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[Notebooklm](#)

Links to Source Documents for Mastercard (Ticker: MA):

[10-K, 10-Q, DEF 14A \(Proxy\)](#)

[Earnings Call Transcripts](#)

Note: Get **Value Line** and **Morningstar** reports from your library subscription.

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1. Value Line/Morningstar Forecasts – Initial Cut, SSG, Your Own Format

Prompt: You are a financial analyst giving a presentation to an investment club regarding a company. You must answer the following questions: (1) What are the possible revenue growth rate ranges in five years? (2) What are the possible EPS growth rate ranges in five years? (3) What are the possible high PE ranges in five years? (4) What are the possible low PE ranges in five years?

Response:

Good morning, everyone, and welcome to our investment club meeting. Today, we're taking a closer look at Mastercard Incorporated, a prominent player in the global payments industry. I'll be addressing some key valuation metrics, focusing on their possible ranges over the next five years, drawing insights from recent financial reports and analyst projections.

Here are the answers to your questions:

1. What are the possible revenue growth rate ranges in five years?

Based on the available sources, the possible revenue growth rate ranges for Mastercard over the next five years (roughly covering 2025-2029/2030) are estimated to be between **11.0% and 14.0%**.

- **Morningstar** projects Mastercard's net revenue to grow at a **12.5% compound annual growth rate** over the next five years. The annual growth rates within this period range from **12.0% to 13.7%**.
- **Value Line** estimates revenue growth for full-year 2025 at **13%-14%**, and for 2026 at **11%-12%**. Furthermore, their estimated annual rate of change for revenues per share from the 2022-2024 period to the 2028-2030 period is **11.0%**.

While current company guidance for full year 2025 suggests net revenue growth at the high end of a low double digits to low teens range (or low teens range in the latest update) on a currency-neutral basis, excluding acquisitions, the longer-term analyst projections provide a broader 5-year outlook.

2. What are the possible EPS growth rate ranges in five years?

For the Earnings Per Share (EPS) growth rate over the next five years, the possible ranges are projected to be between **8.0% and 17.9%**.

- **Morningstar** forecasts a 5-year compound annual growth rate (CAGR) for Adjusted Earnings Per Share of **15.3%**. The annual growth rates for EPS within the 2025-2029 period range from a low of **9.8%** (in 2026) to a high of **17.9%** (in 2025).
- **Value Line** projects EPS growth for full-year 2025 at **8%-9%**, and for 2026 at **16%-17%**. Their estimated annual rate of change for earnings per share from the 2022-2024 period to the 2028-2030 period is **11.0%**.

It's worth noting that Mastercard's performance stock units (PSUs), which are a component of executive compensation, also incorporate EPS growth as a performance metric over three-year periods. The actual 3-year adjusted EPS CAGR for the 2022-2024 PSU was 28.4%.

3. What are the possible high PE ranges in five years?

Looking at the Price-to-Earnings (PE) ratio, the possible high range in the next five years is between **34.9 and 36.0**.

- **Morningstar** explicitly forecasts Price/Earning ratios for Mastercard, with the highest in the 2025-2029 period being **36.0** for 2025.
- **Value Line** lists the current P/E ratio as **34.9** (as of August 11, 2025) and projects a P/E of **32.0** for 2030.

4. What are the possible low PE ranges in five years?

For the possible low PE ranges over the next five years, estimates fall between **19.8 and 30.0**.

- **Morningstar** provides a forecast showing the Price/Earning ratio decreasing over the 2025-2029 period, with the lowest projected PE ratio being **19.8** for 2029.
- **Value Line** provides an "Avg Ann'l P/E Ratio" for the 2028-2030 period, which is estimated at **30.0**.

In summary, analysts anticipate steady revenue and EPS growth for Mastercard over the next five years, albeit with some variation in annual rates. The projected P/E ratios suggest a potential moderation from current levels over this period.

Thank you. I'm now open for any questions you may have.

