



H1 2019

Shareholder letter

adyen

Highlights



Processed volume

H1

€104.6 BN

49% growth year-on-year

Net revenue

H1

€221.1 MN

41% growth year-on-year

EBITDA

H1

€125.8 MN

79% growth year-on-year

EBITDA margin 57%



Merchant-driven innovation on the single platform

- » Ongoing expansion of product suite
- » Turning regulatory shifts into opportunities
- » Continuing to build based on merchant needs



New avenues for growth in an increasingly global economy

- » Applications of the single platform in evolving business models
- » Increased complexity in payment landscape proving to be a tailwind
- » Continued to follow our merchants' geographical expansion



Key contributions from each growth pillar

- » Strong growth of existing enterprise merchants in H1 2019
- » Expansion to new verticals in unified commerce
- » Plugins and partnerships focus paying off in mid-market segment



Sustained profitable growth across regions and merchant base

- » Exceeded €100 billion in processed volume in H1 2019
- » Net revenue growth well-diversified geographically and across merchant portfolio
- » Increasing operational leverage due to low cost base associated with single platform

Sustained profitable growth and evolving applications of the single platform

Dear shareholders,

August 22, 2019

In a continuation of historical trends, we saw strong profitable growth in the first half of 2019, predominantly due to enterprise merchants already on our platform. This growth came in the form of the organic growth of these merchants, as well as through winning additional volume with them in new geographies, channels, and product lines. While existing merchants were the main contributors to growth in the first half of 2019, we also added a number of household names to the platform, including Postmates, Muji and OYO Rooms.

We processed €104.6 billion in the first half of the year, as we continued to benefit from several secular tailwinds, including the increased digitalization and internationalization of commerce. As in previous periods, volume churn was <1%.



We continued to follow our merchants' expansion into new regions in the first half of the year – notably adding capabilities in Africa. We view the build-out of our global payment processing capabilities as an ongoing process, led by the needs of our merchants. Our innovation is always aimed at solving their pain points. Following this merchant-led approach, we also added key local payment methods to our platform in the first half of 2019 – including Open Banking in the UK, M-Pesa in Kenya, and several local partnerships with Apple Pay and Google Pay. These local payment methods are essential to increasing conversion and authorization rates, especially in markets with lower credit card penetration.

In a reflection of our changing merchant mix and maturing acquiring capabilities, full-stack volume share (volume for which we earn both a processing and settlement fee) increased to 71%, up from 70% for full year 2018 and 61% for full year 2017. This full-stack, or end-to-end, solution delivers most value for merchants, so we are excited to see this trend continue.

Over the past 18 months, we saw increased traction in the domain of marketplaces. This business model evolved rapidly over the past decade with the development of large marketplaces empowering smaller sellers on their platforms. Never before has global commerce been so readily available to so many buyers and sellers. Catering to the increasingly complex needs of these marketplaces requires a unique combination of expertise in payments, regulatory environments and technology – all capabilities we have proven to possess. To help these marketplaces grow, we launched our MarketPay product, and have been able to land leading companies, including eBay and Etsy.



As a result of our philosophy of building to benefit all merchants - and iterating based on merchant needs - we are now seeing new applications of our MarketPay product, beyond the realm of online marketplaces. Across many geographies and industries, commerce platforms are emerging that cater to a large number of smaller businesses. These platforms often have vertical-specific capabilities (e.g. Teesnap for golf courses) and include payments in their service offering. In the first half of the year, we adapted the MarketPay product to also support these platforms - even including in-store payments. This marks a real shift in the space - as small business owners now have access to the full Adyen solution through these platforms, allowing them to offer their shoppers a unified commerce experience.

These enterprise-level partnerships with marketplaces and platforms allow us to empower smaller sellers without running into the scalability issues that building out an SME-focused support organization would bring about.

We believe that our success in this arena is due to our speed of innovation, facilitated by our flat organizational structure. In this environment the best ideas gain traction quickly and development is fast. This allows us to react to market developments - like the evolution of new business models - with more speed and more deliberately than others in the industry.

Our speed of innovation is also a strength when dealing with shifting regulatory environments, such as the upcoming introduction of PSD2 (Payment Services Directive 2) in Europe and the associated SCA (Strong Customer Authentication), a source of much consternation in the industry. This speed is illustrated by our first-to-market 3D Secure 2 product; an expansion of our product suite which has seen impressive early traction. Uber, Match.com and Zalando are among the leading names deploying it globally. Our speed, combined with our merchant-focused development philosophy, allows us to turn regulatory shifts like PSD2 into an opportunity. Preemptively clearing potential hurdles like these is a crucial part of the membership to innovation that we offer our merchants.



Key contributions to volume growth from each growth pillar

Consistent with previous periods, over 80% of processed volume growth came from existing merchants. We continued to benefit from macro trends, including global digitalization, an increase in cross-border commerce, the ongoing global shift from cash to cashless payment methods, as well as increasing internet adoption. In the enterprise segment, we are keeping our focus on short- and long-term merchant needs, proving ourselves to be the optimal partner for growth. Solving problems for enterprise-level merchants, primarily in ecommerce, is still core to our operations as we expand into other channels and verticals.



Unified commerce continues to develop positively, growing in tandem with total processed volume in the first half of the year. Merchants' increasing need to cater to shifting shopper behavior and demands remains an important contributor to the increase of unified commerce volume. Where we initially focused on high-end retail and then on retail more broadly, we now see signs of traction in the quick-service restaurant (QSR) industry, with wins including Wagamama, TimeOutMarket and Joe & The Juice. Much like in retail, this is a vertical wherein shopper journeys (e.g. in-store pick-ups for mobile orders) are evolving rapidly. Quick-service restaurants were traditionally single channel outlets without payment capabilities beyond a counter-based terminal. Now, kiosk- and app-based journeys are increasingly becoming the norm. In order not to get left behind, keeping up with these developments and new shopper expectations is crucial for QSR businesses. To accelerate their growth, QSR merchants require a tech-first payment partner.

In the retail segment too, complexity is increasing for merchants in the face of evolving shopper behavior. On the back of this, we landed several new merchants in the first half, including The North Face and Timberland. Due to these shifting shopper demands, and merchants' need to adapt to this new environment, we are now seeing that we have been able to win business in areas that have not historically been a strength. One example of this is Restoration Hardware, a leading US-only retailer that chose us for our ability to provide their shoppers with a unified commerce experience. Historically, domestic US-only volume has not been the most logical fit for us, or where we would have been able to add the most value. We are now seeing that change, which underscores both merchants' increasingly complex needs and the growing strength of our global offering.

Our success in the mid-market segment has accelerated in the first half of the year, primarily due to an increased focus on plugins and partnerships. Ambitious companies are choosing us as their growth partner because of the global plug-and-play solution that we provide. Volume-wise, mid-market grew in line with total processed volume (comprising 2.3% of total processed volume) in the first half of the year, but that does not tell the whole story. We also saw positive contributions from our mid-market approach in the form of enterprise volume, from merchants outgrowing the €1 million per month in processed volume limit that we have in place to denote mid-market merchants. This mechanism has resulted in an organic widening of our enterprise funnel.

We also continued to innovate on the product side for mid-market, simplifying the integration process with our Checkout product. Moreover, we are building out a Customer Success team, which focuses on educating mid-market merchants and guiding them through the onboarding process and beyond. On the back of these investments, we have seen our NPS score for mid-market managed accounts increase by 11 in the first half of the year.



