

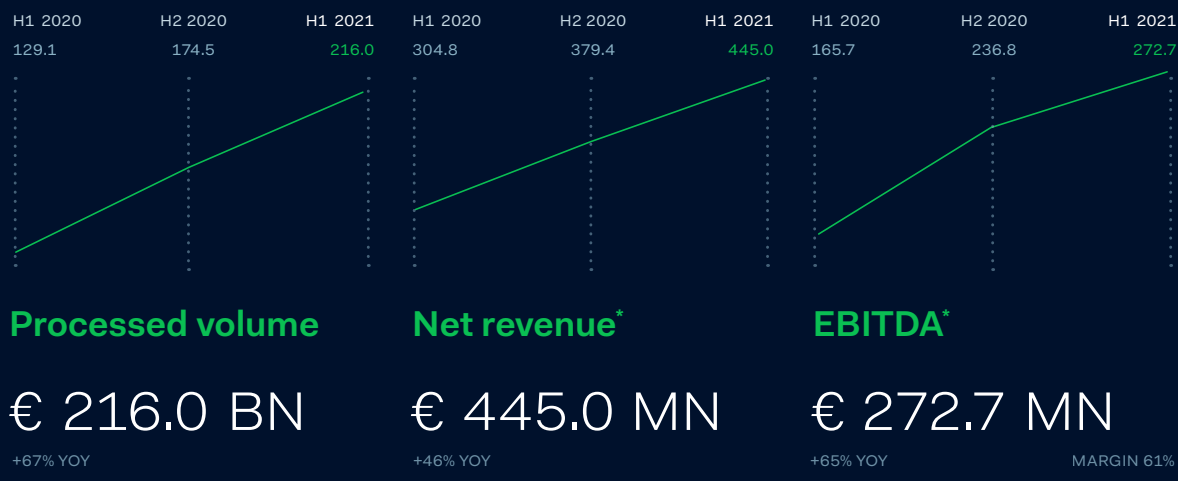
# Shareholder letter

H1 2021

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**adyen**



### Enterprise merchant base continues to drive majority of volume growth

- » Continuous addition of household names to the platform paired with minimal churn
- » Enterprise merchants' priorities continue to set product development strategy
- » Expanding our licensing footprint to support our merchants globally — e.g. US branch license, acquiring capabilities in Japan and the UAE

### Increasingly advanced product suite providing opportunities in an ever-evolving space

- » Adyen for Platforms solves for the challenges of companies running the increasingly dominant business model of our time
- » Opportunities for our 3DS2 solution continue to arise due to the ongoing trend towards strong customer authentication
- » Additional use cases for Adyen Issuing as a result of product design — now in the realm of expense management

### Momentum in unified commerce and increased retail footprint

- » POS volume doubled year-on-year as unified commerce became increasingly business critical for merchants
- » Unified commerce solution available to larger part of the market via platforms and partnerships
- » Longer-term shifts in shopper preferences now ingrained due to COVID-19 pandemic

### A culture-first approach to building Adyen

- » Growing the team to 1,954 FTE across 26 offices globally
- » Simultaneously building attractive workspaces and the online infrastructure required for remote working
- » Increasing our ESG focus with more comprehensive disclosures

\* Please refer to the Interim Condensed Consolidated Financial Statements for further detail on historically restated figures.

# Longer-term trends ingrained during a half year of strong profitable growth

Dear shareholders,

August 19, 2021

The results for the first half of 2021 were strong. We processed €216.0 billion during the period, up 67% year-on-year. Net revenue was €445.0 million, up 46% year-on-year. This growth came largely from increased volume of enterprise merchants already on the platform. Within the enterprise space, merchants running platform businesses were a major growth driver. We invested significantly in building out our offering for these merchants over the past years, and are now seeing solid results of that work. One outcome of us growing with our largest merchants is that take rate trended downward. This is a natural consequence of our business model, as we focus on generating incremental net revenue by onboarding profitable volume at scale.

The COVID-19 pandemic continued to dominate the day-to-day reality of many of our merchants. As such, helping our merchants navigate the ever-shifting environment of the global pandemic remained a primary focus. Despite the impact of the pandemic, there was continuity too — with the majority (>80%) of our growth coming from merchants that were already on the platform in previous periods, which has been a constant since our IPO. Volume churn remained consistently low (<1%), and regional diversification of net revenue again increased. This leaves us confident that we are solidly executing our strategy in a space that is consistently buoyed by macroeconomic trends (e.g. the digitization of commerce and the transition from cash to cashless), many of which were accelerated by COVID-19. These trends have always helped us, and emphasize how payments function as a strategic driver for businesses around the world.

With each shareholder letter we write, we are a more global business. Of the regions, North America continued to stand out. The region's contributions rose to 22% of net revenue, growing 80% year-on-year. This acceleration comes on the back of almost a decade of investments. Starting out, we mainly helped US merchants expand outside the region. Today, we are consistently able to win US domestic volume as we are well-positioned to help merchants solve for the evolving complexity in the North American payments landscape (e.g. shopper preferences evolving towards multi-channel shopping journeys and payment method proliferation). There is significant opportunity with both new and existing merchants — our merchant base now includes household names such as Airbnb, American Eagle, and Slice. The trend in our North American footprint mirrors our historical track record — we see increased opportunity when the environment grows more complex.

Consistent with previous periods, the cadence of lockdown restrictions impacted our volumes. In travel, this was reflected in processed volume rebounding to pre-pandemic levels towards the end of the period due to Europe and North America gradually reopening for domestic travel in late spring. In Europe, volume of online travel agencies rebounded quicker than airline volume, due to many people opting for closer-to-home vacationing. For North America, the easing of interstate air travel resulted in an uptick in airline volume. Our full-stack<sup>1</sup> volume share, which was 83% for the period, was impacted by relatively low airline volume, as we tend not to act as an acquirer in this space. For reference, this was 77% in H1 2020, and 71% in H1 2019.

The pandemic marks an inflection point in the significance of the industry as multi-channel shopping journeys were ingrained in shopper preferences globally. As a result, unified commerce strategies shifted from a nice-to-have to a need-to-have for businesses around the world. Due to this reality, and despite the impact of global lockdown restrictions, we continued to see significant growth in retail, with in-store<sup>2</sup> and online volumes growing in tandem. Point-of-sale (POS) volume doubled year-on-year, as it reached €22.8 billion in H1 2021, comprising 11% of total processed volume. The growth of these volumes further emphasizes the increased relevance of our unified commerce proposition. The addition of leading names such as LVMH and The Body Shop underscores this success.

We have made it no secret that we are building Adyen for the long term, and see our team and tech stack as key success factors. As such, we continue to invest in both. During the period, we grew the team — which totaled 1,954 FTE at the end of the period — and further built out our data center infrastructure.

<sup>1</sup> Full-stack volume is volume for which we are in the money flow, and are therefore paying out to merchants.

<sup>2</sup> In-store retail volume is not a proxy for total point-of-sale volume.







# Strong results across growth pillars

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Enterprise merchants that were onboarded in previous periods continued to drive the majority of volume growth in the first half of the year. By building trusted partnerships with our merchants, we are continuously able to win additional volume. A recent example of the success of this approach is how our partnership with McDonald's has grown over time. In 2019, we launched mobile transactions in the UK with them and have since expanded to do the same in Canada, the UAE, and additional European markets.

Our sales pipeline remained robust and has not been markedly impacted by the pandemic. We maintain a global sales strategy by working across teams and regions as many of our merchants require a cross-functional approach. Notable additions to the merchant portfolio during the period include SHEIN, O Boticário, and Shopback.

Within enterprise, we saw significant success with merchants operating platform business models. To enable these merchants in unlocking the full strength of our solution to businesses of all sizes, and efficiently increase our reach into the long tail of the market, we built Adyen for Platforms. These enterprise-level partnerships help us democratize access to the Adyen platform, and allow smaller businesses to embrace payments as a strategic asset. Our global partnership with eBay, which we continued to expand in the first half of 2021, is one example of this approach.

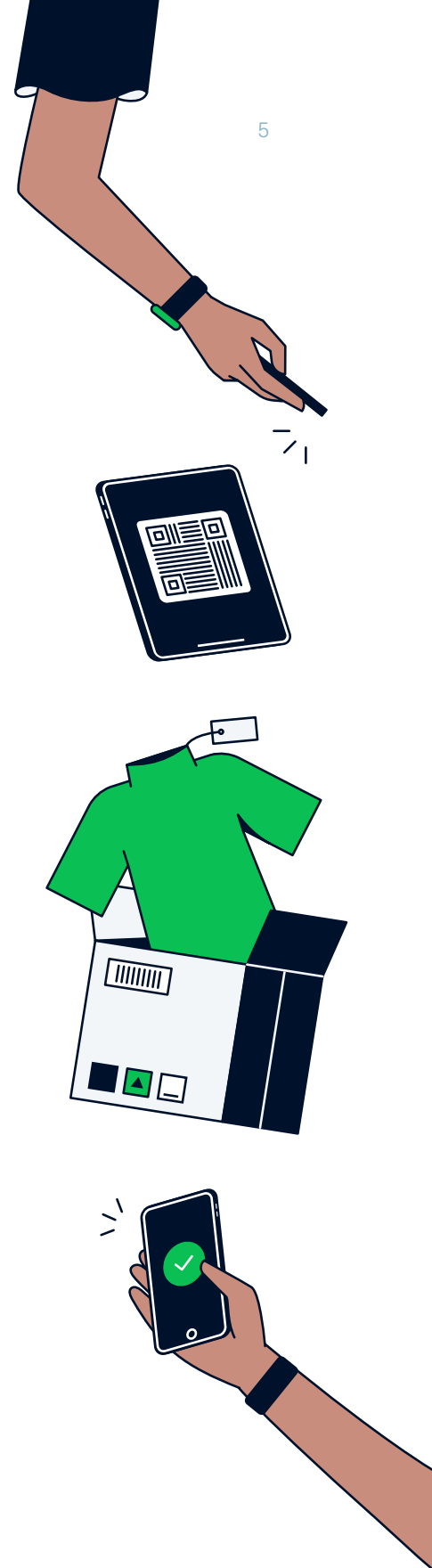
Where we historically have been strong with our online offering for platforms, we now increasingly see these merchants opting for a unified commerce set-up. Platform merchants added to our merchant portfolio during the period illustrate the variety of use cases of our offering — including hospitality software provider CloudBeds, leisure and entertainment business enabler Roller, and sports and fundraising platform RunSignUp.