Initial Cut SSG Forecasts:

- (1) Revenue Growth Rate: 11%
- (2) EPS Growth Rate Forecast: 11%
- (3) High PE: 34.0
- (4) Low PE: 30.0

2. Proxy (DEF 14A) – Management Incentive

Prompt: *What financial metrics are used for management incentive compensation?*

Response:

Mastercard's management incentive compensation programs utilize a combination of financial metrics, which are often adjusted to exclude specific items, as well as strategic and individual performance objectives.

Key Financial Metrics for Incentive Compensation:

- **Annual Incentive Compensation Plan (SEAICP):**
 - **Adjusted Net Income** (weighted 2/3).
 - **Adjusted Net Revenue** (weighted 1/3).
 - Historically, an **Environmental, Social and Governance (ESG) modifier** was included, but it has been removed for the 2025 plan year. These priorities will now be evaluated as part of the company's overall strategic performance.
 - A **Strategic Performance Adjustment** can also be applied based on performance against strategic objectives.
 - Individual performance factors further adjust annual incentive payouts for each Named Executive Officer (NEO).
- **Long-Term Incentive (LTI) Plan** (consisting of Performance Stock Units, Restricted Stock Units, and Stock Options):
 - **Performance Stock Units (PSUs)** (60% of LTI grant value):
 - **Adjusted Earnings Per Share (EPS) Growth** (50%).
 - **Adjusted Net Revenue Growth** (50%).
 - **Relative Total Shareholder Return (TSR) Modifier** (adjusts payout from the adjusted average net revenue and adjusted average EPS metrics by Mastercard's relative TSR versus S&P 500 member companies). For 2025, the TSR Modifier target is set at the 55th percentile for a 100% modifier, with the modifier capped at 100% if TSR is negative.
 - **Restricted Stock Units (RSUs)** (20% of LTI grant value):
 - The value is primarily tied to **stock price appreciation**. RSUs granted in 2024 vest in three equal annual installments.
 - **Stock Options** (20% of LTI grant value):
 - These are considered performance-based as they require **stock price appreciation** to deliver value, aligning compensation with stockholder value. Stock options granted in 2024 vest in three equal annual installments and have a maximum term of 10 years.

Non-GAAP Adjustments: In assessing performance for variable compensation awards, Mastercard supplements GAAP measures with non-GAAP measures that exclude the impact of foreign exchange, restructuring, litigation, acquisitions, and other one-time special items. These non-GAAP financial measures are used to evaluate ongoing operating performance, for internal planning and forecasting, and in the calculation of performance-based compensation, as management evaluates underlying operations and performance separately from these recurring and non-recurring items.

The overall program design aims to ensure that the majority of executive compensation is variable and at-risk, tied to pre-established goals linked to financial and strategic objectives designed to create long-term stockholder value.

3. Earnings Call Transcript – Financial Performance

Prompt: From the earnings calls, get a discussion on the following: **(1) Adjusted Net Revenue, (2) Adjusted Net Income, (3) Adjusted Earnings Per Share (EPS), (4) Relative Total Shareholder Return (TSR), (5) Cash Flow from Operations, (6) Free Cash Flow, (7) CapEx, (8) Acquisitions/Divestitures, (9) Debt, (10) Share Buybacks, (11) Dividends, (12) R&D, (13) Capital Allocation, (14) business strategy, (15) Tariffs, and (16) bogus.**

Response:

Here's a discussion of the requested items, based on the provided earnings call transcripts:

(1) Adjusted Net Revenue

Mastercard's Adjusted Net Revenue saw strong growth across the quarters discussed:

