H1 2022

Shareholder letter

adyen

Processed volume

H1 ↗ 60% YOY

€345.8BN

Net revenue

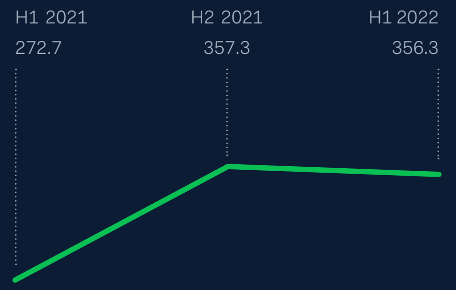
H1 ↗ 37% YOY

€608.5MN

EBITDA

H1 ↗ 31% YOY MARGIN 59%

€356.3MN



Designing the next phase of Adyen for scale

- We evolved our team structure - adding commercial pillars to continue organizing for speed and scale
- We successfully accelerated our hiring pace, with the Adyen team totalling 2,575 FTE at the end of H1 2022
- Our focus on hiring for tech roles paid off as we scale our tech-first approach to problem solving

High growth and product investments in unified commerce

- We operate at the forefront of a continuously growing space, remaining the only player to offer all sales channels via a single integration
- We are investing in the most advanced customer journeys, including the launch of in-house developed terminals
- Digital transformation is spreading across industries, making unified commerce journeys omnipresent

Reinventing traditional financial services by launching an embedded financial product suite for platforms

- The under serving of SMBs by traditional financial institutions opens growth avenues for platform businesses and Adyen alike
- Historical investments in technology and licenses make us uniquely well-positioned to capitalize on the banking-as-a-service opportunity
- The Adyen embedded financial product suite offers business financing, card issuing, and bank accounts via a single integration

Persisting longer-term trends amid an evolving macroeconomic landscape

- Since IPO, the majority of growth came from customers already on the platform with consistently low volume churn
- The lifting of travel restrictions resulted in significant growth in travel volumes
- We maintain our long-term outlook amid increased investments in building the next phase of Adyen

Building for scale as we enter the next phase of Adyen

Dear shareholders, August 18, 2022

While reflecting on the main developments from the first half of 2022, one stood out foremost: we were able to meet our customers and the Adyen team in person again after predominantly connecting via our laptops for the better part of the last two years. Bringing the entire Adyen team together for our global company event - the first of its kind since 2019 - was a particularly major moment. The relationships we build face-to-face are vital to scaling our founding principles of speed, flexibility, and our singular focus on innovating to address our customers' needs. Although the past few years taught us that videoconferencing can be beneficial to building a global business, and that we can successfully pivot to operating fully remotely, it's clear that building trusted relationships and driving innovation moves faster when time is spent together.

When it comes to our product offering, the significant traction we continued to see in unified commerce was noteworthy. While digital transformation was initially a priority for a select group of industries (e.g. retail, hospitality), we now see this trend quickly spreading across industries and can confidently state that unified commerce journeys are omnipresent. This unwavering trend is clearly reflected in our point-of-sale volumes too — these were €44.9 billion, and up 97% year-on-year for the period, matching the exact growth rate of H2 2021. This is a fast-growing space, and our runway is significant.

To further capitalize on this opportunity, we continue to drive innovation in the unified commerce space. Investments in in-store journeys were a focal point especially during the first half of the year. On this front, we launched the first models of our in-house developed terminal range. The launch of these devices, for which we partner with hardware manufacturers, enables us to set the pace of innovation and facilitates end-to-end control at the point of sale.

This in-house terminal suite caters to the needs of today's, and tomorrow's, most forward-thinking brands. The range currently consists of two portable, lightweight devices: an add-on card reader that can be attached to a smartphone or tablet, and an all-in-one Android terminal that allows for running a broader software suite (e.g. inventory management, loyalty programs) on the same device – enabling a wide variety of mobile use cases.

In addition to launching our own terminal range, we rolled out Tap to Pay on iPhone in collaboration with Apple during the first half of the year, enabling our customers to accept contactless payments on an iPhone. The speed at which we were able to bring this to market is a prime example of our Formula point "we launch fast and iterate." The host of household brands that will leverage Tap to Pay on iPhone include platforms that look to enable unified commerce strategies for their users such as Lightspeed and Fresha, and retailers looking to build industry-leading customer journeys like Nike, further points to our ability to address leading businesses' needs at speed. The common denominator between these innovations is that they help our customers future-proof store operations by facilitating flexible in-store customer journeys.

Announcing the broadening of our product offering to include an embedded financial product suite for platform businesses during our Capital Markets Day was an exciting moment too. This expansion speaks to the broader banking-as-a-service trend, and we find ourselves uniquely well-positioned to seize the opportunity it presents due to historical investments in our global licensing footprint, product offering, and strong team. For the foreseeable future, we do not anticipate significant financial contributions from this offering — our focus is on building the products out with a handful of beta customers. To zoom in on the synergies this product suite brings to platform businesses and their users, an extensive overview of this product suite – which encompasses card issuing, bank accounts, and business financing – is included further down this letter.

On a macroeconomic level, the first half of 2022 was marked by changing patterns in many aspects. Developments including supply chain disruptions and the outbreak of the war in Ukraine further accelerated inflation, and impacted the day-to-day of many businesses and people around the world. Despite these developments, we are posting a strong set of results today, displaying sustained profitable growth amid a continuation of longer-term trends.

In line with previous periods, over 80% of our growth came from customers already on the platform, volume churn remained consistently low (<1%), and net revenue contributions continued to diversify across our customer base, regions, and industries as societies reopened around the world. The pervasiveness of these trends, which we have reported on every cycle since our IPO, underlines how resilient our business model is.

This resilience is reflected in our results too. Processed volume was €345.8 billion in the first half of 2022, up 60% year-on-year. Net revenue was €608.5 million, up 37% year-on-year. EBITDA margin was 59% for the period, following increased travel and events costs as we were able to meet the team and our customers in person again. Another factor impacting EBITDA margin is the *1% for the UN SDGs* commitment we made earlier this year.

We are building for the next phase of Adyen, and remain focused on capitalizing on the substantial opportunity ahead. Investments in growing the team, building trusted customer relationships, the expansion of our product suite, and scaling our company culture are reflective of this approach, and help us further realize the operating leverage inherent to our business model on the long term.

During the first half of 2022, this translated to us growing our tech teams at increased pace, and meeting the team and our customers in-person when possible. We believe these investments are key to realizing our long-term growth and profitability potential. With that in mind, we will not deviate from our long-term perspective by optimizing for short-term gains.

The lifting of lockdown restrictions throughout the period impacted our volume mix, fueling the diversification of our net revenue contributions across industries. Most noteworthy is the growth of travel volumes during the first half of the year. This was reflected in our full-stack volumes as well, as we typically do not offer acquiring to airlines. Full-stack volume was 78% in H1 2022, down from 83% in H1 2021.

In a continuation of previous cycles, we saw a decline in take rate. H1 2022 take rate was 17.6 bps. For reference, H2 2021 was 18.6 and H1 2021 was 20.6 bps. This decline is a natural result of our tiered pricing model and the successful execution of our strategy, as we continue to onboard profitable volume at scale. The abovementioned growth in travel volumes impacted take rate too, by driving the percentage of full-stack volume down, and average transaction value up.

On our *1% for the UN SDGs* commitment — this commitment is part of the Impact technology and social responsibility programs we have built over the last few years. Investments in developing our own technology to positively impact ESG matters and making direct donations to charitable institutions and NGOs will contribute to this 1% of net revenue figure. During the first half of 2022, our focus was on supporting UNHCR, the UN refugee agency, in their relief work following the war in Ukraine. Through Giving, our donation feature, we enabled our customer base to fundraise for the UNHCR, and the swift adoption of this option by many of our customers was impressive. To play our part beyond offering the donation infrastructure, we matched every donation, and absorbed all donation costs — the latter a default in our Giving feature.

To best execute on our long-term plans while continuing to grow at a rapid pace, we evolved our organizational structure by adding commercial pillars (digital, platforms and unified commerce) that will work alongside our product solutions. This structure allows us to delegate decision-making to keep our speed as we scale. To report in line with how we are building the business, and as shared during our Capital Markets Day, we aligned our reporting with the abovementioned commercial pillars, which you will find further down this letter.

