cliff vesting).

These awards are conditioned upon the employee's continued employment with the company as of the vesting date.

Performance stock units

A performance stock unit (PSU) consists of the right to receive common shares or cash, as provided in the particular award agreement, upon achievement of a performance goal or goals. The performance unit award shall be earned in accordance with the agreement over a performance period. These awards typically vest at the end of a three year performance period (cliff vesting). These awards are conditioned upon the employee's continued employment with the Company and the achievement of the performance goals established by the committee and set forth in the employee's grant statement.

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Accounting policies (continued)**2.13 Share based employee remuneration (continued)****Stock options**

A Stock option (option) shall entitle the participant to receive common shares upon exercise of such option. The committee may provide for grant or vesting of options conditioned upon the performance of services, the achievement of performance goals or the execution of, and/or compliance with, a non competition or non solicitation agreement, or any combination of the above. The exercise price per share for an award shall not be less than the fair market value per share as of the grant date. The option period fixed by the committee for any award shall be no longer than ten years from the option's grant date. The standard rate at which an option shall be exercisable shall be twenty five percent on each of the first four anniversaries of the grant.

2.14 Finance income and expense

Finance expenses include interest payable.

Finance income includes interest receivable on funds invested.

Finance income and expense is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

Foreign currency gains and losses are reported on a net basis as part of operating expense.

2.15 Capital and reserves*Ordinary shares*

Represents the nominal value of shares issued.

Retained earnings

Represents the reserves for net gains and losses recognised in the statement of comprehensive income.

2.16 Income taxes

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)For the year ended 31 December 2022

3. Revenue

	2022 €000	2021 €000
Profit share from Mastercard Europe SA	2,154,658	1,615,750
	<u>2,154,658</u>	<u>1,615,750</u>

No further geographical analysis of revenue, profit before tax or net assets is deemed necessary as the Company's activities take place substantially within Europe and are all part of one business segment being the principal activity of the Company.

4. Operating expenses

	2022 €000	2021 €000
Employee costs (note 6)	221,234	176,240
Depreciation of owned property, plant and equipment (note 12)	2,520	2,365
Amortisation of intangible assets (note 11)	236	124,322
Auditors' remuneration – audit fees (note 5)	63	59
Advertising and marketing expenses	24,245	18,193
Net foreign exchange losses	23,431	4,120
Litigation costs	1,154	(950)
Other operating expenses	53,197	41,908
	<u>326,080</u>	<u>366,257</u>

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)For the year ended 31 December 2022

5. Auditors' remuneration

Audit fees for the financial statements for the year ended 31 December 2022 were €63,000 (2021: €59,000).

The Company incurred costs on behalf of other Mastercard group company audits of €nil (2021: €nil). There were no non-audit fees (2021: €nil) paid to the auditors.

6. Employee costs

Employees are contracted and seconded to Mastercard UK Management Services Limited and costs are recharged to this entity in full; costs received as a recharge are included below with the employee numbers detailed within Mastercard UK Management Services Limited.

Employee costs consist of:

	2022 €000	2021 €000
Wages and salaries	160,081	126,177
Social security costs	22,390	17,284
Other pension costs	10,638	8,972
Share based payment charges	28,125	23,807
	<u>221,234</u>	<u>176,240</u>

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2022

7. Share based employee remuneration

RSU movements during the year

The activity related to share based employee remuneration for permanent staff contracted to Mastercard UK Management Services Limited, as noted in employee costs (note 6), is as follows.

There were 162,111 RSUs as at 1 January 2022, brought forward from previous periods (2021: 178,684). During 2022, 71,996 Mastercard RSUs were awarded (2021: 54,051)

Other movements of RSUs during the year net to a decrease of 93,454 (2021: 70,624) of which 8,221 RSUs were forfeited in the year (2021: 4,825) and 94,280 RSUs were vested (2021: 67,484). The remaining movements relate to transfers in and out. There were 140,653 RSUs outstanding at the reporting date (2021: 162,111). Outstanding awards vest between January 2023 and October 2025, being three years after their grant date.

