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Confirmation of your representation: By accepting electronic delivery of the document, you are deemed to have represented to Morgan Stanley & Co. International plc and J.P. Morgan Securities plc (the "Joint Global Coordinators") and ABN AMRO Bank N.V., Merrill Lynch International, and Citigroup Global Markets Limited (the "Joint Bookrunners" and together with the Joint Global Coordinators, the "Underwriters"), the Company and Contentis B.V., Sintentis B.V., Spreng B.V., Ark B Holding B.V., Partners in Equity III B.V., Mabel van Oranje, KDP Projects B.V., DIA Holding B.V., Adinvest AG, Pentavest S.à r.l., Felicis ventures III, L.P., General Atlantic Everest B.V., Bridford Music LLC and Stichting Administratiekantoor Adyen (the "Selling Shareholders") that (i) you are acting on behalf of, or you are either (a) an institutional investor outside the United States (as defined in Regulation S under the Securities Act), or (b) in the United States and a QIB that is acquiring securities for your own account or for the account of another QIB; (ii) if you are in the UK, you are a relevant person; (iii) if you are in any member state of the EEA other than the UK, you are a Qualified Investor; (iv) the securities acquired by you in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA which has implemented the Prospectus Directive to Qualified Investors (as defined in the Prospectus Directive); and (v) if you are outside the US, UK and EEA (and the electronic mail addresses that you gave us and to which the document has been delivered are not located in such jurisdictions) you are a person into whose possession the document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

For investors resident in British Columbia, Alberta, Ontario and Quebec (the "Relevant Provinces"): You acknowledge and agree that: (a) the securities described in the attached document are only being distributed to investors resident in the Relevant Provinces; (b) you are (i) an "accredited investor" as such term is defined in National Instrument 45-106 - Prospectus and Registration Exemptions and are receiving this email from a registered Canadian dealer, or (ii) an "accredited investor" who is a "permitted client", as such term is defined in National Instrument 31-103 - Registration Requirements, Exemptions and Ongoing Registrant Obligations, of a dealer relying on the "international dealer exemption", which dealer has sent this email; and (c) where required by law, you are participating in the offering as principal for your own account and not as agent.

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Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II**")

Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that the Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

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THE DOCUMENT IS IN PRELIMINARY FORM AND CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE. NO OFFER OF SECURITIES WILL BE MADE AND NO INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THIS DOCUMENT ALONE, BUT ONLY ON THE BASIS OF THE FINALISED OFFERING CIRCULAR OR ON THE BASIS OF THIS DOCUMENT AS FINALISED AND COMPLETED BY THE RELEVANT PRICING NOTIFICATION

None of the Underwriters, or any of their respective affiliates, or any of their respective directors, officers, employees or agents accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the Offer. The Underwriters and any of their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Underwriters or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in this document.

The Underwriters are acting exclusively for the Company, the Selling Shareholders and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the offer and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

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ADYEN N.V.

(a public company with limited liability (naamloze vennootschap) incorporated under the laws of the Netherlands, with its statutory seat in Amsterdam, the Netherlands)

Offering of up to 4,189,102 ordinary shares and admission to listing and trading on Euronext Amsterdam

This prospectus (the "**Prospectus**") relates to the offering and admission to trading and listing of ordinary shares, with a nominal value of €0.01 each, in the capital of the Company (as defined below) (the "**Ordinary Shares**"). Certain selling shareholders named herein (the "**Selling Shareholders**") are offering up to 4,189,102 existing Ordinary Shares (the "**Offer Shares**", which term shall include, unless the context indicates otherwise, the Additional Shares (as defined below)). Assuming no exercise of the Over-Allotment Option (as defined below), the Offer Shares represent up to a maximum of approximately 12.7% of the Company's issued and outstanding share capital. See "*The Offering*". The Company will not receive any proceeds from the sale of the Offer Shares or the Additional Shares, if any, the net proceeds of which will be received by the Selling Shareholders.

The offering of the Offer Shares (the "**Offering**") consists solely of private placements to institutional investors in various jurisdictions, including the Netherlands. The Offer Shares are being: (i) offered and sold within the United States of America (the "**United States**") solely to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the US Securities Act of 1933, as amended (the "**US Securities Act**"), pursuant to Rule 144A under the US Securities Act and applicable state securities laws; and (ii) offered and sold outside the United States in accordance with Regulation S under the US Securities Act ("**Regulation S**"). There will be no public offering in any jurisdiction.

Prior to the Offering, there has been no public market for the Ordinary Shares. Application has been made to admit all Ordinary Shares to listing and trading on Euronext Amsterdam ("**Euronext Amsterdam**"), a regulated market operated by Euronext Amsterdam N.V., under the symbol "ADYEN". Subject to acceleration or extension of the timetable for the Offering, trading on an "as-if-and-when-delivered" basis in the Ordinary Shares on Euronext Amsterdam is expected to commence on or about 13 June 2018 (the "**First Trading Date**").

Subject to acceleration or extension of the timetable for the Offering, payment (in euro) for, and delivery of, the Offer Shares ("**Settlement**") is expected to take place on 15 June 2018 (the "**Settlement Date**") through the book-entry systems of the Netherlands Central Institute for Giro Securities Transactions (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*) trading as Euroclear Nederland ("**Euroclear Nederland**"), in accordance with its normal settlement procedures applicable to equity securities.

Investing in the Offer Shares involves certain risks. Prospective investors should read the entire document and in particular the section headed "Risk Factors" for a description of risk factors that should be carefully considered before investing in the Offer Shares.

Adyen N.V. (which at the date of the Prospectus is still a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) named Adyen B.V.) (the "**Company**") will be converted into a public company with limited liability (*naamloze vennootschap*) shortly after determination of the Offer Price, prior to Settlement (the "**Conversion**").

The price of the Offer Shares (the "Offer Price") is expected to be in the range of €220 to €240 (inclusive) per Offer Share (the "Offer Price Range").

The Offering will take place during the period commencing at 09:00 Central European Summer Time ("**CEST**") on 5 June 2018 and ending at 14:00 CEST on 12 June 2018 (the "**Offer Period**"), subject to acceleration or extension of the timetable for the Offering. The Offer Price Range is an indicative price range. The Offer Price and the exact number of Offer Shares offered in the Offering will be determined at the end of the Offer Period by the Selling Shareholders and Adyen, after consultation with the Joint Global Coordinators (as defined below) on the basis of the bookbuilding process and taking into account market conditions, a qualitative assessment of demand for the Offer Shares and other factors deemed appropriate. Up until allocation of the Offer Shares ("**Allocation**"), the maximum number of Offer Shares can be increased or decreased. The Offer Price Range can be amended up until the end of the Offer Period. Any change in the number of Offer Shares and/or the Offer Price Range will be announced in a press release on the Company's website at www.Adyen.com. The Offer Price and the exact number of Offer Shares will be set out in a pricing statement (the "**Pricing Statement**") that will be filed with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "**AFM**") and through a press release distributed and posted on Adyen's website.

Morgan Stanley & Co. International plc ("**Morgan Stanley**") and J.P. Morgan Securities plc ("**J.P. Morgan**") are acting as joint global coordinators for the Offering (in such and any other capacity, the "**Joint Global Coordinators**") and together with ABN AMRO Bank N.V. ("**ABN AMRO**"), Merrill Lynch International ("**BofA Merrill Lynch**") and Citigroup Global Markets Limited ("**Citigroup**") as joint bookrunners for the Offering (the "**Joint Bookrunners**") and the Joint Global Coordinators and the Joint Bookrunners, in their respective capacities, are together also referred to herein as the "**Underwriters**").

The Selling Shareholders have granted the Joint Global Coordinators, on behalf of the Underwriters, an option (the "**Over-Allotment Option**"), exercisable within 30 calendar days after the date of the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require such Selling Shareholders to sell at the Offer Price such number of additional existing Ordinary Shares (the "**Additional Shares**"), equaling up to 11.9% of the total number of Offer Shares, for the avoidance of doubt excluding the Additional Shares, to cover short positions resulting from any over-allotments made in connection with the Offering or stabilization transactions, if any. Also see "*Shareholder Structure and Related Party Transactions – Post-Settlement Shareholding*".

The Offering is only made in those jurisdictions in which, and only to those persons to whom, offers and sales of the Offer Shares may lawfully be made. The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes are required to inform themselves of and observe any restrictions. The Company is not taking any action to permit a public offering of the Offer Shares in any jurisdiction.

The Offer Shares have not been and will not be registered under the US Securities Act or any securities laws of any state of the United States, and may be offered and sold in the United States only to QIBs in reliance on Rule 144A under the US Securities Act, and outside the United States only in compliance with Regulation S. Prospective purchasers are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of the US Securities Act provided by Rule 144A. Prospective investors in the Offer Shares should carefully read the restrictions described under "Important Information—Notice To Investors" and "Selling And Transfer Restrictions".

If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Any dealings in Offer Shares prior to Settlement are at the sole risk of the parties concerned. The Company, the Selling Shareholders, the Underwriters, ABN AMRO in its capacity of listing and paying agent (the "**Listing and Paying Agent**") and Euronext Amsterdam do not accept any responsibility or liability towards any person as a result of the withdrawal of the Offering or the (related) annulment of any transactions in Offer Shares.

The Underwriters are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Prospectus) as their respective customers in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective customers or for giving advice in relation to, respectively, the Offering or any transaction or arrangement referred to herein.

This Prospectus constitutes a prospectus for the purposes of Article 3 of the Directive 2003/71/EC and any amendments thereto, including those resulting from Directive 2010/73/EU (the "**Prospectus Directive**") and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder (the "**Dutch Financial Supervision Act**"). This Prospectus has been filed with and approved by the AFM.

Joint Global Coordinators

Morgan Stanley

J.P. Morgan

Joint Bookrunners

ABN AMRO

BofA Merrill Lynch

Citigroup

This Prospectus is dated 4 June 2018

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SUMMARY

Summaries are made up of disclosure requirements known as "**Elements**". The Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A - Introduction and Warnings		
A.1	General disclaimer regarding the summary	<p>This summary should be read as an introduction to the prospectus (the "Prospectus") relating to the offering (the "Offering") and admission to trading and listing of ordinary shares, with a nominal value of €0.01 each, in the capital of Adyen N.V. (the "Company" and such shares, the "Ordinary Shares"). The Selling Shareholders (as defined below) are offering up to 4,189,102 existing Ordinary Shares (the "Offer Shares", which include, unless the context indicates otherwise, the Additional Shares (as defined below)), in the share capital of the Company with a nominal value of €0.01 each (the "Ordinary Shares"). Assuming no exercise of the Over-Allotment Option (as defined below), the Offer Shares represent up to a maximum of approximately 12.7% of the Company's issued and outstanding share capital. Any decision to invest in the Offer Shares or in the Company should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, a plaintiff investor might, under the national legislation of the Member States of the Economic European Area, have to bear the costs of translating the Prospectus before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Shares or the Company.</p>
A.2	Consent of the Company	Not applicable. The Company does not consent to the use of the Prospectus for subsequent resale or final placement of Offer Shares by financial intermediaries.

Section B - Company		
B.1	Legal and commercial name	<p>At the date of the Prospectus, the Company is a private limited liability company (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) incorporated under the laws of and domiciled in the Netherlands named Adyen B.V. The Company will be converted into a public company with limited liability (<i>naamloze vennootschap</i>) named Adyen N.V. shortly after determination of the offer price per Offer Share (the "Offer Price") (the "Conversion").</p> <p>In this summary, references to "we", "us" and "our" are to the Company and its subsidiaries.</p>

Section B - Company		
B.2	Domicile, legal form, legislation and country of incorporation	<p>The Company is a private limited liability company (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) incorporated under the laws of and domiciled in the Netherlands. The Company will be converted into a public company with limited liability (<i>naamloze vennootschap</i>) shortly after determination of the Offer Price. The Company has its corporate seat (<i>statutaire zetel</i>) in Amsterdam, the Netherlands.</p>
B.3	Current operations and principal activities	<p>Adyen is a technology company redefining payments for merchants globally. It has built an efficient single platform that enables the acceptance and processing of cards and local payments globally across its merchants' online, mobile and point of sale ("POS") channels. Adyen's global platform has integrated and simplified the payments value chain, enabling it to partner with large merchants to rapidly scale their businesses both locally and globally, without the varied inefficiencies inherent in traditional payment platforms. Adyen's technology removes friction for both shoppers and merchants and allows for an improved shopper experience while simplifying the global management of payments across sales channels and geographies for merchants. Adyen believes that its data-centric platform increases conversion rates while mitigating risk, reducing settlement times and providing data insights to merchants that are critical for managing their interactions with shoppers. Adyen's transparent pricing model is equally attractive for merchants. For all these reasons, Adyen is the payments platform of choice for many of the world's most recognizable companies.</p> <p>Adyen aims to change the payments industry, which traditionally comprised a patchwork of providers and legacy systems resulting in fragmented merchant services. Adyen has in response built a bottom-up, single, global platform capable of meeting the rapidly evolving needs of fast-growing global merchants. Adyen believes that simplicity, transparency, and innovation are the keys to its future success.</p> <p>Adyen's ever-evolving platform encompasses the entire payments value chain as it relates to merchants, from checkout to payment settlement. This single integrated platform provides a merchant-friendly alternative to the numerous legacy providers that merchants previously had to rely on for their payments processing. The Adyen platform combines global reach with local capabilities, directly connecting merchants to Visa, Mastercard and many other payment methods and supporting numerous transaction currencies across six continents. Adyen's platform supports "unified commerce" for merchants across online, mobile and POS channels, which are connected to the same Adyen back-end infrastructure for processing and settling payments and offers feature-rich application programming interfaces ("APIs"). This single platform enforces Adyen's data capabilities, which includes services that utilize sophisticated algorithms across machine learning, data mining and artificial intelligence to increase authorization rates for merchants while reducing the risk of fraudulent transactions. Adyen also provides valuable data insights to merchants to better understand their shoppers' behavior and tailor their marketing efforts.</p> <p>Adyen primarily targets large, global companies as well as, increasingly, domestic/mid-market merchants, which the Company views as the next adjacent segment to enterprise merchants. In 2017, Adyen processed transactions for several thousand merchants across the globe and across a wide number of industries, including retail, travel, digital services, hospitality and marketplaces. Adyen's merchant portfolio includes Uber, Netflix, Facebook, Spotify, Etsy, Vodafone, Sephora, Tory Burch, L'Oréal and booking.com.</p>

Section B - Company		
		<p>The success of Adyen's global payments platform is reflected in its operating and financial track record to date. Adyen primarily earns revenue through settlement fees and processing fees charged to its merchants on a per transaction basis. In 2017, Adyen received 3.7 billion transactions, generating €108.3 billion in processed volumes and €218.3 million in net revenue. Adyen's growth and high margins have been driven primarily by the substantial expansion of business with existing merchants in many key markets, as well as the onboarding of new merchants. Over the period from 2015 to 2017, Adyen's annual churn rate was less than 1% of processed volume.</p> <p>The success of Adyen's global payments platform is reflected in its operating and financial track record to date. Adyen primarily earns revenue through settlement fees and processing fees charged to its merchants on a per transaction basis. In 2017, Adyen received 3.7 billion transactions, generating €108.3 billion in processed volumes and €218.3 million in net revenue. Adyen's growth and high margins have been driven primarily by the substantial expansion of business with existing merchants in many key markets, as well as the onboarding of new merchants. Over the period from 2015 to 2017, Adyen's annual churn rate was less than 1% of processed volume.</p> <p>As of 31 December 2017, the Company had 668 FTEs globally, with headquarters in Amsterdam and 14 other offices in the United States (San Francisco, New York), Latin America (Mexico City, Sao Paulo), Asia-Pacific (Singapore, Sydney, Shanghai) and Europe (Paris, London, Manchester, Berlin, Stockholm, Brussels and Madrid).</p> <p>In 2017, Adyen obtained a banking license in Europe. Adyen is able to offer payment processing services with direct settlement of funds from a Adyen account to its merchants' accounts, the aim of which is to provide enhanced performance and reliability.</p>
B.4	Significant recent trends and (other) known trends affecting Adyen and industries in which it operates	<p>Alongside this growth in payments transaction volume, the global payments and commerce landscape is changing. In large part this is being driven by:</p> <ol style="list-style-type: none"> 1. The increasing globalization of commerce; 2. Changing shopper behavior and the rise of mobile; 3. Increasing pressure on retail merchants' operations; and 4. An increasingly complex and demanding regulatory environment driving new business models and forcing change.
B.5	Description of Adyen and the Company's position within Adyen	<p>Adyen is a payments processor with a banking license that partly conducts its business through its international subsidiaries.</p>

Section B - Company

B.6	Shareholders of the Company	The following table sets forth information with respect to the Shareholders as at 31 May 2018.																																																															
		<table border="1"> <thead> <tr> <th align="left"><u>Shareholder</u></th> <th align="right"><u>Number of Ordinary Shares</u></th> <th align="right"><u>% of issued and outstanding Ordinary Shares</u></th> </tr> </thead> <tbody> <tr> <td>Contentis B.V.</td> <td align="right">1,713,213</td> <td align="right">5.82%</td> </tr> <tr> <td>Sintentis B.V.</td> <td align="right">1,713,213</td> <td align="right">5.82%</td> </tr> <tr> <td>Spreng B.V.</td> <td align="right">1,610,486</td> <td align="right">5.47%</td> </tr> <tr> <td>Ark B Holding B.V.</td> <td align="right">1,557,638</td> <td align="right">5.29%</td> </tr> <tr> <td>Partners in Equity III B.V.</td> <td align="right">1,400,000</td> <td align="right">4.75%</td> </tr> <tr> <td>Mabel van Oranje</td> <td align="right">545,981</td> <td align="right">1.85%</td> </tr> <tr> <td>KDP Projects B.V.</td> <td align="right">752,800</td> <td align="right">2.56%</td> </tr> <tr> <td>DIA Holding B.V.</td> <td align="right">446,963</td> <td align="right">1.52%</td> </tr> <tr> <td>Adinvest AG.....</td> <td align="right">1,988,729</td> <td align="right">6.75%</td> </tr> <tr> <td>Pentavest S.à r.l.</td> <td align="right">4,965,725</td> <td align="right">16.86%</td> </tr> <tr> <td>Felicis ventures III, L.P.</td> <td align="right">282,850</td> <td align="right">0.96%</td> </tr> <tr> <td>General Atlantic Everest B.V.</td> <td align="right">3,186,216</td> <td align="right">10.82%</td> </tr> <tr> <td>Bridford Music LLC.....</td> <td align="right">1,120,979</td> <td align="right">3.81%</td> </tr> <tr> <td>Stichting Administratiekantoor Adyen</td> <td align="right">4,496,769</td> <td align="right">15.27%</td> </tr> <tr> <td>(the 14 Shareholders above together being, the "Selling Shareholders")</td> <td></td> <td></td> </tr> <tr> <td>Ossa Investments Pte Ltd</td> <td align="right">2,395,471</td> <td align="right">8.14%</td> </tr> <tr> <td>Iconiq Strategic Partners II, L.P.....</td> <td align="right">392,065</td> <td align="right">1.33%</td> </tr> <tr> <td>Iconiq Strategic Partners II-B, L.P.....</td> <td align="right">306,915</td> <td align="right">1.04%</td> </tr> <tr> <td>Iconiq Strategic Partners II Co-Invest, L.P</td> <td align="right">569,445</td> <td align="right">1.93%</td> </tr> <tr> <td>Total</td> <td align="right">29,445,458</td> <td align="right">100%</td> </tr> </tbody> </table>	<u>Shareholder</u>	<u>Number of Ordinary Shares</u>	<u>% of issued and outstanding Ordinary Shares</u>	Contentis B.V.	1,713,213	5.82%	Sintentis B.V.	1,713,213	5.82%	Spreng B.V.	1,610,486	5.47%	Ark B Holding B.V.	1,557,638	5.29%	Partners in Equity III B.V.	1,400,000	4.75%	Mabel van Oranje	545,981	1.85%	KDP Projects B.V.	752,800	2.56%	DIA Holding B.V.	446,963	1.52%	Adinvest AG.....	1,988,729	6.75%	Pentavest S.à r.l.	4,965,725	16.86%	Felicis ventures III, L.P.	282,850	0.96%	General Atlantic Everest B.V.	3,186,216	10.82%	Bridford Music LLC.....	1,120,979	3.81%	Stichting Administratiekantoor Adyen	4,496,769	15.27%	(the 14 Shareholders above together being, the "Selling Shareholders")			Ossa Investments Pte Ltd	2,395,471	8.14%	Iconiq Strategic Partners II, L.P.....	392,065	1.33%	Iconiq Strategic Partners II-B, L.P.....	306,915	1.04%	Iconiq Strategic Partners II Co-Invest, L.P	569,445	1.93%	Total	29,445,458	100%
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		<p>From time to time, Stichting Administratiekantoor Adyen (the "STAK") (a) holds Ordinary Shares (any such Ordinary Shares, the "STAK Shares"), and (b) issues and administers depositary receipts for the STAK Shares to current and former Adyen employees in accordance with the STAK's trust conditions (the "Depositary Receipts"). Each Depositary Receipt issued represents the economic interests of one underlying STAK Share. As at 31 May 2018, a total of 4,496,769 Ordinary Shares were held by the STAK and a total of 4,496,769 Depositary Receipts are issued and outstanding.</p>																																																															
		<p>In 2014 Adyen established an option plan pursuant to which the Company may provide some of the employees of the Company and its subsidiaries with an opportunity to obtain options to acquire Depositary Receipts ("Options"). As at 31 May 2018, a total of 1,237,578 Options were outstanding of which approximately three quarters have vested. For every vested Option exercised, the Company will issue one Ordinary Share to the STAK and the STAK will issue one Depositary Receipt.</p>																																																															
		<p>Each Ordinary Share gives the right to cast one vote at the general meeting of the Company ("General Meeting"). Any holder of Shares (as defined below) at any time (together, the "Shareholders") has the same voting rights.</p>																																																															
B.7	Selected consolidated financial information	The following tables set forth selected consolidated financial information of Adyen as of the dates and for the periods indicated. The selected consolidated financial information as of and for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 has been derived from Adyen's financial statements and the selected consolidated financial information as of 31 March 2018 and for the three months ended 31 March 2018 and 31 March 2017 has been derived from Adyen's interim financial statements (and is marked as "unaudited"), and should be read in conjunction with these financial statements included in the section																																																															

Section B - Company

"Financial Statements", which begins on page F-1 of this Prospectus and in conjunction with the section "Operating and Financial Review".

Results of Operations

The following table summarizes Adyen's financial performance for the periods indicated

	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
	<i>(unaudited)</i>				
	<i>(€ millions)</i>				
Revenue	316.1	214.8	1,012.4	659.4	331.1
Costs incurred from financial institutions	(239.9)	(169.8)	(781.5)	(494.4)	(230.9)
Cost of inventory	(1.8)	(0.5)	(12.6)	(7.0)	(1.7)
Net revenue ¹	74.4	44.5	218.3	158.0	98.5
Wages and salaries	(17.5)	(11.6)	(55.6)	(38.1)	(31.3)
Social securities and pension costs	(2.9)	(2.1)	(9.2)	(5.4)	(3.7)
Amortization and depreciation of tangible and intangible fixed assets	(2.0)	(1.4)	(5.9)	(4.1)	(2.3)
Other operating expenses	(20.0)	(11.2)	(54.2)	(47.4)	(20.4)
Other income	0.1	-	0.1	0.0	-
Other gains and losses	-	-	-	56.3	-
Income before interest income, interest expense and income taxes	32.1	18.2	93.5	119.3	40.8
Finance income and expenses	(0.4)	0.0	(0.3)	0.1	0.5
Other financial results	(0.5)	0.0	(1.0)	0.1	(0.3)
Income taxes	(7.1)	(4.1)	(20.9)	(22.3)	(7.4)
Net income	24.1	14.1	71.3	97.2	33.6
EBITDA ¹	34.1	19.6	99.4	123.4	43.1

¹ See "Selected Consolidated Financial Information - Selected Non-IFRS Financial Measures and APMs."

Financial Position

The following table presents a summary of Adyen's assets and liabilities as at 31 December 2017, 2016 and 2015 and as at 31 March 2018.

	As at 31 March	As at 31 December		
	2018	2017	2016	2015
	<i>(unaudited)</i>			
	<i>(€ millions)</i>			
Intangible assets	4.0	4.0	4.0	3.0
Plant and equipment	20.1	20.0	15.1	7.7
Available-for-sale financial asset	-	25.1	19.6	46.0
Financial instrument at Fair value through P&L	25.6	-	-	-
Contract assets	136.2	-	-	-
Receivables	4.3	4.2	4.1	-
Deferred tax assets	18.5	1.6	1.1	0.9
Total non-current assets	208.7	54.9	43.9	57.6
Current assets				
Inventories	4.9	4.0	3.2	1.5
Receivables from financial institutions	232.0	180.7	636.7	251.6
Trade and other receivables	26.3	25.6	11.7	8.4
Current income tax receivables	15.1	2.1	-	-
Investments held-to-maturity	-	7.0	-	-
Financial assets at amortized cost	7.6	-	-	-
Cash and cash equivalents	890.6	862.9	680.1	502.3
Total current assets	1,176.5	1,082.3	1,331.7	763.8
Total assets	1,385.2	1,137.2	1,375.6	821.4
Derivative financial instruments	76.3	-	-	-
Deferred tax liabilities	22.1	5.1	3.8	0.0
Total non-current liabilities	98.4	5.1	3.8	0.0
Current liabilities				
Payables to merchants	835.8	717.3	1,027.1	560.3

Section B - Company

Trade and other payables	33.2	25.0	14.7	12.8
Current income tax liabilities	-	-	15.0	2.5
Deferred revenue	3.3	-	-	-
Total current liabilities	872.3	742.3	1,056.8	575.6
Total liabilities	970.7	747.4	1,060.6	575.6
Share capital	0.3	0.3	0.3	0.3
Share premium	149.3	149.3	148.4	148.1
Other reserves	10.5	27.9	25.7	53.0
Retained earnings	254.4	212.3	140.6	44.4
Total Equity	414.5	389.8	315.0	245.8

Cash Flows

The following table presents a summary of cash flows from operating, investing and financing activities for the years ended 31 December 2017, 2016 and 2015 and for the three month periods ended 31 March 2018 and 2017.

	Three months ended		Year ended 31 December		
	31 March				
	2018	2017	2017	2016	2015
	<i>(unaudited)</i>		<i>(€ millions)</i>		
Net cash flows from operating activities	30.3	2.5	200.6	189.6	138.4
Net cash flows from investing activities	(2.6)	(1.1)	(17.9)	(12.5)	(6.9)
Net cash flows from financing activities	0.0	0.2	1.0	0.2	40.0
Net increase/(decrease) in cash and cash equivalents ..	27.7	1.6	183.7	177.3	171.5

Selected Non-IFRS Financial Measures and APMs (unaudited)

The following table sets forth selected Non-IFRS Financial Measures and alternative performance measures used by Adyen for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 and for the three month period ended 31 March 2018 and 2017.

	Three months ended		Year ended 31 December			CAGR ¹
	31 March					
	2018	2017	2017	2016	2015	
EBITDA ²	34.1	19.6	99.4	123.4	43.1	51.9%
<i>Extraordinary Visa gain²</i>	N/A	N/A	N/A	56.3	N/A	N/A
Adjusted EBITDA (€ millions)	34.1	19.6	99.4	67.1	43.1	51.9%
Adjusted EBITDA Margin (%)	45.8%	44.0%	45.5%	42.5%	43.8%	N/A
Free Cash Flow (€ millions)	32.0	18.5	88.4	54.6	36.2	56.3%
Net Revenue (€ millions)	74.4	44.5	218.3	158.0	98.5	48.9%

¹ Compound annual growth rate ("CAGR") for the years 2015-2017.

² See "Selected Consolidated Financial Information - Selected Non-IFRS Financial Measures and APMs".

B.8	Pro forma financial information	Not applicable. No <i>pro forma</i> financial information has been included in the Prospectus.
B.9	Profit forecast or estimate	Not applicable. The Company has not issued a profit forecast.
B.10	Historical audit report qualification	Not applicable. There are no qualifications in the independent auditor's report on the historical financial information for the years ended 31 December 2017, 2016 and 2015.
B.11	Working capital	In the opinion of Adyen, its working capital is sufficient for its present requirements for at least 12 months following the date of the Prospectus. In the opinion of Adyen, its current own funds are sufficient to comply with the own funds requirements, as set out in the Capital Requirements Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions

Section B - Company		
		<p>and investment firms and amending Regulation (EU) No 648/2012 ("CRR").</p> <p>In the opinion of Adyen, its current liquidity position is sufficient to comply with the liquidity requirements, as set out in the CRR.</p>

Section C - Securities		
C.1	Type, class, and security codes of the Offer Shares	<p>The Ordinary Shares are ordinary shares in the issued and outstanding share capital of the Company with a nominal value of €0.01 each.</p> <p>Application has been made to list all Ordinary Shares under the symbol "ADYEN" on Euronext Amsterdam under ISIN Code: NL0012969182.</p>
C.2	Currency of the Offer Shares	The Offer Shares are denominated, and will trade, in euro.
C.3	Number of Shares and value	As at 31 May 2018, the Company's issued share capital amounted to €294,454.58, divided into 29,445,458 Ordinary Shares with a nominal value of €0.01 each. As of the moment of execution of the notarial deed pursuant to which the Articles Of Association will become effective, the Company's authorized share capital will amount to €306,830.36, divided into 30,683,036 Ordinary Shares with a nominal value of €0.01 each.
C.4	Rights attached to the Ordinary Shares	<p>The Ordinary Shares carry dividend rights. Each Ordinary Share confers the right on the holder to cast one vote at the General Meeting. There are no restrictions on voting rights for Ordinary Shares.</p> <p><i>Issue of Shares</i></p> <p>Under the articles of association (<i>statuten</i>) of the Company as are to be amended pursuant to the notarial deed of conversion and amendment in respect of the Company, in accordance with a resolution of the Shareholders adopted on 17 April 2018 (the "Deed of Amendment" and such articles, the "Articles of Association"), the General Meeting may resolve to issue shares in the Company, or grant rights to subscribe for shares in the Company, upon a proposal of the management board (<i>raad van bestuur</i>) of the Company (the "Management Board") which has been approved by the supervisory board (<i>raad van commissarissen</i>) of the Company (the "Supervisory Board" and such shares, the "Shares"). The Articles of Association provide that the General Meeting may designate the authority to issue Shares, or grant rights to subscribe for Shares, to the Management Board, upon a proposal of the Management Board which has been approved by the Supervisory Board.</p> <p>If the Management Board has been designated as the body authorized to resolve upon an issue of Shares, the number of Shares of each class concerned must be specified in such designation. Upon such designation, the duration of the designation shall be set, which shall not exceed five years. The designation may be extended, from time to time, by a resolution of the General Meeting for a subsequent period of up to five years each time. If not otherwise determined in the resolution, such authority can only be withdrawn by the General Meeting at the proposal of the Management Board which has been approved by the Supervisory Board.</p> <p>On 17 April 2018, the General Meeting designated the Management Board as the body authorized, subject to the approval of the Supervisory Board, to issue Shares, to grant rights to subscribe for Shares and to exclude</p>

Section C - Securities

statutory pre-emptive rights in relation to such issuances of Shares or granting of rights to subscribe for Shares, each for a period of 18 months with effect as of the Settlement Date and subject to the condition precedent of execution of the Deed of Amendment. The authority of the Management Board is limited to a maximum of 10% of the total issued Shares at the time the authority is used for the first time plus a further 10% of the total issued Shares in connection with or at the occasion an issue occurs as part of a merger or acquisition.

No resolution of the General Meeting or the Management Board is required for an issue of Shares pursuant to the exercise of a previously granted right to subscribe for Shares.

Pre-Emptive Rights

Upon an issuance of Shares, each Shareholder shall have a pre-emptive right in proportion to the aggregate nominal amount of his Shares, unless such right is withheld by law or limited or excluded by a resolution of the General Meeting or, if applicable, a resolution of the Management Board subject to the approval of the Supervisory Board. Shareholders do not have pre-emptive rights in respect of the issue of Shares (or the granting of rights to subscribe for Shares) (a) against a contribution in kind, (b) to employees of the Company or (c) to persons exercising a previously-granted right to subscribe for Shares. These pre-emptive rights also apply in case of granting of rights to subscribe for Shares.

Pre-emptive rights may be limited or excluded by a resolution of the General Meeting, upon a proposal of the Management Board which has been approved by the Supervisory Board. The General Meeting may designate this authority to the Management Board upon a proposal of the Management Board which has been approved by the Supervisory Board. A designation as referred to above will only be valid for a specified period of no more than five years and may from time to time be extended for a period of no more than five years (i.e. for the same period as the designation of authority to issue Shares). A resolution by the Management Board (if so designated by the General Meeting) to limit or exclude pre-emptive rights requires the approval of the Supervisory Board.

On 17 April 2018, the General Meeting resolved to designate the Management Board as the body authorized, subject to the approval of the Supervisory Board, to limit or exclude the pre-emptive rights upon the issuance of Shares for a period of 18 months with effect as of the Settlement Date and subject to the condition precedent of execution of the Deed of Amendment, simultaneously with the designation of the Management Board as the competent body to issue Shares.

Dividends and other distributions

The payment of dividends is subject to regulatory restrictions set out in CRR and the Capital Requirements Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC ("**CRD IV**") (as implemented in Dutch law). In particular, Adyen will be prevented from distributing dividends in circumstances where the relevant dividend payment would cause its Common Equity Tier 1 ("**CET1**") to reach a level where Adyen no longer meets its CBR, would cause its distributable items (as defined in CRR) to be exceeded or, if Adyen no longer meets its CBR and when

Section C - Securities		
		<p>aggregated together with other distributions of the kind referred to in article 3:62b Dutch financial supervision act (<i>Wet op het financieel toezicht</i>, the "Dutch Financial Supervision Act") implementing article 141(2) of CRD IV, would cause the relevant maximum distributable amount to be exceeded. In addition, the law implementing CRD IV and CRR allows DNB to restrict or prohibit dividend payments if in its view such measure is needed to strengthen Adyen's capital in view of prudential requirements</p> <p>Dividend Policy</p> <p>Adyen intends to retain any profits to expand the growth and development of Adyen's business and, therefore, does not anticipate paying dividends to its Shareholders in the foreseeable future.</p>
C.5	Restrictions on free transferability of the Ordinary Shares	<p>The Ordinary Shares are in registered form. The transfer of a registered Ordinary Share or of a restricted right thereto requires a deed of transfer drawn up for that purpose and acknowledgement of the transfer by the Company in writing. The latter condition is not required in the event that the Company is party to the transfer.</p> <p>If a registered Ordinary Share is transferred for inclusion in a collection deposit, the transfer will be accepted by the intermediary concerned. If a registered Ordinary Share is transferred for inclusion in a giro deposit, the transfer will be accepted by the central institute, being the Netherlands Central Institute for Giro Securities Transactions (<i>Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.</i>) ("Euroclear Nederland").</p> <p>Upon issuance of a new Ordinary Share to Euroclear Nederland or to an intermediary, the transfer in order to include the Ordinary Share in the giro deposit or the collection deposit will be effected without the cooperation of the other participants in the collection deposit or the giro deposit. Ordinary Shares included in the collection depot or giro deposit can only be delivered from a collection deposit or giro deposit with due observance of the related provisions of the Dutch securities giro act (<i>Wet Giraal Effectenverkeer</i>) (the "Dutch Securities Giro Act"). The transfer by a deposit shareholder of its book-entry rights representing such Ordinary Shares shall be effected in accordance with the provisions of the Dutch Securities Giro Act. The same applies to the establishment of a right of pledge and the establishment or transfer of a usufruct on these book-entry rights.</p>
C.6	Listing and admission to trading of the Ordinary Shares	<p>Not applicable. The Ordinary Shares are not listed or admitted to trading.</p> <p>Application has been made to admit all Ordinary Shares to listing and trading on Euronext Amsterdam under the symbol "ADYEN". Subject to acceleration or extension of the timetable for the Offering, trading on an "as-if-and-when-delivered" basis in the Ordinary Shares on Euronext Amsterdam is expected to commence on or about 13 June 2018 (the "First Trading Date").</p>
C.7	Dividend policy	<p>Adyen intends to retain any profits to expand the growth and development of Adyen's business and, therefore, does not anticipate paying dividends to its Shareholders in the foreseeable future.</p>

Section D - Risks

D.1	Risks relating to Adyen's business and industry	<p>The following is a summary of selected key risks that relate to Adyen and its business and industry. Investors should read, understand and consider all risk factors, which are material and should be read in their entirety, in "<i>Risk Factors</i>" beginning on page 20 of the Prospectus before making an investment decision to invest in the Offer Shares.</p> <p>Key Risks Related to Adyen's Business and Industry</p> <ul style="list-style-type: none"> • Adyen's growth may not be sustainable and depends on its ability to retain existing merchants, attract new merchants, and increase processed volumes and revenue from both new and existing merchants. • Adyen's success depends on its ability to develop products and services to address the rapid and significant technological changes and evolving market for payments and if Adyen is not able to implement successful enhancements and new features for its single platform, its business could be materially and adversely affected. • Merchant defaults could potentially lead to financial losses for the Company due to chargebacks and refunds. • Substantial and increasingly intense competition worldwide in the global payments industry may materially and adversely affect Adyen's business, financial condition, results of operations and prospects. • Adyen and its merchants, partners and others who use its services, obtain and process a large amount of sensitive data. Any real or perceived privacy breaches or improper use of, disclosure of, or access to such data could harm Adyen's reputation as a trusted brand, as well as have a material and adverse effect on its business, financial condition, results of operations and prospects. • Systems failures, downtime and interruptions in the availability of Adyen's websites, applications, products or services may materially and adversely affect its business, financial condition, results of operations and prospects. • Adyen's IT systems may be compromised as the result of DDoS/DNS/Routing-attack or other cyber-attacks or events. • Providers of payment solutions, including Adyen, depend on both direct and sponsored membership in card networks and compliance with card network rules, or relationships with sponsoring financial institutions to provide access to those networks. If Adyen fails to comply with the requirements of those networks or sponsors, or if Adyen's relations with those networks or sponsors deteriorate, those card networks or sponsors could terminate or suspend Adyen's access or impose fines. • Certain large merchants provide an outsized share of Adyen's net revenue and the termination of such agreements by merchants or reduction in business with such merchants could harm its business. • Use of Adyen's payments services for illegal purposes may materially and adversely affect its business, financial condition,
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Section D - Risks		
		<p>results of operations and prospects and as Adyen is subject to anti-money laundering, anti-terrorism, anti-corruption and sanctions regulations, failure to comply with these regulations may lead to administrative sanctions, criminal penalties and/or reputational damage.</p> <ul style="list-style-type: none"> • Global and regional economic conditions may materially and adversely affect Adyen's business, financial condition, results of operations and prospects. • Adyen is subject to credit risks in respect of counterparties, including other financial institutions. • Adyen's success largely depends on its entrepreneurial culture. • Adyen's success largely depends on key personnel. Because competition for Adyen's key employees is intense, Adyen may not be able to attract, retain, and develop the highly skilled employees Adyen needs to support its business. The loss of key personnel may materially and adversely affect its business, financial condition, results of operations and prospects. <p>Key Risks Related to Supervision and Regulation</p> <ul style="list-style-type: none"> • The regulatory environment to which Adyen is subject gives rise to significant legal and financial compliance costs and management time, and non-compliance could result in monetary and reputational damages, all of which could have a material adverse effect on Adyen's business, financial position and results of operations. • The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect Adyen's business, financial position, results of operations and prospects. • As a result of capital and/or liquidity requirements, Adyen may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance.
D.3	Risks relating to the Offer Shares and the Offering	<p>Key Risks Related to the Offering and Adyen's Ordinary Shares</p> <p>The following is a summary of the key risks that relate to the Offer Shares and the Offering. Investors should read, understand and consider all risk factors, which are material and should be read in their entirety, in "Risk Factors" beginning on page 20 of the Prospectus before making an investment decision to invest in the Offer Shares.</p> <ul style="list-style-type: none"> • The Ordinary Shares in Adyen may be subject to market price volatility and the market price of the Ordinary Shares may decline in response to developments that are unrelated to Adyen's operating performance or beyond Adyen's control. • Future sales or the possibility of future sales of a substantial number of Ordinary Shares, including by the Selling Shareholders, may adversely affect the market price of the Ordinary Shares.

Section E - the Offering		
E.1	Net proceeds and estimated expenses	<p>The Selling Shareholders will receive the net proceeds from the Offering and, if the Over-Allotment Option (as defined below) is exercised, certain Selling Shareholders will receive the net proceeds from the sale of the Additional Shares. The Company will not receive any proceeds from the Offering.</p> <p>After deducting the estimated expenses, commissions and taxes related to the Offering payable by the Selling Shareholders of approximately €25.2 million, the Selling Shareholders expect to receive approximately €811.2 million net proceeds from the Offering (based on an Offer Price at the mid-point of the Offer Price Range (as defined below) and assuming no exercise of the Over-Allotment Option (as defined below) that is to be granted by the Selling Shareholders in connection with the Offering).</p> <p>No expenses or taxes will be charged by the Company, the Selling Shareholders or the Underwriters to the purchasers in the Offering.</p> <p>The expenses related to the Offering are estimated at approximately €26.9 million, of which an estimated amount of €1.7 million will be paid by the Company and include, among others, the fees due to the AFM and Euronext Amsterdam N.V., and any legal and administrative expenses, as well as publication costs and applicable taxes, if any. The fees for the Underwriters will be paid by the Selling Shareholders and are estimated to be an amount of €25.2 million.</p>
E.2a	Reasons for the Offering and use of proceeds	<p>Background and Reasons for the Offering</p> <p>Adyen believes that the Offering and the listing of the Ordinary Shares on Euronext Amsterdam will create the possibility for investors to participate in the future of Adyen, provide Adyen with strategic and financial flexibility to maintain growth and further build the Company. Furthermore it supports Adyen's ability to maintain, promote and enhance the Adyen brand among merchants, and increasing opportunities to attract and retain talented employees. In addition, the Offering is being conducted to provide the Selling Shareholders with an exit opportunity for part of their shareholding.</p> <p>Use of Proceeds</p> <p>The Selling Shareholders will receive the net proceeds from the Offering and, if the Over-Allotment Option is exercised, the net proceeds from the sale of the Additional Shares. The proceeds received by the Selling Shareholders will be entirely at their disposal. Adyen will not receive any proceeds from the Offering.</p>
E.3	Terms and conditions of the Offering	<p>Offer Shares</p> <p>The Selling Shareholders are offering up to 3,744,436 Offer Shares (not including any Additional Shares). Assuming no exercise of the Over-Allotment Option, the Offer Shares represent up to a maximum of approximately 12.7% of the Company's issued share capital.</p> <p>The Offering consists solely of private placements to institutional investors in various jurisdictions, including the Netherlands. The Offer Shares are being offered and sold: (i) within the United States of America (the "United States") solely to persons reasonably believed to be "qualified institutional buyers" ("QIBs") as defined in Rule 144A ("Rule 144A") under the US Securities Act of 1933, as amended (the "US Securities Act") and applicable state securities laws; and (ii) outside the United States in</p>

Section E - the Offering

compliance with Regulation S under the US Securities Act ("**Regulation S**"). The Offer Shares have not been and will not be registered under the US Securities Act. The Offering is made only in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made. There will be no public offering in any jurisdiction.

Over-Allotment Option

The Selling Shareholders have granted the Joint Global Coordinators, on behalf of the Underwriters an option (the "**Over-Allotment Option**"), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require such Selling Shareholders to sell at the Offer Price such number of additional existing Ordinary Shares (the "**Additional Shares**") held by them, equaling up to 11.9% of the total number of Offer Shares, for the avoidance of doubt excluding the Additional Shares, to cover short positions resulting from any over-allotments made in connection with the Offering or stabilization transactions, if any.

Timetable

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below lists certain expected key dates for the Offering:

Event	Expected Date and Time (CEST)	
Start of Offer Period	5 June 2018	09:00
End of Offer Period.....	12 June 2018	14:00
Expected pricing and Allocation	12 June 2018	
Commencement of trading on an "as-if-and -when-delivered" basis on Euronext Amsterdam	13 June 2018	09:00
Settlement (payment and delivery)	15 June 2018	09:00

Offer Period

The Offering will take place during the period commencing at 09:00 CEST on 5 June 2018 and ending at 14:00 CEST on 12 June 2018, subject to acceleration or extension of the timetable for the Offering (the "**Offer Period**"). In the event of an acceleration or extension of the Offer Period, pricing, allotment, admission and first trading of the Offer Shares, as well as payment (in euro) for and delivery of the Offer Shares in the Offering may be advanced or extended accordingly.

If a significant new material factor, material mistake or inaccuracy relating to the information included in this Prospectus that is capable of affecting the assessment of the Offer Shares arises or is noted between the date of this Prospectus and the later of the end of the Offer Period and the start of trading of the Offer Shares on Euronext Amsterdam, a supplement to this Prospectus will be published, the Offer Period will be extended, if so required by the Directive 2010/73/EU (the "**Prospectus Directive**"), the Dutch Financial Supervision Act or the rules promulgated thereunder. A supplement to this Prospectus shall be subject to approval by the AFM.

Offer Price and the Number of Offer Shares

The Offer Price is expected to be in the range of €220 to €240 (inclusive) per Offer Share (the "**Offer Price Range**"). The Offer Price Range is an indicative price range.

Subscription and Allocation

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The allocation of the Offer Shares is expected to take place after the closing of the Offer Period on or about 12 June 2018, subject to acceleration or extension of the timetable for the Offering. Allocation of the Offer Shares ("**Allocation**") to investors who subscribed for Offer Shares will be determined by the Company and the Selling Shareholders, after consultation with the Joint Global Coordinators, and full discretion will be exercised as to whether or not and how to allocate the Offer Shares subscribed for. There is no maximum or minimum number of Offer Shares for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. In the event that the Offering is over-subscribed, investors may receive fewer Offer Shares than they applied to subscribe for. The Company and the Selling Shareholders, as well as the Joint Bookrunners may, at their own discretion and without stating the grounds therefore, reject any subscriptions wholly or partly. On the day that allocation occurs, the Joint Global Coordinators, on behalf of the Underwriters, will notify investors or the relevant financial intermediary of any allocation of Offer Shares made to them. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investor's risk.

Payment

Payment for the Offer Shares and payment for Additional Shares pursuant to the Over-Allotment Option, if such option has been exercised prior to the Settlement Date, is expected to take place on the Settlement Date. The Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early closing of the Offer Period and consequent acceleration of pricing, Allocation, first trading and payment and delivery). No expenses or taxes will be charged by the Company, the Selling Shareholders or the Underwriters to the investors (see "*Taxation*").

Delivery, Clearing and Settlement

The Offer Shares are registered shares which will be entered into the collection deposit (*verzameldepot*) and giro deposit (*girodepot*) on the basis of the Dutch Securities Giro Act. The Offer Shares will be delivered in book-entry form through the facilities of Euroclear Nederland. Application has been made for the Ordinary Shares to be accepted for clearance through the book-entry facilities of Euroclear Nederland. Euroclear Nederland is located at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands. Delivery of the Offer Shares and the Additional Shares pursuant to the Over-Allotment Option, if such option has been exercised prior to the Settlement Date, is expected to take place on the Settlement Date through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities and against payment for the Offer Shares and, if applicable, the Additional Shares, in immediately available funds.

Subject to acceleration or extension of the timetable for the Offering, the Settlement Date is expected to be 15 June 2018, the second business day following the First Trading Date (T+2). The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement (as defined below) are not satisfied or waived or occur on or prior to such date.

Underwriting Agreement

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The Company, the Selling Shareholders and the Underwriters have entered into an underwriting agreement (the "**Underwriting Agreement**") with respect to the Offering and sale of the Offer Shares. Under the terms and subject to the conditions set forth in the Underwriting Agreement, the Underwriters severally agree to procure purchasers for the Offer Shares or, if the procured purchasers fail to purchase the Offer Shares, to purchase the Offer Shares themselves, and the Selling Shareholders severally agree to sell Offer Shares to purchasers procured by the Underwriters or to the Underwriters themselves.

The Underwriting Agreement provides that the obligations of the Underwriters to procure purchasers for the Offer Shares or, if the procured purchasers fail to purchase the Offer Shares, to purchase the Offer Shares themselves, are subject to the following conditions: (i) the Company shall have been converted into a public limited liability company under Dutch law (ii) the approval of this Prospectus by the AFM being in full force and effect (iii) admission of the Offer Shares to listing and trading on Euronext Amsterdam (iv) receipt on or before the Settlement Date of opinions on certain legal matters from legal counsel relating to, among other things, the Company, the Selling Shareholders, the Underwriting Agreement, this Prospectus and the Offer Shares (v) receipt on the date of signing of the Underwriting Agreement of comfort letters with respect to financial statements for the three years ended 31 December 2017, 2016 and 2015 and for the three months ended 31 March 2018 and 2017 and certain other financial information (vi) the "lock-up" undertakings, by each of the Company, members of the Management Board, Selling Shareholders, Ossa and Iconiq, in each case relating to sales and certain other dispositions of ordinary shares or certain other securities, delivered to the Joint Global Coordinators on or before the date hereof, shall be in full force (vii) receipt of customary officers' certificates (viii) the Pricing Agreement shall be entered into by each of the parties thereto not later than 12 June 2018, (or such later date as the Company, Selling Shareholders and the Joint Global Coordinators (on behalf of themselves and the several Underwriters), may agree (ix) the Share Lending Agreement shall be entered into on or before the date of the Pricing Agreement and shall be in full force and effect on the Settlement Date and each of the holders of Additional Shares shall have complied with its obligations under the Share Lending Agreement (x) certain other customary closing conditions, including, among other things, the accuracy of the representations and warranties provided by the Company and each of the Selling Shareholders pursuant to the Underwriting Agreement and the fulfilment by the Company and each of the Selling Shareholders of their respective conditions under the Underwriting Agreement and (xi) there shall not have occurred any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, assets, financial position, shareholder's equity, results of operations or prospects of the Company and its subsidiaries, taken as a whole. The Underwriters will have the right to waive the satisfaction of any such conditions or part thereof.

Upon the occurrence of certain specified events, such as the occurrence of (i) any material adverse change in or affecting the business, assets, financial position, shareholder's equity, cashflow, solvency or results of operations of the Company and its subsidiaries, taken as a whole, since the date of the Underwriting Agreement, (ii) a breach by the Company or any of the Selling Shareholders of any of the representations, warranties or covenants contained in the Underwriting Agreement (iii) trading generally having been suspended or materially limited on any of the New York Stock

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		<p>Exchange, the NASDAQ Global Market, the London Stock Exchange plc, or Euronext Amsterdam, or (iv) a statement in this Prospectus, the Pricing Statement or any amendment or supplement to this Prospectus being untrue, inaccurate or misleading which in the sole, good-faith judgment of the Joint Global Coordinators, is material in the context of the Offering, (v) the application for admission is rejected by Euronext or (vi) a general moratorium on commercial banking activities in the United States, the United Kingdom or the Netherlands shall have been declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the United Kingdom or the Netherlands, the Joint Global Coordinators, on behalf of the Underwriters, may elect to terminate the Underwriting Agreement until the Settlement Date (or thereafter, in respect of the Over-Allotment Option only) and the Offering may be withdrawn, in which case all subscriptions for Offer Shares or the Additional Shares only, as the case may be, will be disregarded, any allotments made will be deemed not to have been made and any subscriptions payments made will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Any dealings in the Offer Shares prior to Settlement are at the sole risk of the parties concerned</p> <p>Joint Global Coordinators and Joint Bookrunners</p> <p>Morgan Stanley & Co. International plc ("Morgan Stanley") and J.P. Morgan Securities plc ("J.P. Morgan") are acting as joint global coordinators for the Offering (in such and any other capacity, the "Joint Global Coordinators") and together with ABN AMRO Bank N.V. ("ABN AMRO"), Merrill Lynch International ("BofA Merrill Lynch") and Citigroup Global Markets Limited ("Citigroup") as joint bookrunners for the Offering (the "Joint Bookrunners").</p> <p>Underwriters</p> <p>The Joint Global Coordinators and the Joint Bookrunners are acting as underwriters (the "Underwriters").</p> <p>Listing and Paying Agent</p> <p>ABN AMRO is the listing and paying agent with respect to the admission to listing and trading of the Ordinary Shares on Euronext Amsterdam.</p> <p>Stabilization Agent</p> <p>J.P. Morgan is the stabilization agent (the "Stabilization Agent") with respect to the Offer Shares on Euronext Amsterdam.</p>
E.4	Interests material to the Offering (including conflicts of interests)	<p>Certain of the Underwriters and/or their respective affiliates have in the past been engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company and/or the Selling Shareholders or any parties related to any of them, in respect of which they have received, and may in the future receive, customary fees and commissions.</p> <p>In connection with the Offering, each of the Underwriters and any of their respective affiliates, may take up a portion of the Offer Shares in the Offering as a principal position and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in</p>

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		<p>this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so. As a result of acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with investors' and the Company's interests.</p>
E.5	Name of entity offering the securities and lock-up arrangements	<p>The Selling Shareholders are offering the Offer Shares.</p> <p>Company Lock-Up</p> <p>In connection with the Offering, the Company has agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, and will not announce any intention to, except as set forth below, without the prior consent of each of the Joint Global Coordinators, acting on behalf of the Underwriters, (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or any other similar instrument that would give and equity-like economic interest in the Company to its holders or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise. The foregoing shall not apply to: (i) the issuance or transfer of Ordinary Shares (or similar instruments that would give and equity-like economic interest in the Company to its holders) under any employee remuneration, incentive or saving plans of the Company described in this Prospectus, (ii) the sale of the Offer Shares under the Underwriting Agreement; (iii) the sale, transfer or other disposal of any of Ordinary Shares by way of acceptance of a public takeover offer, tender offer, merger, consolidation or similar business combination with a third party in respect of a 'change of control' that is recommended by the Management Board and Supervisory Board; and (iv) the sale or disposal of Ordinary Shares where required by law or competent authority.</p> <p>Shareholders and Management Lock-Up</p> <p>In connection with the Offering, each of the Selling Shareholders, Ossa and Iconiq and each of the members of the Management Board not covered by the Selling Shareholder lock-up has agreed that, for a period of from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, and will not announce any intention to, except as set forth below, without the prior written consent of each of the Joint Global Coordinators, acting on behalf of the Underwriters, (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or any other similar instrument that would give and equity-like economic interest in the Company to its holders</p>

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		or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise. The foregoing shall not apply to: (i) in respect of the Selling Shareholders only, the sale of the Offer Shares under the Underwriting Agreement, (ii) in respect of the Selling Shareholders only, the lending of the lending shares under the Share Lending Agreement; (iii) transfers of securities subject to the lock-up to certain related parties, provided such transferee provides undertakings to the Joint Global Coordinators equivalent to those agreed in the form of lock-up deed attached as an exhibit to the Underwriting Agreement; (iv) the sale, transfer or other disposal of any of securities subject to the lock-up by way of acceptance of a public takeover offer, tender offer, merger, consolidation or similar business combination with a third party in respect of a 'change of control' that is recommended by the Management Board and Supervisory Board; (v) in respect of the STAK only, the issuance or transfer of Shares (or similar instrument that would give and equity-like economic interest in the Company to its holders, including depository receipts for shares) under any employee remuneration, incentive or saving plans of the Company described in this Prospectus; and (vi) the sale or disposal of Ordinary Shares where required by law or competent authority.
E.6	Dilution	Not applicable. As only existing Ordinary Shares will be offered, the Offering will not have a dilutive effect.
E.7	Estimated expenses charged to the investor by the Company or Selling Shareholders	Not applicable. No expenses have been or will be charged to the investors by the Company or the Selling Shareholder in relation to the Offering.

RISK FACTORS

Before investing in the Ordinary Shares, prospective investors should carefully consider the risks and uncertainties described below, together with the other information contained or incorporated by reference in this Prospectus. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, could have a material adverse effect on Adyen's business, results of operations, financial condition and prospects. In that event, the value of the Ordinary Shares could decline and an investor might lose part or all of its investment.

The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to the business, results of operations, financial condition and prospects of Adyen.

While Adyen believes that the risks and uncertainties described below are the material risks and uncertainties concerning Adyen's business and the Ordinary Shares, they are not the only risks and uncertainties relating to Adyen and the Ordinary Shares. Other risks, facts or circumstances not presently known to Adyen, or that Adyen currently deem to be immaterial could, individually or cumulatively, prove to be important and could have a material adverse effect on Adyen's business, results of operations, financial condition and prospects. The value of the Ordinary Shares could decline as a result of the occurrence of any such risks, facts or circumstances or as a result of the events or circumstances described in these risk factors, and investors could lose part or all of their investment.

Prospective investors should read and carefully review the entire Prospectus and should reach their own views before making an investment decision with respect to any Ordinary Shares. Furthermore, before making an investment decision with respect to any Ordinary Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Ordinary Shares and consider such an investment decision in light of their personal circumstances.

Prospective investors are expressly advised that an investment in the Ordinary Shares entails certain risks and that they should therefore read and carefully review the content of this Prospectus. A prospective investor should not invest in the Ordinary Shares unless it has the expertise (either alone or with a financial adviser) to evaluate how the Ordinary Shares will perform under changing conditions, the resulting effects on the value of the Ordinary Shares and the impact this investment will have on its overall investment portfolio. Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Ordinary Shares.

Risks Related to Adyen's Business and Industry

Adyen's growth may not be sustainable and depends on its ability to retain existing merchants, attract new merchants, and increase processed volumes and revenue from both new and existing merchants.

The growth of Adyen's business depends on its ability to retain existing merchants, attract new merchants as well as getting existing merchants and new merchants to increase the volumes processed through the platform and therefore grow revenue. Adyen's standard merchant contracts provide for a termination clause, which generally allows Adyen's merchants to terminate the contract at any time following a limited notice period (i.e. one month). In addition under these standard merchant contracts, Adyen's merchants are not subject to any minimum volume commitments and they have no obligation to continue to use its services, and Adyen cannot assure potential investors that merchants will continue to use its services, or that Adyen will be able to continue to attract new volumes at the same rate as it has in the past. A merchant's payment processing activity with Adyen may decrease for a variety of reasons, including the merchant's level of satisfaction with Adyen's products and services, the effectiveness of Adyen's support services, pricing of Adyen's products and services, the pricing and quality of competing products or services, the effects of global economic conditions, or reductions in the merchant's shopper spending levels. Furthermore, the complexity and costs associated with switching transaction volume to a competitor may not be significant enough to prevent a merchant from switching payment service providers, especially for larger merchants who commonly engage more than one payment service provider at any one time. Any failure by Adyen to retain existing merchants, attract new merchants, and increase revenue from both new and existing merchants could materially and adversely affect Adyen's business, financial condition, results of operations and prospects.

Adyen's success depends on its ability to develop products and services to address the rapid and significant technological changes and evolving market for payments and if Adyen is not able to implement successful enhancements and new features for its single platform, its business could be materially and adversely affected.

Adyen expects that new services and rapid and significant technological change applicable to the industries in which it operates, including e-commerce, mobile commerce, electronic payments infrastructure, and proximity payment devices, will continue to emerge and evolve. These potential changes include developments in tokenization, which replaces sensitive data (e.g., payment card information) with symbols (tokens) to keep the data safe in the event that it ends up in the wrong hands. Similarly, there is rapid innovation in the provision of other products and services to businesses, including in financial services, such as peer-to-peer (P2P) payments.

These new services and technologies, offered by existing, new and/or yet unknown competitors or other market players such as card networks, may be superior to, cheaper than, impair, or render obsolete the products and services Adyen currently offers through its single platform or the technologies it currently uses to provide them. Incorporating new technologies into Adyen's products and services may require substantial expenditures and take considerable time, and Adyen may not be successful in realizing a return on these development efforts in a timely manner or at all. There can be no assurance that any new products or services Adyen develops and offers to its merchants will achieve significant commercial acceptance. Adyen's ability to develop new products and services may be inhibited by industry-wide standards, payment networks, laws and regulations, resistance to change from merchants or their shoppers, or third-parties' intellectual property rights. Adyen's success will depend on its ability to develop new technologies and to adapt to technological changes and evolving industry standards. If Adyen is unable to provide enhancements and new features for its single platform that achieve market acceptance or that keep pace with rapid technological developments and evolving industry standards, its business, financial condition, results of operations and prospects could be materially and adversely affected.

The success of enhancements, new features, and products and services depends on several factors, including the timely completion, introduction, and market acceptance of the enhancements or new features or services. Adyen relies not only on its own initiatives and innovations, but also on third-parties, for the development of and access to new technologies. Failure to accurately predict or respond effectively to developments in Adyen's industry may materially and adversely affect Adyen's business, financial condition, results of operations and prospects.

Merchant defaults could potentially lead to financial losses for the Company due to chargebacks and refunds.

When shoppers claim that a merchant has not performed or that their goods or services do not match the merchant's description or have not been delivered at all, Adyen could incur substantial losses due to chargebacks on payment cards used by shoppers to fund their payments. Adyen seeks to recover such losses from the merchant, but may not be able to recover in full if the merchant is unwilling or unable to pay. In particular, in the event of the bankruptcy or other business interruption of a merchant that sells goods or services in advance of the date of their delivery or use (e.g., airline, cruise or concert tickets, custom-made goods and subscriptions), Adyen faces a significant risk of chargebacks due to its acquiring licenses, where it remains financially responsible for merchant defaults. Adyen has experienced defaults from merchants resulting in losses for Adyen related to chargebacks from shoppers who had paid for, but had not received, the services to be provided by the defaulted merchant. In 2016, the bankruptcy of one of Adyen's merchants in the travel industry resulted in a €12 million merchant default loss for Adyen, which is significantly higher than previous merchant default losses experienced by Adyen. While Adyen has implemented risk mitigation measures, including holding merchant potential liability ("MPL") reserve funds from its merchants, based on assumptions and estimates that Adyen believes are reasonable to cover such eventualities, these measures, including the level of reserves, may not be sufficient and, to the extent that they are not sufficient, may adversely affect its business, reputation, financial condition, results of operations and prospects.

Substantial and increasingly intense competition worldwide in the global payments industry may materially and adversely affect Adyen's business, financial condition, results of operations and prospects.

The global payments industry is highly competitive, and Adyen competes against a wide range of businesses, many of which are larger than Adyen is, have a dominant and secure position, or offer other products and services to shoppers and merchants which Adyen does not offer. As online and offline

commerce are increasingly converging, the pace of change, innovation and disruption is also increasing. The global payments industry is rapidly changing, highly innovative and increasingly subject to regulatory scrutiny, which may negatively affect the competitive landscape. Many of the areas in which Adyen competes are evolving rapidly with changing and disruptive technologies, shifting user needs, and frequent introductions of new products and services. Adyen competes against a wide range of businesses with varying roles within the payments value chain (as further described in "Overview of the Payments Value Chain"), including:

- merchants and merchant associations providing proprietary payment networks to facilitate payments within their own retail network, such as Amazon and Alibaba;
- gateways, including POS gateways or providers of card readers for mobile devices and of other point of sale ("**POS**") and multi-channel technologies, such as Ingenico and Oracle;
- payment-card processors that offer their services to merchants, including for "card on file" payments where the merchant invites the shopper to select a payment method for their first transaction, and subsequently uses the same payment method for subsequent transactions, such as Ingenico and WorldPay;
- payment networks which facilitate payments for shoppers using credit card, such as Visa and Mastercard, and services that provide online merchants the ability to offer their shoppers the option of paying for purchases from their bank account or paying on credit, such as PayPal; and
- issuers or providers of "digital wallets" which offer shoppers the ability to pay online and/or on mobile devices through a variety of payment methods, including mobile applications, contactless payments, and a variety of payment cards, such as Apple Pay and Google Pay, as well as payment services enabling banks to offer their online banking customers the ability to send and receive payments through their bank account and mobile payment services between bank accounts, such as Monzo and Venmo.

Some of Adyen's competitors have greater merchant bases, volume, scale, resources, and market share than Adyen does, which may provide significant competitive advantages. Some of Adyen's competitors may also be subject to less burdensome licensing, capital, liquidity and other regulatory requirements. They may devote greater resources to the development, promotion, and sale of products and services, and they may offer lower prices or more effectively introduce their own innovative products and services that adversely impact Adyen's growth.

Adyen's competitors also include incumbent payment service providers and banks and their joint ventures, and on a world-wide basis include PayPal, Bank of America Merchant Services, Worldpay, First Data Corporations, Chase Paymentech Solutions, Barclaycard, Global Payments, Cielo, Elavon, Ingenico, Wirecard, Worldline and potentially the card networks, for example Visa and Mastercard, who increasingly are offering new products and services.

Adyen is facing new competitive pressure from non-traditional payments processors and other parties entering the digital payments industry, such as Stripe, Klarna, Square and Braintree (part of PayPal), which may compete in one or more of the functions performed in processing merchant transactions. These companies have significant financial resources and robust networks and are highly regarded by shoppers and merchants. If these companies gain a greater share of total digital payments transactions or if Adyen is unable to successfully react to changes in the industry spurred by the entry of these new market participants, it could have a material adverse effect on Adyen's business, financial condition and results of operations.

Moreover, in the United States, Adyen's competitors that are financial institutions or are affiliated with financial institutions may not incur the sponsorship costs that Adyen incurs for registration with the card networks in the United States. These advantages could potentially allow US competitors to offer more attractive fees to Adyen's current and prospective merchants. This could result in a loss of existing merchants, and greater difficulty attracting new merchants.

Moreover, if Adyen is unable to offer consistently higher transaction acceptance rates to its merchants compared to its competitors, it faces the risk that it could lose merchants and market share to those competitors. One or more of these factors could have a material adverse effect on Adyen's business, financial condition and results of operations.

In addition, were a single payment method to become dominant and adopted by a significant number or substantially all of the merchants in the global marketplace at the exclusion of other payment service providers, or if a single cash register or shopping cart provider were to become dominant and choose not to work with Adyen, its ability to compete would be significantly harmed. Adyen's failure to compete effectively against any of the foregoing competitive threats may materially and adversely affect its business, reputation, financial condition, results of operations and prospects.

Adyen and its merchants, partners and others who use its services, obtain and process a large amount of sensitive data. Any real or perceived privacy breaches or improper use of, disclosure of, or access to such data could harm Adyen's reputation as a trusted brand, as well as have a material and adverse effect on its business, financial condition, results of operations and prospects.

Adyen's operations involve the storage and/or transmission of sensitive information. In its capacity as payment service provider, Adyen acts as an intermediary between merchants, shoppers purchasing from these merchants, and entities controlling the payment methods which the shopper chooses to use, such as Visa or Mastercard. In the scope of its provision of service, Adyen receives personal data, which includes payment transaction data such as data that the shoppers supply when they wish to make a payment to the merchant, i.e. their names and payment method details. This payment data is further processed by Adyen, and passed on to the payment networks, solely for the purpose of facilitating the payment.

Consequently, Adyen is subject to complex and evolving Dutch, European and other jurisdiction's laws, rules, regulations, orders and directives (referred to as "privacy laws") relating to the collection, use, retention, security, processing and transfer (referred to as "process") of personally identifiable information about its merchants, their shoppers, third parties and others and their transactions (which Adyen refers to as "personal data") in the countries where Adyen operates. Much of the personal data that Adyen processes, especially financial information, is regulated by multiple privacy laws and, in some cases, the privacy laws of multiple jurisdictions. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between or among Adyen and its subsidiaries.

In particular, the EU General Data Protection Regulation (Regulation (EU) 2016/679, the "**GDPR**") was adopted on 27 April 2016 and entered into force on 25 May 2018 with immediate direct application across the EU. The GDPR imposes more stringent data protection obligations than under the previous EU Directive 95/46/EC (Data Protection Directive) and the Dutch Data Protection Act (*Wet bescherming persoonsgegevens*, "**WBP**"), resulting in higher compliance burdens. The GDPR requires Adyen to be able to demonstrate its compliance with data protection principles. In addition, the GDPR increases sanctions for data protection compliance violations of up to a maximum of €20,000,000 or 4% of Adyen's global annual net turnover, whichever is higher. If Adyen fails to comply with these regulations, it may face administrative sanctions, criminal penalties and/or reputational damage, which may have an adverse effect on Adyen's business, financial condition, results of operations and prospects. See also "*Data Protection Legislation*" under the chapter "*Supervision and Regulation*".

Any failure, or perceived failure, by Adyen to comply with its privacy policies or with any applicable privacy laws in one or more jurisdictions could result in proceedings or actions against Adyen by governmental entities or others, including class action privacy litigation in certain jurisdictions, significant fines, penalties, judgments and reputational damages to Adyen, requiring Adyen to change its business practices, increasing the costs and complexity of compliance, any of which could materially and adversely affect its business, financial condition, results of operations and prospects. Data protection, privacy and information security have become the subject of increasing public, media and legislative concern. If merchants were to reduce their use of Adyen's products and services as a result of these concerns, its business could be materially harmed. In addition, Adyen is also subject to the possibility of security breaches, which themselves may result in a violation of these privacy laws. See "*Adyen's IT systems may be compromised or its services may be affected as the result of DDoS/DNS/Routing or other cyber attacks or other events*".

Any failure of Adyen, its merchants, partners or others who use its services to adequately protect sensitive data could have a material and adverse effect on its reputation, business, financial condition, results of operations and prospects.

Systems failures, downtime and interruptions in the availability of Adyen's websites, applications, products or services may materially and adversely affect its business, financial condition, results of operations and prospects.

All of Adyen's services run on one platform and, in addition to technical processing, Adyen also fully handles settlement and the matching of payment transactions. Reliability is particularly critical for Adyen because the full-time availability of Adyen's products and services is necessary to its ability to attract merchants for digital payments. In addition, because Adyen is a regulated financial institution in certain jurisdictions, frequent or persistent site interruptions could lead to regulatory scrutiny, significant fines and penalties, and/or mandatory and costly changes to its business practices, and could ultimately cause Adyen to lose existing regulatory licenses that Adyen needs to operate or prevent or delay Adyen from obtaining additional regulatory licenses that Adyen needs to expand its business.

Adyen has experienced high growth rates in payment transaction volumes over the past years and expects growth to continue for the coming years; however, despite the implementation of architectural changes to safeguard sufficient future processing capacity on Adyen's payments platform, in the future the payments platform could potentially reach the limits of the number of transactions it is able to process, resulting in longer processing time or even downtime. Adyen's efforts to safeguard sufficient future processing capacity are time-consuming, involve significant technical risk and may divert Adyen's resources from new features and products, and there can be no guarantee that these efforts will succeed. Furthermore, any efforts to further scale the platform or increase its complexity to handle a larger number or more complicated transactions could result in performance issues, including downtime. A failure to adequately scale Adyen's payments platform could therefore materially and adversely affect its business, financial condition, results of operations and prospects.

Adyen's systems and those of its third-party service providers, including data center facilities and cloud storage services, have experienced service interruptions and may experience significant service interruptions in the future. Those service interruptions or degradation may be caused by hardware and software defects or malfunctions, and other events such as human error, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses or other malware. Adyen's systems also may be subject to break-ins, sabotage and intentional acts of vandalism. If third-parties cease to provide the facilities, components or services Adyen relies on, breach their agreements with Adyen, or fail to meet Adyen's requirements due to financial or regulatory issues, labor issues, or other problems, Adyen's operations could be disrupted or otherwise negatively affected. Despite any precautions Adyen may take, the occurrence of unanticipated problems could result in lengthy interruptions in its services or could result in related liabilities. If any third-parties were to stop providing services to Adyen or its merchants, including as a result of bankruptcy or business interruption, Adyen may be unable to procure alternatives from other third-parties in a timely and efficient manner and on acceptable terms, or at all, which may materially and adversely affect its business, financial condition, results of operations and prospects.

Adyen has implemented the principle of redundancy with regard to its platform architecture and IT infrastructure based on an integrated network of redundant components, which enables Adyen to switch traffic between Adyen's "active-active" data centers in the event of a slowdown or failure in one or more components. Although this principle of redundancy is functional and until the date of this Prospectus, slowdowns or failures have been rare and have had a minor impact, it may prove to be inadequate, increasing the risk of interruptions in Adyen's services, which could result in merchant dissatisfaction, damage to Adyen's reputation and brands, and materially and adversely affect Adyen's business, financial condition, results of operations and prospects, including as a result of financial penalties that Adyen is required to pay to merchants in the case of downtime. In addition, frequent or persistent interruptions in Adyen's services could cause current or potential merchants to believe that its systems are unreliable, leading them to switch to a competitor or to avoid Adyen's products and services, and could permanently harm Adyen's reputation and brands. Moreover, to the extent that any system failure or similar event results in damages to Adyen's merchants or their business partners, these merchants or partners could seek significant compensation or contractual penalties from Adyen for their losses, which, even if unsuccessful, could likely be time-consuming and costly for Adyen to address and divert management attention.

Adyen's IT systems may be compromised or its services may be affected as the result of DDoS/DNS/Routing or other cyber attacks or other events.

Adyen and its merchants, partners, including third-party data centers that Adyen uses, and others who use its services, obtain and process a large amount of sensitive data. Adyen's operations involve the storage and/or transmission of sensitive information of merchants using its services including their management and ultimate beneficial owner's names, addresses, national identification numbers, bank account information, data regarding the performance of its merchants' businesses, shopper payment card information, and shoppers' purchase histories.

Adyen's and its partners' IT systems may be vulnerable to physical and electronic breaches, computer viruses and other attacks by cyber-criminals, internet fraudsters, employees or others, which could lead to, amongst other things, a leakage of merchants' data, damage related to incursions, destruction of documents, inability or delays in processing transactions and unauthorized transactions. Any real or perceived privacy breaches or improper use of, disclosure of, or access to such data could harm Adyen's reputation as a trusted brand in the handling and protection of this data, as well as have a material and adverse effect on its business, financial condition, results of operations and prospects.

Adyen has experienced and expects to continue to experience denial of service attacks and other events or conditions from time to time that interrupt the availability or reduce or affect the speed or functionality of its products and services. Although until the date of this Prospectus, such events have been rare and have had a low impact, Adyen's information security and disaster recovery programs may not be sufficient for all eventualities. A prolonged interruption in the availability or reduction in the availability, speed or other functionality of Adyen's products and services may materially and adversely affect its business, financial condition, results of operations and prospects, including as a result of financial penalties that Adyen is required to pay to merchants in the case of downtime. In addition, frequent or persistent interruptions in Adyen's services could cause current or potential merchants to believe that its systems are unreliable, leading them to switch to a competitor or to avoid Adyen's products and services, and could permanently harm Adyen's reputation and brands. Moreover, to the extent that any system failure or similar event results in damages to Adyen's merchants or their business partners, these merchants or partners could seek significant compensation or contractual penalties from Adyen for their losses, which, even if unsuccessful, could likely be time-consuming and costly for Adyen to address and divert management attention.

The techniques used to obtain unauthorized, improper or illegal access to Adyen's systems, its data or merchants' or shoppers' data, disable or degrade service, or sabotage systems are constantly evolving, may be difficult to detect quickly, and often are not recognized until launched against a target. Unauthorized parties may attempt to gain access to Adyen's systems or facilities through various means, including, among others, hacking into its systems or facilities or those of its merchants, partners or vendors, or attempting to fraudulently induce its employees, merchants, partners, vendors or other users of its systems into disclosing user names, passwords, payment card information, or other sensitive information, which may in turn be used to access Adyen's information technology systems. Certain efforts may be state-sponsored and supported by significant financial and technological resources, making them even more sophisticated and difficult to detect. Adyen believes that it is a particularly attractive target for such breaches and attacks due to its name and brand recognition and the widespread adoption and use of its products and services. Although Adyen has developed systems and processes that are designed to protect its data and merchant and shopper data and to prevent data loss and other security breaches, Adyen expects to continue to expend significant resources to bolster these protections and there can be no guarantee that these security measures will be sufficient. Adyen's information technology and infrastructure may be vulnerable to cyber-attacks or security breaches, and third-parties may be able to access its merchants' and their shoppers' personal or proprietary information and payment card data that are stored on or accessible through those systems. Adyen's security measures may also be breached due to human error, malfeasance, system errors or vulnerabilities, or other irregularities. Any actual or perceived breach of Adyen's security could interrupt its operations, result in its systems or services being unavailable, result in improper disclosure of data, materially harm its reputation and brands, result in significant legal and financial exposure, lead to loss of merchant confidence in, or decreased use of, its products and services, and adversely affect its business and results of operations. In addition, any breaches of network or data security at any of Adyen's merchants, partners or vendors (including data center and cloud computing providers) could have similar negative effects. Furthermore, actual or perceived vulnerabilities or data breaches could lead to claims against Adyen. Although Adyen carries cyber liability insurance that Adyen believes to be reasonable to cover such eventualities, such insurance may not be sufficient to cover all potential losses.

An increasing number of organizations, including large merchants and businesses, other large technology companies, financial institutions and government institutions, have disclosed breaches of their information security systems, some of which have involved sophisticated and highly targeted attacks, including on portions of their websites or infrastructure. A core aspect of Adyen's business is the reliability and security of its payments platform. Any perceived or actual breach of security could have a significant impact on Adyen's reputation as a trusted brand, cause Adyen to lose existing merchants, prevent Adyen from obtaining new merchants, require Adyen to expend significant funds to remedy problems caused by breaches and to implement measures to prevent further breaches, and expose Adyen to legal risk and potential liability including those resulting from governmental or regulatory investigations, class action, contractual fines imposed by the payment networks, litigation and costs associated with remediation, such as fraud monitoring. Any security breach at a company providing services to Adyen, its merchants, or other users of its services could have similar effects.

In addition, under card network rules and Adyen's contracts with its card processors, if there is a breach of payment card information that Adyen stores, or that is stored by its direct payment card processing merchants, Adyen could be liable to the payment card issuing banks for their cost of issuing new cards and related expenses, as well as liable to merchants and their shoppers and subject to fines and disciplinary measures from regulatory authorities. Adyen expects to continue to expend significant resources to protect against privacy breaches, and which may be required to redress problems caused by breaches.

Providers of payment solutions, including Adyen, depend on both direct and sponsored membership in payment networks and compliance with payment network rules, or relationships with sponsoring financial institutions to provide access to those networks. If Adyen fails to comply with the requirements of those networks or sponsors, or if Adyen's relations with those networks or sponsors deteriorate, those payment networks or sponsors could terminate or suspend Adyen's access or impose fines.

The significant majority of the transactions processed by Adyen are through international credit and debit card networks run by the two key card network operators, Visa and Mastercard. In order to access the international card networks to provide acquiring and processing services, merchant acquirers, including Adyen, must have the relevant geographically based operating licenses or memberships. In some markets where it is not feasible or possible for Adyen to have a direct acquiring license with a card network, Adyen has a relationship with a local financial institution or a payment provider to act as a local sponsor for the license. Adyen considers the ability to continue establishing these memberships and partnerships as important to its business. Competition for relationships with these partners is very intense and there can be no assurance that Adyen will be able to continue to establish, grow or maintain these partner relationships.

As part of its registration with card networks (either directly or indirectly through local sponsors), Adyen and its merchants are subject to operating rules, including mandatory technology requirements, promulgated by the card networks that could subject Adyen and its merchants to a variety of fines and penalties, which Adyen may not be able to pass on to its merchants. If a violation is sufficiently material, there is a risk of damaging the relationship Adyen has with the card networks to such an extent that any willingness the card networks may have had to expand their business relationships in markets and sectors with Adyen is restricted. Furthermore, failure to comply with the card network rules, or the deterioration in Adyen's relationships with the card networks for any other reason could also result in the restriction, suspension or termination of Adyen's licenses to acquire payment transactions in various jurisdictions, or to act with sponsoring banks to use their acquiring licenses. If this were to occur, Adyen would be unable to process transactions using the relevant card network in the relevant jurisdiction, which could have a material adverse effect on Adyen's business, financial condition and results of operations.

The rules of each card network are set by their board of directors, over which the credit card issuing banks have significant influence. This influence may result in decisions being taken by the card networks to alter rules or policies in a manner that may benefit others, including the credit card issuing banks, to the detriment of independent merchant acquirers such as Adyen. Moreover, as the card networks become more dependent on proprietary technology and seek to provide value added services to issuers and merchants, there is heightened risk that rules and standards may be governed by the self-interest of the card networks, or of those with influence over the card networks.

Moreover, there is a risk that the payment networks, including card networks, PayPal and other payment methods, may modify their technological approach or operating practices in a manner that would materially impact Adyen's competitive position and operations, such as by connecting merchants to payment networks directly or through other modifications to the payment network's operating practices.

For example, a number of Adyen's products, including its fraud detection and payment analytics products, as well as AML and KYC obligations, rely on Adyen's ability to identify cardholder details or track consumption patterns and activities. However, the card networks are implementing tokenization technology to secure transaction processing, whereby a cardholder's details are replaced with a surrogate token value for a given transaction. Although the card networks have proposed to implement a version of tokenization that preserves Adyen's ability to monitor consumer transaction activity, there is a risk that the card networks could implement a version of tokenization that would vary token values by transaction, thereby inhibiting Adyen's ability to monitor consumer transaction activity. If Adyen is unable to monitor consumer transaction activity, certain products and services would be adversely affected or eliminated, particularly those that rely on shopper data patterns such as Adyen's fraud and risk detection services, and Adyen would need to re-assess the use of tokenization in light of Adyen's AML and KYC obligations. In addition, significant financial and operational costs may be incurred in order to implement the technological changes to Adyen's proprietary global payments platform required to implement tokenization, regardless of the type of tokenization that the card networks implement.

Certain large merchants provide a significant share of Adyen's net revenue and the termination of such agreements by merchants or reduction in business with such merchants could harm its business.

Some of Adyen's largest merchants provide significant contributions to its net revenue. In particular, for the year ended 31 December 2017, Adyen's top 10 merchants represent 33% of net revenue and its top 120 merchants represent 69% of net revenue. Failure to retain these and other merchant contracts could negatively impact Adyen's business and could lead to significant fluctuations in its performance. Although Adyen's contracts with its merchants, including its largest merchants, are generally indefinite (with a termination option upon one month's notice), merchants may seek price reductions when expanding or changing their services with Adyen and/or when the merchants' business experiences significant volume changes. Further, certain merchants may seek to lower prices previously agreed due to pricing competition or other economic needs or pressures being experienced by the merchant. Merchants may also seek more integrated or "bundled" offerings with a simplified pricing structure. In addition, as Adyen's large merchants typically have arrangements with multiple payment service providers (primarily in order to mitigate against risks such as downtime, delayed response time or default by a payment service provider), these merchants could shift business away at any given time without necessarily terminating the contract. If Adyen's contracts are terminated by its large merchants or if its large merchants shift business away, or if Adyen is unsuccessful in retaining high renewal rates and contract terms that are favorable to it, Adyen's business, financial condition, results of operations and prospects may be materially and adversely affected.

Use of Adyen's payments services for illegal purposes may materially and adversely affect its business, financial condition, results of operations and prospects and as Adyen is subject to anti-money laundering, anti-terrorism, anti-corruption and sanctions regulations, failure to comply with these regulations may lead to administrative sanctions, criminal penalties and/or reputational damage.

Adyen is subject to laws aimed at preventing money laundering, corruption and the financing of terrorism. This regulatory landscape is constantly changing, including as a consequence of the implementation of the Fourth Anti-Money Laundering Directive (Directive 2015/849/EU, "MLD4") and the proposed amendments to the MLD4, often referred to as the fifth Anti-Money Laundering Directive. For example, the MLD4 introduces enhanced requirements on the verification of ultimate beneficial owners. Monitoring compliance with anti-money laundering and anti-corruption and sanctions rules can impose a significant financial burden on banks and other financial institutions, including Adyen, and requires significant technical capabilities. In recent years, enforcement of these laws and regulations against financial institutions has become more stringent, resulting in several landmark fines against financial institutions and reputational damage.

Although Adyen has policies and procedures that it believes are sufficient to comply with currently applicable anti-money laundering, anti-corruption and sanctions rules and regulations, it cannot guarantee that such policies and procedures completely prevent situations of money laundering or corruption, including actions by Adyen's employees, agents, merchants, third-party suppliers or other related persons for which Adyen might be held responsible. Such events may have severe consequences, including litigation, sanctions, administrative measures, fines, criminal penalties and reputational consequences, which could have a material adverse effect on Adyen's business, financial condition, results of operations and prospects. A failure to adopt effective measures against fraud, money laundering, corruption and terrorism financing may lead to regulatory proceedings and penalties by supervisory authorities. See also "Integrity" under the chapter "Supervision and Regulation".

In addition, Adyen's payment system is susceptible to potentially illegal or improper uses, including money laundering, terrorist financing, circumvention of sanctions, illegal online gambling, fraudulent sales of goods or services, illicit sales of prescription medications or controlled substances, piracy of software, movies, music, and other copyrighted or trademarked goods (in particular, digital goods), bank fraud, child pornography, human trafficking, prohibited sales of alcoholic beverages or tobacco products, online securities fraud, or to facilitate other illegal activity. Certain activity that may be legal in one country may be illegal in another country, and a merchant may intentionally or inadvertently be found responsible for importing or exporting illegal goods, which may result in liability for Adyen. Changes in law have increased the penalties for intermediaries providing payment services for certain illegal activities and additional payments-related proposals are under active consideration by government authorities. In addition, Adyen may be held liable by merchants or payment networks or other related third parties arguing that any failure to prevent the use of Adyen's payment services for illegal purposes constitutes a breach of Adyen's duty of care (*zorgplicht*) as a regulated bank vis-à-vis such merchants or third parties. Intellectual property rights owners or government authorities may seek to bring legal or regulatory action against providers of payments solutions, including Adyen, that are peripherally involved in the sale of infringing items. Any threatened or resulting claims could result in reputational harm, and any resulting liabilities, loss of transaction volume or increased costs may materially and adversely affect Adyen's business, financial condition, results of operations and prospects.

Global and regional economic conditions may materially and adversely affect Adyen's business, financial condition, results of operations and prospects.

Adyen's operations and performance depend significantly on global and regional economic conditions. Adverse economic conditions and events have negatively impacted global and regional financial markets in the past, and uncertainty about global and regional economic events and conditions may result in shoppers and merchants postponing spending in response to higher interest rates, higher unemployment, financial market volatility, government austerity programs, negative financial news, declines in income or asset values, and other factors. These and other global and regional economic events and conditions could have a material adverse impact on demand for Adyen's products and services, including a reduction in the volume and size of transactions on its payments platform. In addition, any financial turmoil affecting the banking system or financial markets could cause additional consolidation of the financial services industry, significant financial service institution failures, new or incremental tightening in interest rates, low liquidity, and volatility or distress in the fixed income, credit, currency, and equity markets, which may materially and adversely affect Adyen's business, financial condition, results of operations and prospects. As Adyen is not currently financed with any external debt, it is not subject to any significant interest rate risk, but no assurance can be given that fluctuations in interest rates will not have a significant impact on Adyen's business, financial condition, results of operations and prospects.

Adyen is subject to the price risk of financial instruments at fair value, such as decreases in value as a result of changes in the levels of equity indices and the value of individual stocks.

Adyen's exposure to price risk of financial instruments at fair value arises from a holding of Visa Inc. shares and a derivative financial liability. Any movements in the underlying share prices could have a significant impact on Adyen's financial condition and results of operations. Adyen obtained the Visa Inc. shares as the result of its previous holding in Visa Europe, which subsequently was acquired by Visa Inc., which resulted in amongst others Adyen being issued shares of Visa Inc. as consideration for the acquisition.

Adyen's success largely depends on its entrepreneurial culture

Adyen's entrepreneurial culture has been one of the primary drivers of its historical growth. As Adyen grows, it may not be able to maintain this culture, and in particular develop and launch new features for its products and services as quickly as a smaller, more efficient organization. In addition, becoming a public company may make it more difficult for Adyen to maintain its culture (see "*The requirements of being a public company may strain Adyen's resources and distract its management, which could make it difficult to manage its business*"). If Adyen does not successfully manage its growth, and is not able to differentiate its business from those of its competitors, drive value for and retain merchants, or effectively align its resources with its goals and objectives, Adyen may not be able to compete effectively against its competitors.

Adyen's failure to maintain its entrepreneurial culture and compete effectively may materially and adversely affect its business, financial condition, results of operations and prospects.

Adyen's success largely depends on key personnel. Because competition for Adyen's key employees is intense, Adyen may not be able to attract, retain, and develop the highly skilled employees Adyen needs to support its business. The loss of key personnel may materially and adversely affect its business, financial condition, results of operations and prospects.

Adyen's future performance depends substantially on the continued services of key personnel, including its founder-led management team and other highly skilled employees, and its ability to attract, retain, and motivate such personnel. Competition for key personnel is intense and Adyen may be unable to successfully attract, integrate, or retain sufficiently qualified key personnel. Adyen is limited in its ability to recruit internationally by restrictive domestic immigration laws or policies. Furthermore, Adyen has grown from 338 FTEs at the end of 2015 to 668 FTEs at the end of 2017 and the continued high inflow of new people could lead to changes in the company culture, administrative inefficiencies, a misalignment of objectives and a slowdown in sales growth. The loss of the services of any of Adyen's key personnel, Adyen's inability to attract highly qualified key personnel or a loss of an entrepreneurial company culture which fosters talent and innovation may materially and adversely affect its business, financial condition, results of operations and prospects.

Failure to deal effectively with shopper fraud may materially and adversely affect Adyen's business, reputation, financial condition, results of operations and prospects.

Shoppers may engage in a variety of improper or fraudulent activity using Adyen's platform, including using falsified or stolen payment card details. If the levels of fraudulent payment card transactions become excessive, they could potentially result in Adyen and the related merchants becoming subject to review by the network programs, which can result in penalties and ultimately losing the right to process payment cards by the card networks, both of which could materially and adversely affect its business, financial condition, results of operations and prospects. In addition, financial services regulators in various jurisdictions, including the European Union ("EU") and the US, have implemented or are considering proposals, to impose new authentication requirements on banks and payment processors intended to reduce online fraud, which could impose significant costs, require Adyen to change its business practices, make it more difficult for new merchants to purchase Adyen's products and services, and reduce the ease of use of its products, which may materially and adversely affect its business, financial condition, results of operations and prospects. See the risk factor "PSD2 introduces new regulations for providers of payment services such as Adyen, which may have a material and adverse effect on Adyen's business, financial condition, results of operations and prospects and if Adyen fails to comply with these regulations, it may face administrative sanctions, criminal penalties and/or reputational damage".

Adyen has taken measures to detect and reduce the risk of fraud, but these measures need to be continually improved and may not be effective against new and continually evolving forms of fraud or in connection with new product offerings. If these measures do not succeed, Adyen's business, financial condition, results of operations and prospects may be materially and adversely affected.

Failure to deal effectively with other types of fraud may increase Adyen's loss rate and materially and adversely affect its business, reputation, financial condition, results of operations and prospects, and could severely diminish merchant confidence in using its services.

Various third-parties and internal parties may engage in a variety of fraudulent activity using Adyen's platform. For example, merchant representatives or agents of a merchant's representatives could submit changes in bank account details thereby resulting in a payout of funds to inappropriate persons. Alternatively, an employee of Adyen could knowingly process unauthorized changes to bank account details in Adyen's possession or provide or change such details after falling victim to social engineering (e.g. phishing e-mails or a fraudulent call in the name of Adyen's management, requesting an unauthorized payment of funds or access to information systems) both of which could also result in a payout of funds to inappropriate persons. Adyen has taken measures to detect and reduce the risk of this type of fraud, but these measures need to be continually improved and may not be effective against new and continually evolving forms of fraud or in connection with new product offerings. If these measures do not succeed, Adyen's business, financial condition, results of operations and prospects may be materially and adversely affected.