- In the **fourth quarter of 2024**, net revenues were **up 16%** on a non-GAAP currency-neutral basis. This growth was attributed to the continued expansion of both the payment network and value-added services and solutions, with acquisitions having a minimal impact.
- For the **full year 2025**, the company anticipates net revenues to grow at the **high end of a low double digits to low teens range** on a currency-neutral basis, excluding acquisitions. Acquisitions are projected to add an additional **1 to 1.5 percentage points** to this growth rate.
- Looking specifically at the **first quarter of 2025**, year-over-year net revenue growth was expected to be in the **low teens range** on a currency-neutral basis, excluding acquisitions, with acquisitions adding 1 to 1.5 percentage points.
- In the **first quarter of 2025**, net revenues were reported **up 17%** on a non-GAAP currency-neutral basis. Acquisitions contributed 1 percentage point to this growth. The full-year 2025 guidance for net revenue growth remained at the high end of a low double digits to low teens range, with acquisitions still expected to contribute 1 to 1.5 percentage points.
- For the **second quarter of 2025**, net revenues were **up 16%** on a non-GAAP currency-neutral basis, surpassing expectations. Acquisitions contributed 1 percentage point, and the stronger-than-expected revenue was primarily driven by higher FX volatility.
- Due to strong performance in the first half of 2025, the company **tightened its full-year net revenue outlook to the high end of a low teens range** on a currency-neutral basis, excluding acquisitions. Acquisitions are still expected to add 1 to 1.5 percentage points.
- For the **third quarter of 2025**, net revenue growth is expected to be at the **high end of a low double-digit range** on a currency-neutral basis, excluding acquisitions, with acquisitions adding 1 to 1.5 percentage points.
- The **Capital One debit portfolio migration** is expected to have a **minimal net revenue impact in 2025**, with the vast majority of the impact anticipated in the following year.

(2) Adjusted Net Income

Mastercard also reported strong figures for Adjusted Net Income:

- In the **fourth quarter of 2024**, adjusted net income was **up 19%** versus the prior year on a non-GAAP currency-neutral basis. This increase, along with EPS growth, was primarily fueled by strong operating income growth and a discrete tax benefit.
- In the **first quarter of 2025**, adjusted net income was **up 13%** versus the prior year on a non-GAAP currency-neutral basis. This growth was driven by strong operating income, partially offset by a higher effective tax rate due to global minimum tax rules.
- For the **second quarter of 2025**, adjusted net income was **up 12%** versus the prior year on a non-GAAP currency-neutral basis. Similar to Q1, this was driven by strong operating income growth, partially offset by the higher effective tax rate resulting from global minimum tax rules.

(3) Adjusted Earnings Per Share (EPS)

Adjusted EPS showed consistent contributions from share repurchases:

- For the **fourth quarter of 2024**, EPS was **\$3.82**, which included an **\$0.08 contribution from share repurchases**.
- In the **first quarter of 2025**, EPS was **\$3.73**, which also included an **\$0.08 contribution from share repurchases**.
- For the **second quarter of 2025**, EPS was **\$4.15**, with a **\$0.09 contribution from share repurchases**.

(4) Relative Total Shareholder Return (TSR)

There was **no discussion on Relative Total Shareholder Return (TSR)** found in the provided earnings call transcripts.

(5) Cash Flow from Operations

There was **no discussion on Cash Flow from Operations** found in the provided earnings call transcripts.

(6) Free Cash Flow

There was **no discussion on Free Cash Flow** found in the provided earnings call transcripts.

(7) CapEx

There was **no discussion on Capital Expenditures (CapEx)** found in the provided earnings call transcripts.

(8) Acquisitions/Divestitures

Discussions on acquisitions highlighted their strategic importance and financial impact:

- In the **fourth quarter of 2024**, the company closed the **acquisition of Recorded Future** earlier than initially anticipated. The **acquisition of MiNA Technologies** also closed at the very end of 2024.
- Acquisitions had a **minimal impact on net revenue growth** in Q4 2024 but contributed **1 percentage point to the increase in operating expenses** for the quarter.
- For the **full year 2025**, acquisitions are expected to contribute **1 to 1.5 percentage points to net revenue growth**. However, they are forecasted to increase the **operating expense growth rate by approximately 5 percentage points**. This 5 ppt impact is broken down into roughly 2.5 ppt for run rate expenses, about 1 ppt for the amortization of acquired intangible assets, and the remainder for integration costs and other one-time expenses.
- In the **first quarter of 2025**, acquisitions contributed **1 percentage point to net revenue growth** and a **4 percentage point increase to operating expenses**. The full-year OpEx impact from acquisitions for 2025 remains consistent with previous estimates.
- An analyst inquired about the **potential impact of the Capital One Discovery deal**, particularly if Capital One's debit portfolio were to leave Mastercard.
- In the **second quarter of 2025**, acquisitions contributed **1 percentage point to net revenue growth** and a **4 percentage point increase to operating expenses**.
- Mastercard's current guidance for 2025 assumes their best estimate regarding the **migration of Capital One's debit portfolio**, expecting a **minimal net revenue impact this year**, with the **vast majority of the impact expected in 2026**. The company anticipates maintaining a **strong partnership on the credit and services side** with Capital One.