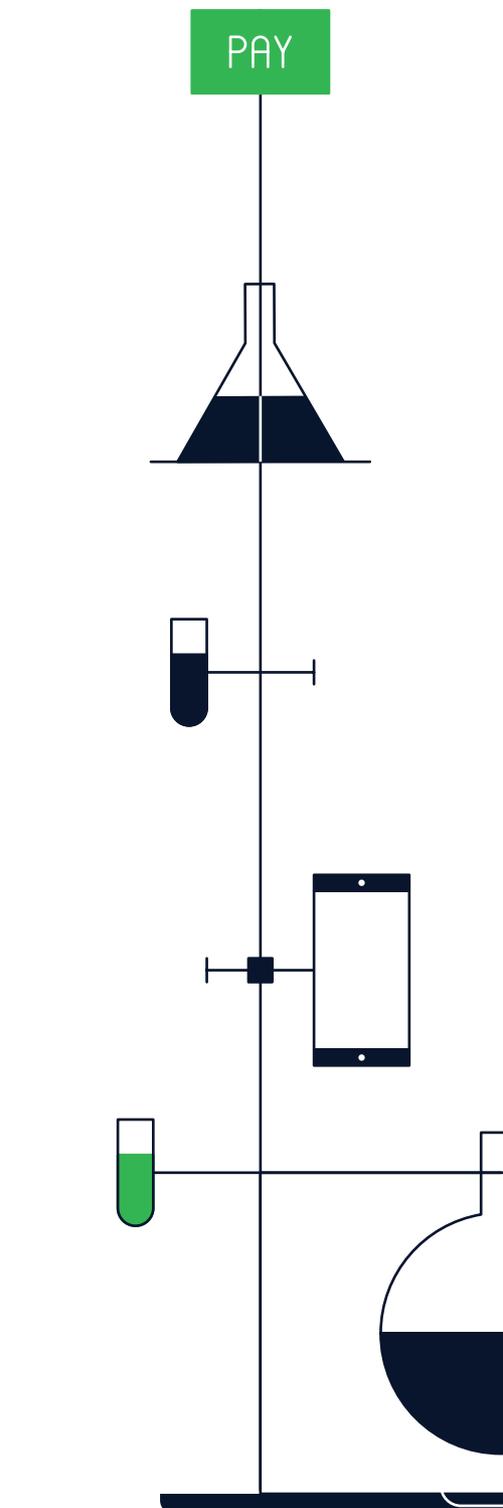
Merchant-driven innovation on the single platform

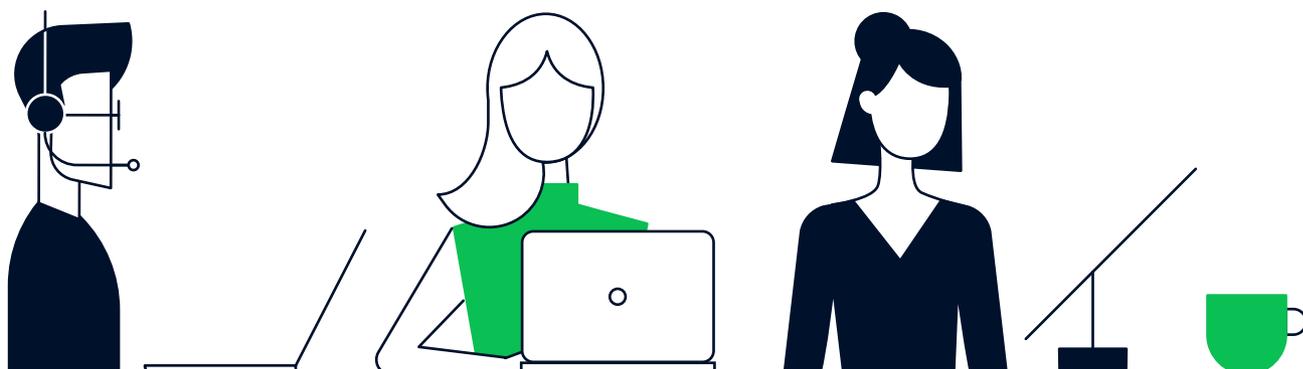
Our promise of a membership to ongoing innovation means that there is something new on the single platform every week. A natural result of this is that a lot of our innovation is incremental and serves to solve immediate merchant needs. An example of iterative innovation is Auto Rescue, an expansion of our RevenueAccelerate product. It aids in the recovery of transactions in subscription payments – helping to uplift authorization rates. Subscription merchants continue to comprise a significant part of our merchant portfolio, so incremental innovation in this segment can have a significant impact.

We also launched the Experiments platform in our risk product, RevenueProtect. For each merchant, their fraud problems are unique. That means that to fight fraudsters, constantly recalibrating their risk system is key. Because we are aware of this, we have always used A/B testing internally to optimize our risk product. Now we have made this functionality available to merchants too. This allows them to combine machine learning and rule-based algorithms and to test the true impact of new settings on actual traffic. As a result, merchants are able to find constantly optimal risk settings and thus reduce false positives, lower fraud and boost authorization rates.

Lastly, on an industry level, it is worth highlighting that we are engaged with EMVCo as a technical and business associate. EMVCo is responsible for secure in-store checkouts through EMV chips and contactless payments, and in the first half of 2019 this cooperation has gained significant depth. EMVCo is constantly looking to add functionality to its schemes, and we can help them bring this to market at an industry-leading pace – exemplified by our earlier first-to-market Real Time Account Updater launches with Visa and Mastercard.

EMVCo is now looking to create a common standard for ecommerce transactions too – and we believe we will be instrumental in its implementation. Already live with two of the three components of Secure Remote Commerce (SRC), we have ensured that our merchants are fully prepared for the new age of ecommerce.



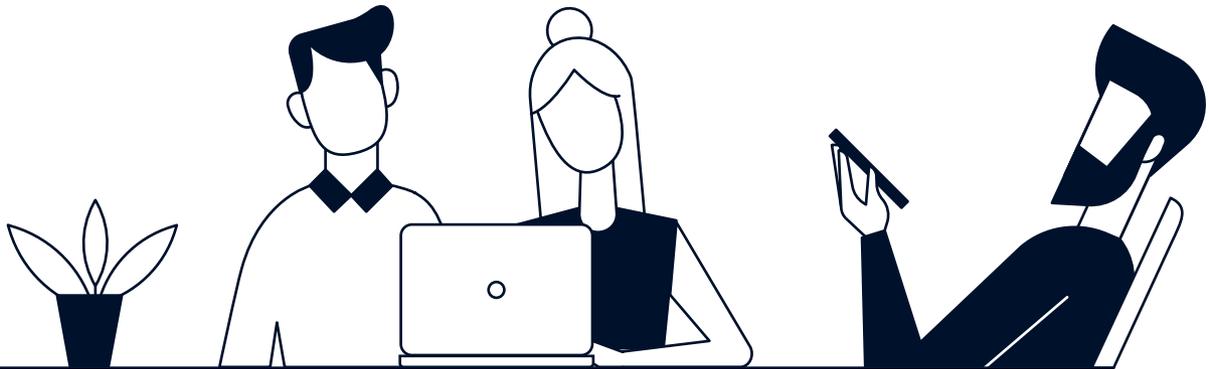


Growing the Adyen team

While we continue to grow the business, we believe that maintaining our culture is critical to our success. We only hire up to our rate of absorption. Following this approach of measured growth, we added 114 FTE in the first half of 2019, to a new total of 987, which is consistent with earlier half-year periods. For reference, end of year 2018 was 873, and end of year 2017 668 FTE.

