Mastercard Payment Services Denmark A/S

Arne Jacobsens Allé 13
2300 København S
Denmark

CVR no. 40 69 58 69

Annual report 2023

The annual report was presented and approved at the Company's annual general meeting on

30 May 2023

Susanne Brønnum-Hyttel
Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Mastercard Payment Services Denmark A/S for the financial year 1 January – 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 27 March 2024
Executive Board:

Lars Asger Mørk Petersen
CEO

Board of Directors:

Susanne Brønnum-Hyttel Chairman	Erik Jozef Stessens	Erik Anders Gutwasser
Allan Udesen	Alison Kay Whittaker	Pia Holm

Independent auditor's report

To the shareholder of Mastercard Payment Services Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Mastercard Payment Services Denmark A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's Responsibilities for 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 auditor's 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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 27 March 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Henrik Kyhnauv
State Authorised
Public Accountant
mne40028

Management's review

Company details

Mastercard Payment Services Denmark A/S
Arne Jacobsens Allé 13
2300 København S
Denmark

CVR no.:	40 69 58 69
Established:	5 August 2019
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Susanne Brønnum-Hyttel, Chairman
Erik Jozef Stessens
Erik Anders Gutwasser
Allan Udesen
Alison Kay Whittaker
Pia Holm

Executive Management

Lars Asger Mørk Petersen, CEO

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
CVR no. 33 77 12 31

Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue	1,661,069	1,636,973	1,605,291	1,474,534	0
Profit/loss before financial income and expenses	103,127	211,426	335,353	459,818	-20
Profit/loss from financial income and expenses	22,998	-6,943	-9,296	46	0
Profit/loss before tax	126,124	204,483	326,057	459,864	-20
Profit/loss for the year	80,986	188,606	-737,707	2,985,878	-20
Total assets	1,783,665	3,058,273	2,864,145	3,496,350	1,195
Equity	1,333,807	2,559,724	2,586,118	3,323,825	1,180
Investment in property, plant and equipment	2,040	102,921	7,167	0	0
Ratios					
Profit margin	6%	13%	21%	31%	0%
Return on equity	6%	16%	-25%	180%	-2%
Solvency ratio	75%	84%	90%	95%	99%

The financial ratios have been calculated as follows:

Profit margin	$\frac{\text{Result before financial income and expenses/loss x 100}}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year-end x 100}}{\text{Total equity and liabilities at year-end}}$

Management's review

Operating review

Principal activities

Mastercard Payment Services Denmark A/S ("Mastercard Payment Services"), established in 2021 following Mastercard's acquisition of Nets' Corporate Services business, specializes in account-to-account payment transactions and clearing services.

Key services include Betalingsservice, facilitating direct debit bill payments for consumers, and Leverandørservice, enabling businesses to collect recurring payments. The solutions include file-based payments for corporate companies (such as salary and wealth care payments), payments for online and mobile banking as well as payment reconciliation for creditors.

Operating review

The Company's revenue for the year amounted to DKK 1,661 million (2022: DKK 1,637 million) and is in line with Management's expectations. It is expected to remain stable in 2024.

The profit before tax amounted to DKK 126 million (2022: DKK 204 million) reflecting a 38% decrease from the previous year due to activities relating to compliance framework strengthening and the integration activities of the payment platforms from Nets to Mastercard, with ongoing costs expected until the TSA exit in 2025.

Management assessed the Company's performance for the year as satisfactory.

In 2023, Susanne Brønnum-Hyttel, an experienced finance and fintech professional, joined the Company as a Chairman of the Board of Directors.

Principal risks and uncertainties

Risk Governance

The Board of Directors is responsible for the overall governance in the Company, it oversees the risk profile and approves strategies to mitigate risks and uncertainties.

The "Three Lines of Defense" model

Mastercard Payment Services adopts a "Three Lines of Defense" model for corporate governance. It is used to structure roles, responsibilities, and accountability relating to risk and internal controls.

First Line – Identify, assess, and manage risks

The Business, Operations, and Technology teams constitute the First Line of Defense, responsible for identifying, measuring, managing, and reporting risks within their functions to minimize the likelihood of unidentified risks. Additionally, formal internal control procedures are implemented to operate and comply with applicable laws and regulations, as governed by the licensed legal entity's regulatory requirements.

Second Line – Oversee, report, monitor and ensure compliance

The Second Line of Defense includes compliance and risk functions, which operate independently. Compliance functions encompass Legal Compliance, Regulatory Affairs, Regulatory Compliance, and Privacy & Data Protection. Risk functions include Risk Management, Enterprise Resilience, and Corporate Security. They provide objective challenges, ensuring compliance with laws and regulations through policy implementation, compliance monitoring and Executive Directors reporting.

Management's review

Operating review

Third Line – Independent assurance

Internal Audit serves as the Third Line of Defense, providing independent assurance of risk and control functions. It conducts audits related to Mastercard Payment Services, covering IT controls, business processes, and projects. Audit findings are reported to managers, Management, and the Board of Directors. The Company adopts an enterprise-wide risk management approach and conducts annual independent key controls testing to ensure effectiveness.

Key risks

Mastercard Payment Services continues to monitor and prioritize a strong focus on all risks and uncertainties associated with operating advanced digital payment services:

- Integration
- Business Resilience and Recovery
- Cyber Security
- Competition and Technology
- Regulatory Affairs
- Brand and Reputation.

