

Mastercard Incorporated

First Quarter 2023 Financial Results Conference Call

April 27, 2023



Business Update

————— Key Trends

————— Business Highlights

————— Financial Overview



1st Quarter Selected Financial Performance

(\$ in millions, except per share data)

| | 1Q 23 | 1Q 22 | YOY Growth | |
|----------------------------------|----------|-------------------|-------------|------------------|
| | Non-GAAP | Non-GAAP | As adjusted | Currency-neutral |
| Adjusted net revenue | \$ 5,748 | \$ 5,136 | 12% | 15% |
| Adjusted operating expenses | 2,401 | 2,182 | 10% | 12% |
| Adjusted operating income | 3,347 | 2,954 | 13% | 17% |
| <i>Adjusted operating margin</i> | 58.2 % | 57.5 % | 0.7 ppt | 1.0 ppt |
| Adjusted net income | \$ 2,678 | \$ 2,702 | (1)% | 2% |
| Adjusted diluted EPS | \$ 2.80 | \$ 2.76 | 1% | 4% |
| Adjusted effective tax rate | 18.3% | 5.3% ¹ | | |

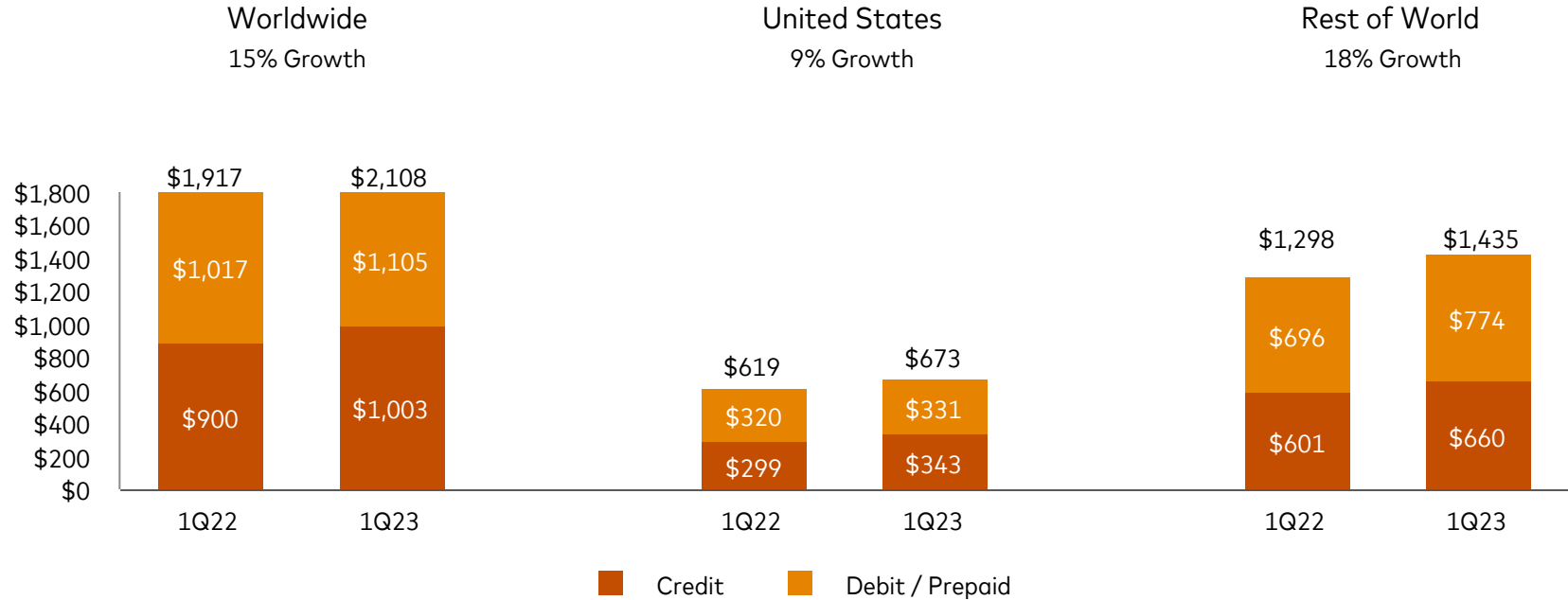
¹Includes an 11.7 percentage point discrete tax benefit due to final U.S. tax regulations resulting in a valuation allowance release of \$333 million associated with the U.S. foreign tax credit carryforward deferred tax asset.