Our new hires in the first half of the year were mostly in tech (41%) and commercial (39%) roles. Senior management continued to invest significant time and energy into our rigorous hiring process, ensuring every prospective Adyen employee meets with at least one board member prior to being hired.

With our June 2018 IPO now in the rear-view mirror, we see that going public did not markedly impact the way in which we work together at Adyen. We are delighted to see our focus paying off here. This is a company that we want to build for the long term.



Amsterdam



503 570

As of December 31, 2018 As of June 30, 2019

San Francisco



99 108

Singapore



52 61

London



49 51

São Paulo



47 46

New York



27 32

Berlin



23 26

Paris



23 26

Sydney



16 17

Stockholm



9 12

Madrid



Shanghai



Manchester



Mexico City



São José



Boston



Brussels



Melbourne



Milan



Hong Kong



Other



Figure 1

Adyen's H1 2019 FTE growth to 987 (873 FTE as of end of year 2018)



Discussion of financial results

Robust volume growth primarily due to existing merchants

We processed €104.6 billion on our platform in the first half of the year, an increase of 49% year-on-year, mainly as a result of the growth of merchants already on our platform. This growth mirrors the 50% year-on-year processed volume growth we saw in the second half of 2018. As mentioned previously, settled volume (i.e. 'full-stack' volume for which we earn both a processing and settlement fee) was up to 71% in the first half, reflecting our merchant mix and growing acquiring footprint.

First half point-of-sale (POS) volume totaled €11.0 billion – accounting for 11% of total first half processed volume, and up 67% year-on-year.

Net revenue growth stable regionally and across width of merchant base

Net revenue was €221.1 million in the first half of 2019*, up 41% from the first half of 2018. Illustrative of the strong net revenue growth over the past years, first half net revenue was higher than full year 2017 net revenue of €218.3 million.

Net revenue growth was again well-diversified across regions, with double digit year-on-year growth across North America (46%), Asia-Pacific (43%), Europe (41%) and Latin America (36%).

Europe remains the largest contributor to net revenue, comprising 65% of total net revenue for the first half of 2019, followed by North America (15%), Latin America (10 %) and Asia-Pacific (9%).

We saw a continuation of the trend of decreasing merchant concentration on the single platform in the first half of 2019. This evolution underscores the strength of our global offering, and the quality of the merchants we have continued to board onto the platform over the past years.

* On a constant currency basis, H1 2019 gross revenue of € 1,144.2 million would have been approximately 3% lower than reported. Please refer to Note 1 of the Interim Condensed Consolidated Financial statements for further detail on revenue breakdown.

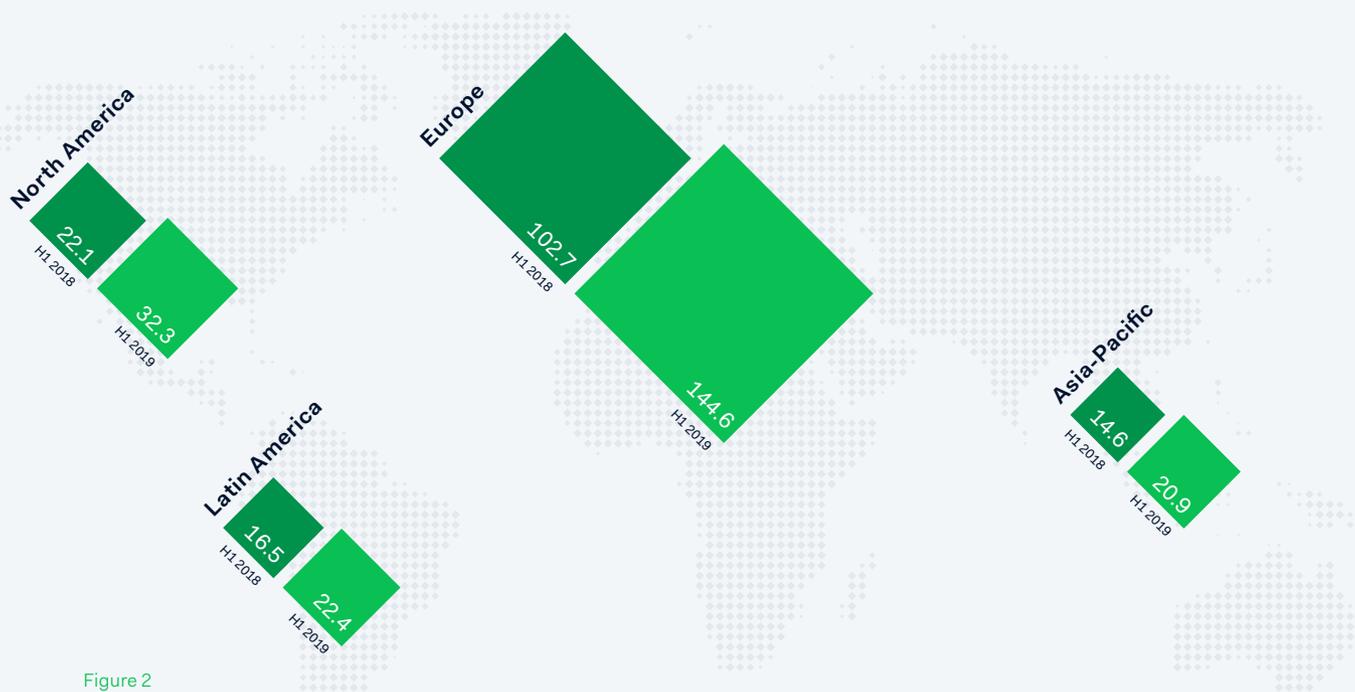


Figure 2

Adyen's net revenue in key regions (by billing address in EUR millions) in H1 2018 and H1 2019

Investments in growth driving increased OpEx

Total operating expenses were €105.6 million in the first half of 2019, up 17% year-on-year. These represented 48% of H1 2019 net revenue. Employee benefits were €54.8 million in the first half of the year – up 26% from €43.6 million in the first half of 2018 – as we continue to invest in the growth of the team.

Other operating expenses totaled €40.5 million in the first half of 2019, down 5% from €42.7 million in the first half of last year. This was mainly due to the adoption of IFRS 16, an accounting standard in which costs related to lease contracts were previously included in other operating expenses and are now primarily included in depreciation and amortization expenses*. As previously disclosed, there was also a contribution from higher housing costs associated to our Amsterdam office and costs associated with the IPO in the first half of 2018.

Sales and marketing expenses in the first half of 2019 were €13.5 million, up 18% from €11.4 million in the first half of 2018 – as we continue to invest in increased brand awareness, especially in regions outside of Europe.

* Due to the effects of IFRS 16, EBITDA margin is 3% higher than it would have been without the adoption of this new accounting standard. Please refer to Note 13 of the Interim Condensed Consolidated Financial statements for further detail.

Significant EBITDA growth driven by operational leverage

EBITDA for the first half of the year was €125.8 million, up from €70.3 million in the first half of 2018. This is an increase of 79% year-on-year on the back of operational efficiency and the accounting change resulting from IFRS 16 explained above. EBITDA margin was 57% for the period.

Higher net income growth on the back of increased EBITDA

Net income for the first half of 2019 was €92.5 million, up 92% from €48.2 million in the first half of last year. This trend mirrors the 90% year-on-year net income growth we saw in H2 2018.