Integration

The integration of Mastercard Payment Services into Mastercard has been initiated following MPS acquisition and is in progress. Transitional Service Agreements (TSA) are in place to facilitate a controlled migration from Nets to Mastercard until the full completion of the migration of services to Mastercard contracted Data Centers. Once complete, service operations will fully transition to Mastercard teams and partners for 24/7 support. Managing internal technical requirements and customer commitments is crucial to minimizing disruption. The integration program is led by a Mastercard Cabinet, ensuring strong governance, and phased migration with minimal impact on customers.

Business Resilience and Recovery

Mastercard Payment Services ensures dependable payment platforms with continuous availability. Our resilience strategy, supported by robust procedures, includes regular business impact analyses and quarterly reporting to Executive Management. We maintain assurance through the Three Lines of Defense model.

Cyber Security

Cybersecurity remains a fast-evolving threat, especially in financial and payment services. Continuous security monitoring and testing are crucial for safe operations. Mastercard Payment Services collaborates with its stakeholders to understand and address threats, ensuring resilience through robust defenses and alignment with security standards. It is a member of the Nordic Financial CERT (NFCERT) community, enhancing collaboration and access to threat intelligence. We're improving security governance, evolving our Information Security Management System (ISMS), fostering a cybersecurity culture, conducting awareness activities, and training, and enhancing vendor management and monitoring.

Management's review

Operating review

Competition and Technology

Intense competition and industry transformation pose significant risks to our business. The payment industry faces competition from various players and evolving technologies. Changes in regulations and technology advancements could disrupt our operations. To mitigate these risks, we prioritize customer needs, focus on modernizing existing services, and invest in attracting and retaining technology experts. Leveraging Mastercard's expertise globally, we aim to expand our offerings and stay competitive in the market.

Regulatory Affairs

Mastercard Payment Services is authorized as a payment institution under the Danish Payments Act and supervised by the Danish Financial Services Authority (DFSA). Additionally, as a provider of critical infrastructure services for DK clearing systems, it falls under regulation on shared data centers and DFSA supervision. Betalingsservice, its direct debit scheme, is supervised by the Danish Central Bank as critical financial infrastructure.

The Regulatory Affairs team oversees compliance with regulations, reporting to the Executive Committee, Risk Committee, and Board of Directors. Privacy and Legal Compliance teams manage GDPR and AML/CFT obligations, respectively. The Company operates under a governance framework, ensuring compliance with the Three Lines of Defense model. Recent regulatory obligations include authorization as an IT-operator of retail payment systems and compliance with the Danish Capital Markets Act for critical infrastructure services provision.

Brand and Reputation

The reputation of Mastercard Payment Services and perceptions of our brand are crucial assets. Negative perceptions or lack of visibility can significantly impact our business. Operating critical payment infrastructure exposes us to reputational risks, including scrutiny and publicity. Actions by customers or others can also affect industry perception. To mitigate risks, we focus on maintaining positive industry perceptions and strong stakeholder relationships.

Corporate Social Responsibility

This statutory statement on corporate social responsibility (CSR) – cf. sections 99a, 99b, and 99d of the Danish Financial Statements Act – covers the financial period from 1 January to 31 December 2023.

Our business model is described on page 7.

As an integral part of the global Mastercard network, we adhere to Mastercard's policies and procedures while leveraging and contributing to the Global Environmental, social, and governance (ESG) strategy.

Mastercard Global Strategy

We are powering economies and empowering people, building a sustainable world where everyone prospers. Environmental, social and governance (ESG) matters are core to our business strategy and are designed to drive long-term value for our stockholders. Our strategy, rooted in our global parent company, focuses on three pillars: People, Prosperity, and Planet, based on strong governance principles. We leverage our employees, technology, resources, partnerships, and expertise to drive positive, lasting impact while at the same time creating markets for the future.

Management's review

Operating review

People

At Mastercard, we are on a journey to create an inclusive workplace and world where everyone has an opportunity to succeed. One of our goals is to close the gap between female and male global median pay at Mastercard. We also want to educate 5 million girls, ages 8-16, in STEM through our Girls4Tech program by 2025. Through these and other diversity, equity, and inclusion goals, we constantly strive to empower people to reach their full potential within our workplace and worldwide.

Prosperity

We focus on powering economies by helping everyone participate equitably in the digital economy of today and foster prosperity around the world. One of our key global goals is to connect 1 billion people to the digital economy by 2025. We also work towards providing 25 million women entrepreneurs by 2025 with solutions that can help them grow their businesses.

Planet

At Mastercard, we are committed to driving our business towards net zero emissions and accelerating the transition to a low-carbon, regenerative economy. We work towards a goal of net zero greenhouse gas emissions by 2040, reducing Mastercard's absolute emissions by our science-based targets of 38% for Scope 1 and 2, and 20% for Scope 3 by 2025. We also want to restore 100 million trees through our Priceless Planet Coalition.

Learn more about our goals and progress for People, Prosperity, and Planet in our annual ESG Report at the Corporate Responsibility section of our website: https://www.mastercard.com/sustainability.