The COVID-19 pandemic made that the longer-term shift towards unified commerce shopper journeys is now ingrained in shopper preferences. For retailers, this means that presenting a single brand across channels became essential. Ordering ahead, curbside pick-up, and in-store purchases with self-service checkouts will continue to be part of our everyday reality. Our single platform is unique in its capability of helping merchants implement such multi-channel journeys.

We see this reflected in our merchant portfolio too. The historical trends of existing merchants adding a second channel and new merchants immediately opting for a unified commerce set-up continued as we move more broadly across industries and away from a previous concentration of high-end retail merchants. Following that trend, we continued to add leading names across verticals — including quick-service restaurant Nando's in APAC, toys and games retailer Ravensburger in Europe, and health service provider Dr. Consulta in Brazil.

In order to unlock our unified commerce solution for smaller merchants in a scalable manner, we work with businesses like EPOSNow and Lightspeed. This approach allows us to efficiently provide our unified commerce solution to merchants of any size.

We built out low-touch acquisition and support models specifically for mid-market merchants in the first half of this year. Additionally, we are rolling out an online education program to help merchants get the most out of our platform without the need for extensive account management. Another noteworthy development is how we expanded our BigCommerce partnership with a go-live within a day model for SME businesses. This is the first application of an approach we look forward to roll out more broadly.





# Merchant-driven innovation at global scale

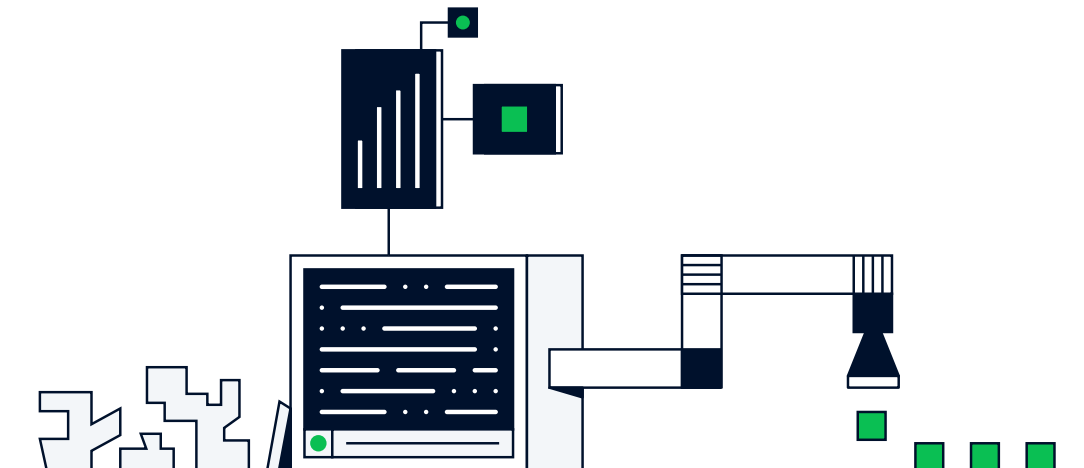
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We keep our merchants' needs central to our strategy development to allow for swift iterations on our product. To efficiently do so, we maintain a flat organizational structure comprised of dynamic workstreams that work directly with our merchants — integrating product, commercial, and technical expertise into every team. Our licensing approach mirrors this philosophy, as expansion is always driven by merchant demand.

To best support our merchants, we continually build out our full-stack capabilities. Following longer-term investments, we obtained multiple licenses in the first half. Notably, we were granted our US branch license. Our European banking license has helped many of our merchants grow, and we see similar opportunities for our merchants in the US. Other improvements include the expansion of our acquiring capabilities in Japan and the UAE. Both are illustrative to how we build driven by merchant demand — our launching merchants in Japan were Microsoft and Breitling, and we moved into the UAE with HMS Host International and Fabergé.

The sophisticated controls (e.g. time-, location-, and category-based) of Adyen Issuing support a plethora of use cases. We saw additional applications go live in the first half of 2021 in the realm of expense management. Our Issuing offering allows these merchants to achieve operational efficiency by instantly streamlining these processes. Illustrative is how accounting software provider Visma implemented the product to enhance its software for a broad range of expenses, and how Just Eat Takeaway.com is leveraging the product to build out a new revenue stream, allowing its corporate clients' employees to order food and beverages without having to submit an expense report.

The widespread industry trend towards strong customer authentication (SCA) continued during the period, and was further supported by the PSD2 regulation coming into effect across Europe. As the topic is top of mind for regulators and networks, we focused on best helping our merchants navigate this complex regulatory space with our machine learning-driven 3DS2 feature. First results show a significant drop in fraud rates across SCA transactions — partially making up for the decline in conversion rates that are a direct consequence of the legislation. We know that there are opportunities for whomever solves most elegantly for the structural impact SCA will have on conversion rates and the industry more widely, and therefore continue to see this as a positive.







# Growing the team to capitalize on long-term opportunities

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We added 207 FTE in the first half of the year, with the Adyen team totaling 1,954 FTE at the end of H1 2021. We continued to apply a merchant-centered approach to our hiring strategy, which is reflected in new hires being predominantly in tech (47%) and commercial (40%) roles.

We are growing the team to facilitate for long-term growth, and believe scaling our culture is key to successful execution. Senior management continued to dedicate significant time to the hiring process and, now virtually, meet every new hire before joining the team. That being said, we look forward to further grow the team at speed and capitalize on the substantial opportunity we view ahead.

Our talent is key to our growth. To reach the team's full potential, we foster an entrepreneurial culture and promote internally by design. A natural consequence is that our talent grows at the same pace as the business does. We are proud to see how this approach has resulted in a deep bench, to which senior management appointments over the past years are a testament.

The COVID-19 pandemic taught us that an online environment works well from an efficiency perspective, but that the creativity is sparked during in-office interactions is hard to fully replicate via video conferencing. To foster the creativity and straightforward, no-nonsense approach that brought us to where we are today, we continue to invest in attractive workspaces for the team. We have always been flexible in dealing with personal circumstances, and will maintain that approach. Keeping our strong company culture will set our course when navigating this uncharted territory.



Total FTE



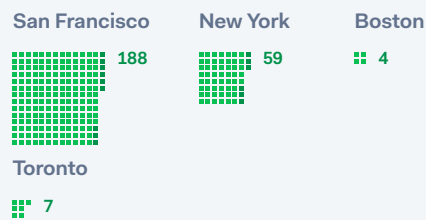
## Europe



## Asia-Pacific



## North America



## Latin America



## Middle East



Figure 1

H1 2021 FTE growth





# Making good choices to build an ethical business

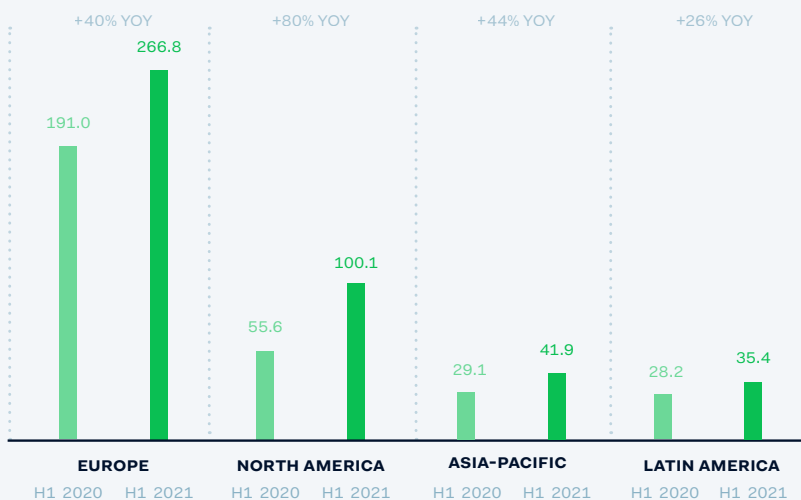
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The principles of the Adyen Formula have guided the way we work as a team since we founded the company. One of our Formula points is about making good choices to build an ethical business. Since IPO, we have kept you informed about the company's progress via these bi-annual shareholder letters and annual reports. Following constructive conversations with a broad range of stakeholders, and conscious of its importance, we have drawn up the Adyen way of building an ethical business. The document explains what making good choices means, and we will make a point to keep you well-informed as the business grows. You can read the document [here](#).