Robust free cash flow conversion

Free cash flow was €117.6 million in the first half of 2019, up 88% from €62.7 million in the first half of 2018. Free cash flow conversion ratio ((EBITDA-CapEx)/EBITDA) was 93% in the first half of 2019, in line with what we reported for the second half of 2018.

Stable and low CapEx

Capital expenditure remained stable at 4% of net revenue, primarily due to the scalability of the single platform.



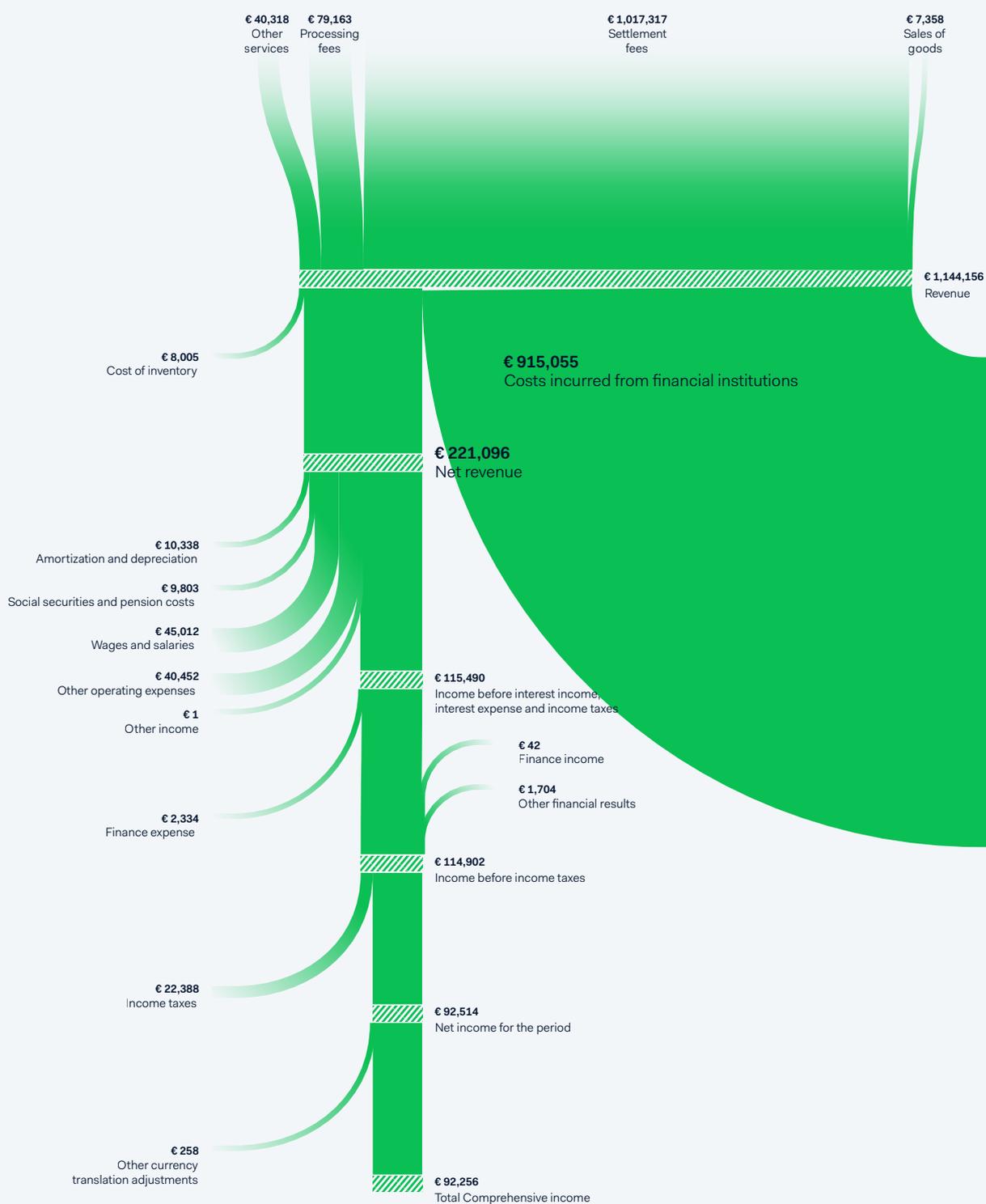


Figure 3

H1 2019 Income statement. All amounts in EUR thousands unless other stated

Financial objectives

We have set the following financial objectives, which remain unchanged from our IPO prospectus.

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 55% 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 call at 15.00 CEST (09.00 ET) today (August 22) to discuss these results.

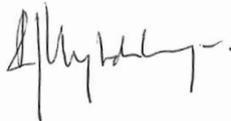
To listen to a live audio webcast, please visit our Investor Relations page at adyen.com/ir. A recording will be available on the website following the call.

As an addendum to this letter, please find attached our H1 2019 financial statements and three one-page updates on our growth pillars (enterprise, unified commerce, mid-market).

Sincerely,



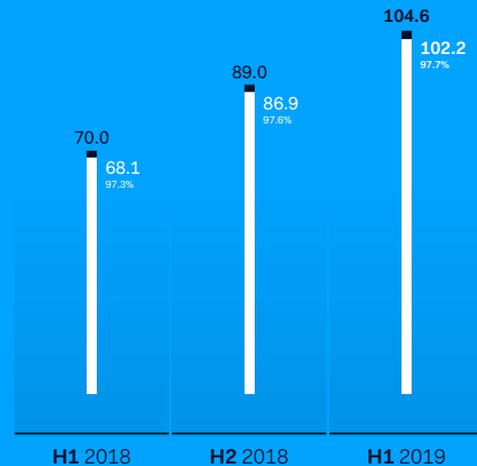
Pieter van der Does
CEO



Ingo Uytdehaage
CFO

Enterprise

Solving problems for enterprise merchants continues to be our bread and butter. We have seen this segment develop positively in the first half of 2019.



Enterprise volume evolution, including share of total processed volume on the platform (%) in EUR billions.



Continued to benefit from secular tailwinds, including increased global digitalization and internet adoption, an increase in cross-border commerce, and the ongoing global shift from cash to cashless payment methods.



Volume growth predominantly from existing merchants, on the back of successful relationships with leading companies.



Ongoing product innovation to solve short- and long-term merchant needs.



Continued addition of new merchants and pipeline widening due to success of mid-market approach.



Unified commerce

Shopper behavior is evolving, and new shopper expectations are pushing merchants to new frontiers. We are at the vanguard of this shift – helping merchants navigate the new age of retail.



➤ POS volume evolution, including share of total processed volume on the platform (%) in EUR billions



Increasing complexity for merchants in retail space proving to be a driver for us – historically hard-to-win volume now in scope.



Early success in expansion to adjacent segments in hospitality and QSR – merchants dealing with similar challenges as in retail.



Continued addition of new unified commerce merchants to platform amid global shopper behavior shift.



Enterprise-level relationships with marketplaces and commerce platforms provide smaller sellers with access to full unified commerce.

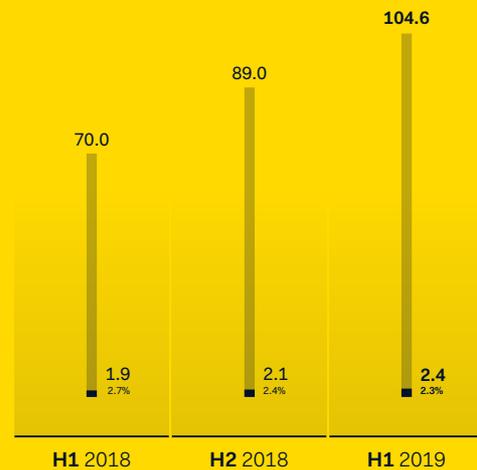
Platforms





Mid-market

Access to the full Adyen solution is now available to more businesses and sellers than ever before. We have simplified the integration process and we are focusing on educating merchants to get the most out of our platform.