(9) Debt

Debt levels and related interest expenses were mentioned in the context of other income and expenses:

- For the **first quarter of 2025**, an expense of approximately **\$120 million** was expected for other income and expenses, factoring in "the prevailing interest rates and debt levels".
- For the **second quarter of 2025**, the expected expense for other income and expenses increased to approximately **\$135 million**, partly due to "incremental interest expense in Q2 related to our recent debt issuance".
- For the **third quarter of 2025**, an expense of approximately **\$130 million** is anticipated for other income and expenses, "given the prevailing interest rates and debt levels".

(10) Share Buybacks

Share buyback activity contributed to EPS and demonstrated the company's capital return strategy:

- In the **fourth quarter of 2024**, Mastercard **repurchased \$3.4 billion worth of stock** and an additional **\$644 million through January 27, 2025**. These repurchases contributed **\$0.08 to EPS** for the quarter.

- In the **first quarter of 2025**, the company **repurchased \$2.5 billion worth of stock** and an additional **\$884 million through April 28, 2025**. Share repurchases again contributed **\$0.08 to EPS**.
- In the **second quarter of 2025**, **\$2.3 billion worth of stock was repurchased**, with an additional **\$1 billion through July 28, 2025**. Share repurchases contributed **\$0.09 to EPS** for the quarter.

(11) Dividends

There was **no discussion on Dividends** found in the provided earnings call transcripts.

(12) R&D

While "R&D" as a specific financial line item was not explicitly discussed, the company frequently mentioned investments and spending in areas typically associated with research and development:

- In the **fourth quarter of 2024**, Michael Miebach highlighted "**developing and launching differentiated products**" and "**targeting new buying centers and new services**" as key strategic efforts. Sachin Mehra also noted "**increased spending to support the continued execution of our strategic initiatives**".
- In the **first quarter of 2025**, Michael Miebach pointed to "**targeted investments in diversified solutions in high-growth areas**". Sachin Mehra reiterated "**increased spending to support the continued execution of our strategic initiatives**".
- In the **second quarter of 2025**, Sachin Mehra explained that adjusted operating expense growth was driven by "**increased spending to support various strategic initiatives, including hardening of our technology infrastructure, diversifying our geographic footprint to further capture the secular trend, enhancing our products and delivering our services**".

(13) Capital Allocation

The term "capital allocation" was not explicitly discussed as a standalone topic or in detail regarding its principles in the provided earnings call transcripts. However, the company's activities related to **share buybacks** and **acquisitions** represent significant capital allocation decisions that were discussed.

(14) Business Strategy

Mastercard's business strategy is centered on a "**proven growth algorithm**" and "**differentiated solutions**", focused on three key strategic priority areas:

- **Consumer Payments:** The company is actively pursuing **share wins across products and geographies**. In Q4 2024, examples included expanding partnerships with **ICBA payments** and a **Mid-Florida credit union**, renewing the **Direct Express program**, and launching or renewing co-brand programs with **Porter Airlines/Bank of Montreal**, **IHG/Chase**, and **Sam's Club**. Internationally, they secured long-term debit exclusivity with **Saudi National Bank**, strengthened their partnership with **New Bank**, extended their relationship with **Banco Santander** in the U.K., and renewed a global premier credit card agreement with **HSBC** in over 20 countries.