Another development in the realm of ESG is the expansion of our Impact product suite with Restore. Just like our donation feature Giving, Restore is a natural extension of the payment chain — now enabling our merchants' shoppers to offset the carbon footprint of their purchases at the end of the checkout process by funding environmental sustainability projects.

Figure 2

Net revenue per region (in EUR millions). Comparative figures were restated on account of correction of error reported in the 2020 annual and H2 2020 interim condensed consolidated financial statements.



# Discussion of financial results

## Strong processed volume growth from merchants already on the platform

Processed volume for the period was €216.0 billion, up 67% year-on-year. In line with previous periods, most of our volume growth came from merchants that were already on the platform.

H1 2021 POS volume was €22.8 billion, making up 11% of total processed volume. Despite global lockdowns impacting growth in the in-store segment, POS volume doubled in absolute numbers year-on-year — underscoring the strength of the offering.



## Net revenue reflecting success with existing merchants and increased regional diversification

Following continued success in the execution of our land-and-expand strategy, net revenue was €445.0 million<sup>3</sup>, up 46% year-on-year from €304.8 million in H1 2020<sup>4</sup>.

A natural consequence of our strategy is how take rate evolved during the period. H1 2021 take rate was 20.6 bps, compared to 23.6 bps in H1 2020. This difference is mainly due to our tiered pricing strategy paired with growth from enterprise merchants — including platforms — already onboarded in previous periods, and an increase in like-for-like settled volume (i.e. without the need for currency exchange) as we build out the offering to best service our merchants' needs.

We continue to see take rate as an outcome, and not a driver of our business, as the scalability and low cost of operating our single platform allow for a focus on incremental net revenue.

In line with previous periods, net revenue contribution continued to diversify across regions — and our merchant base — in the first half. Europe accounted for 60% of net revenues, followed by North America (22%), APAC (9%) and LATAM (8%).

Year-on-year net revenue growth accelerated in all regions. Most noteworthy, North American net revenue growth was 80%, and outpaced APAC (44%), Europe (40%), and LATAM (26%).

## Investing in Adyen for the long term — from home for now

Total operating expenses were €188.8 million for the period, up 24% year-on-year. These represent 42% of net revenue, compared to 50% in H1 2020. This delta is mainly due to our strong net revenue growth combined with lower travel and marketing costs, i.e. fewer in-person events and outdoor advertising, as a natural result of the COVID-19 pandemic.

Employee benefits were €119.0 million for H1 2021, up 36% year-on-year. As we continue to build Adyen for the long term, we believe our strong

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<sup>3</sup> On a constant currency basis, net revenue of €445.0 million would have been 7% higher than reported. Please refer to Note 1 of the Interim Condensed Consolidated Financial Statements for further detail on revenue breakdown.

<sup>4</sup> Please refer to the Interim Condensed Consolidated Financial Statements for further detail on our historically restated figures.

company culture is key to successful execution. Therefore, we only hire up to absorption rate. We saw this impacted by the pandemic, as welcoming new team members into the Adyen culture naturally takes more time from a distance.

Other operating expenses totaled €53.3 million, up 3% from H1 2020. Of these, sales and marketing expenses were €17.2 million, down 20% year-on-year.

## EBITDA displaying continued strong operating leverage

EBITDA was €272.7 million in H1 2021, up 65% from €165.7 million in H1 2020. This increase comes on the back of our strong net revenue growth paired with the operational scalability of the single platform. EBITDA margin was 61% for the period, up from 54% in H1 2020.

## High net income growth

Net income for the first half of 2021 was €204.8 million, up 109% year-on-year from €97.9 million in H1 2020. This delta is driven by net revenue growth, the low cost base of operating the single platform, and other financial results being impacted by the Adyen share price and currency exchange.

## CapEx reflecting investments in the single platform

CapEx were 5% of net revenue, up from 2% in H1 2020. H1 2021 CapEx spend reflects our continuous focus on the scalability of our tech stack and global presence, as we are building this company to best service our merchants.

## Robust free cash flow conversion

Free cash flow was €246.4 million, up 60% year-on-year from €154.2 million in H1 2020.

Free cash flow conversion ratio<sup>5</sup> was 90% in the first half of 2021, down from 93% in H1 2020. This decrease was mainly driven by the increase in CapEx.

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<sup>5</sup> ((EBITDA-CapEx-Lease payments)/EBITDA)

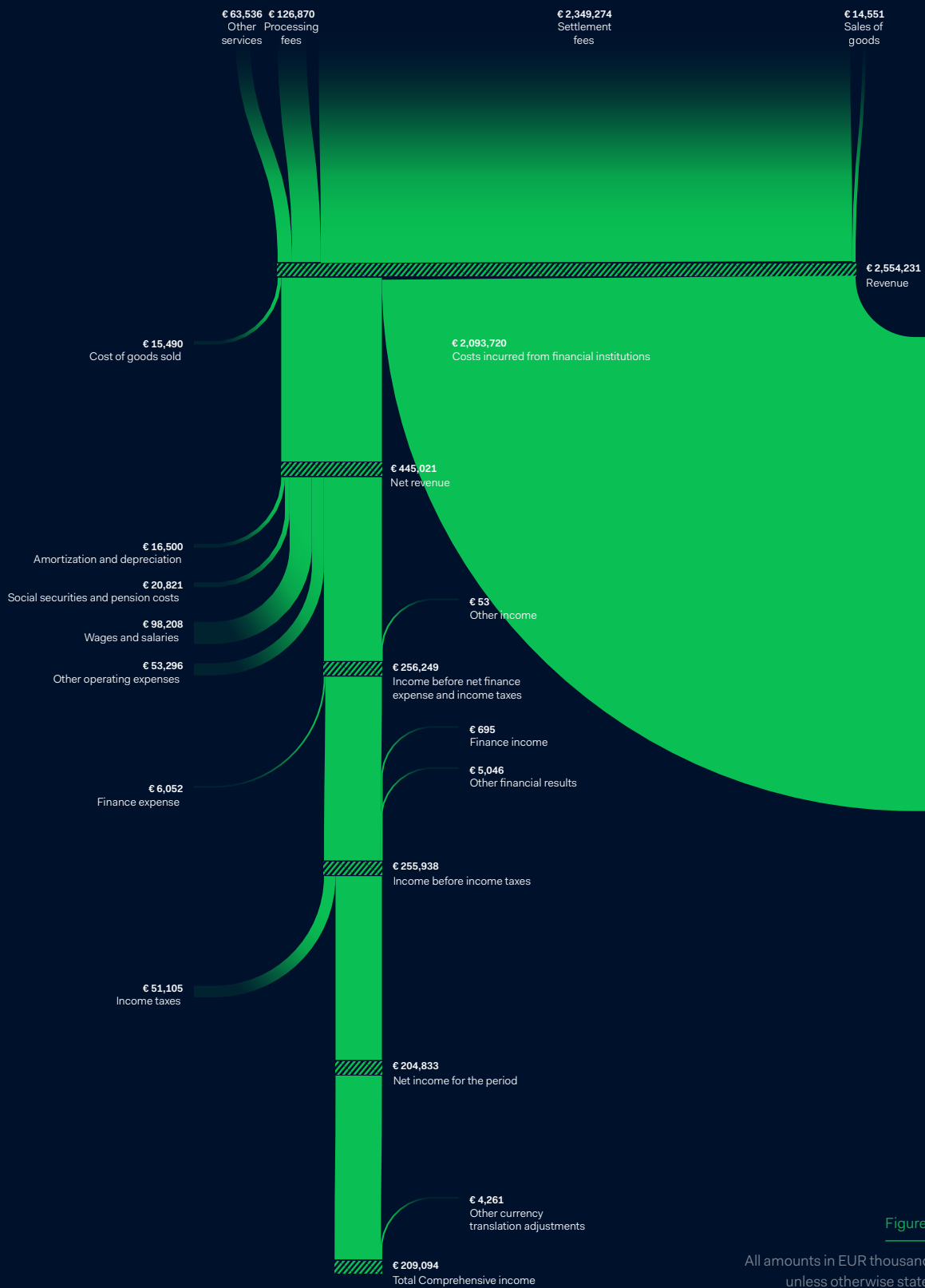


Figure 3

All amounts in EUR thousands unless otherwise stated

# Financial objectives

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We have set the following financial objectives, wherein EBITDA margin guidance has been updated in February this year. Other objectives remain unchanged since IPO.

**Net revenue growth:** We aim to continue to grow net revenue and achieve a CAGR between the mid-twenties and low-thirties in the medium term by executing our sales strategy.

**EBITDA margin:** We aim to improve EBITDA margin, and expect this margin to benefit from our operational leverage going forward and increase to levels above 65% in the long term.

**Capital expenditure:** We aim to maintain a sustainable capital expenditure level of up to 5% of our net revenue.

We will host our earnings videoconference at 3pm CEST (9am ET) today (August 19) to discuss these results.