Robust volume contributions across growth pillars

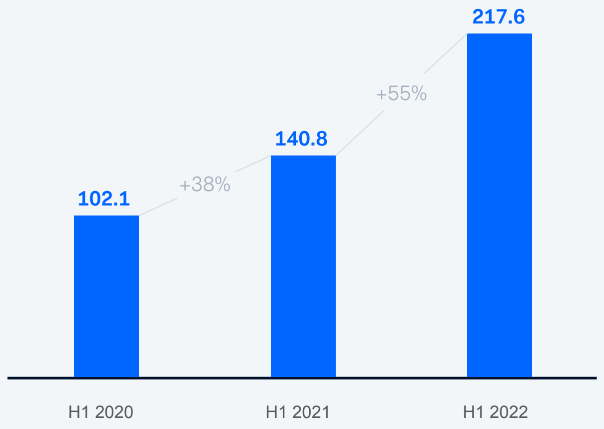
We saw strong growth across all pillars during the first half of 2022 — with customers already on the platform driving the majority of growth. By successfully executing our land-and-expand strategy, we are continuously able to win additional volumes across regions, product lines, and sales channels. As shared during our Capital Markets Day, we aim to communicate and report in line with how we are building the business. Therefore, we will share key trends and developments on our digital, unified commerce, and platforms growth pillars in these letters moving forward.

Digital

Solving for complexity for large digital merchants has been core to our operations since founding Adyen, and helped us shape our offering throughout all stages of growth. Consumers are more comfortable with digital payments than ever before, and increasingly demand the most seamless digital experiences in which the payment process automatically runs in the background — and all but disappears from the shopper's interaction with our customers' brands. The evolution towards near-invisible payments that is synonymous with brands like Uber is now disrupting other industries (e.g. gaming, online retail) too, with no signs of slowing down. Our customers need a partner that can quickly adapt to these evolving circumstances.

This ever-increasing complexity paired with our customer-driven approach to product innovation makes us well positioned to continuously win volumes with existing and new customers. The quickly evolving needs of digital customers require a partner that builds fast — and our single code base enables us to move at forward-thinking businesses' speed of innovation.

Figure 1
Digital: Processed volumes (in billion euros) of non-platform merchants that process over 99.5% ecommerce volume.



Unified Commerce

The fundamental changes in shopper behavior and widespread digital transformation that took place over the last years drove unified commerce journeys from a nice-to-have to a need-to-have across verticals, creating urgency for businesses across industries to implement such strategies. This shift, paired with the strength of our single platform, means that our opportunity in unified commerce is larger than ever before.

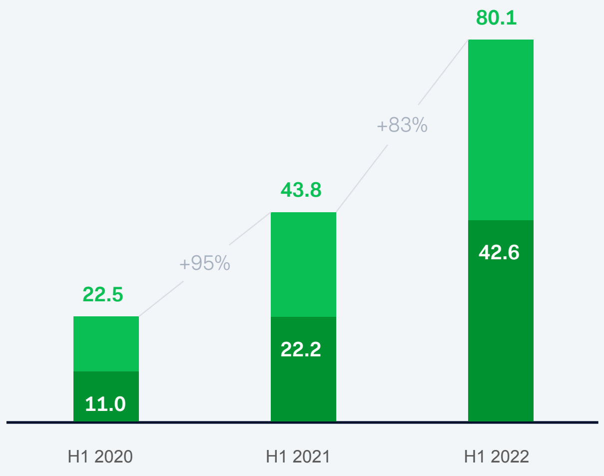
In order to give our customers access to the most advanced shopper journeys, we continuously invest in broadening this offering. During the first half of 2022, these investments resulted in the launch of our in-house built terminals and Tap to Pay on iPhone in collaboration with Apple.

Our ability to translate the most complex consumer demands into seamless shopper journeys (e.g. self-checkout, cashierless stores, and order online, pick up in store) continues to drive growth with existing customers, and helps us win new customers too, with high-profile brands such as Dior, All Saints, and UNIQLO opting for our technology further underscoring the relevance of our offering.

We are operating at the forefront of innovation in this space, and remain the sole player offering a single integration for all sales channels.

Figure 2

Unified Commerce: Processed volumes (in billion euros) of non-platform merchants processing at least 0.5% point-of-sale volumes. POS volumes shown in the shaded areas.



Platforms

We partner with platform businesses to address the long tail of the market in the most scalable manner. Through these partnerships, SMBs gain access to our industry-leading financial technology.

When further zooming in on platform volumes, the growth of our unified commerce offering in the platform space is especially noteworthy. Amid the broader trend of digitization reaching the SMB space, we saw point-of-sale volumes within the platforms pillar grow 304% year-on-year as we bring the value of unified commerce strategies to the long tail of the market.

When we launched Adyen for Platforms in 2017, we solely focused on online payments. Now, we are building out Adyen for Platforms into a single integration that offers unified commerce strategies, a full-fledged embedded financial product suite, and compliance and onboarding services. This all plays to the broader trend of platform businesses looking to further capitalize on the revenue opportunity the relationships with their users brings.

The platform business model is becoming increasingly dominant across a broad range of verticals, and its growth will only accelerate in the years to come.

crisp

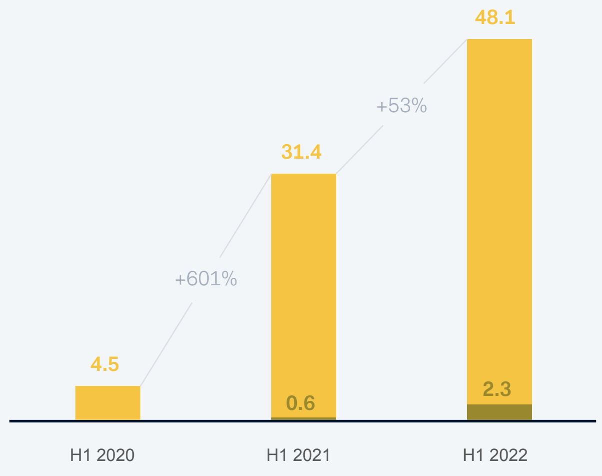
Radial
a bpost company

lovingly

gohenry

foodticket

Figure 3
Platforms: Processed volumes (in billion euros) of customers with at least 50% of volumes on Adyen for Platforms. POS volumes shown in the shaded areas.



Unpacking the Adyen embedded financial product suite

We've built Adyen by reimagining financial processes through technology and helping businesses move into the digital age. First, through online payments. Then, we disrupted the in-store landscape with our unified commerce offering. To realize the speed and scale required to address our customers' needs, we then invested in building our own banking infrastructure (currently covering the US and Europe). We simultaneously built Adyen for Platforms, encompassing a suite of features (e.g. automated onboarding and KYC, payout capabilities), to cater to the needs of platform businesses.

In parallel with the development of Adyen for Platforms, the financial services landscape shifted due to SMBs becoming increasingly open to obtaining financial products from non-traditional players. Chief among these non-traditional players are platform businesses, of which many are already helping SMBs run their financial processes by offering embedded payments.

Today, the banking-as-a-service revolution is reaching the platform space and we have carved out a unique position to capture an already sizeable, and ever-growing opportunity. We find ourselves well-equipped to seize it due to historical investments in our global licensing footprint, best-in-class team, product offering, and our position at the intersection of multiple macroeconomic trends (e.g. the decreasing relevance of traditional financial institutions, the long-standing under serving of SMBs by these institutions, and the increasing pervasiveness of the platform business model).

By building an embedded financial product suite for platforms, we will enable platforms to capitalize on the opportunity the banking-as-a-service revolution brings. This suite of products enables platforms to integrate financial services into the proposition to their users, and provides fast and easy access to financial services for SMBs through the platforms they already leverage to run their business operations.

Once a complex undertaking for platforms, we will provide these businesses the opportunity to offer bank accounts, business financing, and card issuing through a single integration. For the platform business, this unlocks additional revenue streams while further cementing the relationship with users and competitive advantage. For the platform user, our financial product suite enables access to bespoke financial services at unparalleled speed and ease of use, as we can tailor these products to their profiles due to the insights we have on the platform users from onboarding and payment processing data (e.g. deciding on the maximum amount of business financing or the tailored percentage of daily sales to pay back this financing).

The expansion of our Adyen for Platforms offering is an investment we are making for the long term. For the foreseeable future, we will be focusing on developing this product suite with a select group of customers, in line with our customer-focused approach to product innovation. With that in writing, we would like to share a more detailed product overview of the main functionalities of the suite.

Accounts

Accounts enables SMBs to manage their finances in the same portal as their broader business processes — e.g. receiving incoming funds, spending funds via card or bank transfer, instantly accessing working capital, or leveraging our third-party payout capabilities to directly pay suppliers. For these third-party payouts, the SMB can exchange funds into their preferred currencies when required and payout via the local clearing in the respective country. Especially when paying out business suppliers in other regions, this is a significant further optimization of financial processes.

Capital

Our Capital product enables platforms to extend working capital to their users within the platform interface. Built on our own banking infrastructure, Capital helps SMBs realize their ambitions by providing access to business financing at unprecedented speed. Platform users eligible for this offering are those for whom we are in the money flow and have successfully gone through our pre-qualification process based on our in-house built credit risk framework. These business financing offerings typically run for a maximum timespan of six months, and are automatically repaid based on a pre-set repayment percentage of daily sales.