- **Commercial and New Payment Flows:** This area is a strategic priority, though specific examples were not extensively detailed in the provided excerpts. However, an analyst asked about expanding the commercial point-of-sale (DOS) business internationally.
- **Services and Solutions:** This segment represents a **serviceable addressable market of at least \$165 billion**, with Mastercard having generated nearly \$11 billion in revenue in 2024 and maintaining less than 7% penetration, indicating a **significant growth runway**. The strategy involves **developing and launching differentiated products** (e.g., for customer acquisition, market insights, subscription management, threat identification), and leveraging **one-to-many distribution through global technology partners** (e.g., Galileo for ethical alerts and open banking, VikingCloud for small business cybersecurity, Feedzai for consumer fraud risk solutions).
- **Emerging Opportunities:** Michael Miebach introduced "**Agentic Commerce**" as an exciting opportunity across consumer and commercial flows to enable easy and secure shopping. The company is **scaling "agent pay" globally** to extend brand trust, provide new transaction methods, differentiate from alternative payment systems, and drive switching and service sales. Mastercard also views "**Stablecoin as another currency**".
- **Competitive Landscape:** When discussing competition from domestic account-to-account (A2A) players like Pix in Brazil and UPI in India, Michael Miebach highlighted their **engagement practice through advisory business and the Mastercard Economics Institute** to conduct strategic dialogues with customers and governments.

(15) Tariffs

There was **no discussion on Tariffs** found in the provided earnings call transcripts.

(16) Bogus

There was **no information found regarding "bogus"** in the provided earnings call transcripts.

4. Annual Filing (10-K) – Risks

Prompt: *What risks are discussed in the 10-K?*

Response:

The 10-K discusses a variety of risks that could materially and adversely affect Mastercard's overall business and results of operations. These risks are categorized into several key areas.

Key Risk Categories Discussed in the 10-K:

- **Legal and Regulatory Risks**
 - **Payments Industry Regulation:** Global regulatory and legislative activities, including central bank oversight, could impact product offerings, operational structure, network fees (such as interchange rates), and could lead to increased compliance burdens, reduced customer participation, or disintermediation. Mastercard is designated as a "systemically important payment system" in several jurisdictions, leading to increased regulation and oversight related to risk

management, collateral, and capital resources. Regulations around interchange rates are a significant focus, with potential adverse impacts if Mastercard is unsuccessful in defending its ability to establish these rates.

- **Privacy, Data Protection, AI, and Information Security:** Complex and fragmented laws and regulations worldwide related to privacy, data use, AI, and information security (e.g., GDPR, U.S. federal and state laws, SEC disclosure rules) could increase compliance costs, lead to legal claims, fines, and negatively impact growth and reputation. The expansion of data profiles through acquisitions (like Recorded Future) and the use of AI can amplify these impacts and subject Mastercard to new laws. Failure to meet rapidly evolving regulatory and stakeholder expectations in these areas could materially affect the business.
- **Other Regulation:** Broader regulations applying to Mastercard due to its participation in the global payments industry or affecting its financial institution customers could increase costs, reduce transaction volumes, and impact product competitiveness. This includes anti-money laundering (AML), countering the financing of terrorism (CFT), economic sanctions (e.g., OFAC), anti-corruption laws, and regulations concerning internet and high-risk merchant categories (like gambling, adult content, firearms). Non-compliance can result in substantial monetary penalties, damages, and reputational harm.
- **Adverse Changes in Tax Laws:** Current and future changes in tax laws, regulations, and interpretations (including international guidelines like OECD) or challenges to existing tax positions could impact Mastercard's effective income tax rate and tax payments.
- **Litigation:** Mastercard is a defendant in civil litigation and regulatory proceedings, including antitrust and intellectual property claims. Adverse judgments or settlements, particularly in large class-action lawsuits or antitrust claims, could result in significant damages and materially affect financial results. The U.S. Liability Shift Litigation, alleging conspiracy related to EMV chip card fraud liability, is an ongoing example with potential for substantial damages.
- **Preferential or Protective Government Actions:** Some governments may promote local payment networks or processing providers, mandate domestic switching, or adopt data localization requirements, which could hinder Mastercard's ability to compete effectively in those markets. Geopolitical events and sanctions (e.g., OFAC) could also lead jurisdictions to promote local payment solutions.
- **Business and Operations Risks**
 - **Competition and Technology:** Intense competition in the global payments industry from traditional competitors, three-party systems, alternative payment capabilities (like account-based payments), fintechs, and technology companies could lead to pricing pressure, disintermediation, and loss of business. Rapid technological developments and changes require significant investment and present challenges, including the risk of failing to keep pace with innovation or attracting necessary talent.
 - **Information Security and Operational Resilience:** The increasing sophistication of cyber-attacks (e.g., viruses, denial-of-service, ransomware, social engineering, AI-enhanced threats), account data breaches, and service disruptions pose significant risks. These could lead to misappropriation of sensitive information, service interruptions, reputational damage, increased costs, regulatory penalties, financial losses, and loss of customers. Reliance on third-party providers for secure data transmission and processing also introduces risk. Mastercard's prominent role and strategic acquisitions increase its exposure to these threats. Operational difficulties, such as prolonged service outages on its real-time account-based payments network (like Vocalink), could have quickly escalating impacts and reputational damage.