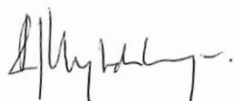
To watch the livestream, please visit our Investor Relations page. A recording will be available on the website following the call.

As an appendix to this letter you will find three highlight pages of our growth pillars (Enterprise, Unified Commerce, and Mid Market) and our H1 2021 financial statements attached.

Sincerely,



**Pieter van der Does**  
CEO



**Ingo Uytdehaage**  
CFO

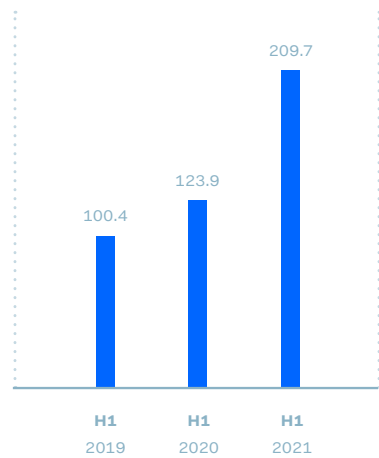
## Enterprise

The enterprise segment continues to drive the largest share of our growth. By building trusted partnerships with these merchants, we are consistently able to win additional volume through implementing new sales channels, geographies, and product lines with them. We see this as a result of our product development strategy — driven directly by merchant needs.



Figure 4

Enterprise volume in EUR billions.



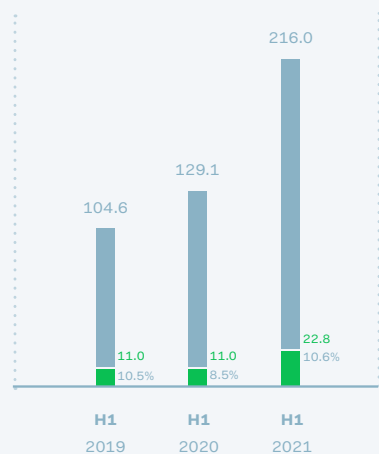
## Unified commerce

As shopper preferences continue to shift towards a unified experience, a multi-channel strategy is becoming business critical for businesses globally. By integrating the online and offline channels in a single platform, we are at the forefront of the new era of commerce with our unified commerce solution.



Figure 5

POS volume evolution, including share of total processed volume in EUR billions.





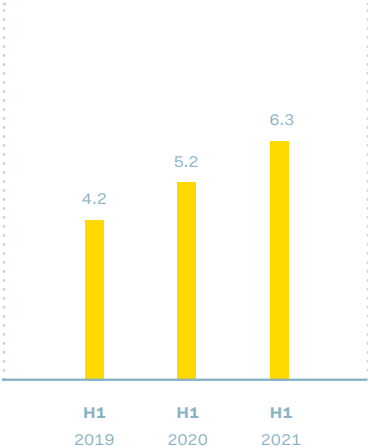
# Mid-market

In mid-market, we build to offer the full strength of the Adyen solution to merchants of all sizes via simplified integrations. Our value proposition to these merchants is grounded in our ability to future-proof their payments set-up through access to the single platform, which leaves space to focus on growing their business.



Figure 6

Mid-market volume in EUR billions. We define mid-market merchants as merchants processing up to €25 million annually on our platform. In H1 2021, 4,698 merchants met this definition.



# Interim Condensed Consolidated Financial Statements

H1 2021 Adyen N.V.



## Consolidated statement of comprehensive income

For the periods ended June 30, 2021 and 2020 Restated\*  
(all amounts are in EUR thousands unless otherwise stated)

	Note	H1 2021	H1 2020 Restated*
Revenue	1	2,554,231	1,560,074
Costs incurred from financial institutions	1	(2,093,720)	(1,246,243)
Costs of goods sold	1	(15,490)	(9,024)
<b>Net revenue</b>		<b>445,021</b>	<b>304,807</b>
Wages and salaries	3	(98,208)	(73,868)
Social securities and pension costs	3	(20,821)	(13,733)
Amortization and depreciation	11,12	(16,500)	(13,463)
Other operating expenses	4	(53,296)	(51,594)
Other income		53	110
<b>Income before net finance expense and income taxes</b>		<b>256,249</b>	<b>152,259</b>
Finance income		695	1,173
Finance expense		(6,052)	(3,797)
Other financial results	5	5,046	(25,602)
<b>Net finance expense</b>		<b>(311)</b>	<b>(28,226)</b>
<i>Income before income taxes</i>		<i>255,938</i>	<i>124,033</i>
Income taxes	6	(51,105)	(26,134)
<b>Net income for the period</b>		<b>204,833</b>	<b>97,899</b>
<i>Net income attributable to owners of Adyen N.V.</i>		<i>204,833</i>	<i>97,899</i>
<i>Other comprehensive income</i>			
Items that may be reclassified to profit or loss			
Currency translation adjustments subsidiaries		4,261	(2,594)
<i>Other comprehensive income for the period</i>		<i>4,261</i>	<i>(2,594)</i>
<b>Total comprehensive income for the period (attributable to owners of Adyen N.V.)</b>		<b>209,094</b>	<b>95,305</b>
<b>Earnings per share (in EUR)</b>			
- Net profit per share - Basic	13	6.73	3.24
- Net profit per share - Diluted	13	6.69	3.19

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

\* Comparative figures have been restated on account of our previously disclosed accounting adjustment  
(Refer to 'Correction of prior period error as disclosed in 2020' note).

## Consolidated balance sheet

As at June 30, 2021 and December 31, 2020  
(all amounts are in EUR thousands unless otherwise stated)

	Note	June 30, 2021	December 31, 2020
Intangible assets		10,270	9,970
Plant and equipment	11	48,848	35,746
Right-of-use assets	12	117,785	124,328
Other financial assets at FVPL	10	23,196	20,883
Contract assets	1.1	108,173	124,113
Deferred tax assets	6	118,559	106,337
<b>Total non-current assets</b>		<b>426,831</b>	<b>421,377</b>
Inventories	2	18,048	19,548
Receivables from merchants and financial institutions		705,511	883,939
Trade and other receivables		60,007	75,079
Current income tax receivables	6	36,985	8,794
Other financial assets at amortized cost	10	-	12,238
Cash and cash equivalents	9	3,344,906	2,737,486
<b>Total current assets</b>		<b>4,165,457</b>	<b>3,737,084</b>
<b>Total assets</b>		<b>4,592,288</b>	<b>4,158,461</b>
Share capital	7	305	304
Share premium	7	199,086	194,608
Other reserves		159,291	149,931
Retained earnings		1,077,705	873,291
<b>Total equity attributable to owners of Adyen N.V.</b>		<b>1,436,387</b>	<b>1,218,134</b>
Derivative liabilities	10	76,100	68,400
Deferred tax liabilities	6	22,757	23,924
Lease liability	12	112,388	118,051
Cash-settled share-based payment plan		4,742	-
<b>Total non-current liabilities</b>		<b>215,987</b>	<b>210,375</b>
Payables to merchants and financial institutions		2,797,545	2,588,863
Trade and other payables		124,662	111,547
Lease liability	12	15,975	13,434
Current income tax payables	6	1,732	16,108
<b>Total current liabilities</b>		<b>2,939,914</b>	<b>2,729,952</b>
<b>Total liabilities and equity</b>		<b>4,592,288</b>	<b>4,158,461</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

## Consolidated statement of changes in equity

For the periods ended June 30, 2021 and 2020 Restated\*  
(all amounts are in EUR thousands unless otherwise stated)

	Note	Share capital	Share premium	Other reserves			Retained earnings	Total equity
				Legal reserves	Share-based payment reserve	Warrant reserve		
<b>Balance – January 1, 2020 (as previously reported)</b>		<b>301</b>	<b>179,296</b>	<b>9,095</b>	<b>66,734</b>	<b>53,401</b>	<b>559,494</b>	<b>868,321</b>
Adjustment for correction of error							50,013	50,013
<b>Balance – January 1, 2020 (restated)</b>		<b>301</b>	<b>179,296</b>	<b>9,095</b>	<b>66,734</b>	<b>53,401</b>	<b>609,507</b>	<b>918,334</b>
Net income for the period (restated)							97,899	97,899
Currency translation adjustments				(2,594)				(2,594)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>(2,594)</b>	<b>-</b>	<b>-</b>	<b>97,899</b>	<b>95,305</b>
<i>Adjustments:</i>								
Intangible assets				136			(136)	-
Other adjustments				(1)			69	68
		-	-	135	-	-	(67)	68
<i>Transactions with owners in their capacity as owners:</i>								
Deferred tax on share-based compensation						23,298		23,298
Options exercised			707		(707)			-
Proceeds on issuing shares		2	9,163					9,165
Share-based payments	3.2					359		359
		2	9,870	-		22,950	-	32,822
<b>Balance – June 30, 2020</b>		<b>303</b>	<b>189,166</b>	<b>6,636</b>	<b>89,684</b>	<b>53,401</b>	<b>707,339</b>	<b>1,046,529</b>

\* Comparative figures have been restated on account of our previously disclosed accounting adjustment (Refer to 'Correction of prior period error as disclosed in 2020' note).