Reporting on environmental sustainability cf. sections 99a of the Danish Financial Statements Act

Climate change is one of the most important issues facing the world today. Mastercard's commitment to environmental sustainability starts with decarbonization of our operations and across our value chain. This means reducing overall greenhouse gas (GHG) emissions and working with our suppliers to ensure they do the same.

Mastercard has set the following targets:

- 2040: Reach net-zero GHG emissions
- 2025: Reduce absolute Scope 1 and 2 GHG emissions by our science-based target of 38% compared to 2016
- 2025: Reduce absolute Scope 3 GHG emissions by our science-based target of 20% compared to 2016.

Since 2020, Mastercard's global operations (Scope 1 and 2) have been carbon neutral, achieved through ongoing decarbonization efforts, usage of 100% renewable electricity, and purchase of carbon credits to address residual emissions. For more information about environmental performance at Mastercard, including our annual ESG Report, please see the Corporate Responsibility section of our website: https://www.mastercard.com/sustainability.

At Mastercard Payment Services, this ambition extends to the environmental impact of our data centers, office building and responsible sourcing as this heavily impacts our energy use and carbon footprint.

Management's review

Operating review

Data centers

Cooling is essential for data center operations and traditionally consumes significant energy. Our suppliers prioritize responsible engineering practices, including projects for efficient cooling. One such project is the Green Mountain Data Center, where suppliers utilize natural wet and cold climates to our advantage. This allows us to benefit from 100% renewable hydropower from a reliable grid at the lowest cost in Europe. Learn more at: https://greenmountain.no/data-centers.

Additionally, the Company operates with Equinix data centers in Stockholm. These centers are certified to meet rigorous environmental and energy management standards, including the Climate Neutral Data Centre Pact. For more information, visit: https://www.equinix.com/data-centers/europe-colocation/sweden-colocation/stockholm-data-centers.

Green building

In 2023, we began pursuing DGNB certification (Sustainable Buildings Certification) for our Copenhagen office building, aiming to achieve it next year. The property already holds a DGNB silver certification for operational properties. For more information on the DGNB certification, visit: https://www.dgnb.de/en/certification/important-facts-about-dgnb-certification.

Additionally, we conducted a waste audit and aim to pursue TRUE precertification (Zero-Waste certification) in 2024. TRUE-certified spaces promote environmental responsibility, resource efficiency, and waste repurposing. Learn more about the TRUE precertification at: https://true.gbci.org/true-certification-zero-waste.

In 2023, we began monitoring Scope 2 emissions, which totaled 13 Metric Tons of Carbon Dioxide Equivalent (MTCO2e)[1] for energy usage.

Supplier engagement

We are dedicated to minimizing supply chain emissions. Our supplier selection criteria prioritize direct suppliers who are committed to decarbonization and other environmentally responsible practices. By engaging and developing our suppliers, we encourage them to disclose their emissions through reporting and annual allocations, such as the CDP Climate Change Questionnaire. This collaborative effort helps us support our suppliers in reducing their greenhouse gas emissions. Explore our annual ESG Report for further details on our supplier engagement model at: https://www.mastercard.com/sustainability.

In 2024, we will partner with suppliers whose data centers prioritize sustainability and will continue to monitor emissions, ensuring our operations align with our environmental goals to minimize our environmental footprint.

[1] Scope 2 emissions are calculated by multiplying purchased energy consumption by emissions factors. Total emissions are then summed to obtain the overall Scope 2 emissions figure, reported in metric tons of CO2 equivalent (MTCO2e). An estimation based on historical data was used for the last four months of 2023, as actuals were not yet available.

Management's review

Operating review

Reporting on social matters, staff matters, and matters concerning respect for human rights: cf. sections 99a of the Danish Financial Statements Act

We are committed to advancing human rights and diversity, equity and inclusion across everything we do, from promoting financial inclusion to recruiting and retaining a talented and diverse workforce. We conduct business in ways that promote, protect, and advance human rights, and embed respect for human rights within our own operations and across our value chain.

Our approach is guided by our Board-approved Human Rights Statement, which identifies and prioritizes the human rights most correlated with our business, and our Modern Slavery and Human Trafficking Statement, which outlines the steps we take to ensure that our business and supply chains are free from human rights abuses, including modern slavery and human trafficking.

Mastercard maintains a number of internal policies on human rights subtopics including, but not limited to, accommodation of disabilities, anti-discrimination, anti-harassment, anti-retaliation and other employee relations protocols.

The Code of Conduct serves as Mastercard's ethical compass, promoting honesty, decency, trust, and personal accountability. All employees and our Board of Directors are required to annual review and certify compliance with the Code. Learn more about it at: https://investor.mastercard.com/corporate-governance/policies-and-reports/default.aspx.

In 2023, all our employees certified that they reviewed the Code of Conduct, with another annual assessment planned for 2024.

We offer a third-party managed Ethics Helpline for employees, suppliers, customers, consumers and other stakeholders to report human rights and other ethics violations in a confidential and, if chosen, anonymous manner. Mastercard maintains public whistleblower policies, which can be found at: https://investor.mastercard.com/corporate-governance/policies-and-reports. In addition, to maintain transparency in our investigative processes and outcomes, we compile semiannual Summary of Investigative Activity reports and make them available to all employees.