- **Stakeholder Relationships:** Losing significant business from large customers, competitors forming relationships with Mastercard's customers, consolidation among customers, merchants' focus on acceptance costs, and unique risks from working with governments could adversely affect the business. Government contracts specifically expose Mastercard to risks related to funding changes, anti-corruption laws, procurement regulations, audits, investigations, and heightened reputational scrutiny.
- **Attracting and Retaining Talent:** The inability to attract and retain a highly qualified workforce, particularly in technology, or to maintain its corporate culture, could harm business operations. Global conflicts and mental health needs can also impact employee well-being and, consequently, the business.
- **Acquisition Integration, Strategic Investments, and New Businesses:** Issues related to integrating acquisitions, the failure of strategic investments, or challenges in entering new businesses could lead to cost overruns, delivery delays, performance problems, diversion of management resources, and reputational damage. Acquisitions can also expose Mastercard to new regulations, legal requirements, and data practice non-conformities.
- **Global Economic and Political Environment Risks**
 - **Economic, Political, Financial, and Societal Events:** Global events such as economic downturns, geopolitical conflicts, trade policies, government interventions, and pandemics can decrease cross-border activity, reduce consumer and business spending, and lead to adverse currency fluctuations.
 - **Currency Fluctuations and Foreign Exchange Controls:** A significant portion of revenue is generated outside the U.S., making Mastercard susceptible to adverse currency fluctuations and foreign exchange controls, which could negatively impact operating results.
- **Brand, Reputational Impact, and Environmental, Social, and Governance (ESG) Risks**
 - **Negative Brand Perception:** Actions by customers, merchants, or other organizations that negatively impact the perception of Mastercard's brands or the payments industry in general could affect business. This includes association with legally permissible but high-risk merchant categories or failure to prevent illegal activities on its network.
 - **ESG Matters and Stakeholder Reaction:** Inability to execute on ESG initiatives (e.g., reducing greenhouse gas emissions, financial inclusion, workplace diversity) or conflicting stakeholder views on these matters could impact reputation, increase legal exposure, and lead to higher compliance and operating costs due to evolving regulations and oversight expectations.
- **Settlement and Third-Party Obligations Risks**
 - **Role as Guarantor and Contractual Obligations:** Mastercard guarantees the settlement of many payment network transactions between its customers, exposing it to credit and liquidity risks, particularly if a customer fails to fund its obligations (e.g., due to bank failures). Increased regulation could also require extending guarantees to additional obligations.
 - **Indemnification Obligations:** Significant contractual indemnification obligations with customers could be triggered by third-party failures to perform duties, leading to potential financial loss.
- **Class A Common Stock and Governance Structure Risks**
 - **Anti-Takeover Provisions:** Provisions in Mastercard's organizational documents and Delaware law (e.g., limits on beneficial ownership, no cumulative voting for directors, restrictions on written consent) could delay or prevent mergers or acquisitions that stockholders might consider favorable, potentially harming stock price.