	Note	Share capital	Share premium	Other reserves			Retained earnings	Total equity
				Legal reserves	Share-based payment reserve	Warrant reserve		
<b>Balance – January 1, 2021</b>		<b>304</b>	<b>194,608</b>	<b>(1,504)</b>	<b>98,034</b>	<b>53,401</b>	<b>873,291</b>	<b>1,218,134</b>
Net income for the period							204,833	204,833
Currency translation adjustments				4,261				4,261
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>4,261</b>	<b>-</b>	<b>-</b>	<b>204,833</b>	<b>209,094</b>
<i>Adjustments:</i>								
Intangible assets				300			(300)	-
Other adjustments							(119)	(119)
		-	-	300	-	-	(419)	(119)
<i>Transactions with owners in their capacity as owners:</i>								
Deferred tax on share-based compensation	6				5,367			5,367
Options exercised			771		(771)			-
Proceeds on issuing shares	7	1	3,707					3,708
Share-based payments	3.2				203			203
		<b>1</b>	<b>4,478</b>	<b>-</b>	<b>4,799</b>	<b>-</b>	<b>-</b>	<b>9,278</b>
<b>Balance – June 30, 2021</b>		<b>305</b>	<b>199,086</b>	<b>3,057</b>	<b>102,833</b>	<b>53,401</b>	<b>1,077,705</b>	<b>1,436,387</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

## Consolidated statement of cash flows

For the periods ended June 30, 2021 and 2020 Restated\*  
(all amounts are in EUR thousands unless otherwise stated)

	Note	H1 2021	H1 2020 Restated*
<b>Income before income taxes</b>		<b>255,938</b>	<b>124,033</b>
<i>Adjustments for:</i>			
- Finance income		(695)	(1,173)
- Finance expenses		6,052	3,797
- Other financial results	5	(5,046)	25,602
- Depreciation of plant and equipment	11	6,882	5,340
- Amortization of intangible fixed assets		1,635	1,074
- Depreciation of right-of-use assets	12	7,983	7,048
- Equity-settled share-based compensation**	3.2	203	359
- Cash-settled share-based payment plan		4,742	-
<i>Changes in working capital:</i>			
- Inventories	2	242	(6,648)
- Trade and other receivables		16,427	(18,195)
- Receivables from merchants and financial institutions		178,428	(138,275)
- Payables to merchants and financial institutions		208,682	359,436
- Trade and other payables**		13,498	15,189
- Amortization and additions of contract assets	1.1	17,328	2,369
<i>Cash generated from operations</i>		<i>712,299</i>	<i>379,956</i>
Interest received		695	1,173
Interest paid		(6,052)	(3,797)
Income taxes paid	6	(96,622)	(37,826)
<b>Net cash flows from operating activities</b>		<b>610,320</b>	<b>339,506</b>
Purchases of other financial assets at FVPL		(211)	-
Redemption of other financial assets at amortized cost		12,427	13,088
Purchases of other financial assets at amortized cost		-	(13,355)
Purchases of plant and equipment	11	(19,795)	(5,053)
Capitalization of intangible assets		(1,935)	(1,210)
<b>Net cash used in investing activities</b>		<b>(9,514)</b>	<b>(6,530)</b>
Proceeds from issues of shares		3,707	9,163
Lease payments	12	(4,626)	(5,267)
<b>Net cash flows from financing activities</b>		<b>(919)</b>	<b>3,896</b>
<b>Net increase in cash, cash equivalents and bank overdrafts</b>		<b>599,887</b>	<b>336,872</b>
Cash, cash equivalents and bank overdrafts at beginning of the period		2,737,486	1,745,388
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts	5	7,533	(1,892)
<b>Cash, cash equivalents and bank overdrafts at end of the period</b>		<b>3,344,906</b>	<b>2,080,368</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

\* Comparative figures have been restated on account of our previously disclosed accounting adjustment (Refer to 'Correction of prior period error as disclosed in 2020' note).

\*\* The comparative information is updated to align with the current period presentation of trade and other payables and cash-settled share-based payment plan.

# Notes to the interim condensed consolidated financial statements

## General information

Adyen N.V. (hereinafter 'Adyen' or 'the Company') is a licensed Credit Institution by De Nederlandsche Bank (the Dutch Central Bank) and registered in the Netherlands under the company number 34259528. The Credit Institution license includes the ability to provide cross-border services in the European Economic Area.

During the first six months of 2021, Adyen was granted a license to operate as a US Federal Foreign Branch in San Francisco, California by the Office of the Comptroller of the currency (OCC) and the Federal Reserve<sup>1</sup>. The US branch will be incorporated and commence trading during the 2021 year.

Adyen N.V. directly or indirectly owns 100% of the shares of its subsidiaries, and therefore controls all entities included in these interim condensed consolidated financial statements. Adyen shares are traded on Euronext Amsterdam, where the Company is part of the AEX Index.

All amounts in the notes to the interim condensed consolidated financial statements are stated in thousands of EUR, unless otherwise stated.

## Basis of preparation

The interim condensed consolidated financial statements for the period January 1, 2021 to June 30, 2021 have been prepared in accordance with IAS 34 — *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the Adyen annual consolidated financial statements and should, therefore, be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020.

The following periods have been presented for the interim condensed consolidated financial statements ended June 30, 2021:

Interim condensed consolidated financial statements	Current period	Comparative period
<b>Statement of comprehensive income</b>	January 1 — June 30, 2021	January 1 — June 30, 2020
<b>Balance sheet</b>	As at June 30, 2021	As at December 31, 2020
<b>Statement of changes in equity</b>	January 1 — June 30, 2021	January 1 — June 30, 2020
<b>Statement of cash flows</b>	January 1 — June 30, 2021	January 1 — June 30, 2020

<sup>1</sup> Refer to press release 'Adyen granted US branch license': [www.adyen.com/press-and-media/2021/adyen-granted-us-branch-license](http://www.adyen.com/press-and-media/2021/adyen-granted-us-branch-license)

## Relevant accounting policies

Significant and other accounting policies that summarize the measurement bases used, and relevant to understanding the financial statements, are provided in the annual consolidated financial statements for the year ended December 31, 2020. Any significant accounting policy changes during the first six months of 2021 are reflected throughout the notes to these interim condensed consolidated financial statements.

## Significant accounting estimates or judgements

A number of accounting policies involve a higher degree of judgement or complexity. The estimates applied are more likely to be materially adjusted due to inaccurate estimates and or assumptions applied. The areas involving significant estimates or judgments are:

- Principal versus agent for revenue out of settlement fees — refer to note 1 'Revenue and segment reporting'
- Realization of deferred taxes related to share-based compensation — refer to note 6 'Income taxes'
- Fair value accounting of financial liabilities — refer to note 10 'Financial instruments'

## New standards adopted by Adyen

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Adyen annual consolidated financial statements for the year ended December 31, 2020.

Adyen has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. A number of new or amended standards became applicable for the current reporting period. Adyen did not change its accounting policies or make retrospective adjustments as a result of new accounting standards made applicable on January 1, 2021.

The qualitative impact assessment of the first-time application on January 1, 2021 of new amendments is disclosed in Note 14 'New standards adopted by Adyen'.

## Correction of prior period error as disclosed in 2020

As disclosed in our 2020 annual and H2 2020 interim condensed consolidated financial statements, Adyen determined that between 2018 and H2 2020 fees charged to Adyen for refused or cancelled transactions were erroneously recognized twice in the accounting books.

The error was corrected in the 2020 annual and H2 2020 interim condensed consolidated financial statements, as well as in this period's interim condensed consolidated financial statements by restating each of the affected financial statement line items for prior periods on the interim condensed consolidated financial statements.

Within the abovementioned timeframe, fees for refused or cancelled transactions were erroneously double booked as costs. As this type of fee is not related to settlement, there was no cash component of the transaction and, as such, payouts to merchants were not affected.

These erroneously recognized transactions related to certain costs charged by card schemes for transactions that were not fully completed (i.e. either refused, or initially authorized and then cancelled or expired). This fee is passed on by Adyen to the merchant, which, in the normal course of business, would translate into the recognition of a cost and revenue amount for Adyen.

As a result, the line items “costs incurred from financial institutions” and “payables to merchants and financial institutions” were overstated and “current income tax expense” and “current income tax payables” were understated, which led to the overall understatement of net revenue and equity.

The following tables summarize the impact on Adyen's interim consolidated balance sheet and statement of comprehensive income.

*Adjustment to the interim consolidated balance sheet (extract)*

	June 30, 2020 (Previously Reported)	Adjustment	June 30, 2020 (Restated)
Payables to merchants and financial institutions	1,905,678	(87,016)	1,818,662
Current income tax payables	-	17,459	17,459
Total current liabilities	2,018,924	(69,557)	1,949,367
<b>Net Assets</b>	<b>976,972</b>	<b>69,557</b>	<b>1,046,529</b>
Retained earnings	637,782	69,557	707,339
Total equity attributable to the owners of Adyen N.V.	976,972	69,557	1,046,529

*Adjustment to the interim consolidated statement of comprehensive income (extract)*

	H1 2020 (Previously Reported)	Adjustment	H1 2020 (Restated)
Costs incurred from financial institutions	(1,271,108)	24,865	(1,246,243)
Net revenue	279,942	24,865	304,807
Income before income taxes	99,168	24,865	124,033
Income taxes	(20,813)	(5,321)	(26,134)
<b>Net Income for the period</b>	<b>78,355</b>	<b>19,544</b>	<b>97,899</b>
<b>Earnings per share</b>			
- Net profit per share - Basic	2.59	0.65	3.24
- Net profit per share - Diluted	2.55	0.64	3.19



## Key disclosures

### 1. Revenue and segment reporting

The company derives revenue from settling and processing payments, sales of goods such as the sale of point of sale (POS) terminals, and other payment specific services.