When combining Capital with Accounts, the platform can provide its users with the funds required to operate and grow their businesses within milliseconds due to our end-to-end banking infrastructure.

Adyen's current part in this offering is providing funds, the platform user risk assessment, fund disbursement, and facilitating automated repayments. Over time, our position will further evolve. We are in the very early days of building this product, and will develop its functionalities based on our customers' needs and preferences.

Issuing

Issuing enables platforms to issue branded cards, allowing platform users to instantly spend their funds. Adding new cards to an account and setting spend controls can be done directly through the platform portal — speeding up historically lengthy processes.

Through Adyen Issuing, platforms expand their user relationships while building out an additional revenue stream, as the platform receives a revenue share of the interchange fee. For the platform user, Issuing enables them to instantly spend the proceeds of their sales with a virtual or physical card.

When combining Issuing and Capital, SMBs can directly spend the capital provided via a platform-branded card. The same goes for Accounts and Issuing — users can interchangeably spend their funds as they see fit.

We launched Issuing in 2019 and have seen it successfully implemented in multiple use cases, including expense management and on-demand delivery. As we iterated on the offering since that point, the increasing appetite and need for integrating Issuing into a broader financial product suite is evident.

An increased hiring pace as we scale Adyen for the next stages of growth

The Adyen team totaled 2,575 FTE at the end of H1 2022, adding 395 colleagues to the team during the period. This accelerated hiring pace reflects our investments in scaling our recruitment capacities and the extension of the group involved in final decision making on who joins the Adyen team.

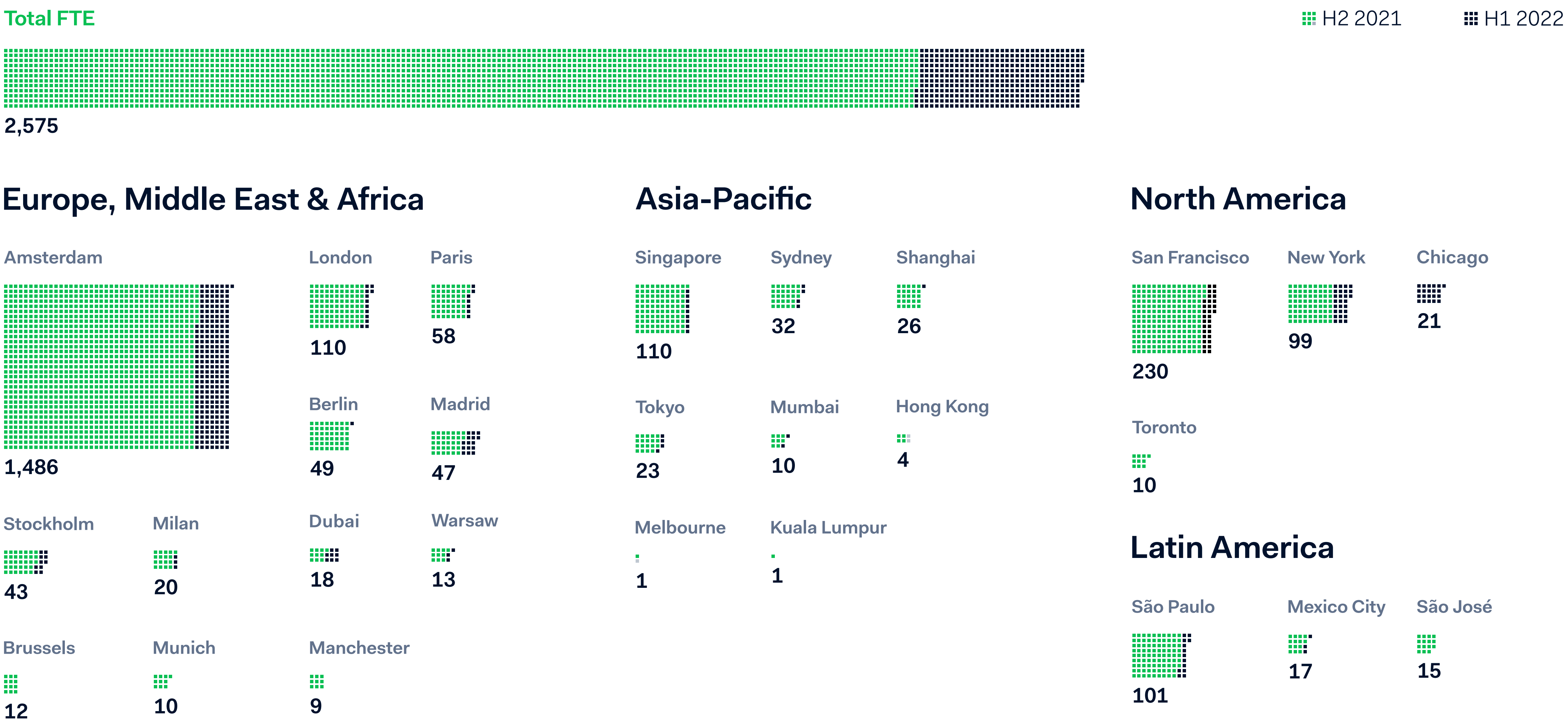
The board continues to spend significant time on the recruitment process and meets the majority of new colleagues before they join the team. To maintain a hiring pace that allows us to best seize the opportunity ahead while operating at ever-growing scale, we added multiple members of our senior leadership team to the group conducting final interviews during the first half of the year.

Over the last years, we spent significant time on building out this senior leadership team which will help carry Adyen into its next phases of growth. We provide this group with the autonomy to act as leaders across all parts of the businesses, which allows us to keep our speed of execution. With this group solidly in place, of which many members have been key contributors to our success, we are confident about our ability to capitalize on the unique opportunity ahead of us.

Many of the complexities we solve for are industry firsts, and we have maintained a tech-first approach to doing so since our foundation. To scale that ability, hiring for tech roles was a focal point. We saw this focus pay off and we were able to grow these teams substantially — over half of the Adyen team was in tech at the end of H1 2022.

Our long-term opportunity is substantial, and we look forward to building the Adyen team to capitalize on it. We will maintain our increased hiring pace in the second half of the year.

Our gaze is ahead, and the time to execute is now.