Our Supplier Code of Conduct, which aligns with our Human Rights Statement, Modern Slavery, and Human Trafficking Statement, sets out universal principles, guidelines, and expectations for our suppliers. The Supplier Code of Conduct covers topics such as raising concerns, reporting unethical behavior, confidentiality, ethics, and compliance and we continually revise the code of conduct to align with new regulations and changing environments.

Our extensive network of suppliers necessitates clear guidelines to ensure a responsible value chain. However, there exists a risk of indirectly being associated with human and labor rights abuses, potentially resulting in penalties, customer loss, and damage to our reputation.

In 2023, we continued to screen our suppliers and performed regular supplier audits. In 2024, we will continue with these initiatives.

Working environment

At our Company, we prioritize the well-being of our employees by cultivating a non-discriminatory, safe, and healthy work environment, with a focus on achieving a harmonious work-life balance. As we progress with the migration of Nets' Corporate Services Business, ensuring the welfare of our employees remains paramount to facilitate a seamless transition. Through our partnership with Thrive Global, we offer mental health support resources. Learn more about Thrive Global at: https://thriveglobal.com/.

Management's review

Operating review

Additionally, we provide access to the PFA Healthcare Hotline for guidance on physical and mental health. For more details on the PFA Healthcare Hotline, visit: https://english.pfa.dk/individual/insurance-cover/pfa-healthcare-hotline/.

In 2022, we introduced flexible work policies, including a four-week "work from elsewhere" benefit and quarterly meeting-free days to support uninterrupted focus and accommodate diverse needs. Our teams decide when and how often to come together based on work demands and individual preferences. We continued offering these possibilities in 2023 and will do so in 2024.

The latest workplace evaluation, conducted in 2023, highlighted our positive workplace culture, with scores exceeding industry benchmarks. The results indicated strengths in areas such as relationship with colleagues, trust in leadership contributing to a positive work experience for our employees.

To address areas for improvement identified in the evaluation, department-specific action plans were developed. These plans focus on workload balance, stress management, and enhancing communication channels.

Our next workplace evaluation is scheduled for 2025, allowing us to continuously monitor and improve our workplace environment.

Learning and development

We prioritize innovation and growth through global digital fluency scaling, personalized learning environments, and targeted skill development. Our ongoing development conversations and personalized plans nurture talents, with opportunities for rotational positions and access to diverse learning resources.

Unlocked, our digital opportunity marketplace, offers career development avenues such as projects, volunteering, and mentoring, aiding in upskilling and reskilling to meet evolving business needs. Additionally, we fund academic pursuits, providing financial assistance for certifications and studies.

Mastercard has established the Business Resource Group, YoPros (Young Professionals). Through this group, young employees at Mastercard can improve their learning and career opportunities. Being a part of YoPros enable everything from networking to career development and volunteering. Members of YoPros work closely with the Diversity, Equity & Inclusion team, ensuring Mastercard's overall mission of being inclusive and impactful.

In 2023, we introduced the Women's Mentorship Series, a program designed to empower female employees in their career advancement journey. Since its inception, several women have enthusiastically enrolled in the program, eager to seize the opportunity for personal and professional growth. Through this initiative, participants engage in meaningful mentorship relationships, gaining valuable insights, skills, and support to navigate their career paths effectively within our organization.

In 2024, we are committed to sustaining and building upon the success of our current initiatives.

Being an active part of the local community

Technology for all

In 2022, Mastercard launched Girls4Tech™, a STEM program in Denmark, aiming to foster diversity in the tech industry and inspire girls to pursue tech careers. As part of the nationwide Girls' Day in Science initiative, we collaborated with 140 companies to teach STEM skills to girls.

In October 2023, we hosted another group of Girls4Tech participants at our Ørestad office during our global event, "Follow the Sun." Learn more about Girls4Tech in our annual Mastercard ESG Report on our website: https://www.mastercard.com/sustainability.

Management's review

Operating review

We plan to organize another Girls4Tech event in 2024 to continue inspiring young girls in STEM.

Mastercard has a longstanding commitment to LGBTQIA+ rights worldwide. We actively support the community through genuine partnerships, empowerment initiatives, and a dedication to diversity. In line with this commitment, we have established a Pride Committee to further advocate for LGBTQIA+ rights within our organization.

During Pride Month in June 2023, we marched in the Copenhagen Pride Parade, celebrating LGBTQIA+ rights and acknowledging ongoing challenges. With the theme "Acceptance Matters," we emphasized the importance of inclusivity and recognized the unique contributions of every individual, including allies in advancing LGBTQIA+ rights.

A strong fintech ecosystem

In 2023, we expanded our collaboration with Copenhagen Fintech, focusing on growth, knowledge sharing, and innovation. This partnership spans various programs and services, including open banking and start-up initiatives. Within Mastercard, this collaboration includes Mastercard Lighthouse FIVITIV and MASSIV, supporting Nordic and Baltic fintech startups through innovation projects and accelerator programs.

Mastercard Lighthouse FINITIV is dedicated to discovering promising fintechs and enablers, fostering partnerships to drive growth and innovation in financial services. We aim to strengthen the ecosystem by bridging fintech innovation with the global reach of banks, investors, and corporate partners.