The breakdown of revenue from contracts with customers per type of goods or service is as follows:

Types of goods or service (in EUR '000)	H1 2021	H1 2020 Restated
Settlement fees	2,349,274	1,395,421
Processing fees	126,870	103,611
Sales of goods	14,551	8,571
Other services	63,536	52,471
<b>Total revenue from contracts with customers</b>	<b>2,554,231</b>	<b>1,560,074</b>
Costs incurred from financial institutions	(2,093,720)	(1,246,243)
Costs of goods sold	(15,490)	(9,024)
<b>Net revenue</b>	<b>445,021</b>	<b>304,807</b>

#### Net revenue

Adyen's total revenue contains scheme fees, interchange and mark-up for which Adyen acts as a principal. The Management Board monitors net revenue (net of interchange, scheme fees (costs incurred from financial institutions) and costs of goods sold) as a performance indicator. Adyen considers net revenue to provide additional insight to its users to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Net revenue is a non-IFRS measure; reference is made to paragraph 1.3. for further explanation on the non-IFRS measures reported by Adyen.

The breakdown of revenue from contracts with customers based on timing is as follows:

Types of goods or service (in EUR '000)	H1 2021	H1 2020
Goods and services transferred at a point in time	2,549,657	1,556,648
Services transferred over time	4,574	3,426
<b>Total revenue from contracts with customers</b>	<b>2,554,231</b>	<b>1,560,074</b>

## 1.1. Contract assets

In 2018, Adyen entered into a long-term contract with eBay for the provision of payment services that resulted in the initial recognition of contract assets (monetary and non-monetary components) settled with a cash advance and issue of warrants over Adyen's shares. Refer to note 10 'Financial instruments' for more information on the warrants (derivative liabilities).

In addition, during the first six months of 2021, Adyen capitalized contract costs (other contract assets) relating to multi-year service contracts with its merchants. These costs mainly relate to integration and development fees that are directly incremental to obtain the multi-year contracts and do not represent separate performance obligations. Adyen will amortize these costs against revenue (settlement fees) on a pro rata basis as the related revenue is recognized.

The following table summarizes the movement in the contract assets balance:

Contract assets (in EUR '000)	Monetary component	Non-monetary component	Other contract assets	Total contract assets
<b>Balance – January 1, 2020</b>	<b>61,087</b>	<b>78,913</b>	-	<b>140,000</b>
<i>Movements:</i>				
Amortization for the period	(1,724)	(645)		(2,369)
Exchange differences	(50)			(50)
<b>Balance – June 30, 2020</b>	<b>59,313</b>	<b>78,268</b>	-	<b>137,581</b>
<b>Balance – January 1, 2021</b>	<b>47,657</b>	<b>76,456</b>	-	<b>124,113</b>
<i>Movements:</i>				
Additions			4,561	4,561
Amortization for the period	(17,096)	(4,676)	(117)	(21,889)
Exchange differences (note 5)	1,388			1,388
<b>Balance – June 30, 2021</b>	<b>31,949</b>	<b>71,780</b>	<b>4,444</b>	<b>108,173</b>

The monetary component of the contract assets is in scope of impairment under IFRS 9; however, due to low credit risk, the expected credit loss on the contract asset is deemed not significant. The contract assets were not impaired as per June 30, 2021.

## 1.2. Segment reporting

The following table summarizes Adyen's geographical breakdown of its revenue, based on the billing location as requested by the merchant for the periods indicated:

Revenue – Geographical breakdown (in EUR '000)	H1 2021	H1 2020
Europe	1,008,667	744,547
North America	1,218,328	591,584
Asia-Pacific	181,452	118,530
Latin America	144,056	102,497
Rest of the World	1,728	2,916
<b>Total revenue from contracts with customers</b>	<b>2,554,231</b>	<b>1,560,074</b>

### 1.3. Non-IFRS financial measures

Non-IFRS financial measures are disclosed in addition to the statement of comprehensive income, in order to provide relevant information to better understand the underlying business performance of the Company. Furthermore, Adyen has provided guidance on several of these non-IFRS measures. Adyen reports on the following additional financial measures that are directly derived from the statement of comprehensive income or statement of cash flows:

- **Net revenue:** revenue net of interchange, scheme fees (costs incurred from financial institutions) and costs of goods sold;

The geographical breakdown of net revenue and related year-on-year growth is as follows (based on the billing location as requested by the merchant for the periods indicated):

Net revenue - Geographical breakdown and year-on-year growth (in EUR '000)	H1 2021	YoY %	H1 2020 Restated	YoY %
Europe	266,795	40%	190,957	23%
North America	100,057	80%	55,617	60%
Asia-Pacific	41,900	44%	29,062	29%
Latin America	35,445	26%	28,202	17%
Rest of the World	824	(15%)	969	(1%)
<b>Total net revenue from contracts with customers</b>	<b>445,021</b>	<b>46%</b>	<b>304,807</b>	<b>28%</b>

- **EBITDA:** "Income before net finance expense and income taxes" less "Amortization and depreciation" on the interim consolidated statement of comprehensive income;
- **EBITDA margin:** EBITDA as a percentage of net revenue;
- **CapEx:** Capital expenditures consisting of the line items "Purchases of plant and equipment" and "Capitalization of intangible assets" on the interim consolidated statement of cash flows;
- **Free cash flow:** EBITDA less CapEx and "lease payments" on the consolidated statement of cash flows; and
- **Free cash flow conversion ratio:** free cash flow as a percentage of EBITDA.

Selected non-IFRS financial measures (in EUR '000)	H1 2021	H1 2020 Restated
Income before net finance expense and income taxes	256,249	152,259
Amortization and depreciation	16,500	13,463
<b>EBITDA</b>	<b>272,749</b>	<b>165,722</b>
Net revenue	445,021	304,807
<b>EBITDA margin (%)</b>	<b>61%</b>	<b>54%</b>
Purchases of plant and equipment	19,795	5,053
Capitalization of intangible assets	1,935	1,210
<b>CapEx*</b>	<b>21,730</b>	<b>6,263</b>
EBITDA	272,749	165,722
CapEx	(21,730)	(6,263)
Lease payments	(4,626)	(5,267)
<b>Free cash flow</b>	<b>246,393</b>	<b>154,192</b>
Free cash flow	246,393	154,192
EBITDA	272,749	165,722
<b>Free cash flow conversion ratio (%)</b>	<b>90%</b>	<b>93%</b>

\*CapEx increased during the period mainly due to server infrastructure investments (refer to note 11 'Property, plant and equipment').

## 2. Inventories

Inventories (in EUR '000)	H1 2021	H1 2020
<b>Balance – January 1</b>	<b>19,548</b>	<b>7,020</b>
Purchases during the period (products for resale)	13,990	16,014
Costs of goods sold	(15,490)	(9,024)
Expense recognized in other operating expenses	-	(342)
<b>Balance – June 30</b>	<b>18,048</b>	<b>13,668</b>

Adyen did not recognize an impairment loss on inventories during the six months ended June 30, 2021 (H1 2020: EUR 342).

## 3. Employee benefit expense

### 3.1. Employee benefits

The regional breakdown of FTE per office as at June 30, 2021 and 2020 is as follows:

FTE per office	June 30, 2021	June 30, 2020
Amsterdam	1,123	823
San Francisco	188	155
Singapore	97	79
London	94	73
São Paolo	79	63
New York	59	51
Paris	48	38
Berlin	39	32
Other	227	134
<b>Total</b>	<b>1,954</b>	<b>1,448</b>

The employee benefits expense can be specified as follows:

Employee benefits (in EUR '000)	H1 2021	H1 2020
Salaries and wages	92,893	69,982
Share-based compensation	5,315	3,886
<b>Total wages and salaries</b>	<b>98,208</b>	<b>73,868</b>
Social securities	17,881	11,945
Pension costs - defined contribution plans	2,940	1,788
<b>Total social securities and pension costs</b>	<b>20,821</b>	<b>13,733</b>

## 3.2. Share-based payments

The share-based compensation expense can be specified as follows:

Share-based compensation (in EUR '000)	H1 2021	H1 2020
Equity-settled	203	359
Cash-settled	5,112	3,527
<b>Total share-based compensation</b>	<b>5,315</b>	<b>3,886</b>

Adyen considers its employees and culture as core to its growth. As part of the total remuneration package, Adyen has two types of share-based payments:

- Equity settled option plan (granted until 2018);
- Cash-settled share-based payment plan (granted from 2018 onwards).

The nature, accounting policies and key parameters of the share-based payments plans are described in more detail in the 2020 annual consolidated financial statements.