Adyen's services must integrate with a variety of operating systems, software, hardware and web browsers. If Adyen is unable to ensure that its services interoperate with such operating systems, hardware and web browsers, its business may be materially and adversely affected.

Adyen is dependent on the ability of its products and services to integrate with a variety of operating systems, software and hardware, such as the POS terminals it provides to merchants, as well as web browsers that it does not control. Any changes in these systems that degrade the functionality of Adyen's products and services, impose additional costs or requirements on it, or give preferential treatment to competitive services, including their own services, could materially and adversely affect usage of Adyen's products and services. In addition, system integrators may show insufficient appetite to enable Adyen's products and services to integrate with a variety of operating systems, software and hardware. In the event that it is difficult for Adyen's merchants to access and use its products and services, for example, in case of incompatibility of their software and/or hardware with Adyen's application programming interfaces ("APIs"), its business, financial condition, results of operations and prospects may be materially and adversely affected.

Adyen's business depends on a strong and trusted brand, and any failure to maintain, protect, enhance and market its brand would materially and adversely affect its business, financial condition, results of operations and prospects.

Adyen has developed a strong and trusted brand that has contributed significantly to the success of its business. Adyen's brand is predicated on the idea that merchants will trust Adyen and find value in building and growing their businesses with its products and services. Maintaining, protecting, and enhancing Adyen's brand is critical to expanding its merchant base and other third-party partners, as well as increasing their engagement with its products and services. This will depend largely on Adyen's ability to maintain trust, be a technology leader, and continue to provide high-quality and secure products and services.

Any negative publicity about Adyen, its industry, the quality and reliability of its products and services, its risk management processes, changes to its products and services, its ability to effectively manage and resolve merchant and shopper complaints, its privacy and security practices, litigation, regulatory activity, and the experience of merchants and shoppers with its products or services, could adversely affect its reputation and the confidence in and use of its products and services. Harm to Adyen's brand can arise from many sources, including failure by Adyen or its partners to satisfy expectations of service and quality; inadequate protection of sensitive information; compliance failures and claims; litigation and other claims; employee misconduct; rumours or false stories; and misconduct by its partners, service providers, or other counterparties. For example, in November 2017, Adyen was named in news reports describing payments processors, who were alleged to have helped process payments for advertisements alleged to have been placed on social media platforms by Russian entities with the intention of influencing the 2016 US presidential elections. While Adyen believes that these reports have not negatively impacted its brand or reputation as of the date of this Prospectus, there can be no assurance that these reports or similar publicity will not affect its brand or reputation in the future. In addition, Adyen undertakes certain sales and marketing activities to promote its brand. If Adyen is unable to market and promote its brand effectively, its ability to acquire new merchants could be materially harmed. If Adyen does not successfully maintain a strong and trusted brand, its business, financial condition, results of operations and cash flows may be materially and adversely affected.

Adyen is exposed to fluctuations in foreign currency exchange rates.

Adyen has operations internationally that are denominated in foreign currencies, primarily the US dollar, British Pound, Australian Dollar, Brazilian Real and Singapore Dollar, subjecting Adyen to foreign currency risk. The strengthening or weakening of the euro versus the US dollar, British Pound, Australian Dollar, Brazilian Real and Singapore Dollar impacts the translation of Adyen's net revenue generated in these foreign currencies into the euro. Additionally, in connection with providing its services in multiple currencies, Adyen generally sets its foreign exchange rates once per day. Adyen may face financial exposure if Adyen incorrectly sets its foreign exchange rates or as a result of fluctuations in foreign exchange rates between the times that Adyen sets them. Given that Adyen also holds some merchants' and own funds in non-euro currencies, its financial results are affected by the translation of these non-euro currencies into euro. While Adyen has measures in place intended to manage its foreign exchange risk, namely natural hedges and spot trades for any net open positions, no assurance can be given that fluctuations in foreign exchange rates will nevertheless have a significant impact on Adyen's business, financial condition, results of operations and prospects. Adyen also has foreign exchange risk on its assets and

liabilities denominated in currencies other than the functional currency, including certain contract assets, its holding of Visa Inc. shares and the assets and liabilities of its subsidiaries. The majority of these assets to which Adyen is exposed to foreign currency risk are denominated in US dollar.

The UK referendum resulting in a vote to have the United Kingdom leave the EU could create political and economic uncertainty and risk which may adversely affect Adyen.

The UK referendum resulting in a vote for the United Kingdom to leave the EU and the subsequent invocation of Article 50 of the Treaty of Lisbon by the UK government ("**Brexit**"), has created volatility in the global financial markets and could contribute to prolonged uncertainty around certain aspects of the European and global economies as well as European companies and consumers. Brexit may have ongoing adverse effects on European and worldwide economic conditions and could contribute to greater instability in the global financial markets before and after the terms of the United Kingdom's future relationship with the EU are settled. Brexit could also affect the general political environment in the EU as well as the stability and standing of the EU as a single market.

Until more clarity is provided by the results of negotiations between the United Kingdom and the EU as it pertains to the legal, political and economic realities and requirements for having the United Kingdom leave the EU, political and economic uncertainty, notably in European markets, may occur, which could lead to a downturn in the markets in which Adyen intends to invest and thus its investments may be adversely affected. Furthermore, as a result of this uncertainty, regional (including European) and worldwide economic and market conditions could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the British Pound and euro, which in turn could adversely affect the shoppers and merchants with which Adyen does business, particularly in the UK. Approximately 10% of Adyen's revenue for 2017 was billed to merchant entities located in Great Britain. Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate. In particular, while Adyen is currently in discussions with the UK regulators to obtain appropriate regulatory permissions to continue its current activity in the UK post-Brexit, depending on the terms of Brexit, Adyen may face new regulatory costs and challenges, including the following:

- Adyen could lose its ability for its EU operations to automatically passport into the UK market through the banking license of Adyen, which is licensed and subject to regulation as a bank in the Netherlands, and its corresponding ability to work with Dutch regulators as the lead authority for various aspects of its UK operations;
- in the event that its automatic passporting rights into the UK were lost, Adyen could be required to obtain additional regulatory licensing or authorization to operate in the UK market, adding costs and potential inconsistency to its business; and
- Adyen could also be required to comply with regulatory requirements in the UK that are in addition to, or inconsistent with, the regulatory requirements of the EU.

Any of these effects of Brexit and others could adversely affect its business, financial condition, results of operations and prospects.

Adyen may not be able to pass on all fees from payment networks on to its merchants or maintain its profit margins

To access the international card networks, Adyen and other merchant acquirers must pay payment network membership fees. From time to time, the payment networks change both the interchange fees and card network fees that they charge Adyen and other merchant acquirers. The interchange fee is a transactional fee, while the card network fee can also be a combination of a transactional fee and a lump sum. Adyen passes the interchange fee and payment network fee paid to card schemes directly on to the merchant. Interchange fees are easier to pass on as they are composed solely of a transactional fee, while payment network fees have the additional complexity of integrating a periodic payment as well as a transactional fee.

As a result of competitive pressures, merchant expectations, differences in Adyen's estimation of payment network fees and the actual fees charged by payment networks or for other reasons, Adyen may be unable to pass all payment network fees or fee increases on to its merchants, which could result in Adyen absorbing

a portion of such fees or fee increases in the future. In addition, regulators are subjecting interchange and other fees to increased scrutiny, and new regulations could require greater pricing transparency of the breakdown in fees, which could lead to increased price-based competition, lower margins and higher rates of merchant attrition. Furthermore, if competition causes Adyen to reduce the fees it charges in order to attract or retain merchants, there is no assurance Adyen would be able to successfully control its costs in order to maintain its profit margins. Adyen's inability to pass on fees or fee increases from payment networks on to its merchants or maintain its profit margins could adversely affect its business, financial condition, results of operations and prospects.

Adyen is subject to credit risks in respect of counterparties, including other financial institutions.

Adyen is and will continue to be subject to the risk of actual or perceived deterioration of the commercial and financial soundness, or perceived soundness, of other financial institutions, in particular in relation to receivables from financial institutions regarding settled payment transactions, and cash and cash-equivalents held at financial institutions. One institution defaulting, failing a stress test or requiring bail-in by its shareholders and/or creditors and/or bail-out by a government could lead to significant liquidity problems and losses or defaults by other institutions. For example, the bankruptcy of Lehman Brothers in 2008 led to this situation, as the commercial and financial soundness of many financial institutions at the time were closely related due to their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty or major financial institution may lead to market-wide liquidity problems and losses or defaults by financial institutions on which Adyen has an exposure. This risk resulting from the interdependence on financial institutions is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as industry payment systems and banks, with whom Adyen interacts on a daily basis. Systemic risk, particularly within the European Union or otherwise affecting the Netherlands, could have a material adverse effect on Adyen's ability to raise new funding and on its business, financial condition, results of operations and prospects.

In addition, Adyen has credit risk on the contract assets described in *Operating and Financial Review – Liquidity and Capital Resources*, and in the future Adyen may have credit exposures arising from its intention to offer its merchants a pre-financing service, which it refers to as "Sales Day Payout". If Adyen is unable to manage such credit risk effectively, its business, financial condition, results of operations and prospects could be materially adversely affected.

Adyen's international operations are subject to increased risks, which may materially and adversely affect its business, financial condition, results of operations and prospects.

Approximately 31% of Adyen's net revenue for the year ended 31 December 2017 was billed to merchant entities in non-EU countries, including in the United States, Hong Kong, Brazil, Mexico, Australia, New Zealand, South Korea and Singapore. In addition to uncertainty about Adyen's ability to generate net revenue from its foreign operations and expand into international markets, and the foreign currency risks discussed earlier in this "Risk Factors" section under the caption "Adyen is exposed to fluctuations in foreign currency exchange rates", there are risks inherent in doing business internationally on both a domestic (i.e., in-country) and cross-border basis, including:

- expenses associated with localizing Adyen's products and services and merchant and shopper data, including offering merchants and shoppers the ability to transact business in the local currency and adapting Adyen's products and services to local preferences (e.g., payment methods) with which Adyen may have limited or no experience;
- trade barriers and changes in trade regulations;
- difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences;
- stringent local labor laws and regulations;
- credit risk and higher levels of payment fraud;
- profit repatriation restrictions, foreign currency exchange restrictions or extreme fluctuations in foreign currency exchange rates for a particular currency;

- political or social unrest, economic instability, repression, or human rights issues;
- geopolitical events, including natural disasters, public health issues, acts of war, and terrorism;
- import or export regulations;
- compliance with EU, US and other foreign laws prohibiting corrupt payments to government officials, such as the Foreign Corrupt Practices Act and the UK Bribery Act, and other local anticorruption laws;
- compliance with EU, US and other foreign laws designed to combat money laundering and the financing of terrorist activities;
- antitrust and competition regulations;
- potentially adverse tax developments and consequences, for example triggered by different viewpoints from local tax authorities on how local tax legislation applies to Adyen's local activities;
- economic uncertainties relating to sovereign and other debt;
- different, uncertain, or more stringent user protection, data protection, privacy, and other laws;
- risks related to other government regulation or required compliance with local laws;
- data localization requirements;
- risks related to multiple overlapping legal or regulatory regimes, which may impose conflicting requirements on Adyen;
- national or regional differences in macroeconomic growth rates;
- local licensing and reporting obligations; and
- increased difficulties in collecting accounts receivable.

Violations of the complex domestic, EU, US and other foreign laws, rules and regulations that apply to Adyen's international operations may result in fines, criminal actions, or sanctions against Adyen, its officers, or its employees; prohibitions on the conduct of its business; and damage to its reputation. Although Adyen has implemented policies and procedures designed to promote compliance with these laws, violations by its employees, contractors, or agents could nevertheless occur. These risks are inherent in Adyen's international operations and expansion, may increase its costs of doing business internationally, and may materially and adversely affect its business, financial condition, results of operations and prospects.

If Adyen does not continue to improve its operational, financial and other internal controls and systems to manage growth effectively, its business, financial condition, results of operations and prospects may be materially and adversely affected.

Adyen's current business and anticipated growth will continue to place significant demands on its management and other resources. In order to manage its growth effectively, Adyen must continue to strengthen its existing infrastructure and operational procedures, enhance its internal controls and reporting systems, and ensure Adyen timely and accurately addresses issues as they arise. In particular, its continued growth will increase the challenges involved in:

- preserving Adyen's core values, strategies, and goals and effectively communicating these to its employees worldwide and
- enhancing internal controls and procedures for financial reporting and accounting systems.

If Adyen is not successful in developing and implementing the right processes and tools to manage its enterprise, its ability to compete successfully and achieve its business objectives could be impaired. These

efforts may require substantial financial expenditures, commitments of resources, developments of its processes, and other investments and innovations.

The requirements of being a public company may strain Adyen's resources and distract its management, which could make it difficult to manage its business.

As a public company with Ordinary Shares traded on an exchange located in the Netherlands, Adyen will incur legal, accounting and other expenses that Adyen did not previously incur. Adyen will become subject to the reporting requirements of the Netherlands Authority for the Financial Markets (the "AFM"), the listing requirements of Euronext Amsterdam, the Dutch Corporate Governance Code and other applicable securities rules and regulations. In addition, Adyen will become subject to market abuse regulations relating to, *inter alia*, the prevention of insider dealing and market manipulation, the public disclosure of inside information, the use of insider lists and the regulation of manager's transactions (see "*Description of share capital – Market Abuse Rules*").

Compliance with these rules and regulations will increase Adyen's legal and financial compliance costs, make some activities, such as sales, marketing, and recruitment, more difficult, time-consuming or costly and increase demand on its systems and resources. The Dutch Financial Supervision Act and the Dutch Civil Code require that Adyen files annual and current reports with respect to its business, financial condition and results of operations. The Dutch Financial Supervision Act and the Dutch Corporate Governance Code require, among other things, that Adyen establishes and maintains effective internal controls and procedures for financial reporting. Furthermore, the need to establish appropriate corporate infrastructure and a focus on the complex day-to-day operations of a growing public company may divert Adyen's management's attention from implementing its growth strategy, which could prevent Adyen from improving its business, financial condition and results of operations. Adyen has made, and will continue to make, changes to its internal controls and procedures for financial reporting and accounting systems to meet its reporting obligations as a public company; however, the measures Adyen takes may not be sufficient to satisfy its obligations as a public company. In addition, these rules and regulations will increase its legal and financial compliance costs and will make some activities more time-consuming and costly. For example, Adyen expects these rules and regulations to make it more difficult and more expensive for Adyen to obtain director and officer liability insurance, and Adyen may be required to incur substantial costs to maintain the same or similar coverage. These additional obligations could have a material adverse effect on Adyen's business, financial condition, results of operations and cash flow.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as regulatory and governing bodies provide new guidance. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Adyen intends to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of its management's time and attention from revenue-generating activities to compliance activities. If Adyen's efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against Adyen and its business, financial condition, results of operations and cash flow could be materially and adversely affected.

Adyen may not be able to secure financing on favorable terms, or at all, to meet its future capital needs.

Adyen has funded its operations since inception primarily through equity financings. Adyen is currently able to generate sufficient cash to fund its ongoing operations, but there is no guarantee that Adyen will be able to continue to do so in the future. In the future, Adyen may require additional capital to respond to business opportunities (including back-to-back financing of Sales Day Payout, which may involve pre-financing to merchants), refinancing needs, regulatory requirements, acquisitions, or unforeseen circumstances and may decide to engage in equity or debt financings or enter into credit facilities for other reasons, and Adyen may not be able to secure any such debt or equity financing or refinancing on favorable terms, in a timely manner, or at all. Any debt financing obtained by Adyen in the future could also involve restrictive covenants relating to Adyen's capital-raising activities and other financial and operational matters, which may make it more difficult for Adyen to obtain additional capital and to pursue business opportunities, including potential acquisitions.

If Adyen raises additional funds through further issuances of equity, convertible debt securities, or other securities convertible into equity, its existing shareholders could suffer significant dilution in their percentage ownership of its company, and any new equity securities Adyen issues could have rights, preferences, and privileges senior to those of holders of its Ordinary Shares. If Adyen is unable to obtain adequate financing or financing on terms satisfactory to Adyen when it requires it, its ability to continue to grow or support its business and to respond to business challenges could be significantly limited which may materially and adversely affect its business, financial condition, results of operations and prospects.

Adyen is subject to scrutiny under antitrust and competition laws.

Adyen is subject to scrutiny by various government agencies under EU, US and other foreign laws and regulations, including antitrust and competition laws. An increasing number of jurisdictions also provide private rights of action for competitors or merchants to assert claims of anti-competitive conduct. Other companies and government agencies may in the future allege that Adyen's actions violate the antitrust or competition laws of the European Commission, or the US, individual states, other countries, or otherwise constitute unfair competition. An increasing number of governments are regulating competition law activities. Adyen's business agreements or arrangements with merchants or other companies could give rise to regulatory action or antitrust litigation. Some regulators, particularly those outside of the EU and US, may perceive Adyen's business to be used so broadly that otherwise uncontroversial business practices could be deemed anticompetitive. Any claims or investigations, even if without foundation, may be very expensive to defend or respond to, involve negative publicity and substantial diversion of management time and effort, and could result in reputational harm, significant judgments against Adyen, or require Adyen to change its business practices, which may materially and adversely affect its business, financial condition, results of operations and prospects.

Adyen may be subject to patent litigation.

At any given time, Adyen may be a defendant in a number of patent lawsuits, including for allegedly infringing other parties' patents, and be notified of other potential patent disputes. Adyen expects that it will increasingly be subject to patent infringement claims because, among other reasons:

- Adyen's products and services continue to expand in scope and complexity;
- Adyen continues to expand into new business areas; and
- the number of patent owners who may claim that Adyen or its merchants infringe their patents, and the aggregate number of patents controlled by such patent owners, continues to increase.

Such claims may be brought directly against Adyen or against merchants whom Adyen may indemnify either because Adyen is contractually obligated to do so or it chooses to do so as a business matter. Adyen believes that an increasing number of these claims against technology companies have been, and continue to be, initiated by third-parties whose sole or primary business is to assert such claims. In addition, there have been significant patent disputes between operating companies in some technology industries. Patent claims, whether meritorious or not, are time-consuming and costly to defend and resolve, and could require Adyen to make expensive changes in Adyen's methods of doing business, such as entering into costly royalty or licensing agreements, making substantial payments to satisfy adverse judgments or settle claims or proceedings, or cease conducting certain operations, which would materially and adversely affect its business, financial condition, results of operations and prospects.

Adyen may be unable to adequately protect or enforce its intellectual property rights, or third-parties may allege that Adyen is infringing their intellectual property rights.

As substantially all of Adyen's intellectual property is developed in-house, the protection of such intellectual property, including Adyen's platforms, trademarks, copyrights, domain names, trade dress, and trade secrets, is important to the success of its business. Adyen seeks to protect its intellectual property rights by relying on applicable laws and regulations in the EU, US and internationally, as well as a variety of administrative procedures. Adyen also relies on contractual restrictions to protect its proprietary rights when offering or procuring products and services, including confidentiality and invention assignment agreements entered into with its employees and contractors and confidentiality agreements with parties with whom it conducts business.

Adyen pursues registration of trademarks and domain names in the Netherlands, EU, United States and in certain other jurisdictions, but doing so may not always be successful or cost-effective. In general, Adyen may be unable or, in some instances, choose not to obtain legal protection for its intellectual property, and its existing and future intellectual property rights may not provide Adyen with competitive advantages or distinguish its products and services from those of its competitors. The laws of some foreign countries do not protect Adyen's intellectual property rights to the same extent as the laws of the Netherlands, the EU, or the United States, and effective intellectual property protection and mechanisms may not be available in those jurisdictions. Adyen may need to expend additional resources to defend its intellectual property in these countries, and the inability to do so could impair its business or adversely affect its international expansion. Adyen's intellectual property rights may be contested, circumvented, or found unenforceable or invalid, and Adyen may not be able to prevent third-parties from infringing, diluting, or otherwise violating them and Adyen may be required to expend significant time and expense in order to prevent infringement or to enforce Adyen's rights.

There can be no assurance that Adyen will be successful in protecting or enforcing its rights in every jurisdiction, or that contractual arrangements and other steps that Adyen has taken to protect its intellectual property will prevent third-parties from infringing or misappropriating its intellectual property or deter independent development of equivalent or superior intellectual property rights by others. If Adyen is unable to prevent third-parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate its trademark rights, the value of its brands could be diminished and its business could be adversely affected. Also, Adyen may not be able to discover or determine the extent of any unauthorized use of its proprietary rights. Adyen has licensed in the past, and expects to license in the future, certain of its proprietary rights, such as trademarks or copyrighted material, to others. These licensees may take actions that diminish the value of Adyen's proprietary rights or harm its reputation. Any failure to adequately protect or enforce Adyen's intellectual property rights, or significant costs incurred in doing so, could diminish the value of its intangible assets and materially and adversely affect its business, financial condition, results of operations and prospects.

As the number of products in the technology and payments industries increases and the functionality of these products further overlaps, Adyen may become increasingly subject to intellectual property infringement and other claims. Litigation may be necessary to determine the validity and scope of the patent and other intellectual property rights of others. The ultimate outcome of any allegation is often uncertain and, regardless of the outcome, any such claim, with or without merit, may be time-consuming, result in costly litigation, divert management's time and attention from Adyen's business, and require Adyen to, among other things, stop providing transaction processing and other payment-related services or redesign, stop selling its products or services, pay substantial amounts to satisfy judgments or settle claims or lawsuits, pay substantial royalty or licensing fees, or satisfy indemnification obligations that Adyen has with certain parties with whom Adyen has commercial relationships. Adyen's failure to obtain necessary license or other rights, or litigation or claims arising out of intellectual property matters, may materially and adversely affect its business, financial condition, results of operations and prospects.

Adyen may be subject to general litigation, regulatory disputes and government inquiries.

Adyen may be subject to claims, individual and class action lawsuits, government and regulatory investigations, inquiries or requests, and other proceedings involving competition and antitrust law, intellectual property, privacy, data protection, information security, anti-money laundering, counter-terrorist financing, sanctions, anti-corruption, consumer protection, accessibility claims, securities, tax, labor and employment, payment network rules, commercial disputes, services, and other matters. The number and significance of Adyen's actual disputes and inquiries have increased as Adyen has grown larger, its business has expanded in scope and geographic reach, and its products and services have increased in complexity. In particular, Adyen's business could be faced with consumer protection and intellectual property litigation and Adyen's transition from a licensed payment service provider to a licensed bank is likely to increase the number of regulatory investigations, inquiries and requests and increases the risk of regulatory measures. In addition, the laws, rules and regulations affecting its business, including those pertaining to Internet and mobile commerce and payment and other banking services, are subject to ongoing interpretation by the courts and governmental and supervisory authorities, and the resulting uncertainty in the scope and application of these laws, rules and regulations increases the risk that Adyen will be subject to private claims, governmental and regulatory actions alleging violations of those laws, rules and regulations, including possible administrative fines or a regulatory order (*aanwijzing*). See "*Risk Factors – The regulatory environment to which Adyen is subject, gives rise to significant legal and financial compliance costs and management time, and non-compliance could result in monetary and reputational*

damages, all of which could have a material adverse effect on Adyen's business, financial position and results of operations.").

Resolving one or more legal or regulatory proceedings could potentially require Adyen to make substantial payments to satisfy judgments, fines or penalties or to settle claims or proceedings, any of which may materially and adversely affect Adyen's business, financial condition, results of operations and prospects. These proceedings could also result in reputational harm, criminal sanctions, consent decrees, or orders preventing Adyen from offering certain products or services, requiring a change in Adyen's business practices in costly ways or development of non-infringing or otherwise altered products or technologies. Any of these consequences may materially and adversely affect Adyen's business, financial condition, results of operations and prospects.

Adyen may have exposure to greater than anticipated tax liabilities.

The determination of Adyen's worldwide provision for income taxes, value-added taxes and other tax liabilities requires estimation and significant judgment, and there are many transactions and calculations where the ultimate tax determination is uncertain. Like many other multinational corporations, Adyen is subject to tax in multiple EU, US and other foreign tax jurisdictions. Adyen's determination of its tax liability is always subject to audit and review by applicable domestic and foreign tax authorities. Any adverse outcome of any such audit or review could have a negative effect on Adyen's business and the ultimate tax outcome may differ from the amounts recorded in its financial statements and may materially affect its financial results in the periods for which such determination is made. While Adyen has established reserves based on assumptions and estimates that Adyen believes are reasonable to cover such eventualities, these reserves may prove to be insufficient.

In addition, Adyen's future income taxes could be adversely affected by earnings being lower than anticipated, or by the incurrence of losses, in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of its deferred tax assets and liabilities, as a result of gains on its foreign exchange risk management program, or changes in tax laws, regulations, or accounting principles, as well as certain discrete items.

Various levels of government, such as the EU and US federal and state legislatures, and international organizations, such as the Organization for Economic Co-operation and Development ("**OECD**"), are increasingly focused on tax reform and other legislative or regulatory action to increase tax revenue, such as, for example, the proposed EU Tax on Digital Services (DST), which as of the date of this Prospectus remains in draft form. One of the key proposals of the draft DST is a 3% tax on gross revenue that is generated from digital services and, while this proposal includes an exemption for revenue generated from "payment services", only limited guidance has been provided on this exemption as of the date of this Prospectus. Any such tax reform or other legislative or regulatory actions could increase Adyen's effective tax rate which may materially and adversely affect its business, financial condition, results of operations and prospects.

Adyen and its merchants may be subject to sales reporting and record-keeping obligations.

A number of EU countries, US states, the US federal government and foreign countries have implemented or are in the process of implementing reporting or record-keeping obligations on companies that engage in or facilitate e-commerce to improve tax compliance. Adyen has modified its software to meet known requirements and expects that further modifications will be required to comply with future requirements, which may change its merchant experience and increase operational costs. Any failure by Adyen to comply with these and similar reporting and recordkeeping obligations could result in substantial monetary penalties and other sanctions, impact its ability to do business in certain jurisdictions, and materially and adversely affect its business, financial condition, results of operations and prospects.

Acquisitions, joint ventures, strategic investments, and other strategic transactions could result in operating difficulties and may materially and adversely affect Adyen's business, financial condition, results of operations and prospects.

In the future, Adyen may evaluate and consider a wide array of potential strategic transactions as part of its overall business strategy, including business combinations, acquisitions, and dispositions of certain businesses, technologies, services, products, and other assets, as well as joint ventures, strategic

investments, and commercial and strategic partnerships. These transactions may involve significant challenges and risks.

At any given time Adyen may be engaged in discussions or negotiations with respect to one or more of these or other types of transactions, any of which could, individually or in the aggregate, be material to its financial condition and results of operations. There can be no assurance that Adyen will be successful in identifying, negotiating, and consummating favorable transaction opportunities. It may take Adyen longer than expected to fully realize the anticipated benefits of these transactions, and those benefits may ultimately be smaller than anticipated or may not be realized at all, which could adversely affect Adyen's business and operating results. Any acquisitions or dispositions may also require Adyen to issue additional equity securities, spend Adyen's cash, or incur debt (and increased interest expense), liabilities, and amortization expenses related to intangible assets or write-offs of goodwill, which could adversely affect its business, financial condition, results of operations and prospects and dilute the economic and voting rights of its shareholders.

Adyen relies on third-parties in aspects of its business, which creates additional risk.

Adyen relies on third-parties in aspects of its business, including payment networks (such as Visa and Mastercard), banks and payment gateways that link Adyen to the card and bank clearing networks to process transactions and third-party software providers.

Third-parties that Adyen relies on to process transactions may refuse to process transactions adequately, may breach their agreements with Adyen, refuse to renew agreements on commercially reasonable terms, take actions that degrade the functionality of its services, impose additional costs or requirements on Adyen, or give preferential treatment to competitive services or suffer outages in their systems, any of which could disrupt Adyen's operations and materially and adversely affect its business, financial condition, results of operations and prospects.

Some third-parties that provide services to Adyen may have or gain market power and be able to increase their prices to Adyen without competitive constraint. In addition, there can be no assurance that third-parties that provide services directly to Adyen will continue to do so on acceptable terms, or at all, or will not suffer from outages to their systems. If any third-parties were to stop providing services to Adyen on acceptable terms, Adyen may be unable to procure alternatives from other third-parties in a timely and efficient manner and on acceptable terms, or at all, which may materially and adversely affect its business, financial condition, results of operations and prospects.

Adyen's retail point of sale solutions expose Adyen to additional risks.

In addition to traditional point of sale solutions, Adyen considers the POS terminals as accessory to providing POS transaction processing services and Adyen currently does not target the sale of POS terminals to be a substantial profit contributor, as the sale price charged to merchants is mainly intended to cover Adyen's purchase and logistics costs for these terminals. Adyen has entered into strategic partnerships with a number of stakeholders to further expand its relationship with these companies in a way that will make it easier for merchants to accept and shoppers to choose to pay for transactions utilizing these companies' credit and debit cards.

As Adyen continues to expand its product and service offerings at the retail point of sale, it will face additional risks, including:

- increased expectations from offline retailers regarding the reliability and availability of Adyen's systems and services and correspondingly lower amounts of downtime, which Adyen may not be able to meet;
- increased targeting by fraudsters; Adyen may experience increases in fraud and associated transaction losses as it adjusts to fraudulent activity at the point of sale;
- exposure to product liability claims to the extent that hardware devices that Adyen provides for use at the retail point of sale malfunction or are not in compliance with laws, which could result in substantial liability and require product recalls or other actions;
- exposure to additional laws, rules and regulations;

- increased reliance on third-parties involved with processing in-store payments, including independent software providers, electronic point of sale providers, hardware providers (such as POS terminal, cash register and pin-pad providers) and banks that enable in-store transactions;
- supply chain issues at or termination of partnerships by hardware vendors;
- resource constraints at merchants, which could cause delays in the installation of POS terminals in stores;
- constraints in key resources to develop POS software or support merchants with the installation of POS terminals; and
- potentially lower income before interest income, interest expense and income taxes than from Adyen's other payment solutions.

Unless Adyen is able to successfully manage these risks, including driving adoption of, and significant volume through, its retail point of sale solutions over time, its business, financial condition, results of operations and prospects may be materially and adversely affected.

Adyen may fail to achieve any or all of the financial objectives included in this Prospectus.

Adyen has set itself a number of financial objectives, which are described elsewhere in this Prospectus. Adyen's ability to achieve these financial objectives depends on Adyen's ability to successfully execute its strategy and on the accuracy of a number of assumptions upon which they are based. These assumptions involve factors that are substantially or entirely beyond Adyen's control and are subject to known and unknown risks, including the risks described in this section "Risk Factors", uncertainties and other factors that may result in Adyen's inability to achieve its financial objectives. See "*Business – Financial Objectives*". In particular, Adyen's ability to successfully implement its strategy and achieve its financial objectives may be impacted by factors such as general economic and business conditions, developments with respect to the regulatory and tax framework applicable to Adyen's industry and Adyen's business and competition in Adyen's industry, all of which are outside of Adyen's control. If one or more of the assumptions that Adyen has made in setting its financial objectives is inaccurate, or if one or more of the risks described in this section were to occur, Adyen may be unable to achieve one or more of its financial objectives.

Risks Related to Supervision and Regulation

The regulatory environment to which Adyen is subject gives rise to significant legal and financial compliance costs and management time, and non-compliance could result in monetary and reputational damages, all of which could have a material adverse effect on Adyen's business, financial position and results of operations.

On 25 April 2017, Adyen obtained a banking license from the European Central Bank ("ECB"). This marked Adyen's transition from a licensed and regulated payment service provider to a licensed bank. Under the single supervisory mechanism ("SSM"), setting out the supervisory framework in the Banking Union, the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "DNB") is the primary prudential supervisory authority of Adyen. As a bank, Adyen is subject to extensive laws and regulations applicable to licensed banks in the Netherlands, the Eurozone and the EU. In certain other jurisdictions Adyen has also obtained regulatory licenses to conduct its business, including the US, where Adyen has obtained money transmitter licenses. For further information on Adyen's regulatory status and the regulatory laws and regulation to which it is subject, see chapter "*Supervision and Regulation*".

There can be no assurance that Adyen will be able to obtain any of the required regulatory licenses, certifications and regulatory approvals in the countries where Adyen provides its services. Furthermore, where Adyen has obtained such regulatory licenses, certifications and regulatory approvals, there are substantial costs and potential product changes involved in maintaining such regulatory licenses, certifications, and approvals, and Adyen could be subject to fines or other enforcement action if Adyen is found to violate disclosure, reporting, anti-money laundering, capitalization, corporate governance or other requirements of such licenses. These factors could impose substantial additional costs and involve considerable delay to the development or provision of Adyen's products or services, or could require

significant and costly operational changes or prevent Adyen from providing any products or services in a given market.

The regulatory laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity or unclear application to the business of non-traditional market participants such as Adyen. As a result, their application in practice may evolve over time as new guidance is provided by supervisory authorities and the interpretation of requirements by supervisory authorities and courts may be further clarified over time. If Adyen's efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory bodies or supervisory authorities due to ambiguities related to their interpretation, application and practice, supervisory authorities may initiate legal and regulatory proceedings against Adyen and its business, reputation, financial condition, results of operations and cash flow could be materially and adversely affected.

For instance, although DNB is Adyen's primary prudential supervisory authority, the ECB may give instructions to DNB or even assume direct supervision over certain prudential aspects of Adyen's business. Furthermore, the ECB has collected and adopted best practices in the Eurozone and is expected to continue to do so which may lead to further harmonization of supervisory practices in the Eurozone. This practice has previously resulted in changes in the interpretation of regulations which has impacted and may further impact and change local practices as they currently exist and are adopted by DNB. No assurance can be given that newly adopted practices remain consistent with current practices and interpretation.

In addition, in certain countries it may not be clear whether Adyen is required to be licensed as a payment services provider, bank, financial institution or otherwise. In such markets, Adyen relies and may in the future rely on local banks to process payments and conduct foreign exchange transactions in local currency. Local regulators may use their power to slow or halt payments to local merchants conducted through local banks or otherwise prohibit Adyen from doing business in a country. The above requires the local businesses to liaise in a timely manner with Adyen's central legal and compliance departments.

Adyen and its local businesses do not only need to comply with the local laws and regulations, but also with certain laws and regulations with worldwide application, including certain European legislation and the US Foreign Account Tax Compliance ("FATCA") regime. Further, because Adyen's services are accessible worldwide and Adyen facilitates sales of goods and provides services to merchants worldwide, one or more jurisdictions may claim that Adyen or its merchants are required to comply with their laws. Laws regulating the Internet, mobile and related technologies outside of the EU and US often impose different, more specific, or even conflicting obligations on Adyen, as well as broader liability. For example, certain transactions that may be permissible in a local jurisdiction may be prohibited by regulations of US Department of Treasury's Office of Foreign Assets Control (OFAC) or US anti-money laundering or counter-terrorist financing regulations.

If Adyen is unable to commit sufficient resources for regulatory compliance, this could lead to delays and errors, and may force it to choose between prioritizing compliance matters over administrative support for business activities, or may ultimately force Adyen to cease the offering of certain products or services. Any delays or errors in implementing regulatory compliance could lead to substantial monetary damages and fines, public reprimands, a material adverse effect on Adyen's reputation, regulatory measures in the form of cease and desists orders, increased regulatory compliance requirements or other potential regulatory restrictions on Adyen's business, enforced suspension of operations and in extreme cases, withdrawal of regulatory licenses or authorizations to operate particular businesses, or criminal prosecution in certain circumstances.

In addition to non-compliance by Adyen itself, Adyen may in the future suffer negative consequences of non-compliance by the merchants that have direct access to its systems. Adyen may also suffer negative consequences of merchants operating businesses or schemes in violation of applicable rules and regulations whose activities Adyen could be held to monitor and, where applicable, to denounce or to interrupt its extension of services to such merchants and, if necessary, terminate the relationship with such merchants. Adyen may be required to make greater expenditures and devote additional resources and management time to addressing these liabilities and requirements, which could have an adverse effect on Adyen's business, financial position and results of operations.

The above regulatory environment and any other present or future changes that could limit Adyen's ability to manage effectively its balance sheet, liquidity position and capital resources (including, for example,

reductions in profits and retained earnings and access to funding sources) could have a material effect on its business, financial condition and results of operations.

The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect Adyen's business, financial position, results of operations and prospects.

In pursuit of a broad reform and restructuring of financial services regulation, national and supra-national legislatures and supervisory authorities, predominantly in Europe and in the United States but also elsewhere, continue to introduce and implement a wide range of proposals that could result in major changes to the way Adyen's global operations are regulated and could have adverse consequences for its business, business model, financial position, results of operations, reputation and prospects. These changes could materially impact the profitability of Adyen's businesses or the value of its assets, require changes to business practices or force Adyen to discontinue businesses and expose Adyen to additional costs, taxes, liabilities, enforcement actions and reputational risk and are likely to have a material impact on Adyen.

Recent and ongoing prudential, conduct of business and other initiatives and new laws and regulations, include those described in the chapter "*Supervision and Regulation*". These initiative, laws and regulations *inter alia* cover the following topics:

- capital, liquidity and leverage ratio requirements. For example, on 23 November 2016 the European Commission published proposals (the "**EU Banking Reform Proposals**") to amend and supplement the Capital Requirements Directive (2013/36/EU) ("**CRD IV**") and the Capital Requirements Regulation ((EU) No 575/2013) ("**CRR**");
- rules on bank recovery and resolution, for example the EU Banking Reform Proposals contain proposed amendments to the Bank Recovery and Resolution Directive (Directive 2014/59/EU) ("**BRD**") and the SRM Regulation and proposals to change the bank creditor hierarchy in insolvency;
- proposals to set up a European deposit guarantee scheme as published by the European Commission in November 2017;
- changes to the regulation of payment services in the EU, including the EU's new Payment Services Directive (2015/2366/EU) ("**PSD2**"), which entered into force on 13 January 2018 and is expected to be implemented in the Netherlands in the course of 2018); and
- other rules and regulation relevant for the financial services industry, such as rules on data protection (including GDPR) or cybersecurity (such as the Network and Information Security Directive ((EU) 2016/1148)).

The timing and full impact of new laws and regulations, including the initiatives described above, cannot be determined yet and are beyond Adyen's control. The introduction of these and other new rules and requirements could significantly impact the manner in which Adyen operates, particularly in situations where regulatory legislation can interfere with or even set aside national private law. New requirements may adversely affect Adyen's business, capital and risk management strategies and may result in Adyen deciding to modify its legal entity structure, capital and funding structures and business mix or exit certain business activities altogether or determine not to expand in certain business areas despite their otherwise attractive potential.

The large number of legislative initiatives, in particular with respect to the financial services industry, requires constant attention from Adyen's senior management and consumes significant levels of resources to identify and analyze the implications of these initiatives. Adyen may have to adapt its strategy, operations and businesses, including policies, procedures and documentation, to comply with these new legal requirements. Based on the volume of existing initiatives, it cannot be excluded that certain new requirements will not be implemented in a timely fashion or implemented without errors or in a manner satisfactory to the applicable supervisory authority, resulting in non-compliance and possible associated negative consequences, such as administrative fine or public reprimands. Additionally, Adyen may be forced to cease to serve certain types of merchants or cease to offer certain services or products as a result of new requirements. Any of the other above factors, events or developments may materially adversely affect Adyen's businesses, financial position and results of operations and prospects.

As a result of capital and/or liquidity requirements, Adyen may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance.

Effective management of Adyen's capital and liquidity is critical to its ability to operate its businesses, to grow organically and to pursue its strategy. As a licensed bank, Adyen is required to maintain adequate capital resources and liquidity. The maintenance of adequate capital and liquidity is also necessary for Adyen's financial flexibility in the face of turbulence and uncertainty in the global economy.

In particular, since Adyen obtained its banking license on 25 April 2017, it is subject to the capital and liquidity requirements described in the chapter "*Supervision and Regulation*", under "*SREP and Pillar II Measures*" and "*Capital and Liquidity Requirements*", which include the minimum own funds requirements promulgated under CRR and the minimum combined buffer requirement ("**CBR**") promulgated under CRD IV as implemented in the Dutch Financial Supervision Act, the implementing Decree on prudential rules Dutch Financial Supervision Act (*Besluit Prudentiële regels Wft*) and the Regulation on specific provisions CRD IV and CRR (*Regeling specifieke bepalingen CRD IV en CRR*, the "**Regulation on specific provisions CRD IV and CRR**"). As part of the CBR, currently DNB has only imposed a capital conservation buffer on Adyen of 2.5% (on a fully phased-in basis). The CBR must be met with CET1 capital and is phased-in in quartiles from 1 January 2016 to fully apply as per 1 January 2019. Therefore, for the year 2018 Adyen's CBR will be 2.5%. However, in the future Adyen may need to comply with a higher CBR. For example, competent authorities may introduce a countercyclical capital buffer.

See "*Risk Management - Financial risk: Liquidity and funding risk - Risk mitigating measures*" for information on Adyen's capital and liquidity position under CRD IV and CRR known as at 31 December 2017.

The changes to applicable current or future capital and liquidity requirements may also require Adyen to raise additional regulatory capital or hold additional liquidity buffers, for example because of different interpretations of or methods for calculating risk exposure amounts or liquidity outflows or inflows, or because Adyen does not comply with ratios and levels, or instruments and collateral requirements that currently qualify as capital or capital risk mitigating techniques no longer do so in the future because of changes to the requirements or interpretations thereof.

If Adyen is unable to raise the requisite regulatory capital, it may be required to reduce the amount of its risk exposure amount or business levels, restrict certain activities or engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or at prices which would otherwise be attractive to Adyen and such inability to raise sufficient regulatory capital could have an adverse effect on the market's trust in respect of the long-term viability of Adyen, which could, for example, result in merchants engaging Adyen's competitors for the provision of payment products and services. As a result of stricter liquidity requirements or higher liquidity buffers, Adyen may be required to optimize its funding composition which may result in higher funding costs for Adyen, and in having to maintain buffers of liquid assets which may result in lower returns than less liquid assets. Furthermore, if Adyen is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations. In addition, with a net stable funding requirement and a leverage coverage ratio scheduled to be implemented through the EU Banking Reform Proposals, Adyen might be required to attract additional stable sources of funding, which may result in higher funding costs for Adyen.

The above changes and any other changes that limit Adyen's ability to manage effectively its balance sheet, liquidity position and capital resources going forward or to access funding sources, could have a material adverse impact on its financial position, regulatory capital position and liquidity provision.

Under CRD IV, banks that fail to have sufficient CET1 to meet the CBR will be subject to restrictions on discretionary payments (which would include dividend payments on the Ordinary Shares and payments of discretionary staff remuneration). The market price of the Ordinary Shares may be affected by any fluctuations in Adyen's CET1 ratio. In addition, a perceived or actual shortage of capital held by Adyen could result in actions by supervisory authorities. This may also affect Adyen's capacity to continue its business operations, generate a sufficient return on capital, pay future dividends or pursue strategic opportunities, impacting future growth potential. Such changes could have a material adverse effect on Adyen's business, financial condition, results of operations and prospects and the price of the Ordinary Shares and the liquidity of the market for Ordinary Shares. If, in response to any capital shortage, Adyen raises additional capital through the issuance of share capital or capital instruments that are convertible to Adyen's shares, existing Shareholders may experience a dilution of their shareholdings.

Adyen is subject to stress tests and other regulatory enquiries, the outcome of which could materially and adversely affect Adyen's reputation, financing costs and trigger enforcement action by supervisory authorities. Stress tests could also bring to the surface information, which may result in additional regulatory requirements or measures being imposed or taken which could have a material adverse effect on Adyen's business, results of operations, profitability or reputation.

The banking sector is subject to periodic stress testing and other regulatory enquiries in respect of the resilience of banks to adverse market developments. Such stress tests are initiated and coordinated by the European Banking Authority ("EBA"). Stress tests and the announcements of their results by supervisory authorities can destabilize the banking or the financial services sector and lead to a loss of trust with regard to individual banks or financial services sector as a whole. The outcome of stress tests could materially and adversely affect Adyen's reputation, financing costs and trigger enforcement action by supervisory authorities. The outcome of stress tests could also result in Adyen having to meet higher capital and liquidity requirements, which could have a material adverse effect on Adyen's business, results of operations, profitability or reputation.

In addition, stress tests could divulge certain information that would not otherwise have surfaced or which until then, Adyen had not considered to be material and worthy of taking remedial action on. This could lead to certain measures or capital and funding requirements by supervisory authorities being imposed or taken, which could have a material adverse effect on Adyen's business, results of operations, profitability or reputation.

Bank recovery and resolution regimes may have a material adverse effect on Shareholders, including that a shareholder may lose all of its investment in the Ordinary Shares in the event that Statutory Loss Absorption occurs.

The BRRD provides a set of tools and powers available to competent authorities to intervene sufficiently early and quickly in an unsound or failing bank or investment firm (or certain group entities) so as to ensure the continuity of the bank's (or its group's) critical financial and economic functions, while minimizing the impact of its failure on the economy and financial system. In addition, BRRD provides preferential ranking on insolvency for certain deposits that are eligible for protection by deposit guarantee schemes (including the uninsured element of such deposits and, in certain circumstances, deposits made in non-EEA branches of European Economic Area ("EEA") credit institutions). In furtherance of the BRRD, the SRM Regulation has established uniform rules and a uniform procedure for the resolution of entities within the EU Banking Union.

For an overview of the above recovery and resolution tools, powers and rules, see chapter "*Supervision and Regulation*", under "*Recovery and Resolution*".

Exercise of the recovery and resolution tools and powers could involve taking various actions in relation to Adyen or any securities issued by Adyen (including the Ordinary Shares) without the consent of Shareholders, such as the write-down or cancellation of shares or the conversion of capital instruments into shares. In addition, Shareholders will have no further claims in respect of any shares. There can be no assurance that the taking of any such actions would not adversely affect the rights of Shareholders, the price or value of their investment in the Ordinary Shares. Shareholders may have only very limited rights to challenge and/or seek a suspension of any decision of the relevant resolution authority to exercise its (pre-)resolution powers or tools or to have that decision reviewed by a judicial or administrative process or otherwise. Shareholders will have no further claims in respect of the Ordinary Shares cancelled as a result of the application of such measures.

The Dutch Intervention Act, the BRRD, the SRM and the Revised State Aid Guidelines could negatively affect the position of Shareholders, in particular if and when any of the above proceedings would be commenced against Adyen, since the application of any such legislation may affect the rights and effective remedies of Shareholders as well as the market value of the Ordinary Shares.

The Dutch Intervention Act, the BRRD and the SRM Regulation and the temporary state aid rules for assessing public support to financial institutions during the crisis (as adopted on 10 July 2013 by the European Commission, the "**Revised State Aid Guidelines**") may increase Adyen's cost of funding and thereby have an adverse impact on Adyen's funding ability, financial position and results of operations. Therefore, in case of a capital shortfall, Adyen would first be required to carry out all possible capital raising

measures by private means, including issuing new shares which could dilute the shareholding of Shareholders, before being eligible for any kind of restructuring state aid.

The SRM provides for a resolution fund that will be financed by ex-ante individual contributions from banking entities included in the SRM (the "**Resolution Fund**"). In addition, where the funds of the Resolution Fund are not sufficient to cover the losses, costs or other expenses incurred by the use of the Resolution Fund in resolution actions, extraordinary ex-post contributions from the participating banks may be raised to a maximum of three times the annual amount of the individual contribution. This may have an impact on Adyen's capital and funding costs. See also "*Resolution Fund*" under the chapter "*Supervision and Regulation*".

Adyen may be subject to risk associated with deposit guarantee schemes and similar funds, which may increase Adyen's costs and have a material adverse effect on Adyen's business, results of operations, financial condition and prospects.

In the Netherlands and other jurisdictions deposit guarantee schemes and similar funds ("**Compensation Schemes**") have been implemented. In addition, the euro-wide deposit insurance scheme ("**EDIS**") was proposed by the European Commission on 24 November 2015. It is not yet clear whether and, if so, when EDIS will come into effect.

Pursuant to such schemes compensation may become payable to customers of financial services firms in the event the financial service firm is unable to pay, or unlikely to pay, claims against it. In many jurisdictions these Compensation Schemes are funded, directly or indirectly, by financial services firms which operate and/or are licensed in the relevant jurisdiction. Adyen is a participant in the Deposit Guarantee Scheme ("**DGS**"). The costs involved with making compensation payments under the DGS are allocated among the participating banks by DNB, based on an allocation formula related to their market shares. The ultimate costs to the industry of payments that may become due under the Compensation Schemes, remains uncertain, and Adyen is currently in discussion with DNB as to what portion of its funds falls within the scope of the DGS. The associated administrative burden, and potential costs, to Adyen may be significant and have a material adverse effect on its business, results of operations, financial condition and prospects.

See also "*Deposit Guarantee Scheme*" under the chapter "*Supervision and Regulation*".

Adyen is subject to changes in financial reporting standards or policies, including as a result of choices made by Adyen, which could materially adversely affect Adyen's reported results of operations and financial condition and may have a corresponding material adverse impact on capital ratios.

Adyen's consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), which are periodically revised or expanded. Accordingly, from time to time Adyen is required to adopt new or revised accounting standards issued by recognized bodies, including the International Accounting Standards Board ("**IASB**"). It is possible that future accounting standards and financial reporting standards or policies, including as a result of choices made by Adyen, which Adyen is required to adopt, could change the current accounting treatment that applies to its consolidated financial statements and that such changes could have a material adverse effect on Adyen's reported results of operations and financial condition and may have a corresponding material adverse effect on capital ratios.

PSD2 introduces new regulations for providers of payment services such as Adyen, which may have a material and adverse effect on Adyen's business, financial condition, results of operations and prospects and if Adyen fails to comply with these regulations, it may face administrative sanctions, criminal penalties and/or reputational damage.

Adyen is subject to complex and evolving Dutch, European and other jurisdiction's laws and regulations regarding the provision of payment services. In particular, PSD2 entered into force on 13 January 2018 and is expected to be implemented in the Netherlands in the course of 2018. PSD2 introduces new concepts such as strong customer authentication ("**SCA**") and third-party access to accounts ("**XS2A**"). See also "*Payment Services*" under the chapter "*Supervision and Regulation*".

Adyen currently expects that it needs to introduce SCA for a portion of the transactions it processes. Adyen relies on the exemptions for the application of SCA as documented in the RTS to reduce the impact for its

merchants. However, such exemptions may be interpreted and applied in a different manner as is currently expected by Adyen. For example, Adyen expects to be able to rely on the exemption that SCA is not required where transactions handled for specific merchants are determined by Adyen to be low risk, such as on the basis of historical fraud levels. However, if the exemption would be interpreted in a manner that does not allow Adyen to determine the risk on a merchant-by-merchant basis, but only for all merchants on an aggregated basis, Adyen may be required to apply SCA to all its merchants despite the risk being caused by one or a limited number of merchants. This may significantly increase the costs of compliance with the regulations and may make Adyen less attractive as a service provider for some of its merchants that would otherwise not be affected by the SCA rules. Adyen is working on alternative mitigation measures for its merchants in case the interpretation of the exemptions would not be in line with the regulatory expectations.

In addition, XS2A may increase competition from, and opportunities for, traditional and non-traditional third-party providers providing payment initiation services. For example, XS2A may result in a shift from card-based payments to account based payments, or may cause declining demand for Adyen's services, in particular if merchants were to accept payments directly from their shoppers through the intermediation of payment initiation service providers. This may have an adverse effect on Adyen's revenues and earnings in the event that account based payment methods within the proprietary payment networks that facilitate their own retail networks of globally operating merchants and merchant associations, such as Amazon and Alibaba, were to become the most used payment methods by shoppers and merchants. See also "*Risk Factors - Substantial and increasingly intense competition worldwide in the global payments industry may materially and adversely affect Adyen's business, financial condition, results of operations and prospects.*"

These regulations of payment services may have a material and adverse effect on Adyen's business, financial condition, results of operations and prospects and if Adyen fails to comply with these regulations, it may face administrative sanctions, criminal penalties and/or reputational damage.

Risks Related to the Offering and Adyen's Ordinary Shares

The Ordinary Shares in Adyen may be subject to market price volatility and the market price of the Ordinary Shares may decline in response to developments that are unrelated to Adyen's operating performance or beyond Adyen's control.

The Ordinary Shares in Adyen may be subject to market price volatility and the market price of the Ordinary Shares may decline in response to developments that are unrelated to Adyen's operating performance or beyond Adyen's control. The market price of the Ordinary Shares may be volatile and subject to wide fluctuations as a result of a variety of factors, including, but not limited to, those referred to in this "*Risk Factors*" as well as period-to-period variations in operating results or changes in net revenue or profit estimates by Adyen, industry participants or financial analysts. The market price of the Ordinary Shares could also be affected by developments unrelated to Adyen's operating performance or beyond Adyen's control, such as the operating and share price performance of other companies that investors may consider comparable to Adyen, speculation about Adyen in the press or the investment community, strategic actions by competitors, including acquisitions and/or restructurings, changes in market conditions and regulatory changes in any number of countries, whether or not Adyen derives significant net revenue therefrom. Developments beyond Adyen's control include but are not limited to:

- national and global macroeconomic and financial market conditions;
- actual or anticipated fluctuations in results of operations or financial condition;
- the entrance of new competitors or new products in the markets in which Adyen operates;
- adverse developments in legal or other proceedings or negative publicity associated therewith;
- regulatory changes affecting Adyen's business; and
- potential or actual sales of blocks of the Ordinary Shares in the market.

As a publicly traded company, the market price of the Ordinary Shares may also be impacted by market expectations for Adyen's financial performance and changes in the estimates of Adyen's results of operations by securities analysts, regardless of Adyen's actual results of operations and financial condition. Investors may not be able to sell their Ordinary Shares at or above the Offer Price.

Future sales or the possibility of future sales of a substantial number of Ordinary Shares, including by the Selling Shareholders, may adversely affect the market price of the Ordinary Shares.

The Selling Shareholders and Adyen have agreed with the Underwriters, pursuant to an underwriting agreement entered into on 5 June 2018 (the "**Underwriting Agreement**"), to restrictions on their ability to issue, sell or transfer Ordinary Shares for a period of 180 days after the Settlement Date. After the expiration of the applicable lock-up period, the Selling Shareholders may sell their respective Ordinary Shares or Adyen may sell additional Ordinary Shares in the public market. In addition, the Joint Global Coordinators have full discretion to waive the lock-up in connection with the Selling Shareholders and Adyen at any time before its expiry. This could also result in the Selling Shareholders and Adyen selling Ordinary Shares in the public market before expiry of the applicable lock-up periods. In addition, there could also be a perception in the market that such sales could occur due to the expiry of the relevant lock-up period or its waiver. See "*Plan of Distribution–Lock-Up Arrangements*".

The market price of the Ordinary Shares could decline if, following the Offering and after the expiration of the lock-up period, a substantial number of Ordinary Shares are sold by the Selling Shareholders or others in the public market or if there is a perception that such sales could occur. In addition, such sales could make it more difficult for Adyen to raise capital through the issuance of equity securities in the future.

There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained.

Prior to the Offering, there has been no public trading market for the Ordinary Shares. The Offer Price will be determined by the Selling Shareholders and Adyen after consultation with the Joint Global Coordinators and may not be indicative of the market price for the Ordinary Shares following admission. Although application has been made to list the Ordinary Shares on Euronext Amsterdam, Adyen can give no assurance of the extent to which investor interest in the Ordinary Shares will lead to the development of a trading market following the Offering, how liquid that market might be (with the Offer Shares representing up to a maximum of approximately 12.7% of the Company's issued and outstanding share capital assuming no exercise of the Over-Allotment Option at the lower-end of the Offer Price Range and up to a maximum of approximately 14.2% of the Company's issued and outstanding share capital assuming full exercise of the Over-Allotment Option at the lower-end of the Offer Price Range), or, if a trading market does develop, whether it will be sustained.

If an active and liquid trading market for the Ordinary Shares does not develop or is not sustained, this may result in lower trading prices and increased volatility, which could adversely affect the value of an investment in the Ordinary Shares, may cause the Ordinary Shares to trade at a discount to the Offer Price and may make it difficult for investors to sell any Ordinary Shares held by them at or above the price paid for such Ordinary Shares or at all.

Immediately after Settlement, the Selling Shareholders, either alone or acting together, will be in a position where they may continue to exert substantial influence on Adyen and the interests pursued by the Selling Shareholders could differ from the interests of Adyen's other shareholders.

Immediately after Settlement, the Selling Shareholders will continue to be Adyen's largest shareholders and will on aggregate hold up to approximately 74.8% of Adyen's issued and outstanding share capital (up to approximately 73.3% assuming full placement of the Offer Shares and the Over-Allotment Option is exercised in full). As a result, the Selling Shareholders will continue to be able to influence substantially or control matters requiring approval by the General Meeting, being the corporate body, or where the context so requires, the physical meeting of shareholders of Adyen, and may vote its Ordinary Shares in a way with which other shareholders do not agree. Therefore, the Selling Shareholders will be in a position to exert substantial influence on the General Meeting and, consequently, on matters decided by the General Meeting, including board appointments, the distribution of dividends, the amendment of the Articles of Association or any proposed capital increase. This concentration of ownership could adversely affect the trading volume and market price of the Ordinary Shares.

The interests of the Selling Shareholders could deviate from the interests of Adyen's other shareholders. The Selling Shareholders, as the major shareholders of Adyen, may delay, postpone or prevent transactions that might be advantageous for investors or other shareholders. In addition, the Selling Shareholders and/or their respective affiliates may, in the future and subject to applicable non-compete arrangements, own businesses that directly compete with Adyen.

The issuance of additional Shares in Adyen in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings.

Adyen may seek to raise financing to fund future acquisitions and other growth opportunities, invest in its business, or for general corporate purposes. Adyen may, for these and other purposes, such as in connection with share incentive and share option plans, issue additional equity or convertible equity securities. As a result, Adyen's existing Shareholders may suffer dilution in their percentage ownership or the price of the Ordinary Shares may be adversely affected (also see below "*Business – Material Contracts – Warrant Agreement*" and "*Shareholder Structure and Related Party Transactions – Shareholder Structure – Existing Shareholders*").

Adyen may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholdings in Adyen.

Adyen may in the future, subject to the lock-up arrangements in the Underwriting Agreement, seek to raise capital, for regulatory purposes or otherwise, through public or private equity financings by issuing additional Ordinary Shares, debt or equity securities convertible into Ordinary Shares or rights to acquire these securities and exclude the pre-emptive rights pertaining to the then outstanding Ordinary Shares. Any additional capital raised through the issue of additional Ordinary Shares may dilute an investor's shareholding interest in Adyen. Furthermore, any additional offering of Ordinary Shares by Adyen, or the public perception that an offering may occur, could also have a material adverse effect on the trading price of the Ordinary Shares and could increase the volatility in the trading price of the Ordinary Shares.

In the event of an increase in Adyen's share capital, Shareholders are generally entitled to full pre-emptive rights unless these rights are limited or excluded either by virtue of Dutch law, a resolution of the General Meeting upon the proposal of the Management Board, which is subject to the approval of the Supervisory Board, or by a resolution of the Management Board subject to the approval of the Supervisory Board if the Management Board has been designated by the General Meeting. The Management Board will be designated by the General Meeting prior to Settlement for a period of 18 months following Settlement to exclude or limit pre-emptive rights subject to limits as set out in this Prospectus. In addition certain Shareholders outside the Netherlands may not be able to exercise pre-emptive rights, and therefore suffer dilution, unless local securities laws have been complied with. In particular, US Holders (as defined in "*Taxation*") may not be able to exercise their pre-emptive rights or participate in a rights offer, as the case may be, unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements is available. Adyen cannot assure investors that any registration statement would be filed so as to enable the exercise of such holders' pre-emptive rights or participation in a rights offer.

In addition, Adyen may in the future issue regulatory capital instruments, the terms of which may contain provisions which, if triggered, could have a potential dilutive effect on an investor's shareholding interest in Adyen. For example, certain regulatory capital instruments contain loss absorption features which are triggered when certain regulatory capital ratios of the issuer fall below particular thresholds. One such loss absorption feature is conversion, where the capital instrument is converted into ordinary shares. If Adyen were to issue regulatory capital instruments with these features, a conversion of the capital instrument could severely dilute an investor's shareholding interest in Adyen and the market value of their Ordinary Shares could be materially and adversely affected.

The Offer Shares may trade below the Offer Price and investors could lose all or part of their investment.

The Offer Price may not be indicative for the market price of the Ordinary Shares after the Offering has been completed. The market price of the Ordinary Shares could also fluctuate substantially due to various factors, some of which could be specific to Adyen and its operations and some of which could be related to the industry in which Adyen operates and equity markets generally. See also "*Risk Factors—The Ordinary Shares in Adyen may be subject to market price volatility and the market price of the Ordinary Shares may decline in response to developments that are unrelated to Adyen's operating performance or beyond Adyen's control*". As a result of these and other factors, the Ordinary Shares may trade at prices significantly below the Offer Price. Adyen cannot assure that the market price of the Ordinary Shares will not decline and the Ordinary Shares may trade at prices significantly below the Offer Price, regardless of Adyen's actual operating performance. As a result, investors may not be able to (re)sell their Ordinary Shares at or above the Offer Price, or at all.

The payment of any future dividends will depend on Adyen's financial condition and results of operations.

Adyen intends to retain any profits to expand the growth and development of Adyen's business and, therefore, does not anticipate paying dividends to its Shareholders in the foreseeable future. See "*Dividend Policy*".

Distribution of dividends may take place after the adoption of the annual accounts by the General Meeting which show that the distribution is allowed. Adyen may only make distributions to its Shareholders insofar as Adyen's equity exceeds the sum of the paid-in and called-up share capital increased by the reserves as required to be maintained by Dutch corporate law or by the Articles of Association.

In addition, any distribution of dividends is subject to regulatory restrictions set out in CRR and CRD IV (as implemented in Dutch law). In particular, Adyen will be prevented from distributing dividends in circumstances where the relevant dividend payment would cause its CET1 to reach a level where Adyen no longer meets its CBR, would cause its distributable items (as defined in CRR) to be exceeded or, if Adyen no longer meets its CBR and when aggregated together with other distributions of the kind referred to in article 3:62b Dutch Financial Supervision Act implementing article 141(2) of CRD IV, would cause the relevant maximum distributable amount to be exceeded. In addition, the law implementing CRD IV and CRR allows DNB to restrict or prohibit dividend payments if in its view such measure is needed to strengthen Adyen's capital in view of prudential requirements.

The Management Board determines whether Adyen is able to make the distributions. Because Adyen is also a holding company that partly conducts its business through its subsidiaries, Adyen's ability to pay dividends may depend on Adyen's subsidiaries' distributions to Adyen. The amount and timing of such distributions will depend on the laws of such subsidiaries' respective jurisdictions. The distribution by Adyen of an interim dividend and the distribution of dividends in the form of Ordinary Shares are subject to the prior approval of the Supervisory Board. See "*Dividend Policy*". Any of these factors, individually or in combination, could restrict Adyen's ability to pay dividends.

If Settlement does not take place, purchases of the Ordinary Shares will be disregarded and transactions effected in the Ordinary Shares will be annulled.

Application has been made to list the Ordinary Shares on Euronext Amsterdam under the symbol "ADYEN". Adyen expects that the Ordinary Shares will be admitted to listing and that trading in the Ordinary Shares will commence prior to the Settlement Date on the First Trading Date on an "as-if-and-when-issued/delivered" basis. Settlement may not take place on the Settlement Date or at all, if certain conditions or events referred to in Underwriting Agreement are not satisfied or waived or occur on or prior to such date (see "*Plan of Distribution*"). Trading in the Ordinary Shares before Settlement will take place subject to the condition that, if Settlement does not take place, the Offering will be withdrawn, all applications for the Ordinary Shares will be disregarded, any allotments made will be deemed not to have been made, any application payments made will be returned without interest or other compensation and transactions on Euronext Amsterdam will be annulled. All transactions in the Ordinary Shares prior to settlement and delivery are at the sole risk of the parties concerned. Adyen, the Selling Shareholders, the Listing and Paying Agent, the Underwriters and Euronext Amsterdam N.V. do not accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transaction on Euronext Amsterdam.

Investors with a reference currency other than euro will become subject to certain foreign exchange risks when investing in the Ordinary Shares.

Adyen's equity capital is denominated in euro, and all dividends (if any) on the Ordinary Shares will be paid by Adyen in euro. Investors whose reference currency is a currency other than the euro may be materially and adversely affected by any reduction in the value of euro relative to the value of the respective investor's reference currency. In addition, such investors could incur additional transaction costs in converting euro into another currency. Investors whose reference currency is a currency other than the euro are therefore urged to consult their financial advisers.

The rights and responsibilities of a Shareholder are governed by Dutch law and will differ in some respects from the rights and obligations of shareholders under the laws of other jurisdictions and the shareholder rights under Dutch law may not be as clearly established as the rights of a shareholder established under the laws of some other jurisdictions.

Adyen is incorporated and exists under the laws of the Netherlands. Accordingly, Adyen's corporate structure as well as the rights and obligations of the Shareholders may be different from the rights and obligations of shareholders of companies under the laws of other jurisdictions. The exercise of certain shareholders' rights by Shareholders outside the Netherlands may be more difficult and costly than the exercise of rights in a company organized under the laws of other jurisdictions. Resolutions of the General Meeting may be adopted with majorities different from the majorities required for adoption of equivalent resolutions in companies organized under the laws of other jurisdictions. Any action to contest any of Adyen's corporate actions must be filed with, and will be reviewed by, a Dutch court, in accordance with Dutch law.

In addition, rights afforded to shareholders under Dutch law differ in certain respects from the rights of shareholders in typical US companies. Dutch law currently limits significantly the circumstances under which the shareholders of Dutch companies may bring derivative actions. Under Dutch law, in most cases, only Adyen may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against it and, generally, neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. In addition, Dutch law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a US company.

IMPORTANT INFORMATION

General

Prospective investors are expressly advised that an investment in the Offer Shares entails certain risks and that they should therefore carefully review the entire contents of this Prospectus and not merely rely on selected or summarized information. Furthermore, before making an investment decision with respect to the Offer Shares, prospective investors should consult their stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Offer Shares. In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved, in light of their personal circumstances.

Prospective investors should only rely on the information contained in this Prospectus, the Pricing Statement and any supplement to this Prospectus within the meaning of Section 5:23 of the Dutch Financial Supervision Act, see "*Supplements*". Prospective investors should not assume that the information in this Prospectus is accurate as at any date other than the date of this Prospectus. No person is or has been authorized to give any information or to make any representation in connection with the Offering, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made, the information or representation must not be relied upon as having been authorized by the Company, the members of the Management Board and the Supervisory Board, the Selling Shareholders or the Underwriters, or any of their respective affiliates or representatives.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to the Dutch Financial Supervision Act, neither the delivery of this Prospectus nor any subscription or sale of the Offer Shares pursuant to the Offering shall, under any circumstances, create any implication that there has been no change in the business or affairs of Adyen since the date of the Prospectus or that the information contained herein is correct as at any time subsequent to its date. Prospective investors should therefore not assume that the information in this Prospectus is accurate as at any other date than the date of this Prospectus. The Company does not undertake to update this Prospectus unless pursuant to Section 5:23 of the Dutch Financial Supervision Act.

No representation or warranty, express or implied, is made by, or on behalf of, the Underwriters or any of their respective affiliates or representatives, or their respective directors, officers or employees, as to the accuracy, fairness or completeness of information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing in this Prospectus, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Underwriters or any of their respective affiliates or representatives, or their respective directors, officers or employees, as to the past or future.

The Underwriters are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Prospectus) as their respective customers in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective customers or for giving advice in relation to, respectively, the Offering or any transaction or arrangement referred to herein.

Neither the Underwriters nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this Prospectus including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Selling Shareholders, the Offer Shares or the Offering. The Underwriters and each of their respective affiliates accordingly disclaims, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Prospectus or any such statement.

None of the Company, the Selling Shareholders or the Underwriters, or any of their respective representatives is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of purchase of the Offer Shares.

Restrictions on the Offering

The Offering and the distribution of this Prospectus and any related materials is in certain jurisdictions restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. No action has been or will be taken in any jurisdiction by the Company or the Underwriters that would permit a public offering of the Offer Shares or possession or distribution of a prospectus in any jurisdiction where action for that purpose would be required. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Offer Shares offered hereby in any jurisdiction in which such offer or invitation would be unlawful. Neither the Company nor the members of the Management Board and the Supervisory Board, the Selling Shareholders or any of the Underwriters accept any responsibility for any violation by any person, whether or not such person is a prospective purchaser of the Offer Shares, of any of these restrictions.

Each person receiving this Prospectus acknowledges that: (i) such person has not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this Prospectus or its investment decision; and (ii) it has relied only on the information contained in this Prospectus, and no person has been authorized to give any information or to make any representation concerning the Company or the Offer Shares (other than as contained herein and information given by the Company's duly authorized officers and Adyen's employees in connection with investors' examination of the Company and the terms of the Offering) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company or the Underwriters.

Responsibility Statement

This Prospectus is made available by the Company. The Company accepts responsibility for the information contained in this Prospectus. The Company declares that it has taken all reasonable care to ensure that, to the best of its knowledge, the information contained in this Prospectus for which it is responsible is in accordance with the facts and contains no omission likely to affect its import.

Potential Conflict of Interest

Certain of the Underwriters and/or their respective affiliates have in the past engaged and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company and/or the Selling Shareholders or any parties related to any of them, in respect of which they have received, and may in the future receive, customary fees and commissions. Additionally, the Underwriters and/or their respective affiliates may have held and in the future may hold, in the ordinary course of their business, the Company's securities for investment purposes. As a result, these parties may have interests that may not be aligned or could possibly conflict with the interests of investors. See "*Plan of Distribution—Potential Conflicts of Interest*".

Supplements

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares arises or is noted between the date of this Prospectus and the later of the end of the Offer Period and the start of trading of the Offer Shares on Euronext Amsterdam, a supplement to this Prospectus is required. Such a supplement will be subject to approval by the AFM in accordance with Section 5:23 of the Dutch Financial Supervision Act and will be made public in accordance with the relevant provisions under the Dutch Financial Supervision Act. The summary shall also be supplemented, if necessary, to take into account the new information included in the supplement.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall, except as so modified or superseded, no longer constitute a part of this Prospectus. For the avoidance of doubt, references in this paragraph to any supplement being published by the Company do not include the Pricing Statement.

Presentation of Financial and Other Information

This Prospectus contains financial information of the Company and its consolidated subsidiaries as at and for (i) the years ended 31 December 2017, 31 December 2016 and 31 December 2015, which has been derived from Adyen's Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), and (ii) the three months ended 31 March 2018 and 31 March 2017, which has been derived from Adyen's Interim Financial Statements which have been prepared in accordance with IAS 34. Adyen's Consolidated Financial Statements have been audited by PricewaterhouseCoopers Accountants N.V. "**PwC**", an independent registered public audit firm. Adyen's Interim Financial Statements for 2018 have been reviewed by PwC.

Non-IFRS Financial Measures, APMs and Other Metrics

This Prospectus contains certain financial measures that are not recognized financial measures under IFRS, including Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Free Cash Flow and Net revenue. Adyen is of the view that these alternative performance measures ("**APMs**") provide additional information to investors and to enhance their understanding of its results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS. These APMs are non-IFRS financial measures and have not been audited or reviewed, and are not recognized measures of financial performance or liquidity under IFRS, but are used by management to monitor the underlying performance of Adyen's business and operations. These non-IFRS financial measures may not be indicative of Adyen's historical operating results, nor are such measures meant to be predictive of Adyen's future results.

Adyen has presented these non-IFRS financial measures in this Prospectus for the following reasons:

- EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Net Income, because Adyen considers these to be important supplemental measures of Adyen's performance, primarily because these and similar measures are used widely amongst other in the payments industry as a means of evaluating a company's underlying operating performance;
- Free cash flow, because Adyen considers this to be an important supplemental measure of Adyen's performance, primarily because this and similar measures are used widely amongst other in the payments industry as a means of evaluating a company's underlying cash generation; and
- Net revenue, because Adyen's revenue contains interchange and payment network fees and a mark-up, and Adyen management monitors Net revenue (net of interchange and payment network fees and cost of inventory) as a performance indicator, as this is the revenue attributable to Adyen.

However, not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS financial measures contained in this Prospectus and they should not be considered as a substitute for financial measures computed in accordance with IFRS. Investors should read them in conjunction with the Adyen's Financial Statements and Interim Financial Statements included in this Prospectus.

These non-IFRS financial measures are defined as follows:

- EBITDA for a period, as the earnings for that period before interest, taxes, depreciation and amortization, and Adjusted EBITDA for a period, as EBITDA excluding extraordinary items of a non-operational nature;
- Adjusted EBITDA Margin for a period, as the ratio of Adjusted EBITDA to net revenue;
- Adjusted Net Income for a period, as net income excluding extraordinary items of a non-operational nature;

- Free Cash Flow for a period, as Adjusted EBITDA net of capital expenditure, with capital expenditure consisting of the line items "Purchases of plant and equipment" and "Capitalization of intangible assets" on the consolidated statement of cash flows;¹; and
- Net revenue for a period, as revenue less costs incurred from financial institutions and cost of inventory.

For a reconciliation of Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Free Cash Flow and Net revenue to its most comparable IFRS financial measure, see "*Selected Consolidated Financial Information*".

Rounding

Certain figures in this Prospectus, including financial data, have been rounded. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them. In tables, negative amounts are shown by "-" or "negative" before the amount.

Currency

In this Prospectus, unless otherwise indicated: all references to the "EU" are to the EU; all references to "EUR", "euro" or "€" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union (the "EMU") pursuant to the Treaty on the functioning of the European Community (the "EC"), as amended from time to time; all references to the "United States" or the "US" are to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; and all references to "US dollars", "US\$" or "\$" are to the lawful currency of the United States and all references to the British Pound are to the lawful currency of the United Kingdom.

Exchange Rates

The Financial Statements provided herein are published in euro. The exchange rates below are provided solely for information and convenience. The table below shows, for the periods indicated, the period end, average, high and low Bloomberg composite rate London expressed as US dollar per €1.00. The Bloomberg composite rate London is a 'best market' calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The average rate for a year means the average of the Bloomberg composite rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg composite rates during that month, or shorter period, as the case may be. The rates may differ from the actual rates used in the preparation of the Selected Consolidated Financial Information and other financial information appearing in this Prospectus. No representation is made that euros could have been, or could be, converted into US dollars at any particular rate indicated or any other rate.

	US dollars per euro			
	Period End	Average	High	Low
Year:				
2015.....	1.087	1.110	1.210	1.049
2016.....	1.055	1.107	1.153	1.038
2017.....	1.202	1.130	1.203	1.043
Month:				
January 2018	1.242	1.220	1.249	1.192
February 2018	1.221	1.235	1.248	1.221
March 2018	1.233	1.234	1.244	1.221
April 2018	1.210	1.228	1.239	1.210
May 2018	1.167	1.182	1.202	1.155

¹ Capital expenditure was €11.0 million and €12.5 million for the years ending 31 December 2017 and 2016, respectively, which in both years consisted primarily of investments in server capacity in line with Adyen's scalability strategy and capitalization of costs related to internally generated software with finite useful lives.

Market and Industry Data

All references to market share, market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, competitors, organizations or analysts, of publicly available information or of the Company's own assessment of the Company's sales and markets. Certain statements made in this Prospectus are based on the Company's own proprietary information, insights, opinions or estimates, and not on any third party or independent source; these statements contain words such as 'Adyen believes' and 'Adyen expects', and as such do not purport to cite, refer to or summarize any third party or independent source and should not be so read.

Industry publications and market studies generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Where third-party information has been sourced in this Prospectus, the source of such information has been identified. Although the Company believes these sources are reliable, the Company does not have access to the information, methodology and other bases for such information and has not independently verified the information. The information in this Prospectus that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

In this Prospectus, certain statements are made regarding the Company's competitive and market position. The Company believes these statements to be true, based on market data and industry statistics, but the Company has not independently verified the information. The Company cannot guarantee that a third party using different methods to assemble, analyze or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Company's competitors may define their markets and their own relative positions in these markets differently than the Company does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Company's figures.

Notice to Investors

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE OFFERING DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE UNITED STATES, UNITED KINGDOM, CANADA, AUSTRALIA OR JAPAN, AND THIS PROSPECTUS SHOULD NOT BE FORWARDED OR TRANSMITTED IN OR INTO THE UNITED STATES, UNITED KINGDOM, CANADA, AUSTRALIA OR JAPAN.

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares.

This Prospectus does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands.

The distribution of this Prospectus, and the offer or sale of Offer Shares is restricted by law in certain jurisdictions. This Prospectus may only be used where it is legal to offer, solicit offers to purchase or sell Offer Shares. Persons who obtain this Prospectus must inform themselves about and observe all such restrictions.

No action has been or will be taken to permit a public offer or sale of Offer Shares, or the possession or distribution of this Prospectus or any other material in relation to the Offering in any jurisdiction where action may be required for such purpose. Accordingly, neither this Prospectus nor any advertisement or any other related material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Shareholders and any person (including, without limitation, agents, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Prospectus should read "*Selling and Transfer Restrictions*" in this Prospectus.

Notice to Prospective Investors in the United States

The Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the United States, and may not be offered, sold, pledged or otherwise transferred within the United States unless the Offer Shares are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. The Offer Shares will only be offered and sold in the United States to persons reasonably believed to be QIBs, pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. All offers and sales of the Offer Shares outside the United States will be made in compliance with Regulation S under the US Securities Act. Transfers of the Offer Shares will be restricted and each purchaser of the Offer Shares will be deemed to have made acknowledgments, representations and agreements, as described under "*Selling and Transfer Restrictions*". There will be no public offer of the Offer Shares in the United States. Prospective purchasers are hereby notified that the Company and the Selling Shareholders may rely on the exemption from the registration requirements of Section 5 of the US Securities Act, provided by Rule 144A.

In addition, until the end of the 40th calendar day after the commencement of the Offering, an offer or sale of the Offer Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the US Securities Act.

None of the Company, the Selling Shareholders or the Underwriters accept any legal responsibility for any violation by any person, whether or not a prospective investor in the Offer Shares, of any of the foregoing restrictions.

THE OFFER SHARES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY US FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE RIGHTS OR THE OFFER SHARES OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective purchaser to consider purchasing the particular securities described herein.

The information contained in this Prospectus has been provided by the Company and the other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Company and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without the Company's prior written consent, is prohibited.

This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the securities described herein. Investors agree to the foregoing by accepting delivery of this Prospectus.

For so long as Offer Shares are 'restricted securities' within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will during any period in which the Company is neither subject to section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "**US Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the US Securities Act. The Company is not currently subject to the periodic reporting requirements of the US Exchange Act.

Notice to Prospective Investors in the United Kingdom

This Prospectus is directed at and for distribution in the United Kingdom only to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2) (a) to (d) of the Order (all such persons being together referred to in this paragraph as "**Relevant Persons**"). This Prospectus is directed only at Relevant Persons. Any person who

is not a Relevant Person should not act or rely on this Prospectus or any of their contents. Any investment or investment activity to which this Prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Notice to Prospective Investors in the EEA

In relation to each state which is a party to the agreement relating to the EEA and which has implemented the Prospectus Directive (in this paragraph, each a "**Relevant Member State**"), no Offer Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State, except that an offer to the public in that Relevant Member State of Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- to legal entities which are qualified investors as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Relevant Member State, subject to obtaining the prior consent of the Joint Global Coordinators; or
- in any other circumstances falling under the scope of Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State.

For the purpose of this provision, the expression an 'offer to the public' in relation to any Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Offer Shares to be offered, so as to enable an investor to decide to acquire any Offer Shares, as that definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State.

Enforceability of Judgments

Shortly after determination of the Offer Price, and prior to Settlement, the Company will be converted into a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands. Most of the members of the Company's Management Board and Supervisory Board, and most of Adyen's employees are citizens or residents of countries other than the United States. All or a substantial portion of the assets of such persons and most of the Company's assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or upon the Company, or to enforce judgments obtained in US courts, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States against the aforementioned parties. Furthermore, there is substantial doubt as to the enforceability in the Netherlands of original actions or actions for enforcement based on the federal securities laws of the United States or judgments of US courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States.

The United States and the Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. In addition, neither the countries of residence of the members of the Management Board and Supervisory Board and Adyen's employees may have a treaty providing for the reciprocal recognition and enforcement of judgments. However, if a person has obtained a final judgment without possibility of appeal for the payment of money rendered by a court in the United States which is enforceable in the United States and files his claim with the competent Dutch court, the Dutch court will generally recognize and give effect to such foreign judgment insofar as it finds that (i) the jurisdiction of the United States court has been based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgment by the United States court was rendered in legal proceedings that comply with the standards of the proper administration of justice that includes sufficient safeguards (*behoorlijke rechtspleging*), and (iii) the judgment by the United States court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision

qualifies for acknowledgement in the Netherlands and except to the extent that the foreign judgment contravenes Dutch public policy (*openbare orde*).

Information Regarding Forward-Looking Statements

Certain statements in this Prospectus are forward-looking statements. Forward-looking statements generally are subject to a number of risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's current beliefs and expectations about future events and anticipated financial and operational performance. Forward-looking statements are all statements other than statements of historical facts or in present tense, and are typically identified by the use of forward looking terminology such as "believe", "expect", "may", "will", "could", "should", "intend", "estimate", "plan", "assume", "predict", "might", "anticipate", "annualized", "goal", "target", "potential" or "aim" or, in each case, the negative thereof or other variations thereof or comparable terminology.

Forward-looking statements appear in a number of places in this Prospectus, including, without limitation, "Summary", "Risk Factors", "Dividends and Dividend Policy", "Operating and Financial Review", "Industry" and "Business" and include, among other things, statements relating to:

- Adyen's strategy, outlook and growth prospects;
- Adyen's liquidity, capital resources and capital expenditures;
- expectation as to future growth in demand for Adyen's products;
- general economic trends, in particular economic conditions in Adyen's key countries/regions;
- Adyen's operational and financial targets and dividend policy;
- the competitive environment in which Adyen operates; and
- the impact of regulations on Adyen's operations.

Although Adyen believes that the expectations reflected in these forward-looking statements are reasonable, Adyen can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors, including, among others:

- our ability to address demand for solutions in the rapidly evolving market for payments;
- our ability to retain existing merchants and attract new merchants and our ability to maintain, promote and enhance the Adyen brand among merchants;
- our ability to manage the costs associated with merchant bankruptcy, inability or unwillingness to pay;
- our ability to identify and develop new products and services;
- the actions and resources of current or future competitors in the markets in which we operate;
- political and regulatory developments in the markets in which we operate; and
- other factors referenced in this Prospectus,

all of which could have a material adverse effect on Adyen's business, financial position, prospects and results of operations.

Should one or more of these risks or uncertainties materialize, or should any of the assumptions underlying the above or other factors prove to be incorrect, Adyen's actual future financial condition or results of operations could differ materially from those described herein as currently anticipated, believed, estimated or expected. In light of the risks, uncertainties and assumptions, underlying the above factors, the forward-looking events described in this Prospectus may not occur or be realized. Additional risks not known to

Adyen or risks which Adyen does not currently consider material could also cause the forward-looking events discussed in this Prospectus not to occur.

Forward-looking statements involve inherent risks and uncertainties and speak only as at the date they are made. Except as required by applicable law, the Company does not undertake and expressly disclaims any duty to update or revise any forward-looking statement in this Prospectus, whether as a result of new information, future events or otherwise. Such forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the Company's management as to present and future business strategies and the environment in which the Company will operate in the future. By their nature, they are subject to known and unknown risks and uncertainties, which could cause the Company's actual results and future events to differ materially from those implied or expressed by forward-looking statements. Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Prospectus are included under "*Risk Factors*".

Definitions

This Prospectus is published in English only. Definitions used in this Prospectus are also defined in "*Definitions*".

Documents Incorporated by Reference

The Articles of Association are incorporated in this Prospectus by reference and, as such, form part of this Prospectus. The Articles of Association (or copies thereof) may be obtained in electronic form free of charge from Adyen's website at www.Adyen.com.

No Incorporation of Website

The contents of the Company's website, including any websites accessible from hyperlinks on the Company's website, do not form part of and are not incorporated by reference into this Prospectus.

REASONS FOR THE OFFERING AND USE OF PROCEEDS

Background and Reasons for the Offering

Adyen believes that the Offering and the listing of the Shares on Euronext Amsterdam will create the possibility for investors to participate in the future of Adyen, provide Adyen with strategic and financial flexibility to maintain growth and further build the company. Furthermore it supports Adyen's ability to maintain, promote and enhance the Adyen brand among merchants, and increasing opportunities to attract and retain talented employees. In addition, the Offering is being conducted to provide the Selling Shareholders with an exit opportunity for part of their shareholding.

Use of Proceeds

The Selling Shareholders will receive the net proceeds from the Offering and, if the Over-Allotment Option is exercised, the net proceeds from the sale of the Additional Shares. The proceeds received by the Selling Shareholders will be entirely at their disposal. Adyen will not receive any proceeds from the Offering.

After deducting the estimated expenses, commissions and taxes related to the Offering payable by the Selling Shareholders of approximately €25.2 million, the Selling Shareholders expect to receive approximately €811.2 million net proceeds from the Offering (based on an Offer Price at the mid-point of the Offer Price Range and assuming no exercise of the Over-Allotment Option that is to be granted by the Selling Shareholders in connection with the Offering).

DIVIDENDS AND DIVIDEND POLICY

General

The Company may only make distributions to its Shareholders insofar as the Company's equity exceeds the sum of the paid-in and called-up share capital increased by the reserves as required to be maintained by Dutch law or by the Articles of Association.

Under the Articles of Association, any distribution of profits, meaning the net earnings after taxes shown by the Company's adopted annual accounts, shall be made after the adoption of such annual accounts from which it appears that they are permitted, without prejudice to any of the other provisions of the Articles of Association.

The Management Board may decide, with the approval of the Supervisory Board, that the profits realized during a financial year will fully or partially be appropriated to increase and/or form reserves. Any profits remaining shall be put at the disposal of the General Meeting. The Management Board, which proposal has to be approved by the Supervisory Board, shall make a proposal for reservation or distribution for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting.

The Company's policy on reserves and dividends shall be determined and can be amended by the Management Board, with the approval of the Supervisory Board. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting under a separate agenda item.

The payment of dividends is subject to regulatory restrictions set out in CRR and CRD IV (as implemented in Dutch law). In particular, Adyen will be prevented from distributing dividends in circumstances where the relevant dividend payment would cause its CET1 to reach a level where Adyen no longer meets its CBR, would cause its distributable items (as defined in CRR) to be exceeded or, if Adyen no longer meets its CBR and when aggregated together with other distributions of the kind referred to in article 3:62b Dutch Financial Supervision Act implementing article 141(2) of CRD IV, would cause the relevant maximum distributable amount to be exceeded. In addition, the law implementing CRD IV and CRR allows DNB to restrict or prohibit dividend payments if in its view such measure is needed to strengthen Adyen's capital in view of prudential requirements.

Dividend History

The Company has never declared or distributed dividends to its Shareholders.

Dividend Policy

Adyen intends to retain any profits to expand the growth and development of Adyen's business and, therefore, does not anticipate paying dividends to its Shareholders in the foreseeable future.

Manner and Time of Dividend Payments

It is intended that the payment of dividends in cash, if declared, will be made in euro. However, Adyen may also declare dividends in kind by issuing new Shares. Any dividends that are paid to Shareholders through Euroclear Nederland will be automatically credited to the relevant Shareholders' accounts without the need for the Shareholders to present documentation proving their ownership of the Shares.

Payment of dividends on the Shares in registered form (not held through Euroclear Nederland, but directly) will be made directly to the relevant shareholder using the information contained in the Company's shareholders' register and records.

According to the Articles of Association, dividends shall be due and payable no later than four weeks after the date on which they have been declared, unless the Management Board determines another date.

Uncollected Dividends

A claim for any declared dividend and other distributions lapses five years and one day after the date on which those dividends or distributions became payable. Any dividend or distribution that is not collected

within this period will be considered to have been forfeited to the Company and shall be added to the Company's reserves.

Taxation of Dividends

Dividend payments on the Shares are generally subject to withholding tax in the Netherlands. See "*Taxation – Taxation in the Netherlands – Withholding Tax*".

AN OVERVIEW OF THE PAYMENTS VALUE CHAIN

Consumer electronic payments can take various forms. These include credit cards, debit cards, pre-paid cards, and many local and other payment methods. According to Capgemini, card-based payments are the largest of the aforementioned categories based on transaction volume, with credit and debit cards taking the largest share globally.

The figure below provides an illustration of a typical electronic payments value chain.

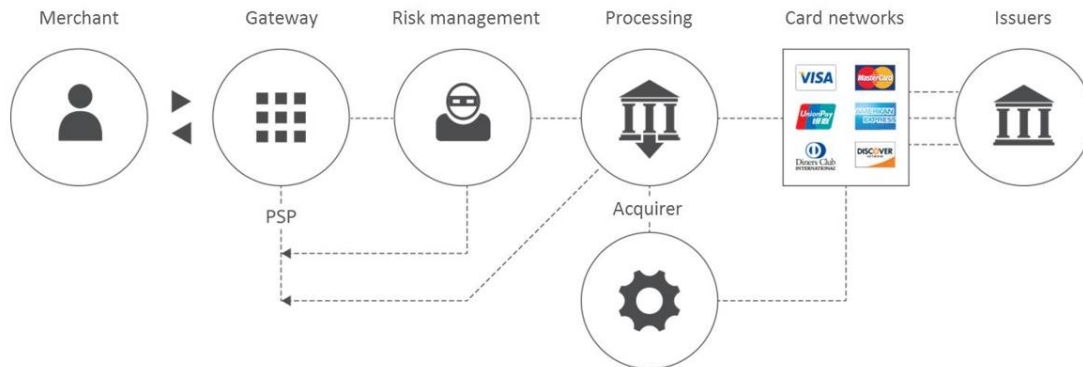


Figure 1: Typical electronic payments value chain

Payments systems typically involve a number of participants. In its most common form, the traditional card-based value-chain involves five parties whose interactions are governed by a card network. Below is an overview of the participants and their respective roles:

- **Shoppers** buy goods or services from merchants. These purchases can be made across a variety of channels. Traditionally, most transactions have taken place in-store (POS). However, with advances in technology, volumes are increasingly shifting towards the online and mobile channels;
- **Merchants** accept electronic payments in return for providing goods and services;
- **Acquirers** sign card acceptance agreements directly with merchants and are typically the merchants' primary point of contact, providing them with access to the card networks. The acquirer performs the necessary KYC and due diligence review of the merchant in order to assess and mitigate fraud and/or bankruptcy risk. Acquirers are also responsible for delivering funds, which the networks have received from issuers, from card networks to merchants, as well as routing transactions from various channels to the card network;
- **Card networks** set the rules concerning the processing of transactions. The largest and most well-known networks are Visa and Mastercard, but there are also a significant number of other international players as well as local card networks. Card networks are the backbone of the electronic payments system. Their responsibilities typically include connecting and switching transactions between acquirers and issuers, enabling electronic payment authorization, as well as clearing and settlement. According to The Nilson Report ("**Nilson**"), as of April 2018, the six largest card networks were Visa, Mastercard, UnionPay, American Express, JCB Credit and Discover, together generating purchase volume of \$23.0 trillion for 2017, with disparities between geographies; and
- **Issuers** provide shoppers with credit and debit cards. Card networks route authorization requests to the issuers, who then authorize the merchant to accept the payment once necessary identity and compliance checks were performed.

Over time, there has been a trend towards additional participants joining the value chain:

- **Terminal/gateway software providers** give the merchant the necessary hardware or software (depending on the channel) to accept payments. This is intended to facilitate acceptance from the broadest possible range of payment types;

- **Processors** serve technical roles such as authorization, data transmission, data security and settlement functions as an outsourced service to acquirers. The terms "acquirer" and "processor" are often used interchangeably, but they are two distinct functions that, in some cases, are provided by the same entity; and
- **Risk management providers** try to assess whether the transaction is genuine or fraudulent on behalf of the acquirers.