Mastercard Lighthouse MASSIV empowers sustainability and social impact tech startups, aiming to improve the lives of 1 billion people by 2025. Through strategic partnerships, we assist these startups in scaling their initiatives globally, advancing sustainable solutions for a prosperous future.

In 2023, we organized several events across the Nordics and Baltics, including the Mastercard Lighthouse Community AW in Copenhagen. As we move into 2024, we plan to continue hosting such events to further strengthen partnerships, drive knowledge sharing, and promote innovation in the fintech and impact tech sectors.

A culture of volunteering

At Mastercard, we actively support our communities, harnessing the power of our employees' volunteerism to drive positive change. By integrating social responsibility with talent development, we foster a purpose-driven culture throughout our organization. This not only strengthens teamwork and networking across teams and business units but also aligns with our core values of service and community engagement.

Recognizing the importance of giving back, we offer each employee up to five workdays annually for volunteer and community outreach activities, amplifying our collective impact. In 2023, our employees participated in impactful events like the Pride Parade and Girls4Tech program, with plans to involve more employees in such activities next year.

In 2023, Mastercard Payment Services partnered with Junk Food to aid individuals experiencing homelessness, ensuring access to daily nutritious meals. We've also donated clothing to support this cause. Looking ahead to 2024, we aim to double our efforts in clothing donation campaigns and community outreach through initiatives like Mastercard Force for Good, dedicated to fostering dignity and empowerment within our communities.

Moving forward, we remain committed to showcasing the benefits of volunteering and enhancing our impact in the communities we serve.

Management's review

Operating review

Reporting on anti-corruption and bribery cf. sections 99a of the Danish Financial Statements Act

At Mastercard, we are committed to doing business the right way. This means operating ethically, honestly, fairly, transparently, and in compliance with laws and regulations everywhere we do business. Our commitment is deeply embedded in our culture and shapes every interaction with our employees and stakeholders and is reflected in how we live our corporate values of decency, integrity, and respect.

Every Mastercard employee undergoes annual mandatory compliance training covering topics such as the Code of Conduct, anti-money laundering, economic sanctions, privacy compliance, and workplace conduct. Failure to complete this training may result in disciplinary measures, including network access suspension.

In 2023, all Mastercard Payment Services employees went through the mandatory trainings, in 2024, we will continue the compliance trainings, holding ourselves continuously accountable for behaving in a way that is consistent and compliant with the Code of Conduct and our policies.

In addition to training, we foster a culture of transparency and accountability through our Ethics Helpline and Whistleblower policy. The Ethics Helpline, operated by an independent third party, offers a confidential platform for employees to report any concerns related to ethical or legal matters. We promptly investigate all reports and provide regular updates to our employees on the outcomes of these investigations, enhancing transparency and trust within our organization.

To encourage the use of the Ethics Helpline and other avenues for raising ethical and legal concerns, we have a Non-Retaliation Policy. Anyone found in breach of the Non-Retaliation Policy will be subject to disciplinary action, up to and including termination of employment.

Although no cases were reported in the financial year 2023, we remain vigilant in our efforts to identify and address any potential risks.

We face the risk of suppliers' incompliance to Mastercard anti-corruption and bribery requirements. This will impact our reputation and cause legal consequences. Mastercard has strong controls in place to prevent reputational or legal impacts from associated risks.

Reporting on gender and diversity: cf. sections 99b of the Danish Financial Statements Act

Diversity, equity and inclusion is part of our core values and underpins everything we do. We aspire to be an attractive workplace for all current and future employees. We aim to offer employment on an equal basis, ensuring that all our colleagues have equal opportunities to promote their careers in the Company, regardless of their nationality, ethnicity, disability, age, gender, sexual orientation, religion, or belief.

When filling management positions, Mastercard strives to broaden the field of candidates as much as possible, to give all equal opportunities. In addition, requirements to external recruitment agencies include gender diversity measures.

The current gender composition across Mastercard Payment Services is 39%/58% (female/male) and with 3% not identifying as either male or female.

In 2023, we have achieved an equal distribution in Board of Directors and Other management level. Other Management Level consists of the Chief Executive Officer (CEO) of the Company and members of the Mastercard Payment Services Executive Committee, which is the leadership layer reporting into the CEO.

Management's review

Operating review

See below the details on composition and targets as of December 2023:

The Board of Directors	
Total number of members	4 (excl. employee elected members)
Underrepresented gender in pct.	50%
Target in pct.	40%
Year when the target is to be reached	2023 (previously targeted for 2030)
Other Management Level	
Total number of members	12
Underrepresented gender in pct.	41%
Target in pct.	40% (satisfied with 41%)
Year when the target is to be reached	2023 (previously targeted for 2025)

Mastercard Payment Services has reached the target of 40% for both Board of Directors and Other Management level well ahead of the original target previously set. Moving forward, we will continue to focus on the needs for proper representation at these levels as well as the necessary skillset to perform their duties. The aim is therefore to ensure a minimum 40/60 representation going forward.

Our strategy focuses on recruitment, development, succession, and retention, including:

- Attracting top talent with the strength of our brand, which includes our culture of being a “force for good”.
- Strong development and succession planning for key roles, including talent and leadership programs across various levels that:
  - Embed our culture principles
  - Focus on diverse populations
  - Aim to develop talent and people managers through personalized and group executive development programs.