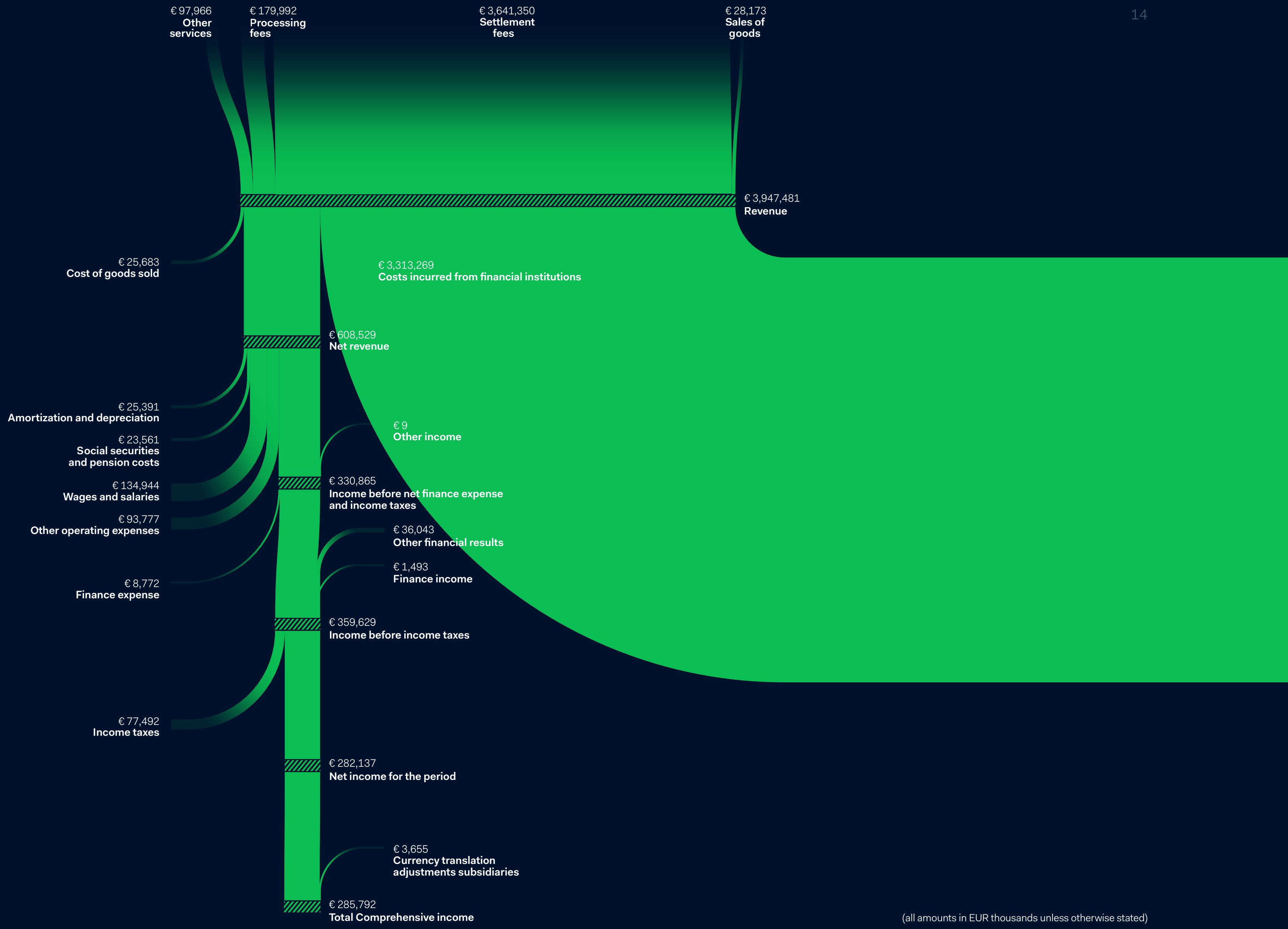

Total FTE
H2 2021
H1 2022
2,575
Europe, Middle East & Africa
Amsterdam
1,486
London
110
Paris
58
Berlin
49
Madrid
47
Stockholm
43
Milan
20
Dubai
18
Warsaw
13
Brussels
12
Munich
10
Manchester
9
Asia-Pacific
Singapore
110
Sydney
32
Shanghai
26
Tokyo
23
Mumbai
10
Hong Kong
4
Melbourne
1
Kuala Lumpur
1
North America
San Francisco
230
New York
99
Chicago
21
Toronto
10
Latin America
São Paulo
101
Mexico City
17
São José
15

Discussion of financial results

Processed volume growth driven by strong relationships with customers already on the platform in previous periods

We processed €345.8 billion during the first half of 2022, up 60% year-on-year. In line with previous cycles, the majority (>80%) of our growth came from merchants already on the platform.

Of processed volumes, point-of-sale volumes were €44.9 billion, making up 13% of total processed volume and growing 97% year-on-year. This growth rate underscores the relevance of this offering and its significant traction. We work with leading businesses in the unified commerce space, and are the partner that helps them build the customer journeys of tomorrow.



(all amounts in EUR thousands unless otherwise stated)

Net revenue displaying growth with existing customers and continued diversification

Driven by the successful execution of our land-and-expand strategy, net revenue was €608.5 million in H1 2022, growing 37% year-on-year[1].

A natural consequence of this strategy is how take rate declined during the period. H1 2022 take rate was 17.6 bps, compared to 18.6 bps in H2 2021 and 20.6 bps in H1 2021. This decline is driven by our tiered pricing strategy and continued growth of customers already on the platform, the growth of airline volumes as societies reopened, and ATV increasing — the latter a direct result from growth in travel volumes.

Net revenue contributions continued to diversify across industries and regions in the first half of 2022. On the geographical diversification of our net revenues — with EMEA contributing for 57% of net revenues, followed by North America (25%), APAC (11%), and LATAM (7%).

Year-on-year growth in net revenue contributions from APAC (up 53% year-on-year), followed closely by North America (up 52% year-on-year) and outpacing EMEA (up 30% year-on-year), and LATAM (up 25% year-on-year).

Investments in scaling the Adyen team and culture as we build for the long term

Operating expenses were €277.7 million in H1 2022, up 47% from H1 2022. This increase is mainly driven by higher employee benefits as we continue to grow the Adyen team and increased travel and event spend as we prioritize meeting our customers and the team in person where possible — the speed and creativity these interactions spark are key to successfully executing our plans.

Employee benefits were €158.5 million, up 33% year-on-year. Our talent bench is quickly growing into more senior roles as they contribute to scaling Adyen, which resulted in employee benefits outpacing FTE growth during the first half. We continue to bet on the talent that joins our team, and stretch them to capitalize on our opportunity ahead.

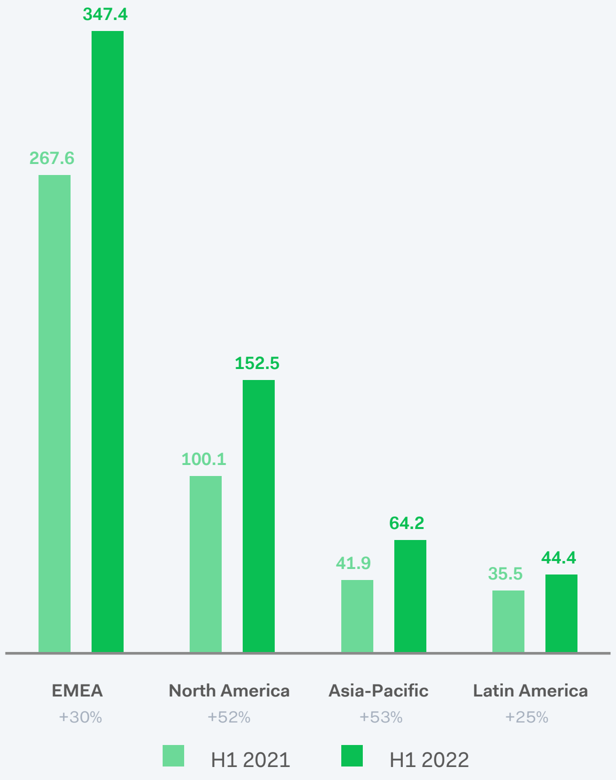
In other operating expenses, sales and marketing expenses were €24.2 million, up 41% year-on-year, as we were able to meet our customers in-person by hosting events again.

Our 1% for the UN SDGs commitment is part of other operating expenses as well. In H1 2022, we dedicated the majority of these funds to supporting the UNHCR's relief work in Ukraine, together with our customers via our donation feature Giving. We matched all donations that came in via our customers shoppers to UNHCR, and absorbed the transaction cost of all donations — by default in Giving.

[1] On a constant currency basis, net revenue of €608.5 million would have been 5% lower than reported. Please refer to Note 1 of the interim condensed consolidated financial statements for further detail on revenue breakdown.

Figure 4

Net revenue per region (in EUR millions). Comparative figures have been updated to reflect the Net Revenue geographical breakdown as disclosed further in note 1.3 Non-IFRS financial measures, in the H1 2022 interim condensed consolidated financial statements.



Continued strong EBITDA margins amid the lifting of travel restrictions

H1 2022 EBITDA was €356.3 million, up 31% year-on-year. EBITDA margin was 59% for the period. This was impacted by our 1% for the UN SDGs commitment and travel and event expenses returning.

Throughout the pandemic, travel and event costs naturally decreased. The speed and excitement that meeting each other in person brings has always been a crucial part of our success and our view on how to build the Adyen culture for the long term. Where possible, we will continue this approach.