Note: See Appendix A for Non-GAAP reconciliation.



1st Quarter Gross Dollar Volume (GDV)

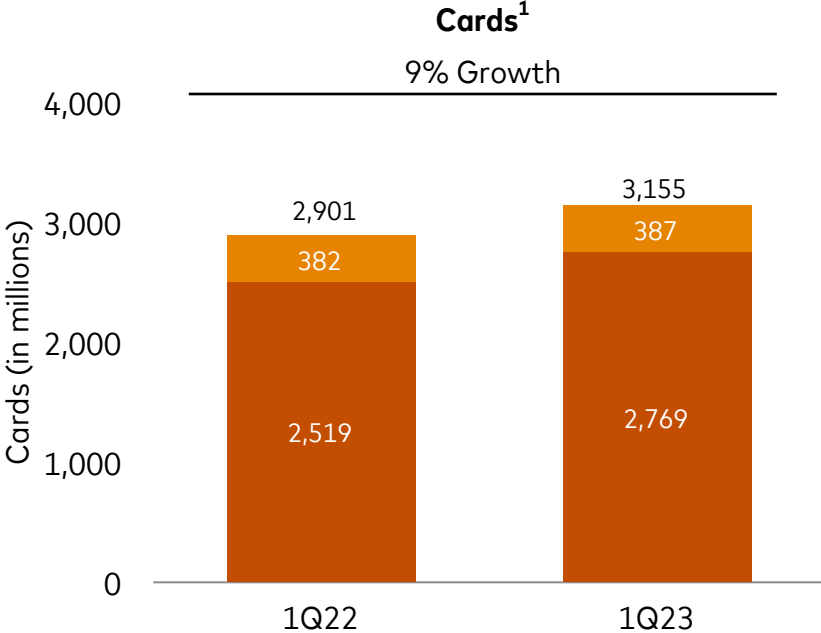
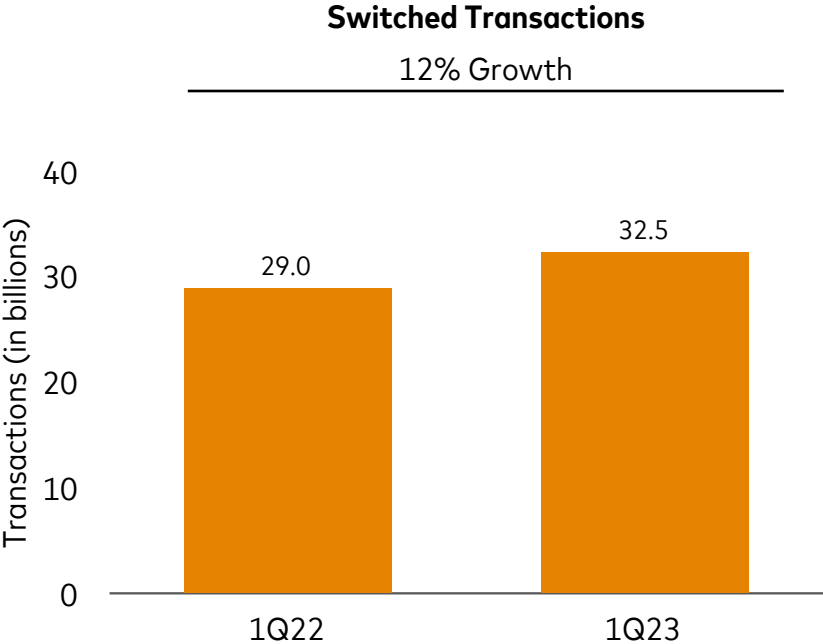
(\$ in billions)



Notes: Growth rates are shown in local currency.
Figures may not sum due to rounding.
Subsequent to the suspension of our business operations in Russia in March 2022, there is no Russian data to be reported.