One of the initiatives in Mastercard Payment Services is the Business Resource Group, Women Leadership Network. A global Mastercard community, that unlocks enhanced career opportunities for women, encourages entrepreneurship, inspires success, and empowers female leaders.

For further information regarding other initiatives in this area, please refer to the section on social matters in this report.

Reporting on data ethics: cf. sections 99d of the Danish Financial Statements Act

Mastercard’s commitment to decency extends to the way we handle data and informs our belief that data protection and privacy are fundamental human rights. This belief is central to our decision-making process and is demonstrated by the way we handle the personal information of our employees, customers, cardholders and other uses.

Management's review

Operating review

Our dedication to data responsibility and Privacy by Design has established Mastercard as a trusted partner around the globe. We are committed to maintaining this trust by placing individuals and their privacy at the center of our product development efforts, enabling responsible and sustainable data innovation through Privacy by Design. Mastercard has developed seven principles that guide our practices as we continue our journey as responsible data stewards. The seven Data Responsibility Principles are presented in the following:

Security & Privacy — Advance and uphold best-in-class security and privacy practices.

Transparency— Clearly and simply explain how we collect, use and share data, as well as how the technologies we use, such as Artificial Intelligence (AI), deliver the outcomes we intend.

Accountability — Implement robust governance to ensure proper controls and oversight over our use of data and technology.

Inclusion — Ensure our use of data and technology fosters inclusion and equity.

Fairness — Be deliberate in minimizing biases, inaccuracies and unintended harms in our use of data and technology.

Innovation — Provide innovative experiences, products and services, that benefit all our stakeholders.

Social Impact — Use data for good, identifying needs as well as opportunities to make a positive impact on communities and individuals around the world.

Learn more about our overall governance regarding privacy, data responsibility, and security in our group ESG Report: https://www.mastercard.com/sustainability.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2023	2022
Revenue	2	1,661,069	1,636,973
Other external costs		-1,277,134	-1,184,042
Gross profit		383,935	452,931
Staff costs	3	-216,454	-192,931
Depreciation, amortisation and impairment losses		-64,136	-48,574
Other operating costs		-218	0
Profit before financial income and expenses		103,127	211,426
Other financial income	5	26,752	6,101
Other financial expenses	6	-3,755	-13,044
Profit before tax		126,124	204,483
Tax on profit for the year	7	-45,138	-15,877
Profit for the year	8	80,986	188,606

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Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
ASSETS			
Fixed assets			
Intangible assets	9		
Completed development projects		96,629	87,841
Software		2,217	0
Development projects in progress		63,689	72,640
		162,535	160,481
Property, plant and equipment	10		
Leasehold premises		17,250	22,553
Fixtures and fittings, tools and equipment		16,224	18,788
Leasehold improvements		44,328	57,446
		77,802	98,787
Investments	11		
Deposits		3,766	2,936
Total fixed assets		244,103	262,204
Current assets			
Receivables			
Trade receivables		106,766	91,193
Receivables from group entities		102,952	1,407,945
Deferred tax asset	12	252,981	252,981
Prepayments	13	22,338	20,388
		485,037	1,772,507
Cash at bank and in hand		1,054,525	1,023,562
Total current assets		1,539,562	2,796,069
TOTAL ASSETS		1,783,665	3,058,273

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital	14	2,000	2,000
Reserve for development costs		125,048	125,175
Retained earnings		1,206,759	2,432,549
Total equity		1,333,807	2,559,724
Provisions	15		
Other provisions		0	57,868
Total provisions		0	57,868
Liabilities other than provisions			
Non-current liabilities other than provisions	16		
Lease obligations		11,457	18,635
Current liabilities other than provisions			
Current portion of non-current liabilities	16	5,710	5,857
Trade payables		33,845	33,964
Payables to group entities		140,898	147,267
Other payables		257,948	234,958
		438,401	422,046
Total liabilities other than provisions		449,858	440,681
TOTAL EQUITY AND LIABILITIES		1,783,665	3,058,273

Fees to auditor appointed at the general meeting	4
Contractual obligations, contingencies, etc.	17
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Disclosure of events after the balance sheet date	19

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Statement of changes in equity

DKK'000	Contributed capital	Reserve for development costs	Retained earnings	Proposed extraordinary dividends	Total
Equity at 1 January 2022	2,000	113,367	2,470,751	0	2,586,118
Transfers, reserves	0	11,808	-11,808	0	0
Transferred over the profit appropriation	0	0	-26,394	215,000	188,606
Extraordinary dividends paid	0	0	0	-215,000	-215,000
Equity at 1 January 2023	2,000	125,175	2,432,549	0	2,559,724
Transfers, reserves	0	-127	127	0	0
Transferred over the profit appropriation	0	0	-1,225,917	1,306,903	80,986
Extraordinary dividends paid	0	0	0	-1,306,903	-1,306,903
Equity at 31 December 2023	2,000	125,048	1,206,759	0	1,333,807