Net income

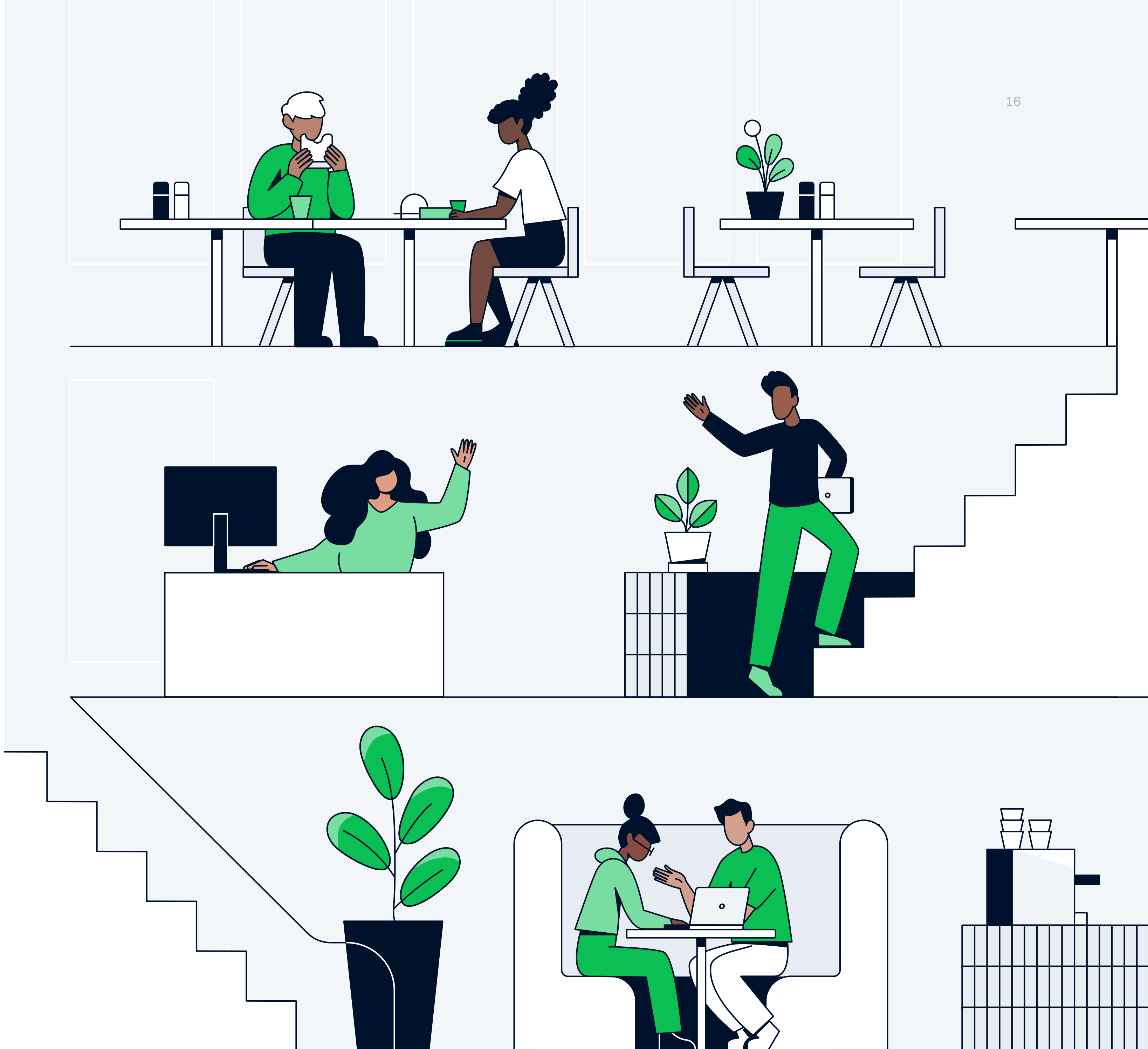
Net income was €282.1 million for the period, up 38% year-on-year.

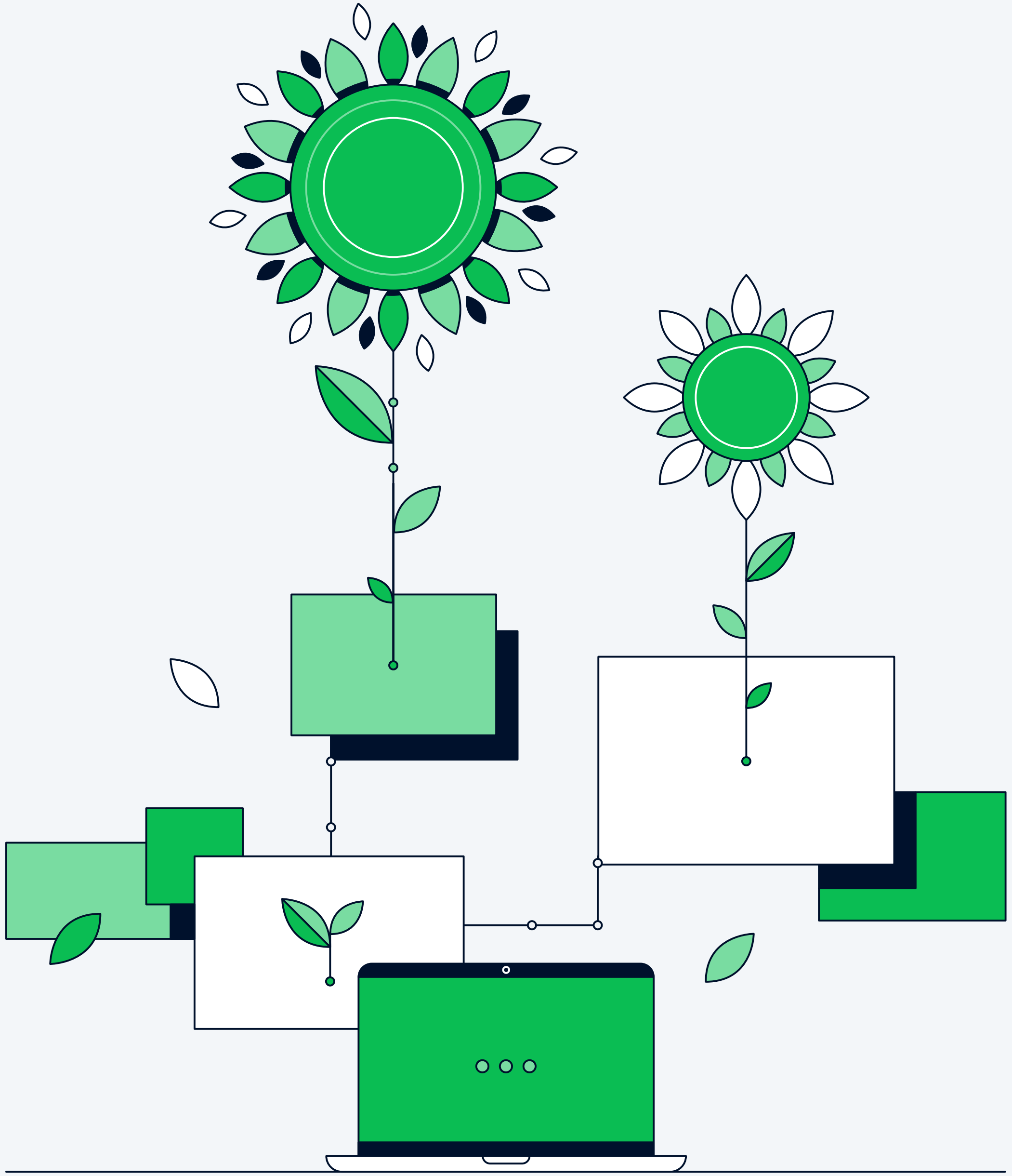
CapEx reflecting higher investments in the infrastructure of the single platform due to macroeconomic circumstances

CapEx was €40 million, and 6.6% of net revenue, up from 5% of net revenues in H1 2021. To remain a prioritized customer for our suppliers and ensure that supply chain disruptions will not hinder the scalability and global coverage of the Adyen platform, we invested in our data center infrastructure at a larger scale than we would have under different macroeconomic circumstances.

Free cash flow

Free cash flow was €308.9 million in H1 2022, up 25% year-on-year. Free cash flow conversion ratio was 87%.





Financial objectives

We've not seen any developments in the business over the first half of 2022 that would lead us to updating our guidance. Therefore, the financial objectives below remain unchanged from the last time we published results.

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 operating 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.

A video call to discuss these results will be livestreamed from our Investor Relations page at 3PM CEST today. A recording will be made available on the same page following the call.

Sincerely,

P.W. van der Does
CEO

I.J. Uytdehaage
CFO

Interim Condensed Consolidated Financial Statements H1 2022 Adyen N.V.

Consolidated statement of comprehensive income

For the periods ended June 30, 2022 and 2021

(all amounts are in EUR thousands unless otherwise stated)

	Note	H1 2022	H1 2021
Revenue	1	3,947,481	2,554,231
Costs incurred from financial institutions	1	(3,313,269)	(2,093,720)
Costs of goods sold	1	(25,683)	(15,490)
Net revenue		*608,529*	*445,021*
Wages and salaries	3	(134,944)	(98,208)
Social securities and pension costs	3	(23,561)	(20,821)
Amortization and depreciation	11,12	(25,391)	(16,500)
Other operating expenses	4	(93,777)	(53,296)
Other income		9	53
Income before net finance income/(expense) and income taxes		**330,865**	**256,249**
Finance income		1,493	695
Finance expense		(8,772)	(6,052)
Other financial results	5	36,043	5,046
Net finance income/(expense)		**28,764**	**(311)**

	Note	H1 2022	H1 2021
Income before income taxes		*359,629*	*255,938*
Income taxes	6	(77,492)	(51,105)
Net income for the period		**282,137**	**204,833**
Net income attributable to owners of Adyen N.V.		*282,137*	*204,833*
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translation adjustments subsidiaries		3,655	4,261
Other comprehensive income for the period		*3,655*	*4,261*
Total comprehensive income for the period (attributable to owners of Adyen N.V.)		**285,792**	**209,094**
Earnings per share (in EUR)			
Net profit per share - Basic	13	9.11	6.73
Net profit per share - Diluted	13	9.09	6.69

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

Consolidated balance sheet

As at June 30, 2022 and December 31, 2021

(all amounts are in EUR thousands unless otherwise stated)