1st Quarter Switched Transactions and Cards



■ Mastercard Cards ■ Maestro Cards

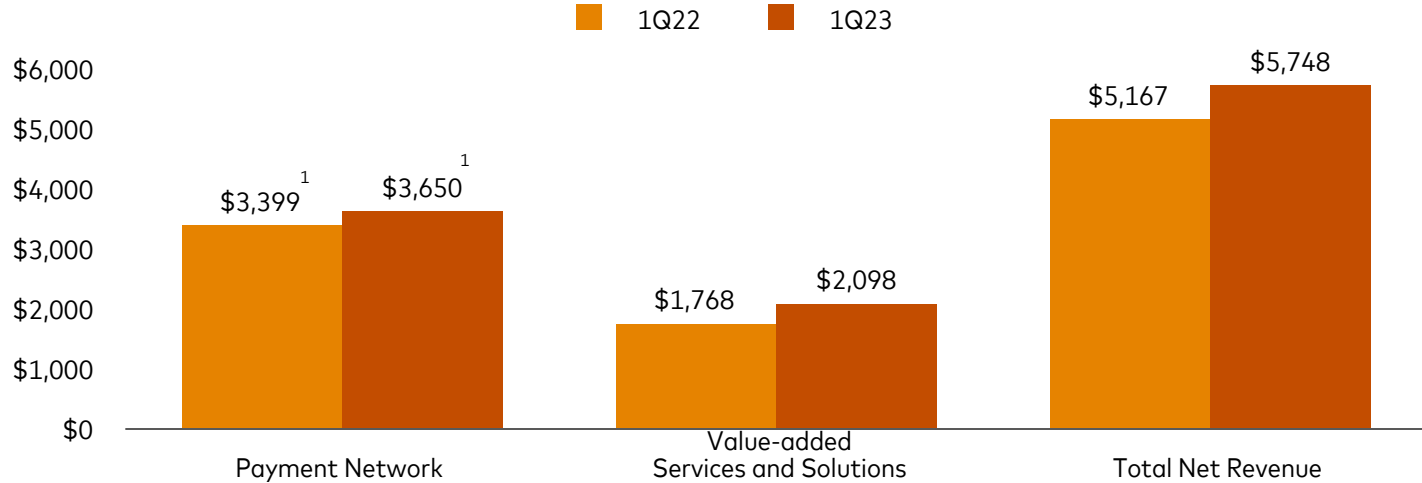
¹Subsequent to the suspension of our business operations in Russia in March 2022, there is no Russian data to be reported.

Note: Figures may not sum due to rounding.



1st Quarter Net Revenue

(\$ in millions)



| | Payment Network | Value-added Services and Solutions | Total Net Revenue |
|----------------------------------|-----------------|------------------------------------|-------------------|
| GAAP | 7% | 19% | 11% |
| Currency-neutral | 10% | 21% | 14% |
| Adjusted Currency-neutral | | | 15% |