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Cash flow statement

DKK'000	Note	2023	2022
Profit for the year		80,986	188,606
Other adjustments of non-cash operating items	20	-80,865	19,302
Depreciation, amortisation and impairment losses		64,354	48,574
Cash generated from operations before changes in working capital		64,475	256,482
Changes in working capital	21	1,296,647	79,233
Cash generated from operations		1,361,122	335,715
Interest income		26,752	6,101
Interest expense		-3,755	-13,044
Corporation tax paid/received		0	14,190
Cash flows from operating activities		1,384,119	342,962
Acquisition of intangible assets		-43,383	-52,412
Acquisition of property, plant and equipment		-2,040	-102,921
Acquisition of investments		-830	-2,936
Cash flows from investing activities		-46,253	-158,269
Shareholders:			
Extraordinary dividends distrubuted in the year		-1,306,903	-215,000
Cash flows from financing activities		-1,306,903	-215,000
Cash flows for the year		30,963	-30,307
Cash and cash equivalents at the beginning of the year		1,023,562	1,053,869
Cash and cash equivalents at year-end		1,054,525	1,023,562

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Mastercard Payment Services Denmark A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Few reclassifications have been made in the comparison figures in the balance sheet to comply with the current year presentation.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual financial statement item.

In recognising and measuring assets and liabilities, any gains and losses, and risks occurring prior to the presentation of the Annual Report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from transaction service charges, transaction processing and similar services is recognised as revenue when services are performed.

IFRS 15 is applied as basis for the recognition and measurement to align with the accounting policies for the Group.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Revenue is recognised as the gross amount excluding VAT, taxes and duties, interchange fees and processing fees and discounts in relation to the sale.

Other external costs

External costs incurred in generating the revenue for the year comprise consulting and administration costs, as well as group management fee income.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Development projects

Capitalised development costs are amortised over their estimated useful lives of 3–7 years.
Development costs that are directly attributable to the design and testing of identifiable and unique projects including software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the asset so that it will be available for use
- Management intends to complete the asset and there is an ability to use or sell it
- The asset will generate probable future economic benefits Expenditure attributable to the asset during its development can be reliably measured.

Costs associated with maintaining the assets are recognised as an expense as and when incurred.

Directly attributable costs that are capitalised as part of the assets include employee costs.

Development projects in progress are tested for impairment at least annually.

Software

License fees paid for the acquisition of perpetual intellectual property rights, software, or other rights are capitalized as intangible assets if they provide future economic benefits and are amortized over a period of seven years, using the straight-line method.

Property, plant and equipment

Leasehold premises, fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Leasehold premises	5 years
Fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

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Notes

1 Accounting policies (continued)

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments

Deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company's leases generally relate to property or office equipment. Lease terms are negotiated on an individual basis and do not impose any covenants. The lease term is determined by the non-cancellable period of the lease, together with; optional renewable periods if the Company is reasonably certain to extend; and periods after an optional termination date if the Company is reasonably certain not to terminate early.

As a Lessee

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically and adjusted for certain remeasurements of the lease liability, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Lease payments included in the measurement of the lease liability comprise the following:

The Company presents right-of-use assets that do not meet the definition of investment property in 'Right of use assets' and lease liabilities in 'Lease liabilities' in the statement of financial position.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayments of costs incurred relating to subsequent financial years.

Equity

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the likelihood of an outflow of resources is less than probable, but more than remote, or a reliable estimate is not determinable, the matter is disclosed as a contingency provided that the obligation or the legal claim is material.

Provisions are measured at management’s best estimate, at the end of the reporting period, of the expenditure required to settle the obligation, and are discounted to present value where the effect is material. From time to time, parts of provisions may also be reversed due to a better-than-expected outcome in the related activities in terms of cash outflow.

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Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the 2023 share of profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents is comprise bank deposits.

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Notes

DKK'000	2023	2022

2 Revenue

Service line

Corporate service	1,562,534	1,520,175
Other service	98,535	116,798
	1,661,069	1,636,973

Geographical information

Denmark	1,530,729	1,493,559
Nordics	116,972	118,624
Europe	13,327	18,354
Others	41	6,436
	1,661,069	1,636,973

3 Staff costs

Wages and salaries	193,597	176,931
Pensions	21,253	15,384
Other social security costs	1,604	616
	216,454	192,931
Average number of full-time employees	213	184

In acccordance with section 98b(3)(I) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors has been presented as an aggregate single amount.

Staff costs in 2023 include remuneration of the Company's Executive Board and Board of Directors, DKK 4,209 thousand.

In accordance with section 98b(3)(II) of the Danish Financial Statements Act, remuneration of the Executive Management and Board of Directors for 2022 is not disclosed.

4 Fees to auditor appointed at the general meeting

Audit related services	1,263	2,186
Other services	327	1,565
	1,590	3,751

5 Other financial income

Interest income	26,653	4,333
Exchange gains	99	1,768
	26,752	6,101

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Notes

DKK'000	2023	2022

6 Other financial expenses

Interest expenses	88	7,785
Other financial costs	341	5,230
Exchange losses	3,326	29
	3,755	13,044

7 Tax on profit for the year

Current tax for the year	45,138	15,100
Adjustment of tax concerning previous years	0	777
	45,138	15,877

8 Proposed profit appropriation

Extraordinary dividends distributed in the year	1,306,903	215,000
Retained earnings	-1,225,917	-26,394
	80,986	188,606

During the year, Intercompany receivable of DKK 1,2 billion from Mastercard/Europay U.K. Limited (Parent Company) has been settled by way of a dividend in kind.