Alongside Acquirers, the above can be collectively referred to as payment service providers ("**PSPs**"), and typically PSPs perform one or more of the above functions.

Role of Adyen in Value Chain

Adyen, with its single, integrated platform, operates across the entire value chain and offers simplicity for merchants by eliminating the need to work with a disparate group of gateways, risk management providers, processors, and acquirers.

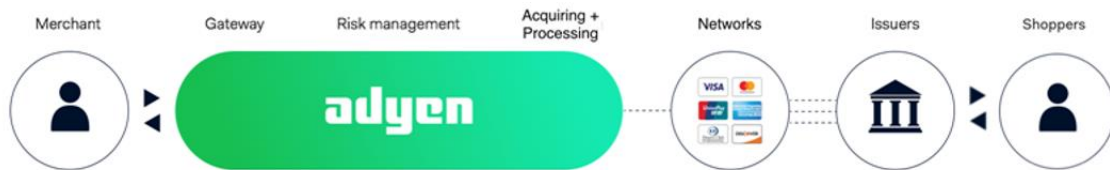


Figure 2: Illustrative Adyen value chain

Overview of the mechanics of a transaction

A typical card-based payment transaction consists of the following steps which can be grouped into two sub processes; *authorization* and *settlement*. In the first part of the transaction flow, authorization, the following steps take place:

1. The shopper presents / inserts card details at the POS terminal / online gateway, where in case of a POS terminal the account information is then captured from either the chip, magnetic stripe or, in the case of a mobile wallet, virtually through the use of for example near-field-communication (NFC) technology or a QR code;
2. The transaction data is then routed to the acquirer processor through an internet connection or online gateway;
3. The acquirer processor / risk manager performs the relevant initial risk management checks and then routes the transaction to the card network (e.g. Visa, Mastercard, American Express);
4. The card network identifies the relevant issuer and routes the transaction to the issuer processor;
5. The issuer processor validates the identity of the cardholder and provides **authorization** to the card network;
6. The card network forwards the authorization note to the acquirer processor;
7. The acquirer processor then sends the authorization note to the POS terminal / online gateway, enabling the merchant to proceed with the transaction and providing the shopper with a confirmation and a receipt.

The second part of the transaction, settlement, occurs at a later point and involves the acquirer and issuer exchanging purchase information to complete the transaction:

1. The merchant will send a capture request to the acquirer processor (via the POS terminal / online gateway);
2. Once the acquirer processor receives these captures, it routes the capture to the respective payment network;

3. This is then transferred to the applicable card issuing bank which informs the customer of their transaction by posting it on their statement;
4. The payment network then calculates net **settlement** positions for the acquirer processor and the card issuing bank, advises both parties of the amount, and submits a transfer order to a settlement bank;
5. The settlement bank acts as a facilitator for the flow of funds between the acquirer processor and the card issuing bank;
6. The acquirer processor transfers the received funds into the respective merchant's account.

Fee structures for value chain participants

On a simplified basis, fees are traditionally charged to the merchant as a percentage of the value of each transaction. The fees for various players include:

- **Processing fee** – charged to the merchant by the gateway or POS payment provider;
- **Acquiring markup** – charged to the merchant by the acquirer;
- **Interchange fee** – charged to the acquirer (via the card networks) by the issuer and usually passed on to the merchant. The card issuer takes on the credit risk of the shopper. The interchange fee has traditionally been the largest part of the total fee charged to the merchant; and
- **Card network fee** – charged to the acquirer by the card networks and passed on to the merchant. This is typically much lower than the interchange fee but is charged on all transactions which occur over the relevant network,

Adyen receives the processing fee and acquiring mark-up. The Interchange fee and card network fee are costs for Adyen which are usually passed on to the merchant.

Technology is having a significant impact on the traditional card-based payments systems with innovation happening across the value chain. A number of new form factors and device types are now being used to initiate electronic transactions at merchant locations including e-Wallet enabled devices such as Apple Pay and Google Pay. In addition, POS terminals and systems are becoming increasingly sophisticated with rich functionality beyond payments and multiple customer interfaces such as QR codes, NFC and Bluetooth communication. Additionally, technologies such as data analytics and machine learning are increasingly being used by industry participants to combat fraud, identify shopper patterns and provide insights to merchants and consumers. New tokenisation technology is also allowing for more seamless consumer experiences such as in-app and recurring payments as well as "one-click" and "zero-click" functionality.

New technology developments are also resulting in the proliferation of local payment methods especially in emerging markets where cash has historically been more prevalent. Given limited investment in traditional card-based payments infrastructure, many countries are more amenable to adopting alternative payment methods in addition to card-based payments. The rapid rise of Alipay and WeChat Pay in China and Paytm in India are examples of such fast growing local payment methods.

On the other hand, card-based systems have been around since the mid-20th century and have been quite resilient to evolving technologies. The infrastructure benefits from the trust gained from businesses and consumers, obtained over its long history of global operations, the tremendous scale of transactions processed, and well-established rules of processing and exception handling.

Adyen is able to offer both card-based payments and local or alternative payment methods to its merchant base and benefits from the growth of both card-based and local or alternative payments.

INDUSTRY OVERVIEW

Market size and growth

The global market for electronic payments is very large with total global card payments volume of approximately \$23.0 trillion in 2017 forecasted to grow to approximately \$52.4 trillion by 2026 (CAGR of 9.6%), according to Nilson. Also according to Nilson, split of this volume for debit versus credit card transactions stood at 47% and 53% respectively in 2017. In 2017, Adyen processed 3.7 billion transactions, generating €108.3 billion in processed volumes.

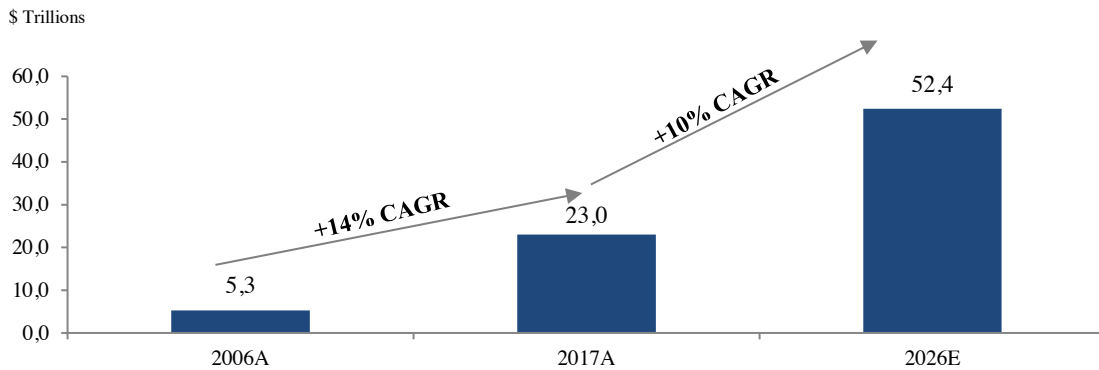


Figure 3: Total global card purchases (\$ trillions). Source: Nilson, April 2018

The market is experiencing a pronounced and ongoing shift away from cash and towards card-based, international and local payment methods. This shift towards cashless payments is being driven by a number of factors, including increased penetration driven by new technologies (such as contactless payments), lower transaction fees and the growing prevalence of online and mobile channels.

The payments industry is fragmented on the acquiring, issuing and processor side; however, most of the volume passes through payments schemes such as Visa, Mastercard, UnionPay and American Express. The volume processed by the payments schemes has grown significantly over the last few years, with Visa and Mastercard processing close to \$11.4 trillion or ~49% of total global card payments volume in 2017, up 9.6% on 2016, according to Nilson.

Evolving payments and commerce landscape

Alongside the growth in payments purchases, the global payments and commerce landscape is changing. In large part, this is being driven by:

1. The increasing globalization of commerce;
2. Changing shopper behavior and the rise of mobile;
3. Increasing pressure on retail merchants' operations; and
4. An increasingly complex and demanding regulatory environment driving new business models and forcing change.

In light of this ongoing and rapid transformation of payments and commerce, merchants are increasingly focusing on payments. Payment acceptance is no longer seen as an inhibitor but as an enabler of commerce.

1. The increasing globalization of commerce

Globalisation continues to be a driving force in the world economy, creating new opportunities for businesses of all sizes to grow and expand. While globalization as a phenomenon has been developing for several years, global multi-country commerce has accelerated due to the impact of e-commerce.

Shoppers are able to purchase goods or services from across the globe from the comfort of their own homes. Companies such as Uber, Airbnb, Amazon, Netflix, Facebook and others have completely redefined their

industries, changed shopper expectations and exhibited high growth rates, rapidly expanding across geographies and achieving large scale from small bases in short periods of time. While digital giants are able to rapidly scale across the globe, traditional merchants are also increasingly making a shift towards international expansion.

Furthermore, emerging, fast growing regions have fueled the growth of e-commerce globally (e.g. APAC), all coming with their specificities and wide variety of local payment solutions.

What this means for merchants is that, aside from the additional logistical challenges which they need to address, they also need to be able to provide locally-tailored payment solutions and currencies to suit the needs of a global shopper base transacting with an equally global merchant base. Payment service providers need to adapt their offerings to be able to provide global capabilities to serve their international merchants.

Merchants who adopt payments solutions that focus on shopper experience are more likely to experience higher conversion, and therefore increased revenues.

2. Changing shopper behavior and the rise of mobile

Shoppers' increased desire for a friction-less and safe transaction experience have led them to adopt new technologies and change their shopping habits. Their willingness to change behavior and try these new payment methods can be seen in the increased penetration of contactless payments, in sectors such as transport and retail, as well as wearable devices such as watches and in-app payments which have become ubiquitous in today's mobile games and ride-sharing apps.

Mobile commerce ("m-commerce"), which is a subset of the wider electronic commerce ("e-commerce") universe, has been estimated by IDC to be growing at 13.9% annually between 2011 and 2016, slightly higher than e-commerce's 8.7% annual growth for the same period. For companies in these sectors, cash payment options are almost non-existent, and as such shoppers have become more accustomed to online and mobile payments to address their e/m-commerce needs. According to eMarketer, e-commerce made up 10.2%, or \$2.31 trillion, of the \$22.6 trillion total retail sales worldwide in 2017, up from 8.6% a year prior. This growth was largely influenced by Asia-Pacific, where 14.6% of overall retail spend went toward e-commerce.

In 2017, m-commerce sales worldwide reached \$1.36 trillion, accounting for 58.9% of total e-commerce spend overall. Mobile in particular is a channel with substantial potential; with m-commerce expected to grow its share of all e-commerce payments from 58.9% in 2017 to 72.9% in 2021, according to eMarketer.

Trillions,% change and% of ecommerce sales

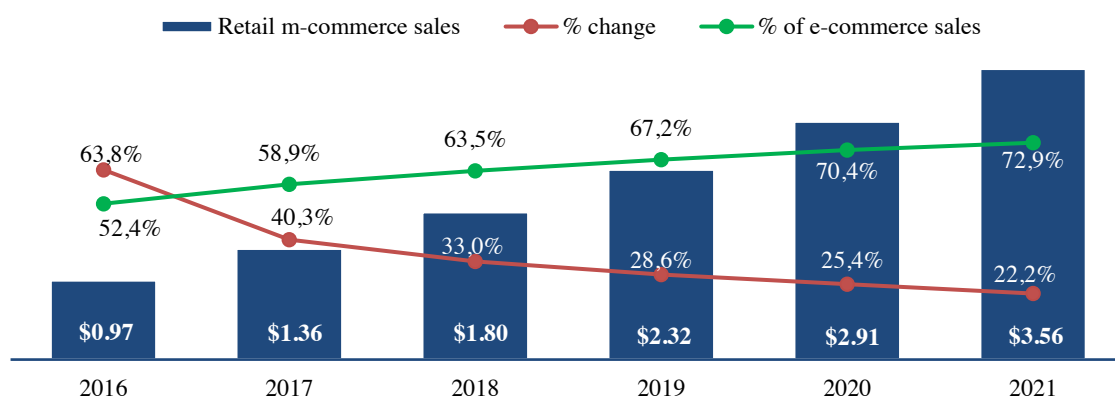


Figure 4: Retail m-commerce sales worldwide, 2016-2021. Source: eMarketer, January 2018

Note: includes products or services ordered using the internet via mobile devices, regardless of the method of payment or fulfillment; includes sales on tablets; excludes travel and event tickets.

Shoppers want to be able to make purchases from their smartphones and other connect devices, at any time, wherever they find themselves. The payment method being accepted by the merchant should not be a restriction to the transaction and instead should be tailored to the shopper's preference and location.

Along with the desire for a more tailored experience, shoppers are also increasingly looking for consistency across platforms and selling channels, with convenience at the heart of their shopping considerations. The changes in shopper preferences have created a need for payment providers to respond in kind and become seamless providers across channels in order to satisfy this new type of mobile shopper.

There are a number of technologies emerging to reduce friction for shoppers including tokenization, one-click payments, in-app payments and recurring payments. Services offered to shoppers have also developed to cater for their increasingly demanding expectations, from endless aisles to offering return in store for an article bought online. Payment service providers need to adapt to these trends and provide gateway software that enables merchants to capitalize on emerging online and mobile opportunities.

3. Increasing pressure on retail merchants' operations

This ongoing and rapid transformation of payments, new technologies and shopper behavior raises tough challenges for retail merchants. Traditional retail merchants are facing increasing competition from online companies such as Amazon, which have disrupted the way to do commerce by offering convenience to shoppers at a competitive price. Ensuring that payments are done seamlessly by shoppers is key in ensuring there is no missed sale, as merchants are not able to afford losing revenues due to a faulty payment experience.

The increasing pressure on merchants is also pushing them to search for maximum efficiency in the way they operate. However, traditional brands have a lot of legacy systems overall but especially in payments, which are creating additional complexity and inefficiencies in their operations.

Therefore, in this era of digital competition, the merchants need to:

- **simplify payment operations** – merchants are on a quest to improve the efficiency of their operations by making the payment infrastructure leaner and cleaner;
- **differentiate brands by convenience** – brands can differentiate by offering similar experience as well as personalized services (e.g. personalized checkout) to shoppers across channels – in-store, offline and online;
- **improve shopper experience** – shoppers are looking for seamless payments, a consistent, high quality experience across channels and ability to transact globally; and
- **increase shopper loyalty** – technology has made it easy for shoppers to switch from one retailer to another versus in a traditional offline environment. In this context, customer satisfaction has gained even more importance.

4. Increasingly complex and demanding regulatory environment driving new business models and forcing change

A number of regulators have focused on opening up the payments market while simultaneously reducing the cost to merchants of card-based payment acceptance. The most noteworthy example of this in recent years has been PSD2. PSD2 opens up access to online bank accounts to third parties, effectively allowing new entrants to initiate transactions (such as direct credit transfers) on behalf of the account holder, where the account holder has provided its consent.

The expectation is that this will foster innovation, enabling a better universe of account-to-account based payment methods. This effect will likely be compounded by the global movement towards adoption of faster payment technologies. These regulations aim to make account-to-account based payment methods more competitive with the card networks, where they are currently hampered by slow settlement times. Payment service providers must be able to provide solutions which will enable merchants to accept the full range of payment methods which these regulations might foster. Similarly, as fee regulations (i.e. the Durbin Amendment limitations in the US and interchange fee regulation in Europe) reduce the cost of card transactions and generate incremental volume, providers must be able to scale with this expected increase. In addition, regulators are increasingly passing data-protection bills giving more power over their data to shoppers, as well as introducing high penalties for non-compliance with new regulations and standards. In responding to these measures, compliance costs for payment service providers could rise sharply, facilitating the rise of new market participants who can provide innovative and cost-effective solutions.

Merchant operations are further complicated by the increased need for cyber security. There are a number of issues related to shopper conversion rates which must be addressed with innovative solutions. These include a robust data flow between merchants and consumers, fraud detection software and programs, and a range of other cyber security products.

Competition environment

Adyen does not compete with one single competitor across all of its markets. Most payment services providers compete with Adyen primarily in specific geographies or specific channels. Globally, Adyen's larger competitors include internationally operating payment service providers, such as Chase Merchant Solutions, Worldpay, First Data and Ingenico. At a more local level, there are a number of bank-owned and other providers who compete with Adyen in specific markets. However, Adyen believes that it is the only company that can offer a global integrated payments stack across channels through a single platform, giving it advantages over traditional payment services providers. Many of the traditional payment providers who would position themselves as competitors to Adyen are hindered by a number of the limitations. As a result of these limitations, Adyen has been gaining market share demonstrated by above market growth.

The acquiring industry is very fragmented, with the top 10 global acquirers processing a total of 123.6 billion transactions in 2016, accounting for 48% of total card purchase transactions of 257.2 billion.²

Traditional payment services providers are less equipped to serve merchants in the new paradigm of global commerce (as described above) and have limited ability to innovate and change. Legacy payments infrastructure was built for the offline, local commerce era and suffers from limitations that create several challenges for traditional providers in the new world of global and unified commerce³:

- Legacy technology systems being used by traditional providers are outdated with layers of software having been developed over several years as a patchwork of solutions, building on top of old systems and focusing on piecemeal functionality. Further, traditional participants have achieved scale, grown geographically and adapted to a changing landscape through mergers and acquisitions, which has left them with a plethora of platforms rather than an integrated solution. Years of ad-hoc development and multiple platforms have resulted in complex, inefficient technology environments with high maintenance costs, a lack of innovation and insight, limited flexibility and an inability to scale rapidly across channels
- Fragmentation of the value chain across geographies and channels. In a typical card transaction, it is not uncommon for multiple independent organizations to be involved for the completion of the transaction. This problem is further compounded for large global organizations which must deal with multiple payment partners and integrate with all of them. Even when a single organization claims to be providing the full service globally, they have constructed the payment solution using numerous systems, which can result in some of the same problems as dealing with multiple providers also resulting in multiple integrations.

As a result of these limitations, traditional payment solutions have often been seen by merchants as inhibitors rather than enablers of commerce. There are still several merchant issues that need to be addressed:

- **Large number of providers, across channels and geographies.** The drive for merchants to globalize and scale their businesses is hindered by the fragmentation of the global payments landscape. Global merchants are forced to work with a large number of payment providers, leading to increased complexity and a higher administrative burden. Additionally, merchants must be able to adapt to local payment methods which may be popular in, but specific to, a geographic market. This frequently creates the need for merchants to partner with additional payment providers who have the capabilities to offer the payment method relevant to that specific market.
- **Multiple, complex and layered integrations.** Over the years merchants have accumulated multiple payments platforms with different functionalities, technologies and underlying code base. This has resulted in a patchwork of multiple integrations which adds to the complexity. This results

² Nilson 2017: Includes all consumer and commercial credit, debit, and prepaid card transactions processed by the six largest issuers: Visa, Mastercard, UnionPay, American Express, JCB, Diners Club/Discover

³ Unified commerce: more generally defined as the elimination of distinctions between the channels through which a shopper interacts with a merchant and, in the case of Adyen's current product offering, combining POS, online and mobile standardized across channels for merchants.

in non-transparent pricing, lost sales and higher fraud risk; everything leading to much inferior customer experience.

- **Fragmented view of payments flows and data.** There is a lack of shopper insights beyond the immediate transactions. As every step of the payment process is being tracked and monitored, there is a large amount of shopper data that can be used to enhance a merchant's ability to target shoppers. However, in most cases, tracking stops after the transaction and transaction information is stored in separate systems for each channel. This prevents merchants from having a complete view and understanding of shoppers' buying behaviour across channels. This also reduces opportunities for merchants to adapt and optimize their offerings for shoppers, thereby not producing the personalized service shoppers are increasingly coming to expect.
- **Friction in checkout experiences.** Check-out is one of the most important steps for a successful transaction. Once a shoppers' basket is populated, it is critical to make the experience as easy and seamless as possible until the payment is completed. Functionalities that help identify the shopper and pre-populate payments information result in higher conversion rates.
- **Slow to adapt to new technology.** With changing shopper behavior and the globalization of commerce, the ability of payment services providers to offer not only all card based payments solutions but also local payments e.g. iDeal and next generation payment methods like Alipay, WeChat Pay is increasingly more important. Capabilities of underlying platform impacts timing of new releases, success rate of execution and results in costs overruns.
- **Lack of flexibility across payment channels.** Shoppers experience difficulties in moving between or combining payment channels based on their personal needs when entering the payment process. While the traditional payments industry has attempted to provide merchants with solutions to enable shopping across channels, this remains a challenge for most merchants and a key source of shopper dissatisfaction, hampering seamless merchant-shopper interaction.
- **Lack of sophisticated fraud prevention tools.** Minimising fraud is a major challenge for both payment providers and merchants. Current fraud detection and prevention measures are rigid and largely stuck within a rule-based approach resulting in both false-positives and false-negatives. This leads to lower conversion and higher fraud, due to the improper verification of shoppers. An illustrative example of this is shoppers' international travel. Current fraud detection tools view international shopping as not aligned with shoppers' usual behavioural patterns, leading to increased checks and often to shopper frustration and reduced conversion.

BUSINESS

Overview

Adyen is a technology company redefining payments for merchants globally. It has built an efficient single platform that enables the acceptance and processing of cards and local payments globally across its merchants' online, mobile and POS channels. Adyen's global platform has integrated and simplified the payments value chain, enabling it to partner with large merchants to rapidly scale their businesses both locally and globally, without the varied inefficiencies inherent in traditional payment platforms. Adyen's technology removes friction for both shoppers and merchants and allows for an improved shopper experience while simplifying the global management of payments across sales channels and geographies for merchants. Adyen believes that its data-centric platform increases conversion rates while mitigating risk, reducing settlement times and providing data insights to merchants that are critical for managing their interactions with shoppers. Adyen's transparent pricing model is equally attractive for merchants. For all these reasons, Adyen is the payments platform of choice for many of the world's most recognizable companies.

Adyen aims to change the payments industry, which traditionally comprised a patchwork of providers and legacy systems resulting in fragmented merchant services. Adyen has built a bottom-up, single, global platform capable of meeting the rapidly evolving needs of fast-growing global merchants. Adyen believes that simplicity, transparency, and innovation are the keys to its future success.

Adyen's ever-evolving platform encompasses the entire payments value chain as it relates to merchants, from checkout to payment settlement. This single integrated platform provides a merchant-friendly alternative to the numerous legacy providers that merchants previously had to rely on for their payments processing. The Adyen platform combines global reach with local capabilities, directly connecting merchants to Visa, Mastercard and many other payment methods and supporting numerous transaction currencies across six continents. Adyen's platform supports "unified commerce" for merchants across online, mobile and POS channels, which are connected to the same Adyen back-end infrastructure for processing and settling payments and offers feature-rich APIs. This single platform enforces Adyen's data capabilities, which includes services that utilize sophisticated algorithms across machine learning, data mining and artificial intelligence ("AI") to increase authorization rates for merchants while reducing the risk of fraudulent transactions. Adyen also provides valuable data insights to merchants to better understand their shoppers' behavior and tailor their marketing efforts.

Adyen primarily targets large, global companies as well as, increasingly, domestic/mid-market merchants, which the company views as the next adjacent segment to enterprise merchants. In 2017, Adyen processed transactions for several thousand merchants across the globe and across a wide number of industries, including retail, travel, digital services, hospitality and marketplaces. Adyen's merchant portfolio includes Uber, Netflix, Facebook, Spotify, Etsy, Vodafone, Sephora, Tory Burch, L'Oréal and booking.com.

The success of Adyen's global payments platform is reflected in its operating and financial track record to date. Adyen primarily earns revenue through settlement fees and processing fees charged to its merchants on a per transaction basis. In 2017, Adyen processed 3.7 billion transactions, generating €108.3 billion in processed volumes and €218.3 million in net revenue. Adyen's growth has been driven primarily by the substantial expansion of business with existing merchants in many key markets, as well as the onboarding of new merchants. During the three-year period from 2015 to 2017, Adyen's annual churn rate was less than 1% of processed volume.

The table below presents Adyen's APMs as at and for the periods indicated (see "*Important Information—Non-IFRS Financial Measures, APMs and Other Metrics*" for further information as to how these APMs have been defined).

	Three months ended		Year ended 31 December			CAGR ¹
	31 March		2017	2016	2015	
	2018	2017	2017	2016	2015	
Processed Volumes (€ billions)	33.2	23.4	108.3	66.3	32.2	83.4%
Number of transactions (billions)	1.2	0.8	3.7	2.3	0.9	102.8%
Net Revenue ² (€ millions)	74.4	44.5	218.3	158.0	98.5	48.9%
EBITDA ²	34.1	19.6	99.4	123.4	43.1	51.9%
<i>Extraordinary Visa gain</i> ²	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>56.3</i>	<i>N/A</i>	<i>N/A</i>
Adjusted EBITDA ² (€ millions) ²	34.1	19.6	99.4	67.1	43.1	51.9%
Adjusted EBITDA Margin ² (%)	45.8%	44.0%	45.5%	42.5%	43.8%	N/A

	Three months ended		Year ended 31 December			CAGR ¹
	31 March					
	2018	2017	2017	2016	2015	
Net income (€ millions).....	24.1	14.1	71.3	97.2	33.6	45.7%
Free Cash Flow ² € millions)	32.0	18.5	88.4	54.6	36.2	56.3%

¹ Compound annual growth rate ("CAGR") for the three years ended 31 December 2017.

² See "Selected Consolidated Financial Information - Selected Non-IFRS Financial Measures and APMs."

As of 31 December 2017, the Company had 668 FTEs globally, with headquarters in Amsterdam and 14 other offices in the United States (San Francisco, New York), Latin America (Mexico City, Sao Paulo), Asia-Pacific (Singapore, Sydney, Shanghai) and Europe (Paris, London, Manchester, Berlin, Stockholm, Brussels and Madrid).

In 2017, Adyen obtained a banking license in Europe. By obtaining a banking license, Adyen is now able to offer payment processing services with direct settlement of funds to its merchants' accounts from an Adyen account instead of having to rely solely on its banking partners, the aim of which is to provide enhanced performance and reliability.

History

Adyen was founded in 2006 by a group of entrepreneurs, including Pieter van der Does and Arnout Schuijff, both experienced payment technology professionals who had previously worked together at Bibit, a company that they sold to the Royal Bank of Scotland in 2004.

The payments technology at the time consisted of a patchwork of systems built on outdated infrastructure. With the aim of helping merchants grow, the co-founders set out to build a platform capable of meeting the rapidly evolving needs of today's fast-growing global businesses.

Adyen's founding team called the business Adyen – Surinamese for "Start over again" – and focused on building a modern infrastructure directly connected to card networks and local payment methods across the world, allowing for unified commerce and providing shopper data insights to merchants. The Adyen platform enables merchants to accept payments in a single platform, enabling revenue growth online, on mobile devices and with POS.

The following is a list of key milestones in Adyen's development:

- 2006 - Founded by a team of payment professionals/entrepreneurs
- 2009 - Signed first global enterprise merchant (Groupon)
- 2010 - Added risk management products to the Adyen platform
- 2012 - Received pan-European acquiring license
- 2012 - Opened offices in San Francisco, London and Paris, among others
- 2012 - Added POS to Adyen's service offering
- 2016 - Obtained acquiring license in Brazil through a bin sponsorship.
- 2016 - Launched MarketPay offering
- 2017 - Obtained European banking license
- 2017 - Launched Checkout
- 2017 - Obtained acquiring licenses in Singapore, Hong Kong, Australia and New Zealand
- 2017 - Surpassed \$100 billion in processed volumes
- 2018 – Launched Terminal API

Strengths

Adyen's competitive strengths are underpinned by its fully-integrated proprietary platform, which allows Adyen to support merchant growth around the world and across channels, including through data-centric solutions that aim to increase revenue and by developing new features and services on its single platform alongside merchants in a co-creation process. This has made Adyen a trusted partner of many of the world's most recognizable companies. Adyen is supported by an experienced management team that actively fosters an entrepreneurial culture.

One single platform built for growth

The typical payments landscape has been characterized by a fragmented patchwork of providers and legacy systems, which Adyen believes leads to an inferior shopper experience, both explained and unexplained declined authorizations, low conversion rates and a high number of fraudulent transactions leading to administrative costs for merchants. In this context, the Adyen team set out to fundamentally change the payments industry by building a single, fully-integrated global platform which seeks to provide a high-quality level of service to merchants.

Illustrative Traditional Value Chain



Illustrative Adyen Value Chain



Full end-to-end payments stack

Adyen's state-of-the-art platform integrates the full payments stack. The Adyen platform was built in-house and designed to replace several blocks of the payments value chain with a single, integrated platform. Where traditional platforms provide for separate gateway, risk management, processing and acquiring solutions, Adyen combines all these functions into one platform. This integrated approach provides Adyen with better intelligence into the payments flow, allowing it to provide high-quality service levels and transparency to merchants. Furthermore, Adyen's platform leverages best-in-class technologies including machine learning, data mining and artificial intelligence.

Adyen's full payments stack provides merchants with a holistic view of the payments flow through a single integration and one contract, including insights into why a specific transaction is rejected by an issuer. These insights can help to increase sales for merchants while improving the experience for shoppers, thereby contributing to higher revenues and lower costs. This in turn helps to drive Adyen's merchant retention and acquisition. Further, the one contract approach allows for increased efficiency when it comes to the merchants' reporting and reconciliation.

Technical Superiority

Adyen's single platform also has significant benefits for Adyen in terms of ease of management, operational efficiency, robustness and agility in quickly launching new features. The platform has been fully developed, and is run, in-house, and all new features have been designed with the ability to scale in mind. Adyen's

proprietary software for its platform runs on open source technology and remains largely independent of software commercially licensed from third parties.

Adyen believes that not being limited by third party software in its core operations has been a key factor behind its ability to rapidly increase the number of transactions that the platform can process. Adyen also believes that managing all operations in-house helps to maintain a high level of security and performance. The end-to-end control further enables flexibility for Adyen to combine platform components in different configurations to meet the various needs of its merchants and allow for scalability.

Delivering significant benefits for merchants

Adyen's proprietary payments stack enables Adyen to deliver high-quality service levels to its merchants, providing them with:

A global platform with local depth

Adyen offers its merchants access to payments worldwide through one platform and a single integration from the merchants' perspective. Given the proliferation and importance of local payment methods, Adyen is focused on providing a comprehensive, global payments solution to its merchants. Through its single platform, Adyen offers access to a large number of global card schemes (e.g. Visa, Mastercard) and local payment methods tailored for shopper payment preference in each market, such as in Latin America (e.g. Boletto), Asia (e.g. Alipay) and Europe (e.g. iDeal). The company also offers local acquiring on a global scale. The use of local acquiring and payment methods generally increases authorization rates, reduces foreign exchange rates and foreign transaction fees, lowers interchange and card network fees, and reduces payout time per payout currency for the merchant.

Unified commerce across all channels

Adyen believes that the future of payments is 'unified commerce', meaning, more generally, the elimination of distinctions between the channels through which a shopper interacts with a merchant and, in the case of Adyen's current product offering, combining POS, online and mobile standardized across channels for merchants. As shoppers' purchasing journeys are becoming increasingly complex and shopper needs evolve to require ever-increasing convenience, Adyen recognizes the importance for merchants of having a unified payments solution. This is the case for multi-channel merchants (such as, for example, retail or hospitality) as well as single or dual-channel merchants (such as digital goods providers or grocery stores).

Traditionally, both payment service providers and merchants have been challenged with in-store and online/mobile payments running on different technology and systems. Adyen's platform has no such limitation, being built as a channel agnostic platform from day one. Adyen's platform provides the same back-end payment processing and settlement infrastructure for merchants whether their shoppers make purchases online, on their phones or in-store. Unburdened by the need to patch together disparate channel-specific systems, Adyen is able to offer merchants unified commerce solutions out of the box, which can be tailored to their needs, are aimed to ensure that merchants are ready for future trends in commerce and are able to quickly roll out new stores and enter new markets while retaining a centralized payments platform and holistic view of their shoppers, regardless of what channel they shop through.

Data-centric solutions to increase revenue while reducing risk

Adyen's platform aims to optimize payments, reduce fraud and provide shopper insights to merchants. Traditional payments systems are a so-called 'black box', whereby transactions are either approved or declined – with little insights as to why that happened, especially as payment service providers are only one part of the value chain. In contrast, Adyen's control of the complete payments stack results in a high degree of transparency, including as to why transactions are rejected. Adyen is able to leverage advanced technologies and provide intelligence and insights on how to adapt formats, user interfaces, and customer journeys to ensure the highest chance of transaction approval. Furthermore, Adyen's visibility into the payments value chain allows the Company to gather data on shoppers' behaviors, which can then be used to generate actionable insights for merchants on how they can best serve their shoppers and optimize their systems and settings to achieve higher authorization levels. This ultimately leads to a smoother experience for the shopper without any compromise in terms of risk management and fraud detection. In sum, these insights can serve to increase the number of successful transactions for merchants while decreasing

complexity for their shoppers, thereby supporting higher revenues and lower costs. This in turn helps to drive Adyen's merchant retention and acquisition.

Membership to ongoing innovation

Adyen has invested heavily to provide the best-in-class payment experience for all of its merchants with a strong focus on the security, reliability, scalability and performance of each component of its platform. The partnership between Adyen and its merchants provides merchants with access to ongoing innovation, as Adyen continuously improves its products and has a regular software release schedule with improvements deployed every four weeks. This frequent release schedule ensures that merchants will benefit from prompt access to the latest developments. Adyen's aim is for any new feature development to be standardized and made accessible to all merchants.

Most innovations are a direct result of a close collaboration between Adyen and its merchants. To regularly improve its platform and meet its four-weekly release schedule, Adyen organizes its projects around goal-oriented, cross-functional teams, called 'streams', which are comprised of individuals from the business side and the development side of the company and built in collaboration with merchants. These 'streams' benefit from being agile and able to quickly implement their ideas and verify them in practice, allowing for fast launch and iteration cycles.

Trusted partner of many of the world's most recognizable companies

From its outset, Adyen has focused on providing payments on a global scale, recognizing that merchants need to be able to seamlessly carry out cross-border commerce. Further, Adyen has consistently sought to provide these merchants with best-in-class service and transparent pricing. Adyen currently serves several thousand merchants with an offering of the most relevant payment methods, whether global or local, in numerous currencies across six continents and across a wide-number of industries, including retail, travel, digital services, hospitality and marketplaces. Adyen's merchant portfolio includes Uber, Netflix, Facebook, Spotify, Etsy, Vodafone, Sephora, Tory Burch, L'Oréal and booking.com.

In relation hereto, Adyen processed 3.7 billion transactions for its merchants in 2017, translating to €108.3 billion in processed volume in 2017, as compared to €66.3 billion in 2016. Over the period from 2015 to 2017, Adyen's annual churn rate was less than 1% of processed volume.

An experienced founder-led management team fostering an entrepreneurial culture

Since Adyen's inception, its management team has focused on fostering an entrepreneurial culture, at the heart of which rests a commitment to superior service for merchants and to creating benefits for all stakeholders, as represented by the "Adyen Formula" (see "*People and Culture*"). The principles embodied in the Adyen formula include building solutions to benefit all merchants (not just one), launching new products and solutions fast and iterating and making good choices in order to build an ethical business and drive sustainable growth for Adyen's merchants.

Adyen believes that the "Adyen Formula" is a key driver in enabling Adyen's ability to hire and retain top talent, to foster the Adyen culture and to have fun while changing the payments industry. Talent development, diversity, and the retention of Adyen's entrepreneurial culture are considered business imperatives to Adyen. Adyen's founder-led management team, with years of experience in the payments industry, has assembled a very strong core team that manages key business areas and regions. This team includes members who have worked together for nearly 15 years, as well as young talent, mainly trained in-house, and is supported by finance, operations, regulatory and other functional experts and payment and technology leaders. Following the completion of the Offering, the management team is expected to remain in place and members of the current management team will continue to hold significant equity ownership in Adyen.

A business that is difficult to replicate

Adyen's business is difficult to replicate given the following characteristics:

- a single, globally integrated platform enabling a seamless and high-quality transaction experience for both merchants and shoppers;

- tech DNA and payments expertise – a "technology first" business from inception benefitting from its speed of innovation reinforced by quick time to market with new products;
- strong relationships with some of the world's largest and most globally connected merchants;
- a global presence that is reinforced by local expertise, partnerships with key constituencies and a suite of acquiring and regulatory licenses and regulatory know-how each built up by Adyen over the course of the years and responsive to the various regulatory and commercial challenges in the payments industry;
- a powerful culture attracting some of the best people in the payments industry; and
- pricing transparency.

Strategy

Adyen operates in an agile manner, guided by the Adyen Formula and the ever-evolving needs of merchants. These principles – to help merchants grow, to change the payments landscape, and to have fun while doing it – position Adyen as a growth partner to the merchants that it serves. Adyen aims to be at the forefront when it comes to developing new functionality as business models evolve.

Adyen believes that it is well positioned to significantly grow its business and increase scale over the coming years, with growth opportunities mostly centered on the following three strategic pillars:

1) *Continued Focus on Enterprise Merchants*

Adyen has traditionally grown its business by solving payments-related issues for global enterprise merchants, which Adyen generally defines as large, multinational corporates. Adyen still sees significant potential for upside in this category for the following reasons:

- *Deepening relationships with existing merchant base:* Adyen aims to grow its business within its existing merchant base, which includes some of the largest multinational merchants. This increase is expected to come through a combination of sources, including (i) Adyen's merchants' organic growth, (ii) a deepening of Adyen's product offering and (iii) an increase in Adyen's proportion of transaction volume with its current merchants, which often is achieved through an increase in geographies covered by Adyen with its current merchants and/or adding new channels for merchants, such as having a merchant add Adyen's POS services if it is already using Adyen for e-commerce transactions or vice-versa.
- *New merchants:* Acquiring new enterprise-level merchants across different verticals and geographies. Adyen has a dedicated sales force focused on acquiring new globally operating enterprise-level merchants in each of the geographies and industries where it is present.
- *Capitalizing on evolution in business models:* As Adyen's platform is able to quickly respond to changing merchant needs, it is well positioned to benefit from its merchants' changing business models.

2) *Increasing Adyen's Unified Commerce footprint*

The retail industry is rapidly evolving, with merchants realizing that their ability to connect with shoppers across channels can have a significant impact on their businesses. Online and mobile retailers are increasingly establishing a physical presence and brick-and-mortar retailers are increasingly pursuing an online and mobile strategy. Increasingly, merchants aim to build various types of sales and distribution models across sales channels.

Adyen believes it is well positioned to capitalize on this paradigm shift in retail as result of the following:

- *Holistic view of payments on Adyen's single platform:* Adyen's single platform has been built for unified commerce from day one, with all transactions, regardless of channel, identified similarly in the merchant's system. This approach allows the collection of data that can deliver unique shopper insights and simultaneously helps to combat fraud. Adyen's back-end infrastructure for

processing and settling payments is the same across all channels and thus provides merchants with a unified overview of all shopper transactions.

- *Uniform shopper journeys:* Adyen enables merchants to offer a uniform experience across channels, whether for shoppers in-store, online or on a mobile device. This allows merchants to markedly improve the quality of service to their shoppers, such as through one-click payments online or on a mobile for shoppers recognized from in-store visits, improved offer targeting and facilitation of home delivery. As concepts such as the "endless aisle", which refers to using in-store kiosks to allow shoppers to order products which are no longer in stock or not sold in the store, enter the mainstream of retail, businesses are increasingly pushed to change their approach to shopper journeys to meet market demand and Adyen can serve the merchants' emerging needs.
- *Increased focus on POS:* Adyen's POS offering, which was first offered in 2015, has grown significantly since launch. Adyen believes that this offering will continue to grow in the coming years, both for current e-commerce merchants expanding to POS and POS merchants that recognize the benefits of Adyen's POS only or POS plus e-commerce offering. Processed volumes coming from Adyen's POS offering have increased from €0.5 billion in 2015, to €2.6 billion in 2016 and to €8.4 billion in 2017.

3) *Additional Focus on Mid-Market Merchants*

Historically, Adyen has been focused on large multinational merchants; however, Adyen believes that it is well-positioned to also grow its business with mid-market merchants, which it views as the next adjacent segment to enterprise merchants, as a result of the following:

- *Industry-leading functionality:* All merchants that use the Adyen platform gain access to the same performance and functionality as the world's largest multinational companies. This makes Adyen's platform attractive to both large domestic merchants and local merchants with international ambitions.
- *Serving local heroes:* Over the last 11 years, Adyen has established a truly global footprint, with 18 offices worldwide, which provides Adyen with the local presence, payment methods and expertise in key markets. This allows Adyen to focus on further serving local mid-market merchants.
- *Catering to global ambitions:* Equally, Adyen's local offering combined with its integrated payments platform allows Adyen to take local merchants global, and to do so swiftly and efficiently. Instead of having to set up new contracts and processes for all of the markets where a merchant is present or intends to expand to, Adyen is able to provide a single payment solution at a global level that facilitates local acceptance across markets.

Financial Objectives

Adyen has set the following financial objectives, which it aims to achieve by executing its strategy:

- *Net revenue growth:* Adyen aims to continue the growth of Net revenue and achieve a CAGR (compound annual growth rate) between mid-twenties and low thirties in the medium term by executing Adyen's sales strategy. For 2018, the Company expects Net revenue to grow at least 40%.
- *EBITDA margin:* Adyen aims to improve its annual EBITDA margin, and expects such margin to benefit from its operational leverage and increase to levels above 55% in the long-term.
- *Capital expenditure:* Adyen aims to maintain a sustainable capital expenditure⁴ level of up to 5% of Adyen's net revenue

Adyen has not defined, and does not intend to define, "medium term" or "long-term". Adyen's medium-term and long-term financial objectives should not be read as forecasts, projections or expected results and should not be read as indicating that Adyen is targeting such metrics for any particular year, but are merely

⁴ Capital expenditure consists of the line items "Purchases of plant and equipment" and "Capitalization of intangible assets" on the consolidated statement of cash flows.

objectives that result from Adyen's pursuit of its strategy. Adyen's ability to meet its 2018, medium term and long-term objectives is based upon the assumption that Adyen will be successful in executing its strategy and, furthermore, depends on the accuracy of a number of assumptions involving factors that are significantly or entirely beyond Adyen's control and are subject to known and unknown risks, uncertainties and other factors that may result in Adyen being unable to achieve these objectives.

Description of Principal Business Activities

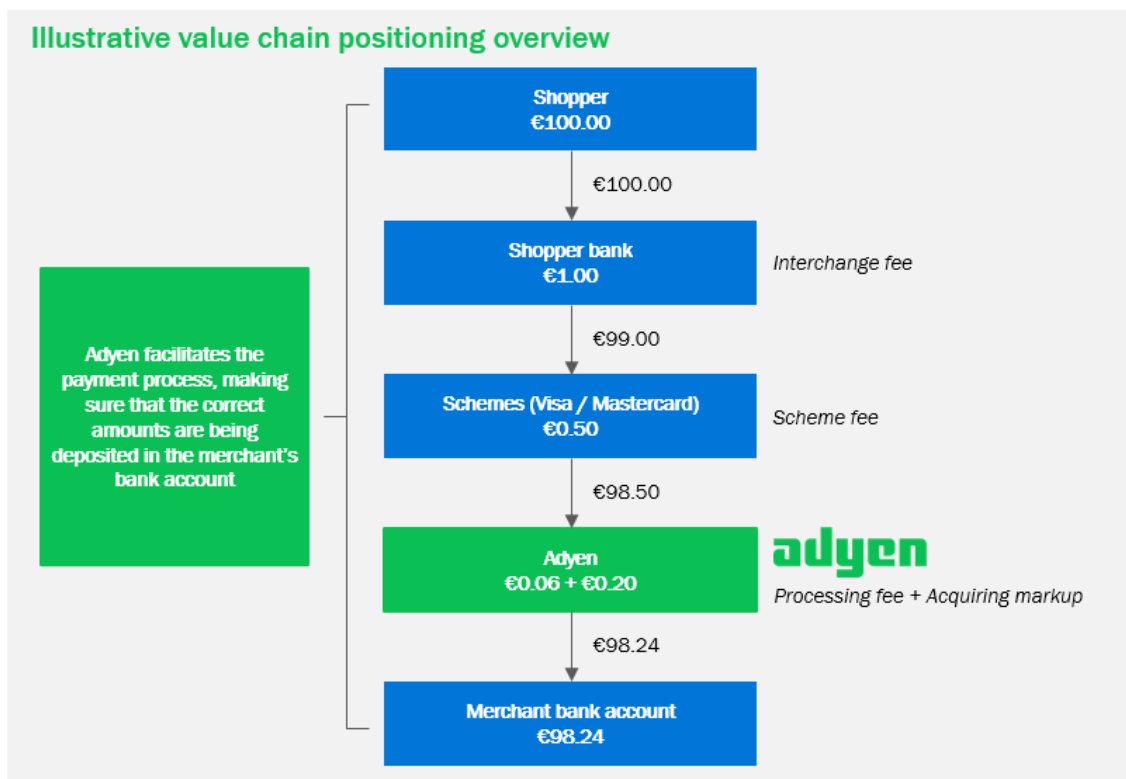
The Adyen platform integrates the full payments stack (gateway, risk management, processing and acquiring) with a common back-end infrastructure for authorizing payments across its merchants' sales channels as well as offering feature-rich APIs (see "Technology and Engineering" for additional information on Adyen's infrastructure). This integrated platform allows for the delivery of products and services on a global scale with local capabilities, directly connecting merchants to Visa, Mastercard and many other payment methods, and across sales channels, including its merchants' online, mobile and POS channels, while providing a high level of reliability, security, performance and data insights.

Payment Processing and Settlement Services

The key revenue-generating services that Adyen provides merchants through its platform are processing services and settlement services. Processing services include authorization, reconciliation, risk management, tokenization and payout services, while settlement involves underwriting the settlement risk that arises where Adyen acts as an acquirer for a merchant.

The processing fee that Adyen receives from merchants is usually charged in the form of a fixed fee per transaction. The settlement fee is usually charged as a percentage of the transaction value. As such, this is also a per transaction fee. In some cases, Adyen only acts as a "gateway" and does not provide any acquiring services, in which case Adyen earns only the processing fee.

The following graph provides an illustrative example of Adyen's acquiring markup and processing fee within the broader value chain.



A crucial component of Adyen's processing and settlement is its direct credit and debit card acquiring and processing capabilities. This direct connectivity to the major card networks is a departure from payment processors relying heavily on the technological infrastructure of legacy partners and white label

partnerships with banks to facilitate card payments. In addition to offering credit and debit card acquiring and processing, Adyen's single platform is also connected to many local payment methods across the globe, such as AliPay, WeChat Pay and iDeal. Adyen's local payment offering is integrated directly into the same global unified platform as the rest of Adyen's offering, meaning that merchants can implement one solution to provide their offerings to shoppers across sales channels and most of the world. See "Global Acquiring and Local Payment Methods" below for additional detail on Adyen's credit and debit card and local payments offerings.

Additional products and services

Integration Tools

Adyen offers its merchants tools to integrate Adyen's processing and settling services into their various sales channels via Adyen Checkout. Adyen Checkout functions as a front-end to Adyen's platform and caters to online, mobile and in-store transactions.

Adyen Checkout

With Adyen Checkout, Adyen aims to have merchants benefit from conversion optimization through the use of Adyen's most advanced features, while simultaneously offering a simplified and flexible way to integrate.

Tool to optimize conversion

Adyen Checkout is designed with the aim to generate higher shopper conversion through built-in personalization and localization tools, shopper preferences and risk profiles. Adyen Checkout also provides increased transparency and traceability of shoppers in the payment flow, enabling both merchants and Adyen to make data-driven decisions to further drive conversion.

Tool for simplified, flexible integration

Adyen Checkout supports Adyen's full range of payment methods, including major card networks and key local payment methods, as well as conversion optimization features. Adyen Checkout is targeted to be optimized for a wide range of devices, screen sizes and software development environments. Due to its modular design, Adyen Checkout allows the merchant to seamlessly integrate payments into their desired shopper experience. Adyen Checkout is also distinguished by the diversity of ways in which merchants can integrate it into their specific architectures: Adyen Checkout can be integrated with full control on an API level, or by leveraging the software development kits ("SDKs") provided by Adyen. Merchants can integrate Adyen Checkout, depending on the circumstances, in as quickly as one hour by leveraging one of the SDKs, or by using the API to build a completely customized payment flow of their choosing.

Terminal API

Adyen Checkout can be used for online, mobile and in-store payments. One element of Adyen Checkout is the terminal API (the "**Terminal API**"), which allows for Adyen Checkout to be integrated in-store.

Adyen provides its terminals (which are produced by a third party) directly to merchants for use out-of-the-box with Adyen's Terminal API. The Terminal API communicates directly to the terminal, as well as to Adyen's platform, which allows for the unification of all payment processing activities. The Terminal API provides a single integration to all payment methods, payment processing features and terminals the merchant is using via Adyen.

For merchants that only use Adyen's processing services in-store, the Terminal API can be integrated on a stand-alone basis. The Terminal API is also part of Adyen Checkout, so merchants accepting payments on multiple channels have direct access via Adyen Checkout. This reduces both complexity and integration efforts for the merchant.

Adyen's Terminal API offers full flexibility and feature enablement, for example, its terminals are near-field communication (NFC) enabled and support a wide range of key mobile and local payment methods, including AliPay, WeChat Pay, Apple Pay and Google Pay.

Marketplace Solutions ("Adyen MarketPay")

Marketplaces (such as Etsy) are a fast-growing business model, providing opportunities for their users, or "sub-merchants", which include a whole new market of small business owners and entrepreneurs on the Internet. Marketplaces are faced with unique challenges, being responsible not only for integrating payments into their platform, but also the need to facilitate payouts of funds to their sub-merchants. Consequently, marketplaces have a substantially higher regulatory burden, particularly in relation to KYC and on-boarding requirements for a large number of sub-merchants.

The combination of these forces – a growing market with unique challenges in payments and regulations – led Adyen to create Adyen MarketPay in 2016. Adyen MarketPay is a global and flexible payment and payout solution for marketplaces. This payments solution is an extension of the same full payments stack as the Adyen platform and includes automated and secured on boarding of sub-merchants, the ability to automatically split payments between merchant funds and sub-merchant payouts, optimized payout facilitation, and managed compliance. As a result, Adyen MarketPay is a "one-stop-shop" solution for marketplaces to offer their services globally. Merchants are able to create flows that make sense to their marketplace using Adyen's set of APIs, allowing for absolute flexibility.

Through Adyen MarketPay, regulatory and compliance burdens can be alleviated to a large extent by Adyen, which executes KYC and anti-money laundering checks in compliance with global regulatory requirements. This aims to allow sub-merchants to concentrate on servicing their shoppers while Adyen automates compliance and KYC-related tasks. While Adyen supports marketplaces in meeting their regulation and compliance requirements, the primary responsibility remains with the marketplaces.

Data-enabled products

Due to Adyen's integrated platform, Adyen has visibility on payments data throughout the value chain, as well as infrastructure that can facilitate complex, real-time data analysis on that information. Adyen's data-enabled products include three main offerings: RevenueAccelerate, RevenueProtect and Shopper Insights.

Authorization rate optimization ("RevenueAccelerate")

Due to the traditionally complex and fragmented payments landscape, payment systems have largely been a black box for merchants. Transactions were either approved or declined, without significant insight or room for optimization. RevenueAccelerate aims to correct for these inconsistencies in the payments ecosystem by converting wrongly refused card transactions into approvals. RevenueAccelerate is a data-driven suite of automated tools, which work in the background of each payment to increase authorization rates and revenue.

Drawing on Adyen's direct access to card network data, RevenueAccelerate uses machine learning, data mining and AI techniques to build intelligent logic to adapt both the format and route of each payment request in real-time, targeting the highest chance of an approval from the issuing bank. RevenueAccelerate has a set of features including intelligent payment routing, dynamic card validation, auto-retries and account updater. All of these features work automatically and in tandem to provide merchants with better authorization rates. Importantly, since the ecosystem is dynamic, with entities across the value chain making changes and updates of their own, the entire RevenueAccelerate system automatically adjusts to changes as they are made.

Fraud Prevention ("RevenueProtect")

As with RevenueAccelerate, Adyen's RevenueProtect product uses machine learning, data mining and AI techniques to screen transactions for fraud. RevenueProtect performs a number of checks resulting in a total score for every transaction, which gives an indication of the likelihood of the transaction being fraudulent. Unlike other fraud prevention systems, Adyen's merchants can configure scoring rules themselves, offering both the benefits of automation and data-driven logic, with the transparency and control that merchants expect. Further, for merchants working in industries that prefer manual review processes, Adyen offers a robust set of manual review interfaces and outsourcing services to assist in this regard.

Central to RevenueProtect is Adyen's "ShopperDNA", which is a proprietary transaction-linking algorithm. ShopperDNA works in real-time to create a holistic view of related transactions across a merchant's entire history. This allows Adyen to identify fraudsters even as they change devices, identities and payment methods, as well as track loyalty and reduce false positives on valid shoppers who might, for example, use

a new credit card but which the system flags as potentially fraudulent. ShopperDNA, together with RevenueProtect's risk-profiling technology, is aimed at allowing merchants to prevent fraud rates from growing as they grow their business, while reducing operational overhead and reducing aggregate fraud rates.

Shopper Insights

In addition to authorization rate optimization and fraud prevention, Adyen offers data-driven reporting mechanisms. This is primarily done in three ways: via Adyen's customer area (i.e. the user interface for Adyen's merchants), Adyen's reporting service and through general "data enablement" in the payment responses Adyen's merchants receive via APIs.

Adyen's customer area provides an interface in which merchants can analyze their payments and shopper data. Ranging from top-level fraud and authorization rate reports, to management reporting for a merchant's fleet of Adyen terminals, to shopper and geographic insights, Adyen provides 'out-of-the-box' insights tools for merchants.

Banking Products

In April 2017, Adyen obtained a banking license in Europe. The primary driver of obtaining the license was to further strengthen Adyen's core payments offering. Previously (while still leveraging a unified full-stack system) Adyen was fully reliant on third-party banks to facilitate the payout of funds to merchants. By obtaining a banking license, Adyen is now able to offer payment processing services with direct settlement of funds from an Adyen account to its merchants' accounts, the aim of which is to provide enhanced performance and reliability. Obtaining a banking license has also provided Adyen with a more structured regulatory environment in line with the DNB and ECB standards.

Going forward, in order to support its provision of payment processing services to merchants, Adyen also intends to use its banking license to offer to its merchants' multi-currency bank accounts held with Adyen. This service will only be offered in combination with Adyen's payment processing service with the objective of improving the settlement flow to merchants.

Adyen also intends to use its banking license to offer its merchants a pre-financing service, which it refers to as "Sales Day Payout". This involves Adyen crediting merchant bank accounts in respect of payment transactions that are approved but not yet settled through the relevant card network or acquirer, with the objective of simplified reconciliation or speeding up payout timelines for merchants.

Adyen expects to begin offering bank accounts and pre-financing over the course of 2018.

Global Acquiring and Local Payment Methods

Adyen has the required technical capabilities, infrastructure, acquiring licenses and direct network connections to global card schemes to accept a wide range of payment instruments. For merchants, Adyen's proposition is attractive as it regularly keeps its platform up-to-date with the latest card network specifications and local processing rules on a global scale. In addition to the provided functionality, Adyen's transparent pricing model is equally attractive to merchants, as described below.

Acquiring licenses

Acquirers, including Adyen, hold licenses from the card networks, such as Visa and Mastercard, which allows acquirers to underwrite merchants in order for the merchants to be able to accept payments via the card networks and also allows acquirers to settle funds to the merchant via the acquirers' processing platform. Acquirers are financially liable to the card networks for the settlement risk when merchants default and are unable to provide their products or services to the shopper.

Acquiring licenses allow Adyen to process payments domestically in all key markets, generally leading to higher authorization performance and lower processing costs. Additionally, local acquiring licenses can lead to faster merchant payouts. Lastly, local acquiring generally results in lower interchange costs and card network fees, which directly benefits the merchant in Adyen's transparent "cost-plus" pricing model, where Adyen's settlement fee is composed of interchange costs and card network fees that Adyen is charged plus a margin agreed with the merchant.

Adyen has gradually obtained an increasing number of acquiring licenses from card networks, which are the principal means through which it is able to provide its platform to merchants. Adyen's global acquiring capabilities cover, among others, the United States, Brazil, Australia, New Zealand, Hong Kong, Singapore and Europe.

Adyen primarily utilizes two types of acquiring:

- *Full acquiring license:* Adyen performs the full acquiring process and takes full financial responsibility for chargebacks where the merchant is unable to pay. As of the date of this Prospectus, Adyen holds full acquiring licenses in Europe, Australia, New Zealand, Singapore and Hong Kong.
- *'Bin sponsor' license:* In some markets, Adyen is unable to obtain a direct license from the card networks and instead 'rents' the license held by a local acquiring bank by paying a fee to the local acquiring bank. In this model Adyen still controls the full technical stack for payment processing and takes full financial responsibility for chargebacks where the merchant is unable to pay. As of the date of this Prospectus, Adyen holds bin sponsorship licenses in the United States, Brazil and Canada.

In addition, in order to manage related chargeback risks, Adyen provides only gateway services in relation to certain merchants, based on a risk assessment, that sell goods or services well in advance of the date of their delivery or use. In such cases, Adyen instead partners with both a local processor and acquirer. Adyen is typically not in the funds flow between the card network and the merchant where it only provides gateway services and therefore does not have financial responsibility for chargebacks if the merchant is unable to pay. See also "*Risk Factors - Merchant defaults could potentially lead to financial losses for the Company due to chargebacks and refunds.*"

Supporting local payment methods

For merchants in the process of expanding globally, or for merchants that have already expanded globally, providing the payment method of choice for shoppers in each market can have a significant impact on sales volume, as cards are not necessarily the preferred payment method of choice in many key local markets.

This is particularly true for markets such as Latin America (e.g. Boleto), Asia (e.g. Alipay) and Europe (e.g. iDeal). In addition for point-of-sale, a shopper can choose to pay with local payments such as AliPay or WeChat Pay via a QR code that is displayed on the POS terminal and the shopper using their AliPay or WeChat Pay application on their mobile device to scan this code and make the payment.

In these markets, Adyen helps merchants reach more shoppers by offering their preferred payment methods. Crucially, Adyen's platform requires only one integration from the merchant to start accepting any and all of the payment methods above and to simultaneously benefit from one set of consolidated reporting.

This one integration also means that new regulations that aim to make account-to-account based payment methods more competitive with the card networks, such as PSD2, provide an opportunity for Adyen, as Adyen's platform allows merchants to accept the full range of payment methods and Adyen can provide solutions.

Merchant Base

Adyen's merchant base is growing in three principal ways, namely by obtaining a higher proportion of transaction volumes from its existing merchants, on-boarding new merchants and expanding its product offering for existing and new merchants.

Adyen has traditionally grown by focusing on facilitating payments for globally operating enterprise-level merchants. As of the date of this Prospectus, enterprise-level merchants still form the majority of the Adyen merchant base. In 2012, Adyen began rolling out its POS solution, with some early success in the form of industry-leading brands boarding onto the Adyen platform, such as a luxury retailer, which has seen its previous patchwork of providers spread across more than 15 platforms and 30 contracts reduced to Adyen's single unified commerce platform and single contract.

With a large number of global enterprise-level merchants now boarded onto the Adyen platform, Adyen is beginning to focus on mid-market merchants around the world, which it views as the next adjacent segment.

Additionally, Adyen's platform is well-adapted for emerging business models, illustrated by its success in providing payment services to Silicon Valley-based internet companies.

Adyen operates across industries – most notably in retail, travel, digital services, hospitality and marketplaces. For the year ended 31 December 2017, as measured by net revenue, Adyen's top 10 merchants represent 33% of net revenue and its top 120 merchants represent 69% of net revenue. Measured by processed volumes, Adyen's top 10 merchants represent 39% of processed volumes and its top 120 merchants represent 83% of processed volumes. Adyen had 3,401 merchants billed in December 2017 (with 478 representing more than €1 million each in processed volume per month during the full year ended 31 December 2017), as compared to 4,510 billed in December 2016 (with 336 representing more than €1 million each in processed volume per month during the full year ended 31 December 2016) and 4,649 billed in December 2015 (with 225 representing more than €1 million each in processed volume per month during the full year ended 31 December 2015). Adyen's processed volumes have grown as the result of both growing volumes with existing merchants and adding new merchants. Adyen regularly monitors its merchant base and removes inactive merchants from the platform, which has led in recent years to a decline in the total number of merchants served but an improvement in the quality and sustainability of the merchant base and high growth in the number of merchants providing high volumes.

Partnerships

Adyen's main partnerships are with its acquiring and local payment partners, as described above in "Global Acquiring and Local Payment Methods". Other significant partnerships include its banks, the POS terminals provider that produces the terminals that Adyen provides to merchants using Adyen's POS solution, as well as warehouse and logistics service providers for the shipment and storage of these terminals.

Technology and Engineering

Adyen's development team began building the Adyen platform from the ground up twelve years ago and designed it to provide a best-in-class payment experience for its merchants with a strong focus on scalability, security and performance of each component of its platform.

Adyen's platform allows merchants to accept payments through all channels in a secure, efficient and flexible manner. By offering a single, quick integration without compromising on features, merchants can concentrate on growing their business rather than managing separate payment solutions for different channels.

Key Benefits of Adyen's Payments Infrastructure

1) Cost-efficient, scalable architecture: Adyen's platform was designed with scalability in mind. One of the examples of this is the fact that transactions can be processed over multiple independent servers – resulting in linear scalability of the platform. Due to this design, Adyen has been able to rapidly scale up in a very cost-efficient manner in the past and will be able to deal with growing volume in the future.

The platform has been entirely built in-house and to date remains largely independent from commercial third-party software providers, resulting in increased security and ease of maintenance. These benefits are further amplified by the modular architecture of the Adyen platform, which provides a high degree of flexibility for Adyen to select and further develop the best technology for individual parts of its service.

2) High resilience and low latency: Adyen leases server space in six data centers around the world (see "*Property Plant and Equipment*") with high-performance servers, storage and computer networking capabilities, located across multiple continents and deployed in an "active-active" setup, which means that during normal processing, a payment request can be handled over Adyen's private network by the servers closest to the merchant and/or shopper, resulting in faster processing times. At the same time, transactions can be easily re-routed to another data center in the case of an outage of one of the data centers. This data center set-up reduces the platform's dependency on any single data center and mitigates against network, energy and natural disaster risks. All data centers pass annual comprehensive evaluations for physical access control, security monitoring and resilience.

3) Reconciliation capabilities: At the core of Adyen's payment platform is a double-entry accounting system, which accounts for all financial events (such as payments) and ensures that both credit and debit

sides of bookings are balanced. Using double-entry bookkeeping, Adyen is able to obtain a high degree of automated reconciliation capabilities, benefiting both Adyen's and its merchants reporting capabilities.

4) *Security, system monitoring and alerting*: Adyen prioritizes security throughout its platform, operations and organization. Adyen makes conscious architectural, design and implementation choices to structurally address security risks. Adyen's staff is trained and is engaged in the ongoing security of the platform and for new developments. The platform continuously monitors activity, and anomalous data (also known as "exception data") is analyzed for indicators of unauthorized activity. Furthermore, Adyen's platform is compliant with Payment Card Industry Data Security Standards (PCI DSS) and other relevant PCI standards.

Technology Strategy

1) Merchant-driven innovation

Adyen aims to develop generic functionality that will benefit all of its merchants. The source for most innovation generally comes from leading businesses in their respective industries, which Adyen then develops platform-wide, thereby providing advantages for all merchants on the Adyen platform.

2) "Streams" - Collaboration between developers and commercial teams

To continuously improve its platform, Adyen organizes its projects around goal-oriented, cross-functional teams, called "streams". These are comprised of individuals from the business organization (product specialists and functional experts in areas such as finance, compliance etc.) and the development organization (front-end and back-end developers).

This setup ensures that developers and product specialists collaborate closely on new product developments as well as on performance optimization, aiming to create the highest quality output for both Adyen and its merchants. The success of the streams is made possible by Adyen's autonomous culture that values a bottom-up approach, teamwork and the ability to communicate effectively and directly across teams.

3) Launch fast and iterate

Adyen continuously improves its products and has a regular software release schedule with improvements deployed, typically on a four-weekly basis (whereas the industry norm is to release only a few times a year). This frequent release schedule aims to ensure that merchants will benefit from immediate access to the latest developments.

Adyen has developed full testing capabilities with continuous integration, with advanced testing features including the in-house 3D-printed, POS test robots, which are used to remotely test the roll-out of new software on Adyen's POS terminals.

4) Investing in technology talent

Adyen has invested extensively in its technology talent. As of 31 December 2017, Adyen had 34% of its employees in engineering and technology related roles, as compared to 33% in each of 2016 and 2015. The development teams often engage directly with merchants, supporting the commercial teams to improve the merchant's payments experience and implement/drive new product innovations, as described above under 'Streams'.

5) Drive data capabilities through machine learning, data mining and AI

Adyen places a strong emphasis on machine learning, data mining and AI throughout the platform to improve the functionality and configuration of its core services. Aiming to maximize the authorization rates for merchants while minimizing the risk of fraudulent transactions, Adyen has developed a suite of data products to meet these needs (see "*Products and Services – Data-enabled Products*").

A key characteristic of the payments landscape is that it is dynamic – both fraudsters and industry players change their methods continuously and Adyen's data-driven approach allows it to react quickly to changes in the industry.

6) Invest in Research & Development

The scale at which Adyen operates, combined with the data-centric nature of its platform features, provides some unique computer science challenges that are not easily solved using textbook approaches. Adyen invests in building frameworks to solve these challenges when solutions are not readily available or do not fit the requirements. Adyen works closely with the open-source community on various topics, enhancements and new tools especially around databases.

Adyen also does research with computer science departments of multiple universities. During 2017, there were more than 50 students working in Adyen's Student Program that sees university students participate in project-specific internships and projects at Adyen's offices, which has in the past proved to be a valuable source of talent for Adyen.

People, Culture and Values

Adyen is a business built for people. Its company culture attracts individuals who take initiative and who are dedicated to the organization's rapid growth. Adyen believes its employees can reach their full potential when given the freedom, responsibility and opportunity to push the boundaries of innovation. Adyen believes in people creating their own path while also supporting its employees by investing in them through encouraging (international) assignments and/or exchanges, training opportunities and global development events.

Adyen's informal work culture is focused on teamwork, without egos or hierarchy. Employees are encouraged to act transparently and speak directly, with the openness for feedback and the ability for each to design their own growth path. The "Adyen Formula" serves as a uniting force that provides guidance to all employees on working together, decision-making and building the future of the company, as follows:

- We build to benefit all merchants (not just one);
- We make good choices to build an ethical business and drive sustainable growth for our merchants;
- We launch fast and iterate;
- Winning is more important than ego; we work as a team - across cultures and time zones;
- We don't hide behind email, instead we pick up the phone;
- We talk straight without being rude;
- We include different people to sharpen our ideas; and
- We create our own path and won't be slowed down by "stewards".

One way in which Adyen maintains its culture is by ensuring that every potential new hire meets with at least one board member before being hired. Adyen has hired approximately one in 67 applicants in 2017.

As of 31 December 2017, Adyen had 668 FTEs (not including contractors), as compared to 464 and 338 in 2016 and 2015, respectively. As of 31 December 2017, 39% of Adyen's FTEs were in engineering and technology related roles and 41% were in commercial roles. Over the course of 2016 and 2017, Adyen had less than 2% in regretted losses, defined as a person that left Adyen during the period which Adyen considered as either essential to its daily operational success or a key talent with ambition and ability to grow. As of 31 December 2017, the average age of Adyen's employees was 32 years old, representing over 50 nationalities and with a split of 72% male employees and 28% female employees. In 2017, the total number of leavers represented approximately 14% of the total number of Adyen employees (average headcount in 2017), whereas leavers in the (critical) technical departments accounted for less than 5% of the total workforce (average headcount in 2017).

Sales and Marketing

As Adyen has expanded beyond its core merchant base of large enterprise merchants and targeted new geographic markets, such as Brazil, it has invested more significantly in marketing, primarily to build higher brand awareness and drive adoption/conversion rates through increased online and mobile advertising

(primarily social media) and offline advertising (display advertising). In the first quarter of 2018, Adyen launched an international brand building campaign, entitled 'Business. Not Boundaries', with online, mobile and offline campaigns primarily targeting US merchants. This campaign was subsequently rolled out in Europe, Latin America and the Asia-Pacific region. Adyen also sponsors leading industry events (e.g. NOAH), and its management makes increasingly regular appearances at events across industries, including retail and technology (e.g. NRF, ShopTalk, TechCrunch Disrupt).

Adyen firmly believes in the importance of being a partner to its merchants, which is made possible by close cooperation between merchants and Adyen's account management, sales and other commercial teams, allowing Adyen to react quickly to merchant needs and fostering collaboration on future product innovation. Therefore, despite the increased importance of marketing, Adyen still considers its account management, sales and other commercial teams as the main driver for the future success of its merchant acquisition and retention strategy. Over the last three years, Adyen has significantly invested in its account management, sales and other commercial teams to grow them to 274 FTEs, which combined accounted for 41% of total employees as of 31 December 2017. Adyen had over 130 sales managers, over 80 account managers, over 40 marketing employees and over 15 partnership managers as of 31 December 2017. Adyen's merchant satisfaction is demonstrated by high net promoter and customer satisfaction scores and an increase in resolved support tickets per day in each of 2016 and 2017, and has scalable operations, which is for instance reflected in a relative decline of tickets compared to processed volume. Adyen estimates that for Account Managed merchants the average time to resolve tickets is 4 hours and over the entire portfolio the average resolution time is 12 hours.

Intellectual Property Rights

Substantially all of Adyen's material intellectual property is developed in-house. The protection of such intellectual property, including Adyen's platforms, trademarks, patents, copyrights, domain names, trade dress (the visual appearance of a product or its packaging that signify the source of the product to consumers), and trade secrets, is important to the success of Adyen's business. Adyen seeks to protect its intellectual property rights by relying on applicable laws and regulations in the countries where it is active, as well as EU and international regulations and a variety of administrative procedures. Adyen also relies on contractual restrictions to protect its proprietary rights when offering or procuring products and services, including confidentiality, IP rights and invention assignment arrangements entered into with its employees, partners and contractors.

Property, Plant and Equipment

As of the date of this Prospectus, Adyen has 18 offices located in 14 countries around the world.

Adyen's corporate headquarters is in Amsterdam, the Netherlands. The following table provides an overview of Adyen's material leased and owned office spaces as at the date of this Prospectus.

Location	Size	Owned/leased
Amsterdam, the Netherlands (corporate headquarters)	3,475 m ^{2*}	Leased
Amsterdam, the Netherlands (additional office space).....	4,111 m ²	Leased
San Francisco, United States	1,829 m ²	Leased

* See also "Operating and Financial Review - Significant Factors Affecting Adyen's Results of Operations – Recent Developments"

Adyen's other office locations (all leased) are Berlin (Germany), Brussels (Belgium), London (United Kingdom), Madrid (Spain), Manchester (United Kingdom), Melbourne (Australia) Mexico City (Mexico), Mumbai (India), New York (United States), Paris (France), São Paulo (Brazil), Shanghai (China), Singapore (Singapore), Stockholm (Sweden), Sydney (Australia).

As of the date of this Prospectus, Adyen leases six data centers around the world (two in the US, two in Australia and two in the Netherlands). Adyen also has signed leases for four additional data centers (two in Singapore and two in the Netherlands) that remain under construction as of the date of this Prospectus.

Insurance Coverage

Adyen holds a number of insurance policies, including general liability insurance, workers compensation insurance, cyber liability insurance and directors and officers' liability insurance. Adyen believes that its insurance coverage, including the maximum coverage amounts and terms and conditions of the insurance

policies, is appropriate. Adyen cannot, however, guarantee that it will not incur any losses or be the subject of claims that exceed the scope of the relevant insurance coverage or that its insurers would not dispute coverage due to any non-compliance with policy conditions.

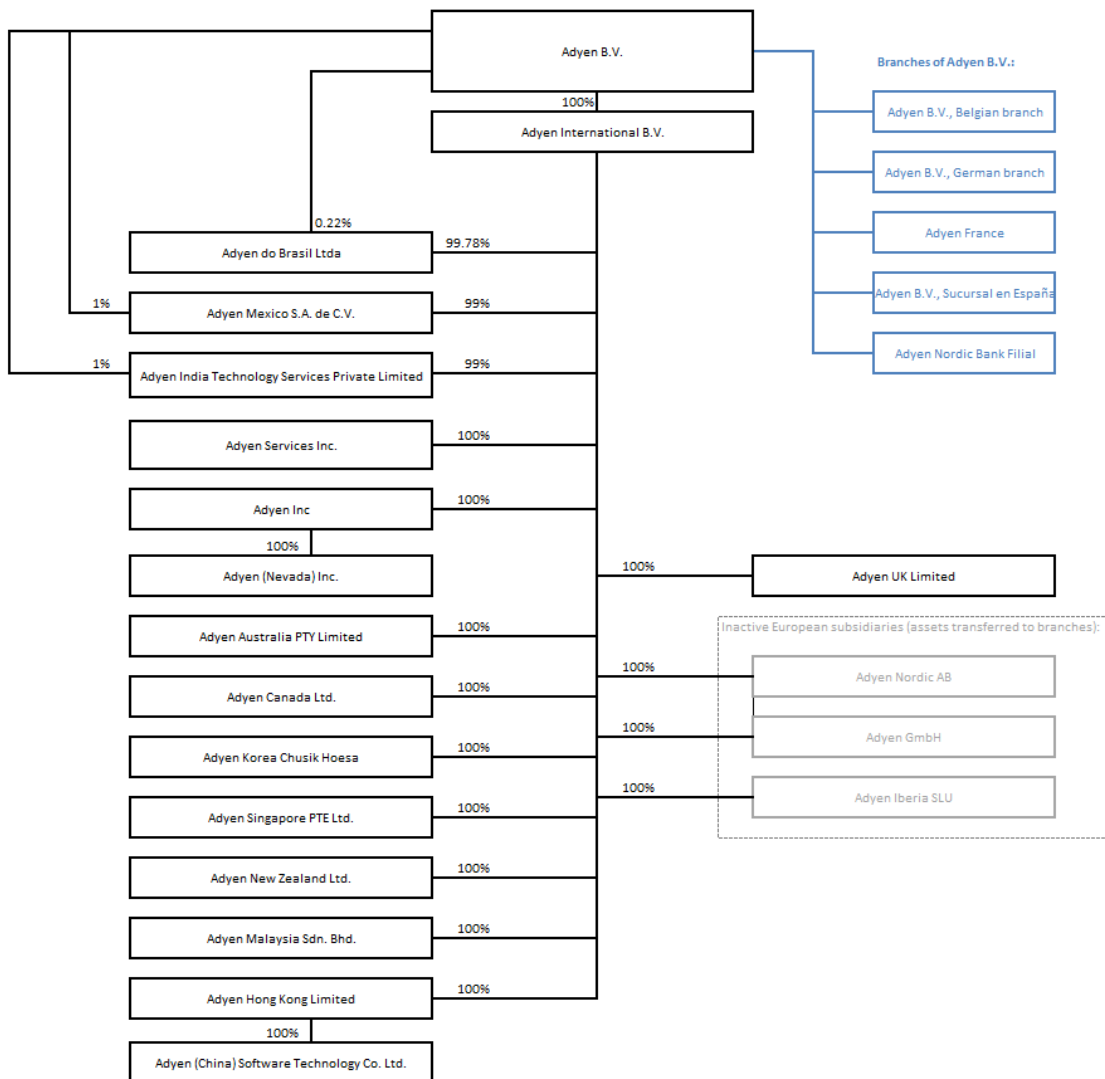
Legal and Administrative Proceedings

In the past, Adyen has occasionally been involved in litigation matters arising in the ordinary course of business. Adyen is not currently, nor during the 12 months preceding the date of this Prospectus has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which Adyen is aware) that may have, or have had, significant effects on Adyen's financial position or profitability. For information on risks related to litigation, see "Risk Factors—Adyen is subject to general litigation, regulatory disputes, and government inquiries" and "Risk Factors—Adyen is subject to patent litigation".

Corporate Structure

As of the date of the Prospectus, Adyen B.V. is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of and domiciled in the Netherlands and directly and indirectly holds 20 legal entities. Adyen B.V. will be converted into a public company with limited liability (*naamloze vennootschap*) named Adyen N.V. shortly after determination of the Offer Price per Offer Share and prior to settlement.

The figure below provides the structure of the Adyen Group.



Material contracts

In addition to the agreements referred to in "*Operating and Financial Review—Liquidity and Capital Resources*" and "*Selling Shareholder and Related Party Transactions—Related Party Transactions—Shareholders' Agreement*" and "*Plan of Distribution*", the following are agreements (other than the agreements entered into in the ordinary course of business), that have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this Prospectus, which are material or which have been entered into by the Company or any of its subsidiaries at any other time and which contain provisions under which the Company or any of its subsidiaries has an obligation or entitlement that is material to the Group as of the date of this Prospectus.

Warrant Agreement

As part of a commercial agreement entered into by and between Adyen and a merchant (the "**Holder**"), Adyen, on 31 January 2018, issued a warrant to the Holder. The Holder is entitled to acquire a fixed number of Shares in a series of four tranches (each a "**Tranche**") for cash, at a specified price per Share upon the terms and conditions set forth in the warrant agreement (the "**Warrant**").

The ability of the Holder to exercise the Warrant in respect of a specific Tranche is linked to meeting significant milestones with respect to processed volume on a calendar year basis. If and when the relevant milestone is reached, the Warrant becomes exercisable in respect of the corresponding Tranche of Shares up until the Warrant expiration date of 31 January 2025. The maximum number of Tranches that can vest in one calendar year is two.

Pursuant to the Warrant, under each Tranche, the Holder has the right to acquire such number of Shares (the "**Warrant Shares**") as is equal to 1.25% of the Company's fully diluted issued and outstanding share capital as at 31 January 2018 (including dilution from all Warrant Shares). Also see "*Description of Share Capital—Shares and Share Capital—Outstanding Rights to acquire or subscribe for Shares*". The exercise price per Share in relation to the first two Tranches under the Warrant should be equal to the Offer Price, and the exercise price per Share in relation to the final two Tranches should be equal to the closing price per Share reported on Euronext Amsterdam on the date on which the milestone for the second Tranche is achieved.

The Warrant contains customary anti-dilution provisions as well as provisions providing for the treatment of the Warrant upon a merger or acquisition of the Company into or by another person or entity (including the acquisition by a single party (or concert of parties) holding a majority of the Company's then total outstanding combined voting power). Upon the acquisition of the Company by a non-strategic acquirer between 2018 and 2021, the Holder would be allowed to exercise all or certain of the unvested Tranches and all unexercised vested Tranches in a decreasing scale per year. Upon the acquisition of the Company by a limited number of strategic acquirers, the Holder would be allowed to immediately exercise all Tranches. For any acquisition of the Company in or after 2022, the Holder would only be allowed to exercise the Tranches for which the relevant milestone has been reached

Adyen considers this agreement to be of an exceptional nature and does not, as of the date of this Prospectus, expect to conclude similar agreements in the short term.

RISK MANAGEMENT

Adyen recognizes that risks are associated with achieving its strategy and business objectives. Managing these risks is an essential part of doing business. The Management Board has therefore adopted a uniform and systematic approach for managing risks across the Company. This approach allows for risks to be compared and aggregated in a portfolio approach to risk management. Adyen's risk management framework is described in more detail in the remainder of this section. The description below does not purport to give a complete overview of all risk management measures taken by Adyen. See also "*Risk Factors*" for an overview and description of the principal risks and uncertainties to which Adyen is exposed.

Risk management framework

Adyen's integral risk management framework (the "**Integral Risk Management Framework**") was originally based on the Enterprise Risk Management – Integrated Framework as issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") in 2004. In June 2017 COSO updated its framework to address the evolution of enterprise risk management. The updated framework is titled Enterprise Risk Management – Integrating with Strategy and Performance ("**ERM**"). It highlights the importance of considering risk in both the strategy-setting process and in driving performance. Adyen has reviewed the updated ERM and where needed adapted its Integral Risk Management Framework.

The Integral Risk Management Framework structures the risk management activities within Adyen with a view of identifying, assessing, managing, monitoring and reporting risks in a uniform manner.

The essential elements of Adyen's Integral Risk Management Framework are:

- **Governance and culture** – Governance sets the tone, reinforcing the importance of, and establishing oversight responsibilities for, risk management. Culture pertains to ethical values, desired behaviors, and understanding of risk;
- **Strategy and objective setting** – Risk management, strategy and objective-setting work together in the strategic-planning process. The Company's risk appetite is established and aligned with its strategy. Operational objectives put strategy into practice while serving as a basis for identifying, assessing, and responding to risk;
- **Performance** – Risks that may impact the achievement of strategic and operational objectives need to be identified, assessed and managed. The Management Board is responsible for designing, implementing and operating internal control measures that mitigate the identified risks. Adyen uses COSO's Internal Control - Integrated Framework as a reference for its design, implementation and evaluation of control activities as part of a system of internal control;
- **Review and revision** – By reviewing performance, Adyen evaluates how well the risk management components are functioning over time and in light of substantial changes to both Adyen's internal and external environment (which may impact the performance of Adyen compared to its strategy and/or operational plans), what revisions are needed. The Management Board is responsible for overseeing both the effectiveness of, and compliance with, risk management systems and controls, and taking prompt action to address any deficiencies; and
- **Information, communication and reporting** – Risk management requires a continual process of obtaining and sharing necessary information, from both internal and external sources, whereby it is intended that such information does not only go upstream or downstream within Adyen's organization, but also across Adyen's various work streams and functional teams.

Risk governance

Adyen's governance sets the tone, reinforces the importance of, and establishes oversight responsibilities for, risk management. Adyen has a two-tier board: the Supervisory Board and Management Board. The Supervisory Board provides oversight of the strategy and supports the Management Board in achieving its strategic and business objectives, whereas the Management Board is responsible for overseeing both the effectiveness of, and compliance with, risk management systems and controls, and taking prompt action to address any deficiencies. Risk management is assigned to the Chief Strategy and Risk Officer ("**CSRO**").

The CSRO ensures that the Management Board effectively considers the risk appetite in its decision making to prevent excessive risk-taking.

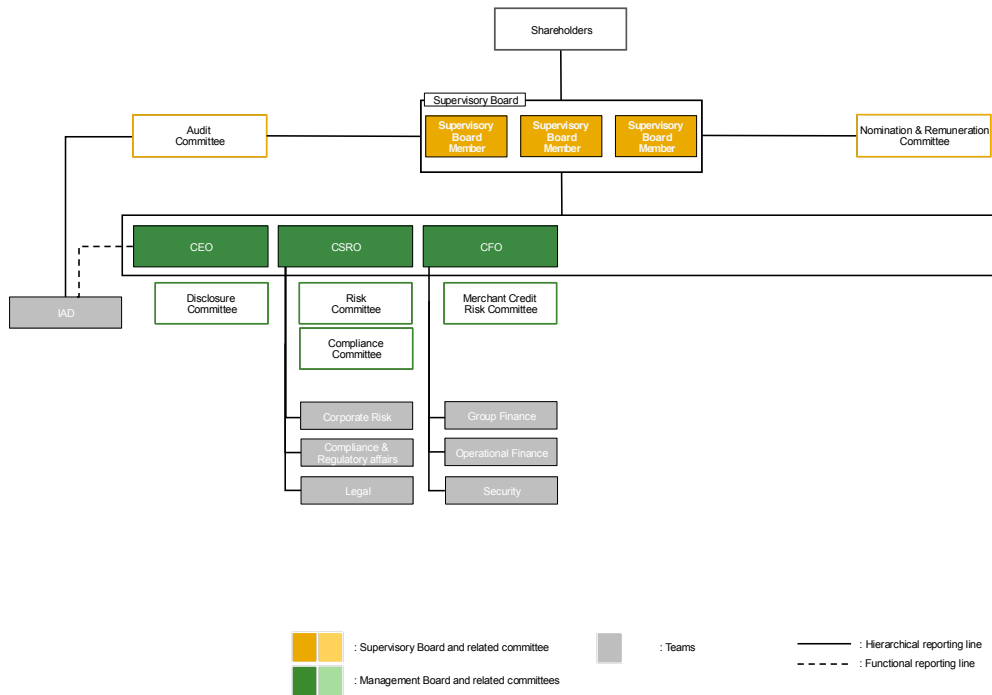


Figure 5: Risk Governance Structure

The Management Board has instituted three committees to support it with its risk management oversight: the Compliance Committee, the Merchant Credit Risk Committee and the Risk Committee. The Compliance Committee monitors Adyen's integrity and (regulatory) compliance risks, the Merchant Credit Risk Committee monitors the merchant potential liability ("MPL") exposures and the Risk Committee monitors the overall risk profile. The Supervisory Board has delegated some of its oversight tasks to the Audit Committee and Nomination & Remuneration Committee of the Supervisory Board. The Management Board has also instituted a Disclosure Committee, which among others things, is responsible for reviewing Adyen's financial information for compliance with legal and regulatory requirements prior to external publication. The organizational chart above sets out Adyen's risk governance.

In line with the EBA Guidelines on Internal Governance (that apply from 30 June 2018), Adyen has adopted the three-lines-of-defense model, which reflects the segregation between operations (first line management), the risk management and compliance functions (second line), and the independent internal audit function (third line). The first line management implements, executes and monitors the control activities to manage performance and the risks taken to achieve the Company's objectives. The second line risk and compliance functions provide guidance on risk management requirements, and independently evaluate adherence to defined standards. Adyen's director for corporate risk, its head of compliance and regulatory affairs, and its general legal counsel report to the CSRO and have direct access to the other board members if needed. The third line internal audit function provides independent assurance on the effectiveness of risk management, including control activities, by performing audits, identifying issues and opportunities for improvement, making recommendations, and keeping the Supervisory Board and Management Board up-to-date on matters requiring resolution. The head of internal audit reports directly to the chairman of the Audit Committee.

Risk appetite

Risk appetite is the amount of risk the Management Board is willing to accept in pursuit of its objectives. It defines the level of risk at which appropriate actions are needed to reduce risk to a level that Adyen is willing to accept. Adyen's risk appetite is not static and may change over time in line with changing

capabilities for managing risk. Furthermore, Adyen does not consider the process of developing strategy and risk appetite to be linear, with one always preceding the other. Adyen develops strategy and risk appetite in parallel, where each is refined throughout the strategy-setting process. Changes in strategy and objectives and willingness to assume risks result in an updated risk appetite, which is ultimately bound by the risk capacity.

The Management Board has translated its view of the risk appetite into risk appetite statements for communication to various Adyen stakeholders ("**Risk Appetite Statements**"). The Risk Appetite Statements set the overall tone for the Management Board's approach to risk taking. The Risk Appetite Statements link Adyen's strategy to the material risks under both normal and stressed market and macroeconomic conditions and express the Management Board's desired level of exposure to various risk categories in qualitative and quantitative terms. In addition to qualitative measures, complementary quantitative measures are expressed in appropriate metrics (e.g. capital or liquidity ratios). The Risk Appetite Statements are reviewed and approved by the Management Board and Supervisory Board at least annually, or more often if required.

Risk capacity

Risk capacity is the maximum level of risk Adyen can assume given its current level of resources before breaching constraints determined by capital and liquidity needs, its operational environment and other obligations. Adyen's financial (capital) buffers, liquidity of assets and borrowing capacity on capital markets therefore are the most important factors when determining its risk capacity. When determining the risk appetite, the Management Board takes the risk capacity into consideration, as the risk appetite should not exceed the risk capacity.

Risk limits

Although the Management Board has diligently assessed the risks and implemented effective mitigating measures against them, there is always the risk of unforeseen events. To protect Adyen of solvency, the Management Board has defined risk limits for the impact that such unforeseen risk events may ultimately have on Adyen's financial results. Risk limits are quantitative measures based on forward-looking assumptions that allocate Adyen's Risk Appetite Statements to specific risk types, legal entities, services, and financial instruments.

The risk limits are set at a level to constrain risk-taking within the risk appetite, taking into account the interests of merchants and shareholders as well as regulatory requirements. The risk limits have specific indicators and triggers to provide effective early warning alerts, which enable effective monitoring of risk exposures.

Risk profile

The risk profile is the point-in-time assessment of Adyen's gross and net risk exposures aggregated within and across each relevant risk type based on forward-looking assumptions. The risk appetite is a main driver in determining the appropriate management information systems and measurement techniques to capture and monitor Adyen's risk profile.

Stress testing

Stress testing is used to understand the impact of stress events on Adyen's overall risk profile and is based on exceptional but plausible events with an adequate degree of severity. Stress testing is used to (i) evaluate the reliability of Adyen's capital plans under stressed conditions to ensure that the plans will meet applicable capital requirements and (ii) the reliability of Adyen's liquidity plans to ensure that the plans will meet liabilities as they fall due under stress conditions. Stress testing is performed in accordance with EBA guidelines on stress testing. Adyen's corporate risk team validates the stress tests to enable the Risk Committee to review the effectiveness, robustness and determine the follow up actions. The results from stress tests (e.g. implied losses, capital and liquidity requirements, available capital and liquidity) are also used as an input for fine-tuning Adyen's risk appetite, risk capacity and risk limits as a feedback mechanism.

Event identification and risk assessment

The Management Board performs at least annually a top-down Group-wide risk assessment, which includes the identification, prioritization, measurement and categorization of key risks that could potentially affect

Adyen's strategy and business objectives. Its purpose is to assess how big the risks are, both individually and collectively, in order to focus attention on the most important threats and opportunities. Based on EBA guidelines, the key risks are categorized as follows:

- Strategic and business risk;
- Operational risk;
- Financial risk, including:
 - Credit risk;
 - Market risk;
 - Liquidity and funding risk.

Reputation risk is not categorized separately as Adyen considers it a risk that can arise from all other risk categories. For a more detailed description of the risks as identified and assessed by the Management Board, see "*Risk Factors*".

Assignment of responsibilities for key risk responses

The Management Board has assigned the Company's risks to risk owners. Given Adyen's business model and organizational structure, key risks are managed at Group level. The appointed person for each risk ("**risk owners**") examines the response options, and if needed, performs cost-benefit analyses. The effects of alternative risk responses are evaluated before it is decided how the risk is to be managed, with the selection of a response or combination of responses designed to bring the likelihood and impact of the potential risk within the risk appetite. The applicable risk owners identify the risk mitigating measures (control activities) that have been designed, implemented and executed and evaluate the effectiveness of the control activities to determine the residual risk.

Control activities

Control activities are the policies and procedures that help ensure that the risk responses are carried out and Adyen's objectives are achieved. The design, implementation and operating of the control activities are the responsibility of the Management Board and team managers. Adyen uses COSO's *Internal Control – Integrated Framework* as a reference for its design, implementation and evaluation of control activities as part of a system of internal control. COSO defines internal control as a process designed to provide reasonable assurance (as opposed to absolute assurance) regarding the achievement of objectives relating to operations, reporting and compliance. An effective system of internal control demands more than rigorous adherence to policies and procedures; rather, it requires the use of judgment. The Management Board uses judgment to determine how much control suffices on a case-by-case basis. Team managers and employees use judgment every day to select, develop, and deploy control activities across the company. The Management Board, Adyen's functional team managers and internal auditors apply judgment as they monitor and assess the effectiveness of the system of internal control.