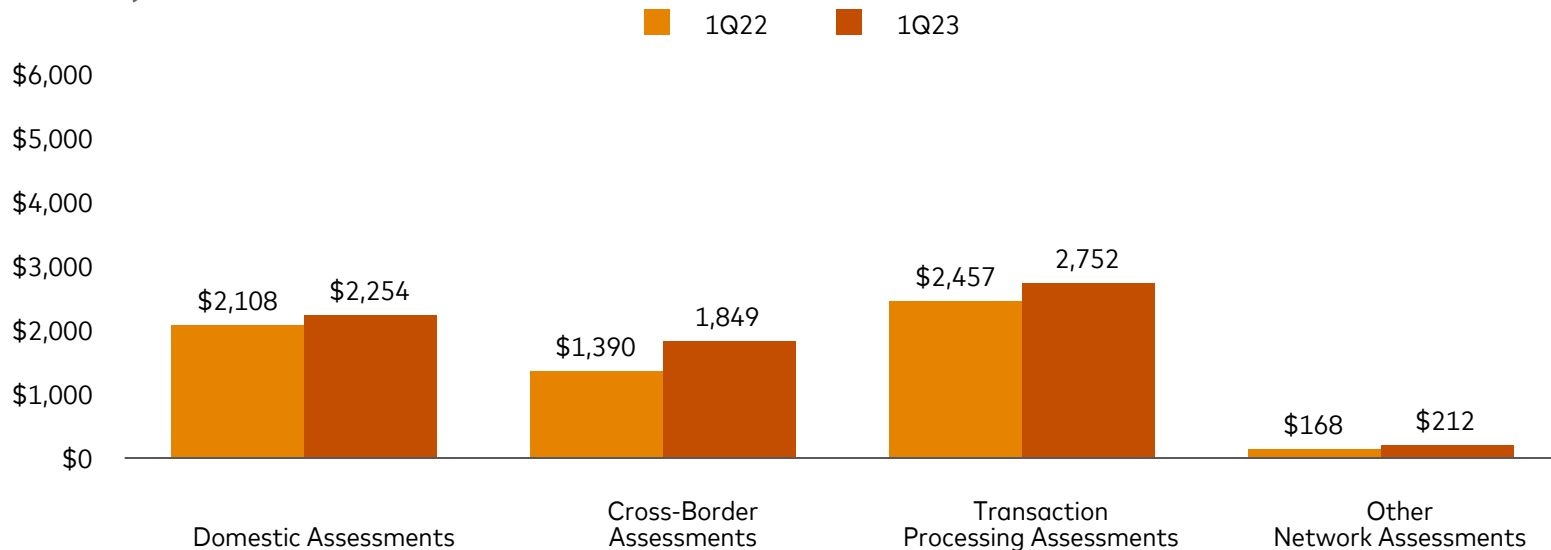
¹Payment Network is presented net of rebates and incentives of \$3,417 million and \$2,724 million for Q1'23 and Q1'22, respectively, which grew by 25% or 28% on a currency-neutral basis.

Note: Q1'22 Rebates and Incentives includes the benefit of a \$30 million Special Item for Russia-related impacts as described in Appendix A.



1st Quarter Key Metrics related to the Payment Network

(\$ in millions)