## 4. Other operating expenses

The other operating expenses can be specified as follows:

Other operating expenses (in EUR '000)	H1 2021	H1 2020
Sales & marketing costs	17,239	21,420
IT costs	11,131	6,576
Advisory costs	6,676	8,315
Contractor costs	5,422	1,614
Housing costs	2,795	1,187
Travel and other staff expenses	2,578	4,702
Office costs	1,913	1,608
Miscellaneous operating expenses	5,542	6,172
<b>Total other operating expenses</b>	<b>53,296</b>	<b>51,594</b>

## 5. Other financial results

The other financial results can be specified as follows:

Other financial results (in EUR '000)	H1 2021	H1 2020
Exchange gains/ (losses)	11,469	(1,553)
Fair value re-measurement of financial instruments		
Derivative liabilities	(7,700)	(24,900)
Other financial assets at FVPL	1,415	851
Loss on redemption of other financial assets at amortized cost (note 10)	(138)	-
<b>Total other financial results</b>	<b>5,046</b>	<b>(25,602)</b>

The exchange gains during the first six months of 2021 mainly relate to Adyen's foreign-denominated cash balances, contract assets (EUR 1,388 — refer to note 1.1 'Contract assets'), other financial assets at FVPL (EUR 697), proceeds receivable on disposal of Visa Inc. common stock (EUR 493 — refer to note 10 'Financial instruments'), and other financial assets at amortized cost (EUR 189). The change in fair value of the derivative liabilities in H1 2020 and 2021 was mainly linked to the increase in Adyen share price during those periods. More information on the valuation of the derivative liabilities is disclosed in note 10 'Financial instruments'.

## 6. Income taxes

### 6.1. Income tax expense

The tax on Adyen's income before income taxes differs from the amount that would arise using the statutory tax rate in the Netherlands. The effective tax rate of Adyen for the six months ended June 30, 2021 is 19.97% (H1 2020 restated: 21.07%) which differs from the statutory tax rate in the Netherlands of 25% (H1 2020: 25%) due to the application of the innovation box, tax rate differences on foreign operations and other adjustments (such as non-deductible expenses). The innovation box is a Dutch tax incentive whereby a portion of qualifying profits derived from innovative activities are taxed at a lower rate than the headline corporate tax rate in the Netherlands. The effective tax rate decreased for the six months ended June 30, 2021, mainly due to the application of the innovation box regime.

Effective tax calculation (in EUR '000)	H1 2021	H1 2020 Restated
Income before income taxes	255,938	124,033
Statutory tax rate in the Netherlands (%)	25%	25%
<b>Income taxes based on statutory tax rate in the Netherlands</b>	<b>63,985</b>	<b>31,008</b>
<i>Tax effects of:</i>		
Innovation box	(11,758)	(6,369)
Other adjustments (such as prior period and non-deductible amounts)	(1,122)	1,495
<b>Effective tax amount</b>	<b>51,105</b>	<b>26,134</b>

Current income tax receivables/(payables) (in EUR '000)	June 30, 2021	December 31, 2020
Current income tax receivables	36,985	8,794
Current income tax payables	(1,732)	(16,108)

Income tax expense in the statement of comprehensive income can be specified as follows:

Income taxes (in EUR '000)	H1 2021	H1 2020 Restated
Current income tax expense	56,016	31,371
Deferred income tax income	(4,911)	(5,237)
<b>Total tax expense</b>	<b>51,105</b>	<b>26,134</b>

## 6.2. Deferred taxes

### *Deferred tax assets*

In the deferred tax assets, an amount of EUR 19,025 (December 31, 2020: EUR 17,100) of the deferred tax assets relates to the recognized derivative liabilities.

### *Deferred tax asset linked to windfall benefits*

Throughout the period Adyen has reassessed the recoverability of deferred tax asset on windfall benefits linked to the share-based compensation plan in the United States and United Kingdom. Adyen continues to recognize a deferred tax asset to be realized against future profits, on a going concern basis, as carry forward losses have no expiration date. Deferred tax assets include tax losses carried forward relating to options exercised in the United States and United Kingdom (June 30, 2021: EUR 61,841; December 31, 2020: EUR 42,244) and windfall benefits relating to options granted and vested, however not yet exercised (June 30, 2021: EUR 32,511; December 31, 2020: 44,081). In the United States the deferred tax assets only relate to the Federal tax as there is no statutory limitation to the period in which these losses can be utilized.

The movement in deferred tax assets relating to windfall benefits and carry forward losses was recognized directly in equity (June 30, 2021: EUR 5,367; December 31, 2020: EUR 32,159).

### *Deferred tax liability*

The deferred tax liability consists mainly of the deferred tax on the non-monetary part of the contract asset of EUR 17,945 (December 31, 2020: EUR 19,114) and on the Visa Inc. preferred stock of EUR 4,527 (December 31, 2020: EUR 4,527).

The deferred taxes are presented as non-current on the Adyen balance sheet.



## Capital management and financial instruments

### 7. Capital management

Adyen's objective when managing capital is to safeguard its ability to continue as a going concern. Furthermore, Adyen ensures that it meets regulatory capital requirements at all times.

Capital management (in EUR '000)	June 30, 2021	December 31, 2020
Share capital	305	304
Share premium	199,086	194,608
<b>Total</b>	<b>199,391</b>	<b>194,912</b>

During the six months ended June 30, 2021, 98,149 (June 30, 2020: 191,458) additional shares were issued. The additional issued shares were a result of exercises of options granted to employees. The number of outstanding ordinary shares as of June 30, 2021 is 30,454,385 (December 31, 2020: 30,356,236) with an absolute nominal value EUR 0.01 per share. The total number of authorized shares as of June 30, 2021 is 80,000,000 (December 31, 2020: 80,000,000).

The following reserves are considered to be non-distributable: legal reserves (in accordance with Dutch Law), share-based payment reserve, warrant reserve, and total comprehensive income for the current period. The total of distributable reserves as at June 30, 2021 amounts to EUR 1,072,263 (June 30, 2020 Restated: EUR 798,425). The legal reserves restricted for distribution in accordance with Dutch Law as at June 30, 2021 amounts to EUR 21,727 (June 30, 2020: EUR 42,963).

Net income is added to retained earnings reserve and the current dividend policy is to not pay dividends, as retained earnings are used to support and finance the growth strategy.

### 8. CRR/CRD IV regulatory capital

The following table shows the calculation of regulatory capital as at June 30, 2021. The regulatory capital is based on the CRR/CRD IV scope of consolidation, which is the same as the IFRS scope of consolidation as included in the annual consolidated financial statements.

Own funds (in EUR '000)	June 30, 2021	December 31, 2020
EU-IFRS equity as reported in consolidated balance sheet	1,436,387	1,218,134
Net profit not included in CET1 capital (not yet eligible)	(204,833)	(261,019)
Regulatory adjustments:		
Warrant reserve	(53,401)	(53,401)
Intangible assets	(10,270)	(9,970)
Deferred tax assets that rely on future profitability	(94,352)	(93,788)
Prudent valuation	(99)	(89)
<b>Total own funds</b>	<b>1,073,432</b>	<b>799,867</b>

## 9. Cash and cash equivalents

Cash and cash equivalents (in EUR '000)	June 30, 2021	December 31, 2020
Cash held at central banks	1,816,098	1,479,313
Cash held at banks, other than central banks	1,528,808	1,258,173
<b>Total</b>	<b>3,344,906</b>	<b>2,737,486</b>

Of the cash held at banks, other than central banks, EUR 12,942 (December 31, 2020: EUR 4,523) are restricted and are therefore not available for general use by the Company. The restricted cash mainly relates to deposits required under the US Federal Foreign Branch license as well as deposits held as guarantee for leased offices.

## 10. Financial instruments

### *Other financial assets at fair value through profit or loss ('FVPL') (Visa Inc. preferred shares)*

Adyen has recognized and classified the convertible ('Series C') preferred Visa Inc. shares within the FVPL category. The balance of other financial assets at FVPL as per June 30, 2021 is EUR 23,196 (December 31, 2020: 20,883). The fair value of the level 2 preferred shares in Visa Inc. is based on the quoted price of Visa Inc. common shares, adjusted for lack of marketability, multiplied by an initial conversion rate of preferred shares into common shares. The conversion rate may fluctuate in the future. The adjustment for lack of marketability is determined using an option pricing model technique which relies on observable market data of the underlying Visa Inc. common shares, as well as a presumed length of holding period restriction on the preferred shares.

During 2020, Visa Inc. effected a partial conversion of 50% of the Series C preferred stock into Series A preferred stock. The Series A preferred stock were converted into Visa Inc. common stock and sold prior to the end of 2020 at fair market value. The proceeds receivable was recognized within trade and other receivables and an amount of EUR 23,671 was ultimately received during the period ended 30 June 2021. No further conversion of the Series C preferred stock took place in first six months of 2021.

The remaining Visa Inc. preferred shares held on Adyen's balance sheet carry the right to receive discretionary dividend payments presented as other income in the statement of comprehensive income (H1 2021: 48, and H1 2020: 148).

### *Other financial assets at amortized cost (US and UK Government Bonds)*

During the first six months ended June 30, 2021, Adyen redeemed the government bonds (other financial assets at amortized cost) at maturity, and realized a loss on disposal of EUR 138 recognized in other financial results (refer to note 5).