Mid-market volume evolution, including share of total processed volume on the platform (%) in EUR billions.



Focus on plugins and partnerships, increasing availability of Adyen solution to mid-market merchants.



Continued innovation in product, simplifying integration process and back end.



Build-out of Customer Success team focused on mid-market merchant education.



High-growth mid-market merchants now contributing to enterprise volume due to their success.

CHILLY'S

HAWES & CURTIS
JERMYN ST, LONDON 1913

CAUDALÍE

Asprey
LONDON


rated people


A M S T E R D A M

Interim Condensed Consolidated
Financial Statements

H1 2019 Adyen N.V.

adyen

Condensed consolidated statement of comprehensive income

For the six months ended June 30, 2019 and June 30, 2018
(all amounts in EUR thousands unless otherwise stated)

	Note	H1 2019	H1 2018
Revenue	1	1,144,156	697,081
Costs incurred from financial institutions	1	(915,055)	(536,771)
Cost of inventory	1	(8,005)	(3,879)
<i>Net revenue</i>		221,096	156,431
Wages and salaries	2	(45,012)	(37,089)
Social securities and pension costs	2	(9,803)	(6,507)
Amortization and depreciation		(10,338)	(4,048)
Other operating expenses	4	(40,452)	(42,678)
Other income		(1)	93
Income before interest income, interest expense and income taxes		115,490	66,202
Finance income		42	213
Finance expense		(2,334)	(955)
Other financial results	5	1,704	(4,868)
Net finance income		(588)	(5,610)
<i>Income before income taxes</i>		114,902	60,592
Income taxes	6	(22,388)	(12,430)
Net income for the period		92,514	48,162
<i>Net income attributable to owners of Adyen N.V.</i>		92,514	48,162
<i>Other comprehensive income</i>			
Items that may be reclassified to profit or loss:			
Other currency translation adjustments		(258)	(163)
Other comprehensive income for the year		(258)	(163)
Total comprehensive income for the year (attributable to owners of Adyen N.V.)		92,256	47,999
Earnings per share (in EUR)			
- Net profit per share - Basic	12	3.13	1.64
- Net profit per share - Diluted	12	3.02	1.58

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

Condensed consolidated balance sheet

For the periods ending June 30, 2019 and December 31, 2018

(all amounts in EUR thousands unless otherwise stated)

	Note	30/06/2019	31/12/2018
Intangible assets		6,451	5,059
Plant and equipment	11	25,617	23,921
Right-of-use assets	13	57,452	-
Other financial assets at FVPL	10	40,198	30,378
Contract assets	10	140,417	140,791
Deferred tax assets	6	10,546	8,297
Total non-current assets		280,681	208,446
Inventories	3	7,875	7,864
Receivables from financial institutions		361,254	355,596
Trade and other receivables		46,737	42,334
Current income tax receivables	6	1,876	-
Financial asset at amortized cost		-	4,418
Other financial assets at amortized cost	10	12,703	9,842
Cash and cash equivalents	8	1,337,687	1,231,916
Total current assets		1,768,132	1,651,970
Total assets		2,048,813	1,860,416
Share capital	7	296	296
Share premium	7	164,386	160,209
Treasury shares	7	(22,976)	(4,804)
Other reserves	7	71,260	69,472
Retained earnings	7	448,335	357,231
Total equity attributable to owners of Adyen N.V.		661,301	582,404
Derivative financial instrument	10	33,300	23,800
Deferred tax liabilities	6	24,376	23,777
Lease liability	13	48,664	-
Total non-current liabilities		106,340	47,577
Payable to merchants and financial institutions		1,229,178	1,186,861
Trade and other payables		42,110	32,495
Lease liability	13	9,884	-
Current income tax payables	6	-	10,715
Deferred revenue	10	-	364
Total current liabilities		1,281,172	1,230,435
Total liabilities and equity		2,048,813	1,860,416

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

Condensed consolidated statement of changes in equity

For the periods ending June 30, 2019 and June 30, 2018
(all amounts in EUR thousands unless otherwise stated)

	Note	Share capital	Share premium	Treasury shares	Other legal reserves	Share-based payment reserve	Warrant reserve	Retained earnings	Total equity
Balance - January 1, 2018		295	149,314	-	21,726	6,207	-	212,236	389,777
Adoption of IFRS 9 accounting policy		-	-	-	(20,061)	-	-	20,061	-
Restated total equity at the beginning of the financial year		295	149,314	-	1,665	6,207	-	232,297	389,777
Other adjustments		-	-	-	2,064	-	-	(2,064)	-
Intangible assets		-	-	-	554	-	-	(554)	-
Comprehensive income/(expense)		-	-	-	2,618	-	-	(2,618)	-
Net income for the year		-	-	-	-	-	-	48,162	48,162
Currency translation adjustments		-	-	-	(163)	-	-	-	(163)
Total comprehensive income for the period		-	-	-	2,455	-	-	45,544	47,999
<i>Transactions with owners in their capacity as owners:</i>									
Reclassification of warrant (net of tax)		-	-	-	-	-	50,620	-	50,620
Repurchase of depositary receipts	2	-	-	(9,853)	-	-	-	-	(9,853)
Options exercised		-	663	-	-	(663)	-	-	-
Proceeds on issuing shares		-	3,368	-	-	-	-	-	3,368
Share-based payments	2	-	-	-	-	1,150	-	-	1,150
Balance – June 30, 2018		295	153,345	(9,853)	4,119	6,694	50,620	277,841	483,061

	Note	Share capital	Share premium	Treasury shares	Other legal reserves	Share-based payment reserve	Warrant reserve	Retained earnings	Total equity
Balance - January 1, 2019		296	160,209	(4,804)	6,582	8,671	54,219	357,231	582,404
Other adjustments					219			(18)	201
Intangible assets					1,392			(1,392)	-
<i>Comprehensive income/(expense)</i>		-	-	-	1,611	-	-	(1,410)	201
Net income for the year								92,514	92,514
Currency translation adjustments					(258)				(258)
Total comprehensive income for the period		-	-	-	1,353	-	-	91,104	92,457
<i>Transactions with owners in their capacity as owners:</i>									
Repurchase of depositary receipts	2			(18,323)					(18,323)
Options exercised			887			(887)			-
Proceeds on issuing shares			3,282						3,282
Movement resulting from treasury shares			8	151					159
Share-based payments	2					1,322			1,322
Balance - June 30, 2019		296	164,386	(22,976)	7,935	9,106	54,219	448,335	661,301

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

Condensed consolidated statement of cash flows

For the six months ended June 30, 2019 and June 30, 2018
(all amounts in EUR thousands unless otherwise stated)