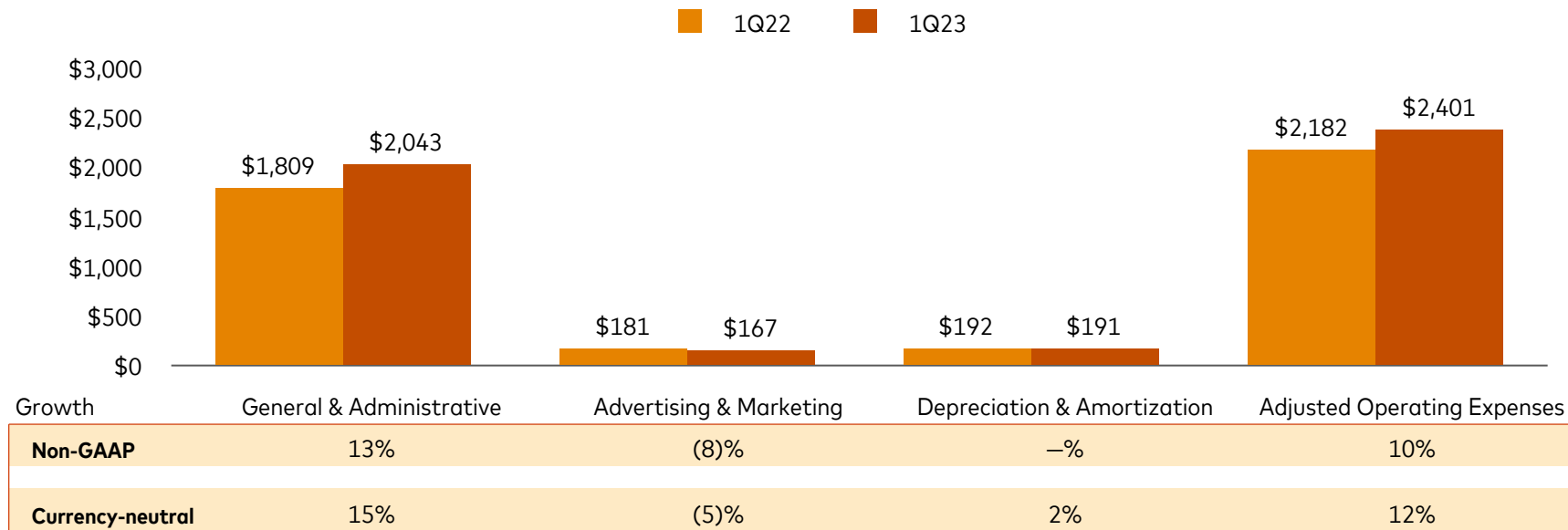
| | | | | |
|---|----|-----|-----|-----|
| Increase/(Decrease) | 7% | 33% | 12% | 26% |
| Increase/(Decrease) Currency-neutral | 9% | 39% | 14% | 28% |

Note: See Appendix D for Payment Network Key Metrics Definitions.



1st Quarter Adjusted Operating Expenses

(\$ in millions)



Note: See Appendix A for Non-GAAP reconciliation. Figures may not sum due to rounding.



Business Update Through April 21st

| | Year-over-year growth % | | | | | | Current period as a percentage of 2019 ^{1,2} | | | | |
|--|-------------------------|------------|------------|------------|------------|------------|---|-------------|-------------|-------------|-------------|
| | 2022 | 2023 | | | | 2023 | | | | | |
| | Q4 | Jan | Feb | Mar | Q1 | Apr 21 MTD | Jan | Feb | Mar | Q1 | Apr 21 MTD |
| Switched volume³ | 14% | 19% | 17% | 17% | 18% | 17% | 181% | 181% | 175% | 179% | 177% |
| United States | 9% | 12% | 10% | 7% | 10% | 7% | 161% | 158% | 150% | 156% | 154% |
| Worldwide less U.S. | 19% | 25% | 22% | 25% | 24% | 26% | 200% | 203% | 200% | 201% | 200% |
| Switched transactions | 8% | 11% | 9% | 16% | 12% | 18% | 171% | 168% | 164% | 168% | 164% |
| Cross-border volume³ | 31% | 42% | 36% | 30% | 35% | 29% | 167% | 171% | 168% | 168% | 171% |
| Intra-Europe | 24% | 37% | 32% | 28% | 32% | 24% | 178% | 182% | 177% | 179% | 184% |
| Other Cross-border | 38% | 46% | 41% | 31% | 39% | 34% | 157% | 162% | 160% | 160% | 160% |
| XB CNP ex travel | 8% | 8% | 13% | 17% | 13% | 17% | 205% | 212% | 207% | 208% | 209% |
| XB Travel (CP + CNP travel) | 59% | 84% | 60% | 41% | 59% | 38% | 146% | 150% | 147% | 148% | 152% |

1. Normalized to eliminate the effects of differing switching and carryover days between periods, as needed.

2. Represents volume or transactions expressed as a percentage of the comparable 2019 amounts, adjusted for currency impacts.