Due to the nature of these awards, they are exercised at the point of vesting and for nil consideration.

Details of Mastercard RSUs outstanding as at 31 December and their vest dates, are as follows:

Vest date	As at 31 December 2022			As at 31 December 2021		
	RSUs outstanding (no.)	Grant date market value per RSU US \$	Remaining contract life Years	RSUs outstanding (no.)	Grant date market value per RSU US \$	Remaining contract life Years
04/01/2022	-	-	-	43	347.12	-
28/02/2022	-	-	-	63,683	223.58	0.2
01/03/2022	-	-	-	26,925	320.50	0.2
31/03/2022	-	-	-	638	235.35	0.2
17/04/2022	-	-	-	438	238.26	0.3
30/06/2022	-	-	-	951	263.01	0.5
01/07/2022	-	-	-	51	366.38	0.5
30/09/2022	-	-	-	75	267.15	0.7
01/10/2022	-	-	-	337	355.85	0.8
04/01/2023	43	347.12	-	43	347.12	1.0
01/03/2023	47,368	329.42	0.2	26,925	320.50	1.2
01/04/2023	1,081	323.35	0.2	-	-	-
01/07/2023	1,456	314.57	0.5	51	366.38	1.5
01/10/2023	299	355.85	0.8	337	355.85	1.7
03/10/2023	1,082	287.02	0.8	-	-	-
04/01/2024	43	347.12	1.0	43	347.12	2.0
01/03/2024	48,015	328.91	1.2	27,480	319.81	2.2
01/04/2024	788	360.27	1.3	-	-	-
01/07/2024	1,456	314.57	1.5	51	366.38	2.5
01/10/2024	299	355.85	1.8	337	355.85	2.8
03/10/2024	1,091	287.02	1.8	-	-	-
04/01/2025	44	347.12	2.0	44	347.12	3.0
01/03/2025	34,065	347.59	2.2	13,248	358.55	3.2
01/04/2025	789	360.27	2.3	-	-	-
01/07/2025	1,462	314.57	2.5	52	366.38	3.5
01/10/2025	319	355.85	2.8	359	355.85	3.8
03/10/2025	953	286.91	2.8	-	-	-
	140,653			162,111		

For shares vested during the period, the weighted-average share price at the exercise dates was \$357.14 (2021: \$355.83).

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)For the year ended 31 December 2022

7. Share based employee remuneration (continued)**PSU movements during the year**

There were 17,802 PSUs as at 1 January 2022, brought forward from previous periods (2021: 21,175). During 2022, 11,917 Mastercard PSUs were awarded (2021: 8,599).

Other movements of PSUs during the year net to a decrease of 8,907 (2021: 11,972) of which 1,065 were forfeited in the year (2021: none) and none were vested (2021: 7,844). The remaining movement relates to changes in performance and transfers in and out. There were 20,812 PSUs outstanding at the reporting date (2021: 17,802). Outstanding awards vest between March 2023 and March 2025, being three years after their grant date.

Due to the nature of these awards, they are exercised at the point of vesting and for nil consideration.

Details of Mastercard PSUs outstanding as at 31 December and their vest dates, are as follows:

Vest date	As at 31 December 2022			As at 31 December 2021		
	PSUs outstanding (no.)	Grant date market value per PSU US \$	Remaining contract life Years	PSUs outstanding (no.)	Grant date market value per PSU US \$	Remaining contract life Years
28/02/2020	-	-	-	-	-	-
01/03/2023	1,676	291.18	0.2	9,203	291.18	1.2
01/03/2024	7,812	385.39	1.2	8,599	385.39	2.2
01/03/2025	11,324	335.44	2.2	-	-	-
	20,812			17,802		

There were no shares vested during the year, therefore a weighted average share price at exercise date is not applicable for the year (2021: \$353.26).