	Note	H1 2019	H1 2018
Income before income taxes		114,902	60,592
<i>Adjustments for:</i>			
- Finance income		(42)	(213)
- Finance expenses		2,334	955
- Other financial results		(1,704)	4,868
- Depreciation of plant and equipment		4,165	3,248
- Amortization of intangible fixed assets		1,014	800
- Depreciation of right-of-use assets	13	5,160	-
- Share-based payments	2	1,322	1,129
<i>Changes in working capital:</i>			
- Inventories		(11)	(2,787)
- Trade and other receivables		(4,403)	(16,706)
- Receivables from financial institutions		(5,658)	(8,367)
- Payables to merchants and financial institutions		42,317	102,195
- Trade and other payables		9,615	14,256
- Deferred revenue		(364)	2,331
- Financial asset at amortized cost		4,418	-
- Contract assets		800	(60,751)
<i>Cash generated from operations</i>		<i>173,865</i>	<i>101,550</i>
Interest received		42	213
Interest paid		(2,334)	145
Income taxes paid		(34,749)	(6,700)
Net cash flows from operating activities		136,824	95,208
Purchases of financial assets at amortized cost		(10,073)	(7,581)
Redemption of financial assets at amortized cost		7,275	6,989
Purchases of plant and equipment	11	(5,798)	(6,162)
Capitalization of intangible assets		(2,406)	(1,354)
Net cash used in investing activities		(11,002)	(8,108)
Share premium paid by the shareholders		3,282	4,031
Lease payment		(5,199)	-
Repurchase of depositary receipts (treasury shares)	2	(18,323)	(9,853)
Net cash flows from financing activities		(20,240)	(5,822)
Net increase in cash, cash equivalents and bank overdrafts		105,582	81,278
Cash, cash equivalents and bank overdrafts at beginning of the year		1,231,916	862,930
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		198	(1,081)
Cash, cash equivalents and bank overdrafts at end of the period		1,337,687	943,127

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

Notes to the condensed interim consolidated financial statements

General information

Adyen N.V. (hereinafter 'Adyen') 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 EEA. 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

Adyen applies the option of publishing condensed group financial statements under IAS 34 – *Interim Financial Reporting*. The interim condensed consolidated financial statements for the first six months ended June 30, 2019 have been prepared in accordance with IAS 34. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Adyen annual consolidated financial statements for the year ended December 31, 2018.

Significant accounting policies

Significant and other accounting policies that summarize the measurement basis used and are relevant to understanding the financial statements are provided throughout the notes to the interim condensed financial statements.

Critical judgements and estimates

Critical 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 judgements are:

- Principal versus agent for revenue out of settlement fees – refer to Note 1 'Revenue and segment reporting'
- Recognition of deferred taxes related to share-based compensation – refer to Note 6 'Income taxes'
- Fair valuation of financial liabilities at fair value – refer to Note 10 'Financial instruments'
- Incremental borrowing rate for leases – refer to Note 13 'New standards adopted by Adyen'.

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, 2018.

Adyen has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. As required by IAS 34, the nature and effect of these changes are disclosed in the referenced notes. Adyen applied the following standards for the first time:

- IFRS 16 – *Leases* (refer to Note 13 'New standards adopted by Adyen').

The qualitative impact assessment of the first-time application on January 1, 2019 of these standards is disclosed in Note 13 'New standards adopted by Adyen'.

Key disclosures

1. Revenue and segment reporting

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

Types of goods or service	H1 2019	H1 2018
Settlement fees	1,017,317	602,048
Processing fees	79,163	61,070
Sales of goods	7,358	6,201
Other services	40,318	27,762
Total revenue from contracts with customers	1,144,156	697,081
Costs incurred from financial institutions	(915,055)	(536,771)
Cost of inventory	(8,005)	(3,879)
Net revenue	221,096	156,431

Net revenue

Revenue of Adyen contains scheme fees, interchange and mark-up for which Adyen acts as a principal. However, the Management Board monitors Net Revenue (net of interchange, scheme fees and cost of inventory) as performance indicator. As a result, Adyen considers net revenue 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 1.2. for further explanation on the non-IFRS measures reported by Adyen.

Revenue recognized point in time and over time.

All processing and settlement fees, together with the sales of goods are recognized as revenue when the services are rendered or the ownership of the goods is transferred ('goods and services transferred point in time'). To align the revenues with the related costs, part of Adyen's revenue is recognized when the services are rendered over a period of time ('services transferred over time'). The services transferred over time relates to the amortization of deferred revenue for services provided as part of the merchant contract, described in Note 10 'Financial instruments', and terminal services fees as part of the unified commerce offering.

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

Timing of revenue recognition	H1 2019	H1 2018
Goods and services transferred at point in time	1,141,709	694,649
Services transferred over time	2,447	2,432
Total revenue from contracts with customers	1,144,156	697,081

1.1. 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	H1 2019	H1 2018
Europe	632,078	399,070
North America	333,786	188,636
Latin America	86,275	49,965
Asia-Pacific	89,556	57,242
Rest of the World	2,461	2,168
Revenue	1,144,156	697,081

1.2. Non-IFRS financial measures

Non-IFRS financial measures are disclosed in addition to the statement of comprehensive income to provide additional information to better understand 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: Adyen management monitors Net revenue (Revenue from contracts with customers less costs incurred from financial institutions and cost of inventory) as a performance indicator.

The geographical breakdown of Net revenue is as follows (based on the billing location as requested by the merchant for the periods indicated):

Net revenue - Geographical breakdown	H1 2019	H1 2018
Europe	144,589	102,667
North America	32,268	22,098
Latin America	22,431	16,465
Asia-Pacific	20,896	14,640
Rest of the World	912	561
Net revenue	221,096	156,431

For the six months ended June 30, 2019, net revenue was EUR 221,1 million, up 41.3% from 2018 (2018: EUR 156.4 million). The year-on-year growth in net revenues shows the following geographical spread across Europe (40.8%), North America (46.0%), Latin America (36.2%) and Asia Pacific (42.7%).

- EBITDA: "Income before interest income, interest expense and income taxes" less 'Amortization and depreciation' on the statement of comprehensive income;
- EBITDA margin: EBITDA as a percentage of Net revenue;
- CapEx: Capital expenditure consisting of the line items "Purchases of plant and equipment" and "Capitalization of intangible assets" on the consolidated statement of cash flows; and
- Free cash flow: EBITDA less "Purchases of plant and equipment" and "Capitalization of intangible assets" on the consolidated statement of cash flows.

Selected non-IFRS financial measures	H1 2019	H1 2018
Income before interest income, interest expense and income taxes	115,490	66,202
Amortization and depreciation	10,338	4,048
EBITDA	125,828	70,250
Net revenue	221,096	156,431
EBITDA margin (%)	56.9%	44.9%
Purchases of plant and equipment	5,798	6,162
Capitalization of intangible assets	2,406	1,354
CapEx	8,204	7,516
EBITDA	125,828	70,250
CapEx	(8,204)	(7,516)
Free cash flow	117,624	62,734
Free cash flow	117,624	62,734
EBITDA	125,828	70,250
Free cash flow conversion ratio (%)	93.5%	89.3%

2. Employee benefits

2.1. Employee benefits

The regional breakdown of FTE per office as per June 30, 2019 and 2018 is as follows:

FTE per office	H1 2019	H1 2018
Amsterdam	570	451
San Francisco	108	82
Singapore	61	43
London	51	45
São Paolo	46	45
Other	151	102
Total	987	768

The employee benefits expense can be specified as follows:

Employee benefits	H1 2019	H1 2018
Salaries and wages	43,044	35,960
Share-based compensation	1,968	1,129
Total wages and salaries	45,012	37,089
Social securities	8,694	5,748
Pension costs - defined contribution plans	1,109	759
Total	9,803	6,507

2.2. Share-based payments

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

Share-based compensation	H1 2019	H1 2018
Equity-settled	1,322	1,129
Cash-settled	646	-
Total	1,968	1,129

Treasury shares

In 2018 Adyen has provided its employees the opportunity to partially monetize their vested options. During the first six months of 2019, Adyen has repurchased a total number of 27,181 (during the first six months of 2018: 24,557) depositary receipts for a total amount of EUR 18,323 (during the first six months of 2018: 9,853).