The entity-level controls regarding the Management Board's operating style, integrity, employee competencies, delegation of authority and responsibility, and employee development define the Adyen control environment and play an essential role in the effectiveness of the control activities. Different people are assigned with the responsibility of authorizing transactions, recording transactions and maintaining custody of assets to reduce the opportunities to allow any person to be in a position to both perpetrate and conceal errors or fraud in the normal course of their duties. The necessary division between functions and how this is reflected within processes is laid down in process descriptions and organization charts.

Adyen's governance, risk management and compliance are established through principle-based policies and procedures that give direction to activities in accordance with Adyen's objectives. The policies addressing the integrity risks are documented in the Compliance Handbook, which is communicated, and remains available, to all Adyen employees via an internal web based tool, town hall sessions and classroom training. The Compliance Handbook is applicable to all employees of Adyen worldwide and as such ensures a consistent compliance approach by the entire organization. Adyen's processes and control activities are designed to ensure compliance with relevant laws and regulations, based on the Compliance Handbook.

Adyen's capital and liquidity risk management policies set the limits on the risks Adyen can take in relation to its capital and liquidity. Through its capital risk management policy Adyen aims to maintain a strong capital base, so that an adequate relationship between total capital and the risks exists at all times. The merchant credit risk policy and treasury policy set forth the policies to maintain risk exposures associated with counterparties, foreign currency exposures and market risk within acceptable limits.

Review and revision

The Management Board monitors the performance against the longer-term growth strategy of the Company. Variances that have occurred are discussed and factors that may have contributed to them are considered. The Risk Committee and the corporate risk function play a key role in supporting the Management Board with overseeing the effectiveness of the Integral Risk Management Framework. They carry out this role by monitoring Adyen's risk profile, which shows the actual residual risks. The monitoring of the risk profile against the risk appetite is an ongoing and iterative process. Any material risk limit breach that places Adyen at risk of exceeding its risk appetite and, in particular, of putting at risk Adyen's financial condition, triggers a meeting of the Risk Committee and is escalated promptly to the Management Board.

Combinations of ongoing and separate evaluations are used to determine if the components of internal control are present and functioning effectively. The ongoing evaluations are built into Adyen's business processes and provide timely information. The separate evaluations are conducted periodically and may vary in scope and frequency depending on the risks and effectiveness of the ongoing evaluations. Adyen's corporate risk team monitors that the evaluations are performed effectively and collects the results. Any identified deficiencies are discussed during the Risk Committee meetings and reported to the Management Board along with relevant findings, recommendations and action plans.

Information and communication

Information is needed at all levels to identify, assess, and respond to risks. Information comes from several sources – internal and external, and in quantitative and qualitative forms – and facilitates responses to changing conditions. Conversations with employees, merchants, suppliers, regulators and other stakeholders often provide critical information needed to identify risks. Similarly, attendance at professional or industry seminars can provide valuable information. The Managing Directors and risk and compliance officers regularly attend seminars, have conversations with employees, merchants, suppliers, regulators and other stakeholders, and subscribe to relevant newsletters to collect information that may support the identification and mitigation of emerging risks. Conversations with employees, merchants, suppliers, regulators and other stakeholders often provide critical information needed to identify risks.

The Management Board communicates the strategy, Group objectives, key risks and risk appetite through the leaders of the work streams and functional teams, webcasts, email, presentations, town hall meetings, Risk Appetite Statements and Adyen's annual report.

Through policies, procedures and training the Management Board ensures that employees understand their role in Adyen's integral risk management, as well as how individual control activities relate to the work of others. New hire introduction sessions include information on the company's risk and compliance programs. A clear delegation of authority underlines that risk management responsibilities are essential to all employees.

The effective application of even the best-designed control systems can be quickly compromised if the employees applying the systems are not adequately trained. Therefore the Management Board takes training of employees seriously and views it as an important tool to create awareness of the policies and procedures within the organization.

Reporting

Work stream and team leaders regularly provide updates during the management team conference calls on the achievement of the operational objectives and mitigation of identified risks. Adyen's finance team provides the Management Board with Adyen's financial results through monthly reports. These reports are discussed during the management team conference calls and Management Board meetings. The Management Board reports on the performance of the company to the Supervisory Board in quarterly meetings. Furthermore, the Management Board annually reports on the performance of the Company through Adyen's annual report.

The Risk Committee and the Compliance Committee report to the Management Board at least quarterly their observations, recommendations and deliberations on findings regarding compliance, risk management and internal control. The Management Board decides on corrective actions, reviews and approves policies, reviews reports from control assessments made on the operation and effectiveness of systems and controls and acts on recommendations from the Risk and Compliance Committees. The Management Board also reports to the Audit Committee on the effectiveness of Adyen's risk management and internal control systems during the quarterly Audit Committee meetings.

Adyen's finance team ensures that the regulatory risk and financial reports are timely and accurately submitted to the relevant supervisory authorities.

Strategic and business risk

Risk type definition

Category	Definition for capital requirements	Risk measure
Strategic and business risk	Risk that Adyen's course of business will be impaired due to the nature of its business model	Qualitative measures

Risk appetite

The Management Board accepts that in order to achieve its strategic objectives:

- The Company may approve some amounts of capital investing in new assets, people and processes;
- Competition could increase as Adyen seeks to increase market share, thereby potentially reducing profit margins.

Risk mitigating measures

Adyen has integrated the top-down Group-wide risk assessment and appetite-setting process with the annual strategy update. If strategic and business risks are assessed to exceed Adyen's risk appetite, an action plan is formulated and executed. The following main risk responses apply to the identified key risks.

Strategic partnerships

Adyen holds acquiring licenses for the major card networks in multiple regions enabling its merchants to benefit from higher acceptance and authorization rates. Adyen has recently added acquiring licenses in Australia, Hong Kong, New Zealand and Singapore. Furthermore Adyen has enhanced its global acquiring network with local acquiring partners in Brazil, Mexico, and North America. Adyen commits senior management resources to maintain good relationships with its partners and to ensure that the mutual trust with partners remains through close cooperation and compliance with their requirements.

Unified commerce strategy

In addition to further optimizing Adyen's payment platform with new payment methods and functionalities, there is a strong focus on the further development of the unified commerce strategy. Over the past years, Adyen has tailored a points of sale payment solution that is suitable for both international merchants and small to medium merchants by offering low-cost payment terminals that work directly with cash registers and mobile devices around the world. Adyen continues to hire more talent, set priorities and balance the workload of its key employees.

Scalability

Adyen has observed high growth rates in payment transaction volumes in the past years and foresees this to continue for the coming years. At some point in the future the payment platform could potentially reach the limits of the number of transactions it can process resulting in longer processing times or even downtime. The Adyen payment platform has been designed to be highly scalable and we continue to increase the

storage capacity and processing speed. Furthermore, we have implemented architectural changes to safeguard sufficient future processing capacity of the payment platform.

Organizational focus

The Management Board regularly communicates the strategic goals in monthly updates. The Management Board has established cross-functional work streams and empowered the stream leaders to define the operational objectives. Based on the operational goals the work streams set priorities. The Management Board monitors the alignment of the work streams' activities with the strategic objectives.

Changes in global macro-economic conditions

Adyen has observed that the global e-commerce market is still growing very fast despite a slow-down in economic growth and political changes in some markets. Adyen continues to evaluate the cost and margins of foreign operations to determine whether Adyen's fee structure should be contractually adapted to inflation.

Sales Day Payout

Adyen is currently rolling out a new service through which Adyen's merchants can choose to be paid out all captured transactions from a certain sales day regardless of Adyen having received settlements from the card networks and local payment methods for those transactions ("**Sales Day Payout**"). Adyen will use strict criteria to approve Sales Day Payout for each individual merchant, taking Adyen's capital and liquidity position into account. As such, the total risk exposure of Sales Day Payout can be controlled. Furthermore, a limit will be assigned to the maximum amount of Sales Day Payout per merchant, which is based on the creditworthiness of the merchant, the Merchant Potential Liability and single obligor limits.

Product innovation

The Management Board has established cross-functional work streams to enhance cooperation and alignment of priorities in development of new products and services. Adyen continues to conduct merchant sessions to understand how it can further support merchants with improving conversion rates and developing products that meet their (future) needs.

Overall, the assessed risks and risk responses could affect Adyen's profitability and have been accounted for in a number of adverse scenarios.

Operational risk

Risk type definition

<u>Category</u>	<u>Definition for capital requirements</u>	<u>Risk measure</u>
Operational risk	Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk	Own funds required

Risk Appetite

The Management Board recognizes that operational risks are associated with achieving its business objective. Inadequate or failed internal processes, people, and systems, or external events could lead to missed objectives and potential losses. The Management Board wants to build an ethical and sustainable business and has therefore established policies, procedures and systems that actively mitigate such risks that could:

- negatively affect the Adyen reputation or brand;
- lead to breaches of laws and regulations; and/or
- endanger the future existence of Adyen.

Risk mitigating measures

Adyen has defined the following risk responses to manage the identified risks and holds own funds against the remaining residual risk. Where applicable, such measures comply with the relevant rules and regulations. See also the chapter "*Supervision and Regulation*".

Platform and system performance

All of Adyen's services run on one secure platform, independent of whether payments are submitted online, mobile or through POS terminals. Adyen develops and maintains its flexible and entirely custom-designed platform and software in-house with a large development team.

Cyber security

The Management Board has appointed a security officer. The security officer is responsible for maintaining and managing security within Adyen. Adyen's information security team performs an annual information security risk assessment to identify potential threats and control measures. A formal and documented information security policy that includes guidelines on integrity, confidentiality and availability of information is available and implemented within the organization. Various preventive and detective controls have been implemented, including monitoring tools for the payment platform and databases to detect unusual activities. Furthermore, a cybersecurity insurance policy has been put in place. Adyen has separated the payment platform and customer area from Adyen's public website. Adyen currently operates six live data centers at different continents so that traffic can be rerouted real-time whenever needed and is planning to establish additional data centers. Exceptions in uptime connection, as well as the connection with other acquirers, are monitored continuously.

Money laundering and terrorism financing

Adyen only accepts payment methods that are legal and generally accepted. New merchants are screened in accordance with Adyen's know your-customer ("**KYC**") procedures using a risk-based approach in which the risk of money laundering, terrorism financing activities and circumvention of sanctions is assessed. The identity of the merchant, ultimate beneficial owners and the nature of the business are verified with source documents and Adyen checks whether any of these may be a Political Exposed Person (PEP). Existing merchants, their legal representatives and ultimate beneficial owners are also regularly checked against sanctions lists. All transactions processed through the payment platform are monitored through automated rules to identify exceptional patterns, which may flag suspicious activity.

See also the chapter "*Supervision and Regulation*" under "*Integrity*".

Sanctions

New merchants are screened in accordance with the KYC procedures, using a risk-based approach in which the risk of circumvention of sanctions is assessed. The identity of the merchant, ultimate beneficial owners and nature of the business are verified with source documents and reviewed with sanctions lists (e.g. through World-Check). By using an automated routine (every 14 days), a review of all merchants, legal representatives and ultimate beneficial owners against sanctions lists is performed.

See also the chapter "*Supervision and Regulation*" under "*Sanction Regulation*".

Compliance with (foreign) laws and regulations

Adyen has established global legal, compliance and regulatory affairs teams, which monitor compliance with (global) laws and regulations relevant to Adyen. The Management Board requests legal opinions from well-established law firms on local laws and regulatory requirements prior to starting foreign operations. In addition, when setting up foreign operations, local management with knowledge of the local market is recruited. The legal, compliance and regulatory affairs teams strive to keep up to date with the latest regulatory developments and changes in laws and regulations are regularly analyzed and translated into updates of policies, procedures and systems.

See also the chapter "*Supervision and Regulation*" for a description of most important supervisory laws and regulations to which Adyen is subject.

Reporting

Internal control over financial and regulatory/prudential reporting is an integral part of Adyen's risk management and control systems.

Culture

The Management Board promotes the Company's culture through the 'Adyen Formula', which describes Adyen's shared values (See "*Business – People*"). The importance of the 'Adyen Formula' is periodically reemphasized through various channels of communication with Adyen's employees. The Adyen exchange and buddy programs promote alignment of objectives and ways of working across the various Adyen offices.

Talent

The human resources team continues to develop and conduct training programs to increase knowledge, expertise and job satisfaction of employees. Team managers are trained and encouraged to set objectives with team members, perform regular check-ins and provide on-going feedback to increase job satisfaction and career perspective. Activities supporting staff in getting to know each other help to stimulate knowledge sharing and keep employee turnover limited. Such activities include the Adyen exchange and buddy programs. In addition, switching between teams allows employees to grow over time. The development of management capabilities has continued through the work streams and the management track development program.

Merchant Potential Liability ("**MPL**")

The MPL is the operational risk of not being able to recoup the total amount of chargebacks and fees after a merchant defaults or when a merchant is unwilling/unable to repay Adyen. It is Adyen's policy to control the MPL risk that is inherent to payments processing, at the merchant level. Merchants can be required to place MPL reserve funds or other forms of guarantees with Adyen. The MPL reserve funds and/or guarantee are based on the expected value of the transactions that will be processed for the merchant and are adjusted periodically. These dynamic MPL reserve funds cover potential refunds, chargebacks and other potential financial obligations of the merchants towards Adyen. This, combined with the fact that Adyen collects the payments from the card networks on behalf of the merchants and settles the payments with the merchants, reduces potential exposure. Adyen has established a Merchant Credit Risk Committee to monitor and manage MPL risk. The top accounts are discussed and managed individually. The pilot project on Sales Day Payout seeks to control MPL risk impact by selecting specific merchants with a commercial need for this product but with a low inherent MPL risk exposure, such as POS merchants. See "*Strategic and business risk – Sales day payout*" above.

Financial risk: Credit risk

Risk type definition

<u>Subcategories</u>	<u>Definition for capital requirements</u>	<u>Risk measure</u>
Default risk	Risk that a counterparty will not settle the full value of an obligation — neither when it becomes due, nor thereafter	Own funds required
Concentration risk: Large exposures	Risk of losses stemming from on- and off-balance sheet positions arising from concentrations in exposures to a merchant or a group of connected merchants	Large exposure limits

Risk appetite

The Management Board does not want to be significantly impacted by credit risk. The Management Board has detailed the risk limits in the Adyen merchant credit risk policy and the treasury policy.

Risk mitigating measures

Adyen has defined the following risk responses to manage the identified risks and aims to hold own funds against the remaining residual risk.

Default risk

It is the Company's working principle to hold surplus cash and cash equivalents only at banks with a credit rating above investment grade rating or higher. The credit quality of receivables from financial institutions is assessed based on financial position, past experience and other factors. As a result of Adyen's banking license it obtained the ability to diversify its credit risk exposure away from partner banks.

To mitigate default risk on Sales Day Payout Adyen has envisaged the following key controls:

- strict underwriting policy which includes, among others, fixed single obligor limits and targeted the offer for merchants with a low inherent risk exposure (e.g. POS merchants) during the pilot project;
- leverage on the existing MPL framework and add additional data regarding merchants' bank account flows; and
- periodic updating of credit risk profiles based on company data (management information).

Adyen has direct insights in the payment flows of POS merchants. Therefore, Adyen is able to monitor the performance of merchants in real time. As e-commerce merchants can have multiple PSPs, a merchant's performance is not always entirely visible as they can switch payment flows between PSPs. POS merchants typically cannot switch POS terminals easily and therefore the financial performance can be measured more accurately.

Concentration risk (large exposures)

Adyen actively manages concentration risk by distributing its cash over multiple counterparties, including access to high-quality liquid assets. The banking license has enabled Adyen to reduce the large exposure stemming from several accounts that were held at partner banks. Adyen continues to monitor its merchant funds flows at partner banks and that are not settled through settlement accounts held at central banks, to ensure compliance with the single obligor limit.

With the introduction of Sales Day Payout, Adyen will become exposed to credit risk on individual merchants due to the pre-financing of settlements. Adyen aims to control this exposure and prevent large exposures on individual merchants from occurring by carefully managing the processed volume per merchant under this service. Adyen expects, subject to finalizing the Sales Day Payout terms and conditions, to have the right to reclaim the funds from the merchant if the relevant card scheme does not pay out to Adyen.

Financial risk: Market risk

Risk type definition

<u>Subcategories</u>	<u>Definition for capital requirements</u>	<u>Risk measure</u>
FX risk	Risk of losses in on- and off-balance sheet positions arising from adverse movements in FX rates.	Own funds required
Equity price risk	The risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks	Own funds required
Interest rate risk	Current or prospective risk to both the capital and earnings arising from adverse movements in underlying interest rates	Limit the exposures sensitive to interest rate changes

Risk appetite

The Management Board has a limited appetite to incur losses from market risk.

Risk mitigating measures

Adyen has defined the following risk responses to manage the identified market risks.

FX risk

- Adyen charges merchants for FX conversion services provided by it.
- Adyen aims to close significant foreign currency exposures, if any, resulting from the settlements received from schemes and contractual arrangements with merchants about the payout to merchants of such settlements, on a daily basis.
- Adyen holds liquidity buffers in various currencies to ensure that it will be able to meet payment obligations to merchants, thereby mitigating liquidity risk arising from failed FX transactions. This is for instance done using the MPL reserve funds that are held in the main currencies in which payouts take place.

Interest rate risk

As Adyen is not financed with external debt, it does not currently have any significant interest rate risk. Although significant liabilities towards its merchants are present, these are non-interest bearing and are settled at short notice, creating no significant interest rate risk for Adyen. The cash balances of Adyen are not significantly exposed to interest rate risk due to the fact that cash is used to settle the liabilities towards the merchants at short notice with a very short duration (average 5 days). The nominal values of bonds held-to-maturity are minimal as compared to the overall financial instruments balance, are short-term in nature and are held-to-maturity, leading to minimal interest rate risk for Adyen.

Financial risk: Liquidity and funding risk

Risk type definition

<u>Subcategories</u>	<u>Definition for capital requirements</u>	<u>Risk measure</u>
Liquidity risk	Risk that Adyen could not meet its short to medium term payment and collateral obligations without affecting daily operations	liquidity coverage ratio
Funding risk	Risk that Adyen will not have stable sources of funding in the medium and long-term, resulting in the current or prospective risk that it cannot meet its financial obligations, such as payments and collateral needs, as they fall due in the medium to long-term, either at all or without increasing funding costs unacceptably	net stable funding ratio

Risk appetite

The Management Board has no appetite for the liquidity coverage ratio falling below 105%.

Risk mitigating measures

Adyen manages its liquidity and funding risk through the internal liquidity adequacy assessment process as required by CRR and CRD IV. Adyen actively monitors its liquidity risk. Due to Adyen's business model the in- and outflows resulting from merchant fund flows are considered to be interrelated and as a result Adyen assesses its liquidity risk currently to be very limited due to the nature of the business and the composition of the balance sheet. The other balances are not considered material from a liquidity risk perspective. Adyen holds liquidity buffers based on the liquidity coverage ratio, accompanied by a survival period metric, to mitigate the residual risk. The survival period is set at 30 months and takes aspects of currency convertibility and encumbrance into account. For regulatory purposes Adyen differentiates its

liquidity buffer between high-quality liquid assets and incoming cash flows. Furthermore, Adyen maintains an intraday liquidity buffer, which can be used immediately in stressed situations in each relevant location, currency and time zone.

As Adyen is primarily equity funded there are no long-term liabilities and therefore no stable funding is required. Adyen adopts the net stable funding ratio for the quantification of its funding risk. In addition, to qualitative risk measures, Adyen will hold long-term liquidity buffers based on the net stable funding ratio to mitigate the residual risk of long-term obligations.

For more information on regulatory capital and liquidity requirements to which Adyen is subject, including the liquidity ratio and the net stable funding ratio, see the chapter "*Supervision and Regulation*" under "*Financial*", "*SREP and Pillar II Measures*" and "*Capital and Liquidity Requirements*".

Quantification of Operational, Strategy and Business risks

Adyen applies the basic indicator approach to determine its own funds requirements.

CET1 and Leverage ratio

Adyen has a fee based business model as a service organization. The balance sheet has not been used to generate additional gross revenue. In order to monitor and manage the balance sheet risk of Adyen the Management Board uses the CET1 Ratio as its main indicator. Given Adyen's business model and strong capital position the leverage ratio is not considered to be a strong indicator for Adyen's balance sheet risk in addition to the CET1 Ratio. Adyen recognizes that a reporting requirement applies to the leverage ratio and that the minimum ratio is subject to legal implementation. Adyen monitors that the leverage ratio is maintained comfortably above the required 3% minimum. Adyen's introduction of banking products is not foreseen to have a significant impact on the leverage ratio going forward.

For more information on regulatory capital and liquidity requirements to which Adyen is subject, including the CET1 and leverage ratio, see the chapter "*Supervision and Regulation*" under "*Financial*", "*SREP and Pillar II Measures*" and "*Capital and Liquidity Requirements*".

SUPERVISION AND REGULATION

REGULATORY OVERVIEW

Adyen's regulatory environment varies from jurisdiction to jurisdiction, such that in some jurisdictions Adyen requires local licenses to operate and in others it does not require a license or any other authorization or registration.

The types of licensing / authorization regimes that apply to Adyen's business can be categorized as follows:

- (a) For the purpose of providing regulated activities (including payment services) in the Netherlands and the EEA more broadly, Adyen can rely on its status as a licensed credit institution (bank) within the meaning of CRR since it has obtained a banking license, in the Netherlands, from the ECB on 25 April 2017. Under its banking license, Adyen is permitted to carry out the following regulated banking activities (as set out in Annex I to CRD IV, the "**CRD Banking Activities**"):
 - (i) Taking deposits and other repayable funds (CRD Banking Activity 1);
 - (ii) Lending (CRD Banking Activity 2);
 - (iii) Payment Services (CRD Banking Activity 4);
 - (iv) Issuing and administering other means of payment (CRD Banking Activity 5);
 - (v) Trading for own account or for account of customers in foreign exchange (CRD Banking Activity 7(b)); and
 - (vi) Issuing electronic money (CRD Banking Activity 15).

Adyen is subject to prudential and integrity supervision by DNB as home member state supervisor and, in the context of the SSM, Adyen is subject to indirect supervision by the ECB. The SSM is comprised of the ECB and the national competent authorities of participating EU Member States. In addition, Adyen is supervised by the AFM for the purpose of market conduct supervision.

- (b) On the basis of its Dutch banking license, Adyen can benefit from an EU passport to carry on banking activities throughout the EEA, either by a branch or provision of services on a cross border basis. Adyen makes use of an EU passport to carry on banking activities in all EEA Member States on a cross border basis (including the UK). In addition to carrying out its activities on a cross border basis, Adyen has established branches in Belgium, Germany, France, Spain and Sweden. The branches are primarily subject to home member state supervision (i.e. Dutch supervision). However, some regulatory requirements of the host member states (i.e. the jurisdiction in which the branch is established) apply to the branches, such as compliance with certain anti-money laundering regulations.
- (c) Other jurisdictions where Adyen is required to hold a local license to carry on its primary business, such as the United States where Adyen's indirectly (through Adyen International B.V.) wholly owned subsidiary Adyen Inc. is licensed in 42 states as a Money Transmitter (and is exempted in 8 other states). In relation to anti-money laundering regulations, Adyen Inc. and Adyen Nevada are registered with the Financial Crimes Enforcement Network (FINCEN) as a Money Services Business. The Money Transmitter license in the US is mainly used for the upcoming market places that allow sub-merchants to use the market place platform. In the US, Adyen performs other payments activities through a 'bin sponsor' license (i.e. the license of a third party is loaded onto Adyen's platform, the bank acts as acquirer and Adyen only provides the technical infrastructure to the third party).
- (d) Other jurisdictions in which Adyen is able to provide a range of services without itself holding a primary regulatory license, but in which Adyen remains subject to certain related regulations or registration requirements (such as anti-money laundering, data protection, exchange control and/or card network participation requirements). By way of example, Adyen Canada Limited is registered as a Money Services Business with the Financial Reporting and Transaction Analysis Centre of Canada (FINTRAC) and Adyen Australia Pty Ltd. is registered with the Australia Transaction and Reporting Corporation (AUSTRAC) as a "Reporting Entity under the Australian AML regime.

- (e) Other jurisdictions where Adyen is not required to obtain a separate license to conduct its business, e.g. because Adyen's business activities are not regulated in such jurisdictions (such as South-Korea and Hong Kong), Adyen only offers non-regulated products and services in such jurisdictions (such as gateway and/or acquiring services) or Adyen can adequately rely on licenses or authorizations of its business partners to offer its (in principle) regulated products and services (such as pay-out services).
- (f) Jurisdictions in which Adyen may need or find it opportune to obtain a license in the future due to changes in local law to support Merchants, such as Singapore, or changes to Adyen's business model.

This section mainly describes the supervisory laws and regulations of the Netherlands and the EU that apply to banks (such as Adyen) as published and in effect on the date of the Prospectus, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect. In addition, Adyen is subject to supervisory laws and regulations of other jurisdictions in which it is active.

See "Risk Factors – The regulatory environment to which Adyen is subject gives rise to significant legal and financial compliance costs and management time, and non-compliance could result in monetary and reputational damages, all of which could have a material adverse effect on Adyen's business, financial position and results of operations" and "Risk Factors – The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect Adyen's business, financial position, results of operations and prospects."

REGULATION IN JURISDICTIONS IN WHICH ADYEN CURRENTLY OPERATES UNDER LOCAL LICENSES

EEA - Banking Union

The 2007 financial crisis revealed shortcomings in bank supervision and in particular a widespread misjudgement of the actual risks posed by banks' activities and investments, and has made clear that the regulation and supervision of bank activities needed to be harmonized across the EU and especially in the euro area. One of the EU's responses to correct the perceived shortcomings was to establish a banking union with three key areas, referred to as the three pillars, the SSM, the SRM (including the recovery and resolution framework laid down in the BRRD) and the DGS (together the "**Banking Union**"). Harmonized prudential rules laid down in CRD IV and CRR ("**Single Rulebook**") are also part of the Banking Union and aim to complete the reforms that the EU implemented in the wake of the financial crisis to make the financial system more stable and resilient.

Single Supervisory Mechanism

The first pillar, the SSM, was set up by two regulations: (i) Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions ("**SSM Regulation**") and (ii) Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the ECB and national competent authorities and with national designated authorities. The SSM Regulation came into force on 4 November 2013. The SSM Regulation provides the tasks the ECB must carry out within the SSM, composed of the ECB and national competent authorities. For "significant" banking groups that meet certain criteria of size, importance for the economy of the EU or any Member States participating in the Banking Union, and significance of cross-border activities, whereby in principle a total value of assets of more than €30 billion is considered "significant", this means that supervision of them is carried out by joint supervisory teams consisting of ECB and national competent authorities staff members. The ECB conducts regular reviews of all banks authorized within the participating countries. According to the ECB's list of supervised entities (cut-off date for significance decisions: 1 January 2018) Adyen has not been designated as significant.

Single Resolution Mechanism

The second pillar, the Single Resolution Mechanism ("**SRM**"), was set up by Regulation (EU) No 806/2014 of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 ("**SRM Regulation**") and by the agreement on the

transfer and mutualisation of contributions to the Single Resolution Fund of 21 May 2014. The SRM Regulation provides for a single resolution framework, a European single resolution board and a single resolution fund ("**Single Resolution Fund**"). Under the BRRD, EU Member States are required to appoint a national resolution authority ("**NRA**"). In the Netherlands, DNB has been appointed as NRA. The SRM establishes a European single resolution board that will manage (through the NRAs or directly) the failing of any bank in the eurozone and in other EU Member States participating in the European Banking Union. One of the aims of the SRM is a consistent application of the instruments and authorities granted to NRAs under the BRRD. Adyen is subject to the direct responsibility of DNB as the Dutch NRA.

Single Rulebook

Until 1 January 2014, EU bank regulation and supervision had been based on directives which left room for divergence in national implementing rules. This created a regulatory patchwork throughout the EU. The Single Rulebook aims to provide a single set of harmonized prudential rules which banks throughout the EU must comply with. These uniform and harmonized rules are mainly provided for by CRD IV, CRR, BRRD and DGS Directive.

Supervisory Authorities

DNB

Adyen is subject to regulation and supervision by authorities in the Netherlands, in particular DNB. DNB is, among other things, responsible for: (i) the supervision of Adyen's compliance with the prudential requirements, including the requirements relating to: (a) own funds, large exposures, liquidity and net stable funding, leverage, supervisory reporting and public disclosure of information on those matters, and (b) governance arrangements, including the fit and proper requirements for the Managing Directors and Supervisory Directors, risk management processes, internal control mechanisms, remuneration policies and practices, effective internal capital adequacy assessment processes and compliance with outsourcing rules and regulations; (ii) the supervision of Adyen's compliance with other supervisory laws and regulations relevant for their business, such as anti-money laundering legislation; (iii) the carrying out of supervisory reviews and stress tests to determine whether Adyen's arrangements, strategies, processes and mechanisms and their own funds ensure a sound management and coverage of risks; and (iv) the carrying out of supervisory tasks in relation to recovery plans, early intervention and, where EU law grants the required authority to competent authorities, structural changes to prevent financial stress or failure.

ECB

Since obtaining its banking license on 25 April 2017, Adyen is subject to indirect supervision by the ECB under the SSM. In this respect, the ECB may give instructions to DNB or even assume direct supervision of the prudential aspects of Adyen's business. The ECB is furthermore the competent authority to assess applications for authorization and notifications of the acquisition and disposal of qualifying holdings in banks and to grant a declaration of no objection for such holdings. See also below under "*Structural Supervision*" and "*Declaration of No Objection for a Qualifying Holding in a Bank*" in the chapter "*Description of Share Capital*".

AFM

The AFM is the competent authority for the supervision of Adyen's compliance with a range of conduct of business laws and regulations that are applicable to Adyen's activities, and laws and regulations regulating the securities markets, such as those with respect to market abuse.

Other Relevant Authorities

European Banking Authority

As part of the European System of Financial Supervision, the EBA was instituted through Regulation 2010/1093 of the European Parliament and of the Council of 24 November 2010 for the banking sector.

EBA's main task is to contribute to the establishment of high-quality common regulatory and supervisory standards and practices, in particular by: providing opinions to EU institutions, developing guidelines, recommendations, and draft regulatory and implementing technical standards, and contributing to the consistent application of legally binding EU acts, including by issuing Q&As. In addition, EBA contributes

to and participates actively in the development and coordination of effective and consistent recovery and resolution plans, procedures in emergency situations and preventive measures to minimize the systemic impact of any failure.

EBA's recommendations and guidelines are primarily directed to the national supervisory authorities, which are required to provide reasons for any deviations from EBA's supervisory practices under the 'comply or explain' principle. However, under specific circumstances, for example if a national supervisory authority fails to ensure that a credit institution complies with requirements directly applicable to it, EBA may adopt an individual decision addressed to the national supervisory authority, or even to such credit institution, requiring the necessary action to comply with its obligations under EU law.

ACM

The ACM enforces both competition law and certain consumer protection laws in the Netherlands. Its activities include general competition oversight, regulation of the energy, telecommunications, postal services and transport markets, and consumer protection.

Authority for Personal Data

Authority for Personal Data (*Autoriteit Persoonsgegevens*) is responsible for supervising compliance with data protection laws in the Netherlands, including the GDPR (discussed below).

Sound and Controlled Business Operations - Governance and Risk Management

Robust Governance Arrangements

Dutch banks (such as Adyen) must have robust governance arrangements, which include (i) a clear organizational structure with well-defined, transparent and consistent lines of responsibility; (ii) effective processes to identify, manage, monitor and report the risks they are or might be exposed to; (iii) adequate internal control mechanisms, including sound administration and accounting procedures; and (iv) remuneration policies and practices that are consistent with and promote sound and effective risk management. The robust governance arrangements shall be comprehensive and proportionate to the nature, scale and complexity of the risks inherent in the business models and business activities of banks.

The governance arrangements for banks in the EEA are further detailed in the EBA Guidelines on Internal Governance of 27 September 2011 (the "**2011 EBA Guidelines on Internal Governance**"), which contain requirements on the corporate structure and organization, the management body, the risk management framework and the internal control framework (which form the second and third line of a bank's three lines of defense model), and requirements relating to information systems and communication and business continuity management. Further guidance on governance principles was published by the Basel Committee in July 2015 in revised principles on corporate governance for banks. The Basel Committee's guidance on governance principles includes principles on governance of group structures, risk management including risk identification, monitoring and controlling, and risk communication, compliance and internal audit. The 2011 EBA Guidelines on Internal Governance will be replaced by the new EBA Guidelines on Internal Governance which were published on 26 September 2017 (the "**Revised EBA Guidelines on Internal Governance**") which are aimed at further harmonizing credit institutions internal governance arrangements, processes and mechanisms across the EU, in line with the new requirements in the area introduced in CRD IV and also taking into account the proportionality principle. The Revised EBA Guidelines on Internal Governance have been promulgated in furtherance of Article 74 CRD IV. The Revised EBA Guidelines on Internal Governance apply from 30 June 2018.

Requirements and Responsibilities of the Management Board and Supervisory Board

Members of a Dutch bank's management board and supervisory board must at all times be of good repute and possess sufficient knowledge, skills and experience to perform their respective duties and act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the senior management, and oversee and monitor their decision-making. The management board and the supervisory board must possess adequate collective knowledge, skills and experience to be able to understand the bank's activities, including the main risks. All members of the management board and the supervisory board must commit sufficient time to perform their functions and must in particular devote sufficient time to consideration of risk issues. The management board and supervisory board must be actively involved and must ensure that adequate resources are allocated to the assessment of risks and shall establish reporting

lines for all material risks and risk policies and changes thereof. The EBA has set out the process, criteria and minimum requirements for suitability assessments in its Guidelines on the assessment of the suitability of members of the management body and key function holders of 22 November 2012. On 26 September 2017 EBA and ESMA published Joint Guidelines on the Assessment of the Suitability of the Members of Management Body and Key Function Holders. These new joint ESMA and EBA guidelines aim at further improving and harmonizing suitability assessments within the EU financial sectors and so ensure sound governance arrangements in financial institutions. The EBA guidelines of 22 November 2012 will be repealed after the entry into force of the new joint ESMA and EBA guidelines on 30 June 2018.

In light hereof, the members of the Management Board and Supervisory Board have been tested and newly proposed members of these boards must be tested by DNB on integrity (*betrouwbaarheid*) and suitability (*geschiktheid*). In addition, the requirement for integrity and suitability screening applies to persons that will be acting under the responsibility of the Dutch bank, who will fulfil a management position directly below the Management Board and who will be responsible for natural persons whose activities can have a significant impact on the risk profile of the bank (the so-called second echelon).

Pursuant to the Dutch Financial Supervision Act and the regulations promulgated thereunder, the management board of a bank (such as Adyen) shall retain overall responsibility for such bank's risks and is primarily responsible for defining and overseeing the implementation of the governance arrangements that ensure effective and prudent management, including the segregation of duties in the bank and the prevention of conflicts of interest. The management board must in particular (i) have the overall responsibility of the bank and approve and oversee the implementation of the bank's strategic objectives, governance framework and corporate culture; (ii) approve and periodically review the strategies and policies for taking up, managing, monitoring and mitigating the risks the bank is or might be exposed to, including those posed by the macroeconomic environment in which it operates in relation to the status of the business cycle; (iii) ensure the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the law and relevant standards; (iv) oversee the process of disclosure and communications; (v) be responsible for effective oversight of senior management; and (vi) monitor and periodically assess the effectiveness of the bank's governance arrangements and take appropriate steps to remedy deficiencies.

A Dutch bank (such as Adyen) must have a supervisory board, which oversees the management board and provides advice to it. Pursuant to the Dutch Financial Supervision Act and policy from DNB, the supervisory board must have at least three members, acting independently. Together with the nature, size, complexity and inherent risks of the bank, DNB will assess the independent functioning of the supervisory board, taking into account the following elements:

- the members of the supervisory board should be able to act independently and to form balanced judgments (*independence in mind*);
- the members of the supervisory board avoid or control any semblance of conflicting interests (*independence in appearance*); and
- the supervisory board as a whole enjoys a sufficient degree of formal independence (*independence in state*), meaning that at least 50% of the members of the supervisory board should be formally independent. Currently, the entire Supervisory Board of Adyen is independent in state.

See the section "*Management, Employees and Corporate Governance*" for a summary of certain information concerning the Management Board and the Supervisory Board.

Banker's Oath & Disciplinary Law (tuchtrecht)

All employees of a Dutch bank, having an employment agreement with the bank or performing activities that influence the risk profile of the bank or are directly involved in the provision of financial services to clients are required to take the banker's oath (the "**Banker's Oath**") and are as such subject to disciplinary law.

Integrity

Dutch banks must have an adequate policy to ensure a sound pursuit of their business operations and must set up their business operations in such a way that sound business operations are ensured. To this end, they

must, among other things, have an integrity policy, manage conflicts of interest, set up procedures to report breaches of applicable regulations and to report incidents to the supervisory authority, perform customer due diligence, and perform systematic analyses of their integrity risks. The integrity policy must at least cover the following topics: (i) conflicts of interest; (ii) avoiding that the bank and or staff violate the law, or act in a way that could impair the public's trust in the bank or in the financial markets; (iii) preventing that public's trust in the bank or in the financial markets may be affected on account of the bank's customers; and (iv) preventing other acts performed by the bank or its employees that are so contrary to generally accepted standards that they seriously damage confidence in the bank or in the financial markets. The integrity policy must be set out in procedures and measures.

Furthermore, banks must comply with the Act for the Prevention of Money Laundering and Financing of Terrorism (*Wet ter voorkoming van witwassen en financieren van terrorisme*). This act implements the Third EU Anti-Money Laundering Directive (Directive 2005/60/EC) and imposes requirements regarding, *inter alia*, customer due diligence and reporting of unusual transactions. The Third EU Anti-Money Laundering Directive ("**MLD3**") introduced new anti-money laundering ("**AML**") and countering financing of terrorism ("**CFT**") requirements and provided further detail on the interpretation thereof and was prescriptive in some of the customer due diligence measures to be taken. On 26 June 2017, the Fourth Money Laundering Directive ((EU) 2015/849, "**MLD4**") entered into force, which is designed to strengthen the EU's defenses against money laundering and terrorist financing, while also ensuring that the EU framework is aligned with the Financial Action Task Force's international AML and CFT standards. MLD4 has repealed and replaced MLD3. Member states were required to bring into force the laws, regulations and administrative provisions necessary to comply with MLD4 by 26 June 2017. The Dutch Ministry of Finance confirmed that the entry into force of the implementation of the MLD4 has been delayed. A legislative proposal has been submitted to the Dutch Parliament on 12 October 2017, which has been approved by the Dutch House of Representatives (*Tweede Kamer*) on 6 March 2018 and is currently pending before the Dutch Senate (*Eerste Kamer*). Meanwhile the Fifth EU Anti-Money Laundering Directive ("**MLD5**") has been adopted by the EU Council on 14 May 2018 following approval by the European Parliament on 19 April 2018. It contains a set of proposed amendments to the MLD4, looking to strengthen its core provisions in light of intervening terrorist events in Europe. MLD5 contains among others proposals to enhance the powers of EU Financial Intelligence Units and facilitate their cooperation, to improve checks on transactions involving high-risk third countries, to tackle AML and CFT risks related to virtual currencies (cryptocurrencies), to address AML and CFT risks related to pre-paid instruments and to grant public access to beneficial ownership registers.

Financial

Dutch banks must set up their business operations in such a way as to ensure prudent business operations. To this end, banks must have governance arrangements, processes and mechanisms taking into account the following financial risks: (i) credit and counterparty risk, (ii) residual risk, (iii) concentration risk, (iv) securitization risk, (v) market risk, (vi) interest risk arising from non-trading book securities, (vii) operational risk and outsourcing risks, (viii) liquidity risk, (ix) the risk of excessive leverage, and (x) the risk related to large exposures.

Dutch banks must have in place sound, effective and comprehensive strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital that they consider adequate to cover the nature and level of the risks to which they are or might be exposed. This is referred to as the Internal Capital Adequacy Assessment Process ("**ICAAP**"). The ICAAP is subject to regular internal review to ensure that it remains comprehensive and proportionate to the nature, scale and complexity of the activities of the bank.

Dutch banks must have in place robust strategies, policies and systems for the identification, measurement management and monitoring of funding positions, so as to ensure that institutions maintain adequate levels of liquidity buffers and adequate funding. This is referred to as the internal liquidity adequacy assessment process ("**ILAAP**"). Banks may combine the ICAAP and ILAAP, which is generally referred to as the ICLAAP.

Remuneration

Dutch banks are required to have a remuneration policy that is consistent with and promotes sound and effective risk management, does not encourage risk-taking that exceeds the level of tolerated risk and is in line with the business strategy, objectives, values and long-term interests of the bank.

On 7 February 2015, the Act on Remuneration Policies in Financial Enterprises (*Wet beloningsbeleid financiële ondernemingen*) ("**ARPFE**") entered into force which is also applicable to Dutch-based banks. The ARPFE introduces a cap for variable remuneration of 20% of the fixed remuneration, applicable to all staff working under the responsibility of a financial firm (*financiële onderneming*) with its seat in the Netherlands, such as Adyen. In the ARPFE, the following exceptions to the 20% cap are included: (i) for staff who predominantly work in the Netherlands for which their remuneration does not exclusively follow from a collective labor agreement, the 20% cap does not apply on an individual basis, but it applies to the average variable remuneration of such staff whereby the maximum variable remuneration is capped at 100% of the fixed remuneration of each individual, (ii) for staff that work predominantly outside of the Netherlands but in the EU, there is an individual variable remuneration cap of 100% of fixed remuneration, (iii) for staff that work predominantly outside the EU, an individual variable remuneration cap of 200% of fixed remuneration applies, subject to shareholder approval and notification to the regulator, (iv) for staff of a Dutch international holding company in case in a period of five years at least 75% of all persons working within the group of such Dutch international holding company worked predominantly outside the Netherlands for three out of five years, (v) for branches in the Netherlands of CRD-IV governed financial institutions and (vi) no bonus cap applies to managers of alternative investment funds and undertakings for the collective investment in transferable securities. In addition, the ARPFE also covers a number of other topics, such as strict conditions on severance pay and retention bonuses, prohibition on guaranteed bonuses and claw-back and malus of variable remuneration. See also "*Management, Employees and Corporate Governance – Remuneration – Restrictions on Remuneration*".

SREP and Pillar II Measures

DNB is responsible for carrying out supervisory reviews and stress tests in order to determine whether the arrangements, strategies, processes and mechanisms put in place by a bank and the own funds and liquid assets held by it ensure the sound management and coverage of its risks. The supervisory review of, among other things, a bank's ICAAP and ILAAP is referred to as the "**SREP**". While undertaking the reviews and stress tests, DNB seeks to apply the European supervisory methodology to the extent possible.

As part of the annual SREP, DNB assesses Adyen's capital adequacy. This assessment covers both the pillar I risks mentioned in CRR, as well as pillar II risks not included in the total risk exposure amount. The total capital requirement for pillar I and pillar II, including supervisory add-ons, is expressed as a percentage of total risk weighted assets (minimum CET1 ratio). Fluctuations in total risk weighted assets may influence the minimum CET1 ratio. See also the paragraph "*Capital and Liquidity Requirements*" below and the risk factor "*As a result of capital and/or liquidity requirements, Adyen may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance.*"

As Adyen obtained its banking license in April 2017, a first SREP decision in respect of Adyen has not yet been taken by DNB. In July 2017, DNB informed Adyen that it had imposed a total required amount of own funds of €139 million, including a €24 million capital conservation buffer. At 31 December 2017, Adyen's own funds (CET1) stood at approximately €311 million, corresponding to a CET1 capital ratio of approximately 50%. At 31 March 2018, Adyen's CET1 capital stood in excess of €380 million, corresponding to a CET1 capital ratio of approximately 43%. This decrease in Adyen's CET1 capital ratio at 31 March 2018 was the result of the increase in CET1 capital offset by the increase in risk-weighted assets as a result of the changes in Adyen's financial position at 31 March 2018 described in "*Operating and Financial Review – Liquidity and Capital Resources*".

As a SREP decision in respect of Adyen has not yet been taken, no pillar II requirements (or guidance) are known for 2018. That said, for 2018 Adyen's CET1 capital ratio is expected to be above the combined 4.5% pillar I CET1 requirement, any expected Pillar II/SREP requirement levels for 2018 and the combined buffer requirement (of 2.5% for 2018). In addition, for 2018 Adyen's CET1 capital is expected to be sufficient to fulfil any total capital ratio requirements (consisting of 8% own funds, 2.5% combined buffer requirements and Pillar II/SREP requirements (if any)).

At 31 December 2017, Adyen's liquidity coverage ratio stood at approximately 2,136%. As regards the net stable funding ratio: Adyen is primarily equity funded and there is no long-term debt-funding. Due to the positive cash flow from operations there is no need for short or long-term funding. Finally, on 31 December 2017, Adyen's leverage ratio stood at approximately 30%. Adyen will monitor that the leverage ratio will remain comfortably above the legally required 3% minimum.

The overall capital management process of Adyen meets the requirements set by DNB. DNB annually reassesses the outcome of the ICAAP and ILAAP as part of the SREP. The assessment by DNB may trigger an adjustment of the minimum SREP capital requirements and of capital management in general.

Capital and Liquidity Requirements

Basel I, II and III

The Basel Committee sets international minimum supervisory standards in relation to capital adequacy and liquidity. In July 1988, the Basel Committee adopted risk-based capital guidelines referred to as the Basel Capital Accord ("**Basel I**"), introducing a minimum capital ratio of capital to risk-weighted assets of 8%. Basel I was followed by the Revised Capital Framework ("**Basel II**") in 2004, which introduced three pillars: (i) minimum risk-based capital requirements (pillar 1), which expanded the principles set out in Basel I, (ii) requirements for banks to assess the adequacy of their capital and a supervisory review of the bank's internal assessment process (pillar 2), and (iii) disclosure requirements to strengthen market discipline and encourage sound banking practices (pillar 3).

In 2009, the Basel Committee issued proposals to enhance Basel II ("**Basel II Enhancements**"). The Basel II Enhancements introduced, among other things: (i) supplementary guidance to pillar 2 by addressing the flaws in risk management practices, by raising standards for firm-wide governance and risk management, managing risk concentrations, and providing incentives for banks to better manage risk and returns over the long-term and (ii) enhancements to pillar 3 (market discipline) by strengthening disclosure requirements for, among other things, off-balance sheet exposures and trading activities.

Later in 2009, the Basel Committee proposed a number of fundamental reforms to the regulatory capital framework in its documents entitled "Strengthening the resilience of the banking sector" and "International framework for liquidity risk measurement, standards and monitoring". In 2010 (with various revisions taken place since the first publication) the Basel Committee published a framework referred to as Basel III: A global regulatory framework for more resilient banks and banking systems (the "**Basel III Framework**"). The Basel III Framework sets out requirements for higher and better quality capital, better risk coverage, the introduction of a non-risk-based leverage ratio requirement, and the introduction of a liquidity standard and a stable funding requirement. The Basel Committee's package of reforms included increasing the minimum common equity tier 1 (or equivalent) requirement to 4.5% (after the application of stricter regulatory adjustments). The Tier I capital requirement (consisting of common equity tier 1 and additional tier 1) was also increased to 6%. In addition, banks are required to maintain, in the form of common equity tier 1 (or equivalent), a capital conservation buffer of 2.5% to withstand future periods of stress, bringing the total minimum common equity tier 1 (or equivalent) requirements to 7%. In the event of excess credit growth in any given country resulting in a system-wide build-up of risk, a countercyclical buffer of up to in principle 2.5% of common equity tier 1 (or other fully loss absorbing capital) may be applied as an extension of the conservation buffer. Furthermore, banks considered to have systemic importance are required to have loss absorbing capacity beyond these standards.

The Basel Committee's reforms also introduced a non-risk sensitive leverage ratio of 3% in order to limit an excessive build-up of leverage on a bank's balance sheet. The Basel Committee's reforms have also introduced two international minimum liquidity requirements (i) a liquidity coverage ratio ("**LCR**") and (ii) a net stable funding ratio ("**NSFR**"). The objective of the LCR is to strengthen the short-term resilience of the liquidity risk profile of banks. Banks are required to maintain an adequate buffer of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets into cash to meet banks' liquidity needs for a 30 day liquidity stress scenario. The NSFR is a 'test' to promote resilience over a longer period by requiring banks to hold a minimum number of stable sources of funding relative to the liquidity profiles of the assets and the potential contingent liquidity needs arising from off-balance sheet commitments.

In 2014, 2015 and 2016 the Basel Committee published consultations for revised standardized RWA calculations and on the application of capital floors. On 7 December 2017, the Basel Committee published the finalized Basel III reforms as improvements to the global regulatory framework ("**Basel III Reforms**") (informally referred to as Basel IV). Basel III Reforms seeks to restore credibility in the calculation of RWA and improve the comparability of banks' capital ratio. The most important changes involve stricter rules for internal models. The rules for calculating RWAs for credit risk will be tightened, under the standardized approach as well as under the internal ratings-based (IRB) approach. Furthermore, the requirements for the risk-weighting of mortgage will change. In accordance with Basel III Reforms, banks

'calculations of RWAs generated by internal models cannot, in aggregate, fall below 72.5% of the RWA computed by the standardized approaches. The implementation will be gradual, over a nine-year period. A 50% floor comes into effect at the start of 2022, followed by 5% increases every year until 2026, when 70% will be the floor. The final 72.5% floor will be in effect in 2027.

CRD, CRD II, III and IV and CRR

Since 1989, a number of successive directives have implemented the capital requirements set out in Basel I and Basel II in the European Economic Community and, thereafter, the EEA.

Most recently, the strengthened capital, liquidity and leverage ratio requirements for banks set forth in the Basel III Framework were implemented in the EEA by CRD IV in 2014. In addition to CRD IV, the CRR was adopted. CRD IV replaced the preceding capital requirements directives and was transposed into Dutch law mainly by the Implementing law CRD IV and CRR (*Implementatiewet richtlijn en verordening kapitaalvereisten*), mainly amending the Dutch Financial Supervision Act. The application in full of all measures under CRD IV (including any national implementation thereof in the Netherlands) will have to be completed before 1 January 2019. CRR has been applicable to banks since 1 January 2014 (and consequently to Adyen since it obtained its banking license on 25 April 2017). CRR, as an EU Regulation, is directly applicable in the EEA and does not require transposition into national law. Differences between the Basel III Framework on the one hand and CRD IV and CRR on the other do exist. Only CRD IV as transposed into Dutch law and CRR, as well as the regulations pursuant to that legislation, are legally binding on Adyen. CRR has been amended by Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council ("**Leverage Ratio DR**") with regard to the leverage ratio.

DNB has issued the Regulation on specific provisions CRD IV and CRR, a regulation in which DNB has set out how it uses certain options and discretions which CRR grants to national competent authorities and implements a number of (transitional) provisions set out in CRR including regarding the required CET1 capital ratio of 4.5% and Tier I capital ratio of 6%, confirming that these ratios apply as of 1 January 2014, and the method for calculating the maximum distributable amount.

CRR established a single set of harmonized prudential rules which applies directly to all banks in the EEA as of 1 January 2014 (and to Adyen since it obtained its banking license on 25 April 2017) with particular requirements being phased-in over a period of time, to be fully applicable by 2023. The harmonized prudential rules include minimum own funds requirements (4.5% CET1 capital ratio, 6% Tier I capital ratio and 8% total capital ratio, obtained by dividing the relevant capital measure by a risk exposure amount calculated on the basis of a standardized method or a more tailor-made method using internal models and calculations in order to quantify the risks run by the bank which include credit risks, market risks and operational risks) and a requirement to report on the bank's NSFR, allowing the competent supervisory authority to assess the availability of stable funding.

Furthermore, Dutch credit institutions have an obligation to maintain a liquidity buffer under the Regulation on specific provisions CRD IV and CRR and reporting requirements under CRR relating to the liquidity buffer. Credit institutions are required to report information on the LCR to DNB on a monthly basis, by using the templates in the Commission Delegated Regulation (EU) 2016/322. Commission Delegated Regulation (EU) 2015/61 ("**LCR DR**") sets out further detailed requirements regarding the LCR. Under these requirements, the liquidity of a bank is sufficient if the existing liquidity at least equals the required liquidity (which corresponds to an LCR of 100%). The required liquidity of a bank is the total of the weighted outgoing cash flows based on the scheduled items, plus the weighted entrusted funds and other items not included in the maturity schedule that can be called up or could lead to a payment obligation during the weekly period (first seven calendar days following the reporting date (date of the day directly preceding the reporting period)) or the monthly period (first calendar month following the reporting day) respectively. The required liquidity consists of the aggregate of the estimated contingent calls on potential liquidity needs as derived from amounts maturing on expiry of a contractual term, withdrawals of deposited funds without a contractual term, and the possible utilization of committed or conditionally committed funds. Adyen is currently in a dialogue with DNB on the classification and related outflow rate of certain merchant payables under the LCR DR. The dialogue and any unfavorable outcomes are not expected to have a material impact on the Adyen's compliance with regulatory liquidity or capital requirements. However, the outcome of this dialogue could result in future requirements for Adyen to hold additional liquid assets of sufficient quality as set out in the LCR DR.

CRR also includes the obligation to report on the bank's leverage ratio (this requirement is similar to the leverage ratio requirement set out in the Basel III Framework, however, CRR does not provide for a requirement to meet a minimum ratio but merely for a reporting requirement). The leverage ratio is a non-risk based measure, defined as the Tier I capital (numerator) divided by an exposure measure (denominator). The exposure measure is calculated as the sum of the exposure values of all assets and off-balance sheet items in accordance with the principles set out in CRR. On 18 January 2015, the Leverage Ratio DR entered into force. The Leverage Ratio DR amends the calculation of the leverage ratio calculated in accordance with CRR.

EU Banking Reform Proposals

On 23 November 2016 the European Commission published the EU Banking Reform Proposals, a comprehensive package of proposed amendments primarily centered around CRD IV, CRR and the BRRD. The EU Banking Reform Proposals is part of the on-going upgrade of CRD IV to amongst others implement international standards adopted in furtherance of Basel III and seeks to bring the EU's existing minimum MREL requirement under the BRRD in line with the FSB's total loss absorbing capacity ("**TLAC**") standard for G-SIIs. The EU Banking Reform Proposals includes a proposal for the Regulation of the European Parliament and of the Council amending CRR as regards the leverage ratio, the net stable funding ratio, a (harmonised) binding liquidity coverage ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements and amending Regulation (EU) No 648/2012 (COM(2016) 850 final).

Capital Buffers

Further to CRD IV, a minimum CBR will be imposed on top of the minimum CET1 capital requirement of 4.5% of a bank's total risk exposure amount ("**TREA**") and any Pillar II requirements. The Dutch legislator has implemented the CBR in the Dutch Financial Supervision Act and the implementing Decree on prudential rules Dutch Financial Supervision Act (*Besluit Prudentiële regels Wft*). The implementing rules entered into force on 1 August 2014. The CBR consists of the following elements:

- (1) capital conservation buffer (*kapitaalconserveringsbuffer*): set at 2.5% of RWA (TREA);
- (2) bank-specific countercyclical capital buffer (*contracyclische kapitaalbuffer*): the bank-specific countercyclical capital buffer rate shall consist of the weighted average of the countercyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located; this rate will be between 0% and 2.5% of RWA (TREA) (but may be set higher than 2.5%);
- (3) systemic relevance buffer (*systeemrelevantiebuffer*): the systemic relevance buffer shall consist of a buffer for global systemically important institutions ("**G-SIIs**") and for other systemically important institutions ("**O-SIIs**") to be determined by DNB. The buffer rate for O-SIIs can be up to 2% of RWA (REA). The buffer rate for G-SIIs can be between 1% and 3.5% of RWA (TREA); and
- (4) systemic risk buffer (*systeemrisicobuffer*): set as an additional loss absorbency buffer to prevent and mitigate long-term non-cyclical systemic or macro-prudential risks not covered by CRR, of a percentage between 1% and 3% of RWA (TREA) (but may be set higher than 3%). The buffer rate will be reviewed annually by DNB.

When a bank is subject to a systemic relevance buffer and a systemic risk buffer, either (i) the higher of these buffers applies or (ii) these buffers are cumulative, depending on the location of the exposures which the systemic risk buffer addresses.

Currently, DNB has only imposed a capital conservation buffer on Adyen of 2.5% (on a fully phased-in basis) and as a consequence Adyen's CBR stands at 2.5% (on a fully phased-in basis). The CBR must be met with CET1 capital and will be gradually phased-in in quartiles from 1 January 2016 to fully apply by 1 January 2019. Therefore, for the year 2018 Adyen's CBR will be 2.5%.

If a bank fails, or as a result of a distribution of dividend, payment of variable remuneration or payment under the terms of an AT1 issuance would fail, to meet the CBR, it is prohibited from making distributions in connection with its CET1 capital. In addition, the law implementing CRD IV and CRR allows DNB to restrict or prohibit dividend payments if in its view such measure is needed to strengthen Adyen's capital

in view of prudential requirements. See the risk factor "*As a result of capital and/or liquidity requirements, Adyen may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance.*" and the risk factor "*The payment of any future dividends will depend on Adyen's financial condition and results of operations.*"

Structural Supervision

As a licensed bank, Adyen is subject to the ongoing direct supervision of DNB and indirect supervision of the ECB (see also "*Regulation in Jurisdictions in Which Adyen Currently Operates under Local Licenses – Supervisory Authorities*"). In addition, as a licensed bank Adyen is subject to the following structural supervision:

Declaration of No-Objection for Transactions performed by a Bank

The Dutch Financial Supervision Act provides that banks with a seat in the Netherlands must obtain a declaration of no-objection from DNB before, among other things: (i) acquiring or increasing a qualifying holding (a 'qualifying holding' is a direct or indirect holding of 10% or more of the issued share capital of an enterprise, or the ability to exercise directly or indirectly 10% or more of the voting rights in an enterprise, or the ability to exercise directly or indirectly a comparable degree of control in an enterprise) in a bank, investment firm or insurer with its corporate seat in a state which is not part of the EEA, or in a financial institution that has not obtained a supervisory status certificate, if the balance sheet total of that bank, investment firm, insurer, or financial institution at the time of the acquisition or increase amounts to more than 1% of the bank's consolidated balance sheet total, (ii) acquiring or increasing a qualifying holding in an enterprise, that is not a bank, investment firm, financial institution or insurer with its corporate seat in or outside the Netherlands, if the amount paid for the acquisition or increase, together with the amounts paid for a previous acquisition or increase of a holding in such enterprise, amounts to more than 1% of the consolidated available equity capital of the bank, (iii) taking over, directly or indirectly, all or a substantial part of the assets and liabilities of another enterprise or institution, if the total amount of the assets or the liabilities to be taken over amounts to more than 1% of the bank's consolidated balance sheet total, (iv) merging with another enterprise or institution, if the balance sheet total of the enterprise or institution involved in the merger exceeds 1% of the consolidated balance sheet total of the bank or (v) proceeding with a financial or corporate reorganization.

Declaration of No-Objection for a Qualifying Holding in a Bank

In addition, each person is required to obtain a declaration of no-objection from the ECB (if it concerns a bank) or DNB (in other cases) before it may hold, acquire or increase a qualifying holding in, among others, a bank with its corporate seat in the Netherlands, or exercise any voting power in connection with such holding. The Dutch Financial Supervision Act further provides that DNB must be notified in advance of any change in a qualifying holding in, among others, a bank (i) as a result of which the size of this holding increases beyond the following thresholds: 20%, 33% or 50%, or as a result of which the bank concerned becomes a subsidiary or (ii) as a result of which the size of this holding falls below 10%, 20%, 33% or 50% or as a result of which the bank ceases to be a subsidiary. The above requirement to obtain a declaration of no objection for a qualifying holding in a bank implements the requirements relating to qualifying holdings in banks as set out in CRD IV.

Supervision of Banking Services and Activities

General

The Dutch Financial Supervision Act provides for a comprehensive framework for the conduct of business requirements that must be met by banks providing financial products and services in or from the Netherlands. The competent authority responsible for carrying out conduct of business supervision in the Netherlands is the AFM.

Also in the interest of the stability of the financial system, conduct of business supervision focuses on ensuring orderly and transparent financial market processes, proper relationships between market participants and the exercise of due care by financial firms in dealing with clients.

Information Obligations

The Dutch Financial Supervision Act, the Decree on Conduct of Business Supervision of Financial Firms Dutch Financial Supervision Act (*Besluit Gedragstoezicht financiële ondernemingen Wft*) and other regulations, including rules issued by the AFM, provide for detailed requirements in respect of the information that must be made available to clients to whom regulated activities or services are provided by, among others, banks, such as in relation to the contents and presentation of such information. A substantial part of the regulations containing such information obligations implements European legislation, such as PSD2 (see the paragraph "*Payment Services*" below). Banks are required to comply with these information obligations when providing financial services including payment services.

Duty of Care

Due to their position in Dutch society (*maatschappelijke functie*) and their specific expertise, under Dutch law, financial institutions in the Netherlands owe a duty of care (*zorgplicht*) to society. A financial institution, such as a bank, in dealing with its clients, must therefore comply with specific rules relating to duty of care provided by the Dutch Financial Supervision Act and the Decree on Conduct of Business Supervision of Financial Firms Dutch Financial Supervision Act, which include provisions on client classification, disclosure requirements and know your-customer obligations. The duty of care applies to the entire relationship between client and financial institution, including to the steps taken by the latter when the client does not meet its obligations such as providing sufficient information upon Adyen's request. In addition, financial institutions must, among other things, inform clients about costs that will be charged upon termination of agreements. Financial institutions are subject to a certain level of duty of care which applies to all customer facing activities even when the underlying product does not originate from the financial institution. The scope of the duty of care standards referred to above differs depending on the type of service rendered or product sold, and the nature of (the activities of) the clients and third parties affected. If a duty of care is violated, claims may be based on general principles of contract, tort, securities or other law, including for violation of standards of reasonableness and fairness, error, wrongful treatment or faulty due diligence. Actions may be brought individually by persons that suffered losses or damages, or on behalf of a large number of – sometimes initially unnamed persons – in class-action style proceedings. Proceedings may be brought in court or before the Dutch financial institute for out of court settlements of financial disputes (*Klachteninstituut Financiële Dienstverlening*).

In addition, European and national regulations increasingly require financial institutions to provide elaborate disclosure to clients on services and products to permit clients to more reliably assess the service or product, to enable them to compare it with similar services or products offered by other providers or to inform clients on their rights *vis-à-vis* the financial institution.

Knowledge and Competence Requirements for Staff

Banks must ensure that their staff possess and keep up-to-date an appropriate level of knowledge and competence required for the provision of financial services and investment services.

Recovery and Resolution

The BRRD was adopted by the European Parliament and the Council on 15 May 2014 and has been implemented in the Netherlands in November 2015 in legislation which substantially replaced the previous provisions of the Dutch Financial Supervision Act in relation to bank resolutions. The BRRD provides a set of tools available to competent authorities to intervene sufficiently early and quickly in an unsound or failing bank (or certain group entities) so as to ensure the continuity of the bank's (or its group's) critical financial and economic functions, while minimizing the impact of its failure on the economy and financial system. In furtherance of the BRRD, the SRM Regulation described above has established uniform rules and a uniform procedure for the resolution of entities within the Banking Union. As mentioned above under "*CRD, CRD II, III and IV and CRR*", on 23 November 2016 the European Commission published the EU Banking Reform Proposals, including proposed amendments to the BRRD and the SRM Regulation. It also seeks to bring the MREL requirement under the BRRD and SRM Regulation in line with the FSB's TLAC standard for global systemically important banks ("**G-SIBs**"). See "*Risk Factor—Adyen may be subject to the intervention and resolution powers under the Dutch Financial Supervision Act, the BRRD and the SRM Regulation, which could have a material adverse effect on Adyen's business, results of operations, financial condition and prospects.*"

Recovery and Resolution Plans

Banks are required to draw up and maintain a recovery plan. This plan must provide for a wide range of measures that could be taken to restore a bank's financial condition in case it significantly deteriorates. Banks must submit the plan to the competent supervisory authority for review and update the plan annually or after changes in their legal or organizational structure, business or financial situation that could have a material effect on the recovery plan. Recovery measures could include the strengthening of the bank's capital or divesting part of its business.

DNB as the national resolution authority for Adyen is required to draw up a resolution plan for Adyen providing for resolution actions it may take if Adyen fails or is likely to fail and the resolution plan must be reviewed (and where necessary updated) annually or after material changes to the legal or organizational structure of the institution or to its business or its financial position that could have a material effect on the effectiveness of the plan or otherwise necessitates a revision of the resolution plan. In drawing up or reviewing the resolution plan, DNB may identify material impediments to the resolvability of Adyen. Where necessary, DNB may require the removal of such impediments. DNB may also require a bank to issue additional capital instruments or liabilities. The BRRD and SRM Regulation require furthermore that banks at all times meet a robust MREL. The required level of MREL is set on a case by case basis by DNB and is based on criteria set forth in the BRRD and the SRM Regulation and further detailed in the Commission Delegated Regulation (EU) 2016/1450 with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities ("**RTS on MREL**") and depends on the assessment of the level of MREL that is required to successfully implement the resolution plan.

Although as of the date of this Prospectus DNB has not imposed a minimum MREL requirement on the Company, DNB may do so in the future. A failure by Company to comply with MREL requirements may prohibit it from making capital distributions.

In addition to the adoption of the laws, regulations and other measures described herein, regulators and lawmakers around the world are actively reviewing the causes of the financial crisis and exploring steps to avoid similar problems in the future. In many respects, this work is being led by the FSB consisting of representatives of national financial authorities of the G20 nations. The G20 and the FSB have issued a series of papers and recommendations intended to produce significant changes in how financial companies, particularly companies that are members of large and complex financial groups, should be regulated. The FSB has developed proposals to enhance the TLAC of G-SIBs in resolution. On 9 November 2015, the FSB issued the final TLAC standard for G-SIBs. Adyen is not a G-SIB. Like the MREL for EU banks, the TLAC standard has been designed so that failing credit institutions (G-SIBs in this case) will have sufficient loss-absorbing and recapitalization capacity available in resolution for authorities to implement an orderly resolution that minimizes impacts on financial stability, maintains the continuity of critical functions, and avoids exposing public funds to loss. The TLAC standard defines a minimum requirement for the instruments and liabilities that should be readily available for bail-in within resolution at G-SIBs, but does not limit authorities' powers under the applicable resolution law to expose other liabilities to loss through bail-in or the application of other resolution tools. Although the TLAC standard will not be applicable to Adyen, the MREL requirements that are applicable to Adyen under the BRRD and SRM Regulation will likely change in the future as a result of the implementation of the TLAC standard into EU law. For instance, the liabilities eligible for the MREL are expected to be aligned with the eligibility criteria provided in the TLAC standard (with certain exceptions and options for the resolution authorities).

Early Intervention

If a bank infringes or, due to a rapidly deteriorating financial condition, is likely to infringe capital or liquidity requirements in the near future, DNB has the power to impose early intervention measures on such bank. A rapidly deteriorating financial condition could, for example, occur in the case of a deterioration in the liquidity situation. Intervention measures include the power to require changes to the legal or operational structure of a bank, or the business strategy, and the power to require the management board to convene a general meeting, failing which DNB can directly convene a general meeting, in both cases with the power of DNB to set the agenda and require certain decisions to be considered for adoption by the general meeting.

Pre-Resolution Measures and Resolution Measures

If a bank reaches a point of non-viability DNB can take pre-resolution measures. These measures include the write-down and cancellation of shares and the conversion of capital instruments into shares.

If a bank meets the conditions for resolution, DNB may take one or more resolution measures. Conditions for resolution are: (i) the bank fails or is likely to fail (point of non-viability), (ii) having regard to the circumstances, there is no reasonable prospect that any alternative private sector or supervisory action would, within a reasonable timeframe, prevent the bank from failing, and (iii) the resolution measure is in the public interest. A bank is considered to fail or likely to fail if there are objective elements to support a determination that in the near future the bank will infringe capital requirements, the bank's liabilities will exceed its assets, the bank will infringe regulatory liquidity requirements or the bank will be unable to pay debts and liabilities as they fall due.

DNB has four resolution tools and powers which may be used alone or in combination: (i) sale of business – which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; including a transfer of the shares or other instruments of ownership; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the firm, including a transfer of the shares or other instruments of ownership, to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximizing their value through eventual sale or orderly wind down (this can be used together with another resolution tool only); and (iv) a bail-in tool that would enable the write-down of shares or the write-down and conversion of debt into equity, or the cancellation thereof, to strengthen the financial condition of the failing bank and allow it to continue as a going concern subject to appropriate restructuring. If DNB considers that the application of the instruments would not be in the public interest, it can instruct application for bankruptcy or emergencies regulations under Dutch law instead.

In addition to certain general powers set out above, DNB has also been granted certain ancillary powers. DNB may for instance decide to cancel or modify the terms of a contract to which the bank is a party or replace the bank as a party thereto. Furthermore, subject to certain conditions, DNB may decide to temporarily suspend the exercise of certain rights of counterparties *vis-à-vis* the bank or the performance of payment or delivery obligations by the bank. In addition, certain counterparty rights may be excluded in the event such rights come into existence or become enforceable as a result of any early intervention or resolution measure or any event in connection therewith (subject to further conditions). There are discussions ongoing on an EU level to extend the NRAs (including DNB) suspension powers, including a new moratorium tool that can be employed in the early intervention phase.

Resolution Fund

The Single Resolution Fund will be financed by ex-ante individual contributions from banking entities included in the SRM, including Adyen. The individual contribution of each bank will be based on a flat contribution (that is pro-rata based on the amount of liabilities excluding own funds and covered deposits, in comparison to the total liabilities, excluding own funds and covered deposits, of all participating banks) and a risk based contribution. In addition, where the funds of the Single Resolution Fund are not sufficient to cover the losses, costs or other expenses incurred by the use of the Single Resolution Fund in resolution actions, extraordinary ex-post contributions from the participating banks may be raised to a maximum of three times the annual amount of the individual contribution. The funding obligation entered into force on 1 January 2016, and in principle after eight years from that date, the available financial means of the Single Resolution Fund must in principle be at least 1% of the amount of covered deposits of all participating banks.

A bank is only eligible for contribution by the Single Resolution Fund after a resolution action is taken, if the holders of instruments of ownership such as the Shareholders, the holders of relevant capital instruments and other eligible liabilities have made a contribution (by means of a write-down, conversion or otherwise) to loss absorption and recapitalization. Such contribution should, for all shareholders, holders of relevant capital instruments and other liabilities in aggregate be equal to an amount not less than 8% of the total liabilities (including own funds and measured at the time of the resolution action). Any such contribution by the Single Resolution Fund may furthermore not exceed 5% of its available funds.

Intervention Act

In 2012, the Dutch government adopted banking legislation dealing with ailing banks (Special Measures Financial Institutions Act, *Wet bijzondere maatregelen financiële ondernemingen*, the "**Dutch Intervention Act**"). Pursuant to the Dutch Intervention Act, substantial new powers were granted to DNB and the Dutch Minister of Finance enabling them to deal with, *inter alia*, ailing Dutch banks prior to insolvency.

The national framework for intervention with respect to banks by DNB has been replaced by the law implementing the resolution framework set out in the BRRD (as defined below). However, the powers granted to the Dutch Minister of Finance under the Dutch Intervention Act remain. The Dutch Minister of Finance may take measures including the expropriation of shareholders of a financial firm (*financiële onderneming*) or its parent, in each case if it has its corporate seat in the Netherlands, if in the Minister of Finance's opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which the firm finds itself.

Emergency Regime

The Dutch Financial Supervision Act provides for an emergency regime (*noodregeling*) which the court can declare in respect of a bank with its corporate seat in the Netherlands at the request of DNB if DNB perceives signs of a dangerous development regarding the bank's own funds, solvency or liquidity and it can reasonably be foreseen that this development cannot be sufficiently or timeously reversed. As of the date of the emergency, only court-appointed administrators have the authority to exercise the powers of the representatives of the bank. In addition, the emergency regime provides for special measures for the protection of the interests of the creditors of the bank. A bank can also be declared bankrupt by the court.

Deposit Guarantee Scheme

In the Netherlands, the provisions of the DGS Directive have been implemented as of 26 November 2015. Under the new rules, the funding of the old DGS has been changed from an ex-post funded system to a partially ex-ante funded system. This means that participating banks will have to contribute to the scheme on a periodic basis rather than face charges when an actual insolvency event occurs requiring them to compensate the clients of the affected banks. The available funds in the Deposit Guarantee System will in principle need to be 0.8% of the amount of covered deposits held with the participating banks in 2024. Contributions will be based on the covered deposits of the bank and risk based contributions, but Member States may also impose minimum contributions. Under the new rules the scope of clients for whom the deposit guarantee will be available has been broadened and include, in addition to consumer deposits, deposits of businesses of customers. The transparency and information requirements to customers have been amended and the period for making payments under the DGS has been shortened from 20 business days to seven business days. See "*Risk Factor*"- "*Adyen may be subject to risk associated with deposit guarantee schemes and similar funds, which may increase Adyen's costs and have a material adverse effect on Adyen's business, results of operations, financial condition and prospects*".

Payment Services

Payment Services Directive 2 (PSD2)

On 24 July 2013, the European Commission adopted a new legislative package in the field of the EU payments framework. The package included a proposal for a revised Payment Services Directive ("**PSD2**") and the "**Interchange Fees Regulation**".

The PSD2 has been finalized and was published as a consolidating new Directive (2015/2366/EU) in the Official Journal of the European Union on 23 December 2015. PSD2 has replaced the previous PSD on 13 January 2018. The main objectives of PSD2 are to (i) contribute to a more integrated and efficient European payments market, (ii) improve the level playing field (including new players), (iii) make payments safer and more secure, (iv) improve consumer protection, and (v) encourage lower prices for payments. See below for further detail on (ii) and (iii). PSD2 also broadens the geographical scope of PSD1, extends provisions on transparency and information requirements to all currencies (not just EU currencies), broadens the definition of payment services to include payment initiation services and account information services and amends various exemptions and conduct of business rules. In particular, given changes to the so-called 'commercial agent' exemption, certain activities of marketplaces (that connect buyers and sellers)

such as the facilitation of payments, may fall within scope of PSD2. Consequently, marketplaces may need services of regulated payment service providers or banks (such as Adyen) to comply with PSD2 requirements.

Although the deadline for implementation of PSD2 in the Member States was 13 January 2018, the legislative proposal of the Implementation Act for the Revised Payment Services Directive (*Implementatiewet herziene richtlijn betaaldiensten*) is currently pending before the Dutch parliament. The Dutch Minister of Finance has indicated that implementation during the first half of 2018 seems realistic. The provisions of PSD2 will be implemented in the Dutch Financial Supervision Act and the Dutch Civil Code, similar to the implementation of the previous Payment Services Directive.

Strong Customer Authentication

PSD2 places great emphasis on the security of internet payments and introduces the concept of SCA, which implies stricter requirements for authenticating online payments or verifying a customer's identity before accepting an online payment. In short, it requires payments to be authenticated using at least two of the following independent elements:

- knowledge (something only the user knows, e.g. a password);
- possession (something only the user possesses, e.g. a hardware token or mobile phone); and
- inherence (something the user is, e.g. a fingerprint or facial recognition).

The EBA has drafted RTS on SCA and common and secure communication, which were adopted by the European Commission on 27 November 2017 and entered into force on 14 March 2018. The RTS on SCA will apply from 14 September 2019, however a small number of provisions apply from 14 March 2019. These RTS specify technical requirements for SCA, set out exemptions from their application and the requirements with which security measures have to comply in order to protect the confidentiality and integrity of user's personalized security credentials. In general, payment services providers (such as Adyen) must apply SCA where a user accesses its payment account online, initiates an electronic payment transaction or carries out any action through a remote channel which may imply a risk of payment fraud or other abuse (for example, setting up a new payee). However, the RTS on SCA provide for exemptions from the application of SCA, including for:

- low value contactless payments,
- recurring payments to the same payees which have been previously set up using SCA;
- payments at 'unattended terminals' for transport or parking fares; and
- transactions identified as low risk as a result of 'transaction-risk analysis'.

PSD2 also links use of SCA to the allocation of liability. It provides that if the payer's payment service provider does not require SCA, the payer will be liable for a disputed transaction only where it has acted fraudulently, and if the payee or its payment service provider does not accept SCA, then that party shall refund the payer's PSP for any unauthorized payment.

Third Party Access

PSD2 introduces requirements for banks to grant third-party providers access to bank customer's online payment account/payment services in a regulated and secure way. This XS2A rule mandates, in the first instance, that banks or other account-holding payment service providers to facilitate secure access via APIs. Access to customer online payment accounts via APIs enables the provision of entirely new types of services that will now be regulated under PSD2. In particular, third-party payment initiation provided by payment initiation service providers, and account information services provided by account information services providers. Through payment initiation service providers, third parties will be able to initiate online payments to an e-merchant or other beneficiary directly from the payer's bank account. Through account information services providers, third parties will be able to extract a customer's online payment account information data, including transaction history and balances in order to provide them with account information services.

Interchange Fees Regulation

The Interchange Fees Regulation ((EU) 2015/751) was published in the Official Journal of the European Union on 19 May 2015, and applies from 8 June 2015, with the exception of certain provisions that apply from 9 December 2015 and other provisions that apply from 9 June 2016 (the "**Interchange Fees Regulation**"). The main objective of the Interchange Fees Regulation is to create a level playing field by removing barriers between national payment markets and allowing new entrants to enter the market, driving down the fees that retailers pay their banks and ultimately allowing consumers to benefit from lower retail prices.

Data Protection Legislation

Adyen is subject to complex and evolving Dutch, European and other jurisdiction's laws and regulations regarding the processing (including collection, use, handling, retention, sharing and protection) of personal data. These data protection laws apply to personal data concerning customers, employees, third parties and other individuals who interact with Adyen.

In particular, the GDPR was adopted on 27 April 2016 and entered into force on 25 May 2018 with immediate direct application across the EU. The main policy objectives in the GDPR are to: (i) modernize the EU legal system for the protection of personal data, in particular to meet the challenges resulting from globalization and the use of new technologies, (ii) strengthen individuals' rights and at the same time reduce administrative formalities to ensure a free flow of personal data within the EU and beyond, (iii) improve the clarity and coherence of the EU rules for personal data protection and achieve consistent and effective implementation of the privacy rules and application of the fundamental right to the protection of personal data in all areas of the EU's activities. The GDPR imposes more stringent data protection obligations than under the previous EU Directive 95/46/EC (Data Protection Directive) and the WBP, resulting in higher compliance burdens. The GDPR requires Adyen to be able to demonstrate its compliance with data protection principles. In addition, the GDPR increases sanctions for data protection compliance violations of up to a maximum of €20,000,000 or 4% of the Adyen's global annual net turnover, whichever is higher.

Under the GDPR, data controllers must notify the relevant data protection authority within 72 hours after becoming aware of potentially serious data security breaches unless the breach is unlikely to result in a risk to the rights and freedoms of natural persons. In some cases, the data subjects must also be informed of the breach.

Although the GDPR has immediate direct application across the EU, a GDPR Implementation Act (*Uitvoeringswet Algemene verordening gegevensbescherming*, "**GDPR Implementation Act**") has entered into force on 25 May 2018. The GDPR Implementation Act ensures effective application of the GDPR, it revokes the previous WBP and it contains further national legislation or provides for the statutory basis for further regulations, in particular regarding the Dutch Authority for Personal Data (*Autoriteit Persoonsgegevens*) and the use of national discretions under the GDPR. The Dutch Minister of Justice and Security has indicated that a policy neutral change from the WBP to the GDPR was envisaged.

In addition, the Dutch Banking Association and the Dutch Association of Insurers prepared a code of conduct for the processing of personal data by financial institutions. This code was approved by the Dutch data protection authority on 13 April 2010 for an initial period of five years (but continues to apply).

In addition, on 10 January 2017 the European Commission published a draft regulation concerning the respect for private life and the protection of personal data in electronic communications and repealing Directive 2002/58/EC (the "**E-Privacy Regulation**"). The E-Privacy Regulation affects in principle only the telecommunications sector, however all other sectors are affected by it to the extent they make use of electronic communication means such as e-mail or telephone, or cookies or other similar techniques for commercial purposes. The fines for infringing the E-Privacy Regulation are the same as those of the GDPR. The text is not yet final and the impact on the industry still needs to be determined. The European Commission, the European Parliament and Council will first need to enter into the tripartite negotiations on the final text. The European Commission urges however the European Parliament and the Council to work swiftly and to ensure its smooth adoption by 25 May 2018, the date as from which the GDPR will apply. However, a final text is not expected before the summer of 2018 and therefore the proposed date of 25 May 2018 for the entry into force of the new regulation has not been achieved.

Other Developments

Apart from the developments described above, other relevant developments within Adyen's regulatory environment include the following.

On 30 September 2015 the European Commission published an action plan on building a Capital Markets Union ("CMU"). The key objectives of the CMU are to improve the free movement of capital by removing the barriers to cross-border investments and to diversify the sources of funding. The CMU aims to complement Europe's tradition of bank financing by (i) unlocking more investments from the EU and the rest of the world, (ii) connecting financing more effectively to investment projects across the EU, (iii) making the financial system more stable, (iv) reinforcing financial integration and (v) increasing competition. As part of the CMU that may in particular become relevant for Adyen, the European Commission has announced that the ESAs will prioritize FinTech and will coordinate national initiatives to promote innovation and strengthen cybersecurity and the ESAs will take account of technological innovation in all the tasks they perform. Separately, in March 2017 the European Commission has published a Consumer Financial Services Action Plan, which intends to set out ways to provide European consumers with more choice and better access to financial services across the EU. The Consumer Financial Services Action Plan focuses on technology as a driver towards a more integrated market for financial services. The plan identifies various proposed actions including consideration of how to achieve greater transparency for currency conversions and supporting the development of FinTech for retail financial services. On 28 March 2018 the European Commission published a Proposal for a Regulation of the EP and Council amending Regulation (EC) No 924/2009 as regards certain charges on cross-border payments in the Union and currency conversion charges. It is proposed that the price of a cross-border payment transaction in euro within the European Union should not be different from that of domestic transactions within a Member State conducted in the national currency of that Member State. The proposal establishes the principle that payment service providers must align fees for cross-border payments in euro with those for corresponding domestic payments in the national currency of the payment service user's Member State, also for Member States which do not have the euro as their national currency. The proposal further introduces requirements on payment service providers (Adyen) to ensure transparency prior to a payment as well as comparability of alternative options for currency conversion. The impact of the proposal on Adyen's activities is expected to be limited.

International Regulation

US Regulations

In the United States, Adyen Inc. (Adyen's wholly owned subsidiary), is registered with the Financial Crimes Enforcement Network (FinCEN), and has obtained money transmission licenses in the individual states as set out below. The money transmission licenses allow Adyen Inc. to conduct all permissible money transmission activity including pay-outs in these respective states (such features, the "**Pay-Out Services**"). Such Pay-Out Services would allow Adyen Inc. to amongst others service market places throughout the United States.

Adyen Inc. holds money transmission licenses permitting Pay-Out Services in 42 States and is exempt from holding a license/authorization in 8 US States.

Overview of Adyen Inc.'s US licenses			
Adyen - entity	Services	Authorization	Supervisor
Adyen Inc.	Pay-Out Services	Money Transmitter License: Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Georgia, Florida, Hawaii, Idaho, Iowa, Louisiana, Kansas, Kentucky, Maine, Maryland,	State Authority in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Georgia, Florida, Hawaii, Idaho, Iowa, Louisiana, Kansas, Kentucky, Maine, Maryland, Minnesota, Michigan, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah,

Overview of Adyen Inc.'s US licenses			
Adyen - entity	Services	Authorization	Supervisor
		Minnesota, Michigan, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Tennessee, Vermont, Virginia, Wyoming, Washington, West Virginia and Wisconsin	Tennessee, Vermont, Virginia, Wyoming, Washington, West Virginia and Wisconsin
Adyen Nevada Inc.	Pay-Out Services	Money Transmitter License: Nevada	Nevada State Authority
Adyen Inc.	Pay-Out Services	Exemption to requirement for Money Transmitter License: Colorado, Illinois, Indiana, Massachusetts, Montana, New Mexico, South Carolina, Texas	State Authority in Colorado, Illinois, Indiana, Massachusetts, Montana, New Mexico, South Carolina, Texas

Anti-Money Laundering and Counter-Finance of Terrorism Regulation

Local Anti-Money Laundering and Counter-Finance of Terrorism ("AML/CFT") regulation applies to Adyen in various individual countries. Depending on the extent of Adyen activity, Adyen must comply with certain local AML/CFT regulation including, but not limited to: customer due-diligence procedures, suspicious transaction reporting and supervisory registrations. A list of all countries where the activity of Adyen requires registration with local supervisors (and the associated regulation) is set out below.

Adyen - entity	AML/CFT Supervisor	AML/CFT Regulation applicable to services offered by entity
Adyen Inc.	Financial Crimes Enforcement Network (FINCEN)	Compliance with applicable regulation under the Bank Secrecy Act 1970, including registration as a Money Services Business with FINCEN
Adyen Canada Ltd.	Financial Reporting and Transaction Analysis Centre of Canada (FINTRAC)	Compliance with applicable regulation under Proceeds of Crime (Money Laundering) and Terrorist Financing Act 2002, including registration as a Money Services Business with FINTRAC
Adyen Mexico S.A. de C.V.	Conjuntas Banco de Mexico (Banxico) and Comision Nacional Bancaria Y De Valores (CNBV)	Compliance with applicable regulation under Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita 2012, including registration as an Aggregator with CNBV

Adyen do Brasil Ltda	Conselho de Controle de Atividades Financeiras (COAF)	Compliance with applicable regulation under Law 12.683 as a Payments Provider
Adyen Australia Pty Ltd.	Australia Transaction and Reporting Corporation (AUSTRAC)	Compliance with applicable regulation under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, including registration as a Reporting Entity - Acquiring Designated Services
Adyen New Zealand Ltd.	New Zealand Department of Internal Affairs (DIA)	Compliance with applicable regulation under the Anti-Money Laundering and Counter-Terrorism Financing Act 2009, including registration with the DIA as a Reporting Entity – Payment Provider

FATCA

On 18 December 2013, the US and the Netherlands entered into the US -Netherlands IGA to facilitate the implementation of the provisions of US tax law commonly known as FATCA. All jurisdictions in which Adyen operates have substantially concluded IGAs with the US. Adyen intends to be fully compliant with FATCA and any applicable IGA, and expects FATCA and IGAs to have a continuous impact on client onboarding processes, client administration and reporting systems.

Sanction Regulation

Sanctions are political instruments in the foreign and security policy of countries and international organizations (such as the United Nations and EU). Sanctions regimes imposed by governments, including those imposed by the EU, US, including the Office of Foreign Assets Control, or other countries or international bodies prohibit Adyen and its clients from engaging in trade or financial transactions with certain countries, businesses, organizations and individuals. These legislative, regulatory and other measures include anti-terrorism measures, international sanctions, blockades, embargoes, blacklists and boycotts imposed by, among others, the EU, the United States and the United Kingdom, but also by individual countries. Violation of sanctions regimes may have material implications such as criminal penalties, administrative fines and the prohibition to do business in the country that proclaimed the sanctions.

CAPITALIZATION AND INDEBTEDNESS

The table below sets out Adyen's consolidated capitalization as of 31 March 2018. This table should be read in conjunction with "Reasons for Offering and Use of Proceeds," "Operating and Financial Review" and Adyen's financial statements included in the section "Financial Statements", which begins on page F-1 of this Prospectus.

	As of 31 March 2018
	<i>(unaudited)</i>
	<i>(in € millions)</i>
Current debt (including current portion of long-term debt):	
Secured.....	0
Guaranteed	0
Unguaranteed / Unsecured	0
Total current debt	0
Non-current debt (excluding current portion of long-term debt):	
Secured	0
Guaranteed	0
Unguaranteed / Unsecured	0
Total non-current debt	0
Share Capital:	
Equity.....	384
Legal reserves	24
Other reserves	7
Total capitalization	415

Reconciliation to balance sheet items as reported in the Interim Condensed Consolidated Financial Statements Q1 2018 as follows:

Equity is equal to sum of share capital, share premium and retained earnings. Other reserves are equal to Other reserves as reported in the "Condensed Consolidated Statement of Changes in Equity"

The following table sets forth Adyen's net financial indebtedness as of 31 March 2018:

	As of 31 March 2018
	<i>(unaudited)</i>
	<i>(in € millions)</i>
A. Cash.....	0
B. Cash equivalents	891
C. Trading securities	0
D. Liquidity (A) + (B) + (C)	891
E. Current financial receivables	281
F. Current bank debt.....	0
G. Current portion of non-current debt	0
H. Other current financial debt	872
I. Current financial debt (F) + (G) + (H)	872
J. Net current financial indebtedness (I) - (E) - (D)	-300
K. Non-current bank loans	0
L. Bond issued.....	0
M. Other non-current loans	0
N. Non-current financial indebtedness (K) + (L) + (M)	0
O. Net financial indebtedness (J) + (N)	-300

The Company has no material indirect or contingent indebtedness.

There has been no significant change in the Company's capitalization or indebtedness since 31 March 2018.

Reconciliation to balance sheet items as reported in the Interim Condensed Consolidated Financial Statements Q1 2018 as follows:

B. Cash equivalents: Cash and cash equivalents as reported in the "Condensed Consolidated Balance Sheet"

- E. Current financial receivables: Receivables from financial institutions, Trade and other receivables, Current income tax receivables and Financial assets at Amortized cost as reported in the "Condensed Consolidated Balance Sheet"

- H. Other current financial debt: Total Current Liabilities as reported in the "Condensed Consolidated Balance Sheet"

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth selected consolidated financial information of Adyen as of the dates and for the periods indicated. The selected consolidated financial information as of and for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 has been derived from Adyen's Financial Statements and the selected consolidated financial information as of 31 March 2018 and for the three months ended 31 March 2018 and 31 March 2017 has been derived from Adyen's Interim Financial Statements, and should be read in conjunction with the financial statements included in the section "Financial Statements", which begins on page F-1 of this Prospectus and in conjunction with the section "Operating and Financial Review".

Results of Operations

The following table summarizes Adyen's financial performance for the periods indicated

	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
	<i>(unaudited)</i>		<i>(€millions)</i>		
Revenue	316.1	214.8	1,012.4	659.4	331.1
Costs incurred from financial institutions.....	(239.9)	(169.8)	(781.5)	(494.4)	(230.9)
Changes in inventory.....	(1.8)	(0.5)	(12.6)	(7.0)	(1.7)
Net revenue	74.4	44.5	218.3	158.0	98.5
Wages and salaries.....	(17.5)	(11.6)	(55.6)	(38.1)	(31.3)
Social securities and pension costs.....	(2.9)	(2.1)	(9.2)	(5.4)	(3.7)
Amortization and depreciation of tangible and intangible fixed assets.....	(2.0)	(1.4)	(5.9)	(4.1)	(2.3)
Other operating expenses.....	(20.0)	(11.2)	(54.2)	(47.4)	(20.4)
Other income.....	0.1	-	0.1	0.0	-
Other gains and losses.....	-	-	-	56.3	-
Income before interest income, interest expense and income taxes	32.1	18.2	93.5	119.3	40.8
Finance income and expenses.....	(0.4)	0.0	(0.3)	0.1	0.5
Other financial results.....	(0.5)	0.0	(1.0)	0.1	(0.3)
Income taxes.....	(7.1)	(4.1)	(20.9)	(22.3)	(7.4)
Net income	24.1	14.1	71.3	97.2	33.6

Financial Position

The following table presents a summary of Adyen's assets and liabilities as at 31 December 2017, 2016 and 2015 and as at 31 March 2018.