### *Financial assets impairment*

During the six months ended June 30, 2021, Adyen released EUR 658 (H1 2020: added EUR 2,920) from (to) its trade receivable loss allowance based on the calculations from its IFRS 9 expected credit loss model for trade receivables. The expected credit loss model was updated at period-end to reflect reasonable and supportable information available on credit risk of the trade receivables balance. The impact of COVID-19 on the expected credit loss allowance was not significant and the decrease in the loss allowance year-over-year is mainly driven by a decrease in the long overdue balances within trade and other receivables. During the first six months of 2021, Adyen wrote off trade receivables balances for an amount of EUR 156 (H1 2020: nil). Adyen did not reverse any impairment losses in the first six months of 2020 and 2021.

### *Derivative liabilities (warrants)*

As part of the eBay merchant contract previously mentioned (note 1.1), Adyen recognized derivative liabilities relating to warrants granted, measured at fair value through profit or loss, classified as a level 2 fair value instrument. Fair value remeasurements are presented in other financial results (note 5).

The warrants vest in four tranches, each linked to a milestone of processed payments volume. Each milestone is deemed achieved at the moment that the processed eBay volume exceeds the milestone amount in a single calendar year following the Issue date (January 31, 2018). Only two warrant tranches may vest in a single calendar year, and upon vesting, each entitles eBay to acquire 1.25% of Adyen's issue-date diluted share volume at any time prior to the warrant expiration date (January 31, 2025).

The derivative liabilities are valued using a Black-Scholes-Merton option pricing model ("OPM") technique. The OPM takes into consideration various observable market and contractual data as well as management estimates, including the probability of vesting based on achievement of milestones in line with the fulfilment of the payment services to be provided to the merchant.

Adyen carried out a sensitivity analysis of the derivative liabilities with respect to the Adyen share price, noting that a 5% increase or decrease in the underlying Adyen share price would result in an increase or decrease of approximately EUR 3 million (December 31, 2020: EUR 3 million) of the value of the derivative liabilities, all other circumstances considered equal.

As per June 30, 2021, none of the four warrant tranches related to the derivative liabilities vested. The derivative liabilities balance as per June 30, 2021 is EUR 76,100 (December 31, 2020: 68,400). The change in fair value of the derivative liabilities is mainly linked to the Adyen share price increase throughout the first six months of 2021.

After the IPO (on June 13, 2018), the derivative liabilities relating to tranches 1 and 2 were reclassified as a warrant reserve in equity in the amount of EUR 53.4 million. As per June 30, 2021, the warrant equity reserve was carried at historic cost (net of deferred tax) while the derivative liabilities relating to tranches 3 and 4 were carried at fair value on Adyen's balance sheet.

## Other disclosures

### 11. Plant and equipment

Plant and equipment (in EUR '000)	H1 2021	H1 2020
<i>Machinery and equipment</i>		
Cost	70,040	55,587
Accumulated depreciation	(34,294)	(25,368)
<b>Balance — January 1</b>	<b>35,746</b>	<b>30,219</b>
Additions	19,795	5,053
Disposals	-	(38)
Depreciation for the period	(6,882)	(5,340)
Other movements (e.g. exchange differences)	189	(240)
<b>Balance — June 30</b>	<b>48,848</b>	<b>29,654</b>
Cost	90,201	59,599
Accumulated depreciation	(41,353)	(29,945)
<b>Balance — June 30</b>	<b>48,848</b>	<b>29,654</b>

The additions during the first six months of 2021 mainly relate to server infrastructure for data centers. Adyen did not recognize an impairment loss or reverse any impairment loss on plant and equipment during the six months ended June 30, 2020 and 2021.

### 12. Leases

Adyen's leases relate to offices and data centers across locations where it operates.

Right-of-use assets (in EUR '000)	H1 2021	H1 2020
<i>Offices and data centers</i>		
Cost	149,732	70,849
Accumulated depreciation	(25,404)	(11,154)
<b>Balance — January 1</b>	<b>124,328</b>	<b>59,695</b>
Additions	792	76,541
Depreciation for the period	(7,983)	(7,048)
Other movements (e.g. exchange differences)	648	(298)
<b>Balance — June 30</b>	<b>117,785</b>	<b>128,890</b>
Cost	151,565	146,948
Accumulated depreciation	(33,780)	(18,058)
<b>Balance — June 30</b>	<b>117,785</b>	<b>128,890</b>

Lease liability (in EUR '000)	H1 2021	H1 2020
<b>Balance – January 1</b>	<b>131,485</b>	<b>61,694</b>
Additions	792	76,541
Lease instalments	(5,807)	(6,143)
Interest expense	1,181	876
Other movements (e.g. exchange differences)	712	(270)
<b>Balance – June 30</b>	<b>128,363</b>	<b>132,698</b>
Current portion	15,975	9,952
Non-current portion	112,388	122,746

### 13. Share information

Adyen presents basic and diluted earnings per share (EPS) data for its ordinary shares. The calculation of earnings per share is as follows:

1. Basic EPS: dividing the net income attributable to owners of Adyen N.V. by the weighted average number of ordinary shares outstanding during the period.
2. Diluted EPS: determined by adjusting the basic EPS for the effects of all dilutive potential ordinary shares, which in the case of Adyen only relates to share options.

Share information	H1 2021	H1 2020 Restated
Net income attributable to owners of Adyen N.V. (in EUR '000)	204,833	97,899
Weighted average number of ordinary shares	30,414,286	30,216,468
Dilutive effect of share options	224,677	465,484
Weighted average number of ordinary shares for diluted net profit for the period	30,638,963	30,681,952
1) Net profit per share – Basic	6.73	3.24
2) Net profit per share – Diluted	6.69	3.19

### 14. New standards adopted by Adyen

Adyen has adopted the following accounting standards, interpretations and amendments (collectively, “amendments”) issued and made effective for the annual reporting period beginning on January 1, 2021:

- Amendments to IFRS 16, 'Leases' – Covid-19 related rent concessions;
- Amendments to IFRS 4, 'Insurance Contracts' – Deferral of IFRS 9; and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 – Interest rate benchmark reform (Phase 2).

Adyen has taken into consideration the changes of each one of the above-mentioned amendments, and concluded that the amendments do not have a material impact on the financial statements.

## 15. Related party transactions

During the first six months of 2021, Adyen entered into related party transactions with Stichting Administratiekantoor Adyen (STAK), employees and Supervisory Directors. The transactions with employees and STAK are related to option exercises, and the transactions with Supervisory Board relate to services rendered throughout the year. The respective outstanding balances as at June 30, 2021 and December 31, 2020 are:

Related party assets/ (liabilities) (in EUR '000)	June 30, 2021	December 31, 2020
Supervisory Board	(20)	(52)
Employees (STAK)	21	20

There were no other transactions with related parties during the period ended June 30, 2021 and 2020.

## 16. Contingencies and commitments

Adyen N.V. and Adyen International B.V. are included in a fiscal unity for corporate income tax purposes. Under the Dutch Tax Collection Act, the members of the fiscal unity are jointly and severally liable for any taxes payable by the fiscal unity.

Adyen has EUR 32,344 of outstanding bank guarantees and letters of credit as at June 30, 2021 (December 31, 2020: EUR 32,344). In addition, Adyen has an intra-day credit facility of EUR 307 million (December 31, 2020: EUR 307 million) which is not used as at June 30, 2021.

Adyen has setup a collateral account in which Brazilian Government bonds were deposited by a partner financial institution, in order to decrease its exposure to this counterparty in Brazil. As at June 30, 2021 the total collateral was EUR 40,939 (BRL 241,765) (December 31, 2020: EUR 37,533 (BRL 239,091)).

During the first six months of 2021, the Brazilian Tax Authorities initiated an audit of the Corporate Income Tax and of Social Contribution of Net Income for the year ended December 31, 2017. Based on the outcomes of the audit the Company was issued a tax infringement notice claiming approximately EUR 3,922 (BRL 23,162). The Company has disputed the findings of the Brazilian Tax Authorities and considers it to be probable that the judgment will be in its favor. Adyen has therefore not recognized a provision in relation to this claim.

## 17. Events after the balance sheet date

There are no events after the reporting period.

## 18. Other information

The interim condensed consolidated financial statements for the period January 1, 2021 to June 30, 2021 have been prepared in line with IAS 34 — *Interim Financial Reporting*.

The interim condensed consolidated financial statements are unaudited.

Amsterdam, August 19, 2021



**Pieter van der Does**  
CEO



**Ingo Uytdehaage**  
CFO

## Statement by the Management Board

As is required by section 5.25d of the Dutch Financial Supervision Act (Wet op het financieel toezicht) we state that according to the best of our knowledge:

1. The interim condensed consolidated financial statements present a true and fair view of the consolidated assets, liabilities, financial position and the profit or loss of Adyen N.V.; and
2. The interim consolidated financial statements provide a true and fair view of the information required pursuant to article 5.25d paragraph 8 and 9 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Amsterdam, August 19, 2021



**Pieter van der Does**  
CEO



**Ingo Uytdehaage**  
CFO





## ***Review report***

To: the management board of Adyen N.V.

### ***Introduction***

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2021 of Adyen N.V., Amsterdam, which comprises the condensed consolidated balance sheet as at 30 June 2021, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the period then ended and the selected explanatory notes. The management board is responsible for the preparation and presentation of this (condensed) interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### ***Scope***

We conducted our review in accordance with Dutch law, including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 19 August 2021  
PricewaterhouseCoopers Accountants N.V.

Originally signed by R.E.H.M. van Adrichem RA

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