As part of the total remuneration package, Adyen has three types of share-based payments:

- I. Depositary receipts to directors and employees (granted until 2013)
- II. Equity settled option plan
- III. Cash settled option plan

The nature, accounting policies and key parameters of the share-based payments plans are described in more detail in the 2018 consolidated financial statements.

3. Inventories

For the six months ended June 30, 2019 Adyen performed a re-assessment on inventory and determined the Net Realizable Value of part of its inventory was lower than cost. Therefore, a write-off of EUR 270 was recognized under Miscellaneous operating expenses (as disclosed in Note 4 'Other operating expenses').

4. Other operating expenses

The other operating expenses can be specified as follows:

Other operating expenses	H1 2019	H1 2018
Housing costs	1,894	5,653
Office costs	1,368	1,058
IT costs	4,670	4,545
Sales & marketing costs	13,541	11,373
Travel and other staff expenses	9,032	6,948
Advisory costs	5,242	7,191
Miscellaneous operating expenses	4,705	5,910
Total	40,452	42,678

Introduction of a new IFRS standard on Leases

Adyen has adopted IFRS 16 from January 1, 2019 using the modified retrospective approach. Therefore, comparative figures were not restated for the 2018 reporting period, in accordance with standards transitional provisions. Due to IFRS 16 implementation, amounts which were previously recognized as housing costs, are now recognized in depreciation and interests. For more details on new standard implementation refer to Note 13 'New standards adopted by Adyen'.

5. Other financial results

The other financial results can be broken down in the following categories:

Other financial results	H1 2019	H1 2018
Exchange gains	1,580	5,366
Fair value re-measurement of (refer to Note 10 - 'Financial instruments')		
Derivative Liability	(9,500)	(14,900)
Financial instruments at Fair Value through Profit & Loss	9,820	4,880
Other	(196)	(214)
Total	1,704	(4,868)

6. Income taxes

6.1. Income tax expense

The tax on Adyen's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities. The effective tax rate of Adyen for the first six months ended June 30, 2019 is 19.48% (2018: 20.51%) which differs from the statutory tax rate in the Netherlands of 25% (2018: 25%) due to the application of the innovation box, tax rate differences on foreign operations and other adjustments (such as non-deductible expenses):

Effective tax calculation	H1 2019	H1 2018
Income before tax at statutory rate of 25%	114,902	60,592
Weighted average statutory tax rate	25%	25%
Weighted average statutory tax amount	28,726	15,148
<i>Tax effects of:</i>		
Innovation box (changes in tax rate)	(6,185)	(2,971)
Other adjustments (such as tax rate differences and non-deductibles)	153	(253)
Effective tax amount	22,388	12,430
Current income tax	30/06/2019	31/12/2018
Current income tax liabilities	-	10,715
Current income tax assets	1,876	-

6.2. Deferred taxes

Changes in tax rate

The statutory tax rate in the Netherlands will be reduced in yearly steps from 25% in 2019 to 20.5% in 2021. This change was substantively enacted in the 2018 Adyen annual consolidated financial statements. As a result, Adyen remeasured the relevant deferred tax balances as per December 31, 2018 with the remeasurement accounted for in profit and loss. For the deferred tax balances with a maturity after December 31, 2019 Adyen has used the new tax rates.

I. Deferred tax assets

In the deferred assets an amount of EUR 561 (as per December 31, 2018: EUR 553) recognized relates to net operating losses carried forward. Further EUR 6,827 (as per December 31, 2018: EUR 4,879) of the deferred tax assets relates to the recognized derivative liability.

During the period employees exercised an increased number of options. Adyen has assessed all jurisdictions in which it operates for possible corporate tax impact for the respective entities within Adyen to which such tax benefits pertain, that would arise from taxes paid by employees in these jurisdictions. Management's approach to paying taxes in countries in which it operates and generates profits were considered when determining whether these corporate deferred tax benefits are expected to be utilized in current and future fiscal years.

In the United States, during the first six months of 2019, Adyen assessed and assumes that it should not recognize the deferred tax asset under IFRS since it is not probable that the deferred tax asset will be realized for this tax benefit, based on existing tax agreements with the United States tax authority.

The assessment on tax impacts over share-based payments remains unchanged, and it is management's approach to pay taxes in countries in which it operates.

Adyen will reassess the possible recognition of the deferred tax asset in the United States at each reporting period and will consider all facts and circumstances then available.

II. Deferred tax liability

The deferred tax liability consists mainly of the deferred tax on the Visa Inc. preferred stock of EUR 8,241 (as per December 31, 2018: EUR 7,594) and contract asset EUR 15.973 (as per December 31, 2018: EUR 16,020).

The deferred taxes have a maturity date of more than 12 months and are presented as non-current on the Adyen balance sheet.

Tax expense	H1 2019	H1 2018
Current income tax expense	23,738	15,369
Deferred income tax expense	(1,350)	(2,939)
Total	22,388	12,430

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	30/06/2019	31/12/2018
Share capital	296	296
Share premium	164,386	160,209
Total	164,682	160,505

During the six months ended June 30, 2019, 42,165 additional shares were issued as a result of exercised employee options. The number of outstanding ordinary shares as of June 30, 2019 is 29,596,056 (as of December 31, 2018: 29,553,891) (absolute nominal value EUR 0.01 per share). The total number of authorized shares as of June 30, 2019 is 80,000,000 (as of December 31, 2018: 80,000,000).

The total of distributable reserves as per June 30, 2019 amounts to EUR 498,937 (as of December 31, 2018: EUR 381,786), the other reserves are restricted for distribution. The number of shares issued is according to the trade date.

Earnings are 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. Cash and cash equivalents

As per June 30, 2019 EUR 841,099 (December 31, 2018: EUR 731,551) represents cash held at central banks.

9. CRR/CRD IV regulatory capital

The following table show the calculation of regulatory capital as at June 30, 2019. The regulatory capital is based on the CRR/CRD IV scope of consolidation, which is the same as the IFRS scope of consolidation.

Own funds	30/06/2019	31/12/2018
EU-IFRS Equity as reported in consolidated balance sheet	661,301	582,404
Net profit not included in CET1 Capital (not yet eligible)	(92,514)	(131,146)
Warrant reserve	(54,219)	(54,219)
Regulatory adjustments		
Intangible assets	(6,451)	(5,059)
Deferred tax asset that rely on future profitability	(2,100)	(1,341)
Prudent valuation	(73)	(54)
Total	505,944	390,585

10. Financial instruments

Financial assets impairment

During the period Adyen added EUR 648 (during the first six months of 2018: EUR 1,500) to its accounts receivable provision based on the calculations from its IFRS 9 expected credit loss model for Accounts Receivables. Adyen did not recognize any other impairments on financial instruments during the six months ended June 30, 2019 (during the six months ended June 30, 2018: nil), nor reversed any impairment losses.

Other financial assets at amortized cost (government bonds; hold to collect)

Adyen has the intent and ability to hold the bonds to maturity and Adyen therefore applies a hold-to-collect business model. The fair value (level 1) of these debt instruments at amortized cost approximates the carrying value due to the short-term nature of the instruments. Due to the low credit risk on the bonds, the expected credit losses (impairment) on the bonds is not significant.