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)For the year ended 31 December 2022

7. Share based employee remuneration (continued)**Stock option movements during the year**

There were 483,495 options as at 1 January 2022, brought forward from previous periods (2021: 502,768). During 2022, 20,430 Mastercard options were awarded (2021: 15,581).

Other movements of options during the year net to a decrease of 75,249 (2021: 34,854) of which 2,890 were forfeited in the year (2021: none) and 43,186 options were exercised (2021: 34,854). The remaining movement relates to transfers in and out and expirations. There were 428,676 options outstanding at the reporting date (2021: 483,495). Outstanding awards expire between March 2023 and March 2032, being ten years after their grant date.

There were 43,186 options exercised in 2022 (2021: 34,854) at a weighted-average price of \$120.28 (2021: \$123.11). The related weighted average share price at the time of exercise was \$352.60 (2021: \$375.75).

Details of Mastercard stock options outstanding as of 31 December and their vest dates are as follows:

Expiration date	As at 31 December 2022		As at 31 December 2021	
	Options outstanding (no.)	Weighted average remaining contract life Years	Options outstanding (no.)	Weighted average remaining contract life Years
01/03/2021	-	-	-	-
01/03/2022	-	-	9,280	0.2
01/03/2023	11,160	0.2	11,160	1.2
01/03/2024	10,496	1.2	16,444	2.2
01/03/2025	28,197	2.2	43,740	3.2
01/03/2026	111,850	3.2	118,327	4.2
01/03/2027	108,196	4.2	125,214	5.2
01/03/2028	66,779	5.2	72,387	6.2
01/03/2029	39,001	6.3	47,976	7.2
01/03/2030	20,610	7.3	23,386	8.2
01/03/2031	13,684	8.3	15,581	9.2
01/03/2022	18,703	9.3	-	-
	428,676		483,495	

8. Directors' emoluments

The directors did not receive any identifiable emoluments in respect of their services to the Company (2021: €nil). The emoluments of the directors are paid by another entity in the Mastercard group.

The directors are undertaking executive duties on a number of fellow Mastercard subsidiaries, and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)For the year ended 31 December 2022

9. Finance income and expenses

	2022 €000	2021 €000
Finance income		
Interest income from group undertakings	14,381	9,409
	<u>14,381</u>	<u>9,409</u>
Finance expenses		
Finance expense	(1,577)	(3,084)
	<u>(1,577)</u>	<u>(3,084)</u>

10. Tax on profit

Recognised in the statement of comprehensive income

	2022 €000	2021 €000
Current tax		
Current tax on profit for the year	341,302	251,363
Adjustments in respect of prior years	(221)	(1,824)
Total current tax	<u>341,081</u>	<u>249,539</u>
Deferred tax		
Current year deferred tax	7,807	(20,822)
Remeasurement of deferred tax for changes in tax rates	2,465	(39,634)
Adjustments in respect of prior years	1	2
Total deferred tax	<u>10,273</u>	<u>(60,454)</u>
Total tax charge for the year	<u>351,354</u>	<u>189,085</u>

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)For the year ended 31 December 2022

10. Tax on profit (continued)

The tax charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2022 €000	2021 €000
Profit before income tax	1,840,703	1,259,276
Profit before income tax at the standard UK rate of 19% (2021: 19%)	349,733	239,262
Effects of:		
Expenses not deductible for tax purposes	198	731
Remeasurement of deferred tax for changes in tax rates	2,466	(44,631)
Fixed asset differences	37	37
Income not taxable	(271)	(893)
Group relief	(609)	(5,480)
Adjustments in respect of prior years	658	(1,822)
Effect of exchange rate differences	(858)	1,881
Total tax charge for the year	351,354	189,085

Deferred tax (assets) and liabilities are attributable to the following:

	2022 €000	2021 €000
Accelerated capital allowances	(175,690)	(185,963)
	(175,690)	(185,963)

Movement in deferred tax during the year:

	2022 €000	2021 €000
Balance at start of year	(185,963)	(125,509)
Adjustments in respect of prior years	1	2
Deferred tax charge to statement of comprehensive income	10,272	(60,456)
Balance at the end of the year	(175,690)	(185,963)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)For the year ended 31 December 2022

11. Intangible assets

	Goodwill €000	Software €000	Product intellectual property €000	Other intangibles €000	Total €000
Cost					
As at 1 January 2022	5,941	4,290	1,042,296	1,734	1,054,261
As at 31 December 2022	5,941	4,290	1,042,296	1,734	1,054,261
Accumulated amortisation					
As at 1 January 2022	-	4,191	1,042,296	1,381	1,047,868
Charge for the year	-	43	-	193	236
As at 31 December 2022	-	4,234	1,042,296	1,574	1,048,104
Net book value					
As at 31 December 2022	5,941	56	-	160	6,157
As at 31 December 2021	5,941	99	-	353	6,393

The Company purchased 5one Marketing Limited (5one UK) on 29 December 2016, the difference between the assets and liabilities recorded was recognised as goodwill. Following this transaction 5one UK transferred its assets to the Company.

Intangible asset amortisation is recorded in operating expenses in the Statement of comprehensive income.

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)For the year ended 31 December 2022

12. Property, plant and equipment

	Fixtures and fittings €000	Computer equipment €000	Total €000
Cost			
As at 1 January 2022	12	13,142	13,154
Additions	-	4,118	4,118
Disposals	-	(846)	(846)
As at 31 December 2022	12	16,414	16,426
Accumulated depreciation			
As at 1 January 2022	12	10,283	10,295
Charge for the year	-	2,520	2,520
Disposals	-	(810)	(810)
As at 31 December 2022	12	11,993	12,005
Net book value			
As at 31 December 2022	-	4,421	4,421
As at 31 December 2021	-	2,859	2,859

During the year, the Company made a loss on the disposal of equipment in the amount of €35,867. This has been recognised in the Statement of comprehensive income.

13. Loan receivable

	2022 €000	2021 €000
Amount owed by group undertakings	865,000	865,000
	865,000	865,000

A loan of €700,000,000 was granted by the Company to Mastercard/Europay U.K. Limited on 5 March 2021. The loan matures on 5 March 2031, bears interest at 1.56% per annum and is unsecured.

A loan of €165,000,000 was granted by the Company to Mastercard/Europay U.K. Limited on 29 October 2021. The loan matures on 27 October 2031, bears interest at 1.56% per annum and is unsecured.

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)For the year ended 31 December 2022

14. Financial assets at fair value through profit or loss

Fair value of financial assets	€000
As at 1 January 2022	7,460
Disposals	(2,120)
Fair value loss to profit or loss account	(679)
As at 31 December 2022	<u>4,661</u>

Current year disposals consist of the investment in Apis Growth Fund II L.P. and the investment in Masabi Group Limited.

The fair value loss to profit or loss consists of:

- a fair value loss of €679,000 (2021: €3,421,000) on the investment in Masabi Group Limited, driven by the convertible loan repayment plan signed with the Company.
- a fair value gain of €nil (2021: €37,000) on the investment in Divido Financial Services Limited.

The Company had the following investments as of 31 December:

Name	Address	Country of incorporation	Percentage Held 2022	Percentage Held 2021	Value of investment 2022 €000	Principal activity	Type of company
Masabi Group Limited	37 Bevenden Street, London, England, N1 6BH	UK	7.64%	7.64%	2,020	Trading company	Private Limited Company
Divido Financial Services Limited	Office 7, 35-37 Ludgate Hill, London, England, EC4M 7JN	UK	2.02%	3.00%	1,286	Trading company	Private Limited Company
Lyfpay	4 rue Frédéric-Guillaume Raiffeisen, 67000 Strasbourg, France	France	2.50%	2.53%	457	Trading company	Private Limited Company
Apis Growth Fund II L.P.	7th Floor, 8 Lancelot Place, London, United Kingdom, SW7 1DR	UK	0.14%	0.14%	898	Trading fund	Limited Partnership