	Note	June 30,2022	December 31, 2021
Intangible assets		10,114	9,841
Plant and equipment	11	101,963	72,981
Right-of-use assets	12	159,250	128,063
Other financial assets at FVPL	10	22,195	22,504
Contract assets	1.1	61,786	79,341
Deferred tax assets	6	122,950	127,782
Total non-current assets		**478,258**	**440,512**
Inventories	2	54,412	22,138
Receivables from merchants and financial institutions		358,130	633,249
Trade and other receivables		97,655	56,852
Current income tax receivables	6	77,102	6,761
Cash and cash equivalents	9	5,584,075	4,616,094
Total current assets		**6,171,374**	**5,335,094**
Total assets		**6,649,632**	**5,775,606**

	Note	June 30,2022	December 31, 2021
Share capital	7	310	310
Share premium	7	340,970	335,725
Other reserves		140,555	137,457
Retained earnings		1,618,577	1,336,922
Total equity attributable to owners of Adyen N.V.		**2,100,412**	**1,810,414**
Derivative liabilities	10	49,000	81,700
Deferred tax liabilities	6	14,575	16,401
Lease liability	12	148,782	119,968
Cash-settled share-based payment plan		4,071	5,601
Total non-current liabilities		**216,428**	**223,670**
Payables to merchants and financial institutions		4,168,840	3,608,531
Trade and other payables		133,958	100,116
Lease liability	12	27,030	22,996
Current income tax payables	6	2,964	9,879
Total current liabilities		**4,332,792**	**3,741,522**
Total liabilities and equity		**6,649,632**	**5,775,606**

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

Consolidated statement of changes in equity

For the periods ended June 30, 2022 and 2021

(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		
Balance - January 1, 2021		**304**	**194,608**	**(1,504)**	**98,034**	**53,401**	**873,291**	**1,218,134**
Net income for the period							204,833	204,833
Currency translation adjustments				4,261				4,261
Total comprehensive income for the period		**—**	**—**	**4,261**	**—**	**—**	**204,833**	**209,094**
Adjustments:								
Intangible assets				300			(300)	—
Other adjustments							(119)	(119)
		—	—	*300*	—	—	*(419)*	*(119)*
Transactions with owners in their capacity as owners:								
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
		1	*4,478*	—	*4,799*	—	—	*9,278*
Balance - June 30, 2021		**305**	**199,086**	**3,057**	**102,833**	**53,401**	**1,077,705**	**1,436,387**

	Note	Share capital	Share premium	Other reserves			Retained earnings	Total equity
				Legal reserves	Share-based payment reserve	Warrant reserve		
Balance - January 1, 2022		**310**	**335,725**	**9,740**	**102,142**	**25,575**	**1,336,922**	**1,810,414**
Net income for the period							282,137	282,137
Currency translation adjustments				3,655				3,655
Total comprehensive income for the period		**—**	**—**	**3,655**	**—**	**—**	**282,137**	**285,792**
Adjustments:								
Intangible assets				274			(274)	—
Other adjustments					(2)		(208)	(210)
		—	*—*	*274*	*(2)*	*—*	*(482)*	*(210)*
Transactions with owners in their capacity as owners:								
Deferred tax on share-based compensation	6				(472)			(472)
Options exercised			366		(366)			—
Proceeds on issuing shares	7	—	4,879					4,879
Share-based payments	3.2				9			9
		—	*5,245*	*—*	*(829)*	*—*	*—*	*4,416*
Balance - June 30, 2022		**310**	**340,970**	**13,669**	**101,311**	**25,575**	**1,618,577**	**2,100,412**

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

Consolidated statement of cash flows

For the periods ended June 30, 2022 and 2021

(all amounts are in EUR thousands unless otherwise stated)

	Note	H1 2022	H1 2021
Income before income taxes		**359,629**	**255,938**
Adjustments for:			
– Finance income		(1,493)	(695)
– Finance expenses		8,772	6,052
– Other financial results	5	(36,043)	(5,046)
– Depreciation of plant and equipment	11	12,055	6,882
– Amortization of intangible fixed assets		1,655	1,635
– Depreciation of right-of-use assets	12	11,681	7,983
– Equity-settled share-based compensation	3.2	9	203
– Cash-settled share-based payment plan		(1,530)	4,742
Changes in working capital:			
– Inventories	2	(32,274)	242
– Trade and other receivables		(40,432)	16,427
– Receivables from merchants and financial institutions		275,119	178,428
– Payables to merchants and financial institutions		560,309	208,682
– Trade and other payables		29,264	13,498
– Amortization and additions of contract assets	1.1	17,678	17,328
Cash generated from operations		*1,164,399*	*712,299*
Interest received		1,493	695
Interest paid		(8,772)	(6,052)
Income taxes paid	6	(146,453)	(96,622)
Net cash flows from operating activities		**1,010,667**	**610,320**

	Note	H1 2022	H1 2021
Purchases of other financial assets at FVPL		–	(211)
Redemption of other financial assets at amortized cost		–	12,427
Purchases of plant and equipment	11	(38,042)	(19,795)
Capitalization of intangible assets		(1,928)	(1,935)
Net cash used in investing activities		**(39,970)**	**(9,514)**
Proceeds from issues of shares	7	4,879	3,707
Lease payments	12	(7,397)	(4,626)
Net cash flows from financing activities		**(2,518)**	**(919)**
Net increase in cash, cash equivalents and bank overdrafts		**968,179**	**599,887**
Cash, cash equivalents and bank overdrafts at beginning of the period		4,616,094	2,737,486
Exchange (losses) / gains on cash, cash equivalents and bank overdrafts	5	(198)	7,533
Cash, cash equivalents and bank overdrafts at end of the period		**5,584,075**	**3,344,906**

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

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. 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 and has a credit rating of A-, per S&P rating agency.

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 and the Federal Reserve in 2021.

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, 2022 to June 30, 2022 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, 2021.

The following periods have been presented for the interim condensed consolidated financial statements ended June 30, 2022:

Interim condensed consolidated financial statements	Current period	Comparative period
Statement of comprehensive income	January 1 – June 30, 2022	January 1 – June 30, 2021
Balance sheet	As at June 30, 2022	As at December 31, 2021
Statement of changes in equity	January 1 – June 30, 2022	January 1 – June 30, 2021
Statement of cash flows	January 1 – June 30, 2022	January 1 – June 30, 2021

Relevant accounting policies

Significant and other accounting policies that summarize the measurement basis used, and are relevant to understanding the financial statements, are provided in the annual consolidated financial statements for the year ended December 31, 2021. Any significant accounting policy changes during the first six months of 2022 are reflected throughout the notes to these interim condensed 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, 2021.

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, 2022.

The qualitative impact assessment of the first-time application on January 1, 2022 of new amendments is disclosed in note 16 'New and amended standards adopted by Adyen'.

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 services *(in EUR'000)*	H1 2022	H1 2021
Settlement fees	3,641,350	2,349,274
Processing fees	179,992	126,870
Sales of goods	28,173	14,551
Other services	97,966	63,536
Total revenue from contracts with customers	**3,947,481**	**2,554,231**
Costs incurred from financial institutions	(3,313,269)	(2,093,720)
Costs of goods sold	(25,683)	(15,490)
Net revenue	**608,529**	**445,021**

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 – refer to note 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:

Timing of revenue recognition *(in EUR '000)*	H1 2022	H1 2021
Goods and services transferred at a point in time	3,941,645	2,549,657
Services transferred over time	5,836	4,574
Total revenue from contracts with customers	**3,947,481**	**2,554,231**

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 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 H1 2021 and H1 2022, 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. Consistent with the long-term contract with eBay, Adyen will amortize these costs against revenue (settlement fees) on a pro rata basis as the related revenue is recognized.

The non-monetary component of the eBay contract asset will continue to be amortised for the duration of the contract, whilst the monetary component was fully repaid and amortised in the first half of 2022.