Other financial assets at Fair Value Through Profit and Loss (Visa Inc. preferred shares)

Adyen has recognized and classified the convertible preferred Visa Inc. shares within the FVPL category. The fair value of the level 2 preferred stock in Visa Inc. is based on the fair value of Visa Inc. common stock multiplied by an initial conversion rate of preferred stock into common stock. The conversion rate of the preferred stock into an equivalent number of common stocks may fluctuate in the future. The Visa Inc. shares carry the right to receive discretionary dividend payments presented as Other Income in the income statement (in the first six months of 2019: EUR 0; in the first six months of 2018: EUR 86).

Contract assets

In the first quarter of 2018 Adyen signed a contract with a merchant for the provision of payment services that resulted in the initial recognition of contract assets of EUR 136,251. The contract was agreed upon by incurring and recognizing a derivative liability of EUR 75,500, a deferred revenue of EUR 4,050 and the payment of (net) EUR 56,701 upon signing of the contract. The contract asset is amortized and recognized as revenue, on a pro rata basis, in line with the fulfilment of the expected payments services performance obligation. At initial recognition, Adyen has classified EUR 60,751 of the contract asset as a monetary item, denominated in USD, as Adyen has the right to receive a determinable amount of cash.

The carrying value of the contract asset as at June 30, 2019 is EUR 140,417 (as at December 31, 2018: EUR 140,791). The movement in the contract asset contains a foreign currency exchange gain of EUR 426 for the first six months of 2019 (for the first six months of 2018: EUR 3,633) included in Note 5 'Other financial results'. The monetary part of the contract asset is in scope of impairment under IFRS 9. However, due to low credit risk, the expected credit loss on the contract asset is not significant.

Derivative liability

As part of the merchant contract previously mentioned, Adyen recognized a derivative liability measured at fair value through profit and loss, classified as a Level 2 fair value instrument as per June 30, 2019.

The first two tranches of the derivative liability resulting from a merchant contract are reclassified from derivative liability to warrant reserve in equity for the amount of EUR 54,219 (net of EUR 13,981 deferred tax assets). The remaining derivative liability balance as per end of June 2019 is EUR 33,300 (as per December 2018: EUR 23,800). Reference is made to Note 5 'Other financial results'.

Adyen carried out a sensitivity analysis of the derivative financial liability, and a 5% increase or decrease in the underlying Adyen share price would result in an increase or decrease of approximately EUR 2 million of the value of the derivative liability, all other circumstances considered to be equal.

Other disclosures

11. Plant and equipment

Purchases in plant and equipment for the six months ended June 30, 2019 amounted to EUR 5,798 (during the first six months of 2018: EUR 6,162), in addition no assets were disposed during the period then ended. Adyen did not recognize a loss from impairment of neither plant nor equipment during the six months ended June 30, 2019 (during the first six months of 2018: nil), nor did Adyen reverse any impairment losses.

12. 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 profit (or loss) attributable to shareholders by the weighted average number of outstanding 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 2019	H1 2018
Net income attributable to ordinary shareholders	92,514	48,162
Weighted average number of ordinary shares	29,596,056	29,442,769
Dilutive effect share options	1,056,675	1,008,877
Weighted average number of ordinary shares for diluted net profit for the period	30,652,731	30,451,646
1) Net profit per share - Basic	3.13	1.64
2) Net profit per share - Diluted	3.02	1.58

13. New standards adopted by Adyen

IFRS 16 – Leases

Adyen has adopted IFRS 16 from January 1, 2019 using the modified retrospective approach. Therefore, comparative figures were not restated for the 2018 reporting period, in accordance with standards transitional provisions. All reclassifications and adjustments arising from new rules were recognized on January 2019 opening balance sheet.

Accounting policy – Leases (IFRS 16)

Adyen assesses if a lease exists or a contract contains a lease at the contract inception date, concluding whether an asset is identifiable, and Adyen has control to direct its use and all economic benefits related. A right-of-use asset and a lease liability are recognized at the lease commencement date, which can differ from contract inception date.

The lease liability is initially measured by bringing to present value all future lease payments, discounted by the incremental borrowing rate, specific to the market where the asset is located.

At initial recognition, the right of use asset amounts to the initial lease liability. Right of use assets are tested for impairment whenever events or changes in circumstances indicates that the carrying amount may not be recoverable.

Short-term (less than 12 months) and small value lease contracts are expensed in income statement on a straight-line basis over the lease term.

Adjustments recognized on adoption of IFRS 16

Due to IFRS 16 adoption, Adyen recognized right-of-use assets and lease liabilities with regard to lease agreements for data center space, server racks and offices, which were previously recognized as operating leases in accordance with IAS 17.

The lease liability measurement was calculated by bringing to present value all future lease payments, using an incremental borrowing rate as of January 1, 2019, in case no interest rate was available for the contract.

The right-of-use assets related to the aforementioned agreements were measured in a prospective basis, as if new rules were applied to the date of standard implementation, adjusted by the amount of any prepayments related to the lease agreement as per December 31, 2018.

As a result of the new standard, the opening balances as per January 1, 2019 were affected as per below:

Impact IFRS 16	01/01/2019	30/06/2019
Right-of-use assets	62,625	57,452
Current lease liabilities	10,556	9,884
Non-current lease liabilities	52,069	48,664

In the period ended June 30, 2019, Adyen recognized an amount of EUR 5,160 related to the depreciation of the right-of-use assets and EUR 561 related to interest on the lease liabilities in accordance with IFRS 16. For the first six months of 2018, Adyen recognized an amount of EUR 2,530 related to housing costs in accordance with IAS 17.

14. Related party transactions

During period, Adyen identified related party transactions that took place at arm's length with Stichting Administratiekantoor Adyen, employees (balance as per June 30, 2019: EUR 18 receivable; As per December 31, 2018: EUR 1 receivable) and Supervisory Board members (balance as per June 30, 2019: EUR 97 payable; As per December 31, 2018: EUR 271 payable) relating to the exercise of options.

There were no other transactions with related parties during the six months ended June 30, 2019 (during the first six months of 2018: nil).

15. Contingencies and commitments

Adyen has no contingent liabilities in respect to legal claims.

Adyen N.V. and Adyen International B.V. are a fiscal unity for 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.

In the U.S., Adyen. holds licenses to operate as a money transmitter (or its equivalent), which, among other things, subjects Adyen Inc. to reporting requirements, bonding requirements, limitations on the investment of customer funds and inspection by state regulatory agencies.

Adyen has EUR 25,416 (as per December 31, 2018: EUR 18,777) of outstanding bank guarantees and letters of credit as per June 30, 2019. In addition, Adyen has an intra-day credit facility of EUR 272 million (as per December 31, 2018: EUR 100 million) which is not used as per June 30, 2019.

16. Events after the balance sheet date

There are no events after the reporting period.

17. Other information

The Interim Condensed Consolidated Financial Statements of Adyen N.V. for the six months ended June 30, 2019 have been prepared in accordance with IAS 34 – *Interim Financial Reporting*.

The Interim Condensed Consolidated Financial Statements are unaudited.

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 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 22, 2019

Sincerely,



Pieter van der Does
CEO



Ingo Uytdehaage
CFO



Review report

To: the management board and supervisory board of Adyen N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements, page 24 to 41, for the six-month period ended 30 June 2019 of Adyen N.V., Amsterdam, which comprises the condensed consolidated balance sheet as at 30 June 2019, 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 statements for the six-month period ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 22 August 2019
PricewaterhouseCoopers Accountants N.V.

Original has been signed by R.E.H.M. van Adrichem RA

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