	As at 31 March	As at 31 December		
	2018	2017	2016	2015
	<i>(unaudited)</i>		<i>(€ millions)</i>	
Intangible assets.....	4.0	4.0	4.0	3.0
Plant and equipment.....	20.1	20.0	15.1	7.7
Available-for-sale financial asset.....	-	25.1	19.6	46.0
Financial instrument at Fair value through P&L.....	25.6	-	-	-
Contract assets.....	136.2	-	-	-
Receivables.....	4.3	4.2	4.1	-
Deferred tax assets.....	18.5	1.6	1.1	0.9
Total non-current assets	208.7	54.9	43.9	57.6
Current assets				
Inventories.....	4.9	4.0	3.2	1.5
Receivables from financial institutions.....	232.0	180.7	636.7	251.6
Trade and other receivables.....	26.3	25.6	11.7	8.4
Current income tax receivables.....	15.1	2.1	-	-
Investments held-to-maturity.....	-	7.0	-	-
Financial assets at amortized cost.....	7.6	-	-	-
Cash and cash equivalents.....	890.6	862.9	680.1	502.3
Total current assets	1,176.5	1,082.3	1,331.7	763.8
Total assets	1,385.2	1,137.2	1,375.6	821.4
Derivative financial instruments.....	76.3	-	-	-

	As at 31 March	As at 31 December		
	2018 <i>(unaudited)</i>	2017	2016 <i>(€ millions)</i>	2015
Deferred tax liabilities	22.1	5.1	3.8	0.0
Total non-current liabilities	98.4	5.1	3.8	0.0
Current liabilities				
Payables to merchants	835.8	717.3	1,027.1	560.3
Trade and other payables	33.2	25.0	14.7	12.8
Current income tax liabilities	-	-	15.0	2.5
Deferred revenue	3.3	-	-	-
Total current liabilities	872.3	742.3	1,056.8	575.6
Total liabilities	970.7	747.4	1,060.6	575.6
Share capital	0.3	0.3	0.3	0.3
Share premium	149.3	149.3	148.4	148.1
Other reserves	10.5	27.9	25.7	53.0
Retained earnings	254.4	212.3	140.6	44.4
Total Equity	414.5	389.8	315.0	245.8

Cash Flows

The following table presents a summary of cash flows from operating, investing and financing activities for the years ended 31 December 2017, 2016 and 2015 and for the three month periods ended 31 March 2018 and 2017.

	Three months ended 31 March		Year ended 31 December		
	2018 <i>(unaudited)</i>	2017	2017	2016 <i>(€ millions)</i>	2015
Net cash flows from operating activities	30.3	2.5	200.6	189.6	138.4
Net cash flows from investing activities	(2.6)	(1.1)	(17.9)	(12.5)	(6.9)
Net cash flows from financing activities	0.0	0.2	1.0	0.2	40.0
Net increase/(decrease) in cash and cash equivalents	27.7	1.6	183.7	177.3	171.5

Selected Non-IFRS Financial Measures and APMs

The following table sets forth selected alternative performance measures used by Adyen for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 and for the three month period ended 31 March 2018 and 2017.

	Three months ended 31 March		Year ended 31 December			CAGR ¹
	2018	2017	2017	2016	2015	
EBITDA	34.1	19.6	99.4	123.4	43.1	51.9%
<i>Extraordinary Visa gain</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>56.3</i>	<i>N/A</i>	<i>N/A</i>
Adjusted EBITDA (<i>€ millions</i>)	34.1	19.6	99.4	67.1	43.1	51.9%
Adjusted EBITDA Margin (%)	45.8%	44.0%	45.5%	42.5%	43.8%	N/A
Free Cash Flow (<i>€ millions</i>)	32.0	18.5	88.4	54.6	36.2	56.3%
Net Revenue (<i>€ millions</i>)	74.4	44.5	218.3	158.0	98.5	48.9%

¹ Compound annual growth rate ("CAGR") for the years 2015-2017.

EBITDA

The following table sets forth a reconciliation of EBITDA to income before interest income, interest expense and income taxes, its most comparable IFRS measure:

Reconciliation of EBITDA	Three months ended 31 March		Year ended 31 December		
	2018 <i>(unaudited)</i>	2017	2017	2016 <i>(€ millions)</i>	2015
Income before interest income, interest expense and income taxes	32.1	18.2	93.5	119.3	40.8
Amortization and depreciation of tangible and intangible fixed assets	2.0	1.4	5.9	4.1	2.3
EBITDA (unaudited)	34.1	19.6	99.4	123.4	43.1

Adjusted EBITDA and Adjusted EBITDA Margin

The following table sets forth a reconciliation of Adjusted EBITDA to income before interest income, interest expense and income taxes, its most comparable IFRS measure:

Reconciliation of Adjusted EBITDA	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
	<i>(unaudited)</i>		<i>(€ millions)</i>		
Income before interest income, interest expense and income taxes	32.1	18.2	93.5	119.3	40.8
Amortization and depreciation of tangible and intangible fixed assets	2.0	1.4	5.9	4.1	2.3
Other gains and losses	-	-	-	(56.3) ¹	-
Adjusted EBITDA (unaudited)	34.1	19.6	99.4	67.1	43.1
<i>Divided by</i>					
Net Revenue	74.4	44.5	218.3	158.0	98.5
Adjusted EBITDA Margin (unaudited)	45.8%	44.0%	45.5%	42.5%	43.8%

⁽¹⁾ Represents extraordinary non-operational gain of €56.3 million as result of consideration received for the purchase of Visa Europe by Visa Inc.

Adjusted Net Income

The following table sets forth a reconciliation of Adjusted Net Income to Net Income, its most comparable IFRS measure:

Reconciliation of Adjusted Net Income	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
	<i>(unaudited)</i>		<i>(€ millions)</i>		
Net income	24.1	14.1	71.3	97.2	33.6
Other gains and losses	-	-	-	(56.3) ¹	-
Income taxes	-	-	-	10.5 ²	-
Adjusted Net Income (unaudited)	24.1	14.1	71.3	51.4	33.6

⁽¹⁾ Represents extraordinary non-operational gain of €56.3 million as result of consideration received for the purchase of Visa Europe by Visa Inc., reflected under "Other gains and losses" on the consolidated income statement.

⁽²⁾ Represents tax impact of €10.5 million related to extraordinary non-operational gain of €56.3 million as result of consideration received for the purchase of Visa Europe by Visa Inc.

Free cash flow

The following table sets forth a reconciliation of Free cash flow to income before interest income, interest expense and income taxes, its most comparable IFRS measure:

Reconciliation of Free cash flow	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
	<i>(unaudited)</i>		<i>(€ millions)</i>		
Income before interest income, interest expense and income taxes	32.1	18.2	93.5	119.3	40.8
Amortization and depreciation of tangible and intangible fixed assets	2.0	1.4	5.9	4.1	2.3
Other gains and losses	-	-	-	56.3 ¹	-
Adjusted EBITDA (unaudited)	34.1	19.6	99.4	67.1	43.1
Capital expenditure	(2.1)	(1.1)	(11.0)	(12.5)	(6.9)
Free cash flow (unaudited)	32.0	18.5	88.4	54.6	36.2

⁽¹⁾ Represents extraordinary non-operational gain of €56.3 million as result of consideration received for the purchase of Visa Europe by Visa Inc., reflected under "Other gains and losses" on the consolidated income statement.

Net Revenue

The following table sets forth a reconciliation of Net Revenue to Revenue, its most comparable IFRS measure:

Reconciliation of Net Revenue	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
	<i>(unaudited)</i>			<i>(€ millions)</i>	
Revenue	316.1	214.8	1,012.4	659.4	331.1
Costs incurred from financial institutions	(239.9)	(169.8)	(781.5)	(494.4)	(230.9)
Cost of inventory	(1.8)	(0.5)	(12.6)	(7.0)	(1.7)
Net Revenue	74.4	44.5	218.3	158.0	98.5

OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of Adyen's results of operations and financial condition as at and for the three months ended 31 March 2018 and 2017 and for the years ended 31 December 2017, 2016 and 2015 (collectively, the "periods under review"). Except where otherwise noted in "Important Information - Non-IFRS Financial Measures, APMs and Other Metrics", the discussion of Adyen's results of operations below is based on the financial information extracted without material adjustment from the IFRS Consolidated Financial Statements or from operational data such as processed volumes and number of transactions.

The discussion in this section contains forward-looking statements that reflect Adyen's plans, estimates and beliefs and involve risks and uncertainties. Adyen's actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in "Risk Factors" and "Important Information—Forward-Looking Statements."

Overview

Adyen is a technology company redefining payments for merchants globally. It has built an efficient single platform that enables the acceptance and processing of cards and local payments globally across its merchants' online, mobile and POS channels. Adyen's global platform has integrated and simplified the payments value chain, enabling it to partner with large merchants to rapidly scale their businesses both locally and globally, without the varied inefficiencies inherent in traditional payment platforms. Adyen's technology removes friction for both shoppers and merchants and allows for an improved shopper experience while simplifying the global management of payments across sales channels and geographies for merchants. Adyen believes that its data-centric platform increases conversion rates while mitigating risk, reducing settlement times and providing data insights to merchants that are critical for managing their interactions with shoppers. Adyen's transparent pricing model is equally attractive for merchants. For all these reasons, Adyen is the payments platform of choice for many of the world's most recognizable companies.

Adyen aims to change the payments industry, which traditionally comprised a patchwork of providers and legacy systems resulting in fragmented merchant services. Adyen has built a bottom-up, single, global platform capable of meeting the rapidly evolving needs of fast-growing global merchants. Adyen believes that simplicity, transparency, and innovation are the keys to its future success.

Adyen's ever-evolving platform encompasses the entire payments value chain as it relates to merchants, from checkout to payment settlement. This single integrated platform provides a merchant-friendly alternative to the numerous legacy providers that merchants previously had to rely on for their payments processing. The Adyen platform combines global reach with local capabilities, directly connecting merchants to Visa, Mastercard and many other payment methods and supporting numerous transaction currencies across six continents. Adyen's platform supports "unified commerce" for merchants across online, mobile and POS channels, which are connected to the same Adyen back-end infrastructure for processing and settling payments and offers feature-rich APIs. This single platform enforces Adyen's data capabilities, which includes services that utilize sophisticated algorithms across machine learning, data mining and artificial intelligence to increase authorization rates for merchants while reducing the risk of fraudulent transactions. Adyen also provides valuable data insights to merchants to better understand their shoppers' behavior and tailor their marketing efforts.

Adyen primarily targets large, global companies as well as, increasingly, domestic/mid-market merchants, which the company views as the next adjacent segment to enterprise merchants. In 2017, Adyen processed transactions for several thousand merchants across the globe and across a wide number of industries, including retail, travel, digital services, hospitality and marketplaces. Adyen's merchant portfolio includes Uber, Netflix, Facebook, Spotify, Etsy, Vodafone, Sephora, Tory Burch, L'Oréal and booking.com.

The success of Adyen's global payments platform is reflected in its operating and financial track record to date. Adyen primarily earns revenue through settlement fees and processing fees charged to its merchants on a per transaction basis. In 2017, Adyen processed 3.7 billion transactions, generating €108.3 billion in processed volumes and €218.3 million in net revenue. Adyen's growth has been driven primarily by the substantial expansion of business with existing merchants in many key markets, as well as the onboarding

of new merchants. During the three-year period from 2015 to 2017, Adyen's annual churn rate was less than 1% of processed volume.

The table below presents Adyen's non-IFRS financial measures and APMs as at and for the periods indicated (see "*Important Information— Non-IFRS Financial Measures, APMs and Other Metrics*" for further information as to how these non-IFRS financial measures and APMs have been defined).

	Three months ended		Year ended 31 December			CAGR ¹
	31 March		31 December			
	2018	2017	2017	2016	2015	
Processed Volumes (€ billions)	33.2	23.4	108.3	66.3	32.2	83.4%
Number of transactions (billions)	1.2	0.8	3.7	2.3	0.9	102.8%
Net Revenue ² (€ millions)	74.4	44.5	218.3	158.0	98.5	48.9%
EBITDA ²	34.1	19.6	99.4	123.4	43.1	51.9%
<i>Extraordinary Visa gain</i> ²	N/A	N/A	N/A	56.3	N/A	N/A
Adjusted EBITDA ² (€ millions) ²	34.1	19.6	99.4	67.1	43.1	51.9%
Adjusted EBITDA Margin ² (%)	45.8%	44.0%	45.5%	42.5%	43.8%	N/A
Net income (€ millions)	24.1	14.1	71.3	97.2	33.6	45.7%
Free Cash Flow ² € millions)	32.0	18.5	88.4	54.6	36.2	56.3%

¹ Compound annual growth rate ("CAGR") for the three years ended 31 December 2017.

² See "*Selected Consolidated Financial Information - Selected Non-IFRS Financial Measures and APMs.*"

As of 31 December 2017, the Company had 668 FTEs globally, with headquarters in Amsterdam and 14 other offices in the United States (San Francisco, New York), Latin America (Mexico City, Sao Paulo), Asia-Pacific (Singapore, Sydney, Shanghai) and Europe (Paris, London, Manchester, Berlin, Stockholm, Brussels and Madrid).

Significant Factors Affecting Adyen's Results of Operations

Processed volume and number of transactions

Adyen earns the substantial majority of its revenue from merchants on a per transaction basis through processing fees and settlement fees. Adyen earns processing fees, which are usually charged in the form of a fixed fee per transaction, from merchants for the processing of transactions over its platform, which typically includes payout services. Where Adyen offers acquiring services, which includes authorization, reconciliation and risk management services, Adyen earns settlement fees, which is the fee that Adyen receives from merchants for its acquiring services. The settlement fee is usually charged to the merchant as a percentage of the transaction value and usually includes the interchange and payment network fees (as defined below, and which are generally passed through to the merchant as described below under "*Interchange and payment network fees paid and other transaction and processing costs*") as well as an acquiring mark-up for Adyen. Adyen also generates a small portion of revenue from the sale of POS inventory and from other services, which includes foreign exchange service fees.

As a result of the fees described above, Adyen's revenue depends directly on the growth in the total value of the transactions processed by Adyen, which Adyen refers to as processed volumes, and the number of transactions it processes. In principle, both processed volumes and the number of transactions Adyen processes are driven by the number of merchants Adyen on-boards and maintains relationships with, as well as the proportion of and value of transactions that each merchant directs for processing and settlement through Adyen's platform. Adyen's large global merchants, particularly fast-growing technology merchants, generally generate large processed volumes and numbers of transactions. During the periods under review, Adyen has succeeded in attracting a large and diverse collection of merchants that generate high processed volumes and a large number of transactions, and has been very successful in retaining its merchant base, with a churn rate of less than 1% from 2015 to 2017. The addition or loss of sizeable merchants in a given period can have a significant impact on processed volumes and number of transactions in that period and following periods.

Adyen's processed volumes and the number of transactions processed are also affected by long-term trends in the payment industry. For example, shoppers are gradually shifting from cash to card and digital payments driven by a number of factors, including increased acceptance of digital payments by merchants in stores and the growth in e-commerce transactions and transactions using mobile devices. These developments have contributed to a large, growing and increasingly complex market that has driven robust growth in demand for integrated payment services such as those provided by Adyen.

Similarly, the ability to offer integrated payment services (such as Adyen's single platform and unified commerce offering) is becoming increasingly important in order to adapt existing sales channels to new payment methods and models. This may create new opportunities for business from merchants facing increasingly complex payment demands from shoppers, such as expectations for a diversity of payment methods and for merchant-shopper relationships across sales channels.

In addition, processed volumes and the number of transactions processed by Adyen are influenced by economic conditions. During periods of economic growth, shoppers typically increase spending, which can have a positive effect on processed volumes and the number of transactions processed, while during recessions or economic downturns, the reverse is true.

Pricing impact of Volume

Adyen primarily earns revenue by way of processing fees and settlement fees. Adyen's net revenue is equal to the portion of all Adyen's revenue remaining after deducting the interchange and payment network fees and cost of inventory.

Adyen's net revenue is impacted by the volume of payment transactions with a specific merchant. In general, as volumes grow, merchants are able to negotiate relatively lower fees per transaction. As a result, this means that the company's take-rate (net revenue as a percentage of processed volumes) for a merchant generally declines as transaction volume grows, with a take rate of 0.21% for the year ending 31 December 2017, as compared to 0.24% and 0.30% in the years ending 31 December 2016 and 2015, respectively. However, Adyen does not track take-rate as a measure of its business. Instead, Adyen aims to ensure that each additional euro of processed volumes increases its net revenue in the aggregate. This means that the positive impact from an increase in processed volumes is higher than the negative impact of fee decreases related to volume discounts. This consequently has a positive impact on EBITDA.

Adyen's pricing is particularly affected by volume effects through the composition of its merchant base, which are mainly global enterprise merchants. These merchants are likely to face significant payments complexity in terms of multiple geographies, sales channels, payment methods, currencies and regulators and as a result will generally purchase additional services from Adyen. However, these merchants are generally also able to negotiate relatively lower fees per transaction as their processed volumes with Adyen grow. Conversely, the fees per transaction for mid-market merchants (that Adyen is increasingly targeting) will in general be higher than for the global enterprise merchants as a result of the smaller processed volumes per merchant. In addition, in markets where Adyen's merchants have higher processed volumes on average the net revenue collected by Adyen per transaction from merchants is lower on average as well.

For the year ended 31 December 2017, as measured by net revenue, Adyen's top 10 merchants represent 33% of net revenue and its top 120 merchants represent 69% of net revenue. Measured by processed volumes Adyen's top 10 merchants represent 39% of processed volumes and its top 120 merchants represent 83% of processed volumes. Adyen had 3,401 merchants billed in December 2017 (with 478 representing more than €1 million each in processed volume per month during the full year ended 31 December 2017), as compared to 4,510 billed in December 2016 (with 336 representing more than €1 million each in processed volume per month during the full year ended 31 December 2016) and 4,649 billed in December 2015 (with 225 representing more than €1 million each in processed volume per month during the full year ended 31 December 2015). Adyen's processed volumes have grown as the result of both growing volumes with existing merchants and adding new merchants. This has resulted in an increasing contribution of cohorts per annum, which explains the higher growth of processed volumes versus net revenue given the general pricing structure described above whereby, as processed volumes grow, merchants are able to negotiate relatively lower fees per transaction. Adyen regularly monitors its merchant base and removes inactive merchants from the platform, which has led in recent years to a decline in the total number of merchants served but an improvement in the quality and sustainability of the merchant base and high growth in the number of merchants providing high volumes.

In addition, non-card-based payment methods, such as iDeal, Alipay and WeChat Pay, have generated increased processed volumes and an increase in the number of transactions processed. Because these services offer opportunities for fee structures that are outside the traditional credit card interchange fee system, such as fixed fees, they may also lead to pressure on prices paid by merchants and shoppers for payment services. This could in turn result in reduced costs for shoppers, which may in turn further fuel

growth in processed volumes and number of transactions processed, although such pricing pressure may also negatively affect net revenue. The net impact on Adyen's net revenue will depend on whether the effect of increased processed volumes and number of transactions outweighs the effect of any associated price decreases.

Interchange and payment network fees paid and other transaction and processing costs

Adyen's net revenue equals the aggregate of processing fees and settlement fees charged to merchants and revenue for sales of POS inventory and other services, net of costs of inventory and costs incurred from financial institutions, which are predominantly comprised of interchange and payment network fees. These interchange and payment network fees primarily comprise the interchange fees paid to card issuers via the payment networks for each payment card transaction and, to a lesser extent, the payment network fees charged by the payment networks, such as Visa and Mastercard, to cover the cost of providing the network itself. Interchange fees are set by the payment networks according to a number of variables, including processed volumes, industry, the type of card (e.g., credit vs. debit as well as premium, business and other credit card types), transaction type (e.g., online vs. POS terminal), how the transaction is authorized and settled as well as the location of the transaction (e.g., cross-border vs. domestic). The level of interchange fees paid by Adyen is therefore a function of the total volume and value of the payments it processes, the types of cards used, and transaction types and locations.

Interchange fees are increasingly subject to regulatory scrutiny internationally, as many regulators are seeking to impose caps on the rates charged. Adyen believes that any reduction in interchange fees may, by reducing the cost per transaction, encourage more merchants to accept credit and debit cards for small payments, driving additional growth in the number and aggregate value of transactions processed.

Adyen's net revenue is generally not impacted by the level of interchange and payment network fees it is required to pay to the payment networks and card issuing banks, as it is generally able to pass these fees on to the merchant, although the payment networks and card issuing banks issue complex and sometimes ambiguous fee rules, and when Adyen bills merchants it is therefore required to estimate the actual amount of fees that Adyen will be required to pay under these rules, which can in some circumstances lead to Adyen under billing the merchant and generally foregoing the recovery of any difference other than where pursuing the recovery is practicable.

Adyen's fees paid to local acquiring banks for their bin sponsorship license are included in Adyen's costs incurred from financial institutions. As a result, Adyen's net revenue is generally lower where it does not hold a full acquiring license and relies on a bin sponsorship license.

Operating expenses

Adyen's main operating expenses are its employee benefit expenses, sales and marketing costs and, to a lesser extent, IT costs. For the year ended 31 December 2017, Adyen experienced significant increases in employee benefit expenses (comprised of wages and salaries (including share-based compensation) of €55.6 million, from €38.1 million for the year ended 31 December 2016, and social security and pensions of €9.2 million, from €5.4 million for the year ended 31 December 2016) and IT costs (€6.3 million, from €3.3 million for the year ended 31 December 2016), related to the growth in Adyen's business.

In addition, Adyen significantly ramped up its sales and marketing spend in 2017 in connection with a brand campaign (see "Business - Sales and Marketing"). Given the nature of Adyen's revenue streams, which are distributed over time as merchants process transactions, Adyen's investments in sales and marketing do not result in returns in the same period in which they are made but over subsequent periods, which could adversely affect Adyen's near-term results, yet are expected to have a positive effect on revenue over time.

Platform costs

As a result of Adyen's single platform strategy, whereby it has developed its integrated platform entirely in-house, it does not significantly rely on any third-party provider or system to run its platform, nor is it required to invest significant amounts for integration, maintenance or legacy issues. As a result, while Adyen does invest significantly in its IT systems, its IT costs and related capital expenditures during the periods under review have been comparatively low for the industry.

For a discussion of Adyen's medium-term objectives for its capital expenditure, please see "*Business – Financial Objectives*".

Seasonality

The last quarter of the year, which is favorably affected by higher transaction volumes during the holiday period, is generally a higher revenue period for Adyen compared to the other quarters. A range of other factors could cause or contribute to period-to-period fluctuations, including on-boarding of new merchants in a given period.

Recent developments

In the second quarter of 2018, Adyen signed an agreement to extend the lease of its corporate headquarters office building at the Simon Carmiggeltstraat 6-50 1011 DJ Amsterdam, the Netherlands, for a period of ten years. The extended lease agreement will enter into force between 1 October 2018 and 1 January 2019, and as of such date Adyen's corporate headquarters' total office space will increase from 3,475 m² to 10,960 m² and its annual lease will increase by €2.6 million. See also "*Business - Property, Plant and Equipment*".

Key Income Statement Line Items

Revenue

Adyen earns contracted revenue from its merchants primarily on a per transaction basis. Revenue reflects all payments made to Adyen for the services performed, including any interchange and other fees which Adyen must pass on to third parties. Adyen has the following sources of revenue:

- (i) *Processing fees* are the fixed fees per transaction paid by merchants for the use of Adyen's platform, including where Adyen acts only as a gateway, and are recognized as revenue by the initiation of a payment transaction via the Adyen payment platform. The amount of fee per transaction is contractually agreed between each merchant and Adyen;
- (ii) *Settlement fees* are the fees paid by merchants, usually as a percentage of transaction value, where Adyen offers acquiring services. These fees are recognized as revenue when a payment transaction has been completed by means of settlement with a merchant and include interchange and payment network fees and other costs incurred from financial institutions as well as a mark-up charged by Adyen for its acquiring services, as contractually agreed between each merchant and Adyen; and
- (iii) *Other services*, which include foreign exchange service fees, revenue from sales of POS goods/inventory that are generally recognized at the point in time when Adyen has delivered the POS terminal/accessories and the transfer of control to the merchant has been completed and third-party income that are recognized as revenue when the related services are rendered.

Adyen considers itself a principal rather than agent for the settlement fees and presents the settlements fees charged and costs incurred in relation thereto on a gross basis.

Costs incurred from financial institutions

Adyen's costs incurred from financial institutions are comprised of primarily interchange and payment network fees. Adyen's interchange and payment network fees are predominantly comprised of interchange fees that Adyen pays to the card issuing banks, as well as payment network franchise, membership and processing fees for each transaction Adyen processes through the payment networks and other third-party processing fees. Typically, financial institutions deduct these costs at the moment of settlement of merchant funds to Adyen. As a result, this deducted portion of the funds is generally not received by Adyen and does not form part of the receivables from financial institutions and payables to merchants on Adyen's balance sheet.

Adyen's other costs incurred from financial institutions are predominantly comprised of third-party commissions, local payment methods fees and other transaction-related fees such as bank charges for settling funds.

Cost of inventory

Cost of inventory consists of purchases of products for resale (namely POS terminals) recognized as an expense during the financial year.

Net revenue

Net revenue consists of revenue less costs incurred from financial institutions and cost of inventory. Please see "*Selected Consolidated Financial Information—Selected Non-IFRS Financial Measures and APMs*".

Operating Expenses

Wages and salaries

Wages and salaries consist primarily of salary and wage-based compensation paid or payable to employees and share-based compensation.

Social securities and pension costs

Social securities and pension costs consists of Adyen's social security contributions and pension premiums paid by Adyen. The pension contributions result in no further payment obligations once the contributions have been paid, expenses are recognized when they are due. This is a result of the entitlements of employees under Adyen's pension plans being defined contribution plans.

Amortization and depreciation of tangible and intangible fixed assets

Amortization and depreciation of tangible and intangible fixed assets consist primarily of the amortization of intangible assets as well as the depreciation of plant and equipment.

Other operating expenses

Other operating expenses include office rent, office costs, IT expenses, sales and marketing, travel and staff expenses, advisory and consulting costs, insurance, merchant default costs and other expenses incurred in the course of the ordinary and typical operating activities of Adyen.

Other gains and losses

Other gains and losses consist of income and expenses occurred which are unrelated to the ordinary and typical operating activities of Adyen and which are of an infrequent nature. As a result, any other gains and losses incurred in one year are reasonably expected not to recur going forward.

Income before interest income, interest expense and income taxes

Income before interest income, interest expense and income taxes consists of net revenue before finance income, finance expense and income taxes less operating expenses.

Finance income and expenses

Finance income and expenses consists primarily of finance expense less finance income earned on Adyen's cash and cash equivalents.

Other financial results

Other financial results include net gain (or loss) on foreign exchange relating to income and expenses and unrealized gains and losses on financial instruments.

Income taxes

Adyen's income tax charges primarily represent expenses on tax due in the jurisdictions in which Adyen operates.

Net income

Net income consists of income before interest income, interest expense and income taxes less finance income and expenses and income tax.

Results of Operations

The following table summarizes Adyen's financial performance for the periods indicated.

	Three months ended 31 March		Year ended 31 December		
	2018	2017	2017	2016	2015
	<i>(unaudited)</i>		<i>(€ millions)</i>		
Revenue	316.1	214.8	1,012.4	659.4	331.1
Costs incurred from financial institutions	(239.9)	(169.8)	(781.5)	(494.4)	(230.9)
Cost of inventory	(1.8)	(0.5)	(12.6)	(7.0)	(1.7)
Net revenue ¹	74.4	44.5	218.3	158.0	98.5
Wages and salaries	(17.5)	(11.6)	(55.6)	(38.1)	(31.3)
Social securities and pension costs	(2.9)	(2.1)	(9.2)	(5.4)	(3.7)
Amortization and depreciation of tangible and intangible fixed assets	(2.0)	(1.4)	(5.9)	(4.1)	(2.3)
Other operating expenses	(20.0)	(11.2)	(54.2)	(47.4)	(20.4)
Other income	0.1	-	0.1	0.0	-
Other gains and losses	-	-	-	56.3	-
Income before interest income, interest expense and income taxes	32.1	18.2	93.5	119.3	40.8
Finance income and expenses	(0.4)	0.0	(0.3)	0.1	0.5
Other financial results	(0.5)	0.0	(1.0)	0.1	(0.3)
Income taxes	(7.1)	(4.1)	(20.9)	(22.3)	(7.4)
Net income	24.1	14.1	71.3	97.2	33.6
EBITDA ¹	34.1	19.6	99.4	123.4	43.1

¹ See "Selected Consolidated Financial Information - Selected Non-IFRS Financial Measures and APMs."

Comparison of the Three Months Ended 31 March 2018 and 2017

Revenue

Revenue for the three months ended 31 March 2018 increased to €316.1 million from €214.8 million for the three months ended 31 March 2017, representing an increase of 47.2%, primarily as a result of the increase in processed volumes and the number of transactions, for the vast majority resulting from the growth of Adyen's existing merchants' business. The following table summarizes Adyen's revenue for the periods indicated.

	Three months ended 31 March	
	2018	2017
	<i>(€ millions)</i>	
Processing fees	29.4	18.7
Settlement fees	271.4	186.6
Other services ¹	15.3	9.5
Revenue	316.1	214.8

¹ Includes sale of POS terminals.

Adyen earns processing fees, which are usually charged in the form of a fixed fee per transaction, from merchants for the use of its platform. The number of transactions processed on the Adyen payment platform increased from 0.8 billion in the three months ended 31 March 2017 to 1.2 billion in the three months ended 31 March 2018, representing an increase of 50.0%. Processing fees for the three months ended 31 March 2018 increased to €29.4 million from €18.7 million for the three months ended 31 March 2017, representing an increase of 57.2%, primarily as a result of the growth in the number of transactions processed on the Adyen payment platform.

For transactions where Adyen provides acquiring services, Adyen earns settlement fees, which mainly consists of interchange and network fees as well as an acquiring mark-up for Adyen, which is usually

charged to the merchant as a percentage of the transaction value. Processed volumes increased from €23.4 billion in the three months ended 31 March 2017 to €33.2 billion in the three months ended 31 March 2018, representing an increase of 41.9%, with a significant increase in the proportion of processed volumes where Adyen provided acquiring services. As a result of this growth in processed volumes, settlement fees grew in the three months ended 31 March 2018 to €271.4 million from €186.6 million for the three months ended 31 March 2017, representing an increase of 45.4%. Part of the increase in settlement fees was a result of an increase in aggregate interchange and network fees, which was partly mitigated by a decrease in interchange and payment network fees charged per euro value of transaction volume primarily due to the mix of the acquired processed volume (see "*Costs incurred from financial institutions*" below). The other part of the increase in settlement fees was a result of the growth in the aggregate fees that Adyen receives from merchants for acquiring services. While this was driven by an increase in the acquired processed volumes, Adyen was also able to improve the average acquiring mark-up per euro volume due to optimizations in the payment network connections it used as compared to the first three months of 2017. In addition, the first three months of 2017 featured a slower growth in merchant business as compared to the rest of 2017.

Other services for the three months ended 31 March 2018 increased to €15.3 million from €9.5 million for the three months ended 31 March 2017, representing an increase of 61.1%. This increase was primarily as a result of €3.5 million from the sale of POS terminals, due in part to a one-off higher number of invoices sent out in the first three months in 2018 (whereas the terminals are generally sold on a cost recovery basis), as compared to €0.5 million for the three months ended 31 March 2017, as well as growth in foreign exchange service fees related to the increase in processed volumes settled with Adyen's merchants, which was significantly offset by the increase of like-for-like in the currency mix of the volume Adyen processed.

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.

	Three months ended 31 March	
	2018	2017
	<i>(€ millions)</i>	
Europe	181.6	125.8
North America.....	85.0	57.4
Latin America	25.2	15.9
Asia	23.2	14.6
Rest of World	1.1	1.1
Revenue	316.1	214.8

The revenue of Adyen contains scheme fees, interchange and mark-up. The Management Board monitors net revenue (net of interchange, scheme fees and cost of inventory) as performance indicator as this is the revenue attributable to Adyen. As a result Adyen considers net revenue to provide 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.

Costs incurred from financial institutions

Adyen's net revenue is generally not impacted by the level of costs incurred from financial institutions (which consists of primarily interchange and payment network fees it is required to pay to the payment networks and card issuing banks), as it is generally able to pass these costs on to the merchant. Costs incurred from financial institutions for the three months ended 31 March 2018 increased to €239.9 million from €169.8 million for the three months ended 31 March 2017, representing an increase of 41.3%, primarily as a result of growth in processed volumes of 41.9%, with a significant increase in the proportion of processed volumes where Adyen also provided acquiring services; however, the increase in costs was partially mitigated by a decrease in interchange and payment network fees charged per euro value of transaction volume primarily due to the mix of the acquired processed volume (see "*Significant Factors Affecting Results of Operations—Interchange and payment network fees paid and other transaction and processing costs*").

Cost of inventory

Cost of inventory for the three months ended 31 March 2018 increased to €1.8 million from €0.5 million for the three months ended 31 March 2017, primarily as a result of an increase in the number of POS terminals provided to merchants.

Net revenue

Net revenue for the three months ended 31 March 2018 increased to €74.4 million from €44.5 million for the three months ended 31 March 2017, representing an increase of 67.2%, primarily as a result of growth in processed volumes and the number of transactions settled with merchants, as well as the significant increase in the proportion of processed volumes where Adyen also provided acquiring services, as described above.

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

	Three months ended 31 March	
	2018	2017
	(€ millions)	
Europe	49.0	32.4
North America	10.2	4.4
Latin America	8.9	4.9
Asia	6.1	2.6
Rest of World	0.2	0.2
Net Revenue	74.4	44.5

Operating expenses

Wages and salaries

Wages and salaries for the three months ended 31 March 2018 increased to €17.5 million from €11.6 million for the three months ended 31 March 2017, representing an increase of 50.9%, primarily as a result of a substantial increase in the number of employees to support Adyen's growth. As of 31 March 2018, Adyen had 719 FTEs (not including contractors), as compared to 505 FTEs at 31 March 2017, representing an increase of 42.4%.

Social securities and pension costs

Social securities and pension costs for the three months ended 31 March 2018 increased to €2.9 million from €2.1 million for the three months ended 31 March 2017, representing an increase of 38.1%, primarily as a result of the increase in the number of employees.

Amortization and depreciation of tangible and intangible fixed assets

Amortization and depreciation of tangible and intangible fixed assets for the three months ended 31 March 2018 increased to €2.0 million from €1.4 million for the three months ended 31 March 2017, representing an increase of 42.9%, primarily as a result of capital expenditures in recent years for infrastructure hardware.

Other operating expenses

The following table summarizes Adyen's other operating expenses for the periods indicated.

	Three months ended 31 March	
	2018	2017
	(€ millions)	
IT costs	2.8	1.4
Sales & marketing costs	6.4	2.8
Advisory costs	3.6	2.4
Travel and other staff expenses	2.9	1.9
Other ⁽¹⁾	4.3	2.7
Other operating expenses	20.0	11.2

⁽¹⁾ Includes merchant default costs.

Other operating expenses for the three months ended 31 March 2018 increased to €20.0 million from €11.2 million for the three months ended 31 March 2017, representing an increase of 78.6%, primarily as a result of growing the business, which led in particular to an increase in IT costs, an increase in travel expenses, additional advisory costs and an increase in sales and marketing costs related to brand campaigns.

Income taxes

Income tax expenses for the three months ended 31 March 2018 increased to €7.1 million from €4.1 million for the three months ended 31 March 2017, representing an increase of 73.2%, primarily as a result of the increase in income before income taxes.

Net income

Net income for the three months ended 31 March 2018 increased to €24.1 million from €14.1 million for the three months ended 31 March 2017, representing an increase of 70.9%, primarily as a result of the factors described above.

EBITDA

EBITDA for the three months ended 31 March 2018 increased to €34.1 million from €19.6 million for the three months ended 31 March 2017, primarily as a result of the increases in net revenue and income before interest income, interest expense and income taxes described above, which was partially offset by the increase in operating expenses.

Comparison of the Years Ended 31 December 2017 and 2016

Revenue

Revenue for the year ended 31 December 2017 increased to €1,012.4 million from €659.4 million for the year ended 31 December 2016, representing an increase of 53.5%, primarily as a result of the increase in processed volumes and the number of transactions, for the vast majority resulting from the growth of Adyen's existing merchants' business. The following table summarizes Adyen's revenue for the periods indicated.

	Year ended 31 December	
	2017	2016
	<i>(€ millions)</i>	
Processing fees	93.5	58.7
Settlement fees	872.3	563.1
Other services ¹	46.6	37.6
Revenue	1,012.4	659.4

¹Includes sale of POS terminals.

The number of transactions processed on the Adyen payment platform increased from 2.3 billion in the year ended 31 December 2016 to 3.7 billion in the year ended 31 December 2017, representing an increase of 60.9%. Processing fees for the year ended 31 December 2017 increased to €93.5 million from €58.7 million for the year ended 31 December 2016, representing an increase of 59.3%, primarily as a result of the growth in the number of transactions processed on the Adyen payment platform described above.

Processed volumes increased from €66.3 billion in the year ended 31 December 2016 to €108.3 billion in the year ended 31 December 2017, representing an increase of 63.3%. As a result of this growth in processed volumes, settlement fees in the year ended 31 December 2017 increased to €872.3 million from €563.1 million for the year ended 31 December 2016, representing an increase of 54.9%. Part of the increase in settlement fees was a result of an increase in aggregate interchange and network fees, which was partly mitigated by a decrease in interchange and payment network fees charged per euro value of transaction volume primarily due to the mix of the acquired processed volume (see "*Costs incurred from financial institutions*" below). The other part of the increase in settlement fees was a result of the growth in the aggregate fees that Adyen receives from merchants for acquiring services, which was partly mitigated by the decreasing mark-up per euro volume due to lower pricing for certain large merchants with significant increases in processed volumes (see "*Significant Factors Affecting Results of Operations—Pricing impact of Volume*").

Other services for the year ended 31 December 2017 increased to €46.6 million from €37.6 million for the year ended 31 December 2016, representing an increase of 23.9%, primarily as a result of €9 million from the sale of POS terminals, as compared to €3 million for the year ended 31 December 2016, as well as growth in foreign exchange service fees related to the increase in processed volumes settled with Adyen's

merchants, which was significantly offset by the increasing portion of volumes settled with merchants like for like currency.

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.

	Year ended 31 December	
	2017	2016
	<i>(€ millions)</i>	
Europe	600.2	409.5
North America	259.0	169.9
Latin America	79.7	34.4
Asia	67.3	42.3
Rest of World	6.2	3.3
Revenue	1,012.4	659.4

The revenue of Adyen contains scheme fees, interchange and mark-up. The Management Board monitors net revenue (net of interchange, scheme fees and cost of inventory) as performance indicator as this is the revenue attributable to Adyen. As a result Adyen considers net revenue to provide 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.

Costs incurred from financial institutions

Costs incurred from financial institutions for the year ended 31 December 2017 increased to €781.5 million from €494.4 million for the year ended 31 December 2016, representing an increase of 58.1%, primarily as a result of growth in processed volumes of 63.3%; however, to a lesser extent, the increase in costs was partially mitigated by the decrease in interchange and payment network fees charged per euro value of transaction volume primarily due to the mix of the acquired processed volume (see "*Significant Factors Affecting Results of Operations—Interchange and payment network fees paid and other transaction and processing costs*").

Cost of inventory

Cost of inventory for the year ended 31 December 2017 increased to €12.6 million from €7.0 million for the year ended 31 December 2016, representing an increase of 80.0%, primarily as a result of an increase in the number of POS terminals and accessories provided to merchants.

Net revenue

Net revenue for the year ended 31 December 2017 increased to €218.3 million from €158.0 million for the year ended 31 December 2016, representing an increase of 38.2%, primarily as a result of growth in processed volumes and the number of transactions settled with merchants, as described above. This 38.2% percentage increase in net revenue was lower than the 53.5% increase in revenue due to the increase in costs incurred from financial institutions described above (which is included in revenue but not in net revenue).

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

	Year ended 31 December	
	2017	2016
	<i>(€ millions)</i>	
Europe	153.7	123.3
North America	23.3	14.8
Latin America	24.9	11.4
Asia	15.1	7.3
Rest of World	1.3	1.2
Net Revenue	218.3	158.0

Operating expenses

Wages and salaries

Wages and salaries for the year ended 31 December 2017 increased to €55.6 million from €38.1 million for the year ended 31 December 2016, representing an increase of 45.9%, primarily as a result of a substantial increase in the number of employees to support Adyen's growth. As of 31 December 2017, Adyen had 668 FTEs (not including contractors), as compared to 464 in 2016, representing an increase of 44.0%.

Social securities and pension costs

Social securities and pension costs for the year ended 31 December 2017 increased to €9.2 million from €5.4 million for the year ended 31 December 2016, representing an increase of 70.4%, primarily as a result of the increase in the number of employees.

Amortization and depreciation of tangible and intangible fixed assets

Amortization and depreciation of tangible and intangible fixed assets for the year ended 31 December 2017 increased to €5.9 million from €4.1 million for the year ended 31 December 2016, representing an increase of 43.9%, primarily as a result of capital expenditures in recent years for infrastructure hardware.

Other operating expenses

The following table summarizes Adyen's other operating expenses for the periods indicated.

	Year ended 31 December	
	2017	2016
	<i>(€ millions)</i>	
IT costs.....	6.3	3.3
Sales & marketing costs	14.8	7.7
Advisory costs	10.8	8.4
Travel and other staff expenses	10.1	7.6
Other ⁽¹⁾	12.2	20.4
Other operating expenses	54.2	47.4

⁽¹⁾ Includes merchant default costs.

Other operating expenses for the year ended 31 December 2017 increased to €54.2 million from €47.4 million for the year ended 31 December 2016, representing an increase of 14.3%, primarily as a result of growing the business, which led in particular to IT costs related to increased capacity for processing payments, an increase in travel expenses related to growth in the number of employees and advisory costs related primarily to consultants advising on Adyen's organizational evolution, as well as significant increases in sales and marketing spend related to brand campaigns.

Other operating expenses for the year ended 31 December 2016 also includes merchant default costs of €12 million related to the bankruptcy of a merchant in the travel industry.

Other gains and losses

Other gains and losses for the year ended 31 December 2017 decreased to zero from a gain of €56.3 million for the year ended 31 December 2016, entirely as a result of the absence of any extraordinary gain in 2017 and the non-operational gain in 2016 related to the consideration Adyen received for the purchase of Visa Europe by Visa Inc. in exchange for the membership in Visa Europe that Adyen previously obtained to facilitate core operations. The consideration Adyen received was a mixture of cash recognized in 2016 (presented as other income of €56.3 million in 2016), Visa Inc. convertible preferred stock (presented as available-for-sale financial assets of €25.1 million in 2017 and €19.6 million in 2016) and deferred cash consideration subsequent to closing of the transaction (€4.2 million in 2017 and €4.1 million in 2016) measured at amortized cost which will mature in June 2019. See note 11 to the consolidated financial statements for the year ended 31 December 2017.

Income taxes

Income tax expenses for the year ended 31 December 2017 decreased to €20.9 million from €22.3 million for the year ended 31 December 2016, representing a decrease of 6.3%. Income tax is paid on Adyen's income before income taxes. The income before income taxes for the year ended 31 December 2016 was higher than the year ended 31 December 2017 as a result of the gain described in Other gains and losses above resulting in higher income before income taxes.

Adyen's effective tax rate was 22.7% in the year ended 31 December 2017, as compared to 18.7% in the year ended 31 December 2016.

Net income and Adjusted Net income

Net income for the year ended 31 December 2017 decreased to €71.3 million from €97.2 million for the year ended 31 December 2016, representing a decrease of 26.6%, primarily as a result of the €45.8 million net impact from the gain resulting from the consideration received for the purchase of Visa Europe by Visa Inc., which was partially offset by the €12 million merchant default cost in the year ended 31 December 2016.

Adjusted net income for the year ended 31 December 2017 increased to €71.3 million from €51.4 million for the year ended 31 December 2016, primarily as a result of the increases in net revenue and income before interest income, interest expense and income taxes described above, which was partially offset by the increase in operating expenses. See "Selected Consolidated Financial Information - Selected Non-IFRS Financial Measures and APMs."

EBITDA and Adjusted EBITDA

EBITDA for the year ended 31 December 2017 decreased to €99.4 million from €123.4 million for the year ended 31 December 2016, primarily as a result of the €56.3 million impact from the gain resulting from the consideration received for the purchase of Visa Europe by Visa Inc., which was partially offset by the €12 million merchant default cost in the year ended 31 December 2016 and the increases in the year ended 31 December 2017 in net revenue, income before interest income, interest expense and income taxes and operating expenses, as described above.

Adjusted EBITDA for the year ended 31 December 2017 increased to €99.4 million from €67.1 million for the year ended 31 December 2016, primarily as a result of the increases in net revenue and income before interest income, interest expense and income taxes described above, which was partially offset by the increase in operating expenses. See "Selected Consolidated Financial Information - Selected Non-IFRS Financial Measures and APMs."

Comparison of the Years Ended 31 December 2016 and 2015

Revenue

Revenue for the year ended 31 December 2016 increased to €659.4 million from €331.1 million for the year ended 31 December 2015, representing an increase of 99.2%, primarily as a result of the increase in processed volumes and the number of transactions, for the vast majority resulting from the growth of Adyen's existing merchants' business. The following table summarizes Adyen's revenue for the periods indicated.

	Year ended 31 December	
	2016	2015
	<i>(€ millions)</i>	
Processing fees	58.7	34.5
Settlement fees	563.1	275.8
Other services ¹	37.6	20.8
Revenue	659.4	331.1

¹Includes sale of POS terminals.

The number of transactions processed on the Adyen payment platform increased from 0.9 billion in the year ended 31 December 2015 to 2.3 billion in the year ended 31 December 2016, representing an increase

of 155.6%. Processing fees for the year ended 31 December 2016 increased to €58.7 million from €34.5 million for the year ended 31 December 2015, representing an increase of 70.1%, primarily as a result of the growth in the number of transactions processed on the Adyen payment platform described above, which was partly offset by the decreasing mark-up per euro volume due to lower pricing for certain large merchants with significant increases in processed volumes (see "*Significant Factors Affecting Results of Operations—Pricing impact of Volume*").

Processed volumes increased from €32.2 billion in the year ended 31 December 2015 to €66.3 billion in the year ended 31 December 2016, representing an increase of 105.9%. As a result of this growth in processed volumes, settlement fees for the year ended 31 December 2016 increased to €563.1 million from €275.8 million for the year ended 31 December 2015, representing an increase of 104.2%. Part of the increase in settlement fees was a result of an increase in aggregate interchange and network fees, which was partly mitigated by a decrease in interchange and payment network fees charged per euro value of transaction volume primarily due to the mix of the acquired processed volume (see "*Costs incurred from financial institutions*" below). The other part of the increase in settlement fees was a result of the growth in the aggregate fees that Adyen receives from merchants for acquiring services, which was partly mitigated by the decreasing mark-up per euro volume due to lower pricing for certain large merchants with significant increases in processed volumes (see "*Significant Factors Affecting Results of Operations—Pricing impact of Volume*").

Other services for the year ended 31 December 2016 increased to €37.6 million from €20.8 million for the year ended 31 December 2015, representing an increase of 80.8%, primarily as a result of an increase in foreign exchange service fees caused by the increase in processed volumes settled with Adyen's merchants, which was significantly offset by the mix of the volume Adyen processed requiring currency conversion. Other services for the year ended 31 December 2016 included €3 million from the sale of POS terminals, as compared to €1.8 million for the year ended 31 December 2015.

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.

	Year ended 31 December	
	2016	2015
	<i>(€ millions)</i>	
Europe	409.5	243.7
North America	169.9	66.2
Latin America	34.4	9.0
Asia	42.3	8.9
Rest of World	3.3	3.3
Revenue	659.4	331.1

The revenue of Adyen contains scheme fees, interchange and mark-up. The Management Board monitors net revenue (net of interchange, scheme fees and cost of inventory) as performance indicator as this is the revenue attributable to Adyen. As a result Adyen considers net revenue to provide 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.

Costs incurred from financial institutions

Costs incurred from financial institutions for the year ended 31 December 2016 increased to €494.4 million from €230.9 million for the year ended 31 December 2015, representing an increase of 114.1%, primarily as a result of growth in processed volumes and an increase in interchange and payment network fees charged per euro value of transaction volume primarily due to the mix of the acquired processed volume (see "*Significant Factors Affecting Results of Operations—Interchange and payment network fees paid and other transaction and processing costs*").

Cost of inventory

Cost of inventory for the year ended 31 December 2016 increased to €7.0 million from €1.7 million for the year ended 31 December 2015, primarily as a result of a higher number of POS terminals provided to merchants.

Net revenue

Net revenue for the year ended 31 December 2016 increased to €158.0 million from €98.5 million for the year ended 31 December 2015, representing an increase of 60.4%, primarily as a result of growth in processed volumes and the number of transactions settled with merchants as described above. This 60.4% percentage increase in net revenue was lower than the 99.2% increase in revenue due to the increase in costs incurred from financial institutions described above (which is included in revenue but not in net revenue). For a geographical breakdown of Adyen's revenue based on the billing location as requested by the merchant for the periods indicated, please see Note 13 to the consolidated financial statements for the year ended 31 December 2016.

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

	Year ended 31 December	
	2016	2015
	(€ millions)	
Europe	123.3	82.0
North America	14.8	8.6
Latin America	11.4	4.4
Asia	7.3	2.5
Rest of World	1.2	1.0
Net Revenue	158.0	98.5

Operating expenses

Wages and salaries

Wages and salaries for the year ended 31 December 2016 increased to €38.1 million from €31.3 million for the year ended 31 December 2015, representing an increase of 21.7%, primarily as a result of a higher number of employees. As of 31 December 2016, Adyen had 464 FTEs (not including contractors), as compared to 338 in 2015, representing an increase of 37.3%.

Social securities and pension costs

Social securities and pension costs for the year ended 31 December 2016 increased to €5.4 million from €3.7 million for the year ended 31 December 2015, representing an increase of 45.9%, primarily as a result of the higher number of employees.

Amortization and depreciation of tangible and intangible fixed assets

Amortization and depreciation of tangible and intangible fixed assets for the year ended 31 December 2016 increased to €4.1 million from €2.3 million for the year ended 31 December 2015, representing an increase of 78.3%, primarily as a result of capital expenditures in recent years for infrastructure hardware.

Other operating expenses

The following table summarizes Adyen's other operating expenses for the periods indicated.

	Year ended 31 December	
	2016	2015
	(€ millions)	
IT costs	3.3	2.4
Sales & marketing costs	7.7	4.9
Advisory costs	8.4	4.5
Travel and other staff expenses	7.6	5.1
Other ⁽¹⁾	20.4	3.5
Other operating expenses	47.4	20.4

⁽¹⁾ Includes merchant default costs

Other operating expenses for the year ended 31 December 2016 increased to €47.4 million from €20.4 million for the year ended 31 December 2015, representing an increase of 132.4%, primarily as a result of

growing the business, which led in particular to significant increases in sales and marketing spend, IT costs related to increased capacity for processing payments, staff and advisory costs and merchant default costs of €12 million related to the bankruptcy of a merchant in the travel industry.

Other gains and losses

Other gains and losses for the year ended 31 December 2016 increased to a gain of €56.3 million from zero other gains and losses for the year ended 31 December 2015, primarily as a result of the extraordinary gain resulting from the consideration received for the purchase of Visa Europe by Visa Inc.

Income taxes

Income tax expenses for the year ended 31 December 2016 increased to €22.3 million from €7.4 million for the year ended 31 December 2015. Income tax is paid on Adyen's income before income taxes. The income before income taxes for the year ended 31 December 2016 was higher than the year ended 31 December 2015 in part as a result of the gain described in Other gains and losses above.

Adyen's effective tax rate was 18.7% in the year ended 31 December 2016, as compared to 18.0% in the year ended 31 December 2015.

Net income and Adjusted Net income

Net income for the year ended 31 December 2016 increased to €97.2 million from €33.6 million for the year ended 31 December 2015, representing an increase of 189.3%, primarily as a result of the €45.8 million net impact from the gain resulting from the consideration received for the purchase of Visa Europe by Visa Inc., which was partially offset by the €12 million merchant default cost in the year ended 31 December 2016.

Adjusted net income for the year ended 31 December 2016 increased to €51.4 million from €33.6 million for the year ended 31 December 2015, primarily as a result of the increases in net revenue and income before interest income, interest expense and income taxes described above, which was partially offset by the increase in operating expenses. See "Selected Consolidated Financial Information - Selected Non-IFRS Financial Measures and APMs."

EBITDA and Adjusted EBITDA

EBITDA for the year ended 31 December 2016 increased to €123.4 million from €43.1 million for the year ended 31 December 2015, primarily as a result of the €56.3 million impact from the gain resulting from the consideration received for the purchase of Visa Europe by Visa Inc., which was partially offset by the €12 million merchant default cost in the year ended 31 December 2016.

Adjusted EBITDA for the year ended 31 December 2016 increased to €67.1 million from €43.1 million for the year ended 31 December 2015, primarily as a result of the increases in net revenue and income before interest income, interest expense and income taxes described above, which was partially offset by the increase in operating expenses. See "Selected Consolidated Financial Information - Selected Non-IFRS Financial Measures and APMs."

Liquidity and Capital Resources

Adyen is predominately equity-financed and did not have any indebtedness as at 31 March 2018. For a discussion of Adyen's liquidity and capital management, see "Risk Management".

Financial Position

The following table presents a summary of Adyen's assets and liabilities as at 31 March 2018 and 31 December 2017, 2016 and 2015.

	As at 31 March	As at 31 December		
	2018	2017	2016	2015
	<i>(unaudited)</i>		<i>(€ millions)</i>	
Intangible assets	4.0	4.0	4.0	3.0
Plant and equipment	20.1	20.0	15.1	7.7

	As at 31	As at 31 December		
	March	2017	2016	2015
	2018			
	(unaudited)		(€ millions)	
Available-for-sale financial asset	-	25.1	19.6	46.0
Financial instrument at Fair value through P&L	25.6	-	-	-
Contract assets.....	136.2	-	-	-
Receivables	4.3	4.2	4.1	-
Deferred tax assets	18.5	1.6	1.1	0.9
Total non-current assets	208.7	54.9	43.9	57.6
Current assets				
Inventories.....	4.9	4.0	3.2	1.5
Receivables from financial institutions.....	232.0	180.7	636.7	251.6
Trade and other receivables	26.3	25.6	11.7	8.4
Current income tax receivables	15.1	2.1	-	-
Investments held-to-maturity.....	-	7.0	-	-
Financial assets at amortized cost.....	7.6	-	-	-
Cash and cash equivalents	890.6	862.9	680.1	502.3
Total current assets	1,176.5	1,082.3	1,331.7	763.8
Total assets	1,385.2	1,137.2	1,375.6	821.4
Derivative financial instruments.....	76.3	-	-	-
Deferred tax liabilities	22.1	5.1	3.8	0.0
Total non-current liabilities	98.4	5.1	3.8	0.0
Current liabilities				
Payables to merchants	835.8	717.3	1,027.1	560.3
Trade and other payables.....	33.2	25.0	14.7	12.8
Current income tax liabilities	-	-	15.0	2.5
Deferred revenue	3.3	-	-	-
Total current liabilities	872.3	742.3	1,056.8	575.6
Total liabilities	970.7	747.4	1,060.6	575.6
Share capital	0.3	0.3	0.3	0.3
Share premium	149.3	149.3	148.4	148.1
Other reserves	10.5	27.9	25.7	53.0
Retained earnings	254.4	212.3	140.6	44.4
Total Equity	414.5	389.8	315.0	245.8

Balance sheet as of 31 March 2018

Adyen signed a contract with a customer for the provision of payment services, which such contract includes a prepayment by Adyen with additional revenues guaranteed to pay back this prepayment. The contract resulted in the recognition on Adyen's balance sheet as at 31 March 2018 of contract assets of €136 million, a derivative liability of €75 million and deferred revenue of €4 million.

The contract assets of €136 million are recognized as part of the transaction price for the services that are to be provided by Adyen under the contract. The contract assets will be amortized against the recognized revenue for the payment services within the contract period and booked to revenue on a pro rata basis in line with the fulfillment of the expected payments services.

In connection with the contract, Adyen issued warrants to the customer, as further described in "*Business – Material Contracts – Warrant Agreement*". The liability associated with the warrants is classified as a derivative liability of €75 million. The initial recognition of the derivative liability results in a difference between book and tax values and therefore a deferred tax asset of €16.9 million and deferred tax liability of €16.9 million was recognized.

The fair value of this derivative liability at issuance is considered a non-cash consideration. In accordance with IFRS 13 the fair value of the contract asset is determined based on Level 3 inputs, which include management estimates. As of 31 March 2018, Adyen carried out a sensitivity analysis with regard to the derivative financial liability. In case of an underlying share price 8% lower or higher than expected, all other things being equal, the value of the derivative liability would have been approximately €5 million lower or higher, respectively.

Balance sheet as of 31 December 2017

As part of its growth strategy Adyen obtained a banking license in April 2017. As part of the transition from the payment service provider license to the banking license Adyen merged the Adyen Client Management Foundation Stichting (the "**Foundation**") into Adyen. Adyen collects receivables from financial institutions and passes these amounts on to customers. The Foundation acted as a trustee between the financial institutions and Adyen's merchants.

As a result of this organizational change, Adyen changed the terms and conditions to its merchant agreements from 5 December 2017 to provide its customers the same level of protection and service they had benefited from under the previous structure. This change in the terms and conditions resulted in a prospective accounting change of the receivables from payment networks as the majority of these receivables are no longer recognized in the balance sheet (previously recognized in the line item "receivables from financial institutions"). This had a material impact as the related receivables from financial institutions that are directly linked to payables to merchants are also no longer presented on the balance sheet (previously presented in the line item "payables to merchants"). Adyen's statement of changes in equity and statements of comprehensive income were not affected (see Note 16 and Note 17 of the consolidated financial statements for the year ending 31 December 2017 for additional detail).

This accounting change explains the significant decrease in assets and liabilities between 31 December 2017 and 31 December 2016, as well as in the line items "receivables from financial institutions" and "payables to merchants".

See Note 16 and Note 17 of the consolidated financial statements for the year ending 31 December 2017 for additional detail.

Contingencies and commitments

As at 31 March 2018, Adyen had a credit facility agreement of €7.5 million used for bank guarantees and letters of credit, of which €5 million was used. This credit facility agreement can be cancelled by Adyen at any time. In addition, Adyen had an intraday credit facility of €100 million for liquidity purposes, which is from time to time automatically drawn during the course of the trading day primarily in order to facilitate the transfer of funds to merchants when settlement from payment networks arrives later than the payout to merchants. This facility was not drawn as at 31 March 2018. See Note 14 to the consolidated financial statements for the three months ended 31 March 2018 and Note 19 to the consolidated financial statements for the year ending 31 December 2017 for a discussion of Adyen's contingencies and commitments.

Cash Flows

The following table presents a summary of cash flows from operating, investing and financing activities for the three months ended 31 March 2018 and 2017 and the years ended 31 December 2017, 2016 and 2015.

	Three months ended		Year ended 31 December		
	2018	2017	2017	2016	2015
	<i>(unaudited)</i>		<i>(€ millions)</i>		
Net cash flows from operating activities	30.3	2.5	200.6	189.6	138.4
Net cash flows from investing activities	(2.6)	(1.1)	(17.9)	(12.5)	(6.9)
Net cash flows from financing activities	0.0	0.2	1.0	0.2	40.0
Net increase/(decrease) in cash and cash equivalents	27.7	1.6	183.7	177.3	171.5

Operating activities

The majority of Adyen's operating cash flow is represented by merchant funds (namely the line items "receivables from financial institutions" and "payables to merchants") that are held by Adyen for a very short period before being paid-out to the merchant, and the significant changes in these line items between the three months ended 31 March 2018 and 2017 and the year ended 31 December 2017 and the year ended 31 December 2016 result primarily from the accounting change described above under "*Financial Position*", whereby a change in the terms and conditions in Adyen's merchant agreements resulted in a prospective accounting change of the receivables from payment networks such that the majority of these

receivables are no longer recognized in the balance sheet and the directly linked payables to merchants are also no longer presented on the balance sheet. The prospective accounting change mentioned above does not have any impact on the net cash flows from operating activities.

Investing activities

Investing cash flow outflow increased to €2.6 million in the three months ended 31 March 2018, as compared to the €1.1 million outflow in the three months ended 31 March 2017, which was primarily related to an increase in capital expenditures⁵ and, to a lesser extent, a €0.6 million net outflow in March 2018 from the redemption of the bonds described below and the subsequent purchase of new US and UK treasury bonds.

Investing cash flow outflow increased to €17.9 million in the year ended 31 December 2017, as compared to the €12.5 million outflow and €6.9 million outflow in the years ended 31 December 2016 and 2015, respectively. This €5.4 million increase in the year ending 31 December 2017 relates primarily to the €7.0 million purchase in 2017 of US and UK treasury bonds, which matured in March 2018, in order to comply with the liquidity requirements that Adyen has as a licensed credit institution (see "*Supervision and Regulation - Capital and Liquidity Requirements*").

This was partially off-set by a decrease in Adyen's capital expenditures, which consisted primarily of investments in server capacity in line with Adyen's scalability strategy and capitalization of costs related to internally generated software with finite useful lives, from €12.5 million in the year ending 31 December 2016 to €11.0 million in the year ending 31 December 2017.

Financing activities

Adyen is primarily equity-financed and has been generating positive cash flows. As a result, almost no financing cash flows were required in recent years. The financing cash flow in 2015 was the result of an equity investment from a strategic investor.

Significant and Critical Accounting Policies, Judgments, Estimates and Assumptions

The preparation of Adyen's consolidated historical financial information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the historical information presented is based on conditions that existed at the reporting date. The estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

For a discussion of Adyen's significant and critical accounting policies, see "Significant Accounting Policies" and "Critical Accounting Policies" in the Notes to the consolidated financial statements for the three months ended 31 March 2018 and the year ending 31 December 2017.

Recent Accounting Pronouncements

As a result of the *New Standards Adopted by the Group* described in the Notes to the consolidated financial statements for the three months ended 31 March 2018 and Note 21 to the consolidated financial statements in the 2017 Annual Report, Adyen considers the new accounting standards will have no significant impact on the Group considering the impact on its overall balance sheet.

⁵ Capital expenditure consists of the line items "Purchases of plant and equipment" and "Capitalization of intangible assets" on the consolidated statement of cash flows.

MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

General

This section summarizes certain information concerning the Management Board, the Supervisory Board, Adyen's employees and corporate governance. It is based on relevant provisions of the laws of the Netherlands as in effect on the date of this Prospectus, the Articles of Association, the Management Board By-Laws and the Supervisory Board By-Laws. This section summarizes the Articles of Association as are to be amended pursuant to the Deed of Amendment shortly after determination of the Offer Price and reflects the (envisaged) governance structure and related arrangements as per that moment. This section also describes the compliance of Adyen with the Dutch Corporate Governance Code (the "**Dutch Corporate Governance Code**") and the Dutch Banking Code (the "**Dutch Banking Code**").

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the relevant provisions of the laws of the Netherlands as in force on the date of this Prospectus and the Articles of Association, and the Management Board By-Laws and the Supervisory Board By-Laws as in effect upon Conversion. The Articles of Association in the governing Dutch language and in an unofficial English translation thereof are available on Adyen's website (www.Adyen.com), the Management Board By-Laws and the Supervisory Board By-Laws in the English language (only) will be made available immediately after Conversion on Adyen's website (www.Adyen.com).

Management Structure

The Company maintains a two-tier board structure consisting of a Management Board (*raad van bestuur*) and a Supervisory Board (*raad van commissarissen*). The Management Board is responsible for the day-to-day management, which includes, among other things, formulating Adyen's strategy and policies and setting and achieving Adyen's objectives. The Supervisory Board supervises and advises the Management Board.

Management Board

Powers and function

The Management Board is responsible for the management of the Group's operations, subject to the supervision by the Supervisory Board. The Management Board's responsibilities include, among other things, defining and attaining Adyen's objectives, determining Adyen's strategy and risk management policy, and day-to-day management of Adyen's operations. The Management Board may perform all acts necessary or useful for achieving Adyen's objectives, with the exception of those acts that are prohibited by law or by the Articles of Association.

Pursuant to the Management Board By-Laws, the members of the Management Board (the "**Managing Directors**") will divide their tasks among themselves in mutual consultation. In performing their duties, the Managing Directors are required to be guided by the best interests of the Company and the business connected thereto.

The Management Board shall timely provide the Supervisory Board with all information necessary for the exercise of the duties of the Supervisory Board. Not less than once a year the Management Board shall inform the Supervisory Board in writing of an outline of the strategic policy, the general and financial risks and the administrative and audit system of the Company. The Management Board must submit certain decisions to the Supervisory Board or the General Meeting for (prior) approval, as more fully described below.

Subject to certain statutory exceptions, the Management Board as a whole is authorized to represent the Company. Two members of the Management Board acting jointly are also authorized to represent the Company. In addition, pursuant to the Articles of Association, the Management Board is authorized to appoint proxy holders (*procuratiehouders*) who are authorized to represent the Company within the limits of the specific delegated powers provided to them in the proxy.

Management Board By-Laws

In accordance with the Articles of Association, the Management Board has adopted by-laws governing the Management Board's principles and best practices (the "**Management Board By-Laws**"). The Management Board By-Laws describe, amongst other items, the duties, tasks, composition, procedures and decision-making of the Management Board.

Composition, appointment and removal

The Articles of Association provide that the Management Board shall consist of two or more members and that the Supervisory Board determines the exact number (more than two) of Managing Directors after consultation with the Management Board.

The General Meeting appoints Managing Directors upon a nomination by the Supervisory Board in accordance with the Articles of Association. The Supervisory Board ensures that a formal and transparent procedure is in place for the appointment and reappointment of Managing Directors, as well as a sound plan for the succession of Managing Directors.

The Supervisory Board shall make one or more nominations to the General Meeting in case a Managing Director is to be appointed. A nomination for appointment of a Managing Director shall state the candidate's age and the positions he or she holds or has held, in so far as these are relevant for the performance of the duties of a Managing Director. A nomination for appointment must be accounted for by giving reasons for it.

The nomination must be included in the notice of the General Meeting at which the appointment will be considered. If no nomination has been made, this must be stated in the notice. In the event that the Supervisory Board has made a nomination, the resolution of the General Meeting to appoint such nominee shall be adopted by an absolute majority of the votes cast. A resolution of the General Meeting to appoint a Managing Director other than in accordance with a nomination of the Supervisory Board, but in accordance with the agenda for such General Meeting, shall require a majority of two thirds of the votes cast representing more than half of the Company's issued share capital. However, the General Meeting may at its discretion appoint a Managing Director other than upon the nomination of the Supervisory Board, provided that a proposal to appoint such other person has been put on the agenda of the relevant General Meeting.

Any appointment of a Managing Director must be approved by DNB. In connection with its approval procedure, DNB will test the proposed new Managing Director on integrity (*betrouwbaarheid*) and suitability (*geschiktheid*).

The General Meeting may at any time, at the proposal of the Supervisory Board, suspend or remove a Managing Director with a resolution adopted by an absolute majority of votes cast. Should the General Meeting wish to suspend or remove a Managing Director other than in accordance with a proposal of the Supervisory Board, such suspension or dismissal needs to be adopted by two thirds of the votes cast, representing more than half of the Company's issued capital. The Supervisory Board may at all times suspend but not dismiss a Managing Director. A General Meeting must be held within three months after a suspension of a Managing Director has taken effect, in which meeting a resolution must be adopted to either terminate or extend the suspension, provided that in the case that such suspension is not terminated, the suspension does not last longer than three months in aggregate. The suspended Managing Director must be given the opportunity to account for his or her actions at that meeting. If neither such resolution is adopted nor the General Meeting has resolved to dismiss the Managing Director, the suspension will cease after the period of suspension has expired.

Decision-making

The Management Board shall in principle meet every month or more often as deemed desirable or required for a proper functioning of the Management Board by any one or more Managing Directors. If no larger majority is stipulated by Dutch law or pursuant to the Articles of Association or the Management Board By-Laws, the Management Board may adopt resolutions with an absolute majority of the votes validly cast at the meeting. If there is a tie of votes the chairman of the Management Board shall have a casting vote. The Management Board may also adopt resolutions without holding a meeting, provided that all members of the Management Board without a conflict of interest as defined in the Articles of Association have been

given the opportunity to express their opinion on the proposed resolution, none of them have objected, on reasonable grounds, to this manner of decision making process and the majority of them have expressed themselves in favor of the relevant proposal in writing.

Resolutions of the Management Board entailing a significant change in the identity or nature of the Company or its business are subject to the approval of the General Meeting, including in any event:

- (a) transferring the business or practically the entire business to a third party;
- (b) concluding or ending any long-term cooperation by the Company or a subsidiary with any other legal person or company or as a fully liable general partner of a limited partnership or a general partnership, provided that such cooperation or the ending thereof is of material significance to the Company; and
- (c) acquiring or disposing of a participating interest in the capital of a company with a value of at least one-third of the sum of the assets according to the balance sheet including the explanatory notes or, if the Company prepares a consolidated balance sheet, according to the consolidated balance sheet including the explanatory notes according to the last adopted annual accounts of the Company, by the Company or a subsidiary.

In addition, certain resolutions of the Management Board reflected in the Articles of Association, the Management Board By-Laws and/or the Supervisory Board By-Laws require the (prior) approval of the Supervisory Board.

In each of the above-mentioned situations, the lack of approval (whether from the General Meeting or from the Supervisory Board) does not affect the authority of the Management Board or the members of the Management Board to represent the Company.

Conflict of interest

Dutch law provides that a Managing Director of a Dutch public limited liability company may not participate in the decision-making on resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal conflict of interest. This rule applies to the Company. If a Managing Director does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this member may be liable towards the Company.

A Managing Director who thinks that he or she has or might have a conflict of interest in respect of a proposed resolution of the Management Board, shall notify the chairman of the Supervisory Board and his or her co-members of the Management Board thereof as soon as possible. The Supervisory Board shall, upon receipt of the aforementioned notification and outside the presence of the Managing Director concerned, decide whether this Managing Director has a conflict of interest. In case it is decided that the respective Managing Director has a conflict of interest, he or she may not participate in the consultation and decision-making of the Management Board regarding that particular resolution. If as a consequence none of the members of the Management Board may participate in the consultation and decision-making on such resolution, the Supervisory Board shall be authorized to adopt the resolution. Each time, when a resolution is adopted while one or more of the Managing Directors had a conflict of interest, the Management Board will afterwards inform the General Meeting thereof.

All transactions in which there are conflicts of interest with Managing Directors shall be agreed on terms that are customary for arm's-length transactions in the branch of business in which Adyen operates. Decisions to enter into transactions in which there are conflicts of interest with Managing Directors that are of material significance to the Company and/or to the relevant Managing Directors require the approval of the Supervisory Board.

Potential conflict of interest and other information

The Company is not aware of any potential conflicts of interest between the private interests or other duties of each of the members of the Management Board on the one hand and the interests of the Company on the other hand. In accordance with best practice principle 2.7.4 of the Dutch Corporate Governance Code, the Company will report on any conflict of interest in its annual report. There is no family relationship between any Managing Director and any Supervisory Director.

During the last five years, none of the members of the Management Board: (i) has been convicted of fraudulent offenses; (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation; or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

Members of the Management Board

As at the date of this Prospectus, the Management Board is composed of the following members:

Name	Age	Position	Member since	Term
Pieter van der Does	49	CEO	6 July 2007	4 years from Settlement Date
Arnout Schuijff	50	CTO	6 July 2007	4 years from Settlement Date
Roelant Prins	43	CCO	9 September 2009	4 years from Settlement Date
Ingo Uytdehaage	45	CFO	1 June 2011	4 years from Settlement Date
Sam Halse	32	COO	20 April 2015	4 years from Settlement Date
Joop Wijn	49	CSRO	1 May 2017	4 years from Settlement Date

Mr. van der Does is Adyen's president and CEO and has been a member of the Management Board since 2007. Prior to joining Adyen, he spent more than 15 years in the payments industry. Mr. van der Does was CCO at Bibit (a pioneering international payment service provider, acquired by the Royal Bank of Scotland in 2004) before co-founding Adyen in 2006. Mr. Van der Does serves as a supervisory board member of Écart Invest B.V.

Mr. Schuijff is Adyen's CTO and has been a member of the Management Board since 2007. He is an acknowledged expert in the architecture of advanced payment technology solutions. After co-founding, and also being responsible for creating the technology behind, Bibit (a pioneering international payment service provider, acquired by the Royal Bank of Scotland in 2004), Mr. Schuijff teamed up with Mr. van der Does again in 2006 to co-found Adyen.

Mr. Prins is Adyen's CCO and has been a member of the Management Board since 2009. Mr. Prins is responsible for the commercial activities at Adyen. After starting his career as a consultant, he moved on to the online payments industry in early 2000. Throughout the years, Mr. Prins has held various international management roles in sales and business development for companies providing payment solutions to international ecommerce businesses.

Mr. Uytdehaage is Adyen's CFO and has been a member of the Management Board since 2011. He has earned a degree from Maastricht University (MBA in accounting and finance) and studied supply chain management and organizational behavior at Aarhus Business School in Denmark. Additionally, Mr. Uytdehaage also obtained his CPA at the Vrije Universiteit in Amsterdam. Prior to joining Adyen, Mr. Uytdehaage was a finance director at Royal KPN NV. Currently, Mr. Uytdehaage serves as chairman of the board of photography museum Foam in Amsterdam, the Netherlands.

Mr. Halse is Adyen's COO and has been a member of the Management Board since 2015. Mr. Halse is responsible for the operations of all customers who process on the Adyen platform. After starting his career as a commercial lawyer in New Zealand, he moved to the online payment industry in 2010. Mr. Halse has built substantial experience in payments and has worked with many of the leading global e-commerce companies in assisting them with their international payments rollout and optimization of payment processes.

Mr. Wijn is Adyen's CSRO and has been a member of the Management Board since 2017. Mr. Wijn has vast experience in global financial services, helping companies with their payment products, debt and equity products, M&A activity and access to financial markets. Previously, Mr. Wijn served as management board member of ABN AMRO, as supervisory board member of Royal Jaarbeurs Utrecht, as chairman of the supervisory board of Oranje Fonds and as supervisory board member of Stichting Stadsherstel Amsterdam. Before ABN AMRO, Mr. Wijn was State Secretary for Finance and Minister for Economic Affairs in the Dutch government. Mr. Wijn serves as a supervisory board member of Royal Schiphol Group NV.

Supervisory Board

Powers and function

The Supervisory Board supervises the conduct and policies of the Management Board and the general course of affairs of the Company and its business. The Supervisory Board also provides advice to the Management Board. In performing their duties, the members of the Supervisory Board (the "**Supervisory Directors**") are required to be guided by the interests of the Company which includes the interests of the business connected with it. The Management Board shall timely provide the Supervisory Board with the information necessary for the performance of its duties. Not less than once a year the Management Board shall inform the Supervisory Board in writing of an outline of the strategic policy, the general and financial risks and the administrative and audit system of the Company. The Supervisory Board has drawn up a profile for its size and composition taking into account the nature of the business of the Company, the Company's activities and the desired expertise and background of its members.

Supervisory Board By-Laws

In accordance with the Articles of Association, the Supervisory Board has adopted by-laws governing the Supervisory Board's principles and best practices (the "**Supervisory Board By-Laws**"). The Supervisory Board By-Laws describe the duties, tasks, composition, procedures and decision-making of the Supervisory Board.

Composition, appointment and removal

The Articles of Association provide that the Supervisory Board must consist of three (3) or more individuals, with a maximum of five persons and the exact number of Supervisory Directors to be determined by the Supervisory Board. Only natural persons may be appointed as Supervisory Director.

Supervisory Directors are appointed by the General Meeting upon a nomination of the Supervisory Board in accordance with the Articles of Association. The Supervisory Board shall make one or more nominations in case a Supervisory Director is to be appointed. A nomination for appointment of a Supervisory Director shall state the candidate's age and the positions he or she holds or has held, in so far as these are relevant for the performance of the duties of a Supervisory Director. A nomination for appointment must be accounted for by giving reasons for it.

The nomination must be included in the notice of the General Meeting at which the appointment will be considered. If no nomination has been made, this must be stated in the notice. In the event that the Supervisory Board has made a nomination, the resolution of the General Meeting to appoint such nominee shall be adopted by an absolute majority of the votes cast. A resolution of the General Meeting to appoint a Supervisory Director other than in accordance with a nomination of the Supervisory Board, but in accordance with the agenda for such General Meeting, shall require a majority of two thirds of the votes cast representing more than half of the Company's issued share capital. The Supervisory Board shall appoint one of its members as chairman and shall appoint one of its members as vice-chairman. However, the General Meeting may at its discretion appoint a Supervisory Director other than upon the nomination of the Supervisory Board, provided that a proposal to appoint such other person has been put on the agenda of the relevant General Meeting.

Any nomination by the Supervisory Board must be drawn up with due observance of the profile (*profiel*) for the size and the composition of the Supervisory Board adopted by the Supervisory Board. The profile sets out the scope and composition of the Supervisory Board, taking into account the nature of the business, its activities, and the desired expertise and the background of the Supervisory Directors.

Any appointment of a Supervisory Director must be approved by DNB. In connection with its approval procedure, DNB will test the proposed new Supervisory Director on integrity (*betrouwbaarheid*) and suitability (*geschiktheid*). One of the suitability criteria is independent functioning. Independent functioning as viewed by DNB includes the following three basic elements: (i) the Supervisory Director is able to act independently and to balance competing interests ("independence in mind"); (ii) the Supervisory Director avoids or controls any semblance of conflicting interests ("independence in appearance"); and (iii) the Supervisory Board as a body enjoys a sufficient degree of formal independence ("independence in state"). DNB translates this element into the requirement that at least half (50%) of the Supervisory Directors must be formally independent.

The General Meeting may at any time, at the proposal of the Supervisory Board, suspend or remove a Supervisory Director with a resolution adopted by an absolute majority of votes cast. Should the General Meeting wish to suspend or remove a Supervisory Director other than in accordance with a proposal of the Supervisory Board, such suspension or dismissal needs to be adopted by two thirds of the votes cast, representing more than half of the Company's issued capital.

Decision-making

The Supervisory Board shall hold at least four meetings per year and further whenever either the chairman, two other Supervisory Directors, or the Management Board deems necessary. At a meeting, the Supervisory Board may only pass valid resolutions if at least half of the Supervisory Directors are present or represented. The Supervisory Board may also adopt resolutions outside a meeting, provided that all Supervisory Directors without a conflict of interest as defined in the Articles of Association have been given the opportunity to express their opinion on the proposed resolution, none of them have objected, on reasonable grounds, to this manner of decision making process and the majority of them have expressed themselves in favor of the relevant proposal in writing. If no larger majority is stipulated by Dutch law or pursuant to the Articles of Association or the Supervisory Board By-Laws, the Supervisory Board may adopt resolutions with an absolute majority of the votes cast. If there is a tie of votes, the chairman of the Supervisory Board shall have a casting vote.

Conflict of interest

Similar to the rules that apply to the Managing Directors described above, Dutch law also provides that a Supervisory Director of a Dutch public limited liability company may not participate in the decision-making on resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal conflict of interest. This rule also applies to the Company. A Supervisory Director who thinks that he or she has or might have a conflict of interest in respect of a proposed resolution of the Supervisory Board, shall notify his or her co-members thereof as soon as possible. The Supervisory Board shall decide, outside the presence of the Supervisory Director concerned, whether a conflict of interest exists. If all Supervisory Directors have a conflict of interest in respect of a proposed resolution of the Supervisory Board, then the Supervisory Board shall adopt the relevant resolution on the basis of section 2:140 paragraph 5, last sentence, of the Dutch Civil Code, meaning that the resolution will be adopted by the General Meeting, unless the proposed resolution of the Supervisory Board is a resolution that it needs to adopt on the basis of section 2:129 paragraph 6, second sentence, of the Dutch Civil Code because all Managing Directors had a conflict of interest, in which case the Management Board shall adopt the relevant resolution. Each time, when a Supervisory Board resolution is adopted while one or more of the members had a conflict of interest, the Supervisory Board will inform the General Meeting thereof.

All transactions in which there are conflicts of interest with Supervisory Directors shall be agreed on terms that are customary for arm's-length transactions in the branch of business in which Adyen operates. Decisions to enter into transactions in which there are conflicts of interest with Supervisory Directors that are of material significance to the Company and/or to the relevant Supervisory Directors require the approval of the Supervisory Board.

Potential conflict of interest and other information

The Company is not aware of any potential conflicts of interest between the private interests or other duties of each of the Supervisory Directors on the one hand and the interests of the Company on the other hand. In accordance with best practice principle 2.7.4 of the Dutch Corporate Governance Code, the Company will report on conflicts of interest in its annual report. There is no family relationship between any Supervisory Director and any Managing Director.

During the last five years, none of the members of the Supervisory Board: (i) has been convicted of fraudulent offenses; (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation; or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

Members of the Supervisory Board

As at the date of this Prospectus, the Supervisory Board is composed of the following members and its composition complies with the independency principle 2.1.7 Dutch Corporate Governance Code:

Name	Age	Position	Member since	Term
Piero Overmars *	53	Chairman	20 January 2017	until January 2021, with an option to re-appoint for another 4-year term
Delfin Rueda Arroyo *	53	Member	20 January 2017	until January 2022, with an option to re-appoint for another 4-year term
Joep van Beurden **	57	Member	20 January 2017	until January 2020, with an option to re-appoint for another 4-year term

* Independent within the meaning of the Dutch Corporate Governance Code.

** Prior to becoming a member of the Supervisory Board, Mr. van Beurden acted as an advisor to Adyen.

The business address of the members of the Supervisory Board is the Company's registered address, Simon Carmiggeltstraat 6, 1011 DJ Amsterdam, the Netherlands.

Mr. Overmars was appointed to the Supervisory Board in 2017 and is the current chairman of the Supervisory Board. In addition to this role at the Company Mr. Overmars serves as a member of the supervisory boards of AMC Academic Medical Center and Dura Vermeer Groep NV and as a member of the management board of Randstad Beheer B.V. Previously, he served as chairman of the supervisory boards of Nutreco and SNS Reaal and as president of the Nyenrode Foundation, following an extensive career at ABN AMRO that culminated in a board member position. Mr. Overmars holds an MBA from Nyenrode Business University (Netherlands).

Mr. Rueda Arroyo was appointed to the Supervisory Board in 2017 and is the head of the Audit Committee. In addition to this role at the Company, Mr. Rueda serves as CFO and member of the executive board and management board of NN Group. Previously, he served as a member of the supervisory board of Delta Lloyd Levensverzekering, Delta Lloyd Schadeverzekering and Movir and he was CFO and member of the management board of ING Insurance, following an extensive career at Andersen Consulting, UBS, J.P. Morgan and Atradius. Mr. Rueda holds a degree in Economic Analysis and Quantitative Economics from the Complutense University of Madrid (Spain). He also holds an MBA from the Wharton School, University of Pennsylvania (USA).

Mr. van Beurden was appointed to the Supervisory Board in 2017 and is the head of the Nomination and Remuneration Committee. In addition to this role at the Company, Mr. van Beurden is CEO and member of the executive board of Kendrion. Previously, he served as CEO of CSR Plc. (UK) and NexWave Inc. (France), following a career at Royal Dutch Shell plc, McKinsey, Royal Philips NV and Canesta Inc. Mr. van Beurden holds a degree in Applied Physics from Twente University of Technology (Netherlands).

Supervisory Board Committees

The Supervisory Board shall appoint from among its members two permanent committees; a 'Nomination and Remuneration Committee' and an 'Audit Committee' as well as such other committees as it may deem fit. The Supervisory Board shall draw up a set of rules and regulations for these committees which rules and regulations will be in effect on or shortly after Conversion. The task of each committee shall be to prepare the resolutions of the Supervisory Board and to make proposals to the Supervisory Board. Each committee shall be authorized to retain the services of legal, accounting or other consultants at the Company's expense.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee advises the Supervisory Board on the exercise of its duties regarding the Company's remuneration policy, including analyzing developments of the Dutch Corporate Governance Code and other applicable laws and regulations, and preparing proposals for the Supervisory Board on these subjects. It furthermore advises the Supervisory Board on its duties regarding the selection and appointment of Managing Directors and Supervisory Directors. The duties of the Nomination and Remuneration Committee include the preparation of proposals of the Supervisory Board on the Company's remuneration policy to be adopted by the General Meeting, and on the remuneration of the individual Managing Directors to be determined by the Supervisory Board. The Nomination and Remuneration Committee also prepares a remuneration report on the execution of the Company's remuneration policy

during the respective year to be adopted by the Supervisory Board. Furthermore, the duties of the Nomination and Remuneration Committee include preparing the selection criteria and appointment procedures for Managing Directors and Supervisory Directors, and proposing the profile (*profielschets*) for the Supervisory Board. It also periodically assesses the scope and composition of the Management Board and the Supervisory Board, and the functioning of individual members of the Supervisory Board and the members of the Management Board. The Nomination and Remuneration Committee also makes proposals regarding appointments and reappointments of members of the Management Board and the Supervisory Board. The Nomination and Remuneration Committee shall meet as often as required for a proper functioning of the Nomination and Remuneration Committee. The meetings are, as much as possible, scheduled twice a year in advance.

The Nomination and Remuneration Committee will consist of at least three (3) Supervisory Directors as determined by the Supervisory Board.

The rules for the Nomination and Remuneration Committee will be published on Adyen's website under www.Adyen.com ultimately on the on or shortly after Conversion.

Audit Committee

The Audit Committee undertakes preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems. Working within the Supervisory Board, the Audit Committee is charged in particular with the supervision and monitoring as well as advising the Management Board and each Managing Director regarding (i) the functioning of the internal risk management and control systems (risk policies, risk appetite and integrity) including the internal audit function, (ii) financial reporting, including the timely and properly publishing of the periodical external financing reports, (iii) statutory auditing of the (consolidated) annual accounts and the independence of the external auditor, (iv) tax planning and corporate finance, (v) IT and communication technology and (vi) Adyen's financing arrangements. It furthermore maintains regular contact with and supervises the external accountant and it prepares the nomination of an external accountant for appointment by the General Meeting. The Audit Committee also issues preliminary advice to the Supervisory Board regarding the approval of the annual accounts and the annual budget and major capital expenditures. The Audit Committee meets at least four times a year.

The Audit Committee will consist of three (3) or more Supervisory Directors as determined by the Supervisory Board.

The rules for the Audit Committee will be published on Adyen's website under www.Adyen.com ultimately on or shortly after Conversion.

Remuneration

Management Board

The Nomination and Remuneration Committee shall submit a proposal of the remuneration policy applicable to the Management Board to the Supervisory Board in accordance with the terms of reference of the Nomination and Remuneration Committee. The Supervisory Board will submit the proposal of the remuneration policy for the Management Board to the General Meeting, which shall adopt such policy in accordance with the relevant statutory provisions (also see "*Supervision and Regulation - Regulation In Jurisdictions In Which Adyen Currently Operates Under Local Licences - Sound and Controlled Business Operations - Governance and Risk Management – Remuneration*"). The remuneration of the members of the Management Board shall be determined by the Supervisory Board with due observance of the remuneration policy as adopted by the General Meeting.

The Company shall not grant its Managing Directors any personal loans, guarantees or the like unless in the normal course of business and on terms applicable to the personnel as a whole, and after approval of the Supervisory Board. No remission of loans shall be granted.

The individual Managing Directors shall provide the Nomination and Remuneration Committee with their views with regard to the amount and structure of their own remuneration.

Remuneration Management Board

The total remuneration received by the Management Board in 2017 amounted to €2,505,809. The table below provides an overview of the remuneration of each individual Managing Director for the financial year 2017.

	Total remuneration	Base salary	Pension and social security contributions	Share-based compensation*	Variable income in cash	Remark
	(€)					
Pieter van der Does	482,322	427,195	6,377	0	48,750**	
Arnout Schuijff	237,523	209,195	3,128	0	25,200**	Part-time percentage 60%
Roelant Prins	407,683	347,195	6,227	12,261	42,000**	
Ingo Uytdehaage	477,861	402,499	6,182	20,430	48,750**	
Sam Halse	429,060	360,471***	0	20,716	47,873	
Joop Wijn	471,360	284,999	4,462	181,899	0	Started May 1, 2017

* This amount equals the total expenses recognized by Adyen during the financial year in relation to share-based compensation, based on the vesting schedule for options granted and the fair value of the option at grant date, as further detailed in the Financial Statements.

** Variable income in cash relates to performance in the preceding calendar year. As of 2018, in line with (i) the Act on Remuneration Policies in Financial Enterprises (Wet beloningsbeleid financiële ondernemingen), and (ii) the Guidelines on Remuneration Policies and Practices as formally adopted on 10 December 2010 by the Committee of European Banking Supervisors, the Management Board will no longer be entitled to a performance related bonus payment.

*** This amount includes housing allowance.

Share-based compensation

The table below provides an overview of the Options per 31 December 2017 that have been granted to Managing Directors as part of their share-based compensation.

	Grant date	Number of Options Vested	Number of Options Non-vested	Number of Options Expected to Vest*
Pieter van der Does		-	-	-
Arnout Schuijff		-	-	-
Roelant Prins	2014	72,398	0	0
Ingo Uytdehaage	2014	120,632	0	0
Sam Halse	2014	24,072	0	0
	2015	18,177	6,550	6,550
Joop Wijn	2017	0	64,500	64,500

* This number assumes that the relevant person does not leave Adyen before the date that all such Options have vested. An Option can only vest in accordance with the vesting description set forth in "—Incentive Plans—Adyen Option Plan".

Supervisory Board

The remuneration of the Supervisory Directors is determined by the General Meeting. The Supervisory Board shall when applicable submit proposals on its remuneration to the General Meeting.

The remuneration of a Supervisory Director may not depend on the profit of the Company. A Supervisory Director shall not be granted any Shares and/or rights to Shares as a form of remuneration. Any shareholding in the Company by Supervisory Directors must be for the purpose of long-term investment.

The Company and its subsidiaries do not grant personal loans, guarantees or the like to Supervisory Directors, save as part of its usual business operations. Loans are not remitted.

Remuneration Supervisory Board

The total remuneration received by the Supervisory Board in 2017 amounted to €151,466. The table below provides an overview of the remuneration of each Supervisory Director for the financial year 2017. In addition to the remuneration, expenses incurred by the members of the Supervisory Board in the performance of their duties are reimbursed in full.

	Total remuneration (€)	Remuneration in cash (€)	Share-based compensation (€)
Piero Overmars	58,447	50,000	8,477
Delfin Rueda Arroyo	60,000	60,000	0
Joep van Beurden	32,999	30,000	2,999

Share-based compensation

The table below provides an overview of the aggregate number of Options per 1 June 2018 that have been granted to Supervisory Directors as part of their share-based compensation and that have vested at the date of the Prospectus. The non-vested Options held by Mr. Piero Overmars and Mr. Joep van Beurden have expired as per 1 June 2018. See "*Incentive Plans—Adyen Option Plan*" for further particulars.

	Grant date	Number of Vested Options
Piero Overmars	2016	1,093
Delfin Rueda Arroyo		-
Joep van Beurden	2015*	1,719

* Options were granted in his role as an advisor to Adyen prior to becoming a member of the Supervisory Board.

As the Supervisory Directors are not allowed to be remunerated via share-based compensation after the listing of Adyen, the annual remuneration per Supervisory Director with unvested Options that expired as per 1 June 2018 was increased by €30,000 per year starting that date.

In addition Mr. Piero Overmars and Mr. Joep van Beurden have committed not to sell, transfer or otherwise dispose of any (a) Options held, or (b) Depositary Receipts acquired through the exercise of any such Option, during the term of their appointment.