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)For the year ended 31 December 2022

15. Trade and other receivables

	2022 €000	2021 €000
Amounts owed by group undertakings	422,976	480,994
VAT receivable	5,092	5,674
Corporation tax recoverable	69,150	33,171
Other receivables	1,013	1,945
Prepayments	6,589	4,654
	<u>504,820</u>	<u>526,438</u>

Amounts owed by group undertakings are unsecured, non-interest bearing, repayable on demand and have no fixed date of repayment.

16. Called up share capital

	2022 €000	2021 €000
Allotted and fully paid		
1 (2021: 1) Ordinary shares of £1 each	<u>-</u>	<u>-</u>

17. Loan payable

	2022 €000	2021 €000
Amounts owed to group undertakings	<u>126,000</u>	<u>60,000</u>

A loan of €126,000,000 was granted by Mastercard AP Financing Pte. Limited to the Company on 20 December 2021. The loan has no end date, bears interest at 1.78% per annum and is unsecured.

18. Trade and other payables

	2022 €000	2021 €000
Trade payables	13,113	6,106
Amounts owed to group undertakings	173,578	216,238
Other payables	2,458	2,006
Accruals	557	22,535
	<u>189,706</u>	<u>246,885</u>

Amounts owed to group undertakings are unsecured, non-interest bearing, repayable on demand and have no fixed date of repayment.

MASTERCARD EUROPE SERVICES LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2022

19. Dividends

The directors declared and paid the following dividends during the year:

- 22 February 2022 : €59,964,400 (being €59,964,400 per ordinary share)
- 26 May 2022 : €49,631,184 (being €49,631,184 per ordinary share)
- 15 June 2022 : €400,000,000 (being €400,000,000 per ordinary share)
- 30 August 2022 : €117,345,900 (being €117,345,900 per ordinary share)
- 15 September 2022 : €350,000,000 (being €350,000,000 per ordinary share)
- 02 November 2022 : €58,067,190 (being €58,067,190 per ordinary share)
- 15 December 2022 : €450,000,000 (being €450,000,000 per ordinary share)

(2021: total dividends of €976,881,770 being €976,881,770 per ordinary share)

20. Contingencies

UK commercial class litigation

In August 2022 Mastercard was served with a proposed collective action in the United Kingdom on behalf of merchants seeking damages for commercial card transactions and inter-regional consumer card transactions in the UK and EU with claimed damages of approximately £500m. On 15 May 2023 the court refused to certify the claim. Once the written decision is issued the class representative will be allowed a period of time (likely 6 months) to submit a revised application requesting class certification. If the class representative does not submit a revised application the case ends. If an application is submitted and rejected that also ends the case. If the application is submitted and allowed, subject to any appeal, the case will proceed to trial.

The UK entities listed on the claim form in relation to this litigation are Mastercard Europe Services Limited, Mastercard UK Management Services Limited and Mastercard/Europay U.K. Limited.

21. Related parties

The Company is exempt the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of the group.

22. Immediate and ultimate holding company

The Company's immediate parent undertaking is Mastercard Holdings LP, a company incorporated and domiciled in the United Kingdom.

The ultimate parent undertaking and controlling party is Mastercard Incorporated, a company incorporated and domiciled in the United States of America.

Mastercard Incorporated is the parent of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2022. The consolidated financial statements of Mastercard Incorporated are available from its registered office at 2000 Purchase Street, Purchase, New York.

23. Events after the reporting year

Dividend distribution

- On 9 March 2023, a dividend of €112,220,232 was distributed to the parent company.
- On 21 March 2023, a dividend of €210,000,000 was distributed to the parent company.
- On 9 June 2023, a dividend of €450,000,000 was distributed to the parent company.