- **Mastercard Foundation's Stock Ownership:** The substantial stock ownership of Mastercard Foundation and restrictions on its sales could impact corporate actions or acquisition proposals that other public stockholders might favor.

This comprehensive list highlights the breadth of risks Mastercard faces, ranging from external macroeconomic and geopolitical factors to internal operational, technological, and governance challenges, all of which are critical for investors to understand.

5. Impairments

Prompt: Are there any discussions on impairments or write-offs?

Response:

Yes, there are several discussions regarding **impairments** in the provided sources, particularly within the financial statements and related notes, and in the context of non-GAAP financial reporting. The term "write-off" is not explicitly used as a separate accounting item, but "impairments" effectively represent a reduction in the carrying value of assets on the books.

Here's a breakdown of the discussions on impairments:

- **Non-GAAP Financial Measures**
 - Mastercard's non-GAAP financial information explicitly excludes the impact of **gains and losses on equity investments**, which includes **mark-to-market fair value adjustments, impairments**, and gains and losses upon disposition, as well as their related tax impacts. This adjustment is made to facilitate an understanding of operating performance and provide a meaningful comparison between periods, as management evaluates underlying operations separately from these recurring and nonrecurring items.
 - The earnings call discussions also mention excluding gains and losses on equity investments from non-GAAP metrics.
- **Impairment of Assets**
 - **Goodwill and Indefinite-Lived Intangible Assets:** These assets are not amortized but are tested annually for **impairment** in the fourth quarter, or sooner if circumstances indicate impairment may exist.
 - The **impairment** evaluation for goodwill involves a qualitative assessment to determine if it is more likely than not that goodwill is impaired. If so, a quantitative test is performed, and an **impairment** charge is recognized if the reporting unit's fair value is less than its carrying value.
 - Similarly, for indefinite-lived intangible assets, a qualitative assessment precedes a quantitative one. An **impairment** charge is recognized if the asset's fair value is less than its carrying value.
 - As of December 31, 2024, Mastercard performed its annual qualitative assessment and concluded that **goodwill was not impaired** and had no accumulated **impairment** losses. It also determined that its **indefinite-lived intangible assets were not impaired**.
 - **Long-Lived Assets (other than goodwill and indefinite-lived intangibles):** These assets are tested for **impairment** when events or circumstances suggest their

carrying amount may not be recoverable. If the carrying value cannot be recovered from estimated future undiscounted cash flows and exceeds the asset's fair value (calculated using the present value of estimated net future cash flows), an **impairment** is recorded.

- **Debt Securities (Available-for-Sale):** Mastercard evaluates its debt securities for **impairment** on an ongoing basis. An **impairment** is recognized if the fair value of a debt security declines below its amortized cost basis and the company intends to sell it, is likely to be required to sell it before recovery, or does not expect to recover the entire amortized cost basis. The credit loss component of the **impairment** is recognized as an allowance in other income (expense), net, while the non-credit related loss remains in accumulated other comprehensive income (loss) until realized.
- **Nonmarketable Equity Investments:** Mastercard uses discounted cash flows and market assumptions to estimate the fair value of these investments when there are indications of **impairment**. Under the measurement alternative method, these investments are measured at cost, less any **impairment** and adjusted for observable price changes. **Impairments** are included in gains (losses) on equity investments, net, on the consolidated statements of operations.
 - The company recorded "Downward adjustments (including **impairment**)" for Measurement alternative investments of \$(9) million in 2024, \$(145) million in 2023, and \$(23) million in 2022.
- **Accounting for Impairment Charges**
 - **Impairment** charges, if any, are recorded in general and administrative expenses on the consolidated statements of operations.
 - For debt securities, the credit loss component of **impairment** is recorded in other income (expense), net.
 - For nonmarketable equity investments, **impairments** are included in gains (losses) on equity investments, net.

In summary, Mastercard has clear policies and procedures for assessing and recording **impairments** across various asset classes, and it transparently reports these in its financial statements and related disclosures.