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
Balance - 1 January, 2021	**47,657**	**76,456**	**—**	**124,113**
Movements:				
Additions			4,561	4,561
Amortization for the period	(17,096)	(4,676)	(117)	(21,889)
Exchange differences	1,388			1,388
Balance - June 30, 2021	**31,949**	**71,780**	**4,444**	**108,173**
Balance - January 1, 2022	**8,971**	**62,061**	**8,309**	**79,341**
Movements:				
Additions			1,791	1,791
Amortization for the period	(9,094)	(8,845)	(1,530)	(19,469)
Exchange differences	123			123
Balance - June 30, 2022	**—**	**53,216**	**8,570**	**61,786**

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. During the second half of 2021, Adyen updated the geographical breakdown (including comparatives) by reallocating the revenue from the Rest of the World to the other existing regions. This update resulted in the following changes to revenue per region in H1 2021: Europe, the Middle East, and Africa (formerly 'Europe') (EUR 1,574), Latin America (EUR 154), and Rest of the World (EUR (1,728)):

Revenue - Geographical breakdown *(in EUR '000)*	H1 2022	H1 2021
Europe, the Middle East, and Africa (EMEA)	1,530,323	1,010,241
North America	1,884,062	1,218,328
Asia-Pacific	194,024	181,452
Latin America	339,072	144,210
Total revenue from contracts with customers	**3,947,481**	**2,554,231**

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). During the second half of 2021, Adyen updated the geographical breakdown (including comparatives) by reallocating the net revenue from the Rest of the World to the other existing regions. This update resulted in the following changes to net revenue per region in H1 2021: Europe, the Middle East, and Africa (formerly 'Europe') (EUR 797), Latin America (EUR 27), and Rest of the World (EUR (824)).

Net revenue - Geographical breakdown and year-on-year growth *(in EUR '000)*	H1 2022	YoY%	H1 2021	YoY%
Europe, the Middle East, and Africa (EMEA)	347,387	*30 %*	267,592	*39 %*
North America	152,469	*52 %*	100,057	*80 %*
Asia-Pacific	64,237	*53 %*	41,900	*44 %*
Latin America	44,436	*25 %*	35,472	*26 %*
Total net revenue from contracts with customers	**608,529**	***37 %***	**445,021**	***46 %***

- **EBITDA**: "Income before net finance income/(expense) and income taxes" less "Amortization and depreciation" on the 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 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 2022	H1 2021
Income before net finance income/(expense) and income taxes	330,865	256,249
Amortization and depreciation	25,391	16,500
EBITDA	**356,256**	**272,749**
Net revenue	608,529	445,021
EBITDA margin (%)	**59 %**	**61 %**
Purchases of plant and equipment	38,042	19,795
Capitalization of intangible assets	1,928	1,935
CapEx	**39,970**	**21,730**
EBITDA	356,256	272,749
CapEx	(39,970)	(21,730)
Lease payments	(7,397)	(4,626)
Free cash flow	**308,889**	**246,393**
Free cash flow	308,889	246,393
EBITDA	356,256	272,749
Free cash flow conversion ratio (%)	**87 %**	**90%**

2 Inventories

Inventories *(in EUR '000)*	H1 2022	H1 2021
Balance - January 1	**22,138**	**19,548**
Purchases during the period (products for resale)	57,957	13,990
Costs of goods sold	(25,683)	(15,490)
Balance - June 30	**54,412**	**18,048**

3 Employee benefit expense

3.1 Employee benefits

The breakdown of FTE per office as at June 30, 2022 and 2021 is as follows:

FTE per office	June 30, 2022	June 30, 2021
Amsterdam	1,486	1,123
San Francisco	230	188
Singapore	110	97
London	110	94
São Paulo	101	79
New York	99	59
Paris	58	48
Berlin	49	39
Madrid	47	29
Stockholm	43	29
Other	242	169
Total	**2,575**	**1,954**

The employee benefits expense can be specified as follows:

Employee benefits *(in EUR '000)*	H1 2022	H1 2021
Salaries and wages	134,101	92,893
Share-based compensation	843	5,315
Total wages and salaries	**134,944**	**98,208**
Social securities	19,856	17,881
Pension costs - defined contribution plans	3,705	2,940
Total social securities and pension costs	**23,561**	**20,821**

3.2 Share-based payments

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

Share-based compensation *(in EUR '000)*	H1 2022	H1 2021
Equity-settled	9	203
Cash-settled	834	5,112
Total share-based compensation	**843**	**5,315**

Adyen considers its employees and culture as core to its growth. As part of the total remuneration package, Adyen has three types of compensation plans:

I. Equity settled option plan (granted until 2018);

II. Cash-settled share-based payment plan (granted from 2018 onwards); and

III. Depositary receipts award plan for directors and employees (granted from 2018) presented in salaries and wages.

The change in cash-settled share-based compensation expense in H1 2022 was mainly linked to the Adyen share price decrease over the period.

The nature, accounting policies and key parameters of the equity and cash-settled option plans are described in more detail in the 2021 annual consolidated financial statements.

Adyen has granted the possibility to purchase Depositary Receipts at fair market value to directors and to employees as part of their remuneration from 2018 onwards. The underlying shares of the Adyen are held by an administration foundation that, in turn, issues the Depositary Receipts to the employees. Each Depositary

Receipt issued represents the economic interest of one underlying STAK ("Stichting Administratie Kantoor Adyen N.V.") share. The related employee benefits expense is presented in salaries and wages.

There is a lock-up period but no vesting condition attached to the Depositary Receipts award plan.

4. Other operating expenses

The other operating expenses can be specified as follows:

Other operating expenses *(in EUR '000)*	H1 2022	H1 2021
Sales and marketing costs	24,246	17,239
IT costs	16,068	11,131
Advisory costs	10,646	6,676
Travel and other staff expenses	15,697	2,578
Contractor costs	6,330	5,422
Office costs	3,302	1,913
Housing costs	4,531	2,795
Miscellaneous operating expenses	6,872	5,542
1% for the UN SDGs	6,085	—
Total other operating expenses	**93,777**	**53,296**

Travel and other staff expenses increased during the six month period, as a result of a reduction in lockdown restrictions across the globe and resurgence of business travel. As part of Adyen's sustainability efforts, 1% of net revenue is pledged towards UN Sustainable Development Goals (SDG's).

5. Other financial results

The other financial results can be specified as follows:

Other financial results *(in EUR '000)*	H1 2022	H1 2021
Exchange gains	5,418	11,469
Fair value re-measurement of financial instruments:		
Derivative liabilities	32,700	(7,700)
Other financial assets at FVPL	(2,075)	1,415
Loss on redemption of other financial assets at amortized cost	—	(138)
Total other financial results	**36,043**	**5,046**

Exchange gains during the first six months of 2022 mainly relate to exchange gains from other financial assets at FVPL (EUR 1,767) and Adyen's foreign-denominated cash balances. The change in fair value of the derivative liabilities in H1 2022 was linked to the Adyen share price decrease over the period. 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, 2022 is 21.55% which differs from the effective tax rate for the six months ended in the June 30, 2021: 19.97%, mainly due to the increase in statutory tax rate in the Netherlands (2021: 25% and 2022: 25.80%) and reduction in effective tax benefit of the innovation box regime. The innovation box is a Dutch tax incentive whereby a portion of qualifying taxable profits derived from innovative activities are taxed at a lower rate than the headline corporate tax rate in the Netherlands, thereby reducing the effective tax rate.

Effective tax calculation *(in EUR '000)*	H1 2022	H1 2021
Income before income taxes	359,629	255,938
Statutory tax rate in the Netherlands (%)	25.80 %	25%
Income taxes based on statutory tax rate in the Netherlands	**92,784**	**63,985**
Tax effects of:		
Innovation box	(15,393)	(11,758)
Other adjustments (such as prior period and non-deductible amounts)	101	(1,122)
Effective tax amount	**77,492**	**51,105**

Current income tax receivables/(payables) *(in EUR '000)*	June 30, 2022	December 31, 2021
Current income tax receivables	77,102	6,761
Current income tax payables	(2,964)	(9,879)

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

Income taxes *(in EUR '000)*	H1 2022	H1 2021
Current income tax expense	73,800	56,016
Deferred income tax expense/(income)	3,692	(4,911)
Total income taxes	**77,492**	**51,105**

6.2 Deferred income taxes

Deferred tax assets

In the deferred tax assets, an amount of EUR 12,642 (December 31, 2021: EUR 21,079) 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 assets 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 taxable profits, on a going concern basis, as these 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, 2022: EUR 92,307; December 31, 2021: EUR 86,277) and windfall benefits relating to options granted and vested, however not yet exercised (June 30, 2022: EUR 6,388; December 31, 2021: EUR 12,808).

In the United States the deferred tax assets only relate to the Federal income tax as there is no statutory limitation to the period in which these losses can be utilized. As a result of Adyen N.V. obtaining the US branch license, Adyen Inc was put into liquidation. The liquidation was finalised during the six months ended June 30, 2022. The recoverability of the deferred tax asset in the US is not impacted by the US branch license as the deferred tax asset has been transferred to the newly set-up branch of Adyen N.V. in San Francisco effective January 1, 2022, and recoverable against the future taxable profits of the branch.

The movement in deferred tax assets relating to windfall benefits and carry forward losses was recognized directly in equity (June 30, 2022: EUR (472); December 31, 2021: EUR 5,548).

Deferred tax liabilities

The deferred tax liabilities consist mainly of the deferred tax on the non-monetary part of the contract asset of EUR 13,892 (December 31, 2021: EUR 16,010).