Equity Holdings

Share and Depositary Receipt holdings

The table below reflects the equity position directly or indirectly held by the Managing Directors at the date of the Prospectus:

	Shareholdings (aggregate number of Shares and/or Depositary Receipts)
Pieter van der Does	1,610,486**
Arnout Schuijff	2,160,176***
Roelant Prins	384,633*
Ingo Uytdehaage	261,234*
Sam Halse	3,601*
Joop Wijn	2,454*

* Held in the form of Depositary Receipts.

** Held through the use of a personal holding company, Spreng B.V.

*** Held through the use of two holding companies, Sintentis B.V. and Dia Holding B.V.

Currently none of the Supervisory Directors possesses any Shares (or similar instruments that would give an equity-like interest in the Company) other than the number of Options reflected above under "*Share-based compensation*".

Depositary Receipts buy-in

Prior to the Settlement Date, Adyen has allowed its directors and employees the possibility to purchase Depositary Receipts at fair market value in accordance with the STAK's trust conditions (see also "*Shareholder Structure and Related Party Transactions – Shareholder Structure – Existing Shareholders*" and "*Incentive Plans*"). Each Depositary Receipt issued represents the economic interests of one underlying STAK Share.

Restrictions on Remuneration

Variable Pay Constraints

Under its regulatory regime, Adyen must comply with variable remuneration constraints that follow from CRD IV, as implemented in the DNB Regulation on Sound Remuneration Policies 2017 (*Regeling beheerst beloningsbeleid Wft 2017*). Further to that, the act prohibiting the payment of variable remuneration to board members and day-to-day policy makers of financial institutions that receive state aid (*Wet bonusverbod staatsgesteunde ondernemingen*) and the ARPFE have been enacted. The abovementioned rules and regulations should be considered in conjunction with the Guidelines on Remuneration Policies and Practices as formally adopted on 10 December 2010 by the Committee of European Banking Supervisors (and continued by the EBA, the "**EBA Guidelines**"), which has been revised and which entered into force as at 1 January 2017. These variable pay constraints are applicable to all operations of credit institutions and investment firms based in Member States (including their operations outside the EU).

The Dutch government has implemented further restrictions on remuneration in the financial industry, most recently through the ARPFE. The restrictions of the ARPFE, include among others the introduction of a 20% maximum for variable remuneration. The ARPFE has a broader scope than the remuneration rules under CRD IV. For example, the bonus cap of 20% as introduced by the ARPFE in principle applies to all persons working under the responsibility of the entities within Adyen. The remuneration restrictions have been embedded in Adyen's remuneration policy, as revised and applicable from time to time. In accordance with the applicable remuneration restrictions, the variable remuneration of individual employees in the Netherlands is in principle capped at 20% of fixed remuneration, but for certain employees in the Netherlands a 100% bonus cap applies as Adyen makes use of the exception as described under (i) of "*Supervision and Regulation – Regulation in Jurisdictions in which Adyen Currently Operates under Local Licenses – Sound and Controlled Business Operations – Governance and Risk Management – Remuneration*".

In accordance with the applicable remuneration restrictions, Adyen makes use of the exceptions to apply a 100% bonus cap for employees working in another EU member state and a 200% bonus cap for employees working outside of the EU (see under (ii) and (iii) in "*Supervision and Regulation – Regulation in Jurisdictions in which Adyen Currently Operates under Local Licenses – Sound and Controlled Business Operations – Governance and Risk Management – Remuneration*". Adyen does not award variable remuneration to the Managing Directors. As the application of such rules and principles may include an assessment and interpretation of the remuneration restrictions, it cannot be excluded that a competent supervisory authority takes a different view on the correct application thereof in specific cases (although there is currently no indication that a competent supervisory authority will take such position).

Adjustment and Claw-Back of Bonuses

On 1 January 2014, the Dutch Act on the revision and claw-back of bonuses and profit-sharing arrangements of directors and day-to-day management entered into force. The act applies to management board members of Dutch public companies and financial enterprises as defined in the Dutch Financial Supervision Act, which includes banks. Pursuant to the Dutch Financial Supervision Act, and as introduced by the ARPFE, the scope of the provisions regarding the claw-back of bonuses of the Dutch Financial Supervision Act has been extended to all persons working under the responsibility of financial enterprises. The rules provide, among others, for the possibility to: (i) revise a bonus prior to payment, if unaltered payment of the bonus would be unacceptable pursuant to the criteria of "reasonableness and fairness"; and (ii) claw-back (part of) a paid bonus, if payment took place on the basis of incorrect information on fulfilment of the bonus targets or conditions for payment of the bonus. In accordance herewith a company's supervisory board has discretionary power to adjust any variable remuneration to a suitable amount if, in its opinion, payment of the compensation would be unacceptable under the principle of "reasonableness and fairness". A supervisory board is also authorized to reclaim any variable remuneration over any performance period if the award, calculation or payment has been based on incorrect data or if the performance conditions were not achieved in hindsight. The recipient will then be obliged to repay said amount to such company. Pursuant to the Dutch Financial Supervision Act, and as introduced by the ARPFE, a company's supervisory board must in any case adjust variable remuneration downwards if a person (a) has not met appropriate standards of capability and correct behavior or (b) was responsible for conduct which has led to a substantial deterioration of the company's position including its financial position, and must in any case reclaim variable remuneration paid to any such person.

Directors' Indemnification and Insurance

Under Dutch law, members of the Management Board and the Supervisory Board may be liable to the Company and to third parties for damages in the event of improper or negligent performance of their duties. In certain circumstances they may be liable for damages to the Company and to third parties for infringement of the Articles of Association or certain provisions of the Dutch Civil Code. In addition, in certain circumstances, they may incur additional specific civil and criminal liabilities.

Insurance

The Managing Directors and the Supervisory Directors of Adyen are insured under an insurance policy taken out by Adyen against damages resulting from their conduct when acting in their capacities as directors.

Indemnification

Pursuant to the Articles of Association, and unless the laws of the Netherlands provide otherwise, the following will be reimbursed to inter alia current and former Managing Directors and Supervisory Directors: (i) the reasonable costs of conducting a defense against claims based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at our request; (ii) any damages or fines payable by them as a result of an act or failure to act as referred to under (i); and (iii) the reasonable costs of appearing in other legal proceedings or investigations in which they are involved as current or former Managing Directors or Supervisory Directors, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf.

There shall be, however, no entitlement to reimbursement if and to the extent that: a Dutch court or, in the event of arbitration, an arbitrator has established in a final and conclusive decision that the act or failure to act of the person concerned can be characterized as wilful (*opzettelijk*) or grossly negligent (*grove schuld*) misconduct, unless the laws of the Netherlands provide otherwise or this would, in view of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness; or the costs or financial loss of the person concerned are covered by insurance and the insurer has paid out the costs or financial loss.

Limitation of Supervisory Positions

Dutch legislation came into force on 1 January 2013 limiting the number of supervisory positions to be occupied by members of the management boards or supervisory boards (including one-tier boards) of "large Dutch companies". The term "large Dutch company" applies to any Dutch company or Dutch foundation which at two consecutive balance sheet dates meets at least two of the following criteria: (i) the value of its assets, as given in its balance sheet (together with explanatory notes) on the basis of their acquisition price and production costs, is more than €17.5 million; (ii) its net turnover in the applicable year is more than €35 million; and (iii) the average number of employees in the applicable financial year is at least 250.

A person cannot be appointed as a managing or executive director of a "large Dutch company" if (i) he/she already holds a supervisory or non-executive position at more than two other "large" Dutch public or private companies or "large" Dutch foundations, or (ii) if he/she is the chairman of the supervisory board or one-tier board of another "large" Dutch public or private company or "large" Dutch foundation. Also, a person cannot be appointed as a supervisory director or non-executive director of a "large Dutch company" if he/she already holds a supervisory position or non-executive position at five or more other "large" Dutch public or private companies or Dutch foundations, whereby the position of chairman of the supervisory board or one-tier board of another "large" Dutch company is counted twice. An appointment in violation of these restrictions will result in that last appointment being void. Earlier appointments at other entities are not affected. The fact that an appointment is thus void does not affect the validity of decision-making.

The Company qualifies as a "large Dutch company" for the purposes of the rules limiting the number supervisory positions. The members of the Management Board and the Supervisory Board comply with these rules because, among other things, they do not hold more than the allowed number of positions at other large Dutch companies.

Equal Employment Policy

Dutch law requires that large companies should pursue a policy of having at least 30% of the seats on the management board and the supervisory board held by men and at least 30% of the seats on the management board and the supervisory board held by women. The term "large company" within the meaning of this obligation of effort has the same meaning as set out under "*Limitation of Supervisory Positions*" above except that the criteria are tested on one balance sheet date. This target figure for the allocation of seats is to be taken into account in connection with: (i) the appointment, or nomination for the appointment, of members of the management board; (ii) drafting the criteria for the size and composition of the supervisory board, as well as the designation, appointment, recommendation and nomination for appointment of members of the supervisory board; and (iii) drafting the criteria for the non-executive members of the (one-tier) board, as well as the nomination, appointment and recommendation of non-executive members of the (one-tier) board. If a large company does not meet the gender diversity target figures, it is required to explain in its management board report: (a) why the seats are not allocated in a well-balanced manner; (b) how it attempts to achieve a well-balanced allocation; and (c) how it aims to achieve a well-balanced allocation in the future.

The Company qualifies as a "large company" within the meaning of the diversity policy rules described above and applies an equal employment policy. Under this policy, the Company undertakes to provide equal employment opportunity for all persons without regard to aspects including race, color, creed, religion, sex, sexual orientation, the presence of any sensory, mental, or physical disability.

Employment, Service and Severance Agreements

As of the date of this Prospectus, the Managing Directors are employed by the Company, whereby Mr. Sam Halse is currently assigned to Adyen Inc. The terms and conditions of the employment agreements of the Managing Directors are governed by Dutch employment law. Each Managing Director is envisaged to settle its employment agreement with the Company and to enter into a service agreement (*overeenkomst van opdracht*) with the Company effective as of the date of Conversion. The terms and conditions of these service agreements have been aligned with the relevant provisions in the current employment agreements and the Dutch Corporate Governance Code. The service agreements will be entered into for a term of 4 years. The service agreements provide for a severance of one annual base salary if the Managing Director is not re-appointed or otherwise terminated by the Company (for any reason other than urgent cause within the meaning of article 7:678 of the Dutch Civil Code (*dringende reden*)), in accordance with the Dutch Corporate Governance Code.

Employees

In the table below, the division of full-time equivalents ("FTEs") employed at Adyen is set out in geographical segments.

FTEs at year end per Geographical Segment

FTEs at year end	2017	2016	2015
The Netherlands	396	281	195
Outside of the Netherlands	272	183	143
Total	668	464	338

Employee Representation

Adyen's employees in the Netherlands and/or abroad have not requested that a works council be formed. All of the employees have direct access to management to discuss any matter while important decisions are discussed during regular all-staff meetings.

Pension Schemes

The Netherlands

Adyen has a collective defined contribution plan for its Netherlands-based employees who have reached the age of 21. This plan is operated by a Netherlands-based pension provider. In addition Adyen has insured on behalf of the employees the risks of death and disability. On behalf of each eligible employee Adyen pays a contribution of 4% of the pensionable salary - being 12 times the monthly fixed salary plus holiday

pay up to the fiscally allowed maximum minus a deductible - for the accrual of old age pension benefits as well as the insurance premiums and administration costs. If and as far as fiscally allowed, each employee has the possibility to make additional contributions in order to accrue additional pension capital.

Pensions outside the Netherlands

Adyen operates company related pension plans in a very limited number of countries outside the Netherlands. In most countries the employees are only entitled to participate in the mandatory state pension schemes whereby Adyen - if and as far as applicable - will pay the required employer contributions. Examples are the mandatory superannuation employer contribution of (currently) 9.5% of the annual gross salary in Australia and the mandatory contributions to the Central Provident Fund in Singapore.

In the US, Adyen employees do have the option to participate in a 401k pension plan, but Adyen does not provide for an employer contribution.

In the UK, Adyen employees are automatically enrolled in a group personal pension plan operated by a UK based provider, but do have the option to opt out of this plan. If an employee opts for participation and pays a contribution of at least 3% of its gross annual basic salary, the employer pays an additional contribution of 7% of the gross annual basic salary.

In Sweden, Adyen as employer used to reimburse 50% of the contributions paid by the employee into its own personal pension plan, up to a maximum of 11.3% of the gross annual basic salary of the employee. As of 1 May 2018 a collective defined contribution plan is applicable.

In Belgium, Adyen employees are eligible to arrange their own additional private pension plan and receive a gross reimbursement from Adyen on a monthly basis.

In Spain, Adyen employees who have been employed for at least two years, will be offered as of 1 May 2018 participation in a collective defined contribution plan. Adyen as employer will pay the contributions as stipulated in the collective bargaining agreement for the banking sector.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code, as amended on 8 December 2016 and which finds its statutory basis in Book 2 of the Dutch Civil Code, prescribes that Dutch listed companies are required to report on compliance with the amended Dutch Corporate Governance Code in respect of any financial year starting on or after 1 January 2017. The Company is required to report in 2019 on its compliance with the amended Dutch Corporate Governance Code for the 2018 financial year.

The Dutch Corporate Governance Code is based on a 'comply or explain' principle. Accordingly, companies are required to disclose in their management board report whether or not they are complying with the various best practice principles of the Dutch Corporate Governance Code. If a company deviates from a best practice principle in the Dutch Corporate Governance Code, the reason for such deviation must be properly explained in its management board report.

Compliance with the Dutch Corporate Governance Code

The Company acknowledges the importance of good corporate governance. The Company agrees with the general approach and with the majority of the provisions of the Dutch Corporate Governance Code. As such, it fully complies with the Dutch Corporate Governance Code with the exception of:

- best practice provision 4.3.3, which provides that the general meeting of shareholders of a company not having statutory two-tier status (*structuurregime*) may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or of the supervisory board and/or a resolution to dismiss a member of the management board or of the supervisory board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one-third. However, Adyen will apply a higher proportion of one-half as per the date of Conversion.

Dutch Banking Code

In 2009, the Advisory Committee on the Future of Banks in the Netherlands ("**Advisory Committee**") made recommendations for improving the performance of the Dutch banking sector to help restore trust in banks. Dutch banks and the Dutch Banking Association teamed up to translate the Advisory Committee's recommendations into best practices, which are included in the Dutch Banking Code. The Dutch Banking Code came into effect on 1 January 2010 and sets out principles that all institutions with a banking license granted under the Dutch Financial Supervision Act should adhere to in terms of corporate governance, risk management, audit and remuneration. A Banking Code Monitoring Committee ("**Dutch Banking Code Monitoring Committee**") was set up to monitor and to report on the progress made by banks in implementing the Dutch Banking Code. As of 1 January 2015, the Dutch Banking Association has renewed the Dutch Banking Code, as advised by the Dutch Banking Code Monitoring Committee in March 2013, and introduced a social charter (*Maatschappelijk Statuut*). The measures, along with the proposed Banker's Oath and disciplinary rules applicable to all employees of banks in the Netherlands, emphasize the social role of banks and their commitment to meeting the expectations of society at large.

Application of the Dutch Banking Code

The Company applies all principles of the Dutch Banking Code in full.

Incentive Plans

Adyen Option Plan

In 2014 Adyen established an option plan (the "**Adyen Option Plan**") pursuant to which the Company may provide some of the employees of the Company and its subsidiaries with an opportunity to obtain options to acquire Depositary Receipts ("**Options**"). The STAK is entitled to exercise the voting rights and other rights pertaining to the STAK Shares (see also "*Shareholder Structure and Related Party Transactions – Shareholder Structure – Existing Shareholders*"). At 31 March 2018, all Adyen employees held Options.

The exercise price of the Options is equal to the fair market value of the Ordinary Shares at the grant date of the Option. Under the terms of the Adyen Option Plan, the Options will vest over a period of four (4) years. The vesting period starts on the grant date. 25% of the Options will vest on the first anniversary of the grant date. The remaining 75% of the Options will then vest monthly, in equal proportions at the end of each month, over the following 36 months. Vested Options can be exercised at any time from the vesting date until the 8th anniversary of the grant date.

The Adyen Option Plan was designed to provide the relevant employees an incentive and encouragement to share (indirect) ownership and for participants under the Adyen Option Plan to obtain an indirect economic interest in the pursuit of growth, development, profitability and financial success of the Company. After the Settlement Date, the Company will no longer be granting Options under the Adyen Option Plan. The Adyen Depositary Receipts Award Plan (as described below) will instead be used for employee incentive purposes going forward.

To give employees the opportunity to monetize (part of) their vested Options following Settlement, Adyen offers to buy Depositary Receipts from its employees (held after exercise of their Options) under the following conditions: (i) the offer will be open for a period ending on the date one year after the Settlement Date, (ii) the offer applies to vested Options only, (iii) the offer is made to Adyen employees only, excluding members of the Management Board, and (iv) the offer is limited to a maximum number of 1,000 vested Options per employee. All employees have Options and can therefore accept the offer. As at 31 May 2018 a total of 1,237,578 Options were outstanding, of which approximately three quarters have vested. The exercise price of the Options varies and depends on the moment of grant. The weighted average exercise price as per 31 December 2017 for all outstanding Options was €32.91. Repurchases will be made against the then current stock market price for the Ordinary Shares. Any sale of Depositary Receipts shall require the approval of the STAK and will be subject to any corporate and regulatory law restrictions applicable to Adyen. On the condition of Settlement taking place, the STAK will approve the sale of Depositary Receipts to Adyen upon the exercise of vested Options by employees who already elect to do so during the Offer Period (i.e. by 14:00 CEST on 12 June 2018), as long as such sale meets each of the conditions listed in (i) through (iv) above. Such Depositary Receipts will be bought by the Company against the Offer Price. Following the Offer Period, the STAK will grant approval for the sale of Depositary Receipts on a case-by-case basis. Any Depositary Receipts bought by the Company, will be held until they are redistributed to

participants under the Adyen Depository Receipts Award Plan; the related STAK Shares will remain with the STAK.

Adyen Depository Receipts Award Plan

Adyen has established a Depository Receipts award plan (the "**Depository Receipts Award Plan**") in acknowledgement of the value of the employees of the Company and the employees of its subsidiaries, including but not limited to the Managing Directors, as stakeholders of the Company.

The Depository Receipts Award Plan provides Adyen with the possibility to pay the annual increase of an employee's net fixed salary (if any) in Depository Receipts instead of in cash. In accordance with the STAK's trust conditions (see "*Shareholder Structure and Related Party Transactions – Shareholder Structure – Existing Shareholders*"), such Depository Receipts are currently granted at fair market value. From the Settlement Date onwards and subject to any future changes Adyen may implement in respect of the terms and conditions of the plan, such Depository Receipts will be granted at the then current stock market price for the Ordinary Shares. The purpose of the Depository Receipts Award Plan is to put the participants of the Depository Receipts Award Plan in a financial ownership-like position with respect to Ordinary Shares and for them to obtain an indirect economic interest in the pursuit of growth, development, profitability and financial success of the Company.

At any annual increase of an employee's fixed salary, the Management Board may, at its sole discretion, decide on an individual employee basis to pay such increase in fixed salary partially or wholly in Depository Receipts. The Depository Receipts granted under the Depository Receipts Award Plan will be subject to a lock up of four (4) years starting at the date of the grant. The holding and administration of the Depository Receipts is undertaken by the STAK. Any participating employee will be entitled to dividend payments and other distributions in relation to the STAK Shares on behalf of (the Depository Receipts issued to) the participating employee, but will not have any voting rights, meeting rights or other rights relating to such STAK Shares.

Adyen Phantom Share Plan

Adyen has established a phantom share plan (the "**Phantom Share Plan**"), which provides newly hired employees of the Company and its subsidiaries, upon hiring by way of sign-on bonus, an opportunity to acquire so-called phantom shares ("**Phantom Shares**") that track the value of underlying Ordinary Shares. The Phantom Shares, once vested, entitle the participants of the Phantom Share Plan upon exercise of the Phantom Shares to the economic benefits of the Ordinary Shares, consisting in the monetary value of the Ordinary Shares per the date on which the exercise price is determined.

The purpose of the Phantom Share Plan is to put the participants of the Phantom Share Plan in a financial ownership-like position with respect to Ordinary Shares and for them to obtain an indirect economic interest in the pursuit of the growth, development, profitability and financial success of the Company and the Group. Eligible to participate in the Phantom Share Plan are only those persons that are newly hired employees who are in their first year of employment with the Company or any of its subsidiaries. The Phantom Shares will vest over a period of four (4) years. The vesting period starts on the grant date. 25% of the Phantom Shares will vest on the first anniversary of the grant date. The remaining 75% of the Phantom Shares will then vest monthly, in equal proportions at the end of each month, over the following 36 months. Phantom Shares can be exercised at any time from the vesting date until the 8th anniversary of the grant date.

Adyen General Bonus Plan

The Adyen general bonus plan (the "**Bonus Plan**") is aimed to reward specific team members ("**Eligible Employees**") for both achieving extraordinary business objectives and for behavior according to the Adyen formula. The Bonus Plan is either a six-month or an annual reward program. Eligible Employees can earn bonus points on either a six-month or a yearly basis, by achieving three business objectives (Business Objectives Points) and by behaving according to the Adyen formula (Behavioral Objectives Points). The Business Objectives Points and Behavioral Points are weighted equally and together constitute an Eligible Employee's bonus (Total Bonus Points). The Business Objectives Points and the Behavioral Objectives Points cannot be paid out separately.

The Management Board designates the employees who can participate in the Bonus Plan at its sole discretion.

The Total Bonus Points are paid as variable income and each Total Bonus Point has a one to one conversion to the Eligible Employee's base salary currency. The maximum amount of Total Bonus Points that can be converted to an Eligible Employee's total variable income in a year is maximized to 20% of the fixed income of the Eligible Employee in the same year.

The Management Board has the right to fully or partially recover from an Eligible Employee his/her Total Bonus Points claimed or paid, if (i) such Total Bonus Points have been awarded, calculated, claimed or paid on the basis of incorrect financial or other data, or if the criteria for claiming Business Objectives Points or Behavioral Objectives Points, respectively, were not achieved in hindsight; or (ii) the relevant Eligible Employee participated and/or participates in or was responsible for conduct which resulted in significant losses for the Company and/or the team in which the Eligible Employee works; or (iii) the relevant Eligible Employee failed to meet the appropriate standards of fitness and propriety.

The Management Board also has the right to fully or partially hold back (by way of malus) the claim or payment of an Eligible Employee's Total Bonus Points in the event that a claim or payment of the Total Bonus Points is considered unacceptable under the principles of reasonableness and fairness.

Adyen Commission Plan

The Adyen sales commission plan (the "**Commission Plan**") is aimed to reward sales employees ("**Commission Plan Eligible Employees**") for closing a large contract with a sustainable merchant and for behavior according to the Adyen formula. The Commission Plan pay-out is deferred over four quarters to avoid short term focus and risk-taking incentive. Commission Plan Eligible Employees can earn bonus points on a yearly basis, by boarding sustainable new margin on Adyen's platform (Financial Reward Points) and by behaving according to the Adyen formula (Behavioral Reward Points). The Financial Reward Points and Behavioral Points are weighted equally and together constitute an Eligible Employee's bonus (Total Reward Points). The Financial Reward Points and the Behavioral Reward Points cannot be paid out separately.

The Management Board designates the employees who can participate in the Commission Plan at its sole discretion.

The Total Reward Points are paid as variable income and each Total Reward Point has a one to one conversion into the Commission Plan Eligible Employee's base salary currency. The maximum amount of Total Reward Points that can be converted to a Commission Plan Eligible Employee's total variable income is maximized to the fixed income of the Commission Plan Eligible Employee in the same year, to the extent allowed under the applicable remuneration rules.

The Management Board has the right to fully or partially recover from a Commission Plan Eligible Employee his/her Total Reward Points claimed or paid, if (i) such Total Bonus Points have been awarded, calculated, claimed or paid on the basis of incorrect financial or other data, or if the criteria for claiming Financial Reward Points or Behavioral Reward Points, respectively, were not achieved in hindsight; or (ii) the relevant Commission Plan Eligible Employee participated and/or participates in or was responsible for conduct which resulted in significant losses for the Company and/or the team in which the Commission Plan Eligible Employee works; or (iii) the relevant Commission Plan Eligible Employee failed to meet the appropriate standards of fitness and propriety.

The Management Board also has the right to fully or partially hold back (by way of malus) the claim or payment of an Commission Plan Eligible Employee's Total Reward Points in the event that a claim or payment of the Total Reward Points is considered unacceptable under the principles of reasonableness and fairness.

DESCRIPTION OF SHARE CAPITAL

General

Set out below is a summary of certain relevant information concerning the Company's share capital and a brief summary of certain significant provisions of Dutch law as in effect on the date of this Prospectus and the Articles of Association.

This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the Articles of Association and the relevant provisions of Dutch law as in force on the date of this Prospectus. The Articles of Association will be made available in the governing Dutch language and an unofficial English translation thereof on the Company's website www.Adyen.com). In the event of any discrepancy between the Dutch version of the Articles of Association and the unofficial English translation, the Dutch version prevails. See also "*Management, Employees and Corporate Governance*" for a summary of certain material provisions of the Articles of Association and Dutch law relating to the Management Board and the Supervisory Board.

The Company

The Company was incorporated as a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) on 24 November 2006. The Company will be converted into a public company with limited liability (*naamloze vennootschap*) shortly after determination of the Offer Price, and prior to Settlement pursuant to a notarial deed of conversion and amendment in accordance with a resolution of the Shareholders adopted on 17 April 2018 (the "**Deed of Amendment**"). The Company's legal and commercial name will then become Adyen N.V. The Company's statutory seat (*statutaire zetel*) is in Amsterdam, the Netherlands, and its registered office at Simon Carmiggeltstraat 6, 1011 DJ Amsterdam, the Netherlands. The Company is registered with the trade register of the Chamber of Commerce (*Kamer van Koophandel*) ("**Chamber of Commerce**") under number 34259528.

Corporate Purpose

Pursuant to Article 3 of the Articles of Association, the Company's objects are:

- (a) to exercise a banking company;
- (b) providing services and consultancy services in the field of information technology and internet;
- (c) to incorporate, conduct the management of, participate in and take any other financial interest in other companies and/or enterprises;
- (d) to render administrative, technical, financial, economic or managerial services to other companies, persons and/or enterprises;
- (e) to acquire, dispose of, manage and operate real property, personal property and other goods, including patents, trademark, rights, licenses, permits and other industrial property rights;
- (f) to borrow and/or lend monies, provide security or guarantee or otherwise warrant performance jointly and severally on behalf of others;
- (g) to invest capital; and
- (h) the provision for old age or invalidity of (former) employees of the Company or of companies affiliated with the Company as well the provision for old age or invalidity of their (former) spouses, (former) cohabiting partners and of their own children, stepchildren and foster children, all this pursuant to a pension scheme,

and all matters related or conducive to the above, with the objects to be given their most expansive possible interpretation. In pursuing its objects, the Company shall also take into account the interests of the legal entities and companies with which it forms a group.

Shares and Share Capital

Historic overview share capital

Set out below is an overview of the amount of the Company's authorized and issued share capital for the years ended 31 December 2017, 2016 and 2015, during each of which the nominal value remained at €0.01 per Ordinary Share.

	Year ended 31 December					
	2017		2016		2015	
	Authorized	Issued	Authorized	Issued	Authorized	Issued
	(number of shares)					
Share Capital.....	306,830.36	294,424.87	306,805.82	293,838.47	306,805.82	293,680.82
Ordinary Shares.....	30,683,036	29,442,487	30,680,582	29,383,847	30,680,582	29,368,082

Authorized and issued share capital

As at 2018, the Company's authorized share capital amounted to €306,830.36, divided into 30,683,036 Ordinary Shares, each with a nominal value of €0.01 and the Company's issued share capital amounted to €294,454.58, divided into 29,445,458 Ordinary Shares with a nominal value of €0.01 each. All outstanding Ordinary Shares are paid up. All Ordinary Shares are in registered form.

As of the moment of execution of the notarial deed pursuant to which the Articles of Association will become effective, the Company's authorized share capital will amount to €306,830.36, divided into 30,683,036 Ordinary Shares with a nominal value of €0.01 each.

Form of Shares

As per the moment of Conversion, the Company's share capital will be divided into Ordinary Shares. All Ordinary Shares are in registered form and are only available in the form of an entry in the Company's shareholders' register and not in certificate form. The Ordinary Shares are subject to, and have been created under, the laws of the Netherlands.

The Ordinary Shares will be entered into a collection deposit (*verzameldepot*) and/or giro deposit (*girodepot*) on the basis of the Dutch Securities Giro Act by transfer or issuance to Euroclear Nederland or to an intermediary. The intermediaries, as defined in the Dutch Securities Giro Act, are responsible for the management of the collection deposit, and Euroclear Nederland, being the central institute for the purposes of the Dutch Securities Giro Act, will be responsible for the management of the giro deposit.

Register of Shareholders

Subject to Dutch law and the Articles of Association, the Company must keep a register of Shareholders. The Company's shareholders' register must be kept up to date and records the names and addresses of all holders of Shares, showing the date on which the Shares were acquired, the date of the acknowledgement by or notification of the Company as well as the amount paid on each Share. The register also includes the names and addresses of those with a right of usufruct (*vruchtgebruik*) or a pledge (*pandrecht*) in respect of Shares.

If Shares are transferred to an intermediary for inclusion in a collection deposit or to the central institute for inclusion in a giro deposit, the name and address of the intermediary or the central institute (as relevant), will be entered in the Company's shareholders' register, mentioning the date on which the Shares concerned were included in a collection deposit or a giro deposit (as relevant), the date of acknowledgement by or giving of notice to the Company, as well as the amount paid on each Share and the number of Shares.

Issue of Shares

Under the Articles of Association the General Meeting may resolve to issue Shares, or grant rights to subscribe for Shares, upon a proposal of the Management Board which has been approved by the Supervisory Board. The Articles of Association provide that the General Meeting may designate the authority to issue Shares, or grant rights to subscribe for Shares, to the Management Board, upon a proposal of the Management Board which has been approved by the Supervisory Board.

If the Management Board has been designated as the body authorized to resolve upon an issue of Shares, the number of Shares of each class concerned must be specified in such designation. Upon such designation, the duration of the designation shall be set, which shall not exceed five years. The designation may be extended, from time to time, by a resolution of the General Meeting for a subsequent period of up to five years each time. If not otherwise determined in the resolution, such authority can only be withdrawn by the General Meeting at the proposal of the Management Board which has been approved by the Supervisory Board.

On 17 April 2018, the General Meeting designated the Management Board as the body authorized, subject to the approval of the Supervisory Board, to issue Shares, to grant rights to subscribe for Shares and to exclude statutory pre-emptive rights in relation to such issuances of Shares or granting of rights to subscribe for Shares, each for a period of 18 months with effect as of the Settlement Date and subject to the condition precedent of execution of the Deed of Amendment. The authority of the Management Board is limited to a maximum of 10% of the total issued Shares at the time the authority is used for the first time plus a further 10% of the total issued Shares in connection with or at the occasion an issue occurs as part of a merger or acquisition.

No resolution of the General Meeting or the Management Board is required for an issue of Shares pursuant to the exercise of a previously granted right to subscribe for Shares.

Pre-Emptive Rights

Upon an issue of Shares, each Shareholder shall have a pre-emptive right in proportion to the aggregate nominal amount of his Shares, unless such right is withheld by law or limited or excluded by a resolution of the General Meeting or, if applicable, a resolution of the Management Board subject to the approval of the Supervisory Board. Shareholders do not have pre-emptive rights in respect of the issue of Shares (or the granting of rights to subscribe for Shares) (a) against a contribution in kind, (b) to employees of the Company or (c) to persons exercising a previously-granted right to subscribe for Shares. These pre-emptive rights also apply in case of granting of rights to subscribe for Shares.

Pre-emptive rights may be limited or excluded by a resolution of the General Meeting, upon a proposal of the Management Board which has been approved by the Supervisory Board. The General Meeting may designate this authority to the Management Board upon a proposal of the Management Board which has been approved by the Supervisory Board. A designation as referred to above will only be valid for a specified period of no more than five years and may from time to time be extended for a period of no more than five years (i.e. for the same period as the designation of authority to issue Shares). A resolution by the Management Board (if so designated by the General Meeting) to limit or exclude pre-emptive rights requires the approval of the Supervisory Board.

On 17 April 2018, the General Meeting resolved to designate the Management Board as the body authorized, subject to the approval of the Supervisory Board, to limit or exclude the pre-emptive rights upon the issuance of Shares for a period of 18 months with effect as of the Settlement Date and subject to the condition precedent of execution of the Deed of Amendment, simultaneously with the designation of the Management Board as the competent body to issue Shares. See "*—Shares and Share Capital—Issue of Shares*".

Acquisition by the Company of its Shares

The Company may acquire fully paid-up Shares at any time for no consideration or, subject to certain provisions of Dutch law and the Articles of Association, for valuable consideration if and in so far as: (i) the distributable part of the shareholders' equity is at least equal to the total purchase price of the repurchased Shares; (ii) the nominal value of the Shares which the Company acquires, holds or which are held by a subsidiary does not exceed 50% of the issued share capital; and (iii) the Management Board has been authorized by the General Meeting to repurchase Shares. The General Meeting's authorization is valid for a maximum period of 18 months. As part of the authorization, the General Meeting must specify the number of Shares that may be acquired, the manner in which the Shares may be acquired and the price range within which the Shares may be acquired.

No authorization from the General Meeting is required for the acquisition of fully paid-up Shares for the purpose of transferring these Shares to employees pursuant to any share (option) plan. For these purposes only, the term Shares shall include depositary receipts issued for Shares.

The Company may not cast votes on Shares held by it nor will such Shares be counted for the purpose of calculating a voting quorum.

On 17 April 2018, the General Meeting authorized the Management Board to acquire, subject to the approval of the Supervisory Board, Shares for a period of 18 months starting from the Settlement Date. The number of Shares to be acquired by the Company under the authorization is limited to 10% of the issued capital at the date of acquisition, provided that the Company and its subsidiaries may not hold more than 10% of the issued share capital of the Company. The Shares may be acquired on the stock exchange or elsewhere at a price per Share between, on the one hand, the nominal value of the Shares concerned and, on the other hand, 110% of the opening price at Euronext Amsterdam at the date of the acquisition.

Capital Reduction

The General Meeting may, but only at the proposal of the Management Board, which proposal has been approved by the Supervisory Board, resolve to reduce the issued capital subject to the relevant statutory provisions of the law. The notice of the General Meeting at which any such resolution will be proposed, shall mention the purpose of the capital reduction and the manner in which it is to be achieved. Under Dutch law, the resolution to reduce the issued share capital must specifically state the Shares concerned and lay down rules for the implementation of the resolution. A resolution to cancel Shares can only relate to Shares held by the Company.

A resolution of the General Meeting to reduce the issued share capital of the Company requires a majority of at least two-thirds of the votes cast, if less than one-half of the Company's issued capital is represented at the General Meeting. A reduction of the nominal value of the Shares without repayment and without release from the obligation to pay up the Shares shall take place proportionally on all Shares of the same class. The requirement of proportion may be deviated from with the consent of all Shareholders concerned.

Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have the right to oppose the resolution by filing a petition to that effect. The reduction of share capital may, pursuant to the CRR, also require the approval of the competent supervisory authority.

Transfer of Shares

The Shares are in registered form. The transfer of a registered Share (not being, for the avoidance of doubt, a Share held through the system of Euroclear Nederland) or of a restricted right thereto requires a deed of transfer drawn up for that purpose and acknowledgement of the transfer by the Company in writing. The latter condition is not required in the event that the Company is party to the transfer.

If a registered Share is transferred for inclusion in a collection deposit, the transfer will be accepted by the intermediary concerned. If a registered Share is transferred for inclusion in a giro deposit, the transfer will be accepted by the central institute, being Euroclear Nederland.

Upon issuance of a new Share to Euroclear Nederland or to an intermediary, the transfer in order to include the Share in the giro deposit or the collection deposit will be effected without the cooperation of the other participants in the collection deposit or the giro deposit. Shares included in the collection deposit or giro deposit can only be delivered from a collection deposit or giro deposit with due observance of the related provisions of the Dutch Securities Giro Act. The transfer by a deposit shareholder of its book-entry rights representing such Shares shall be effected in accordance with the provisions of the Dutch Securities Giro Act. The same applies to the establishment of a right of pledge and the establishment or transfer of a usufruct on these book-entry rights.

Outstanding Rights to acquire or subscribe for Shares

In connection with a commercial agreement, Adyen has granted a warrant to a merchant that entitles the merchant to acquire a fixed number of Shares in a series of four tranches each equalling 1.25% of the Company's (fully diluted) issued and outstanding share capital as at 31 January 2018, for cash, at a specified price per Share upon the terms and conditions set forth in the warrant agreement. Also see "*Business – Material Contracts – Warrant Agreement*".

General Meetings and Voting Rights

General Meetings

The annual General Meeting must be held ultimately on 30 June each year.

Typical agenda items of the annual General Meeting are: the report of the Management Board, the adoption of the remuneration policy, the adoption of the annual accounts, the policy on reserves and dividends, the proposal to distribute dividends (if applicable), release of the members of the Management Board and the Supervisory Directors from liability, appointment of an independent auditor, the designation of the Management Board, subject to the approval of the Supervisory Board, as authorized corporate body of the Company to issue Shares and to exclude pre-emptive rights, authorization of the Management Board, subject to the approval of the Supervisory Board, to make the Company acquire own Shares and any other subjects presented for discussion by the Management Board or the Supervisory Board.

Additional extraordinary General Meetings are held whenever the Management Board or the Supervisory Board deems such to be necessary. In addition, one or more Shareholders who solely or jointly represent at least 10% of the issued share capital of the Company or such lesser amount as may be provided by the Articles of Association may, on application, be authorized by a Dutch court in interlocutory proceedings (*kort geding*) of the Dutch district court to convene a General Meeting.

Within three months of it becoming apparent to the Management Board that the equity of the Company has decreased to an amount equal to or lower than one-half of the paid-up part of the capital, a General Meeting will be held to discuss any requisite measures.

Place of Meetings, Chairman and Minutes

The Articles of Association provide that General Meetings shall be held in Amsterdam or Schiphol (municipality Haarlemmermeer), the Netherlands.

The General Meeting shall be presided over by the chairman of the Supervisory Board. In case of absence of the chairman, the General Meeting shall be presided by the chairman of the Management Board. In case of absence of the chairman of the Management Board the General Meeting shall be presided by any other person to be nominated by the Management Board.

Unless the chairman of the General Meeting has requested a civil law notary (*notaris*) to include the minutes of the General Meeting in a notarial report (*notarieel proces-verbaal*), the secretary of the General Meeting shall keep the minutes of the business transacted at the General Meeting, which shall be made available no later than three (3) months after the end of the General Meeting, after which the Shareholders shall have the opportunity to react to the minutes in the following three (3) months. The minutes shall then be adopted by the chairman of the General Meeting and the secretary of the General Meeting.

Convocation notice and agenda

A General Meeting can be convened by the Management Board or the Supervisory Board by a convening notice, which must be given no later than the 42nd day before the date of the General Meeting. Such notice must include the location and the time of the meeting, an agenda indicating the items for discussion and any proposals for resolutions, the admission, participation and voting procedure, the record date and the address of the Company's website. All convocations, announcements, notifications and communications to Shareholders have to be made in accordance with the relevant provisions of Dutch law and the convocation and other notices may also occur by means of sending an electronically transmitted legible and reproducible message to the address of those Shareholders which consented to this method of convocation.

Proposals of Shareholders and/or other persons entitled to attend and address the General Meetings will only be included in the agenda, if the Shareholders and/or other persons entitled to attend and address the General Meetings, alone or jointly, represent shares amounting to at least 3% of the issued share capital and such proposal (together with the reasons for such request) is received in writing by the Management Board at least 60 days before the date of the General Meeting.

If the Company, whether at its own initiative or following a request to that effect by one or more Shareholders holding an interest representing at least 10% of the Company's issued share capital, has performed an identification of its Shareholders within the meaning of the Dutch Securities Giro Act,

Shareholders who, individually or with other Shareholders, hold Shares that represent at least 1% of the issued share capital or a market value of at least €250,000, may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting. The Company can only refuse disseminating such information, if received less than seven business days prior to the General Meeting, if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

Admission and registration

Each Shareholder is entitled to attend and address the General Meetings and to exercise voting rights *pro rata* to his holding of Shares, either in person or by proxy. Shareholders may exercise these rights if they are holders of Shares on the record date, which is the 28th day before the day of the General Meeting. The convocation notice shall state the record date and the manner in which persons holding such rights can register and exercise their rights.

Members of the Management Board and the Supervisory Board have the right to attend and address the General Meeting. In these General Meetings, they have an advisory role. Also the independent auditor of the Company is authorized to attend and address the General Meeting.

Voting rights

Each Share confers the right on the holder to cast one vote at a General Meeting. Major shareholders have the same voting rights per Ordinary Share as other holders of Ordinary Shares. At the General Meeting, resolutions are passed by an absolute majority of the valid votes cast, unless Dutch law or the Articles of Association prescribe a greater majority. If there is a tie in voting, the proposal concerned will be rejected.

Annual and Semi-Annual Financing Reporting

Annually, within four months after the end of the financial year, the Company must publish an annual financial report, consisting of audited annual accounts, an auditor's report, a Management Board report, a Supervisory Board report and certain other information required under Dutch law. The annual accounts must be adopted by the General Meeting.

The Company must publish a semi-annual financial report as soon as possible, but at the latest three months after the end of the first six months of the financial year. If the semi-annual financial report is audited or reviewed, the independent auditor's report must be published together with the semi-annual financial report.

Profits and Distributions

The Management Board may decide, with the approval of the Supervisory Board, that the profits realized during a financial year will fully or partially be appropriated to increase and/or form reserves. Any profits remaining shall be put at the disposal of the General Meeting. The Management Board, which proposal has to be approved by the Supervisory Board, shall make a proposal for reservation or distribution for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting.

The Company's policy on reserves and dividends shall be determined and can be amended by the Management Board, with the approval of the Supervisory Board. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting under a separate agenda item.

Amendment of the Articles of Association

The General Meeting can, with an absolute majority of votes cast, adopt a resolution to amend the Articles of Association upon a proposal of the Management Board, which proposal has to be approved by the Supervisory Board.

When a proposal to amend the Articles of Association is made to the General Meeting, the intention to propose such resolution must be stated in the relevant notice convening the General Meeting. In addition, a copy of the proposal in which the proposed amendment is quoted verbatim must at the same time be deposited at the Company's offices and this copy shall be made available for inspection by the Shareholders until the end of the General Meeting.

Dissolution and Liquidation

The General Meeting may pass a resolution to dissolve the Company, with an absolute majority of the votes cast, but only on a proposal of the Management Board, which proposal has to be approved by the Supervisory Board. When a proposal to dissolve the Company is made to the General Meeting, the intention to propose such resolution must be stated in the relevant notice convening the General Meeting.

In the event of a dissolution of the Company pursuant to a resolution of the General Meeting, the Management Directors shall be charged with the liquidation of the affairs of the Company, unless the General Meeting appoints one or more other persons for that purpose. The Supervisory Board shall be charged with the supervision thereof. The balance remaining after payment of debts shall be transferred to the Shareholders in proportion to the aggregate nominal amount of their Shares. The liquidation shall furthermore be subject to the provisions of Title 1, Book 2 of the Dutch Civil Code.

Public Offer Rules

Pursuant to the Dutch Financial Supervision Act, and in accordance with European Directive 2004/25/EC, also known as the takeover directive, any shareholder – whether acting alone or in concert with others – who, directly or indirectly, obtains control of a Dutch listed company, such as the Company after listing, is required to make a mandatory public offer for all outstanding shares in that company's share capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, 30% of the voting rights in the general meeting of such listed company (subject to certain applicable grandfathering exemptions, such as shareholders who, acting alone or in concert, already had control at the time of the company's initial public offering).

In addition, it is prohibited to launch a public offer for shares of a listed company, such as the Ordinary Shares, unless an offer document has been approved by the AFM. A public offer for shares of a listed company, such as the Ordinary Shares, may only be launched by way of publication of an approved offer document. The public offer rules are intended to ensure that, among others, in the event of a public offer, sufficient information is made available to the holders of the shares, the holders of the shares are treated equally, that there is no abuse of inside information and that there is a proper and timely offering period.

Squeeze-Out Proceedings

A shareholder who for his own account holds at least 95% of the issued and outstanding share capital of a company may institute proceedings against the holders of the remaining shares jointly for the transfer of their shares to him. The proceedings are held before Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for the squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary, after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final, the person acquiring the shares must give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to it. Unless the addresses of all of them are known to it, it must also publish the same in a Dutch daily newspaper with a national circulation.

The offeror under a public offer is also entitled to start a squeeze-out procedure if, following the public offer, the offeror holds at least 95% of the issued and outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out must be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for a takeover squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if at least 90% of the shares to which the offer related were acquired by the offeror.

The Dutch Civil Code also gives the minority shareholders that have not tendered their shares under an offer the right to institute proceedings with the Enterprise Chamber for the transfer of their shares to the offeror, provided that the offeror has acquired at least 95% of the issued and outstanding share capital and holds at least 95% of the total voting rights. Regarding price, the same procedures apply as for takeover

squeeze out proceedings initiated by an offeror. This claim must also be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

Obligations to Disclose Holdings and Transactions

Holders of Shares may be subject to notification obligations under the Dutch Financial Supervision Act. Shareholders are advised to seek professional advice on these obligations.

Shareholders

Pursuant to the Dutch Financial Supervision Act, any person who, directly or indirectly, acquires or disposes of an actual or potential capital interest or voting rights of the Company must immediately notify the AFM, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person reaches, exceeds or falls below any of the following percentage thresholds: 3, 5, 10, 15, 20, 25, 30, 40, 50, 60, 75 and 95.

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the abovementioned thresholds as a result of a change in the Company's total issued share capital or voting rights. The Company is required to notify the AFM immediately of the changes to its total share capital or voting rights if its issued share capital or voting rights changes by 1% or more since the Company's previous notification. The Company must furthermore notify the AFM within eight days after each quarter, in the event its share capital or voting rights changed by less than 1% in the relevant quarter since the Company's previous notification.

In addition, every holder of 3% or more of the Company's share capital or voting rights whose interest changes in respect of the previous notification to the AFM by reaching or crossing one of the abovementioned thresholds as a consequence of the interest being differently composed due to shares or voting rights having been acquired through the exercise of a right to acquire the same must notify the AFM of the changes within four trading days after the date on which the holder knows or should have known that his interest reaches, exceeds or falls below a threshold.

Controlled entities, within the meaning of the Dutch Financial Supervision Act, do not have notification obligations under the Dutch Financial Supervision Act, as their direct and indirect interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the Dutch Financial Supervision Act, including an individual. A person who has a 3% or larger interest in the Company's share capital or voting rights and who ceases to be a controlled entity for these purposes must immediately notify the AFM. As of that moment, all notification obligations under the Dutch Financial Supervision Act will become applicable to the former controlled entity.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, *inter alia*, be taken into account: (i) shares and voting rights directly held (or acquired or disposed of) by any person; (ii) shares and voting rights held (or acquired or disposed of) by such person's controlled entity or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement; (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment; (iv) shares which such person (directly or indirectly) or third party referred to above, may acquire pursuant to any option or other right to acquire shares; (v) shares that determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps; (vi) shares that must be acquired upon exercise of a put option by a counterparty; and (vii) shares that are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

Special attribution rules apply to shares and voting rights that are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger the reporting obligations as if the pledgee or beneficial owner were the legal holder of the shares.

For the same purpose, the following instruments qualify as "shares": (i) shares; (ii) depositary receipts for shares (or negotiable instruments similar to such receipts); (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds); and (iv) options for acquiring the instruments under (i) or (ii).

Gross short positions in shares should also be notified to the AFM. For these gross short positions the same thresholds apply as for notifying an actual or potential interest in the shares of the Company, as referred to above.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of the Company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position attaining 0.5% of the issued share capital of the Company and any subsequent increase of that position by 0.1% will be made public by the AFM. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share may only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located.

Management

Pursuant to the Dutch Financial Supervision Act, each member of the Management Board and Supervisory Board must notify the AFM: (a) immediately following the admission to trading and listing of the Ordinary Shares of the number of Ordinary Shares he/she holds and the number of votes he/she is entitled to cast in respect of the Company's issued share capital, and (b) subsequently of each change in the number of Ordinary Shares he/she holds and of each change in the number of votes he/she is entitled to cast in respect of the Company's issued share capital, immediately after the relevant change. If a member of the Management Board or member of the Supervisory Board has notified a transaction to the AFM under the Dutch Financial Supervision Act as described under "—Obligations to Disclose Holdings and Transactions" above, such notification is sufficient for purposes of the Dutch Financial Supervision Act as described in this paragraph.

Furthermore, pursuant to the Market Abuse Regulation, which entered into force on 3 July 2016, persons discharging managerial responsibilities must notify the AFM and the Company of any transactions conducted for his or her own account relating to Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. Persons discharging managerial responsibilities within the meaning of the Market Abuse Regulation include: (a) members of the Management Board and members of the Supervisory Board; or (b) members of the senior management who have regular access to inside information relating directly or indirectly to that entity and the authority to take managerial decisions affecting the future developments and business prospects of the Company.

In addition, pursuant to the Market Abuse Regulation and the regulations promulgated thereunder, certain persons who are closely associated with persons discharging managerial responsibilities, are also required to notify the AFM and the Company of any transactions conducted for their own account relating to Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. The Market Abuse Regulation and the regulations promulgated thereunder cover, *inter alia*, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to under (i), (ii) or (iii) above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

These notification obligations under the Market Abuse Regulation apply when the total amount of the transactions conducted by a person discharging managerial responsibilities or a person closely associated to a person discharging managerial responsibilities reaches or exceeds the threshold of €5,000 within a calendar year (calculated without netting). When calculating whether the threshold is reached or exceeded, persons discharging managerial responsibilities must add any transactions conducted by persons closely associated with them to their own transactions and *vice versa*. The first transaction reaching or exceeding the threshold must be notified as set forth above. The notifications pursuant to the Market Abuse Regulation described above must be made to the AFM and the Company no later than the third business day following the relevant transaction date.

Non-compliance

Non-compliance with the notification obligations under the Market Abuse Regulation set out in the paragraphs above is an economic offence (*economisch delict*) and could lead to the imposition of criminal fines, administrative fines, imprisonment or other sanctions. The AFM may impose administrative sanctions, including administrative fines, penalties or a cease-and-desist order under penalty for non-compliance. Breaches of the Market Abuse Regulation also constitute an economic offence (*economisch delict*) and could lead to the imposition of criminal fines or imprisonment. If criminal charges are filed, the AFM is no longer allowed to impose administrative penalties and, *vice versa*, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed. In addition, non-compliance with some of the notification obligations set out in the paragraphs above may lead to civil sanctions, including suspension of the voting rights relating to the shares held by the offender for a period of not more than three years, voiding of a resolution adopted by the general meeting in certain circumstances and ordering the person violating the disclosure obligations to refrain, during a period of up to five years, from acquiring shares and/or voting rights in shares.

Public registry

The AFM does not issue separate public announcements of the notifications described in this section. It does, however, keep a public register of all notifications under the Dutch Financial Supervision Act on its website www.afm.nl. Third parties can request to be notified automatically by email of changes to the public register in relation to a particular company's shares or a particular notifying party.

Identity of Shareholders

The Company may request Euroclear Nederland, admitted institutions, intermediaries, institutions abroad, and managers of an investment institution, to provide certain information on the identity of its shareholders. Such request may only be made during a period of 60 days up to the day on which the General Meeting will be held. No information will be given on shareholders with an interest of less than 0.5% of the issued share capital. A shareholder who, individually or together with other shareholders, holds an interest of at least 10% of the issued share capital may request the Company to establish the identity of its shareholders. This request may only be made during a period of 60 days up to (and not including) the 42nd day before the day on which the General Meeting will be held.

Declaration of No Objection for a Qualifying Holding in a Bank

Each person who holds, acquires or increases a qualifying holding in, among others, a bank with a corporate seat in the Netherlands, such as Adyen, as a result of which certain thresholds are reached or passed, requires a declaration of no objection from the ECB (in case of a bank). A "qualifying holding" is a direct or indirect holding of 10% or more of the issued share capital of an enterprise, or the ability to exercise directly or indirectly 10% or more of the voting rights in an enterprise, or the ability to exercise directly or indirectly a similar influence over an enterprise. In determining the number of voting rights, Section 5:45 of the Dutch Financial Supervision Act shall be taken into account (e.g. the voting rights of any other shareholders with whom a person is acting in concert are also relevant in determining a person's voting rights). See "*Supervision and Regulation—Sound and Controlled Business Operations—Structural Supervision*".

Market-Abuse Rules

The regulatory framework on market abuse is set out in the Market Abuse Directive (2014/ 57/EU) as implemented in Dutch law and the Market Abuse Regulation which is directly applicable in the Netherlands.

Insider dealing and market manipulation prohibitions

Pursuant to the Market Abuse Regulation, no natural or legal person is permitted to: (a) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the Shares, (b) recommend that another person engages in insider dealing or induce another person to engage in insider dealing or (c) unlawfully disclose inside information relating to the Shares or the Company. Furthermore, no person may engage in or attempt to engage in market manipulation.

Public disclosure of inside information

The Company is required to inform the public as soon as possible and in a manner that enables timely access to, and complete, correct and timely assessment of, inside information which directly concerns Adyen. Pursuant to the Market Abuse Regulation, inside information is information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. An intermediate step in a protracted process can also be deemed to be inside information. The Company is required to post and maintain on its website all inside information for a period of at least five years. Under certain circumstances, the disclosure of inside information may be delayed, which needs to be notified to the AFM after the disclosure has been made. Upon request of the AFM, a written explanation needs to be provided setting out why a delay of the publication was considered permitted.

Insiders lists

The Company and any person acting on its behalf or on its account is obligated to draw up an insiders' list of officers, employees and other persons working for Adyen with access to inside information relating to Adyen, to promptly update the insider list and provide the insider list to the AFM upon its request. The Company and any person acting on its behalf or on its account is obligated to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

Managers' transactions

In addition to the notification obligations for persons discharging managerial responsibilities (and persons closely associated with them) mentioned above, a person discharging managerial responsibilities is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to Shares or debt instruments of the Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of a half-yearly report or the Management Board year-end report of the Company.

The Company is required to draw up a list of all persons discharging managerial responsibilities and persons closely associated with them and notify persons discharging managerial responsibilities of their obligations in writing. Persons discharging managerial responsibilities are required to notify the persons closely associated with them of their obligations in writing.

Non-compliance with Market Abuse Rules

In accordance with the Market Abuse Regulation, the AFM has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements. Non-compliance with the market abuse rules set out above could also constitute an economic offense and/or a crime (*misdrif*) and could lead to the imposition of administrative fines by the AFM. The public prosecutor could file criminal charges resulting in fines or imprisonment. If criminal charges are filed, the AFM is no longer allowed to impose administrative penalties and *vice versa*. The AFM shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the Market Abuse Regulation.

Adyen has adopted a code of conduct in respect of the reporting and regulation of transactions in the Company's securities by Managing Directors and Supervisory Directors and Adyen's employees, which will be effective as at the First Trading Date.

SHAREHOLDER STRUCTURE AND RELATED PARTY TRANSACTIONS

Shareholder Structure

Existing Shareholders

The following table sets forth information with respect to the Shareholders as at 31 May 2018.

Shareholder	Number of Ordinary Shares	% of issued and outstanding Ordinary Shares
Contentis B.V. *	1,713,213	5.82%
Sintentis B.V.	1,713,213	5.82%
Spreng B.V.	1,610,486	5.47%
Ark B Holding B.V.	1,557,638	5.29%
Partners in Equity III B.V.	1,400,000	4.75%
Mabel van Oranje	545,981	1.85%
KDP Projects B.V.	752,800	2.56%
DIA Holding B.V.	446,963	1.52%
Adinvest AG	1,988,729	6.75%
Pentavest S.à r.l **	4,965,725	16.86%
Felicis ventures III, L.P.	282,850	0.96%
General Atlantic Everest B.V.	3,186,216	10.82%
Bridford Music LLC	1,120,979	3.81%
Stichting Administratiekantoor Adyen	4,496,769	15.27%
(the 14 Shareholders above together being, the " Selling Shareholders ")		
Ossa Investments Pte Ltd ***	2,395,471	8.14%
Iconiq Strategic Partners II, L.P.	392,065	1.33%
Iconiq Strategic Partners II-B, L.P.	306,915	1.04%
Iconiq Strategic Partners II Co-Invest, L.P.	569,445	1.93%
Total	29,445,458	100%

* Contentis B.V. is owned by J. Schuijff

** Pentavest S.à r.l. is owned by Index Ventures

*** Ossa Investments Pte Ltd is owned by Temasek

From time to time, Stichting Administratiekantoor Adyen (the "**STAK**") (a) holds Ordinary Shares (any such Ordinary Shares, the "**STAK Shares**"), and (b) issues and administers depositary receipts for the STAK Shares to current and former Adyen employees in accordance with the STAK's trust conditions (the "**Depositary Receipts**").

Each Depositary Receipt issued represents the economic interests of one underlying STAK Share. As at 31 May 2018, a total of 4,496,769 Ordinary Shares were held by the STAK and a total of 4,496,769 Depositary Receipts were issued and outstanding.

In addition, as at 31 May 2018 a total of 1,237,578 Options were outstanding, of which approximately three quarters have vested. For every vested Option exercised, the Company will issue one Ordinary Share to the STAK and the STAK will issue one Depositary Receipt (see also "*Management, Employees and Corporate Governance - Incentive Plans – Adyen Option Plan*").

For more information on the shareholdings of certain members of the Management Board and their relation to the Selling Shareholders see "*Management, Employees and Corporate Governance – Equity Holdings*".

Post-Settlement Shareholding

As at 31 May 2018, 25,781,562 Ordinary Shares, representing 87.56% of the issued and outstanding Ordinary Shares, were held by the Selling Shareholders.

The tables below reflect the number and percentage of issued and outstanding Ordinary Shares that the Shareholders will offer and sell and continue to hold in the scenario with an offer price at the lower-end of the Offer Price Range (i.e. €220.00), as well as in a scenario with an offer price at the top-end of the Offer Price Range (i.e. €240.00) and in each case for a scenario where the Over-Allotment Option is not exercised and a scenario where the Over-Allotment Option is fully exercised. These tables do not take into account any issuances of Ordinary Shares by Adyen in connection with its employee incentive plans after completion of the Offering. Also see "*Management, Employees and Corporate Governance – Incentive Plans*".

Top-End of Offer Price Range

Shareholder	No Over-Allotment Option exercise			Full Over-Allotment Option exercise		
	Number of Offer Shares sold	Number of Ordinary Shares held post-Settlement	% of all issued and outstanding Ordinary Shares held post-Settlement	Number of Offer Shares sold	Number of Ordinary Shares held post-Settlement	% of all issued and outstanding Ordinary Shares held post-Settlement
Contentis B.V.	805,846	907,367	3.08%	832,932	880,281	2.99%
Sintentis B.V.	180,574	1,532,639	5.21%	207,660	1,505,553	5.11%
Spreng B.V.	169,746	1,440,740	4.89%	195,208	1,415,278	4.81%
Ark B Holding B.V.	164,176	1,393,462	4.73%	188,802	1,368,836	4.65%
Partners in Equity III B.V.	95,885	1,304,115	4.43%	118,019	1,281,981	4.35%
Mabel van Oranje	171,542	374,439	1.27%	180,174	365,807	1.24%
KDP Projects B.V.	51,559	701,241	2.38%	63,460	689,340	2.34%
DIA Holding B.V.	47,110	399,853	1.36%	54,177	392,786	1.33%
Adinvest AG	421,988	1,566,741	5.32%	453,430	1,535,299	5.21%
Pentavest S.à r.l.	523,390	4,442,335	15.09%	601,899	4,363,826	14.82%
Felicis ventures III, L.P.	19,372	263,478	0.89%	23,844	259,006	0.88%
General Atlantic Everest B.V.	335,829	2,850,387	9.68%	386,203	2,800,013	9.51%
Bridford Music LLC	76,775	1,044,204	3.55%	94,498	1,026,481	3.49%
Stichting Administratiekantoor Adyen	473,962	4,022,807	13.66%	545,056	3,951,713	13.42%
Ossa Investments Pte Ltd	-	2,395,471	8.14%	-	2,395,471	8.14%
Iconiq Strategic Partners II, L.P.	-	392,065	1.33%	-	392,065	1.33%
Iconiq Strategic Partners II-B, L.P.	-	306,915	1.04%	-	306,915	1.04%
Iconiq Strategic Partners II Co-Invest, L.P.	-	569,445	1.93%	-	569,445	1.93%
Total	3,537,754	25,907,704	87.99%	3,945,362	25,500,096	86.60%

Lower-End of Offer Price Range

Shareholder	No Over-Allotment Option exercise			Full Over-Allotment Option exercise		
	Number of Offer Shares sold	Number of Ordinary Shares held post-Settlement	% of all issued and outstanding Ordinary Shares held post-Settlement	Number of Offer Shares sold	Number of Ordinary Shares held post-Settlement	% of all issued and outstanding Ordinary Shares held post-Settlement
Contentis B.V.	803,383	909,830	3.09%	832,932	880,281	2.99%
Sintentis B.V.	196,989	1,516,224	5.15%	226,538	1,486,675	5.05%
Spreng B.V.	185,178	1,425,308	4.84%	212,954	1,397,532	4.75%
Ark B Holding B.V.	179,101	1,378,537	4.68%	205,966	1,351,672	4.59%
Partners in Equity III B.V.	111,840	1,288,160	4.37%	135,987	1,264,013	4.29%
Mabel van Oranje	170,757	375,224	1.27%	180,174	365,807	1.24%
KDP Projects B.V.	60,139	692,661	2.35%	73,123	679,677	2.31%
DIA Holding B.V.	51,393	395,570	1.34%	59,102	387,861	1.32%
Adinvest AG	419,130	1,569,599	5.33%	453,430	1,535,299	5.21%
Pentavest S.à r.l.	570,971	4,394,754	14.93%	656,617	4,309,108	14.63%
Felicis ventures III, L.P.	22,596	260,254	0.88%	27,474	255,376	0.87%
General Atlantic Everest B.V.	366,359	2,819,857	9.58%	421,313	2,764,903	9.39%
Bridford Music LLC	89,551	1,031,428	3.50%	108,885	1,012,094	3.44%
Stichting Administratiekantoor Adyen	517,049	3,979,720	13.52%	594,607	3,902,162	13.25%
Ossa Investments Pte Ltd	-	2,395,471	8.14%	-	2,395,471	8.14%
Iconiq Strategic Partners II, L.P.	-	392,065	1.33%	-	392,065	1.33%
Iconiq Strategic Partners II-B, L.P.	-	306,915	1.04%	-	306,915	1.04%
Iconiq Strategic Partners II Co-Invest, L.P.	-	569,445	1.93%	-	569,445	1.93%
Total	3,744,436	25,701,022	87.28%	4,189,102	25,256,356	85.77%

None of Ossa Investments Pte Ltd ("Ossa"), Iconiq Strategic Partners II, L.P., Iconiq Strategic Partners II-B, L.P. and Iconiq Strategic Partners II Co-Invest, L.P. (together referred to as "Iconiq") constitute Selling Shareholders and as such will not offer any Shares in the Offering. Ossa and Iconiq have entered into certain lock-up arrangements with the Company and the Selling Shareholders in relation to the New Shareholders' Agreement (see below "Shareholder Structure and Related Party Transactions – Shareholders' Agreement – Lock-up").

Related Party Transactions

In the normal course of business, Adyen enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Related parties of Adyen include, amongst others, the Selling Shareholders, its subsidiaries, associates and key management personnel. The transactions were made at an arm's length price. However, as all of these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

Transactions involving the Selling Shareholders

Shareholders' Agreement

On 21 November 2014, the Company and its Shareholders entered into a shareholders' agreement containing certain arrangements in relation to the governance of, and shareholding in, the Company (the "**Old Shareholders' Agreement**"). The Old Shareholders' Agreement will terminate upon completion of the Offering, following which it shall be replaced by a new shareholders' agreement (the "**New Shareholders' Agreement**"). The New Shareholders' Agreement (which was already signed on 17 April 2018) will become effective on the date immediately preceding the First Trading Date and will govern the relationship between the Company and all Shareholders that will hold more than 2.5% of the Shares immediately following completion of the Offering.

The New Shareholders' Agreement provides, *inter alia*, that each of the relevant Shareholders will dispose of its Shares held in an orderly manner, whereby it will not sell or dispose of its Shares before expiry of or otherwise as permitted under the terms of applicable lock-up arrangements (see below and "*Plan of Distribution—Lock-up Arrangements*"), and then only in accordance with certain tag-along procedures and other restrictions as set out in the New Shareholders' Agreement.

Below is a summary of the material elements of the New Shareholders' Agreement. References to "Shareholder(s)" in this paragraph shall be deemed to be references to the Shareholders that are a party to the New Shareholders' Agreement, unless the context requires otherwise.

Tag-Along Rights and Fully Marketed Offering

Pursuant to the New Shareholders' Agreement, the Shareholders will only sell Shares in accordance with the following agreed procedures. If such Shareholder wishes to sell and transfer any of its Shares to a third party, it must provide the other parties the opportunity (without having the obligation) to also sell and transfer to such third party up to same percentage of the Shares held by it as is sold by the initiating Shareholder at the same price and on the same terms and conditions. These obligations do not apply to certain 'permitted transfers' that include a sale to affiliates, a sale of Shares acquired after the Settlement Date, a sale of a small number of Shares and a sale by way of accepting a recommended public offer.

Furthermore, according to the New Shareholders' Agreement, Shareholders in aggregate holding more than 30% of the Shares, or four or more Shareholders (regardless of their aggregate shareholding), may, in each case, jointly require the Company to provide reasonable assistance with an offering which entails the Company's involvement in the form of a management road show and/or the preparation of a prospectus (a "**Fully Marketed Offering**"), provided that the Shares proposed to be sold by the Shareholders in the Fully Marketed Offering are reasonably expected to be sold for an aggregate offering price reaching a certain threshold. The Company shall only be required to provide assistance with one Fully Marketed Offering, during which it may elect to issue new Shares.

Lock-up

The Company, each of the Selling Shareholders and Ossa and Iconiq and each of the members of the Management Board not covered by the Selling Shareholder lock-up have entered into certain lock-up arrangements with the Underwriters pursuant to the Underwriting Agreement (see "*Plan of Distribution—Lock-up Arrangements*"). In addition to these lock-up arrangements, each of Ossa and Iconiq has agreed, in the New Shareholders' Agreement in relation to certain Shares held by it that, it will not, until the date falling 12 months after the Settlement Date, without the prior written consent of the Company (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any of the relevant Shares or any securities exercisable or exchangeable for such Shares, or (ii) enter into

any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares, whether any such transaction described in item (i) or (ii) above is to be settled by delivery of such Shares or such other securities, in cash or otherwise.

The lock-up of Ossa and Iconiq under the New Shareholders' Agreement shall not apply: (i) to the transfer of the relevant Shares to an affiliate; (ii) to the disposal of any such Shares by way of acceptance of a public takeover offer, tender offer, merger, consolidation or similar business combination with a third party in respect of a 'change of control' that is recommended by the Management Board and the Supervisory Board; and (iii) to the sale or disposal of any such Shares where required by law or competent authority.

Restricted sales

With due observance of (i) the interests of all relevant stakeholders, as well as (ii) the long-term value creation of the Company, Adyen believes that a strategic alliance with certain parties which are active in the same sector as Adyen is – at this stage – not beneficial to the Company. Hence, for the duration of the New Shareholders' Agreement and subject to limited exemptions, the Shareholders have agreed not to sell, directly or indirectly, any Shares to any third parties that have been identified as 'Restricted Acquirers' in the New Shareholders' Agreement.

Non-compete

Under and pursuant to the terms of the New Shareholders' Agreement, each of the Shareholders (other than Index, General Atlantic and Ossa), severally and not jointly, has undertaken and covenants with the Company to comply with certain non-compete obligations in respect of business activities undertaken, and investments made, by such Shareholder.

Duration and termination

The New Shareholders' Agreement shall terminate with immediate effect on the date that is 12 months after the Settlement Date, or, if earlier:

- i. will cease to bind a Shareholder if such Shareholder, together with any affiliate, no longer has a direct or indirect interest of 2.5% or more of the Shares;
- ii. if the Shareholders that remain a party to the New Shareholders' Agreement collectively hold Shares representing less than 10% of the Shares; or
- iii. upon the Shares ceasing to be listed and traded on a regulated market (*gereguleerde markt*).

If for any reason the Settlement Date shall not have occurred before 31 December 2018 (or such other date as the parties may agree), the provisions of the New Shareholders' Agreement shall not become effective unless agreed otherwise between the parties thereto.

Information Sharing

The Company is not obligated to disclose inside information to the Shareholders that are a party to the New Shareholders' Agreement in relation to the Company or its securities to the extent that such disclosure would require a public disclosure under the Market Abuse Regulation or other applicable law. The New Shareholders' Agreement contains provisions to the effect that the Shareholders are obliged to treat all information provided to them as confidential subject to certain exceptions as provided for in the New Shareholders' Agreement.

Governing Law

The New Shareholders' Agreement is governed by Dutch law and any dispute arising out of or in connection to the New Shareholders' Agreement shall be settled by arbitration in accordance with the rules of the Netherlands Arbitration Institute (*Nederlands Arbitrage Instituut*).

THE OFFERING

Introduction

The Selling Shareholders are offering up to 3,744,436 Offer Shares, not including any Additional Shares. Assuming no exercise of the Over-Allotment Option and an Offer Price at the lower-end of the Offer Price Range, the Offer Shares will constitute not more than approximately 12.7% of the issued Ordinary Shares. Assuming the Over-Allotment Option is fully exercised and an Offer Price at the lower-end of the Offer Price Range, the Offer Shares will constitute not more than approximately 14.2% of the issued Ordinary Shares. Also see "*Shareholder Structure and Related Party Transactions – Post-Settlement Shareholding*". The Offering consists of private placements to institutional investors in various jurisdictions, including the Netherlands. The Offer Shares are being: (i) offered and sold within the United States solely to persons reasonably believed to be QIBs as defined in Rule 144A under the US Securities Act, pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws; and (ii) offered and sold outside the United States in accordance with Regulation S. The Offering is made only in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made.

The Selling Shareholders have granted the Joint Global Coordinators, on behalf of the Underwriters, an Over-Allotment Option, exercisable within 30 calendar days after the date of the First Trading Date. Pursuant to the Over-Allotment Option, the Joint Global Coordinators, on behalf of the Underwriters, may require these Selling Shareholders to sell the Additional Shares at the Offer Price to cover short positions resulting from any over-allotments made in connection with the Offering or stabilization transactions, if any.

Timetable

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below sets forth certain expected key dates for the Offering.

<u>Event</u>	<u>Expected Date and Time (CEST)</u>	
Start of Offer Period	5 June 2018	09:00
End of Offer Period	12 June 2018	14:00
Expected pricing and Allocation	12 June 2018	
Commencement of trading on an "as-if-and-when-delivered" basis on Euronext Amsterdam	13 June 2018	09:00
Settlement (payment and delivery)	15 June 2018	09:00

Offer Period

The Offering will take place during the Offer Period, commencing at 09:00 CEST on 5 June 2018 and ending at 14:00 CEST on 12 June 2018, subject to acceleration or extension of the timetable for the Offering. In the event of an acceleration or extension of the Offer Period, pricing, allotment, admission and first trading of the Offer Shares, as well as payment (in euro) for and delivery of the Offer Shares in the Offering may be advanced or extended accordingly.

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus that is capable of affecting the assessment of the Offer Shares arises or is noted between the date of this Prospectus and the later of the end of the Offer Period and the start of trading of the Offer Shares on Euronext Amsterdam, a supplement to this Prospectus will be published, the Offer Period will be extended, if so required by the Prospectus Directive, the Dutch Financial Supervision Act or the rules promulgated thereunder. A supplement to this Prospectus shall be subject to approval by the AFM.

Acceleration or Extension

The Selling Shareholders and the Company, after consultation with the Joint Global Coordinators may adjust the dates, times and periods given in the timetable and throughout this Prospectus. If the Selling Shareholders and Company should decide to do so, they will make this public through a press release, which will also be posted on the Company's website. Any other material alterations will also be published through a press release that will be posted on the Company's website and (if required) in a supplement to this Prospectus that is subject to the approval of the AFM. Any extension of the timetable for the Offering will be published in a press release at least three hours before the end of the original Offer Period, provided that any extension will be for a minimum of one full business day. Any acceleration of the timetable for the

Offering will be published in a press release at least three hours before the proposed end of the accelerated Offer Period.

Offer Price and Number of Offer Shares

The Offer Price is expected to be in the range of €220 to €240 (inclusive) per Offer Share. The Offer Price Range is an indicative range. The Offer Price and the exact number of Offer Shares offered in the Offering will be determined after the end of the Offer Period on the basis of the quoted share price and the results of the bookbuilding process and taking into account market conditions, a qualitative assessment of demand for the Offer Shares and other factors deemed appropriate. Up until Allocation, the maximum number of Offer Shares can be increased or decreased. The Offer Price Range can be amended up until the end of the Offer Period.

The Offer Price and the exact number of Offer Shares will be set out in the Pricing Statement that will be filed with the AFM and published through a press release on the Company's website at www.Adyen.com.

Change of the Number of Offer Shares or Offer Price Range

The Offer Price Range is an indicative price range. The Company and the Selling Shareholders, after consultation with the Joint Global Coordinators, reserve the right to change the Offer Price Range and/or to increase the maximum number of Offer Shares prior to Allocation. Any such change will be announced in a press release (that will also be posted on the Company's website). Upon a change of the number of Offer Shares, references to Offer Shares in this Prospectus should be read as referring to the amended number of Offer Shares and references to Additional Shares should be read as referring to the amended number of Additional Shares. Any such change in the number of Offer Shares and/or the Offer Price Range will be announced in a press release on the Company's website at www.Adyen.com.

Subscription and Allocation

Allocation

The allocation of the Offer Shares is expected to take place after the closing of the Offer Period on or about 12 June 2018, subject to acceleration or extension of the timetable for the Offering. Allocation to investors who subscribed for Offer Shares will be determined by the Company and the Selling Shareholders, after consultation with the Joint Global Coordinators, and full discretion will be exercised as to whether or not and how to allocate the Offer Shares subscribed for. There is no maximum or minimum number of Offer Shares for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. In the event that the Offering is over-subscribed, investors may receive fewer Offer Shares than they applied to subscribe for. The Company and the Selling Shareholders, as well as the Joint Bookrunners may, at their own discretion and without stating the grounds therefore, reject any subscriptions wholly or partly. On the day that allocation occurs, the Joint Global Coordinators, on behalf of the Underwriters, will notify investors or the relevant financial intermediary of any allocation of Offer Shares made to them. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investor's risk.

Investors participating in the Offering will be deemed to have checked whether and to have confirmed they meet the requirements of the selling and transfer restrictions in "Selling and Transfer Restrictions". Each investor should consult his/her own advisors as to the legal, tax, business, financial and related aspects of a purchase of Offer Shares.

Payment

Payment (in euro) for and delivery of the Offer Shares will take place on the Settlement Date. Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early closing of the Offer Period and consequent acceleration of pricing, Allocation, first trading and payment and delivery). No expenses or taxes will be charged by the Company, the Selling Shareholders or the Underwriters to the investors (see "Taxation").

Delivery, Clearing and Settlement

The Offer Shares are registered shares which will be entered into the collection deposit (*verzameldepot*) and giro deposit (*girodepot*) on the basis of the Dutch Securities Giro Act. The Offer Shares will be

delivered in book-entry form through the facilities of Euroclear Nederland. Application has been made for the Ordinary Shares to be accepted for clearance through the book-entry facilities of Euroclear Nederland. Euroclear Nederland is located at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

Delivery of the Offer Shares and the Additional Shares pursuant to the Over-Allotment Option, if such option has been exercised prior to the Settlement Date, is expected to take place on the Settlement Date through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities and against payment for the Offer Shares and, if applicable, the Additional Shares, in immediately available funds.

Subject to acceleration or extension of the timetable for the Offering, the Settlement Date is expected to be 15 June 2018, the second business day following the First Trading Date (T+2). The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or occur on or prior to such date.

If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Any dealings in Offer Shares prior to Settlement are at the sole risk of the parties concerned. The Company, the Selling Shareholders, the Underwriters, the Listing and Paying Agent and Euronext Amsterdam do not accept any responsibility or liability towards any person as a result of the withdrawal of the Offering or the (related) annulment of any transactions in Offer Shares on Euronext Amsterdam.

Listing and Trading

Prior to the Offering, there has been no public market for the Ordinary Shares. Application has been made to list all of the Ordinary Shares on Euronext Amsterdam under the symbol "ADYEN". The ISIN (International Security Identification Number) is NL0012969182 and the common code is 183251805.

Subject to acceleration or extension of the timetable for the Offering, trading in the Ordinary Shares on Euronext Amsterdam is expected to commence on the First Trading Date. Trading in the Ordinary Shares before the closing of the Offering will take place on an "as-if-and-when-delivered" basis.

Other

Voting Rights

Each Share confers the right to cast one vote in the General Meeting, see "*Description of Share Capital—General Meetings and Voting Rights—Voting Rights*". All Shareholders have the same voting rights.

Ranking and Dividends

The Offer Shares rank *pari passu* in all respects with the other outstanding Ordinary Shares and will be eligible for any dividends which the Company may declare on the Ordinary Shares after the Settlement Date. See "*Description of Share Capital*" and "*Dividends and Dividend Policy*".

Listing and Paying Agent

ABN AMRO is the Listing and Paying Agent with respect to the Offer Shares on Euronext Amsterdam.

Stabilization Agent

J.P. Morgan is the stabilization agent (the "**Stabilization Agent**") with respect to the Offer Shares on Euronext Amsterdam.

Fees and Expenses of the Offering

No expenses or taxes will be charged by the Company, the Selling Shareholders or the Underwriters to the purchasers in the Offering.

The expenses related to the Offering are estimated at approximately €26.9 million, of which an estimated amount of €1.7 million will be paid by the Company and include, among others, the fees due to the AFM

and Euronext Amsterdam N.V., and any legal and administrative expenses, as well as publication costs and applicable taxes, if any. The fees for the Underwriters will be paid by the Selling Shareholders and are estimated to be an amount of €25.2 million. See "*Plan of Distribution*" for a description of the fees payable to the Underwriters in connection with the Offering.

PLAN OF DISTRIBUTION

The Company, the Selling Shareholders and the Underwriters have entered into an underwriting agreement on or about 5 June 2018 with respect to the offer and sale of the Offer Shares (the "**Underwriting Agreement**").

Under the terms and subject to the conditions set forth in the Underwriting Agreement, the Underwriters severally agree to procure purchasers for the Offer Shares or, if the procured purchasers fail to purchase the Offer Shares, to purchase the Offer Shares themselves, and the Selling Shareholders severally agree to sell Offer Shares to purchasers procured by the Underwriters or to the Underwriters themselves. The proportion of total Offer Shares which each Underwriter may severally be required to purchase is indicated below.

Underwriter	Percentage of Total Offer Shares
Morgan Stanley & Co. International	35%
J.P. Morgan Securities plc	35%
ABN AMRO Bank N.V.	10%
Citigroup Global Markets Limited	10%
Merrill Lynch International	10%
Total	100%

The Underwriting Agreement provides that the obligations of the Underwriters to procure to purchase for the Offer Shares or, failing which, purchase the Offer Shares themselves are subject to the following conditions: (i) the Company shall have been converted into a public limited liability company under Dutch law (ii) the approval of this Prospectus by the AFM being in full force and effect (iii) admission of the Offer Shares to listing and trading on Euronext Amsterdam (iv) receipt on or before the Settlement Date of opinions on certain legal matters from legal counsel relating to, among other things, the Company, the Selling Shareholders, the Underwriting Agreement, this Prospectus and the Offer Shares (v) receipt on the date of signing of the Underwriting Agreement of comfort letters with respect to financial statements for the three years ended 31 December 2017, 2016 and 2015 and for the three months ended 31 March 2018 and 2017 and certain other financial information (vi) the "lock-up" undertakings, by each of the Company, members of the Management Board, Selling Shareholders, Ossa and Iconiq, in each case relating to sales and certain other dispositions of ordinary shares or certain other securities, delivered to the Joint Global Coordinators on or before the date hereof, shall be in full force (vii) receipt of customary officers' certificates (viii) the Pricing Agreement shall be entered into by each of the parties thereto not later than 12 June 2018, (or such later date as the Company, Selling Shareholders and the Joint Global Coordinators (on behalf of themselves and the several Underwriters), may agree (ix) the Share Lending Agreement shall be entered into on or before the date of the Pricing Agreement and shall be in full force and effect on the Settlement Date and each of the holders of Additional Shares shall have complied with its obligations under the Share Lending Agreement (x) certain other customary closing conditions, including, among other things, the accuracy of the representations and warranties provided by the Company and each of the Selling Shareholders pursuant to the Underwriting Agreement and the fulfilment by the Company and each of the Selling Shareholders of their respective conditions under the Underwriting Agreement and (xi) there shall not have occurred any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, assets, financial position, shareholder's equity, results of operations or prospects of the Company and its subsidiaries, taken as a whole. The Underwriters will have the right to waive the satisfaction of any such conditions or part thereof.

Upon the occurrence of certain specified events, such as the occurrence of (i) any material adverse change in or affecting the business, assets, financial position, shareholder's equity, cashflow, solvency or results of operations of the Company and its subsidiaries, taken as a whole, since the date of the Underwriting Agreement, (ii) a breach by the Company or any of the Selling Shareholders of any of the representations, warranties or covenants contained in the Underwriting Agreement (iii) trading generally having been suspended or materially limited on any of the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange plc, or Euronext Amsterdam, or (iv) a statement in this Prospectus, the Pricing Statement or any amendment or supplement to this Prospectus being untrue, inaccurate or misleading which in the sole, good-faith judgment of the Joint Global Coordinators, is material in the context of the Offering, (v) the application for admission is rejected by Euronext or (vi) a general moratorium on commercial banking activities in the United States, the United Kingdom or the Netherlands shall have been declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the United Kingdom or the Netherlands, the Joint Global Coordinators, on

behalf of the Underwriters, may elect to terminate the Underwriting Agreement until the Settlement Date (or thereafter, in respect of the Over-Allotment Option only) and the Offering may be withdrawn, in which case all subscriptions for Offer Shares or the Additional Shares only, as the case may be, will be disregarded, any allotments made will be deemed not to have been made and any subscriptions payments made will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Any dealings in the Offer Shares prior to Settlement are at the sole risk of the parties concerned.

The Offering consists of private placements to institutional investors in various jurisdictions, including the Netherlands. The Offer Shares are being: (i) offered and sold within the United States solely to persons reasonably believed to be QIBs as defined in Rule 144A under the US Securities Act pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and applicable state securities laws; and (ii) offered and sold outside the United States in accordance with Regulation S. The Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the US, and may not be offered or sold within the US unless the Offer Shares are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. Prospective purchasers are hereby notified that the sellers of the Offer Shares are relying an exemption from the registration requirements of Section 5 of the US Securities Act, which may include Rule 144A or Regulation S thereunder.

Any offer or sale of Offer Shares in the United States in reliance on Rule 144A under the US Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, will be made by broker-dealers who are registered as such under the US Exchange Act. ABN AMRO Bank N.V. is not a registered broker-dealer in the United States, and therefore, to the extent that it intends to effect any offers or sales of Offer Shares in the United States, will do so through its affiliate, ABN AMRO Securities (USA) LLC, a US registered broker-dealer, pursuant to applicable US securities laws.

Potential Conflicts of Interest

The Underwriters are acting exclusively for the Company and for no one else and will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offering and will not be responsible to anyone other than to the Company for giving advice in relation to the Offering and for the listing and trading of the Ordinary Shares and/or any other transaction or arrangement referred to in this Prospectus.

Certain of the Underwriters and/or their respective affiliates have in the past engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company and/or the Selling Shareholders or any parties related to any of them, in respect of which they have received and may in the future, receive customary fees and commissions.

Additionally, the Underwriters and/or their respective affiliates may have held and in the future may hold, in the ordinary course of their business, the Company's securities for investment purposes. In respect thereof, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures and by rules and regulations. As a result of these transactions, these parties may have interests that may not be aligned, or could potentially conflict, with the interests of (potential) holders of the Offer Shares, or with our interests.

In connection with the Offering, each of the Underwriters and any of their respective affiliates may take up a portion of the Offer Shares in the Offering as a principal position and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering.

Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so.

As a result of acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with (potential) investors' and the Company's interests.

Lock-up Arrangements

The Joint Global Coordinators may, in their sole discretion and at any time, waive the restrictions, including those on sales, issues or transfers of Shares, described below. If the consent of the Joint Global Coordinators in respect of the lock-up arrangements is requested as described below, full discretion can be exercised by the Joint Global Coordinators as to whether or not such consent will be granted (see also "*Shareholder Structure and Related Party Transactions – Shareholders' Agreement – Lock-up*").

Company Lock-Up

In connection with the Offering, the Company has agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, and will not announce any intention to, except as set forth below, without the prior consent of each of the Joint Global Coordinators, acting on behalf of the Underwriters, (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or any other similar instrument that would give and equity-like economic interest in the Company to its holders or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise. The foregoing shall not apply to: (i) the issuance or transfer of Ordinary Shares (or similar instruments that would give and equity-like economic interest in the Company to its holders) under any employee remuneration, incentive or saving plans of the Company described in this Prospectus, (ii) the sale of the Offer Shares under the Underwriting Agreement; (iii) the sale, transfer or other disposal of any of Ordinary Shares by way of acceptance of a public takeover offer, tender offer, merger, consolidation or similar business combination with a third party in respect of a 'change of control' that is recommended by the Management Board and Supervisory Board; and (iv) the sale or disposal of Ordinary Shares where required by law or competent authority.

Shareholders and Management Lock-Up

In connection with the Offering, each of the Selling Shareholders, Ossa and Iconiq and each of the members of the Management Board not covered by the Selling Shareholder lock-up has agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, and will not announce any intention to, except as set forth below, without the prior written consent of each of the Joint Global Coordinators, acting on behalf of the Underwriters, (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or any other similar instrument that would give and equity-like economic interest in the Company to its holders or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise. The foregoing shall not apply to: (i) in respect of the Selling Shareholders only, the sale of the Offer Shares under the Underwriting Agreement, (ii) in respect of the Selling Shareholders only, the lending of the lending shares under the Share Lending Agreement; (iii) transfers of securities subject to the lock-up to certain related parties, provided such transferee provides undertakings to the Joint Global Coordinators equivalent to those agreed in the form of lock-up deed attached as an exhibit to the Underwriting Agreement; (iv) the sale, transfer or other disposal of any of securities subject to the lock-up by way of acceptance of a public takeover offer, tender offer, merger, consolidation or similar business combination with a third party in respect of a 'change of control' that is recommended by the Management Board and Supervisory Board; (v) in respect of the STAK only, the issuance or transfer of Shares (or similar instrument that would give and equity-like economic interest in the Company to its holders, including depository receipts for shares) under any employee remuneration, incentive or saving plans of the Company described in this Prospectus; and (vi) the sale or disposal of Ordinary Shares where required by law or competent authority.

Over-Allotment and Stabilization

In connection with the Offering, the Underwriting Agreement will provide that J.P. Morgan as Stabilization Agent, or any of its agents, on behalf of the Underwriters may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Offer Shares or effect other transactions with a view to supporting the market price of the Offer Shares at a higher level than that which might otherwise prevail in the open market. The Stabilization Agent will not be required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange (including Euronext Amsterdam) or otherwise and may be undertaken at any time during the period commencing on the First Trading Date and ending no later than 30 calendar days thereafter. The Stabilization Agent or any of its agents will not be obligated to effect stabilizing transactions, and there will be no assurance that stabilizing transactions will be undertaken. Such stabilizing transactions, if commenced, may be discontinued at any time without prior notice. Save as required by law or regulation, neither the Stabilization Agent nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilization transactions under the Offering. The Underwriting Agreement will provide that the Stabilization Agent may, for purposes of the stabilizing transactions, over-allot Offer Shares up to a maximum of 15% of the total number of Offer Shares (excluding the Additional Shares) sold in the Offering. The Underwriting Agreement will provide that to the extent that the Stabilization Agent earns any profit directly from stabilizing transactions, the Stabilization Agent will remit all of these profits to the Selling Shareholders net of expenses and costs and stamp duty. All losses incurred by the Stabilization Agent in the course of the stabilizing transactions will be for the account of and shared *pro rata* by the Underwriters.

In connection with the Over-Allotment Option, up to a maximum of 15% of the total number of Offer Shares (excluding the Additional Shares) will be made available by the Selling Shareholders to the Stabilization Agent for the account of the Underwriters, through a securities loan to be entered into on or around the date of the Underwriting Agreement (the "**Share Lending Agreement**").

None of the Company, the Selling Shareholders or any of the Underwriters makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Offer Shares or any other securities of the Company. In addition, none of the Company, the Selling Shareholders or any of the Underwriters makes any representation that the Stabilization Agent will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

SELLING AND TRANSFER RESTRICTIONS

No action has been taken or will be taken in any jurisdiction by the Company, the Selling Shareholders or the Underwriters that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any country or jurisdiction where action for that purpose is required.

Accordingly, no Offer Shares may be offered or sold either directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

If an investor receives a copy of this Prospectus, the investor may not treat this Prospectus as constituting an invitation or offer to the investor of the Offer Shares, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if the investor receives a copy of this Prospectus or any other offering materials or advertisements, the investor should not distribute the same in or into, or send the same to any person in, any jurisdiction where to do so would or might contravene local securities laws or regulations.

If an investor forwards this Prospectus or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this section.

Subject to the specific restrictions described below, investors (including, without limitation, any investor's nominees and trustees) wishing to accept, sell or purchase Offer Shares must satisfy themselves as to the full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

Investors that are in any doubt as to whether they are eligible to purchase Offer Shares should consult their professional adviser without delay.

EEA

In relation to each EEA state which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), no Offer Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State, except that an offer to the public in that Relevant Member State of Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- to legal entities which are qualified investors as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Relevant Member State, subject to obtaining the prior consent of the Joint Global Coordinators; or
- in any other circumstances falling under the scope of Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purpose of this provision, the expression an 'offer to the public' in relation to any Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Offering and the Offer Shares to be offered, so as to enable an investor to decide to acquire any Offer Shares, as that definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Offer Shares under, the Offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Underwriters, the Selling Shareholders and the Company that:

1. it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
2. in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive: (A) the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (B) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons.

The Company, the Selling Shareholders, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Global Coordinators of such fact in writing may, with the prior consent of the Joint Global Coordinators, be permitted to acquire Offer Shares in the Offering.

United Kingdom

Offers of Offer Shares pursuant to the Offering are only being made to persons in the United Kingdom who are 'qualified investors' within the meaning of section 86 of the FSMA or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the FSMA.

This Prospectus is only being distributed to, and is only directed at, and any investment or investment activity to which the Prospectus relates is available only to, and will be engaged in only with (i) persons falling within the definition of 'investment professionals' in Article 19(5); or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2)(a) to (d), of the Order or other persons to whom such investment or investment activity may lawfully be made available; Relevant Persons. Persons who are not Relevant Persons should not take any action on the basis of the Prospectus and should not act or rely on it.