3. Mastercard-branded programs only; on a local currency basis.



Looking Ahead

————— Thoughts for 2023



Appendices



Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

| | Three Months Ended March 31, 2023 | | | | | | | |
|---|-----------------------------------|--------------------|------------------|------------------|------------------------|---------------------------|-----------------|----------------------------|
| | Net revenue | Operating expenses | Operating income | Operating margin | Other income (expense) | Effective income tax rate | Net income | Diluted earnings per share |
| Reported - GAAP | \$ 5,748 | \$ 2,612 | \$ 3,136 | 54.6 % | \$ (283) | 17.2 % | \$ 2,361 | \$ 2.47 |
| (Gains) losses on equity investments ¹ | ** | ** | ** | ** | 212 | — % | 176 | 0.18 |
| Litigation provisions ² | ** | (211) | 211 | 3.7 % | ** | 1.1 % | 140 | 0.15 |
| Adjusted - Non-GAAP | <u>\$ 5,748</u> | <u>\$ 2,401</u> | <u>\$ 3,347</u> | <u>58.2 %</u> | <u>\$ (71)</u> | <u>18.3 %</u> | <u>\$ 2,678</u> | <u>\$ 2.80</u> |

| | Three Months Ended March 31, 2022 | | | | | | | |
|---|-----------------------------------|--------------------|------------------|------------------|------------------------|---------------------------|-----------------|----------------------------|
| | Net revenue | Operating expenses | Operating income | Operating margin | Other income (expense) | Effective income tax rate | Net income | Diluted earnings per share |
| Reported - GAAP | \$ 5,167 | \$ 2,217 | \$ 2,950 | 57.1 % | \$ (177) | 5.1 % | \$ 2,631 | \$ 2.68 |
| (Gains) losses on equity investments ¹ | ** | ** | ** | ** | 76 | 0.2 % | 67 | 0.07 |
| Russia-related impacts ³ | (30) | (34) | 4 | 0.4 % | ** | — % | 3 | — |
| Adjusted - Non-GAAP | <u>\$ 5,136</u> | <u>\$ 2,182</u> | <u>\$ 2,954</u> | <u>57.5 %</u> | <u>\$ (101)</u> | <u>5.3 %</u> | <u>\$ 2,702</u> | <u>\$ 2.76</u> |

Note: Figures may not sum due to rounding.

** Not applicable.

¹ Q1'23 pre-tax net losses of \$212 million and Q1'22 pre-tax net losses of \$76 million were primarily related to unrealized fair market value adjustments on marketable and nonmarketable equity securities.

² Q1'23 pre-tax litigation charges of \$211 million as a result of a change in estimate related to the claims of merchants who opted out of the U.S. merchant class litigation.

³ Q1'22 pre-tax charges of \$4 million were directly related to imposed sanctions and the suspension of our business operations in Russia. The net charge is comprised of general and administrative expenses of \$34 million primarily related to reserves on uncollectible balances with certain sanctioned customers, offset by a net benefit of \$30 million in net revenue, primarily related to a reduction in payment network rebates and incentives liabilities as a result of lower estimates of customer performance for certain customer business agreements due to the suspension of our business operations in Russia.



Appendix A (continued)

Non-GAAP Reconciliation

Three Months Ended March 31, 2023 as compared to the Three Months Ended March 31, 2022

| | Increase/(Decrease) | | | | | | |
|---|---------------------|--------------------|------------------|------------------|---------------------------|------------|----------------------------|
| | Net revenue | Operating expenses | Operating income | Operating margin | Effective income tax rate | Net income | Diluted earnings per share |
| Reported - GAAP | 11 % | 18 % | 6 % | (2.5) ppt | 12.1 ppt | (10)% | (8)% |
| (Gains) losses on equity investments ¹ | ** | ** | ** | ** | (0.2) ppt | 4 % | 4 % |
| Litigation provisions ² | ** | (10)% | 7 % | 3.7 ppt | 1.1 ppt | 5 % | 5 % |
| Russia-related impacts ³ | 1 % | 2 % | – % | (0.4) ppt | – ppt | – % | – % |
| Adjusted - Non-GAAP | 12 % | 10 % | 13 % | 0.7 ppt | 13.0 ppt | (1)% | 1 % |
| Currency impact ⁴ | 3 % | 2 % | 3 % | 0.3 ppt | 0.3 ppt | 3 % | 3 % |
| Adjusted - Non-GAAP - currency-neutral | 15 % | 12 % | 17 % | 1.0 ppt | 13.3 ppt | 2 % | 4 % |

Note: Figures may not sum due to rounding.