The deferred taxes are presented as non-current on the 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, 2022	December 31, 2021
Share capital	310	310
Share premium	340,970	335,725
Total	**341,280**	**336,035**

During the six months ended June 30, 2022, 15,807 (June 30, 2021: 98,149) 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, 2022 is 30,972,893 (December 31, 2021: 30,957,086) with an absolute nominal value EUR 0.01 per share. The total number of authorized shares as of June 30, 2022 is 80,000,000 (December 31, 2021: 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, 2022 amounts to EUR 1,677,720 (December 31, 2021: EUR 1,203,240). The legal reserves restricted for distribution in accordance with Dutch Law as at June 30, 2022 amounts to EUR 35,864 (December 31, 2021: EUR 32,244).

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, 2022. 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, 2022	December 31, 2021
EU-IFRS equity as reported in consolidated balance sheet	2,100,412	1,810,414
Net profit not included in CET1 capital (not yet eligible)	(282,137)	(264,884)
Regulatory adjustments:		
Warrant reserve	(25,575)	(25,575)
Intangible assets	(10,114)	(9,841)
Deferred tax assets that rely on future profitability	(98,695)	(99,084)
Prudent valuation	(71)	(104)
Total own funds	**1,683,820**	**1,410,926**

The increase in total own funds in 2022 mainly relates to the additions of consolidated net profit (H2 2021) as well as share premium increase due to the exercise of ordinary shares refer to note 7 'Capital management').

9. Cash and cash equivalents

Cash and cash equivalents *(in EUR '000)*	June 30, 2022	December 31, 2021
Cash held at central banks	2,847,455	2,565,875
Cash held at banks, other than central banks	2,736,620	2,050,219
Total	**5,584,075**	**4,616,094**

Of the cash held at banks, other than central banks, EUR 68,262 (December 31, 2021: EUR 19,654) 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, 2022 is EUR 22,195 (December 31, 2021: EUR 22,504). 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.

The Visa Inc. preferred shares carry the right to receive discretionary dividend payments presented as other income in the statement of comprehensive income (during the six month ended June 30, 2022: EUR 0, and during the six month ended December 31, 2021: EUR 82).

Financial assets impairment

During the six months ended June 30, 2022, Adyen added EUR 1,650 (H1 2021: released EUR 658) to (from) 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 which was updated in December 31, 2021 still reflects 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 increase in the loss allowance year-over-year is mainly driven by an increase in the trade receivables balance. During the six months ended June 30, 2022, Adyen wrote off trade receivables balances for an amount of EUR 766 (H1 2021: EUR 156). Adyen did not reverse any impairment losses in the first six months of 2022 and 2021.

Derivative liabilities (warrants)

As part of the long-term merchant contract previously mentioned (note 1.1), Adyen recognized derivative liabilities 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 merchant 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 the warrant holder 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% change in the underlying Adyen share price would result in an change of approximately 5% (EUR 2 million) (December 31, 2021: 5% (EUR 4million)) of the value of the derivative liabilities, all other circumstances considered equal.

During 2021, the first tranche milestone was met, vested, and the related warrant was subsequently exercised by eBay. There were no further tranche milestones met during the first six months of 2022. The derivative liabilities balance as per June 30, 2022 is EUR 49,000 (December 31, 2021: EUR 81,700). The change in fair value of the derivative liabilities during 2022 is linked to the Adyen share price decrease during H1 2022.

Other disclosures

11. Plant and equipment

Plant and equipment *(in EUR'000)*	Computer Hardware and Software	Leasehold Improvements	Other	Total
H1 2021				
Cost	59,016	9,060	1,964	70,040
Accumulated depreciation	(28,826)	(4,045)	(1,423)	(34,294)
Balance - January 1, 2021	**30,190**	**5,015**	**541**	**35,746**
Additions	18,906	829	60	19,795
Disposals	—	—	—	—
Depreciation for the period	(5,945)	(829)	(108)	(6,882)
Other changes (e.g. exchange differences)	54	117	18	189
Balance - 30 June, 2021	**43,205**	**5,132**	**511**	**48,848**
Cost	78,101	10,066	2,034	90,201
Accumulated depreciation	(34,896)	(4,934)	(1,523)	(41,353)
Balance - 30 June, 2021	**43,205**	**5,132**	**511**	**48,848**
H1 2022				
Cost	98,379	18,738	4,002	121,119
Accumulated depreciation	(40,439)	(5,980)	(1,719)	(48,138)
Balance - January 1, 2022	**57,940**	**12,758**	**2,283**	**72,981**
Additions	30,456	6,279	1,307	38,042
Disposals	—	—	—	—
Depreciation for the period	(10,021)	(1,699)	(335)	(12,055)
Other changes (e.g. exchange differences)	1,516	342	1,137	2,995
Balance - 30 June, 2022	**79,891**	**17,680**	**4,392**	**101,963**
Cost	132,680	24,367	6,074	163,121
Accumulated depreciation	(52,789)	(6,687)	(1,682)	(61,158)
Balance - 30 June, 2022	**79,891**	**17,680**	**4,392**	**101,963**

Computer Hardware and Software additions during the six month ended June 30, 2022 mainly relate to servers for data centers and equipment such as laptops for employees. Leasehold improvements additions during H1 2022 relate to the capitalization of improvements made to the leased offices in Rokin, Amsterdam. Adyen did not recognize an impairment loss or reverse any impairment loss on plant and equipment during the six months ended June 30, 2022 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 2022	H1 2021
Offices and data centers		
Cost	168,630	149,732
Accumulated depreciation	(40,567)	(25,404)
Balance - January 1	**128,063**	**124,328**
Additions	40,357	792
Depreciation for the period	(11,681)	(7,983)
Other movements (e.g. exchange differences)	2,511	648
Balance - June 30	**159,250**	**117,785**
Recognized right-of-use asset	210,263	151,565
Accumulated depreciation	(51,013)	(33,780)
Balance - June 30	**159,250**	**117,785**

Lease liability *(in EUR '000)*	H1 2022	H1 2021
Balance - January 1	**142,964**	**131,485**
Additions	40,357	792
Lease instalments	(8,978)	(5,807)
Interest expense	1,581	1,181
Other movements (e.g. exchange differences)	(112)	712
Balance - June 30	**175,812**	**128,363**
Current portion	27,030	15,975
Non-current portion	148,782	112,388

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 granted to employees.

Share information	H1 2022	H1 2021
Net income attributable to owners of Adyen N.V. (in EUR '000)	282,137	204,833
Weighted average number of ordinary shares for the period	*30,968,607*	*30,414,286*
Dilutive effect of share options	74,503	224,677
Weighted average number of ordinary shares for diluted net profit for the period	*31,043,110*	*30,638,963*
Net profit per share – basic	9.11	6.73
Net profit per share - diluted	9.09	6.69

14. Related party transactions

During 2022, Adyen identified 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 period. The respective outstanding balances as at June 30, 2022 and December 31, 2021 are:

Related party assets/ (liabilities)	June 30, 2022	December 31, 2021
Supervisory Board	(41)	—
Employees (STAK)	21	66

There were no other transactions with related parties during the period ended June 30, 2022 and 2021.

15. Other contingent assets, liabilities 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 30,163 of outstanding bank guarantees and letters of credit as at June 30, 2022 (December 31, 2021: 72,290).

Adyen has set up 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, 2022 the total collateral was EUR 48,153 (BRL 264,579) (December 31, 2021: EUR 39,125 (BRL 250,157)).

During the year ended December 31, 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 this audit the Company was issued a tax infringement notice claiming approximately EUR 4,215 (BRL 23,162) in relation to the financial year 2017. The Company has disputed the findings of the Brazilian Tax Authorities and considers it to be probable that the judgment will be in its favour. Adyen has therefore not recognized a provision in relation to this claim.

16. New and amended standards adopted by Adyen

The following accounting standards, interpretations and amendments applicable to Adyen (collectively, "amendments") were issued and made effective for the annual reporting period beginning on January 1, 2022:

- Amendments to IFRS 3- Reference to the 2018 version of the Conceptual Framework;
- Amendments to IAS 16- Proceeds before intended use ; and
- Amendments to IFRS 9, Illustrative Examples to IFRS 16 — Annual Improvements (2018-2020)

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.

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, 2022 to June 30, 2022 have been prepared in line with IAS 34-Interim Financial Reporting.

The interim condensed consolidated financial statements are unaudited.

Amsterdam, August 18, 2022

P.W. van der Does

CEO

I.J. 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 18, 2022

P.W. van der Does

CEO

I.J. 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 2022 of Adyen N.V., Amsterdam, which comprises the condensed consolidated balance sheet as at 30 June 2022, 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 2022 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 18 August 2022
PricewaterhouseCoopers Accountants N.V.

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

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