9 Intangible assets

DKK'000	Completed development projects	Software	Development projects in progress	Total
Cost at 1 January 2023	186,101	0	72,640	258,741
Additions for the year	0	2,681	40,702	43,383
Disposals for the year	-428	0	0	-428
Transfers for the year	49,653	0	-49,653	0
Cost at 31 December 2023	235,326	2,681	63,689	301,696
Amortisation and impairment losses at 1 January 2023	-98,260	0	0	-98,260
Amortisation for the year	-40,647	-464	0	-41,111
Reversed amortisation and impairment losses on disposals	210	0	0	210
Amortisation and impairment losses at 31 December 2023	-138,697	-464	0	-139,161
Carrying amount at 31 December 2023	96,629	2,217	63,689	162,535

Financial statements 1 January – 31 December

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10 Property, plant and equipment

DKK'000	Leasehold premises	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2023	25,205	20,466	64,417	110,088
Additions for the year	0	1,896	144	2,040
Disposals for the year	0	-191	0	-191
Cost at 31 December 2023	25,205	22,171	64,561	111,937
Depreciation and impairment losses at 1 January 2023	-2,652	-1,678	-6,971	-11,301
Depreciation for the year	-5,303	-4,460	-13,262	-23,025
Depreciation and impairment losses for the year on disposals	0	191	0	191
Depreciation and impairment losses at 31 December 2023	-7,955	-5,947	-20,233	-34,135
Carrying amount at 31 December 2023	17,250	16,224	44,328	77,802
Assets held under finance leases	17,250	13	0	17,263

11 Investments

DKK'000	Deposits
Cost at 1 January 2023	2,936
Additions for the year	830
Cost at 31 December 2023	3,766
Carrying amount at 31 December 2023	3,766

12 Deferred tax assets

DKK'000	31/12 2023	31/12 2022
Deferred tax at 1 January	252,981	252,981
	252,981	252,981
Provisions for deferred tax relate to:		
Goodwill, etc.	1,474,628	1,475,489
Development projects	-33,793	-41,725
Finance leased assets	-25	455
Operating equipment	19,064	12,242
Leasehold improvements	5,204	1,756
Write-downs for bad debt	201	79
Accounting provisions	-19,142	-20,816
Impairment of deferred tax asset	-1,193,156	-1,174,499
	252,981	252,981

Financial statements 1 January – 31 December

Notes

12 Deferred tax assets (continued)

The corporate tax rate is scheduled to increase from 22% to 26% from 1 January 2024 for companies subject to regulation under the Danish FSA. As a result, the deferred tax asset in 2022, before impairment, has been calculated as 26% of the basis of computation, increasing the value of DKK 225m. The impairment of the deferred tax asset has been adjusted in line with normal practice.

13 Prepayments

Prepayments comprise prepaid costs relating to employees expenses and software licences.

14 Equity

The contributed capital consists of 2,000,000 shares of a nominal value of DKK 1 each.

All shares rank equally.

15 Provisions

DKK'000	31/12 2023	31/12 2022
Provisions 1 January 2022	57,868	45,509
Used during the year	-57,868	-37,390
Provisions for the year	0	49,749
	0	57,868

The VAT dispute over TSA invoices with Nets Denmark A/S has been resolved by reaching an amicable agreement in 2022. The balance was settled in February 2023.

16 Non-current liabilities other than provisions

Liabilities other than provisions can be specified as follows:

0-1 years	5,710	5,857
1-5 years	11,457	18,635
	17,167	24,492

17 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with other Danish companies in the Mastercard Group. Together with the other companies included in the joint taxation, the Company has joint and several unlimited liabilities for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

Financial statements 1 January – 31 December

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18 Related party disclosures

Mastercard Payment Services Denmark A/S' related parties comprise the following:

- Mastercard/Europay U.K. Limited (Parent entity)
- Mastercard Europe SA (Group entity)
- Mastercard Payment Services Norway AS (Group entity)
- Mastercard Europe Services Limited (Group entity)
- Mastercard Payment Services Infrastructure (Norway) AS (Group entity)
- Mastercard International Incorporated (Ultimate parent)
- Mastercard OB Services Europe A/S (Group entity)

Control

Mastercard/Europay U.K. Limited, 10 Upper Bank Street, 19th Floor, London, Great Britain.

Mastercard/Europay U.K. Limited holds the entire capital in the Company.

Mastercard Payment Services Denmark A/S is part of the consolidated financial statements of Mastercard incorporated, 2000 Purchase Street, NY 10577 - Delaware, ID nr. 13-4172551, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Mastercard Incorporated can be obtained by contacting the company at the address above.

Related party transactions

DKK'000	2023	2022
Sale of services	109,151	110,984
Purchase of services	-75,292	-110,146
Receivables	102,952	1,407,945
Payables	-140,898	-147,267

Remuneration to the Company's Executive management and Board of Directors is disclosed in note 3.

19 Disclosure of events after the balance sheet date

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.

Financial statements 1 January – 31 December

Notes

20 Other adjustments

DKK'000	2023	2022
Other financial income	-26,752	-6,101
Other financial expenses	3,755	13,044
Provisions	-57,868	12,359
	-80,865	19,302

21 Change in working capital

Change in receivables	1,287,470	-128,930
Change in trade and other payables	9,177	208,163
	1,296,647	79,233