** Not applicable.

¹ Q1'23 pre-tax net losses of \$212 million and Q1'23 pre-tax net losses of \$76 million were primarily related to unrealized fair market value adjustments on marketable and nonmarketable equity securities.

² Q1'23 pre-tax litigation charges of \$211 million as a result of a change in estimate related to the claims of merchants who opted out of the U.S. merchant class litigation.

³ Q1'22 pre-tax charges of \$4 million were directly related to imposed sanctions and the suspension of our business operations in Russia. The net charge is comprised of general and administrative expenses of \$34 million primarily related to reserves on uncollectible balances with certain sanctioned customers, offset by a net benefit of \$30 million in net revenue, primarily related to a reduction in payment network rebates and incentives liabilities as a result of lower estimates of customer performance for certain customer business agreements due to the suspension of our business operations in Russia.

⁴ Represents the translational and transactional impact of currency and the related impact of the company's foreign exchange derivative contracts designated as cash flow hedging instruments.



Appendix B

Non-GAAP Reconciliation

2023 financial outlook

| | Prior 2023 vs. 2022 Increase/(Decrease) | | Updated 2023 vs. 2022 Increase/(Decrease) | |
|--|--|--------------------------------|--|--------------------------------|
| | Net Revenue | Operating Expenses | Net Revenue | Operating Expenses |
| Forecasted Growth - GAAP¹ | Low-teens | Mid-single-digits | Low-teens | High-single-digits |
| Litigation provisions ^{2,3} | ** | 4% | ** | 2% |
| Russia-related impacts ⁴ | -% | 1% | -% | 1% |
| Non-GAAP Growth | Low-teens | Low-end of low-double-digits | Low-teens | Low-end of low-double-digits |
| Currency impact ⁵ | ~(1)% | (1)% | ~(1)% | ~0% |
| Acquisitions ⁶ | 0% | (0-1)% | ~0% | ~(1)% |
| Non-GAAP Growth, currency-neutral, excl. acq. | High-end of low-double-digits | High-end of high-single-digits | Low-teens | High-end of high-single-digits |

** Not applicable.

¹ GAAP - FY2023 forecast versus FY2022 reported results.

Full Year Special Items

² Impact of FY2022 provisions for litigation (\$356M).

³ Impact of FY2023 provisions for litigation (\$211M).

⁴ Impact of FY2022 Russia-related impacts (\$37M) in net revenue and (\$67M) in operating expenses.

Other Notes

⁵ Represents the projected translational and transactional impact of currency and the related impact of the company's foreign exchange derivative contracts designated as cash flow hedging instruments.

⁶ Acquisitions completed after the beginning of 2022.



Appendix C

Non-GAAP Reconciliation

Second quarter 2023 financial outlook

| | Q2'23 vs. Q2'22 Increase/(Decrease) | |
|--|--|-------------------------------|
| | Net Revenue | Operating Expenses |
| Forecasted Growth - GAAP¹ | High-end of low-double-digits | Mid-single-digits |
| Litigation provisions² | ** | 6% |
| Russia-related impacts³ | -% | 2% |
| Non-GAAP Growth | High-end of low-double-digits | High-end of low-double-digits |
| Currency impact⁴ | ~0% | 0-1% |
| Acquisitions⁵ | ~0% | (0-1%) |
| Non-GAAP Growth, currency-neutral, excluding acquisitions | High-end of low-double-digits | High-end of low-double-digits |

** Not applicable.

¹ GAAP - Q2'23 forecast versus Q2'22 reported results.

Second Quarter Special Items

² Impact of \$133M as a result of an increase in estimate in Q2 2022 related to the claims of merchants who opted out of the U.S. merchant class litigation.