United States

The Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States unless the Offer Shares are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. The Offer Shares are being offered and sold in the United States only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and outside the United States in reliance on Regulation S. There will be no public offer of the Offer Shares in the United States. Prospective purchasers are hereby notified that the Company and the Selling Shareholders may rely on an exemption from the registration requirements of Section 5 of the US Securities Act, which may include Rule 144A or Regulation S thereunder.

In addition, until the end of the 40th calendar day after commencement of the Offering, an offer or sale of the Offer Shares within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exception from registration under the US Securities Act.

The Underwriting Agreement provides that the Underwriters may directly or through their respective United States broker-dealer affiliates arrange for the offer and sale of the Offer Shares within the United States only to qualified institutional buyers pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Each purchaser of Offer Shares within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

1. it is (A) a QIB, (B) acquiring the Offer Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth in this paragraph, (C) acquiring the Offer Shares for investment purposes, and not with a view to further distribution of such Offer Shares and (D) aware, and each beneficial owner of the Offer Shares has been advised, that the sale of the Offer Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;
2. it understands and agrees that the Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred, except (A)(1) to a person whom the investor and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, (2) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (3) pursuant to an exemption from the registration requirements of the US Securities Act provided by Rule 144 thereunder (if available) or (4) pursuant to an effective registration statement under the US Securities Act and (B) in accordance with all applicable securities laws of any state, territory or other jurisdiction of the United States;
3. it acknowledges that the Offer Shares are 'restricted securities' within the meaning of Rule 144(a)(3) under the US Securities Act, that the Offer Shares are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the US Securities Act, and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of Offer Shares;
4. it understands that in the event Offer Shares are held in certificated form, such certificated Offer Shares will bear a legend substantially to the following effect:

"THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT: (A) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, OR ANOTHER EXCEPTION FROM, OR IN ANOTHER MANNER NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF, THE SECURITIES ACT; (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT; (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE); OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS SECURITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THIS SECURITY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THIS SECURITY ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH INVESTOR IN THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY RELY ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND EACH INVESTOR WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED

TO, NOTIFY ANY INVESTOR IN THIS SECURITY OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. EACH HOLDER, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS";

5. notwithstanding anything to the contrary in the foregoing, it understands that Offer Shares may not be deposited into an unrestricted depository receipt facility in respect of Offer Shares established or maintained by a depository bank unless and until such time as such Offer Shares are no longer 'restricted securities' within the meaning of Rule 144(a)(3) under the US Securities Act;
6. it agrees that it will give to each person to whom it offers, resells, pledges or otherwise transfers Offer Shares notice of any restrictions on transfer of such Offer Shares; and
7. it acknowledges that the Company, the Underwriters and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such QIBs as well).

Each purchaser of Offer Shares outside the United States will, by accepting delivery of this Prospectus, be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

- (i) it is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- (ii) it acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- (iii) it and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares is purchasing the Offer Shares in an offshore transaction meeting the requirements of Regulation S; and
- (iv) the Company, the Underwriters and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and if it acquires any Offer Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such accounts as well).

Canada

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

Japan

The Offer Shares offered by this Prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the "**Financial Instruments and Exchange Law**"). Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (including Japanese corporations), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (including Japanese corporations) except with the prior approval of the banks and pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and relevant regulations of Japan.

Australia

This Prospectus (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia ("**Corporations Act**"); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 6.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission ("**ASIC**"), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (c) may not be provided in Australia other than to select investors ("**Exempt Investors**") who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act; and (ii) are 'wholesale clients' for the purpose of section 761G of the Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, each purchaser or subscriber of Offer Shares represents and warrants to the Company, the Underwriters and their affiliates that such purchaser or subscriber is an Exempt Investor.

As any offer of Offer Shares under this document, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Offer Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Offer Shares each purchaser or subscriber of Offer Shares undertakes to the Company, the Selling Shareholders, the Underwriters and their affiliates that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Offer Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Switzerland

The Offer Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (the "**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for the issuance of prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Article 27ff of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, the Company or the Offer Shares has been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Offer Shares will not be supervised by, the Swiss Financial Market Supervisory Authority ("**FINMA**"), and the offer of Offer Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "**CISA**").

The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offer Shares.

Singapore

This Prospectus or any other material relating to the Offer Shares has not been and will not be registered as a prospectus with the monetary authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Offer Shares may not be circulated or distributed, nor may any Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

1. to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289, of Singapore (the "**Securities and Futures Act**");
2. to a relevant person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
3. otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where Offer Shares are subscribed for or purchased under Section 275 by a relevant person that is:

- (i) a corporation (which is not an accredited investor) (as defined in Section 4A of the Securities and Futures Act) whose sole business is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor.

Offer Shares (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 except to an institutional investor or to a relevant person as defined in Section 275(2) of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act:

- (A) where no consideration is or will be given for the transfer;
- (B) where the transfer is by operation of law; or
- (C) as specified in Section 276(7) of the Securities and Futures Act.

Hong Kong

No Offer Shares have been offered or sold or will be offered or sold in Hong Kong, by means of any document, other than (a) to 'professional investors' as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**Securities and Futures Ordinance**") and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a 'prospectus' as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the Offer Shares has been issued or has been in the possession of any person for the purposes of issue, nor will any such advertisement, invitation or document be issued or be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to 'professional investors' as defined in the Securities and Futures Ordinance and any rules made under the Securities and Futures Ordinance.

DIFC

This prospectus relates to an 'Exempt Offer' in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("**DFSA**"). This Prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Prospectus nor taken steps to verify the information set forth herein and has no responsibility for the Prospectus. The shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this Prospectus you should consult an authorized financial advisor.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that the Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

TAXATION

Taxation in the Netherlands

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could have retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Offer Shares, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

This summary does not address the Dutch corporate and individual income tax consequences for:

- (i) Corporate holders of Offer Shares which qualify for the participation exemption (*deelnemingsvrijstelling*) or would qualify for the participation exemption had the corporate holders of Offer Shares been resident in the Netherlands.

Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption or participation credit if it represents an interest of 5% or more of the nominal paid-up share capital;

- (ii) Holders of Offer Shares having a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Company.

Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has or is deemed to have, or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company. Also, an individual has a substantial interest in a company if his partner has, or if certain relatives of the individual or his partner have, a deemed substantial interest in such company. Generally, an individual or his partner or relevant relative has a deemed substantial interest in a company if either (a) such person or his predecessor has disposed of or is deemed to have disposed of all or part of a substantial interest or (b) such person has transferred an enterprise in exchange for shares in such company, on a non-recognition basis.

Generally speaking, a non-resident entity has a substantial interest in a company if such entity directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company. Generally, an entity has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term "**entity**" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of Offer Shares, an individual holding Offer Shares or an entity holding Offer Shares, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Offer Shares or otherwise being regarded as owning Offer Shares for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate and gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "the Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Investors should consult their professional advisers as to the tax consequences of acquiring, holding and disposing of Offer Shares.

Withholding Tax

In general, the Company must withhold Dutch dividend tax from dividends distributed on the Offer Shares at the rate of 15%.

Dividends include, without limitation:

- (i) distributions of profits (including paid-in capital not recognized for Dutch dividend tax purposes) in cash or in kind, including deemed and constructive dividends;
- (ii) liquidation distributions and, generally, proceeds realized upon a repurchase of Offer Shares by the Company or upon the transfer of Offer Shares to a direct or indirect subsidiary of the Company, in excess of the average paid-in capital recognized for Dutch dividend tax purposes;
- (iii) the par value of Offer Shares issued to a shareholder or any increase in the par value of Offer Shares, except to the extent such (increase in the) par value is contributed to or funded out of the Company's paid-in capital recognized for Dutch dividend tax purposes;
- (iv) repayments of paid-in capital recognized for Dutch dividend tax purposes up to the amount of the Company's profits (*zuivere winst*) unless the General Meeting has resolved in advance that the Company shall make such repayments and the par value of the Offer Shares concerned has been reduced by a corresponding amount through an amendment of the Company's articles of association.

A holder of Offer Shares which is or is deemed to be resident in the Netherlands for the relevant tax purposes is generally entitled to credit the dividend tax withheld against its liability to Dutch tax on income and capital gains or, in certain cases, to apply for a full refund of the dividend tax withheld.

A holder of Offer Shares which is not and is not deemed to be resident in the Netherlands for the relevant tax purposes may be eligible for a partial or complete exemption or refund of all or a portion of the dividend tax under an income tax convention in effect between the Netherlands and the holder's country of residence or by virtue of such holder being resident in another EU Member State, Norway, Iceland or Liechtenstein.

Under the terms of Dutch domestic anti-dividend stripping rules, a recipient of dividends distributed on Offer Shares will not be entitled to an exemption from, reduction, refund, or credit of dividend tax if the recipient is not the beneficial owner of such dividends as meant in those rules.

The Company must remit to the Dutch tax authorities the Dutch dividend tax it has withheld on dividends distributed on the Offer Shares. In certain circumstances, the Company may apply a reduction to the amount of such remittance. This reduction can be applied if the Company distributes dividends that can be attributed to dividends the Company itself has received from qualifying non-Dutch subsidiaries, provided that these dividends are exempt from Dutch corporate tax and have been subject to a foreign withholding tax of at least 5%. This reduction accrues to the Company and does not reduce the amount of the Dutch dividend tax to be withheld from holders of Offer Shares. The amount of such reduction is equal to the lesser of:

- (i) 3% of the amount of the dividends distributed by the Company that are subject to Dutch dividend tax; and
- (ii) 3% of the gross amount of the dividends received during a certain period from the qualifying non-Dutch subsidiaries.

Taxes on Income and Capital Gains

Residents - Resident entities

An entity holding Offer Shares which is or is deemed to be resident in the Netherlands for Dutch corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in the Netherlands in respect of income or a capital gain derived from such Offer Shares at the prevailing statutory rates (up to 25% in 2018).

Residents - Resident individuals

An individual holding Offer Shares who is or is deemed to be resident in the Netherlands for Dutch income tax purposes will be subject to income tax in the Netherlands in respect of income or a capital gain derived from such Offer Shares at the prevailing statutory rates (up to 52% in 2018) if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the income or capital gain qualifies as income from employment or from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (normal, *actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, such individual will be subject to Dutch income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from Offer Shares. For 2018 the deemed return ranges from 2.02 to 5.38% of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Offer Shares). The applicable rates will be updated annually on the basis of historic market yields. Subject to application of certain allowances, the deemed return will be taxed at a rate of 30%.

Non-residents

A holder of Offer Shares which is not and is not deemed to be resident in the Netherlands for the relevant tax purposes will not be subject to taxation in the Netherlands on income or a capital gain derived from Offer Shares unless:

- (i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in the Netherlands and the holder of Offer Shares derives profits from such enterprise (other than by way of the holding of securities); or
- (ii) the holder is an individual and the income or capital gain qualifies as income from employment or from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in the Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

Gift and Inheritance Taxes

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of Offer Shares by way of gift by, or on the death of, a holder, unless:

- (i) such holder is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

There is no Dutch value added tax payable by a holder of Offer Shares in respect of payments in consideration for the acquisition of Offer Shares, payments of dividend on the Offer Shares, or payments in consideration for the disposal of Offer Shares.

Other Taxes and Duties

There is no Dutch registration tax, stamp duty, or any other similar tax or duty payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of Offer Shares.

Residence

A holder of Offer Shares will not be and will not be deemed to be resident in the Netherlands for Dutch tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of Offer Shares.

United States Federal Income Taxation

The following is a summary of certain US federal income tax consequences of acquiring, owning and disposing of Offer Shares. This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a particular person's decision to acquire the Offer Shares. This discussion applies only to a holder that acquires the Offer Shares in the Offering and holds the Offer Shares as capital assets for US federal income tax purposes (generally, property held for investment), and does not address state, local, non-US or other tax laws. In addition, it does not describe all of the tax consequences that may be relevant in light of a holder's particular circumstances, including alternative minimum tax considerations, net investment income tax considerations and tax consequences applicable to holders subject to special rules, such as:

1. certain financial institutions;
2. dealers or traders in securities that use a mark-to-market method of tax accounting;
3. persons holding Offer Shares as part of a "straddle", hedging transaction, conversion transaction, integrated transaction or persons entering into a constructive sale with respect to the Offer Shares;
4. US Holders (as defined below) whose functional currency for US federal income tax purposes is not the US dollar;
5. entities classified as partnerships for US federal income tax purposes;
6. tax-exempt entities, "individual retirement accounts", "Roth IRAs" or other tax-deferred accounts;
7. persons that own or are deemed to own 10% or more of the Company's stock by voting power or value;
8. insurance companies;
9. real estate investment trusts or regulated investment companies; or
10. US expatriates and certain former long-term residents of the United States.

This discussion is based on the US Internal Revenue Code of 1986, as amended (the US Code), administrative pronouncements, judicial decisions, final and proposed US Treasury regulations and the income tax treaty between the United States and the Netherlands (the "**Treaty**"), all as of the date hereof and changes to any of which subsequent to the date of this Offering may affect the tax consequences described herein, possibly with retroactive effect.

For purposes of this discussion, a "**US Holder**" is a person who, for US federal income tax purposes, is a beneficial owner of Offer Shares and is:

- (i) a citizen or individual resident of the United States;
- (ii) a corporation created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source.

If an entity (or arrangement) that is classified as a partnership for US federal income tax purposes owns Offer Shares, the US federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Offer Shares consult their tax advisers as to the particular US federal income tax consequences of acquiring, owning and disposing of the Offer Shares to the partnership and its partners.

Except as described below, this discussion assumes that the Company is not a passive foreign investment company ("PFIC") for US federal income tax purposes. See "*Passive Foreign Investment Company Rules*" below.

Taxation of Distribution

A distribution paid by the Company on the Offer Shares (including the amount of any Dutch taxes withheld) generally will be treated as a dividend to the extent paid out of the Company's current or accumulated earnings and profits as determined under US federal income tax principles. The Company does not expect to maintain calculations of earnings and profits under US federal income tax principles. Accordingly, it is expected that distributions generally will be reported to US Holders as dividends.

Dividends generally will be treated as foreign-source dividend income for foreign tax credit purposes and will not be eligible for the dividends-received deduction generally available to US corporations under the US Code. Subject to applicable limitations, dividends paid to certain non-corporate US Holders of Offer Shares may be taxable at the favorable tax rates applicable to "qualified dividend income" if (i) the Company qualifies for the benefits of the Treaty, (ii) the Company is not a PFIC in the year of distribution or the preceding year and (iii) the holder has held the Offer Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. The Company expects to be eligible for the benefits of the Treaty as long as its principal class of shares trade on Euronext Amsterdam, but no assurance can be given that the Company will be eligible for benefits of the Treaty. As discussed below under "*Passive Foreign Investment Company Rules*", the Company does not believe that it was a PFIC in the preceding taxable year and does not expect to be a PFIC for the current year or for any future taxable years. Non-corporate US Holders should consult their tax advisers regarding the availability of these favorable rates on dividends in their particular circumstances. Dividends will generally be included in a US Holder's income on the date of receipt. US Holders should consult their own tax advisor about how to account for dividends received in a currency other than the US dollar.

Subject to applicable limitations, some of which vary depending upon each US Holder's circumstances, Dutch income taxes withheld from dividends paid to US Holders on Offer Shares at a rate not exceeding any applicable Treaty rate will be creditable against a US Holder's US federal income tax liability. As described in "*—Taxation in the Netherlands—Dividend Withholding Tax*", upon making a distribution to shareholders, the Company may be permitted to retain a portion of the amounts withheld as Dutch dividend withholding tax. The amount of Dutch withholding tax that the Company retains reduces the amount of dividend withholding tax that the Company is required to pay to the Dutch tax authorities, but does not reduce the amount of tax the Company is required to withhold from dividends paid to US Holders. In these circumstances, it is likely that the portion of dividend withholding tax that the Company retains with respect to dividends distributed to US Holders would not qualify as a creditable tax for US foreign tax credit purposes. The Company will provide to a US Holder upon request information with respect to the amount of any Dutch withholding tax that the Company retains and does not pay to the Dutch tax authorities. The rules governing foreign tax credits are complex, and US Holders should consult their tax advisers regarding the creditability of Dutch taxes in their particular circumstances. Subject to applicable limitations, in lieu of claiming a foreign tax credit, a US Holder may elect to deduct foreign taxes, including any Dutch taxes, in computing its taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the relevant taxable year.

Sale or Other Taxable Disposition of Offer Shares

For US federal income tax purposes, gain or loss realized on the sale or other taxable disposition of the Offer Shares generally will be capital gain or loss, and will be long-term capital gain or loss if the US Holder held the Offer Shares for more than one year. The amount of the gain or loss will equal the difference between the US Holder's tax basis in the Offer Shares disposed of and the amount realized on the disposition, in each case as determined in US dollars. This gain or loss will generally be US-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

A US Holder's tax basis in an Offer Share generally will be its US dollar cost. US Holders should consult their own tax advisors about how to account for payments made or received in a currency other than the US dollar.

Passive Foreign Investment Company Rules

In general, a non-US corporation will be considered a "passive foreign investment company" ("**PFIC**") for any taxable year in which either (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-US corporation that directly or indirectly owns at least 25% by value of the stock of another corporation is treated as if it held its proportionate share of the assets of such other corporation and received directly its proportionate share of the income of such other corporation. For this purpose, passive income generally includes, among other items, dividends, interest, gains from certain commodities transactions, certain rents and royalties and gains from the disposition of passive assets.

Based on the nature of the Company's business and the composition of its income and assets, the Company does not expect to be classified as a PFIC for the preceding taxable year, for the current taxable year or in the foreseeable future. However, PFIC status depends on facts that generally are not determinable until after the close of the taxable year. In addition, because the Company's PFIC status depends upon the composition of its income and assets and the market value of its assets from time to time, there can be no assurance that the Company will not be classified as a PFIC for any particular taxable year.

If the Company were classified as a PFIC at any time during a US Holder's holding period, such US Holder could be subject to materially adverse tax consequences including being subject to greater amounts of tax on gains and certain distributions on Shares as well as additional tax reporting obligations. US Holders should consult their tax advisors about the consequences if the Company is classified as a PFIC.

Information Reporting and Backup Withholding

US federal backup withholding and information reporting requirements may apply to certain payments of dividends on, and proceeds from the sale, taxable exchange or redemption of, Offer Shares held by US Holders. A portion of any such payment may be withheld as a backup withholding against such US Holder's potential US federal income tax liability if such US Holder fails to establish it is exempt from these rules, furnish its correct taxpayer identification number or otherwise fails to comply with such information reporting requirements. Corporate US Holders are generally exempt from the backup withholding and information requirements, but may be required to comply with certification and identification requirements in order to prove their exemption. Any amounts withheld under the backup withholdings rules from a payment to a US Holder will be credited against such US Holder's federal income tax liability, if any, or refunded if the amount withheld exceeds such tax liability provided the required information is furnished to the IRS.

US Holders should consult their tax advisors about any additional reporting obligations that may apply as a result of the acquisition, ownership or disposition of the Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the US Code commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes to persons that fail to meet certain certification, reporting or related requirements. The Company is a foreign financial institution for these purposes. A number of jurisdictions (including the Netherlands) have entered into, or have agreed in substance to, IGAs with the United States to implement FATCA, which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Offer Shares, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Offer Shares, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Offer Shares, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Offer Shares.

GENERAL INFORMATION

Domicile, Legal Form and Incorporation

The Company was incorporated as a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) on 24 November 2006. The Company will be converted into a public company with limited liability (*naamloze vennootschap*) shortly after determination of the Offer Price, prior to Settlement pursuant to the Deed of Amendment. The Company's legal and commercial name will then become Adyen N.V. The Company's statutory seat (*statutaire zetel*) is in Amsterdam, the Netherlands, and its registered office at Simon Carmiggeltstraat 6, 1011 DJ Amsterdam, the Netherlands. The Company is registered with the trade register of the Chamber of Commerce under number 34259528.

No Significant Change

There has been no significant change in the financial or trading position of the Company since 31 March 2018.

Publication of the Results of the Offering

The results of the Offering will be disclosed through a press release published in the Netherlands, which will also be posted on the Company's website, on the Settlement Date.

Expenses of the Offering

No expenses or taxes will be charged by the Company, the Selling Shareholders or the Underwriters to the purchasers in the Offering.

The expenses related to the Offering are estimated at approximately €26.9 million, of which an estimated amount of €1.7 million will be paid by the Company and include, among others, the fees due to the AFM and Euronext Amsterdam N.V., and any legal and administrative expenses, as well as publication costs and applicable taxes, if any. The fees for the Underwriters will be paid by the Selling Shareholders and are estimated to be an amount of €25.2 million. See "*Plan of Distribution*" for a description of the fees payable to the Underwriters in connection with the Offering.

Working Capital

In the opinion of Adyen, its working capital is sufficient for its present requirements for at least 12 months following the date of the Prospectus.

In the opinion of Adyen, its current own funds are sufficient to comply with the own funds requirements, as set out in the CRR.

In the opinion of Adyen, its current liquidity position is sufficient to comply with the liquidity requirements, as set out in the CRR.

Independent Auditors

PricewaterhouseCoopers Accountants N.V., has audited, and issued unqualified independent auditor's reports on, the financial statements of the Company for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 included in the section "*Financial Statements*", which begins on page F-1 of this Prospectus. PricewaterhouseCoopers Accountants N.V. is an independent registered accounting firm located at Thomas R. Malthusstraat 5, 1066 JR Amsterdam, the Netherlands. The auditor signing PricewaterhouseCoopers Accountants N.V.'s independent auditor's report is a member of the Royal NBA (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*).

Available Information

Subject to any applicable selling and transfer restrictions (see "*Selling and Transfer Restrictions*"), the following documents (or copies thereof) are available and can be obtained free of charge from the Company's website at www.Adyen.com and during normal business hours from the Company's offices from the date of publication of this Prospectus until at least the Settlement Date:

- this Prospectus; and
- the Articles of Association (the official Dutch version and an English translation thereof).

Provision of Information

The Company has agreed that, for so long as any of the Offer Shares are outstanding and are 'restricted securities' within the meaning of Rule 144(a)(3) under the US Securities Act, it will, during any period in which the Company is neither subject to Section 13 or 15(d) of the US Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted Offer Shares or to any prospective purchaser of such restricted Offer Shares designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the US Securities Act.

INDUSTRY GLOSSARY

The following is a list of certain industry terms used in this Prospectus.

"Acquirer"	Institutions that sign merchants to card acceptance agreements and are typically the merchant's primary point of contact; they are also responsible for delivery of funds from card networks to merchants.
"Annual churn rate"	The percentage representing (1) the aggregate processed volumes during the prior fiscal year of all merchants that had zero processed volumes with Adyen during the current fiscal year divided by (2) Adyen's total processed volumes for the prior fiscal year.
"card networks"	Institutions that set the rules concerning the processing of transactions, their responsibilities typically include connecting and switching transactions between acquirers and issuers, enabling electronic payment authorization, as well as clearing and settlement.
"Conversion rates"	Percentage of shopper payments that are initiated and successfully completed.
"Full payments stack"	Technological payments infrastructure incorporating gateway, risk management, processing and acquiring services.
"Gateway"	Institutions that provide merchants with the necessary hardware or software (depending on the sales channel) to accept payment and route transactions to processors and acquirers.
"Issuers"	Institutions that provide shoppers with credit or debit cards.
"Local payment methods"	Payment methods that are region or country specific such as AliPay, WeChat Pay and iDeal.
"Payment Networks"	card networks and local payment methods.
"Processors"	Institutions that provide technical capabilities such as authorization and data transmission.
"Software development kit"	A set of software development tools that allows the creation of applications for specific software, hardware or other platforms.
"Tokenization"	The process of substituting a sensitive data element, such as a shopper's card information, with a non-sensitive representation, referred to as a token.

DEFINED TERMS

The following list of defined terms is not intended to be an exhaustive list of definitions, but provides a list of certain of the defined terms used in this Prospectus.

"2011 EBA Guidelines on Internal Governance"	EBA Guidelines on Internal Governance of 27 September 2011
"ABN AMRO"	ABN AMRO Bank N.V.
"Additional Shares"	additional existing Ordinary Shares, equaling up to 11.9% of the total number of Offer Shares, for the avoidance of doubt excluding the Additional Shares, which the Selling Shareholders may be required to sell pursuant to the Over-Allotment Option
"Advisory Committee"	Advisory Committee on the Future of Banks in the Netherlands
"Adyen"	the Company and its subsidiaries
"Adyen Checkout"	a direct API that allows merchants to offer card and local payment method options via an efficient checkout experience on their websites, mobile sites and mobile applications
"Adyen Option Plan"	Adyen's option depositary plan
"Adyen MarketPay"	a global and flexible payment and payout solution for marketplaces
"AFM"	Netherlands Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>)
"AI"	artificial intelligence
"Allocation"	the allocation of the Offer Shares
"AML"	anti-money laundering
"AML/CFT"	local anti-money laundering and counter-finance of terrorism
"API"	application programming interfaces
"APMs"	alternative performance measures
"ARPF"	the Act on Remuneration Policies in Financial Enterprises (<i>Wet beloningsbeleid financiële ondernemingen</i>)
"Articles of Association"	the articles of association (<i>statuten</i>) of the Company as are to be amended pursuant to the Deed of Amendment
"Audit Committee"	the audit committee of the Supervisory Board
"Banker's Oath"	as of 1 April 2015, all supervisory directors, managing directors and employees of a bank must take an oath of good conduct. The oath is a confirmation of the Company's existing policy, which is fully in line with the business principles and core values of the Company
"Banking Union"	the SSM, the SRM (including the recovery and resolution framework laid down in the BRRD) and the DGS
"Basel Committee"	Basel Committee on Banking Supervision

" Basel I "	Basel Capital Accord of 1988 issued by the Basel Committee on Banking Supervision
" Basel II "	Second Basel Capital Accord (revised capital framework) issued by the Basel Committee
" Basel II Enhancements "	the Basel Committee issued proposals to enhance Basel II
" Basel III "	the comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk of the banking sector
" Basel III Framework "	Third Basel Capital Accord, a global regulatory framework for more resilient banks and banking systems issued by the Basel Committee on Banking Supervision which was implemented in the EEA through CRD IV and CRR
" Basel III Reforms "	the finalized Basel III reforms as improvements to the global regulatory framework published by the Basel Committee on 7 December 2017
" Bonus Plan "	Adyen general bonus plan
" Brexit "	the invocation of Article 50 of the Treaty of Lisbon by the UK government
" BRRD "	Bank Recovery and Resolution Directive (Directive 2014/59/EU)
" CAGR "	Compound annual growth rate
" CBR "	combined buffer requirement
" CET1 "	Common Equity Tier 1
" CEST "	Central European Summer Time
" CFT "	countering financing of terrorism
" Chamber of Commerce "	the Chamber of Commerce (<i>Kamer van Koophandel</i>) of Amsterdam, the Netherlands
" CISA "	the Swiss Federal Act on Collective Investment Schemes
" Citigroup "	Citigroup Global Markets Limited
" CMU "	Capital Markets Union
" Commission Plan "	Adyen sales commission plan
" Commission Plan Eligible Employees "	sales employees that the Commission Plan aims to reward
" Company "	Adyen N.V.
" Compensation Scheme "	deposit guarantee schemes and similar funds in the Netherlands and other jurisdictions
" Compliance Committee "	Adyen's compliance committee
" Compliance Handbook "	Adyen's compliance handbook
" Conversion "	the conversion of the Company into a public company with limited liability (<i>naamloze vennootschap</i>) named Adyen N.V. through the

	execution of the Deed of Amendment shortly after determination of the Offer Price
"Corporations Act"	the Corporations Act 2001 of the Commonwealth of Australia
"COSO"	the Committee of Sponsoring Organizations of the Treadway Commission
"CRD or EC Directive 2006/48 and EC Directive 2006/49"	Capital Requirements Directives (2006/48/EC and 2006/49/EC); or EC Directive 2006/48: Directive 2006/48/EC of the European Parliament and the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast); and Directive 2006/49: Directive 2006/49/EC of the European Parliament and the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (recast)
"CRD Banking Activities"	the following regulated banking activities (as set out in Annex I to CRD IV) that Adyen is permitted to carry out under its banking license: (i) Taking deposits and other repayable funds (CRD Banking Activity 1); (ii) Lending (CRD Banking Activity 2); (iii) Payment Services (CRD Banking Activity 4); (iv) Issuing and administering other means of payment (CRD Banking Activity 5); (v) Trading for own account or for account of customers in foreign exchange (CRD Banking Activity 7(b)); and (vi) Issuing electronic money (CRD Banking Activity 15)
"CRD IV"	Capital Requirements Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC
"CRR"	the Capital Requirements Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012
"CSRO"	Chief Strategy and Risk Officer
"Data Protection Act"	the Act on Data Breach Notifications (<i>Wet Meldplicht datalekken en uitbreiding bestuurlijke boetebevoegdheid Cbp</i>)
"Deed of Amendment"	notarial deed of conversion and amendment in respect of the Company, in accordance with a resolution of the Shareholders adopted on 17 April 2018
"Depository Receipts"	any depository receipts issued and administered by the STAK for the STAK Shares to current and former Adyen employees in accordance with the STAK's trust conditions
"DFSA "	Dubai Financial Services Authority
"DGS"	the Dutch Deposit Guarantee Scheme (<i>depositogarantiestelsel</i>)
"DGS Directive"	Directive EU 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes
"Disclosure Committee"	Adyen's disclosure committee
"DNB"	Dutch Central Bank (<i>De Nederlandsche Bank</i>)

"Dutch Banking Association"	the Dutch Banking Association
"Dutch Banking Code"	the banking code for Dutch banks as adopted on 9 September 2009 (in force as of 1 January 2010) and replaced by the renewed text of the Code that came into force on 1 January 2016 by the Board of the Dutch Banking Association, in response to the recommendations for improving the performance of the Dutch banking sector to help restore trust in banks of the Advisory Committee on the Future of Banks in the Netherlands
"Dutch Banking Code Monitoring Committee"	the Committee set up to monitor and to report on the progress made by banks in implementing the Banking Code
"Dutch Civil Code"	the Dutch Civil Code (<i>burgerlijk wetboek</i>)
"Dutch Corporate Governance Code"	the Dutch corporate governance code issued on 8 December 2016
"Dutch Financial Supervision Act"	the Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>) and the rules promulgated thereunder
"Dutch Intervention Act"	the Act on Special Measure for Financial Enterprises (<i>Wet bijzondere maatregelen financiële ondernemingen</i>)
"Dutch Minister of Finance"	the Dutch Minister of Finance
"Dutch Securities Giro Act"	the Dutch securities giro act (<i>Wet Giraal Effectenverkeer</i>)
"E-Privacy Regulation"	the draft regulation concerning the respect for private life and the protection of personal data in electronic communications and repealing Directive 2002/58/EC
"EBA"	European Banking Authority
"EBA Guidelines"	the Guidelines on Remuneration Policies and Practices as formally adopted on 10 December 2010 by the Committee of European Banking Supervisors
"EC"	the European Community
"ECB"	European Central Bank
"EDIS"	Euro-wide deposit insurance scheme
"EEA"	European Economic Area
"Elements"	Prospectus Directive disclosure requirements pursuant to which the Summaries are populated
"Eligible Employees"	specific team members that the Bonus Plan aims to reward
"EMU"	European Economic and Monetary Union
"Enterprise Chamber"	the Dutch Enterprise Chamber of the Amsterdam Court of Appeal (<i>Ondernemingskamer van het Gerechtshof Amsterdam</i>)
"ERM"	updated COSO framework titled Enterprise Risk Management – Integrating with Strategy and Performance
"EU"	the European Union
"EU Banking Reform Proposals"	proposals to amend and supplement the Capital Requirements Directive (2013/36/EU) ("CRD IV") and the Capital Requirements

	Regulation ((EU) No 575/2013) ("CRR") published by the European Commission on 23 November 2016
"EUR or euro or €"	the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the EC, as amended from time to time
"Euroclear Nederland"	the Netherlands Central Institute for Giro Securities Transactions (<i>Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.</i>) trading as Euroclear Nederland
"Euronext Amsterdam"	the regulated market operated by Euronext Amsterdam N.V.
"European Commission"	the executive power of the European Union
"FATCA"	the United States Foreign Account Tax Compliance Act
"Financial Instruments and Exchange Law"	the Financial Instruments and Exchange Law of Japan
"Financial Statements"	the audited annual consolidated financial statements of the Company as at and for the years ended 31 December 2015, 31 December 2016 and 2017 which have been prepared in accordance with IFRS as adopted by the EU and audited by the Company's independent auditors PricewaterhouseCoopers Accountants N.V.
"FINMA"	the Swiss Financial Market Supervisory Authority
"First Trading Date"	13 June 2018
"Foundation"	Adyen Client Management Foundation Stichting
"FSB"	Financial Stability Board
"FSMA"	the UK Financial Services and Markets Act 2000
"FTE"	full-time equivalent
"Fully Marketed Offering"	an offering which entails the Company's involvement in the form of a management road show and/or the preparation of a prospectus
"GDPR"	General Data Protection Regulation (Regulation (EU) 2016/679)
"GDPR Implementation Act"	the Dutch GDPR implementation act (<i>Uitvoeringswet Algemene verordening gegevensbescherming</i>)
"General Meeting"	the general meeting of the Company, being the corporate body or, where the context so requires, the physical meeting of that body
"Group"	the Company and all of its subsidiaries
"G-SIB"	global systemically important banks
"Holder"	the merchant holding the Warrant
"IASB"	the International Accounting Standards Board
"ICAAP"	internal capital adequacy assessment process
"IFRS"	International Financial Reporting Standards as adopted by the EU
"IGA"	intergovernmental agreements

" ILAAP "	internal liquidity adequacy assessment process
" Integral Risk Management Framework "	Adyen's integral risk management framework
" Interchange Fees Regulation "	Interchange Fees Regulation ((EU) 2015/751) was published in the Official Journal of the European Union on 19 May 2015, and applies from 8 June 2015, with the exception of certain provisions that apply from 9 December 2015 and other provisions that apply from 9 June 2016
" Interim Financial Statements "	the unaudited condensed consolidated interim financial statements of the Company as of and for the three months ended 31 March 2018 and for the three months ended 31 March 2017, which have been prepared in accordance with IAS 34
" IRS "	US Internal Revenue Service
" Joint Bookrunners "	ABN AMRO Bank N.V., Merrill Lynch International and Citigroup Global Markets Limited
" Joint Global Coordinators "	Morgan Stanley & Co. International plc and J.P. Morgan Securities plc
" KYC "	Adyen's know your-customer
" LCR "	liquidity coverage ratio
" LCR DR "	Commission Delegated Regulation (EU) 2015/61
" Leverage Ratio DR "	Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council
" Listing and Paying Agent "	ABN AMRO
" Management Board "	the management board (<i>raad van bestuur</i>) of the Company
" Management Board By-Laws "	rules adopted by the Management Board governing the Management Board's principles and best practices
" Managing Directors "	the members of the Management Board
" Market Abuse Regulation "	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC and the rules and regulations promulgated pursuant thereto
" Member States "	EU Member States and where relevant other states that are party to the EEA Agreement
" Merchant Credit Risk Committee "	Adyen's merchant credit risk committee
" MiFID II "	EU Directive 2014/65/EU on markets in financial instruments, as amended
" MiFID II Product Governance Requirements "	the product governance requirements contained within: MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and local implementing measures

"MLD3"	the Third EU Anti-Money Laundering Directive
"MLD4"	the Fourth Anti-Money Laundering Directive (Directive 2015/849/EU)
"MLD5"	the Fifth EU Anti-Money Laundering Directive currently in preparation
"MPL"	merchant potential liability
"MREL"	minimum requirement for own funds and eligible liabilities
"New Shareholders' Agreement"	the shareholders' agreement in respect of the Company dated 17 April 2018 between the Company and all Shareholders that will hold more than 2.5% of the Shares immediately following completion of the Offering
"Nomination and Remuneration Committee"	the nomination and remuneration committee of the Supervisory Board
"NRAs"	national resolution authorities
"NSFR"	net stable funding ratio
"OECD"	Organization for Economic Co-operation and Development
"Offer Period"	the period during which the Offering will take place, commencing on 09:00 CEST on 5 June 2018 and ending on 14:00 CEST on 12 June 2018, subject to acceleration or extension of the timetable for the Offering
"Offer Price"	the price per Offer Share
"Offer Price Range"	the expected price range of €220 to €240 per Offer Share
"Offer Shares"	the Ordinary Shares offered by the Selling Shareholders and, unless the context indicates otherwise, the Additional Shares
"Offering"	the offering of Offer Shares as described in this Prospectus
"Old Shareholders' Agreement"	the shareholders' agreement in respect of the Company dated 21 November 2014
"Option"	options to acquire Depositary Receipts
"Order"	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
"Ordinary Shares"	the ordinary shares in the Company's share capital, with a nominal value of €0.01 per share
"OTC"	over-the-counter
"Over-Allotment Option"	an option, exercisable within 30 calendar days after the date of the First Trading Date, pursuant to which the Joint Global Coordinators may require the Selling Shareholders to sell at the Offer Price such number of Additional Shares equaling up to 11.9% of the total number of Offer Shares, for the avoidance of doubt excluding the Additional Shares, to cover over-allotments, if any, in connection with the Offering or facilitate stabilization transactions, if any

"PFIC"	passive foreign investment company
"Phantom Share Plan"	Adyen's phantom share plan
"Phantom Shares"	phantom shares under the Phantom Share Plan
"Pillar I"	Pillar I of the Basel Committee requirements
"Pillar II"	Pillar II capital requirement of Basel II
"POS"	Point of sale
"Pricing Agreement"	the pricing agreement between the Company, the Selling Shareholders and the Underwriters
"Pricing Statement"	the pricing statement in which the Offer Price and the exact number of Offer Shares offered in the Offering will be set out
"Prospectus"	this prospectus dated 4 June 2018
"Prospectus Directive"	Directive 2003/71/EC of the European Union, and any amendments thereto, including Directive 2010/73/EU
"PSD"	Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC
"PSD2"	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010 and repealing PSD
"PSP"	payment service provider
"PwC"	PricewaterhouseCoopers Accountants N.V.
"QIBs"	qualified institutional buyers, as defined in Rule 144A
"Regulation S"	Regulation S under the US Securities Act
"Relevant Member State"	each EEA state which has implemented the Prospectus Directive
"Relevant Persons"	high net worth entities falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
"Resolution Fund"	a resolution fund provided for in the SRM, that will be financed by ex-ante individual contributions from banking entities included in the SRM
"RevenueAccelerate"	a data-driven suite of automated tools, which work in the background of each payment to increase authorization rates and revenue
"RevenueProtect"	a product using automated machine learning, data mining and AI techniques to screen transactions for fraud
"Revised State Aid Guidelines"	the temporary state aid rules for assessing public support to financial institutions during the crisis (as adopted on 10 July 2013 by the European Commission)

"Risk Appetite Statements"	the risk appetite statements for communication to various Adyen stakeholders into which Management Board has translated its view of the risk appetite
"Risk Committee"	Adyen's risk committee
"RTS on MREL"	Commission Delegated Regulation (EU) 2016/1450 with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities
"Rule 144A"	Rule 144A under the US Securities Act
"Sales Day Payout"	a new service that Adyen is currently rolling out, through which Adyen's merchants can choose to be paid out all captured transactions from a certain sales day regardless of Adyen having received settlements from the card networks and payment methods for those transactions
"SCA"	strong customer authentication
"SDK"	software development kits
"Securities and Futures Act"	the Securities and Futures Act of Singapore
"Securities and Futures Ordinance"	the Securities and Futures Ordinance (Cap. 571) of Hong Kong
"Selected Consolidated Financial Information"	the Company's selected consolidated statement of income, consolidated statement of financial position and consolidated statement of cash flow
"Selling Shareholders"	Contentis B.V., Sintentis B.V., Spreng B.V., Ark B Holding B.V., Partners in Equity III B.V., Mabel van Oranje, KDP Projects B.V., DIA Holding B.V., Adinvest AG, Pentavest S.à r.l., Felicis ventures III, L.P., General Atlantic Everest B.V., Bridford Music LLC and Stichting Administratiekantoor Adyen
"Settlement"	payment (in euros) for and delivery of the Offer Shares
"Settlement Date"	the date on which Settlement occurs which is expected to be on or about 15 June 2018, subject to acceleration or extension of the timetable for the Offering
"Shareholder"	any holder of Shares at any time
"Shares"	the issued and outstanding shares in the Company's share capital, including the Ordinary Shares
"ShopperDNA"	Adyen's proprietary transaction-linking algorithm
"Single Resolution Fund"	the single resolution fund, provided for by the SRM
"Single Rulebook"	a single set of harmonized prudential rules which banks throughout the EU must comply with, which are mainly provided for by CRD IV, CRR, BRRD and DGS Directive
"SIX"	SIX Swiss Exchange
"SREP"	the supervisory review of, among other things, a bank's ICAAP and ILAAP

"SRM"	Single Resolution Mechanism, the framework in which the European regulation established uniform rules and a uniform procedure for the resolution of banks and certain investment firms on 19 August 2014
"SRM Regulation"	Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010
"SSM"	single supervisory mechanism
"SSM Regulation"	Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions
"Stabilization Agent"	J.P. Morgan Securities plc
"STAK"	Stichting Administratiekantoor Adyen
"STAK Shares"	any Ordinary Shares held by the STAK from time to time
"Supervisory Board"	the supervisory board (<i>raad van commissarissen</i>) of the Company
"Supervisory Board By-Laws"	rules adopted by the Supervisory Board governing the Supervisory Board's principles and best practices
"Supervisory Director"	a member of the Supervisory Board
"Terminal API"	Terminal API element of Adyen Checkout
"TLAC"	total loss-absorbing capacity
"Tranche"	a tranche of the Warrant
"TREA"	total risk exposure amount
"Underwriters"	the Joint Global Coordinators and the Joint Bookrunners
"Underwriting Agreement"	the underwriting agreement with respect to the offer and sale of the Offer Shares dated on or about 5 June 2018 among the Selling Shareholders and the Underwriters
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"US Exchange Act"	the United States Securities Exchange Act of 1934, as amended
"US Dollars", "US\$" or "\$"	the lawful currency of the United States
"US Holder"	a person who, for US federal income tax purposes, is a beneficial owner of Offer Shares and is: (i) a citizen or individual resident of the United States; (ii) a corporation created or organized in or under the laws of the United States, any state therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source
"US Securities Act"	the US Securities Act of 1933, as amended

"US Treasury"	the United States Treasury
"Warrant"	the warrant granted to a merchant pursuant to a commercial agreement entered into with such merchant during the quarter ended 31 March 2018
"Warrant Shares"	such number of Shares that the Holder has the right to acquire pursuant to the Warrant
"WBP"	the Dutch data protection act (<i>Wet bescherming persoonsgegevens</i>)
"XS2A"	third-party access to accounts

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FINANCIAL STATEMENTS

1. Condensed Consolidated Statement of Comprehensive Income

For the periods ending March 31, 2018 and March 31, 2017
(all amounts in EUR thousands unless other stated)

	Note	Q1 2018	Q1 2017
Revenue	3	316,106	214,763
Costs incurred from financial institutions	3	(239,935)	(169,808)
Cost of inventory	3	(1,813)	(468)
<i>Net revenue</i>	3	74,358	44,487
Wages and salaries	5	(17,361)	(11,640)
Social securities and pension costs	5	(2,926)	(2,049)
Amortization and depreciation of tangible and intangible fixed assets	11	(1,988)	(1,347)
Other operating expenses		(19,988)	(11,210)
Dividends	10	54	-
Income before interest income, interest expense and income taxes		32,149	18,241
Finance income		42	46
Finance expense		(418)	(12)
Other financial results		(513)	(57)
Net finance income		(889)	(23)
<i>Income before income taxes</i>		31,260	18,218
Income taxes	6	(7,181)	(4,081)
Net income for the period		24,079	14,137
<i>Net income attributable to:</i>			
Owners of Adyen B.V.		24,079	14,137
		24,079	14,137
<i>Other comprehensive income</i>			
Items that may be reclassified to profit or loss:			
Gains on re-measuring of fair value through other comprehensive income financial assets		-	2,320
Deferred income tax relating to this item		-	(1,885)
Other currency translation adjustments		-	(539)
Currency translation adjustments subsidiaries		275	(30)
Other comprehensive income for the year		275	(133)
Total Comprehensive income for the year (attributable to owners of Adyen B.V.)		24,354	14,004

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

2. Condensed Consolidated Balance Sheet

For the periods ending March 31, 2018 and December 31, 2017
(all amounts in EUR thousands unless other stated)

	Note	31-Mar-18	31-Dec-17
Assets			
Intangible assets		3,958	3,978
Plant and equipment	11	20,135	19,990
Available-for-sale financial asset	10	-	25,076
Financial asset at fair value through P&L	10	25,607	-
Contract assets	3	136,251	-
Receivables	10	4,289	4,248
Deferred tax assets	6	18,501	1,627
Total Non-current assets		208,741	54,919
Inventories		4,910	4,017
Receivables from financial institutions	10	232,029	180,719
Trade and other receivables	10	26,270	25,567
Current income tax receivables	6	15,135	2,061
Investments held-to-maturity	10	-	6,989
Financial assets at amortized cost	10	7,581	-
Cash and cash equivalents	8	890,561	862,930
Total Current assets		1,176,486	1,082,283
Total assets		1,385,227	1,137,202
Equity			
Share capital	7	295	295
Share premium	7	149,325	149,314
Other reserves		10,519	27,933
Retained earnings		254,333	212,236
Total Equity attributable to owners of Adyen B.V.		414,472	389,777
Derivative financial instruments	3	76,300	-
Deferred tax liabilities	6	22,145	5,130
Total Non-current liabilities		98,445	5,130
Payable to merchants and financial institutions	10	835,787	717,305
Trade and other payables		33,150	24,990
Deferred revenues	3	3,373	-
Total Current liabilities		872,310	742,295
Total liabilities and equity		1,385,227	1,137,202

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

3. Condensed Consolidated Statement of Changes in Equity

For the periods ending March 31, 2018 and March 31, 2017
(all amounts in EUR thousands unless other stated)

	Note	Share capital	Share premium	Other legal reserves	Other reserves	Retained earnings	Total equity
Balance - December 31, 2016	8	294	148,331	20,793	4,913	140,631	314,962
Net income for the year						14,137	14,137
Other adjustments						321	321
Intangible assets				202		(202)	-
<i>Other comprehensive income/ (expense)</i>							
Re-measurement available-for-sale financial asset	10			435			435
Other currency translation adjustments				(539)			(539)
Currency translation adjustments subsidiaries				(29)			(29)
Total comprehensive income for the period		-	-	69	-	14,256	14,326
<i>Transactions with owners in their capacity as owners:</i>							
Proceeds on issuing shares		0	200				200
Share-based payments	4				319		319
Balance – March 31, 2017		294	148,531	20,862	5,232	154,887	329,807

	Note	Share capital	Share premium	Other legal reserves	Other reserves	Retained earnings	Total equity
Balance - December 31, 2017	8	295	149,314	21,726	6,207	212,236	389,777
Change in accounting policy	10			(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
Net income for the year						24,079	24,079
Other adjustments				2,064		(2,064)	-
Intangible assets				(21)		21	-
<i>Other comprehensive income/(expense)</i>							
Currency translation adjustments subsidiaries				275			275
Total comprehensive income for the period		-	-	2,318	-	22,036	24,354
<i>Transactions with owners in their capacity as owners:</i>							
Proceeds on issuing shares	8		11				11
Share-based payments	4				330		330
Balance – March 31, 2018		295	149,325	24,043	6,537	234,272	414,472

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

4. Condensed Consolidated Statement of Cash Flows

For the periods ending March 31, 2018 and March 31, 2017
(all amounts in EUR thousands unless other stated)

	Note	Q1 2018	Q1 2017
Income before income taxes		31,260	18,218
<i>Adjustments for:</i>			
- Finance income		(42)	(46)
- Finance expenses		418	12
- Other financial results		513	57
- Depreciation of plant and equipment		1,609	1,017
- Amortization of intangible fixed assets		379	330
- Share-based payments	4	309	319
<i>Changes in Working capital:</i>			
- Inventories		(893)	(3,470)
- Trade and other receivables		(703)	(2,801)
- Receivables from financial institutions		(51,310)	44,717
- Payables to merchants and financial institutions		118,482	(33,351)
- Trade and other payables		8,160	(920)
- Deferred revenues	3	3,373	-
- Purchase of contract assets	3	(60,751)	-
<i>Cash generated from operations</i>		<i>50,804</i>	<i>24,083</i>
Interest received		42	4
Interest paid		(418)	(12)
Income taxes paid		(20,114)	(21,588)
Net cash flows from operating activities		30,314	2,487
Purchases of financial assets at amortized cost	10	(7,581)	-
Purchases of plant and equipment	11	(1,754)	(806)
Capitalization of intangible assets		(359)	(317)
Redemption of investments held-to-maturity	10	6,989	-
Dividends received		54	-
Net cash used in investing activities		(2,651)	(1,123)
Proceeds from issuance of ordinary shares	7	-	-
Share premium paid by the shareholders	7	11	200
Net cash flows from financing activities		11	200
Net increase in cash, cash equivalents and bank overdrafts		27,674	1,564
Cash, cash equivalents and bank overdrafts at beginning of the year		862,930	680,067
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		(43)	(296)
Cash, cash equivalents and bank overdrafts at end of the year		890,561	681,335

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

5. Notes to the Condensed Interim Consolidated Financial Statements

General Information

Adyen B.V. 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 B.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.

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 three months ended March 31, 2018 have been prepared in accordance with IAS 34 for the purpose of being included in the prospectus relating to the proposed offering and admission to trading and listing of ordinary shares in the capital of Adyen. 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 as at December 31, 2017.

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 financial statements.

Critical judgements and estimates

Significant estimates involve a higher degree of judgment or complexity, and regard items that are more likely to be materially adjusted due to inaccurate estimates and/or assumptions turning out to be wrong. Detailed information about these estimates and judgments are included in the notes along with information about the basis of calculation for each affected line item in the financial statements. The areas involving significant estimates or judgments are:

- Revenue from contracts with customers – refer to note 3;
- Fair valuation of financial liabilities at fair value – refer to note 10; and
- Principal versus agent in settlement fees revenue – note 3

New Standards Adopted by the Group

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, 2017, except for the adoption of standards effective as of January 1, 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 applies, for the first time in these interim financial statements:

- IFRS 15 Revenue from Contracts with Customers (refer to note 3); and
- IFRS 9 Financial Instruments that require restatement of previous financial statements (refer to note 3 and note 10).

The qualitative impact assessment of the first time application on January 1, 2018 of these standards is disclosed below in notes 1 and 2.

1. IFRS 15 - Revenue from contracts with customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

IFRS 15 has no financial impact upon adoption on January 1, 2018. For the impact assessment Adyen has assessed its current merchant contracts and did not identify performance obligations other than the obligations as already used to recognize payments revenue.

Given the nature of Adyen's business model the revised notion of control and resulting revenue recognition date does not impact the recognition policy applied by Adyen. The change from risk and rewards to control does not affect the agent principal assessment. Adyen is still considered as the principal in the revenue streams resulting in revenue being recognized on a gross basis.

2. IFRS 9 - Financial Instruments

IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model for financial assets.

Adyen adopted IFRS 9 without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at December 31, 2017, but are recognized in the opening balance sheet on January 1, 2018 (refer to note 10).

Classification and measurement

Visa preferred shares - previously classified as available-for-sale

Adyen classifies these shares at FVPL. Related fair value gains of 20,061 were transferred from the other comprehensive income reserve to retained earnings on January 1, 2018. In the three months to March 31, 2018, net fair value gains of 414 relating to these investments were recognized in profit or loss, along with deferred tax expense of 117.

Government bonds - previously classified as held to maturity

As a licensed credit institution Adyen has to comply with liquidity requirements in both its functional currency and other significant currencies defined under CRR/CRD IV. These significant currencies are based on the eligible liabilities in scope of regulatory liquidity requirements (LCR Delegated Act). In order to comply with these liquidity requirements Adyen has, in the course of 2017, purchased US and UK treasury bonds denominated in USD and GBP, respectively. Both bonds matured in March 2018. In March 2018 Adyen purchased two new bonds with similar characteristics to ensure continuous compliance. The bonds purchased in March 2018 also mature within one year and are therefore presented as short-term in the balance sheet.

Adyen intends to hold the bonds to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of the bonds as per January 2018, until they matured in March 2018.

Other financial instruments: Cash and cash equivalents, trade receivables and other short-term receivables

Classification and measurement of cash and cash equivalents, trade receivables and other short-term receivables remains unchanged; these are measured at amortized cost.

Impairment

All financial instruments except for instruments classified as FVPL are in scope of IFRS 9 impairments. The instruments in scope for IFRS 9 impairments on the Adyen Balance sheet are described below:

Government bonds

For the bonds the low credit risk simplification will be applied, and hence all bonds are considered to be in stage 1 and a 12-month expected credit loss is applied.

The government bond financial instruments on the balance sheet as per January 1, 2018 and March 31, 2018 had a high credit rating and as per March 31, 2018 a duration less than 1 year. The resulting Expected Credit Losses on these bonds have no financial impact.

Trade receivables

For trade receivables, to measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Adyen has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets and added 528 to the provision.

Other financial instruments: Cash and cash equivalents and other short-term receivables

Due to the nature of the Adyen business model the average duration of the instruments in scope for impairment calculation is below 10 days the resulting Expected Credit Losses on these instruments have no financial impact.

Due to the low financial impact the impact forward-looking elements are included in the expected credit loss assessments but also considered to have no financial impact.

Hedge accounting

Adyen does not apply Hedge Accounting and therefore IFRS 9 Hedge Accounting is out of scope.

Key Disclosures

3. Revenue and segment reporting

Accounting policy – Contract with customers IFRS 15

Adyen has the following sources of revenue:

- (i) Processing fees: recognized as revenue when transaction is initiated via the Adyen payment platform.
- (ii) Settlement fees: Settlement fees are recognized as revenue when a payment transaction has been completed by means of settlement with the merchant.
- (iii) Sales of goods: As Adyen satisfies that performance obligations to deliver the POS terminal upon completion and transfer of control of the terminal to the merchant the revenues are also recognized at point in time
- (iv) Other revenue (such as foreign exchange service fees, sale of inventory and third party commission): recognized at point in time or point over time depending on the service rendered.

Impairments on contracts assets are recognized if the carrying amount is lower than the recoverable amount.

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

Types of goods or service	Q1 2018	Q1 2017
Settlement fees	271,384	186,624
Processing fees	29,401	18,686
Sales of goods	3,481	478
Other services	11,840	8,976
Total revenue from contracts with customers	316,106	214,763
Costs incurred from financial institutions	(239,935)	(169,808)
Costs of inventory	(1,813)	(468)
Net revenue	74,358	44,487

Key Judgment – principal versus agent in settlement fees

An entity is acting as a principal when it has exposure to the significant risks and rewards associated with selling goods or rendering services. The settlement fees consists of credit card fees and banking fees plus a mark-up charged for the payment services provided.

Scheme and Interchange fees – Adyen is the principal

Scheme and Interchange fees, credit card and banking fees plus mark-up charged for the payment services provided revenue is recognised based on the conclusion that Adyen acts as a principal for all the payment processing services it provides to the merchants.

The breakdown of revenue from contracts with customers based on timing

Timing of revenue recognition	Q1 2018	Q1 2017
Goods and services transferred at point in time	315,430	214,763
Services transferred over time	676	-
Total revenue from contracts with customers	316,106	214,763

The interim operations of Adyen reported in these condensed consolidated financial statements are not considered seasonal nor cyclical.

The geographical breakdown of net revenue:

Geographical markets	Q1 2018	Q1 2017
Europe	49,017	32,358
North America	10,171	4,433
South and Middle America	8,854	4,866
Asia	6,110	2,621
Rest of the World	207	210
Net revenue	74,358	44,487

During the period Adyen has signed a contract with a customer (as defined in IFRS 15) for the provision of payment services that resulted in the recognition of contract assets of EUR 136 million, a derivative liability of EUR 75.5 million and deferred revenue of EUR 4 million. The contract assets of EUR 136 million will be amortized and booked to revenue on a pro rata basis in line with the fulfilment of the expected payments services performance obligation.

4. Share based payments

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

1. Depositary receipts to directors and employees (granted until 2013)
2. Equity settles option plan

These plans and key parameters are described in more detail in the 2017 consolidated financial statements.

For the three months ended March 31, 2018, Adyen has recognized 309 of share-based payment expense in the statement of profit or loss (during the three months ended March 31, 2017: 319).

5. Employees

Employees and the Adyen culture are strategic focus areas for Adyen, Adyen continues to invest in this key area. The number of fulltime equivalents at March 31, 2018 was 719 FTE of which 292 FTE outside of the Netherlands. As a result of the worldwide operating and acquiring strategy the breakdown of employees for the largest legal entities of Adyen are based in Amsterdam 427, San Francisco 78, São Paulo 44, London 40 and Singapore 36 (FTE's at March 31, 2018).

6. Income taxes

Adyen calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

	31-Mar-18	31-Mar-17
Current income tax expense	7,040	4,160
Deferred income tax expense	141	(79)
Total	7,181	4,081

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.

	31-Mar-18	31-Dec-17
Ordinary shares	295	295
Share premium	149,325	149,314
Total	149,620	149,609

During the three months ended March 31, 2018 698 additional shares were issued as a result of exercises of employee options. The number of outstanding shares is 29,443,185 (as of March 31, 2017: 29,386,301) ordinary shares (nominal value EUR 0.01 per share). The total of distributable reserves amounts to 404,458 (December 31, 2017: 361,550) and the other reserves presented above are restricted for distribution.

Earnings are added to reserve and there is no active dividend policy, retained earnings are used to support and finance the growth strategy.

8. Cash and cash equivalents

As per March 31, 2018 282,387 (March 31, 2017: nil) represents cash held at central bank amongst others to comply with regulatory liquidity requirements.

Adyen cash which is surplus to regulatory requirements and operational needs is invested in interest bearing short-term deposits with financial institutions and is exposed to credit risk. Adyen continuously manages concentration, and credit risk towards these institutions. No defaults occurred during the reporting period and management does not expect any losses from non-performance by these counterparties.

9. CRR/CRD IV Regulatory Capital

The following table displays the composition of regulatory capital as at March 31, 2018. The regulatory capital is based on the CRR/CRD IV scope of consolidation, which is the same as the IFRS scope of consolidation.

<i>EU-IFRS Equity as reported in consolidated balance sheet</i>	414,472
Net profit not included in CET1 Capital (not yet eligible)	(24,079)
Prudential filters and deductions	
<i>Intangible assets</i>	(3,958)
<i>Prudent valuation</i>	(75)
Own funds as per March 31, 2018	386,360

10. Financial Instruments

Accounting policy – Financial instruments (IFRS 9)

Classification

From January 1, 2018, Adyen classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at FVPL, gains and losses will be recorded in profit or loss. Adyen reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, Adyen measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on Adyen’s business model for managing the asset and the cash flow characteristics of the asset. Adyen measures its debt instruments as follows:

- Amortised cost: Held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial assets and liabilities at fair value through profit and loss

- Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss is subsequently measured at FVPL and gains or losses are recognized in profit or loss and presented net within other gains and losses for the period in which it arises.

Impairment

From January 1, 2018, Adyen assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and contract assets, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The expected credit loss model is applicable to debt instruments that are classified as amortised cost or at FVOCI.

Instruments in scope on the balance sheet of Adyen include: Cash and cash equivalents, Receivables from financial institutions, Trade receivables, and other receivables. The expected credit loss model is to measure the pattern of improvement or deterioration in the credit quality of the debt instruments. The measurement basis consists of two categories

- Stage 1: Expected credit losses (12 months)
- Stage 2: Life time expected credit losses

The Adyen Treasury policy only allows exposures to financial institutions with sound credit quality rating and limits the exposure to a maximum amount. As a result, Adyen applies the low credit risk simplification and hence all assets are considered to be in stage 1 and a 12-month expected credit loss is applied.

As the average duration of the instruments in scope for impairment calculation is below 10 days, no forward-looking elements are included in the expected credit loss assessment.

The table below shows the impact of the implementation of IFRS 9 on the financial assets held by Adyen:

	31-Dec-17 IAS 39		1-Jan-18 IFRS 9		
	Classification	Carrying amount	Business model	Classification	Carrying amount
Financial assets		IAS 39			
Visa deferred consideration	Loans and receivables	4,248	Hold-To-Collect	Amortised cost	4,248
Visa preferred shares	Available-For-Sale	25,076	Not applicable	FVPL	25,076
Government Bonds	Held-To-Maturity	6,989	Hold-To-Collect	Amortised cost	6,989
Receivables	Loans and receivables	206,286	Hold-To-Collect	Amortised cost	206,286
Cash and cash equivalents	Loans and receivables	862,930	Hold-To-Collect	Amortised cost	862,930

Adyen did not recognize any impairments (unless otherwise stated) on financial instruments during the three months ended March 31, 2018 (during the three months ended March 31, 2017: nil), nor did Adyen reverse any impairment losses. Adyen has the positive 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 debt instruments at amortised cost approximates the carrying value due to the short-term nature of the instruments. Interest income on these debt securities is recognized in the income statement measured via the effective interest method.

Adyen has recognized and classified the convertible preferred Visa 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 stock may fluctuate in the future. The Visa shares carry the right to receive discretionary dividend payments.

The derivative liability is equity settled, and the potential number of shares to be issued under the contract is fixed, the amount of cash to be received upon issuance of the shares is variable at the inception of the contract. The fair value of this derivative liability at issuance is considered a non-cash consideration. In accordance with IFRS 13 the fair value of the contract asset is determined based on Level 3 inputs. As of March 31, 2018, Adyen carried out a sensitivity analysis with regard to the derivative financial liability. In case of a 8% lower or higher than expected underlying share price, ceteris paribus, the value of the derivative liability would have been approximately EUR 5 million lower respectively higher.

Adyen did not transfer financial instruments between levels of the fair value hierarchy. Changes in the classification of financial assets were due to the implementation of IFRS 9 and do not reflect a change in the purpose of holding the asset.

Other disclosures

11. Plant and equipment

In 2018 Adyen continued to invest in its infrastructure hardware resulting in investments of 1,754. Despite these investments Adyen continues to leverage on its unified, internally built, single platform with low integration costs and as a result incurs low capitalization costs. Adyen did not recognize a loss from the impairment of property, plant nor equipment during the three months ended March 31, 2018 (during the three months ended March 31, 2017: 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.

	31-Mar-18
Net profit attributable to ordinary shareholders	24,079
Weighted average number of ordinary shares for the period	29,441,952
Dilutive effect share options	1,280,533
Weighted average number of ordinary shares for diluted net profit for the period	30,722,485
1) Net profit per share – basic	0.82
2) Net profit per share - diluted	0.78

13. Related party transactions

During the three months ended March 31, 2018 there were no transactions with related parties (during the three months ended March 31, 2017: nil).

14. Contingencies and Commitments

At 31 March 2018 Adyen had lease commitments of 25,233, (March 31, 2017: 29,823). No contingent rent payments were made during the year.

Adyen has no contingent liabilities in respect to legal claims. Contingencies further remain unchanged compared to the 2017 annual report.

Per March 31, 2018 Adyen has a credit facility agreement of 7,500 (2017: 7,500) and 5,127 (2017: 5,217) used for bank guarantees and letters of credit. In addition, Adyen has an intra-day credit facility of EUR 100 million (2017: nil).

Events after the balance sheet date

There are no events after the reporting period.

Amsterdam, April 26, 2018

Adyen B.V.

6. Report on review of interim financial information



Report on review of interim financial information

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Adyen B.V. and its subsidiaries (the 'Group') as of 31 March 2018 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with Dutch Law, including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the company'. 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 Dutch Standards on auditing 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 is not prepared, in all material respects, in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Amsterdam, 26 April 2018
PricewaterhouseCoopers Accountants N.V.

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

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1. Director's report

The Director's report is not included in these financial statements. Such report is available for review and can be obtained from the Chamber of Commerce in the Netherlands.

2. Significant Developments in the Current Reporting Period

As part of its growth strategy Adyen B.V. obtained a banking license in April 2017. As part of the transition from the payment service provider license to the banking license Adyen merged Adyen Client Management Foundation Stichting (hereinafter: Foundation) into the Adyen group (hereinafter: Adyen) in July 2017¹.

Adyen collects receivables from financial institutions and passes these amounts on to customers. The Foundation acted as a Trustee between the financial institutions and Adyen's merchants. As a result of this organizational change Adyen changed its Terms and Conditions to its Merchant Agreements to provide its customers the same level of protection and service they had previously enjoyed. This change in the terms and conditions resulted in a prospective accounting change of the receivables from card schemes as the majority of these receivables are no longer recognized in the balance sheet. This has a material impact as the related receivables from financial institutions that are directly linked to payables to merchants are no longer presented on the balance sheet. Adyen's statement of changes in equity and statements of comprehensive income are not affected (refer to notes 16 and 17).

As a result of the banking license Adyen B.V. converted the legal entities in Germany, France, Sweden, Spain and Belgium within the group to branches. This conversion resulted in the respective financial results of these entities comprising of assets and liabilities in the balance sheet and the income statement, to be prospectively accounted for in both the Adyen B.V. company financial statements and the consolidated financial statements. Previously the results of these legal entities were included only in the consolidated financial statements. These conversions occurred between September and November 2017.

Accounting policy – Common control transactions

The above described transactions were business combinations under common control as all entities were 100% owned and controlled by Adyen B.V. before and after the time of the business combinations, and therefore accounted for against carrying value.

¹ In these financial statements the entity Adyen B.V. is referred to as the company while the Adyen group is referred to as Adyen.

3. Consolidated Statement of Comprehensive Income

For the years ended December 31, 2017 and 2016

(all amounts in EUR thousands unless other stated)

	Note	2017	2016
Revenue	2	1,012,440	659,361
Costs incurred from financial institutions	2	(781,502)	(494,386)
Cost of inventory	4	(12,660)	(6,990)
<i>Net revenue</i>	2	218,278	157,985
Wages and salaries	5	(55,562)	(38,042)
Social securities and pension costs	5	(9,188)	(5,435)
Amortization and depreciation of tangible and intangible fixed assets	14/15	(5,935)	(4,136)
Other operating expenses	6	(54,199)	(47,433)
Other income	11	71	54
Other gains and losses	11	-	56,282
Income before interest income, interest expense and income taxes		93,465	119,275
Finance income		541	381
Finance expense		(775)	(236)
Other financial results	18	(1,007)	89
Net finance income		(1,241)	234
<i>Income before income taxes</i>		92,224	119,509
Income taxes	7	(20,917)	(22,279)
Net income for the period		71,307	97,230
<i>Net income attributable to:</i>			
Owners of Adyen B.V.		71,307	97,230
		71,307	97,230
<i>Other comprehensive income</i>			
Items that may be reclassified to profit or loss:			
Gains on re-measuring of available-for-sale financial assets	11	5,471	19,605
Deferred income tax relating to this item	11	(1,418)	(3,597)
Other currency translation adjustments	18	(2,064)	225
Currency translation adjustments subsidiaries	18	(1,080)	437
Other comprehensive income for the year		910	16,670
Total Comprehensive income for the year (attributable to owners of Adyen B.V.)		72,217	113,900

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

4. Consolidated Balance Sheet

As at December 31, 2017 and 2016
(all amounts in EUR thousands unless other stated)

	Note	31-Dec-17	31-Dec-16
Assets			
Intangible assets	14	3,978	3,955
Plant and equipment	15	19,990	15,084
Available-for-sale financial asset	11	25,076	19,605
Receivables	11	4,248	4,080
Deferred tax assets	7	1,627	1,160
Total Non-current assets		54,919	43,884
Inventories	4	4,017	3,246
Receivables from financial institutions	16	180,719	636,751
Trade and other receivables	16	25,567	11,655
Current income tax receivables	7	2,061	-
Investments held-to-maturity	11	6,989	-
Cash and cash equivalents	9	862,930	680,067
Total Current assets		1,082,283	1,331,719
Total assets		1,137,202	1,375,603
Equity			
Share capital	8	295	294
Share premium	8	149,314	148,331
Other reserves		27,933	25,706
Retained earnings		212,236	140,631
Total Equity attributable to owners of Adyen B.V.		389,777	314,962
Deferred tax liabilities	7	5,130	3,848
Total Non-current liabilities		5,130	3,848
Payable to merchants and financial institutions	17	717,305	1,027,043
Trade and other payables	17	24,990	14,715
Current income tax liabilities	7	-	15,035
Total Current liabilities		742,295	1,056,793
Total liabilities and equity		1,137,202	1,375,603

5. Consolidated Statement of Changes in Equity

For the years ended December 31, 2017 and 2016
(all amounts in EUR thousands unless other stated)

	Note	Share capital	Share premium	Other legal reserves	Other reserves	Retained earnings	Total equity
Balance - January 1, 2016	8	294	148,159	49,118	3,883	44,378	245,832
Net income for the year						97,230	97,230
Intangible assets	14			977		(977)	-
<i>Other comprehensive income/(expense)</i>							
Disposal available-for-sale financial asset	11			(45,972)			(45,972)
Re-measurement available-for-sale financial asset	11			16,008			16,008
Other currency translation adjustments	18			225			225
Currency translation adjustments subsidiaries	18			437			437
Total comprehensive income for the period				(29,302)		96,253	66,951
<i>Transactions with owners in their capacity as owners:</i>							
Proceeds on issuing shares	8		172				172
Share-based payments	13				1,030		1,030
Balance – December 31, 2016		294	148,331	20,793	4,913	140,631	314,962
Balance - January 1, 2017	8	294	148,331	20,793	4,913	140,631	314,962
Net income for the year						71,307	71,307
Other adjustments						321	321
Intangible assets	14			23		(23)	-
<i>Other comprehensive income/ (expense)</i>							
Re-measurement available-for-sale financial asset	11			4,053			4,053
Other currency translation adjustments	18			(2,064)			(2,064)
Currency translation adjustments subsidiaries	18			(1,080)			(1,080)
Total comprehensive income for the period				933		71,605	72,538
<i>Transactions with owners in their capacity as owners:</i>							
Proceeds on issuing shares	8	1	983				984
Share-based payments	3				1,294		1,294
Balance – December 31, 2017		295	149,314	21,726	6,207	212,236	389,777

The income tax relating to each component of other comprehensive income is disclosed in note 7. The accompanying notes are an integral part of these consolidated financial statements.

6. Consolidated Statement of Cash Flows

For the years ended December 31, 2017 and 2016
(all amounts in EUR thousands unless other stated)

	Note	2017	2016
Income before income taxes		92,224	119,509
<i>Adjustments for:</i>			
- Finance income		(541)	(381)
- Finance expenses		775	236
- Other financial results	18	1,007	(89)
- Depreciation of plant and equipment	15	4,615	3,124
- Amortization of intangible fixed assets	14	1,321	1,012
- Share-based payments	3	1,277	1,030
- Receivables	11	(168)	(4,080)
<i>Changes in Working capital:</i>			
- Inventories	4	(771)	(1,784)
- Trade and other receivables	16	(13,912)	(3,220)
- Receivables from financial institutions	16	456,032	(385,111)
- Payables to merchants and financial institutions	17	(309,738)	466,780
- Trade and other payables	17	10,275	1,941
<i>Cash generated from operations</i>		242,396	198,967
Interest received		541	381
Interest paid		(775)	(11)
Income taxes paid		(41,550)	(9,772)
Net cash flows from operating activities		200,612	189,565
Purchases of investments held-to-maturity	11	(6,989)	-
Purchases of plant and equipment	15	(9,685)	(10,537)
Capitalization of intangible assets	14	(1,344)	(1,989)
Disposal of plant and equipment	15	-	12
Dividends received	11	71	54
Net cash used in investing activities		(17,947)	(12,460)
Proceeds from issuance of ordinary shares	8	1	-
Share premium paid by the shareholders	8	983	172
Net cash flows from financing activities		984	172
Net increase in cash, cash equivalents and bank overdrafts		183,649	177,277
Cash, cash equivalents and bank overdrafts at beginning of the year		680,067	502,318
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts	18	(786)	472
Cash, cash equivalents and bank overdrafts at end of the year		862,930	680,067

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

7. Notes to the Consolidated Financial Statements

General Information

Adyen B.V. 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.

1. Consolidation

Accounting policy - consolidation

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated.

Adyen B.V. directly or indirectly owns 100% of the shares of, and therefore controls all entities included in these consolidated financial statements (refer to note 28 for a full list of entities included).

Adyen has operations in the Netherlands, Germany, France, Brazil, Singapore, Sweden, UK, Spain, Belgium, Canada, Australia, South Korea, Hong Kong, Mexico, China, New Zealand, Malaysia and the United States. Adyen is a limited liability company ('Besloten Vennootschap') domiciled in the Netherlands. The address of Adyen's registered office is Simon Carmiggeltstraat 6 -50, 5th floor, 1011DJ Amsterdam, the Netherlands.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the European Union (EU-IFRS).

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

Significant Accounting Policies

The consolidated financial statements have been prepared under the historical cost convention, unless stated otherwise.

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 financial statements. The notes are organized into the following sections:

Organization of accounting policies in these Financial Statements:

- **Key disclosures:** provides a breakdown of individual line items in the financial statements that users of the financial statements consider most relevant;
- **Capital, investment and financial risk management:** key information relating to Adyen's capital management, explanations regarding financial instruments and financial risk management;
- **Other:** information on items required to be disclosed to be compliant with EU-IFRS.

The accounting policies have been consistently applied to all the years presented. For the assessment whether a disclosure is relevant to users of these financial statements the following was considered: the amount in question is significant in size or nature, importance for understanding the results of Adyen or explaining the impact of significant changes in Adyen's business.

Critical Accounting Policies

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items that are more likely to be materially adjusted due to inaccurate estimates and/or assumptions turning out to be wrong. Detailed information about these estimates and judgments are included in the notes below along with information about the basis of calculation for each affected line item in the financial statements. The areas involving significant estimates or judgments are:

- Principal versus agent in revenue – note 2
- Fair value estimate in share based payments – note 3

New and Amended Standards Adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2017 and are applicable for the consolidated financial statements of Adyen:

The detailed analyses of these changes are outlined in note 21 of the financial statements. The overall impact of these accounting changes to Adyen is assessed as minimal as outlined below per standard:

IFRS 9: Due to the short duration of Adyen's financial assets the impact of the IFRS 9 expected loss model is expected to be immaterial. The revised classification and measurement will have a limited impact.

IFRS 15: Adyen has assessed its current merchant contracts and did not identify performance obligations other the obligations as already used to recognise payments revenue. Adyen will still be considered as the principal in the revenue streams resulting in revenue being recognized on a gross basis as opposed to a net basis.

IFRS 16: Based on the current operational lease portfolio in scope of the standard the Adyen estimates a 24 million to be recognized as right of use asset with the related liability. As a result Adyen considers this new accounting standard will have no significant impact on the Group considering the impact on its overall balance sheet.

Approval

These financial statements were approved by the supervisory board for issue on April 13, 2018.

Key Disclosures

Based on its strategy as outlined in the Directors report Adyen's users of the financial statements considers the following disclosures as key in understanding its financial performance or position.

2. Revenue

Accounting policy – revenue

Adyen has the following sources of revenue:

- (i) Processing fees: recognized as revenue when a transaction is initiated via the Adyen payment platform.
- (ii) Settlement fees: Settlement fees are recognized as revenue when a payment transaction has been completed by means of settlement with the merchant.
- (iii) Other services (such as foreign exchange service fees, sale of inventory and third party commission): recognized as revenue when the services are rendered.

Revenue is measured at the fair value of the consideration received or receivable.

The breakdown of revenue by category is as follows:

	2017	2016
Processing fees	93,466	58,642
Settlement fees	872,340	563,143
Other services	46,634	37,576
Total revenue	1,012,440	659,361
Costs incurred from financial institutions	(781,502)	(494,386)
Cost of inventory	(12,660)	(6,990)
Net revenue	218,278	157,985

Net Revenue is gross revenue net of interchange, scheme fees and cost of inventory. There is 9 million included in settlement fees related to the sale of goods (2016: 3 million).

Key judgement – principal versus agent

Revenue is recognized based on the fact that Adyen acts as a principal for all the payment processing services it provides to the merchants. Settlement fees are presented net of the amount that is paid to the merchants since Adyen considers itself an agent for the collection of amounts from the consumer and payout to the merchant for this part of the amount that is collected by Adyen. Adyen considers itself a principal for the payment services that it provides to merchants and presents the fees charged and costs incurred to provide these services, including credit card fees and other charges paid to financial institutions, on a gross basis.

3. Share-based Payments

Key accounting estimate – share-based-payments

The fair value of the employee services received in exchange for the grant of Depositary Receipts of Adyen is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted at grant date.

The share price at grant is not objectively determinable therefore Adyen has contracted a third party to determine the total enterprise value based on the average of three years discounted cash flow with a Weighted Average Cost of Capital (WACC). The grant date fair value of the options is expensed over the vesting period of the options.

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

- I. [Depositary receipts to directors and employees \(granted until 2013\)](#)
- II. [Equity Settled Option Plan](#)

These plans are described in more detail below:

I. [Depositary Receipts](#)

Adyen has granted the possibility to purchase Depositary Receipts to directors and to employees as part of their remuneration up to 2013. The underlying shares of the Adyen are held by an administration foundation that in turn issues the Depositary Receipts to the employees. These Depositary Receipts entitle the holder a share of the profits earned by Adyen. In 2017, no vesting period remained for any of the Depositary Receipts granted and thus there was no revised estimate of the number of Depositary Receipts expected to vest or relating income statement impact.

When an employee leaves Adyen after the vesting period, Adyen has the right, but is not required, to repurchase the Depositary Receipts at fair value. If Adyen does not exercise its right to acquire the Depositary Receipts of the employee, the right is transferred to the other Depositary Receipts holders. If these do not exercise this right, the Depositary Receipts can be sold to a third party at fair value. Currently Adyen does not have the intention, nor a history or formal management policy which requires Adyen to re-acquire the Depositary Receipts when an employee leaves Adyen.

II. [Equity Settled Options](#)

Adyen has an option plan for directors and employees. Exercisable options give the opportunity to acquire Depositary Receipts. The exercise price of the granted options is equal to the market price of the shares at grant date. Options will vest over a period of four years. The vesting period starts on the grant date. 25% of the options will vest on the first anniversary of the grant date. The remaining 75% of the options will then vest monthly, in equal proportions at the end of each month, over the following 36 months. Options can be exercised at any time from the vesting date until the 8th anniversary of the grant date. Adyen has no legal or constructive obligation to repurchase or settle the options in cash. The maximum aggregate number of Depositary Receipts in respect to which options shall be granted is 1,312,500. In 2017 218,750 (2016: 76,750) were granted and 838,787 (2016: 597,050) options are exercisable. The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was 10.05 (2015: 6.84) per option.

The following significant inputs to the model were used:

Period of grants	Grant	2017	2016
Q1	Number of instruments granted	86,850	28,300
	Weighted average exercise price (in EUR)	75.69	66.50
	Range of annual risk-free interest rate	-0.338% till -0.099%	-0.234% till -0.129%
	Weighted average share price at the date of grant	49.81	42.20
Q2	Number of instruments granted	84,400	9,500
	Weighted average exercise price (in EUR)	81.75	66.50
	Range of annual risk-free interest rate	-0.228% till -0.187%	-0.304% till -0.143%
	Weighted average share price at the date of grant	66.75	43.85
Q3	Number of instruments granted	26,200	11,600
	Weighted average exercise price (in EUR)	105.18	66.50
	Range of annual risk-free interest rate	-0.163% till -0.028%	-0.473% till -0.393%
	Weighted average share price at the date of grant	82.30	44.87
Q4	Number of instruments granted	21,300	27,350
	Weighted average exercise price (in EUR)	105.93	66.50
	Range of annual risk-free interest rate	-0.153% till -0.095%	-0.492% till -0.122%
	Weighted average share price at the date of grant	96.43	46.17
	Expected volatility (%)	25%	30%
	Expected dividends (dividend yield)	Nil	Nil

The volatility measured at the standard deviation on continuously compounded share returns is based on statistical analysis of daily share prices over the last six years. The volatility of 25% (2016: 30%) is an average volatility of listed peer companies.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2017	2017	2016	2016
	Weighted average exercise price (in EUR) per share option	Number of options (thousands)	Weighted average exercise price (in EUR) per share option	Number of options (thousands)
Outstanding at January 1	22.21	1,017	17.96	1,041
Granted	84.51	219	66.50	76
Forfeited	66.39	(11)	11.82	(84)
Exercised	66.50	(1)	10.95	(16)
Expired	-	-	-	-
Outstanding at December 31	32.92	1,224	22.21	1,017

4. Inventories

Accounting policy - inventories

Inventories are stated at the lower of cost or net realizable value. The costs of finished goods comprise the purchase value of these goods based on the first-in, first-out method (FIFO). There are no inventories measured at fair value less cost to sell. No impairments were recognized during the year (2016: nil).

The inventory relates to the point of sale terminals in connection with the roll out of the Unified Commerce strategy.

As at 1 January	3,246	1,462
Products for resale: Purchases during the year	13,431	8,774
Recognised as an expense during the year	(12,660)	(6,990)
Total December 31, 2017	4,017	3,246

5. Employee benefit expense

Employees and the Adyen culture are strategic focus areas for Adyen. Adyen has invested significantly in the last year in this key area. The average number of fulltime equivalents during the year was approximately 566 FTE of which 227 FTE outside of the Netherlands (2016: 425 FTE / 166 FTE outside of the Netherlands). At year-end 716 people (2016: 480) were working for Adyen. As a result of the worldwide operating and acquiring strategy the breakdown of employees for the largest legal entities of Adyen are based in Amsterdam 339, San Francisco 68, Sao Paulo 37, London 29 and Singapore 28 (average FTE's in 2017).

5.1. Employee benefits

	2017	2016
Salaries and wages	54,285	37,012
Pension costs – defined contribution plans	1,228	780
Share based compensation	1,277	1,030
Social securities	7,960	4,655
Total	64,750	43,477

5.2. Post-employment benefit obligations

Post-employment benefit obligations:

Adyen group companies operate various pension schemes. The group has no further payment obligations once the contributions have been paid, expenses are recognized when they are due. Therefore the entitlements of employees under Adyen's pension plans are all classified as defined contribution plans. The expected contributions to the pension benefit plans for 2018 are 1,238.

6. Other operating expenses

Accounting policy – operating expenses

Operating expenses are recognized in the period when they occur.

To ensure sustainable growth Adyen has invested and continues to invest in its organization, which amongst others includes increased marketing focus to improve brand recognition. The other operating expenses can be specified as follows:

	2017	2016
Housing costs	5,057	3,550
Office costs	1,996	921
IT costs	6,348	3,320
Sales & marketing costs	14,753	7,658
Travel and other staff expenses	10,176	7,595
Advisory costs	10,757	8,394
Insurances	908	393
Other operating expenses	4,204	15,602
Total	54,199	47,433

Other operating expenses 2016 includes merchant default costs.

6.1 Operating leases:

Accounting policy – operating leases

Adyen leases offices and data center space in various countries expiring within one to six years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated. As the majority of the risk and rewards are with the lessor the leases are classified as operating leases.

In 2017 lease rentals amounting to 3,877 (2016: 3,110) relating to these operating leases are included in the income statement. Adyen has the following lease commitments:

	31-Dec-17	31-Dec-16
Less than 1 year	5,397	3,844
Between 1 and 5 years	15,059	10,107
More than 5 years	6,126	-
Total	26,583	13,951

No contingent rent payments were made during the year.

7. Income tax

7.1 Income tax expense

Accounting policy – current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

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 is 22.40% (2016: 18.60%) which differs from the statutory tax rate in the Netherlands of 25% (2016: 25%) as follows:

	2017	2016
Profit before tax at statutory rate of 25%	92,223	119,509
<i>Tax effects of:</i>	23,056	29,877
Innovation box (changes in tax rate)	(5,143)	(8,219)
Tax rate differences on foreign operations	(1,096)	471
Other adjustments (such as non-deductable)	4,100	150
Total	20,917	22,279

In 2017 -/- 225 (2016: -/- 186) of the income tax expense related to the origination and reversal of timing differences. Adyen's current tax receivable is:

	31-Dec-17	31-Dec-16
Current income tax liabilities	-	15,035
Current income tax assets	2,061	-

7.2 Deferred taxes

Accounting policy – deferred taxes

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liabilities is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Adyen and it is probable that the temporary difference will not reverse in the foreseeable future.

I. Deferred tax assets resulting from net operating losses

In the deferred assets an amount of 170 (2016: 193) relates to the carry forward of net operating losses of Adyen Services Inc.

II. Deferred tax liability

The deferred tax liability consists mainly of the deferred tax on the Visa Inc. preferred stock of 5,015 (2016: 3,597).

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

Capital management, financial instruments and financial risk management

8. 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.

Accounting policy – ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

	31-Dec-17	31-Dec-16
Ordinary shares	295	294
Share premium	149,314	148,331
Total	149,609	148,625

In 2017 58,640 additional shares were issued for the majority as a result of exercises of employee options. The paid up and called share capital increased to € 294,425 (2016: 293,383) resulting in a total of 29,442,487 (2016: 29,383,847) ordinary shares (nominal value € 0.01 per share). The total of distributable reserves amount to 361,550 (2016: 288,962) and the other reserves presented above are restricted for distribution.

Earnings are added to the reserves and there is no active dividend policy. Retained earnings are used to support and finance the growth strategy.

9. Cash and cash equivalents

Accounting policy – cash and cash equivalents

Adyen's cash and cash equivalents are classified as loans and receivables and are included in current assets due to their short-term nature. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Due to the short duration of the receivables (less than 3 months) the fair value (level 3) approximates the carrying value.

	31-Dec-17	31-Dec-16
Non-restricted cash	567,928	680,067
Cash and balances with central banks	295,002	-
Total	862,930	680,067

As per December 31, 295 million (2016: nil) represents cash held at central bank amongst others to comply with regulatory liquidity requirements amongst other purposes.

Adyen cash which is surplus to regulatory requirements and operational needs is invested in interest bearing short-term deposits with financial institutions and is exposed to credit risk with these counterparties. Adyen actively manages

concentration risk and it is Adyen's policy that all commercial banks where cash and cash equivalents are held have a credit rating A or higher. No defaults occurred during the year and management does not expect any losses from non-performance by these counterparties.

10. CRR/CRD IV Regulatory Capital

The following table displays the composition of regulatory capital as at December 31, 2017. The regulatory capital is based on the CRR/CRD IV scope of consolidation, which is the same as the IFRS scope of consolidation.

EU-IFRS Equity as reported in consolidated balance sheet	389,777
<i>Net profit not included in CET1 Capital (not yet eligible)</i>	(71,307)
Regulatory adjustments	
<i>Intangible assets (80% phased in for 2017)</i>	(3,182)
<i>Unrealized gains measured at fair value (80% phased in for 2017)</i>	(3,549)
<i>Prudent valuation</i>	(25)
Own funds as per December 31, 2017	311,713

11. Financial Instruments

Adyen has the following specific financial instruments (including the selected classification):

	31-Dec-17	31-Dec-16
Available-for-sale financial asset: listed securities Visa Inc. preferred stock	25,076	19,605
Investment held-to-maturity: AAA Rated UK and US treasury bonds	6,989	-
Total	32,065	19,605

The other financial instruments on the balance sheet of Adyen are cash and cash equivalents (note 9), trade and other receivables (note 16) and trade and other payables (note 17).

11.1. Visa preferred shares – classified as: available for sale

Accounting policy – financial instruments: available for sale

Adyen has recognized and classified the convertible preferred Visa shares within the available-for-sale financial instrument asset category. The fair value of the 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. On this basis the Visa shares are presented as a level 2 asset. The conversion rate of the preferred stock into an equivalent number of common stock can fluctuate in the future.

As disclosed in 2016, Adyen received a consideration for the purchase of Visa Europe by Visa Inc. in exchange for the membership in Visa Europe Adyen previously obtained to facilitate core operations. This was a mixture of cash recognized in 2016 (presented as other income of 56,282 in 2016), Visa Inc. convertible preferred stock, presented as available-for-sale financial asset 25,076 (2016: 19,605) [together the 'up-front consideration'] and additional cash subsequent to closing of the transaction (the 'deferred consideration') of 4,248 (2016: 4,080) measured at amortized cost which will mature in June 2019.

The preferred stock Series C has no stated maturity and carries a right to receive discretionary dividend payments but cannot be freely traded primarily due to the restrictions on transfer.

Due to an increase of the underlying share price of Visa shares in 2017 Adyen has recognized the fair value of 25,076 (2016: 19,605) in its Other Comprehensive Income statement. The Visa shares are presented as non-current assets.

The Visa shares carry the right to receive discretionary dividend payments. In 2017 71 (2016: 54) of dividends were received which were recognized in the income statement.

11.2. Government bonds – classified as: held-to-maturity

Accounting policy - financial instruments: held-to-maturity

Adyen has the positive intent and ability to hold the bonds to maturity and they are therefore designated as held-to-maturity assets and measured at amortized cost. The fair value (level 1) of the asset held-to-maturity approximates the carrying value due to the short-term nature of the instruments. Interest income on these debt securities is recognized in the income statement on an effective interest method.

As a licensed credit institution Adyen has to comply with liquidity requirements in both its functional currency and other significant currencies defined under CRR/CRD IV. These significant currencies are based on the eligible liabilities in scope of regulatory liquidity requirements (LCR Delegated Act). In order to comply with these liquidity requirements Adyen has, in the course of 2017, purchased US and UK treasury bonds denominated in USD and GBP, respectively. Both bonds mature in March 2018. As a result the bonds are presented as short-term on the balance sheet.

11.3. Impairments of financial instruments

Accounting policy – impairments of financial instruments

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Adyen did not recognize any impairments on financial instruments during 2017 (2016: nil).

12. Financial risk management

Adyen's activities expose it to a variety of financial risks. Risk management is the responsibility of Adyen's management. Adyen applies a risk aware but not overly risk-averse approach towards risk management. Management identifies and evaluates the financial risks based on the COSO ERM principles for overall risk management. Adyen's Integral Risk Management Framework (IRMF) seeks to minimize potential adverse effects on Adyen's financial performance. The main sources of financial risk to Adyen are considered in the table below:

Source of risk	Risk mitigation	Remaining risk
<p>Liquidity</p> <p>Liquidity risk is the risk that Adyen could not meet its short-term payment obligations.</p>	<p>Adyen actively monitors its liquidity risk, however the majority of the balance sheet, excluding merchant funds, for both assets and liabilities has a maturity date of less than 3 months on an undiscounted contractual basis. The remaining balances with a different maturity date (as mentioned specifically in the notes of these financial statements) are not considered material.</p> <p>The cash balances due to merchants are considered not to impose liquidity risk as these cash balances and related payables are interrelated from a liquidity perspective. There is not an obligation on Adyen to settle merchant payables before the cash is collected from the credit card entities.</p>	<p>Minimal</p> <p>Due to the short term character of Adyen's balance sheet the remaining liquidity risk is assessed as minimal.</p>
<p>Market risks</p> <p><i>Foreign exchange</i></p> <p>Adyen operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises on recognized assets and liabilities, principally trade receivables and trade payables, and investments in foreign operations.</p>	<p>Management actively manages the foreign exchange risk resulting in limited exposure to foreign exchange risks. This situation is evidenced by the absence of any significant results related to foreign exchange risk in the income statement. USD (with a balance of 38,979) is the most significant non-functional currency in which financial assets as per December 31, 2017 are denominated.</p> <p>The merchant cash balances are not taken into account for the determination of foreign exchange risks. The merchant funds have a natural match in currencies between receivables and payables or a very short duration.</p>	<p>Minimal</p> <p>The resulting overall impact of an immediate 10% shock on all currencies is therefore minimal.</p>

Interest rate

Interest rate risk on financial instruments could arise from adverse movements in underlying interest rates.