³ Impact of Q2'22 Russia-related impacts (\$33M) in operating expenses primarily related to incremental employee-related costs, offset by a net benefit of (\$6M) in net revenue, primarily related to a reduction in payment network rebates and incentives liabilities as a result of lower estimates of customer performance for certain customer business agreements due to the suspension of our business operations in Russia.

Other Notes

⁴ Represents the projected translational and transactional impact of currency and the related impact of the company's foreign exchange derivative contracts designated as cash flow hedging instruments.

⁵ Acquisitions completed after the beginning of 2022.



Key Metrics related to the Payment Network

- **Domestic assessments** are charges based on activity related to cards that carry the Company's brands where the merchant country and the country of issuance are the same. These assessments are primarily driven by the domestic dollar volume of activity (e.g., domestic purchase volume, domestic cash volume) or the number of cards issued.
- **Cross-border assessments** are charges based on activity related to cards that carry the Company's brands where the merchant country and the country of issuance are different. These assessments are primarily driven by the cross-border dollar volume of activity (e.g., cross-border purchase volume, cross-border cash volume).
- **Transaction processing assessments** are charges primarily driven by the number of switched transactions on our payment network. Switching activities include:
 - Authorization, the process by which a transaction is routed to the issuer for approval
 - Clearing, the determination and exchange of financial transaction information between issuers and acquirers after a transaction has been successfully conducted at the point of interaction
 - Settlement, which facilitates the determination and exchange of funds between partiesThese assessments can also include connectivity services and network access which are based on the volume of data transmitted and the number of authorization and settlement messages.
- **Other network assessments** are charges for licensing, implementation and other franchise fees.



Appendix E

Business Update Through April 21st Excluding Russia¹

| | Year-over-year growth % | | | | | | Current period as a percentage of 2019 ^{2,3} | | | | |
|--|-------------------------|------------|------------|------------|------------|--------------|---|-------------|-------------|-------------|-------------|
| | 2022 | 2023 | | | | | 2023 | | | | |
| | Q4 | Jan | Feb | Mar | Q1 | April 21 MTD | Jan | Feb | Mar | Q1 | Apr 21 MTD |
| Switched volume⁴ | 20% | 25% | 22% | 18% | 21% | 17% | 187% | 186% | 180% | 184% | 182% |
| United States | 9% | 12% | 10% | 7% | 10% | 7% | 161% | 158% | 150% | 156% | 154% |
| Worldwide less U.S. | 30% | 36% | 32% | 28% | 32% | 26% | 214% | 216% | 213% | 214% | 211% |
| Switched transactions | 18% | 21% | 19% | 19% | 20% | 18% | 182% | 180% | 176% | 179% | 175% |
| Cross-border volume⁴ | 37% | 47% | 42% | 33% | 40% | 29% | 172% | 175% | 172% | 173% | 174% |
| Intra-Europe | 26% | 39% | 33% | 29% | 34% | 24% | 180% | 183% | 178% | 180% | 185% |
| Other Cross-border | 48% | 56% | 51% | 37% | 47% | 34% | 165% | 168% | 166% | 166% | 165% |
| XB CNP ex travel | 12% | 13% | 18% | 18% | 16% | 17% | 209% | 216% | 211% | 212% | 213% |
| XB Travel (CP + CNP travel) | 66% | 92% | 67% | 46% | 65% | 38% | 151% | 153% | 151% | 152% | 156% |

1. Starting in the first quarter of 2022, as a result of imposed sanctions and the suspension of our business operations in Russia, we have provided adjusted growth rates for our key operating metrics excluding activity from Russian issued cards from the prior periods.

2. Represents volume or transactions expressed as a percentage of the comparable 2019 amounts, adjusted for currency impacts.

3. Normalized to eliminate the effects of differing switching and carryover days between periods, as needed.

4. Mastercard-branded programs only; on a local currency basis.

April 27, 2023