Because Adyen is not financed with external debt, no significant interest rate risk is present. Although significant liabilities towards the merchants are present, these liabilities are non-interest bearing and are settled at short notice.

As a result of the nature of the products on the Adyen balance sheet the remaining interest rate risk is considered to be minimal.

The cash balances of Adyen are not significantly exposed to interest rate risk due to the fact that cash is used to settle the current liabilities towards the merchants at short notice. The nominal values of the bonds held-to-maturity are minimal as compared to the overall financial instruments balance, are short-term in nature and are held-to-maturity leading to minimal interest rate risk.

Equity risk

The risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks.

The group's exposure to equity securities price risk arises from investment in Visa shares, which are classified in the balance sheet as available-for-sale. The exposure consists of potential financial losses due to movements in the share price of Visa Inc.

The remaining equity price risk is considered limited as Adyen has no other equity instruments on its balance sheet.

In addition: Adyen's Treasury policy does not allow purchasing additional equity positions.

Credit risk

Minimal

The counterparty credit risk relates to receivables from financial institutions regarding settled payment transactions. A default of financial counterparties could have a negative impact on Adyen's financial results.

Adyen cash which is surplus to regulatory requirements and operational needs is invested in interest bearing short-term deposits with financial institutions and is exposed to credit risk with these counterparties. Adyen actively manages concentration risk and it is Adyen's policy that all commercial banks where cash and cash equivalents are held have a credit rating A or higher. No defaults occurred during the year and management does not expect any losses from non-performance by these counterparties.

The remaining credit risk remains within Adyen's risk appetite.

Other disclosures

13. Segment reporting

Accounting policy

IFRS 8 (Operating Segments) requires operating segments to be identified based on internal reporting that is regularly reviewed by the Chief Operating Decision Maker. Adyen has identified the Management Board as the Chief Operating Decision Maker which assess the allocation of resources and performance. The overall disclosure principle of IFRS 8 is to provide sufficient information in the financial statements in order to enable users to evaluate the nature and financial effects of the business activities in which Adyen engages and the economic environments in which it operates. Based on Adyen's business and operating model Adyen has a single operating and reporting segment namely: payment services.

The gross revenue of Adyen contains scheme fees, interchange and mark-up. The Management Board monitors Net Revenue (net of interchange, scheme fees and cost of inventory) as performance indicator as this is the revenue attributable to Adyen. As a result Adyen considers net revenue to provide 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.

As a result of the entity wide disclosure requirements of IFRS 8 a geographical breakdown is provided.

Geographical breakdown of revenue:

	2017	2016
Europe	600,171	409,499
North America	258,990	169,854
Latin America	79,751	34,415
Asia	67,339	42,341
Rest of World	6,189	3,253
Total revenue	1,012,440	659,361

Of the non-current assets 50 million is located in the Netherlands and 5 million outside the Netherlands.

Large customers

In 2017 Adyen had two customers that on an individual level accounted for more than 10% of the total revenue. However revenue of Adyen contains scheme fees, interchange and mark-up. The Management Board monitors Net Revenue (net of interchange, scheme fees and cost of inventory) as performance indicator as this is the revenue attributable to Adyen. As a result Adyen considers net revenue to provide 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. Both customers had a net revenue of less than 10% of the total net revenue.

14. Intangible assets

Accounting policy – intangible assets

Adyen's intangible assets are stated at cost less accumulated amortization and include internally generated software with finite useful lives. These assets are capitalized and subsequently amortized on a straight-line basis in the statement of income over the period with an estimated useful life of 5 years. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The useful life is assessed on an annual basis.

	2017	2016
<i>Internally generated software</i>		
Opening net book value, January 1	3,955	2,978
Additions	1,344	1,989
Amortization for the year	(1,321)	(1,012)
Closing net book value December 31	3,978	3,955
Accumulated amortization	(3,504)	(2,182)
Cost	7,481	6,137

15. Plant and equipment

Accounting policy – plant and equipment

Plant and equipment are stated at cost less accumulated depreciation. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred. The major categories of Plant and equipment namely machinery and equipment are assessed to have a useful life of 5 years. Tangible fixed assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The useful life is assessed on an annual basis.

	2017	2016
<i>Machinery and equipment</i>		
Opening net book value, January 1	15,084	7,692
Additions	9,685	10,537
Other changes (e.g. exchange differences)	(164)	(21)
Depreciation for the year	(4,615)	(3,124)
Closing net book value December 31	19,990	15,084
Accumulated depreciation	(10,378)	(6,087)
Cost	30,368	21,171

In 2017 Adyen invested to increase its server capacity in line with its scalability strategy by purchasing additional infrastructure hardware. Despite these investments Adyen continues to leverage on its unified internally built single platform with low integration costs and as a result incurs low capitalization costs.

16. Trade, other receivables, receivables from financial institutions

Accounting policy – trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. The trade and other receivables are classified as loans and receivables, initially recognized at fair value and subsequently measured at amortized cost less a provision for impairment. Due to the short duration of the receivables (less than 3 months) the fair value (level 3) approximates the carrying value.

16.1 Trade, other receivables, receivables from financial institutions

	31-Dec-17	31-Dec-16
Trade and other receivables	26,967	12,139
Less: allowance for doubtful accounts	(1,400)	(484)
Trade receivables – net	25,567	11,655
Financial institutions	180,719	636,751
Total	206,286	648,406

The change in the terms and conditions (refer to note 1: significant development in current reporting period) resulted in a prospective accounting change of the receivables from card schemes.

The majority of these receivables are no longer recognized in the balance sheet as they meet the requirements of a pass-through arrangement under IAS 39. Adyen cannot sell or pledge the receivables from Financial Institutions and therefore has to pass-through these receivables directly to the merchants once collected.

16.2 Impairments of trade receivables

Accounting policy – impairment of trade receivables

A provision for impairment is recorded for trade receivable balances when there is objective evidence of impairment. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The carrying amounts of trade and other receivables approximate their fair value.

No financial assets are past due except for trade receivables. As at December 31, 2017, trade receivables of 14,783 (2016: 7,630) were fully performing, 10,634 (2016: 7,198) were past due but not impaired (of which 6,912 less than 3 months and 2,610 between 3 and 6 months overdue) and 583 (2016: 108) were impaired. The average duration of the overdue trade receivables is 2.3 months (2016: 1.6 months). The addition to the allowance for doubtful accounts for trade receivables in 2017 was 1,500 (2016: 298).

17. Trade and other payables

Accounting policy – trade and other payables

Payables are obligations initially recognized at fair value and subsequently measured at amortized cost to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Due to the very short duration of the payables to merchants (< 3 months) the fair value (level 3) approximates the carrying value.

	31-Dec-17	31-Dec-16
Payable to merchants and financial institutions	717,295	1,027,043
Trade payables	3,519	2,481
Taxes and social security	11,454	2,568
Accrued employees benefits	8,213	3,582
Accrued liabilities and other debts	1,804	6,084
Total	742,285	1,041,758

The change in the terms and conditions (refer to Note 1) resulted in a prospective accounting change of the receivables from card schemes. The majority of these receivables and relating payables to merchants are no longer recognized in the balance sheet as they meet the requirements of a pass-through arrangement under IAS 39. The remaining payables to merchants relate for the majority to already settled cash by the card schemes that will be passed through to the merchants.

18. Functional currency and foreign currency transaction

Accounting policy – functional currency and foreign currency translation

The functional currency of Adyen B.V. is the Euro as the Euro area is the primary economic environment in which Adyen operates. The financial statements of entities that have a functional currency different from that of Adyen B.V. (“foreign operations”) are translated into Euro’s as follows:

- Assets, equity and liabilities – at the closing rate at the date of the statement of financial position;
- Income and expenses – at the average rate of the period (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates).

All resulting unrealized changes are recognized in other comprehensive income except otherwise stated.

The cumulative translation adjustments resulting in a net loss of 1,007 (2016: a profit of 89).

19. Other contingent assets, liabilities and commitments

Adyen has no contingent liabilities in respect to legal claims.

Adyen B.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.

Per December 31, 2017 Adyen has a credit facility agreement of 7,500 (2016: 7,500) and 5,015 (2016: 5,217) is used for bank guarantees and letters of credit. The credit facility agreement can be cancelled. In addition Adyen has an intra-day credit facility of 100 million (2016: nil) which is not used as per December 31, 2017.

20. Related party transactions

In 2017 there were no transactions with related parties (2016: 87)

The directors' remuneration is disclosed in note 23.

21. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2017 reporting periods and have not been early adopted by Adyen.

21.1. IFRS 9 – Financial instruments

IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 has been endorsed by the European Union in November 2016.

This standard will replace the existing standard on the recognition and measurement of financial instruments and requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

21.1.1. Classification and Measurement

IFRS 9 requires Adyen's business model and the financial instrument's contractual cash flows will determine its classification and measurement. Adyen performed the business model test and contractual cash flow test on all financial instruments in scope of IFRS 9 on its balance sheet in the course of 2017.

As a result Adyen does not expect that the current IAS 39 classification of financial instruments applicable will differ significantly from the classification of such applicable financial instruments as determined in IFRS 9.

21.1.2. Impairments

The standard has introduced a new expected-loss impairment model that will require impairment losses to be recognized on an expected loss basis. This new model will apply to financial assets measured at either amortized cost or fair value through OCI, as well as certain off-balance sheet exposures.

The receivables from financial institutions, cash and cash equivalents, the deferred cash receivable from Visa and accounts receivable are currently assessed to be in scope of the new IFRS 9 impairment model.

Adyen performed calculation in 2017 to determine the impact of the new IFRS 9 impairment model on its financial instruments. Based on this assessment Adyen does not expect that the new impairment rules have a significant impact on the Group. This is for the majority driven by a combination of low credit risk (due to high credit quality ratings) and the short-term nature of the financial instruments in scope.

21.1.3. Hedge accounting

Adyen does not apply Hedge Accounting and therefore IFRS 9 Hedge Accounting is out of scope.

21.2. IFRS 15 – Revenue from contracts with customers

IFRS 15 is the new standard for the recognition of revenue that will replace IAS 18 and IAS 11. Adyen has assessed the impact of the new standard based on the following considerations:

Recognition: given the nature of Adyen’s business model the revised notion of control and resulting revenue recognition date it does not impact Adyen. The change from risk and rewards to control will not affect the agent principal assessment as outlined in note 2.

Identification of performance obligations: the standard further introduces a 5 step model in recognizing revenue in which reporting entities are required to identify performance obligations in their contracts. Adyen has assessed its current merchant contracts and did not identify performance obligations other than the obligations as already used to recognize its revenue.

21.3. IFRS 16 – Leases

Issued in January 2016, this standard includes a new approach to lease accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by leases. At this stage, the Group does not intend to adopt the standard before its effective date. Based on the current operational lease portfolio in scope of the standard the Adyen estimates 24 million to be recognized as Right Of Use Asset with related liability.

As a result Adyen considers the new rule will have no significant impact on the Group considering the impact on its overall balance sheet. The standard has yet to be endorsed by the EU.

21.4. IFRS 2 – Share based payments

In June 2016, the IASB issued narrow-scope amendments to IFRS 2 “share-based payments”. They are effective for annual periods beginning on or after January 1, 2018. The amendments have yet to be endorsed by the EU. These amendments see to different share-based payment plans than Adyen offers to its employees. Therefore the changes are not applicable to Adyen.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on Adyen.

22. Audit fees

22.1 Fees to the auditor

The fees listed below relate to the procedures applied to Adyen and its consolidated group entities by accounting firms and external independent auditor’s as referred to in section 1(1) of the of the Audit Firms Supervision Act (“Wet toezicht accountantsorganisaties-Wta”) as well as by the Dutch and foreign-based accounting firms. Including their tax services and advisory groups. These fees related to the audit of the 2017 financial statements, regardless of whether the work was performed during the financial year.

22.2 Summary of services rendered by the auditor, in addition to the audit of the financial statements

Our auditor, PwC Accountants, has rendered, for the period to which our statutory audit relates, in addition to the audit of the statutory financial statements the following services to Adyen and its controlled entities:

	2017			2016		
	PwC Accountants	Other PwC firms	Total	PwC Accountants	Other PwC firms	Total
Audit of financial statements	452		452	314		314
Other audit services	116		116	101		101
Tax services		100	100		93	93
Other non-audit services		55	55		362	362
Total	568	155	723	415	455	870

2017	2016
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Other audit services required by law or regulatory requirement		
Statutory audits of controlled entities	417	314
Audit of the regulatory returns to be submitted to the Dutch Central Bank	35	-
Other audit services		
Assurance engagement ISAE 3402 report	116	101
Tax services		
Tax compliance services	100	93
Other non-audit services		
Human resources services	55	362
Total for the year	723	870

23. Compensation of key management

Key management during 2017 consisted out of six (2016: five) directors of Adyen. The compensation paid or payable to key management for employee services is shown below:

	2017	2016
Salaries and short term employee benefits	2,136	1,477
Share based payments	235	234
Post employment benefits	4	3
Total	2,375	1,714

No loans, advance payments and guarantees have been granted to or on behalf of directors. In 2016 no remuneration was paid to supervisory board members as they were appointed in 2017.

The Supervisory Board consisted out of 3 members in 2017 (2016: none). The compensation paid or payable to the supervisory board for employee services is shown below:

	2017	2016
General remuneration	140	-
Share based payments	11	-
Post employment benefits	-	-
Total	151	-

No loans, advance payments and guarantees have been granted to or on behalf of directors. In 2016 no remuneration was paid to supervisory board members as they were appointed in 2017.

24. Country-by-country reporting

The following table provides an overview of total assets, total operating income, average number of FTEs, operating profit/(loss) before taxation and income tax expense. In addition, the following table shows the principal subsidiary and main activity for each country. The full list of participating interests as referred to in Article 414, Book 2 of the Dutch Civil Code can be found in note 30 of the company financial statements.

	Main activity	Total assets	Total operating income	Average FTE	Income before tax	Tax expense
<i>Country and Subsidiary</i>						
Netherlands - Adyen B.V.	Payment service provider	920,580	159,263	339	91,015	(19,838)
Adyen B.V., Belgian branch	Sales office	131	117	2	13	(5)
Adyen B.V., German branch	Sales office	444	903	14	96	(34)
Adyen B.V. Nordic branch	Sales office	136	317	4	32	(12)
Adyen B.V., Spanish branch	Sales office	199	271	3	29	(7)
Adyen B.V., France branch	Sales office	561	764	13	44	(27)
Adyen do Brazil Ltda	Sales office – local support	55,668	8,003	37	1,703	460
United States – Adyen Inc. and Adyen Services Inc.	Sales office – local support	6,178	25,610	82	1,259	(957)
Adyen Singapore PTE LTD.	Sales office – local support	1,729	6,081	28	212	(39)
Adyen UK Limited	Sales office	2,079	6,262	29	606	(166)
Adyen Hong Kong Limited	Sales office	31	23	-	1	0
Adyen Australia PTY Limited	Sales office – local support	556	3,226	9	153	(64)
Adyen Canada Ltd.	Sales office	1	-	-	-	-
Adyen Korea Chusik Hoesa	Sales office	7	-	-	(6)	-
Adyen Mexico S.A. de C.V.	Sales office – local support	3,931	468	2	222	(21)
Adyen (China) Software Technology Co. Ltd.	Sales office	152	558	4	24	(4)
Adyen New Zealand Ltd.	Sales office	11	-	-	(3)	-
Adyen Malaysia Sdn. Bhd.	Sales office	140	-	-	(18)	-

25. Share information

Accounting policy – earnings per share

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

	2017	2016
Net profit attributable to ordinary shareholders	71,307	97,230
Weighted average number of ordinary shares for the year	29,409,096	29,373,337
Dilutive effect share options	1,162,761	1,042,493
Weighted average number of ordinary shares for diluted net profit for the year	30,571,857	30,415,830
1) Net profit per share – basic	2.42	3.31
2) Net profit per share - diluted	2.33	3.20

8. Company Statement of Comprehensive Income

For the years ended December 31, 2017 and 2016
(all amounts in EUR thousands unless other stated)

	Note	2017	2016
Revenue	26	938,913	630,703
Costs incurred from financial institutions	26	(764,620)	(506,933)
Cost of inventory	4	(12,660)	(6,990)
<i>Net revenue</i>	26	<i>161,633</i>	<i>116,780</i>
Wages and salaries	27	(29,581)	(15,756)
Social securities and pension costs	27	(4,713)	(3,022)
Amortization and depreciation of tangible and intangible fixed assets	29/14	(4,876)	(3,392)
Other operating expenses	28	(33,606)	(37,752)
Other income	11	55	56,331
Other gains and losses	11	-	-
Income before interest income, interest expense and income taxes		88,912	113,189
Finance income		476	-
Finance expense		(775)	156
Other financial results		(1,157)	178
Net finance income		(1,456)	334
Share of the profit or (-) loss of investments in subsidiaries		3,773	4,048
Income before income taxes		91,229	117,571
Income taxes		(19,922)	(20,341)
<i>Net Income attributable to the owners of Adyen B.V.</i>		<i>71,307</i>	<i>97,230</i>
<i>Other comprehensive income</i>			
Items that may be reclassified to profit or loss:			
Gains on re-measuring available-for-sale financial assets	11	5,471	19,605
Income tax relating to this item	11	(1,418)	(3,597)
Other currency translation adjustments	18	(2,064)	235
Currency translation adjustments subsidiaries	18	(1,080)	437
Other comprehensive income for the year		910	16,680
<i>Total Comprehensive income for the year (attributable to owners of Adyen B.V.)</i>		<i>72,217</i>	<i>113,910</i>

9. Company Balance Sheet

As at December 31, 2017, 2016 and 2015
(all amounts in EUR thousands unless other stated)

	Note	31-Dec-17	31-Dec-16	31-Dec-15
Assets				
Intangible assets	14	3,978	3,955	2,978
Plant and equipment	29	16,449	11,006	6,375
Available-for-sale financial asset	11	25,076	19,605	45,972
Receivables	11	4,248	4,080	-
Deferred tax assets		186	-	-
Investments in consolidated subsidiaries on equity method	30	14,520	11,039	5,202
Total Non-current assets		64,457	49,685	60,527
Inventories	4	4,017	3,246	1,462
Receivables from financial institutions	31	143,002	351	-
Trade and other receivables	31	18,991	41,502	16,494
Current income tax receivables		1,744	-	-
Investments held-to-maturity	11	6,989	-	-
Cash and cash equivalents		841,376	264,539	182,154
Total Current assets		1,016,119	309,638	200,110
Total assets		1,080,576	359,323	260,637
<i>Equity attributable to owners of Adyen B.V.</i>				
Share capital	8	295	294	294
Share premium	8	149,314	148,331	148,159
Other reserves		27,933	25,706	53,001
Retained earnings		212,236	140,631	44,378
Total Equity attributable to owners of Adyen B.V.		389,777	314,962	245,832
Deferred tax liabilities	7	5,015	3,598	-
Total Non-current liabilities		5,015	3,598	-
Payable to merchants and financial institutions	34	660,876	12,000	-
Trade and other payables	34	24,908	12,677	12,801
Current income tax liabilities		-	16,086	2,004
Total Current liabilities		685,784	40,763	14,805
Total liabilities and equity		1,080,576	359,323	260,637

10. Company Statement of changes in Cash Flow

As at December 31, 2017, 2016 and 2015
(all amounts in EUR thousands unless other stated)

	Note	2017	2016
Income before income taxes		88,912	113,189
<i>Adjustments for:</i>			
- Finance income		(476)	-
- Finance expenses		775	156
- Other financial results		1,157	(89)
- Depreciation of plant and equipment	29	3,555	2,380
- Amortization of intangible fixed assets	14	1,321	1,012
- Share-based payments	3	827	773
- Receivables	11	(168)	(4,080)
<i>Changes in Working capital:</i>			
- Inventories	4	(771)	(1,784)
- Trade and other receivables	31	22,511	(25,008)
- Receivables from financial institutions	30/31	466,668	(351)
- Payables to merchants and financial institutions	30/34	(399,438)	12,000
- Trade and other payables	34	12,231	(124)
<i>Cash generated from operations</i>		197,104	98,074
Interest received		476	-
Interest paid		(775)	(156)
Income taxes paid		(39,752)	(9,272)
Net cash flows from operating activities		157,053	88,646
Merger of Adyen Foundation	30	438,995	-
Purchases of investments held-to-maturity	11	(6,989)	-
Purchases of plant and equipment	29	(8,998)	(7,023)
Capitalization of intangible assets	14	(1,344)	(1,989)
Disposal of plant and equipment	29	-	12
Dividends received	11	55	54
Net cash used in investing activities		421,719	(8,946)
Proceeds from issuance of ordinary shares	8	1	-
Share premium paid by the shareholders	8	983	172
Net cash flows from financing activities		984	172
Net increase in cash, cash equivalents and bank overdrafts		579,756	79,872
Cash, cash equivalents and bank overdrafts at beginning of the year		264,539	182,154
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts	18	(2,919)	2,513
Cash, cash equivalents and bank overdrafts at end of the year		841,376	264,539

11. Notes to the Company financial statements

Basis of preparation

The company financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the European Union (EU-IFRS) .

Changes in presentation of the parent company annual accounts and related notes – transition to IFRS reporting

The company financial statements of Adyen B.V. have been prepared in accordance with IFRS. Adyen adopted all IFRS standards and the adoption was carried out in accordance to IFRS 1, using January 1, 2016 as the transition date. The transition is carried out from Dutch GAAP, which is considered as the Previous GAAP. For all periods up to and including the year ended December 31, 2016, Adyen prepared its financial statements in accordance with Dutch Generally Accepted Accounting Practice (Dutch GAAP).

IFRS has been applied retrospectively without making use of the optional exemptions as mentioned in IFRS 1. With respect to the mandatory exceptions to retrospective application the following situations were considered:

- In previous financial statements Adyen applied Section 362 Book 2 of the Dutch Civil Code which allows the company to use the same principles in the company financial statements as in the consolidated financial statements.
- Due to the same application of accounting principles in the company financial statements there is no reconciliation provided, as no re-measurements are applicable to the company to comply with IFRS. The transition to IFRS reporting has not resulted in changes in the reported financial statements.

The principles in the company financial statements are therefore the same as those stated for the consolidated financial statements.

26. Company - revenue

	2017	2016
Processing fees	93,466	58,642
Settlement fees	798,815	534,485
Other services	46,632	37,576
Total revenue	938,913	630,703
Costs incurred from financial institutions	(764,620)	(506,933)
Cost of inventory	(12,660)	(6,990)
Net revenue	161,633	116,780

27. Company - employee benefits

	2017	2016
Salaries and wages	28,754	14,983
Pension costs – defined contribution plans	928	553
Share based compensation	827	773
Social securities	3,785	2,469
Total	34,294	18,778

28. Company - other operating expenses

	2017	2016
Housing costs	1,748	1,127
Office costs	762	484
IT costs	4,876	2,352
Sales & marketing costs	6,895	7,572
Travel and other staff expenses	6,015	4,353
Advisory costs	8,646	6,799
Insurances	867	327
Other operating expenses	3,797	14,738
Total	33,606	37,752

Other operating expenses 2016 includes merchant default costs.

29. Company - plant and equipment

	2017	2016
<i>Machinery and equipment</i>		
Opening net book value January 1	11,006	6,375
Additions	8,998	7,023
Other changes (e.g. exchange differences)	-	(12)
Depreciation for the year	(3,555)	(2,380)
Closing net book value December 31	16,449	11,006
Accumulated depreciation	(8,400)	(4,921)
Cost	24,849	15,927

30. Company - investments in consolidated subsidiaries on equity method

Accounting policy – investments in consolidated subsidiaries

Adyen's investment in consolidated subsidiaries is initially recorded at cost and subsequently accounted for using the equity method. Dividends received from the investees are recognised as a reduction in the carrying amount of the investment. Goodwill is currently not applicable.

Adyen's share of the results of the investees is reported in the income statement and its share of movements in other comprehensive income is recognised in other comprehensive income. Changes in Adyen's share of the net assets of the investees are recognised in the income statement as a gain or loss.

Investments are reviewed for impairment at least annually or whenever events or circumstances indicate that the carrying amount may not be recoverable.

Merger Adyen B.V. and Adyen Foundation

As outlined in note 1 Adyen merged the Foundation into Adyen B.V. the assets and liabilities recognised as a result of the merger are as follows:

	2017
Cash and cash equivalents	438,995
Receivables from financial financial institutions	609,319
Payables to merchants and financial institutions	(1,048,314)
Total consideration paid	-

Adyen B.V. – Subsidiaries

Name	Legal Seat	Ownership percentage
Adyen International B.V.	Amsterdam, The Netherlands	100%

Adyen B.V. – Branches

Name	Branch location
Adyen B.V., Belgian branch	Brussels, Belgium
Adyen B.V., Sucursal en España	Madrid, Spain
Adyen B.V., German branch	Berlin, Germany
Adyen France	Paris, France
Adyen Nordic Bank Fillial	Stockholm, Sweden

Adyen International B.V. – Subsidiaries

Name	Legal Seat	Direct and indirect ownership percentage
Adyen Inc.	San Francisco, CA, USA	100%
Adyen Services Inc.	Dover, DE, USA	100%
Adyen Nevada Inc.	Las Vegas, NV, USA	100%
Adyen do Brazil Ltda ¹⁾	São Paulo, Brazil	100%
Adyen Singapore PTE. LTD.	Singapore, Singapore	100%
Adyen UK Limited	London, United Kingdom	100%
Adyen Hong Kong Limited	Hong Kong, Hong Kong SAR	100%
Adyen Australia PTY Limited	Sydney, Australia	100%
Adyen Canada Ltd.	Saint John, Canada	100%
Adyen Korea Chusik Hoesa	Seoul, Republic of Korea	100%
Adyen Mexico, S.A. de C.V.	Mexico City, Mexico	100%
Adyen Nordic AB	Stockholm, Sweden	100%
Adyen (China) Software Technology Co. Ltd.	Shanghai, China	100%
Adyen New Zealand Ltd.	Auckland, New Zealand	100%
Adyen Malaysia Sdn. Bhd	Kuala Lumpur, Malaysia	100%
Adyen Iberia SLU	Madrid, Spain	100%
Adyen GmbH	Berlin, Germany	100%

¹⁾ In 2016 Adyen do Brazil Ltda and Adyen Servicios Pagamento Ltda were merged
There are no investments with losses that equal or exceed the Adyen's investment.

31. Company - receivables

Receivables fall due in less than one year except deposits transferred to Financial Institutions.

	31-Dec-17		31-Dec-16
Trade and other receivables	20,391		41,986
Less: allowance for doubtful accounts	(1,400)	-	484
Trade receivables – net	18,991		41,502
Financial institutions	143,002		351
Total	161,993		41,853

In 2016 2,476 related to receivables from Group Companies and 30,671 related to receivables from Adyen Foundation, there are no contractual repayment terms.

32. Shareholders' equity

Refer to the consolidated statement of changes in equity for the movements in shareholders' equity

The reserve for translation differences relates to all exchange rate differences arising from the translation of the net investment in foreign entities. The total of distributable reserves amounts to 361,550 (2016: 288,962). The other reserves presented above are restricted for distribution.

33. Dividends paid

No dividend has been paid in the years presented.

34. Company - current liabilities

	31-Dec-17		31-Dec-16
Payable to merchants and financial institutions	660,866		12,000
Trade payables	4,737		1,961
Taxes and social security	9,635		18,621
Accrued employees benefits	6,166		3,088
Accrued liabilities and other debts	4,380		5,093
Total	685,784		40,763

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

In 2017 3,342 relates to payables to Group Companies (2016: 2,339) there are no contractual repayment terms.

35. Directors' remuneration

For an overview of the directors' remuneration, reference is made to note 23 of the consolidated financial statements.

36. Audit fees

For an overview of the audit fees, reference is made to note 22 of the consolidated financial statements.

37. Contingencies and commitments

The company has no contingent liabilities in respect to legal claims.

Per December 31, 2017 the company has a credit facility agreement of 7,500 (2016: 7,500) and 5,015 (2016: 5,217) is used for bank guarantees and letters of credit. The credit facility agreement can be cancelled. In addition Adyen has an intra-day credit facility of 100 million (2016: nil) which is not used as per December 31, 2017.

Adyen B.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.

Pursuant to the Collection of State Taxes Act, the company and its subsidiary are both severally and jointly liable for the tax payable by the combination.

In the financial statements of Adyen B.V., tax expenses are calculated on the basis of the commercial result realized by Adyen B.V.

Adyen B.V. and Adyen International B.V. settle these expenses through their intercompany accounts.

38. Proposed profit appropriation

Awaiting the decision by the shareholders, the income for the year is separately included in the shareholder's equity as unallocated net income. It is proposed that the result for the year will be added to the retained earnings.

It is proposed that the dividend on the ordinary shares is not paid out but is added to the retained earnings.

39. Events after balance sheet date

There are no events after the reporting period.

Amsterdam, April 13, 2018

12. Other information

Provisions in the Articles of Association relating to profit appropriation

The Articles of Association of Adyen provide that the appropriation of the net income for the year is decided upon at the Annual General Meeting of Shareholders.

For the preferred dividends the Annual General Meeting of Shareholders can elect to pay out the annual dividend on these shares or to add the dividend to the class reserve.

Independent auditor's report

We refer to the next page.

13. Independent auditor's report



Independent auditor's report

To: the general meeting and supervisory board of Adyen B.V.

Report on the financial statements 2017

Our opinion

In our opinion Adyen B.V.'s financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2017, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2017 of Adyen B.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of Adyen B.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2017;
- the following statements for 2017: the consolidated and company statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence

We are independent of Adyen B.V. in accordance with the European Regulation on specific requirements regarding statutory audit of public interest entities, the 'Wet toezicht accountants-organisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (VIO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

The Company is a payment service provider with a banking licence in the Netherlands and has been fast growing over the past years. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

All of activities run on one web based payment platform operated by the Company. Therefore, the effective design and operations of IT general controls is significant to the Company and our audit. We refer to the section 'Key Audit Matters' in this respect.

The financial year was characterised by the fact that the Company obtained a banking license in April 2017. As part of the transition from the payment-service-provider license to the banking license, the Company merged with Stichting Adyen Client Management Foundation. The Company amended, following the merger, its terms and conditions with customers to reflect the Company would not be able to pledge or utilise for own purposes the receivables from financial institutions the company owns legally after the merger. Before obtaining the banking licence, the receivables were legally owned by Stichting Adyen Client Management Foundation. As a result of this change in terms and conditions, the Company determined that based on the requirements of EU-IFRS, receivables from financial institutions and related payables to merchants should be de-recognised from the balance sheet. This matter and our audit procedures thereon are further described in the section 'Key Audit Matters'.

Revenue growth is considered to be one of the key financial indicators for investors and other stakeholders in the Company to measure the performance of management. The Company achieved substantial revenue growth over the previous years and has a focus on revenue growth. Based on these facts and conditions we determined the risk of revenue overstatement and occurrence and considered the risk of fraud in revenue recognition to be a key audit matter.

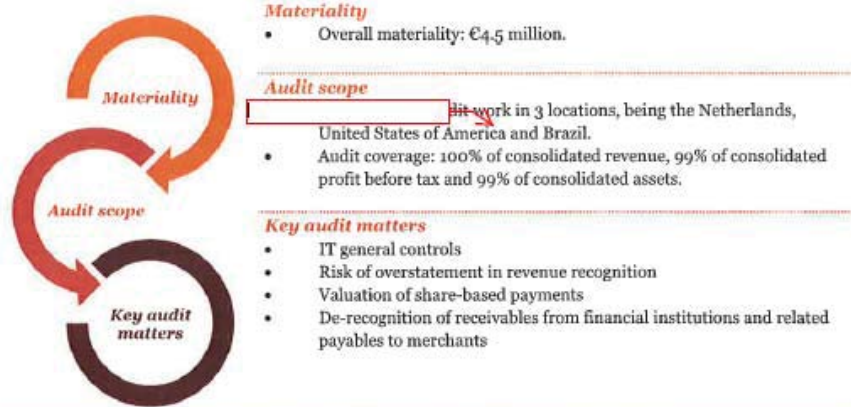
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements. In paragraph "Critical accounting policies" of the financial statements the Company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. Given the estimation uncertainty and the related higher risks of material misstatement in the fair value measurement of the share-based payments, we determined on this to be a key audit matter.



As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a payment service provider. We therefore included specialists in the areas of IT and valuation of share-based payments in our team.

The outline of our audit approach was as follows:



Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€4.5 million
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment we used 5% of profit before tax.
Rationale for benchmark applied	This benchmark is a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that profit before tax is an important metric for the financial performance of the company and is widely used within the industry.



Component materiality	The components in our audit scope were audited to an allocated component materiality or local statutory audit materiality that was less than our overall group materiality. The range of materiality allocated across components was between €0.7 million and €1.8 million.
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We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €225k as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Adyen B.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Adyen B.V.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at the component level by the group engagement team and by each component auditor.

The group audit primarily focussed on the significant components: the Netherlands, United States of America and Brazil (of which the Netherlands is the most significant component).

All three significant components above were subject to audits of their complete financial information as those components are individually financially significant to the Group. In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenues	100%
Total assets	99%
Profit before tax	99%

None of the remaining components represented more than 1% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures and audit procedures on any remaining material balances to corroborate our assessment that there were no significant risks of material misstatements within those components.

For the Netherlands the group engagement team performed the audit work. For the United States of America and Brazil components we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

The group consolidation, financial statement disclosures and a number of items, such as the valuation of share-based payments, are audited by the group engagement team at the head office.

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By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we make on the results of our procedures should be read in this context.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><i>IT general controls</i></p> <p>Due to the activities of the Company, the effective design and operations of IT general controls is of significance to the Company. In particular, the proper functioning operating effectiveness of the payment platform and relevant IT general controls are of great importance for the accurate and complete processing of occurred transactions.</p> <p>In addition to the above the financial accounting and reporting of the Company is largely dependent on the payment platform since the most significant line items in the balance sheet (cash and cash equivalents and payables to merchants) and the statement of comprehensive income (revenues and costs incurred from financial institutions) are recorded on the payment platform.</p> <p>Based on the above considerations, we considered IT general controls to be a key audit matter in our audit.</p>	<p>Our audit work included, amongst others, understanding, evaluating and testing on a quarterly basis the relevant IT general controls with the assistance of our IT auditors to the extent relevant for our audit. These comprised of the following key activities at the Company:</p> <ul style="list-style-type: none">• Computer operations ensuring reliability of IT systems: we tested controls that ensure that a backup and recovery process had been established by the Company, that local back up's (per individual datacentre) were made and stored cross-datacentre. Our test results demonstrated that production data were continuously replicated across the individual datacentres. Finally, we validated that on an annual basis, the business continuity plan was tested for operating effectiveness.• Access management and segregation of duties over IT systems: we tested controls which ensured that logical access to programs and data is limited to authorised personnel. These controls ensured amongst others complete and accurate processing of user rights of joiners, movers and leavers in the Company, periodic review of user accounts, review of database actions and limitation of administrator accounts throughout the application, database and network.



Key audit matter

How our audit addressed the matter

- Change management procedures for software and infrastructural changes: we tested controls which ensured that the development and maintenance of software was properly authorised, peer reviewed, approved (both manually and automated) and documented prior to implementation in the production environment.

We found that we could rely on the IT general controls of the Company for the purpose of our audit.

Risk of overstatement in revenue recognition
Refer to note 2 in the consolidated financial statements

The Company's services operate on a secure web based payment platform. Independent of whether payments are submitted online, mobile or through point-of-sale terminals, there is one integrated platform on which customers are being served and transactions are being processed. As such this key audit matter should be read and considered in conjunction with the key audit matter on IT general controls.

The revenues that the Company generated related to processing fees, settlement fees and fees for other services in connection with processed payments. For this purpose, the Company agreed with customers charge rates per transaction and by type of activity.

Revenue is recorded based on the assumption that the Company acts as a principal for all payment processing services it provides and therefore all revenues are reported on a gross basis.

The Company recognised substantial growth in revenue over the previous years and had a focus on revenue growth. Revenue is therefore a key financial indicator on which the performance of management is measured by investors and other stakeholders in the Company. Based on these facts and conditions we determined the risk of revenue overstatement. As such, we considered the risk of overstatement in revenue recognition (relating to the risk of overstatement and occurrence of revenues) to be a key audit matter in our audit.

Our audit work included, amongst others, an evaluation of management's process design and operating effectiveness of controls that mitigate the risk of overstatement of revenue recognition:

- Standing data maintenance covering the accuracy of customer contracts.
- Transaction handling relating to automated capturing and authorisation of payments.
- Automated settlement for matching of bank statements and collecting and matching refunds and charge-backs.
- Payment pay-out process covering the automated generating, processing and authorisation of pay-out batches.
- Invoicing to customers.

Based on our audit procedures over these activities, we determined that we could rely on these controls for the purpose of our audit.

In addition to testing the operating effectiveness of these controls on revenue recognition and IT general controls as summarised in the separate key audit matter on IT general controls, we also performed substantive procedures:

- On sample basis, we tested the accuracy of contractual rates captured in the payment system by comparing it to signed customer agreements.
- We evaluated and assessed recorded revenue against the requirements included in IAS 18 management's assessment in which it concluded that for all its payment services it acts as a principal.



Key audit matter

How our audit addressed the matter

- We reconciled the recognised revenue in the financial statements to the payment service platform.
- We tested a sample of manual journal entries in revenue recognition to supporting documentation.

The audit procedures carried out by us, did not identify material exceptions.

Valuation of share-based payments
Refer to note 3 in the consolidated financial statements

The Company had a stock option plan under which directors and employees were awarded stock options. This stock option plan qualified as share based payments under EU-IFRS. In 2017, the Company recorded €1.3 million of expenses in relation to share based payments.

The recognition and measurement of granted options was measured at fair value. The fair value of granted options was calculated based on a Black Scholes model in which for each granted option the fair value was determined.

The Company determined the total enterprise valuation based on an average of three years discounted cash flows using a weighted average cost of capital. On this basis, the grant date fair values of option grants were calculated which includes the expected volatility. In particular, the expected volatility required significant judgment from management since it was based on statistical analysis of share prices of listed peer companies of the Company over the last six years. The Company made use of a third party vendor to assist them in the valuation process of granted options.

Given the related estimation uncertainty and complexity involved in determining the fair value of share-based payments that results in a higher risk of material misstatement, we determined this to be a key audit matter in our audit.

Our audit work included, amongst others, an evaluation of management's process design and operating effectiveness of controls that cover the granting and valuation process for share-based payments and the governance over the valuation process. The control we have tested, amongst others, pertained to the approval of stock options granted to employees. Based on these audit procedures, we determined that we could rely on these controls for the purpose of our audit.

Furthermore, we have performed the following audit procedures:

- Tested the option administration by reconciling on a sample basis the number of options, exercise prices, grant dates and vesting periods to underlying documents such as the stock option plan and individual grants to employees.
- With the assistance of our valuation specialists, we tested the total enterprise valuation based on an average of three years discounted cash flows using a weighted average cost of capital. In doing so, we evaluated the methodology applied by the Company to perform the valuation. In addition, we tested the grant date fair values of option grants made during 2017 including the expected volatility through a benchmark analysis. This benchmark analysis comprised of an independent assessment of historical volatilities of peer companies of the Company. Finally, we validated the weighted average cost of capital by comparing this against relevant market data.
- We evaluated the competence, capabilities and objectivity of the independent valuator and evaluated the work of the third party vendor.

We found the assumptions used in the valuation of share based payments by the Company fell within an acceptable range when compared to relevant market data.

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<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><i>De-recognition of receivables from financial institutions and related payables to merchants</i> <i>Refer to the section 'Significant developments in the reporting period' and note 16.1 in the consolidated financial statements</i></p> <p>As part of the transition from the payment-service-provider license to the banking license, the Company merged with Stichting Adyen Client Management Foundation. The Company amended, following the merger, its terms and conditions with customers to reflect the Company would not be able to pledge or utilise for own purposes the receivables from financial institutions the Company owns legally after the merger. Before obtaining the banking licence, the receivables were legally owned by Stichting Adyen Client Management Foundation.</p> <p>As a result of this change in terms and conditions, the Company determined that based on the requirements of EU-IFRS, receivables from financial institutions and related payables to merchants should be de-recognised from its balance sheet. The company has the obligation to pay the receivables from financial institutions directly to the merchants and has no obligation to pay the merchants unless it collects the amounts first, which meet the requirements of a pass through arrangement according to IAS 39. A pass through arrangement exists when an entity has the obligation to remit cash flows without material delay and is not able to reinvest such cash flows.</p> <p>The Company has determined that the amended terms and conditions meets these requirements and therefore the relating receivables from financial institutions and related payables to merchants should be derecognised. This de-recognition had a significant impact on the balance sheet and statement of cash flows and therefore we determined this to be a key audit matter in our audit.</p>	<p>Our audit work included, amongst others, the following audit procedures:</p> <ul style="list-style-type: none">• We read the relevant parts of the amended terms and conditions.• We assessed the company's accounting treatment against the de-recognition requirements included in EU-IFRS. In particular, we have inspected the amended terms and conditions of the merchant agreements to test that the pass-through arrangement requirements as included in IAS 39 were met.• Assessed whether the relevant disclosures in the financial statements comply with EU-IFRS requirements. <p>We found that we could concur with the de-recognition accounting treatment applied by the Company in accordance with IAS 39.</p>

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors report;
- the supervisory board report;



- the remuneration report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the report of the board of directors' and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were re-appointed as auditors of Adyen B.V. on 7 April 2017 by the supervisory board. The appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 9 years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 22 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.



As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 13 April 2018
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.S. de Bruin RA



Appendix to our auditor's report on the financial statements 2017 of Adyen B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

1. Directors' report

The Director's report is not included in these financial statements. Such report is available for review and can be obtained from the Chamber of Commerce in the Netherlands.

2. Consolidated Statement of Comprehensive Income

For the years ended December 31, 2016 and 2015

(all amounts in EUR thousands unless other stated)

	Note	2016	2015
Revenues	6	659,361	331,101
Costs incurred from financial institutions		(494,386)	(230,939)
Changes in inventory	20	(6,990)	(1,712)
Wages and salaries	10	(38,042)	(31,296)
Social securities and pension costs	10	(5,435)	(3,732)
Amortization and depreciation of tangible and intangible fixed assets	16&17	(4,136)	(2,218)
Other operating expenses	12	(47,433)	(20,358)
Other income	7	54	
Other gains and losses	7	56,282	
Income before interest income, interest expense and income taxes		119,275	40,846
Finance income	8	381	497
Finance expense	8	(236)	(8)
Other financial results	13	89	(293)
Net finance income		234	196
Income before income taxes		119,509	41,042
Income taxes	15	(22,279)	(7,434)
Net income for the period		97,230	33,608
Net income attributable to:			
Owners of Adyen B.V.		97,230	33,608
		97,230	33,608
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Gains on re-measuring available-for-sale financial assets	24	19,605	57,465
Income tax relating to this item	24	(3,597)	(11,493)
Other currency translation adjustments	24	225	55
Currency translation adjustments subsidiaries	24	437	150
Other comprehensive income for the year		16,670	46,177
Total Comprehensive income for the year (attributable to owners of Adyen B.V.)		113,900	79,785

The items of other comprehensive income in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 15.

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

3. Consolidated Balance Sheet

As at December 31, 2016 and 2015

(all amounts in EUR thousands unless other stated)

	Note	31-Dec-16	31-Dec-15
Assets			
Non-current assets			
Intangible assets	16	3,955	2,978
Property, plant and equipment	17	15,084	7,692
Available-for-sale financial asset	18	19,605	45,972
Receivables	19	4,080	
Deferred tax assets	15	1,160	919
Total Non-current assets		43,884	57,561
Current assets			
Inventories	20	3,246	1,462
Trade and other receivables	21	11,655	8,435
Receivables from financial institutions	21	636,751	251,640
Cash and cash equivalents	22	680,067	502,318
Total Current assets		1,331,719	763,855
Total assets		1,375,603	821,416
Equity			
Equity attributable to owners of Adyen B.V.			
Share capital	24	294	294
Share premium	24	148,331	148,159
Other reserves	24	25,706	53,001
Retained earnings	24	140,631	44,378
Total Equity		314,962	245,832
Non-current liabilities			
Deferred tax liabilities	15	3,848	19
Total Non-current liabilities		3,848	19
Current liabilities			
Payables to merchants	23	1,027,043	560,263
Trade and other payables	23	14,715	12,774
Current income tax liabilities	23	15,035	2,528
Total Current liabilities		1,056,793	575,565
Total liabilities and equity		1,375,603	821,416

4. Consolidated Statement of Changes in Equity

For the years ended December 31, 2016 and 2015
(all amounts in EUR thousands unless other stated)

Attributable to equity owners of Adyen B.V.

	Note	Share capital	Share premium	Other legal reserves	Other reserves	Retained earnings	Total equity
Balance - January 1, 2015	24	288	108,184	2,000	1,709	11,711	123,892
Net income for the year						33,608	33,608
Proceeds on issuing shares		6	39,975				39,981
Share-based payments	9				2,174		2,174
Intangible assets				941		(941)	-
<i>Other comprehensive income</i>							-
Re-measurement available-for-sale financial asset	18			45,972			45,972
Other currency translation adjustments				55			55
Currency translation adjustments subsidiaries				150			150
Balance – December 31, 2015		294	148,159	49,118	3,883	44,378	245,832
Balance - January 1, 2016	24	294	148,159	49,118	3,883	44,378	245,832
Net income for the year						97,230	97,230
Proceeds on issuing shares			172				172
Share-based payments	9				1,030		1,030
Intangible assets				977		(977)	-
<i>Other comprehensive income/(expense)</i>							
Disposal available-for-sale financial asset	18			(45,972)			(45,972)
Re-measurement available-for-sale financial asset	18			16,008			16,008
Other currency translation adjustments				225			225
Currency translation adjustments subsidiaries				437			437
Balance – December 31, 2016		294	148,331	20,793	4,913	140,631	314,962

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 15. The accompanying notes are an integral part of these consolidated financial statements.

5. Consolidated Statement of Cash Flows

For the years ended December 31, 2016 and 2015
(all amounts in EUR thousands unless other stated)

	Note	2016	2015
Cash flows from operating activities			
Income before income taxes		119,509	41,042
<i>Adjustments for:</i>			
- Finance income	8	(381)	(497)
- Finance expenses	8	236	8
- Other financial results	13	(89)	293
- Depreciation of tangible fixed assets	17	3,124	1,533
- Amortization of intangible fixed assets	16	1,012	685
- Share-based payments	9	1,030	2,175
<i>Changes in Working capital:</i>			
- Inventories	20	(1,784)	(1,394)
- Trade and other receivables	21	(3,220)	(2,981)
- Receivables from financial institutions	21	(385,111)	(103,829)
- Payables to merchants	23	466,780	208,479
- Trade and other payables	23	1,941	271
Cash generated from operations		203,047	145,785
Interest received		381	495
Interest paid		(11)	(8)
Income taxes paid		(9,772)	(7,874)
Net cash flows from operating activities		193,645	138,398
Cash flows from investing activities			
Purchases of property, plant and equipment	17	(10,537)	(5,236)
Purchases of intangible assets	16	(1,989)	(1,626)
Disposal of property, plant and equipment	17	12	
Receivables	19	(4,080)	
Dividends received	7	54	
Net cash used in investing activities		(16,540)	(6,862)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	24		6
Share premium paid by the shareholders	24	172	39,975
Net cash flows from financing activities		172	39,981
Net increase in cash, cash equivalents and bank overdrafts		177,277	171,517
Cash, cash equivalents and bank overdrafts at beginning of the year		502,318	330,886
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		472	(85)
Cash, cash equivalents and bank overdrafts at end of the year		680,067	502,318

6. Notes to the Consolidated Financial Statements

1. General information

Adyen B.V. ("the Company or the Group") is a payment service provider ("PSP") acting under a Payment Institution License issued by the Dutch Central Bank (see Financial Service Act section 1:107) Adyen B.V. is licensed as a Payment Institute under the EU Payment Service Directive and as such regulated and supervised by the Dutch Central Bank. To meet the requirements on the security of funds received from payment services, Adyen B.V. uses a special purpose entity Stichting Adyen Client Management Foundation ("The Foundation"). The Dutch Central Bank will therefore include Adyen B.V. and Stichting Adyen Client Management Foundation jointly in its supervision.

The Company has operations in the Netherlands, Germany, France, Brazil, Singapore, Sweden, UK, Spain, Belgium, Canada, Australia, Korea, Hong Kong, Mexico, China, New Zealand, Malaysia and the United States. The Company is a limited liability Company ("Besloten Vennootschap") domiciled in the Netherlands. The address of the Company's registered office is Simon Carmiggelstraat 6 -50, 5th floor, 1011DJ Amsterdam, the Netherlands.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation and adoption of IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the European Union and in accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

As the financial data of the Company are included in the consolidated financial statements, the income statement in the Company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

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

These financial statements were approved by the supervisory board for issue on 7 April, 2017

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, unless stated otherwise.

New and amended standards adopted by the group:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016 and are applicable for consolidated financial statements of the Company:

New standards and interpretations not yet adopted:

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Company.

None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments,' addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 has been endorsed by the European Union at November 2016.

This standard will replace the existing standard on the recognition and measurement of financial instruments and requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. We do not expect that the current IAS 39 classification of financial instruments applicable to us will differ significantly from the classification of such applicable financial instruments as determined in IFRS 9, except that the available-for-sale asset relating to preferred stock in Visa Inc. will be classified at fair value through OCI and therefore result will no longer recycle to the consolidated statement of comprehensive income.

The standard has introduced a new expected-loss impairment model that will require impairment losses to be recognised on an expected loss basis. This new model will apply to financial assets measured at either amortised cost or fair value through OCI, as well as certain off-balance sheet exposures. We do not deem such off-balance sheet exposures, in terms of IFRS 9, to be applicable to us with regards to the measurement of expected credit losses. Also, we do not expect that the new impairment rules have a significant impact on the Group.

Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt IFRS 9 before its mandatory date of 1 January 2018.

IFRS 15, 'Revenue from contracts with customers' is a new standard for the recognition of revenue.

This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognize transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2018), i.e. without restating the comparative period.

The Group or the Company will make more detailed assessments of the impact over the next twelve months but do not expect a significant impact.

Mandatory for financial years commencing on or after 1 January 2018.

Expected date of adoption by the Group: 1 January 2018.

IFRS 16 'Leases', issued in January 2016, includes a new approach to lease accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by leases. The model reflects that, at the start of a lease, the lessee obtains a right to use the underlying asset for a period of time, and the lessor has provided or delivered that right. Both the asset and the liability are initially measured at the present value of lease payments. A lessee presents amortization of the right-of-use asset in the same line item as other similar expenses (for example, depreciation of property, plant, and equipment) and interest on the lease liability in the same line item as interest on other, similar financial liabilities. For lessors, the accounting stays almost the same. However, the definition of a lease, as well as the guidance on the combination and separation of contracts, have been updated. IFRS 16 is effective for periods beginning on or after 1 January 2019.

At this stage, the Group does not intend to adopt the standard before its effective date. The new rule will have no significant impact on the Group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Consolidation

Subsidiaries are all entities (including structured entities) over which the Company has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Stichting Adyen Client Management Foundation ("The Foundation") is fully consolidated since the foundation solely provides services to the group and is controlled by the Company. As part of the Company's business model, Adyen collects receivables from financial institutions and passes these amounts on to customers. The Foundation acts as a Trustee between the financial institutions and Adyen's merchants.

Inter-Company transactions, balances, income and expenses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Company statement of income

An abridged Company statement of income is presented in accordance with Section 402 of Book 2 of the Dutch Civil Code.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each consolidated entity in the Adyen B.V. group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Adyen B.V. is the Euro.

The financial statements of entities that have a functional currency different from that of Adyen B.V. ("foreign operations") are translated into EUR as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates). All resulting changes are recognised in other comprehensive income as cumulative translation adjustments.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entities' functional currency are recognised in the statement of income in "currency translation adjustments".

Intangible assets

The Company's intangible assets are stated at cost less accumulated amortization and include internally generated software with finite useful lives. These assets are capitalized and amortised on a straight-line basis in the statement of income over the period of their expected useful lives as follows:

- Internally generated software 5 years.
- Expenditures during the research phase are expensed as incurred.
- Expenditures during the development phase are capitalized if certain criteria, including technical feasibility and intent and ability to develop and use the technology, are met; otherwise they are expensed as incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Machinery and equipment	5 years
Leasehold improvement	3-5 years
Furniture and fixture	3-5 years

The Company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognised when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment of assets

Assets with definite useful lives are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets and liabilities

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

At initial recognition, the Company classifies its financial instruments in the following categories:

- i. Financial assets and liabilities at fair value through profit or loss
- ii. Available-for-sale financial assets
- iii. Loans and receivables
- iv. Financial liabilities at amortised cost

The Company only has available-for-sale financial asset and loans and receivables and financial liabilities measured at amortised cost.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise trade receivables and cash and cash equivalents, and are included in current assets due to their short-term nature.

Loans and receivables are initially recognised at fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest method less a provision for impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see IAS 18 Revenue), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Other receivable represents deferred cash receivable from Visa Inc., to be received on the third anniversary of the closing date of the transaction. The fair value reflects the present value of the future cash receivable, by discounting the cash amount to be received at an appropriate market rate.

Financial liabilities:

Financial liabilities at amortised cost include trade payables, bank debt and long-term debt. Trade payables are initially recognised at fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank debt and long-term debt are recognised initially at fair value, net of any transaction costs incurred, and subsequently at amortised cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Available-for-sale financial asset:

Available-for-sale investment is a financial asset that is intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to maturity investments or financial assets at fair value through profit or loss.

The available-for-sale financial asset is initially recognised at fair value, which is the cash consideration and measured subsequently at fair value with gains and losses being recognised in the consolidated statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the consolidated statement of comprehensive income is recognised in the consolidated income statement. However foreign currency gains and losses on monetary assets classified as available for sale are recognised in the consolidated income statement.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include:

- (i) significant financial difficulty of the obligor;
- (ii) delinquencies in interest or principal payments; and
- (iii) it becomes probable that the obligor will enter bankruptcy or other financial reorganization.

If such evidence exists, the Company recognizes an impairment loss which is taken to the Consolidated Statement of Comprehensive Income.

The loss is the difference between the amortised cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortised cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The costs of finished goods comprise the purchase value of these goods. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Fair valuation measurements

The Company has a financial instrument measured at fair value. For disclosure purposes the Company determines the fair value of the financial instruments. The different levels have been defined as follows:

Level 1 – The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2 – The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity, in which case the income tax is also recognised directly in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognised

if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit / loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and liabilities are presented as non-current.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

Post-employment benefit obligations:

Group companies operate various pension schemes. The entitlement of the employees under the Company's pension plans is all classified as defined contribution plans.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments & option plan:

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of Adyen B.V. The fair value of the employee services received in exchange for the grant of Depository Receipts of the Company is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the group revises its estimates of the number of Depository Receipts that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Revenue recognition

Sales from services provided are recognised in the accounting period when the services are rendered. The outcome can be estimated reliably when all the following conditions are met:

- (i) the amount of revenue can be measured reliably;
- (ii) it is probable that the economic benefits associated with the transaction will flow to the enterprise;
- (iii) the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- (iv) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenues are determined on the fair value of the consideration received or receivable. In most cases, the consideration received or receivable will be in cash. In that case, the fair value of the consideration equal to the amount of cash. The amount of the revenue is determined after deducting sales commissions.

Adyen has the following sources of revenue:

- (i) Processing fees
- (ii) Settlement fees
- (iii) Other services

Processing fees are recognised as revenue when a transaction is initiated via the Adyen payment platform. Settlement fees are recognised when a payment transaction has been completed by means of settlement with the merchant. Other fees, such as chargeback letter fees, forex fees and refund fees are recognised as revenue when the services are rendered.

Revenue is recognised based on the assumption that the Company acts as a principal for all the payment processing services it provides to the Merchants. Settlement fees are presented net of the amount that is paid to the merchants since Adyen considers itself an agent for the collection of amounts from the consumer and payout to the merchant for this part of the amount that is collected by Adyen. Adyen considers itself a principal for the payment services that it provides to merchants and presents the fees charged and costs incurred to provide these services, including credit card fees and other charges paid to financial institutions, on a gross basis.

Leases

Operating leases:

The group leases certain property, plant and equipment and office buildings. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Company currently has no finance leases.

3. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

The financial statements currently contain the following critical accounting estimates and judgments:

Management has determined the Company acts as a principal for the total of the amount it charges to the merchants for providing payment services, including the credit card fees, because it believes that the Company is the primary obligor for these services and bears the significant risks and rewards associated with providing the payments services to the merchants. This is evidenced by the fact that the entity has the primary responsibility for fulfilling the payment services to the client and has latitude in setting the prices it charges for these services. The amount recognised as revenues therefore includes the credit card fees charged by the various credit card schemes that are recharged to the merchants as part of the settlement fees.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items that are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgments is included in notes below together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgments are:

- Estimated useful life of intangible asset – note 16

Estimates and judgments are continuously evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. For a description of the assumptions applied in these significant estimates or judgments we refer to the summary of significant accounting policies.

4. Financial risk factors

Financial risk management

The Company's activities expose it to a variety of financial risks. Risk management is carried out by management. Management identifies and evaluates the financial risks in co-operation with the Company's operating units based on principles for overall risk management. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance. Management is of the opinion that the Company's exposure to financial risks is limited.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises on recognised assets and liabilities, principally trade receivables and trade payables, and investments in foreign operations.

Management does not actively manage the foreign exchange risk because the exposure to foreign exchange risks is limited. This situation is evidenced by the absence of any significant results related to foreign exchange risk in the income statement.

This table below presents the financial assets and liabilities excluding the Stichting Adyen Client Management Foundation:

	31-Dec-16	31-Dec-15
Financial assets		
Available-for-sale financial asset	19,605	45,972
Receivables	4,080	
Trade and other receivables	8,071	4,432
Cash and cash equivalents	269,292	184,958
Total financial assets	301,048	235,362
Financial liabilities		
Trade and other payables	2,481	1,299
Accrued liabilities and other debts	5,566	2,146
Total financial liabilities	8,047	3,445

	31-Dec-16	31-Dec-15
Financial assets		
EUR	298,054	234,239
AUD	679	537
USD	2,038	486
GBP	160	44
SGD	117	56
Total financial assets	301,048	235,362
Financial liabilities		
EUR	8,047	3,445
Total financial liabilities	8,047	3,445

Foreign currency sensitivity analysis

The sensitivity analysis below details the impact of a 10% (2015: 10%) strengthening in the Group's significant currencies against Euro, applied to the net result and equity of the Company.

31 December 2016	AUD	USD	GBP	SGD
Monetary assets	679	2,038	160	117
Net monetary position	679	2,038	160	117
Currency impact	68	204	16	12
31 December 2015	AUD	USD	GBP	SGD
Monetary assets	537	486	44	56
Net monetary position	537	486	44	56
Currency impact	54	49	4	6

(ii) Equity price risk

The Company's exposure to equity securities price risk arises from investment in Visa Inc. preferred shares, which are classified in the balance sheet as available-for-sale. Visa Inc. (NYSE: V) shares are publicly traded at NYSE.

Amounts recognised in profit or loss and other comprehensive income

The amount recognised in other comprehensive income in relation to the available-for-sale financial asset is disclosed in note 24.

(iii) Interest rate risk

Interest rate risk could arise from adverse movements in underlying interest rates. Because the Company is not financed with external debt, no significant interest rate risk is present. Although significant liabilities towards the merchants are present, these liabilities are non-interest bearing and are settled at short notice creating no significant interest rate risk.

The cash balances of the Company are not significantly exposed to interest rate risk due to the fact that cash is used to settle the current liabilities towards the merchants at short notice and the bank accounts of the Company are non-interest bearing.

(b) Credit risk

The counterparty credit risk relates to payment obligations of merchants regarding fees, refunds and chargebacks, receivables from financial institutions regarding settled payment transactions, and cash and cash-equivalents held at financial institutions. A default of merchants or financial counterparties could have a negative impact on Adyen's financial results.

Company surplus cash is invested in interest bearing short-term deposits with financial institutions and is exposed to credit risk with these counterparties. Adyen actively manages concentration risk and it is the Company's policy to only hold cash and cash equivalents at banks with a credit rating A or higher.

The credit quality of receivables from financial institutions is assessed based on financial position, past experience and other factors, no defaults occurred during the year and management does not expect any losses from non-performance by these counterparties.

It is the Company's policy to minimize the merchant credit risk related to fees and chargebacks. Credit risk is therefore managed on a customer basis. A merchant can be required to place a deposit or other forms of guarantees with the Company. The amount of the deposit and/or guarantee is based on the expected value of the transactions and expected chargebacks that will be processed for the merchants and is adjusted for the actual transaction volumes. This deposit covers for potential refunds, chargebacks, and other potential financial obligations of the merchant towards Adyen. This together with the fact that Adyen collects the payments on behalf the merchants and settles the payments with the merchants minus the fees charged by the Company reduces the credit risk of the Company. The maximum exposure to credit risk for the accounts receivable is equal to the book value minus the amount of the deposits.

The maximum exposure to credit risk for the accounts receivable is equal to the book value minus the amount of the deposits.

Cash and cash equivalents are held at banks. It is the Company's policy to only hold cash and cash equivalents at banks with a credit rating A or higher. The credit quality of receivables from financial institutions is assessed based on financial position, past experience and other factors, no defaults occurred during the year and management does not expect any losses from non-performance by these counterparties. As a result the maximum credit exposure is limited.

(c) Liquidity risk

Liquidity risk is the risk that Adyen could not meet its short-term payment obligations.

Cash flow forecasting is performed in the operating entities of the Company and aggregated in head office which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Surplus cash held by the operating entities over and above balances required for working capital management are invested in interest bearing short-term deposits, which are selected with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The group considers that the carrying value of trade and other receivables gives a fair presentation of the credit quality of the assets. This is considered to be the case, as these are existing customers with no defaults in the past. The carrying value is expected to be the final value received. Cash and cash equivalents are held at banks. It is the Company's policy to only hold cash and cash equivalents at banks with a credit rating A or higher. The credit quality of receivables from financial institutions is assessed based on financial position, past experience and other factors, no defaults occurred during the year and management does not expect any losses from non-performance by these counterparties.

The table below analyses the group's non-derivative financial instruments into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2016

	Non-maturity	Less than 3 months	3 months to 1 year	2-5 years	Total
Financial assets:					
Available-for-sale financial assets	19,605				19,605
Receivables				4,080	4,080
Trade and other receivables		8,071			8,071
Receivables from financial institutions		636,751			636,751
Subtotal	19,605	644,822	-	4,080	668,507
Cash					
Non-restricted		677,067			677,067
Restricted		3,000			3,000
Subtotal	-	680,067	-	-	680,067
Financial liabilities:					
Payables to merchants		1,027,043			1,027,043
Trade and other payables		2,481			2,481
Accrued liabilities and other debts		5,092		474	5,566
Subtotal	-	1,034,616	-	474	1,035,090
Net position	19,605	290,273	-	3,606	313,484

December 31, 2015

	Non-maturity	Less than 3 months	3 months to 1 year	2-5 years	Total
Financial assets:					
Available-for-sale financial assets	45,972				45,972
Trade and other receivables		5,460	1,259	1,716	8,435
Receivables from financial institutions		251,640			251,640
Subtotal	45,972	257,100	1,259	1,716	306,047
Cash					
Non-restricted		499,318			499,318
Restricted				3,000	3,000
Subtotal	-	499,318	-	3,000	502,318
Financial liabilities:					
Payables to merchants		560,263			560,263
Trade and other payables		3,486	2,528		6,014
Accrued liabilities and other debts		8,088	545	655	9,288
Subtotal	-	571,837	3,073	655	575,565
Net position	45,972	184,581	(1,814)	4,061	232,800

At the balance sheet date the total of non-restricted cash amounts to 677,067 (2015: 499,318). The Company has a credit facility agreement of 7,500 (2015: 7,500) and 5,217 (2015: 1,384) is used for bank guarantees and letters of credits.

(d) Financial instruments and fair values

(a) Measurement categories

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognised in the statement of income or comprehensive income. Those categories are: fair value through profit or loss; loans and receivables; available for sale assets; and, for liabilities, amortised cost.

The Company has no balances of financial assets or liabilities classified as fair value through profit and loss.

(b) Fair values, including valuation methods and assumptions

The carrying values of cash and cash equivalents, current receivables and current payables approximate their fair value due to their short-term nature.

5. Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital of the Company comprises the reserves and the share capital related to the ordinary shares and the preferred shares.

In order to maintain or adjust the capital structure, the Company may amend the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Due to the growth strategy of the Company, the Company has no active dividend policy. Earnings are added to reserve to support and finance the growth strategy.

The Company is currently fully financed by means of equity and short-term liabilities which are part of the working capital and for which the duration equals the duration of the related accounts receivable.

6. Revenues

The breakdown of revenue by category is as follows:

	2016	2015
Processing fees	58,642	34,485
Settlement fees	563,143	275,857
Other services	37,576	20,759
	659,361	331,101

7. Other income and expense items

This note provides a breakdown of the items included in other income and other gains.

Other income	2016	2015
Dividends	54	
	54	-

Visa Inc. preferred stock carries the right to receive discretionary dividend payments. In 2016 EUR 54 of dividends were received.

Other gains and losses	2016	2015
Gain on sale of available-for-sale financial assets	56,282	
	56,282	-

On disposal, the carrying amount of the Visa Europe share is removed from the balance sheet and debited to profit or loss as a component of the net gain on disposal of the Visa Europe share. Any related amounts accumulated in other comprehensive income are recycled to the same line in profit or loss at the point of disposal.

Cash consideration received is recognised as a financial asset at the amount received with a corresponding credit to profit or loss as a component of the net gain or loss on disposal of the Visa Europe share.

8. Finance income and costs

	2016	2015
Finance cost:		
• Interest cost	(236)	(8)
Total finance cost	(236)	(8)
Finance income:		
• Interest income on short-term bank deposits	301	497
• Interest income on the deferred consideration	80	
Total finance income	381	497
Net finance income (excluding Other financial results)	145	489

9. Share-based payments

The Company has granted Depositary Receipts to directors and to employees as part of their remuneration up to 2013. The exercise price paid by the employees is equal to the fair value of the Depositary Receipts granted. The grant of the Depositary Receipts is conditional on the employee completing three years' service (the vesting period). If the employee leaves within the three years, the Company has the right, but not the obligation, to repurchase the Depositary Receipts at the original purchase price. Unlike the shareholders, employees do not receive shares in the Company but Depositary Receipts. The related shares of the Company are held by an administration foundation which issues the Depositary Receipts to the employees. These Depositary Receipts entitle the holder a share of the profits earned by the Company.

When an employee leaves the Company after the vesting period, the Company has the right, but is not required, to repurchase the Depositary Receipts at fair value. If the Company does not exercise its right to acquire the Depositary Receipts of the employee, the right is transferred to the other Depositary Receipts holders. If these do not exercise this right, the Depositary Receipts can be sold to a third party at fair value. Currently the Company does not have the intention, nor a history or formal management policy which requires the Company to re-acquire the Depositary Receipts when an employee leaves the Company.

The expenses related to the granted Depositary Receipts amounts to nil because the exercise price equals the fair value at the grant date. The share-based payment plan of the Company is classified as an equity-settled plan.

The Company has an option plan for directors and employees. Exercisable options give the opportunity to acquire Depositary Receipts. The exercise price of the granted options is equal to the market price of the shares at grant date. Options will vest over a period of four years. The vesting period starts on the grant date. 25% of the options will vest on the first anniversary of the grant date. The remaining 75% of the options will then vest monthly, in equal proportions at the end of each month, over the following 36 months. Options can be exercised at any time from the vesting date until the 8th anniversary of the grant date. The Company has no legal or constructive obligation to repurchase or settle the options in cash. The maximum aggregate number of Depositary Receipts in respect to which options shall be granted is 1,312,500. In 2016 76,750 (2015: 224,700) were granted and 597,050 (2015: 380,442) options are exercisable. The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was EUR 6.84 (2015: EUR 9.52) per option.

The following significant inputs to the model were used:

Period of grants	Grant	2016	2015
Q1 2015	Number of instruments granted		73,700
	Weighted average exercise price (in EUR)		37.59
	Weighted average share price at the date of grant		35.50
	Range of annual risk-free interest rate		0.162%
Q2 2015	Number of instruments granted		100,000
	Weighted average exercise price (in EUR)		39.90
	Weighted average share price at the date of grant		37.91
	Range of annual risk-free interest rate		-0.079% - 0.174%
Q3 2015	Number of instruments granted		7,500
	Weighted average exercise price (in EUR)		39.90
	Weighted average share price at the date of grant		39.80
	Range of annual risk-free interest rate		0.192%
Q4 2015	Number of instruments granted		43,500
	Weighted average exercise price (in EUR)		61.91
	Weighted average share price at the date of grant		41.22
	Range of annual risk-free interest rate		0.013% - 0.209%
Q1 2016	Number of instruments granted	28,300	
	Weighted average share price at the date of grant	42.20	
	Range of annual risk-free interest rate	-0.234% - 0.129%	
Q2 2016	Number of instruments granted	9,500	
	Weighted average share price at the date of grant	43.85	
	Range of annual risk-free interest rate	-0.304% - -0.143%	
Q3 2016	Number of instruments granted	11,600	
	Weighted average share price at the date of grant	44.87	
	Range of annual risk-free interest rate	-0.473% - -0.393%	
Q4 2016	Number of instruments granted	27,350	
	Weighted average share price at the date of grant	46.17	
	Range of annual risk-free interest rate	-0.492% - -0.122%	
	Share price at the date of grant	Various	Various
	Expected life (years)	6 years	6 years
	Settlement	Equity settled	Equity settled
	Expected volatility (%)	30%	30%
	Expected dividends (dividend yield)	Nil	Nil

The volatility measured at the standard deviation on continuously compounded share returns is based on statistical analysis of daily share prices over the last six years. The volatility of 30% (2015: 30%) is an average volatility of listed peer companies.

The share price at grant is not objectively determinable therefore the Company has contracted a third party to determine the total enterprise value based on the average of three discounted cash flow with a Weighted Average Cost of Capital (WACC).

The grant date fair value of the options is expensed over the vesting period of the options.

See note 10 for the total expense recognised in the income statement for share options granted to directors and employees.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2016 Weighted average exercise price (in EUR) per share option	2016 Number of options (thousands)	2015 Weighted average exercise price (in EUR) per share option	2015 Number of options (thousands)
Outstanding at 1 January	17.96	1,041	10.95	819
Granted	66.50	76	43.40	225
Forfeited	11.82	-84	10.95	-3
Exercised	10.95	-16		
Expired				
Outstanding at 31 December	22.21	1,017	17.96	1,041

10. Wages and employee benefits expense

The expected contributions to the pension benefit plans for 2017 are 930. The average number of fulltime equivalents during the year was approximately 425 FTE of which 166 FTE outside of the Netherlands (2015: 332FTE / 111 FTE outside of the Netherlands). At year-end 480 people (2015:354) were working for the Company.

	2016	2015
Salaries and wages	37,012	29,121
Pension costs – defined contribution plans	780	604
Share based compensation	1,030	2,175
Other	4,655	3,128
	43,477	35,028

11. Compensation of key management

Key management during 2016 concerned five directors of the Company. The compensation paid or payable to key management for employee services is shown below:

	2016	2015
Salaries and short-term employee benefits	1,477	1,253
Share based payments	234	469
Post-employment benefits	3	2
	1,714	1,724

No loans, advance payments and guarantees have been granted to or on behalf of directors. In 2016 no remuneration was paid to supervisory board members as they were appointed in 2017.

12. Other operating expenses

	2016	2015
Housing costs	3,550	2,190
Office costs	921	712
IT costs	3,320	2,356
Sales & marketing costs	7,658	4,894
Travel and other staff expenses	7,595	5,099
Advisory costs	8,394	4,509
Insurances	393	332
Other	15,602	266
	47,433	20,358

Other operating expenses include merchant default costs.

13. Other financial results

	2016	2015
Net foreign exchange (loss)	89	(293)
	89	(293)

14. Audit fees

The following audit fees were expensed in the income statement in the reporting period:

	PwC Accountants	Other PwC firms	Total
<i>2015</i>			
Audit of financial statements	332		332
Other audit services		126	126
Tax services		19	19
Other non-audit services		142	142
Total 2015	332	287	619
<i>2016</i>			
Audit of financial statements	314		314
Other audit services		101	101
Tax services		93	93
Other non-audit services		362	362
Total 2016	314	556	870

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external independent auditor's as referred to in section 1(1) of the of the Audit Firms Supervision Act ("Wet toezicht accountantsorganisaties-Wta") as well as by the Dutch and foreign-based accounting firms. Including their tax services and advisory groups.

These fees related to the audit of the 2016 financial statements, regardless of whether the work was performed during the financial year.

15. Income tax

	2016	2015
Current tax:		
Current tax on profits for the year	22,465	8,334
Total current tax	22,465	8,334
Deferred tax:		
Origination and reversal of timing differences	(186)	(900)
Total deferred tax	(186)	(900)
Income tax expense	22,279	7,434

The tax on the Company's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2016	2015
Profit before tax at statutory rate of 25%	29,877	10,261
Tax effects of:		
Prior year adjustments	19	(531)
Innovation box (changes in tax rate)	(8,219)	(2,847)
Tax rate differences on foreign operations	471	17
Non-deductible expenses	131	534
Income not subject to tax		
Income tax expense	22,279	7,434

The effective tax rate of the Company is 18.60% (2015: 18%).

The analysis of the deferred tax assets is as followed:

Deferred tax assets:	2016	2015
– Deferred tax asset to be recovered after more than 12 months	1,160	796
– Deferred tax asset to be recovered within 12 months		123
Total deferred tax assets	1,160	919

Deferred tax liabilities:	2016	2015
– Deferred tax liability to be recovered after more than 12 months	(3,848)	(19)
Total deferred tax liabilities	(3,848)	(19)

Net deferred tax assets	(2,688)	900
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Deferred tax assets:	2016	2015
At 1 January	919	-
State Tax Adyen Inc.	(41)	53
Stock based compensation Adyen Inc.	(77)	742
Net operating loss carryover Adyen Services Inc.	193	
Fixed assets Adyen Inc.	11	
Deferred rent	103	
Accruals Adyen Inc.	52	124
At 31 December	1,160	919

Deferred tax liabilities:	2016	2015
At 1 January	(19)	-
Visa Inc. preferred stock	(3,597)	
Fixed assets Adyen Services Inc.	(232)	(19)
At 31 December	(3,848)	(19)

16. Intangible assets

	Internally generated software
Period ended December 31, 2015	
Opening net book value	2,037
Additions	1,626
Amortization for the year	(685)
Closing net book value	2,978
At December 31, 2015:	
Cost	4,148
Accumulated amortization	(1,170)
Net book value	2,978
Period ended December 31, 2016	
Opening net book value	2,978
Additions	1,989
Amortization for the year	(1,012)
Closing net book value	3,955
At December 31, 2016:	
Cost	6,137
Accumulated amortization	(2,182)
Net book value	3,955

The group estimates the useful life of the software to be at least 5 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on technical innovations and competitor actions. If it were only 3 years, the carrying amount would be EUR 2,680 as at 31 December 2016. If the useful life were estimated to be 8 years, the carrying amount would be EUR 4,774.

17. Property, plant and equipment

	Machinery and equipment	Other	Total
At January 1, 2015			
Cost	3,944	1,477	5,421
Accumulated depreciation	(969)	(461)	(1,430)
Net book value	2,975	1,016	3,991
Year ended December 31, 2015			
At January 1, 2015	2,975	1,016	3,991
Exchange difference cost	(1)	(1)	(2)
Additions	4,486	750	5,236
Disposals			
Depreciation	(1,141)	(392)	(1,533)
At December 31, 2015	6,319	1,373	7,692
At December 31, 2015			
Cost or valuation	8,429	2,226	10,655
Accumulated depreciation	(2,110)	(853)	(2,963)
Net book value	6,319	1,373	7,692
Year ended December 31, 2016			
At January 1, 2016	6,319	1,373	7,692
Exchange difference cost	(3)	(6)	(9)
Additions	9,834	703	10,537
Disposals	(12)		(12)
Depreciation for the period	(2,647)	(477)	(3,124)
At December 31, 2016	13,491	1,593	15,084
At December 31, 2016			
Cost	18,248	2,923	21,171
Accumulated depreciation	(4,757)	(1,330)	(6,087)
Net book value	13,491	1,593	15,084

18. Available-for-sale financial asset

	31-Dec-16	31-Dec-15
Unlisted securities: Visa Europe membership		45,972
Listed securities: Visa Inc. preferred stock	19,605	
	19,605	45,972

The publicly announced deal on 2nd November 2015 that Visa Inc. will acquire Visa Europe through a 100% share capital purchase to create a single global Visa card payment processing business was closed on June 21, 2016. The total consideration paid by Visa Inc. is a mixture of cash and Visa Inc. convertible preferred stock (together the 'up-front consideration') and additional cash subsequent to the deal close (the 'deferred consideration').

The Company has classified their holding within the available-for-sale financial instrument asset category. The preferred stock Series C has no stated maturity and carries a right to receive discretionary dividend payments but cannot be freely traded primarily due to the restrictions on transfer.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of

them within 12 months of the end of the reporting period.

The Company has the following financial asset:

Recurring fair value measurements	Level 2	Level 3	Total
<i>December 31, 2015</i>			
Financial assets			
Available-for-sale financial asset		45,972	45,972
Total financial assets 31 December 2015	-	45,972	45,972
<i>Movements in 2016</i>			
Disposal membership Visa Europe		(45,972)	(45,972)
Recognition preferred stock Visa Inc.	19,605		19,605
Total financial assets 31 December 2016	19,605	-	19,605

The fair value of the preferred stock in Visa Inc. is based on the fair value of Visa Inc. common stock at the initial conversion rate of preferred stock into common stock. The conversion rate of the preferred stock into an equivalent number of common stock can fluctuate in the future.

The following table presents the changes in level 3 items for the periods ended 31 December 2016 and 31 December 2015:

Available-for-sale financial assets		Equity security	Total
Gains recognised in other comprehensive income	24	45,972	45,972
Closing balance at 31 December 2015		45,972	45,972
<i>Movements in 2016</i>			
Disposal membership Visa Europe		(45,972)	(45,972)
Closing balance at 31 December 2016		-	-

19. Other receivables

	31-Dec-16	31-Dec-15
Other receivables	4,080	
Other receivables	4,080	-

The fair value of other receivable reflect the present value of the future cash receivable, by discounting the cash amount to be received at an appropriate market rate. The unwinding of the discount element is recognised in the income statement based on the effective interest rate method.

20. Inventories

	2016	2015
Products for resale		
As at 1 January	1,462	68
Products for resale: Purchases during the year	8,774	3,106
Recognised as an expense during the year	(6,990)	(1,712)
As at 31 December	3,246	1,462

There are no inventories measured at fair value less cost to sell (2015: nil).

21. Trade, other receivables, receivables from financial institutions and shareholders of Adyen

	31-Dec-16	31-Dec-15
Trade and other receivables	12,139	8,729
Less: allowance for doubtful accounts	(484)	(294)
Trade receivables – net	11,655	8,435
Financial institutions	636,751	251,640
Total	648,406	260,075

No financial assets are past due except for trade receivables. As at December 31, 2016, trade receivables of 7,630 (2015: 3,889) were fully performing, 7,198 (2015: 3,463) were past due but not impaired and 108 (2015: 142) were impaired. The aging analysis of the latter two categories of receivables is as follows:

	31-Dec-16	31-Dec-15
Past due but not impaired		
Up to 3 months	5,621	2,938
3 to 6 months	1,577	525

The following table summarizes the changes in the allowance for doubtful accounts for trade receivables:

	2016	2015
Start of year	294	152
Provision for impairment	298	142
Receivables written off during the year as uncollectible	(108)	
End of year	484	294

A provision for impairment is generally recorded for trade receivable balances when there is objective evidence of impairment. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The carrying amounts of trade and other receivables approximate their fair value.

22. Cash and cash equivalents

	31-Dec-16	31-Dec-15
Non-restricted cash	677,067	499,318
Restricted cash	3,000	3,000
Cash and cash equivalents	680,067	502,318

The Company collects receivables from financial institutions and passes these amounts on to customers. The Foundation acts as a Trustee between the financial institutions and Adyen's merchants.

At 31 December 2016 EUR 411 million of cash and cash equivalents relate to cash in the Foundation (31 December 2015: EUR 317 million).

23. Trade, other payables and current income tax liabilities

	31-Dec-16	31-Dec-15
Payable to merchants	1,027,043	560,263
Trade payables	2,481	1,299
Taxes and social security	2,568	2,187
Current income tax liabilities	15,035	2,528
Accrued employees benefits	3,582	6,608
Accrued liabilities and other debts	6,084	2,680
Trade, other payables and current income tax liabilities	1,056,793	575,565

24. Share capital, share premium and reserves

	31-Dec-16	31-Dec-15
Number of shares	29,383,847	29,368,082
Ordinary shares	294	294
Share premium	148,331	148,159
Total	148,625	148,453

In August 2016 an additional 15,765 shares were issued. The paid up and called share capital increased to € 293,838 with 29,383,847 number of ordinary shares (nominal value € 0.01 per share). Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from Equity, net of any tax effects.

	Cumulative translation account	Other	Total other reserves	Retained earnings	Total
At January 1, 2015	(37)	3,746	3,709	11,711	15,420
Net income for the year				33,608	33,608
Share-based payments		2,174	2,174		2,174
Intangible assets		941	941	(941)	-
<i>Other comprehensive income</i>					-
Re-measurement available-for-sale financial asset		45,972	45,972		45,972
Other currency translation adjustments	55		55		55
Currency translation adjustments subsidiaries	150		150		150
At December 31, 2015	168	52,833	53,001	44,378	97,379
At January 1, 2016	168	52,833	53,001	44,378	97,379
Net income for the year				97,230	97,230
Share-based payments		1,030	1,030		1,030
Intangible assets		977	977	(977)	-
<i>Other comprehensive income</i>					
Disposal available-for-sale Financial asset		(45,972)	(45,972)		(45,972)
Re-measurement available-for-sale financial asset		16,008	16,008		16,008
Other currency translation adjustments	225		225		225
Currency translation adjustments subsidiaries	437		437		437
At December 31, 2016	830	24,876	25,706	140,631	166,337

The total of distributable reserves amounts to 140,631 (2015: 44,378) and the other reserves presented above are restricted for distribution.

25. Contingencies and commitments

The Company has no contingent liabilities in respect of legal claims.

Adyen B.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.

Rental obligations (operational lease):

The Company leases offices in various countries and datacenters in the US and Australia expiring within one and six years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated. In 2016 lease rentals amounting to 48 (2015: 9) and 3,062 (2015: 1,920) relating to the lease of machinery and property, respectively, are included in the income statement.

The total lease commitments are as follows:

	31-Dec-16	31-Dec-15
Less than 1 year	3,844	2,922
Between 1 and 5 years	10,107	8,962
More than 5 years		544
Total	13,951	12,428

Per year-end 2016 the Company has a credit facility agreement of 7,500 (2015: 7,500) and 5,217 (2015: 1,384) is used for bank guarantees and letters of credit. The credit facility agreement can be cancelled.

26. Related party transactions

In 2016 Adyen B.V. has a business relationship with two shareholders. Transactions with these related parties relate to consulting services and amount to 87 (2015: 77). These transactions are made in the ordinary course of business based on market conditions. Year-end 2016 the payable to these related parties are nil (2015: nil).

The directors' remuneration is disclosed in note 11.

7. Company balance sheet

As at December 31, 2016 and 2015
(before appropriation of profit)
(all amounts in EUR thousands unless other stated)

	Note	31-Dec-16	31-Dec-15
Non-current assets			
Intangible assets	1.1	3,955	2,978
Property, plant and equipment	1.2	11,006	6,375
Financial fixed assets	1.3	11,039	5,202
Available-for-sale financial asset	1.3	19,605	45,972
Receivables		4,080	-
Total		49,685	60,527
Current assets			
Inventories		3,246	1,462
Receivables	1.4	41,853	16,494
Cash and cash equivalents		264,539	182,154
Total		309,638	200,110
Total assets		359,323	260,637
Shareholder equity			
	1.5		
Called up share capital		294	294
Share premium account		148,331	148,159
Other reserves		25,706	53,001
Retained earnings		43,401	10,770
Profit current year		97,230	33,608
Total equity		314,962	245,832
Non-current liabilities			
Deferred tax liabilities		3,598	-
Total Non-current liabilities		3,598	-
Current liabilities			
Trade and other payables	1.7	24,677	12,801
Current income tax liabilities	1.7	16,086	2,004
Total liabilities		40,763	14,805
Total liabilities and equity		359,323	260,637

8. Company Income Statement

For the years ended December 31, 2016 and 2015
(all amounts in EUR thousands unless other stated)

	2016	2015
<i>Company income statement 2016</i>		
Income from subsidiaries after tax	4,048	540
Other income and expense after tax	93,182	33,068
	97,230	33,608

9. Notes to the Company financial statements

Accounting information and policies

Basis of preparation

The Company financial statements of Adyen B.V. (hereafter: the Company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code, the Company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

The Company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union. In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the Company financial statements of Adyen B.V. should be read in conjunction with the consolidated financial statements.

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

Investments in consolidated subsidiaries

Investments in consolidated subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

Investments - recognition of losses

When the Company's share of losses in an investment equals or exceeds its interest in the investment, (including separately presented goodwill or any other unsecured non-current receivables, being part of the net investment), the Company does not recognize any further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investment. In such case the Company will recognize a provision.

1.1 Intangible assets

	Internally generated software
Period ended December 31, 2015	
Opening net book value	2,037
Additions	1,626
Amortization for the year	(685)
Closing net book value	2,978
At December 31, 2015:	
Cost	4,148
Accumulated amortization	(1,170)
Net book value	2,978
Period ended December 31, 2016	
Opening net book value	2,978
Additions	1,989
Amortization for the year	(1,012)
Closing net book value	3,955
At December 31, 2016:	
Cost	6,137
Accumulated amortization	(2,182)
Net book value	3,955

1.2 Property, plant and equipment

Lease rentals amounting to 25 (2015: 8) and 998 (2015: 809) relating to the lease of machinery and property, respectively, are included in the income statement.

	Machinery and equipment	Other	Total
At January 1, 2016			
Cost	7,521	1,395	8,916
Accumulated depreciation	(1,888)	(653)	(2,541)
Net book value	5,633	742	6,375
Additions	6,870	153	7,023
Disposals	(12)		(12)
Depreciation	(2,085)	(295)	(2,380)
Movement	4,773	(142)	4,631
At December 31, 2016			
Cost	14,379	1,548	15,927
Accumulated depreciation	(3,973)	(948)	(4,921)
Net book value	10,406	600	11,006

1.3 Financial fixed assets

Movements in financial fixed assets are as follows:

The consolidated financial statements integrally include the financial statements of the Company and the following group companies, which are economically and organizationally linked to the Company:

	Available-for-sale asset	Investments in consolidated subsidiaries
At 1 January 2016		
Net book value	45,972	5,202
Movements in book value 2016		
Investments		1,352
Share of profit of subsidiaries		4,048
Currency translation subsidiaries		437
Disposal available-for-sale asset	(45,972)	
Available-for-sale asset	19,605	
Subtotal	(26,367)	5,837
At 31 December 2016		
Net book value	19,605	11,039

Adyen B.V.

Name	Legal Seat	Ownership percentage
Stichting Adyen Client Management Foundation	Amsterdam, The Netherlands	
Adyen International B.V.	Amsterdam, The Netherlands	100%

Adyen International B.V.

Name	Legal Seat	Direct and indirect ownership percentage
Adyen Inc.	San Francisco, USA	100%
Adyen Services Inc.	San Francisco, USA	100%
Adyen Nevada	Las Vegas, USA	100%
Adyen GmbH	Berlin, Germany	100%
Adyen France Sarl	Paris, France	100%
Adyen do Brazil Ltda ¹⁾	São Paulo, Brazil	100%
Adyen Singapore PTE. LTD.	Singapore	100%
Adyen UK Limited	London, UK	100%
Adyen Hong Kong Limited	Hong Kong	100%
Adyen Australia PTY Limited	Sydney, Australia	100%
Adyen Canada Ltd.	Saint John, Canada	100%
Adyen Iberia S.L.	Madrid, Spain	100%
Adyen Korea Chusik Hoesa	Seoul, Korea	100%
Adyen Mexico, S.A. de C.V.	Mexico City, Mexico	100%
Adyen Belgium BVBA	Brussel, Belgium	100%
Adyen Nordic AB	Stockholm, Sweden	100%
Adyen (China) Software Technology Co. Ltd.	Shanghai, China	100%
Adyen New Zealand Ltd.	Auckland, New Zealand	100%
Adyen Malaysia Sdn. Bhd	Kuala Lumpur, Malaysia	100%

¹⁾In 2016 Adyen do Brazil Ltda and Adyen Servicos Pagamento Ltda have been merged

1.4 Receivables

Receivables fall due in less than one year except deposits transferred to Financial Institutions. For 2016 the deposits amount to 196 (2015: 1,180).

	31-Dec-16	31-Dec-15
Trade receivables	6,484	3,205
Receivables from group companies	2,476	808
Receivables from Adyen Foundation	30,671	8,975
Other receivables	1,133	2,370
Prepaid expenses	1,089	1,136
	41,853	16,494

1.5 Shareholders' equity

In August 2016 an additional 15,765 shares were issued. The paid up and called share capital increases to € 293,838 with 29,383,847 number of ordinary shares (nominal value € 0.01 per share). No share capital increase has occurred after August and as per end of December the paid up and called share capital is € 293,838 divided into 29,383,847 ordinary shares with a nominal value of € 0.01 each. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from Equity, net of any tax effects.

The movements in shareholders' equity are as follows:

	Called up share capital	Share premium account	Other legal reserves	Other reserves	Retained earnings	Profit current year	Total
At 1 January, 2015	288	108,184	2,000	1,709	847	10,864	123,892
Allocation of the prior year result					10,864	(10,864)	-
Net result for the year						33,608	33,608
Proceeds on issuing shares	6	39,994					40,000
Funding costs investment		(19)					(19)
Share-based payments				2,174			2,174
Intangibles assets			941		(941)		-
Re-measurement available-for-sale financial asset			45,972				45,972
Other currency translation adjustments			55				55
Currency translation adjustments subsidiaries			150				150
At December 31, 2015	294	148,159	49,118	3,883	10,770	33,608	245,832
At 1 January, 2016	294	148,159	49,118	3,883	10,770	33,608	245,832
Allocation of the prior year result					33,608	(33,608)	-
Net result for the year						97,230	97,230
Proceeds on issuing shares		172					172
Funding costs investment							-
Share-based payments				1,030			1,030
Intangibles assets			977		(977)		-
Disposal available-for-sale financial asset			(45,972)				(45,972)
Re-measurement available-for-sale financial asset			16,008				16,008
Other currency translation adjustments			225				225
Currency translation adjustments subsidiaries			437				437
At December 31, 2016	294	148,331	20,793	4,913	43,401	97,230	314,962

The reserve for translation differences concerns all exchange rate differences arising from the translation of the net investment in foreign entities. The total of distributable reserves amounts to 140,631 (2015: 44,378). The other reserves presented above are restricted for distribution.

1.6 Dividends paid

No dividend has been paid in the years presented.

1.7 Current liabilities

	31-Dec-16	31-Dec-15
Accounts payable	1,704	1,535
Other taxes and social security contributions	2,527	1,984
Income tax	16,086	2,004
Payables to group companies	1,026	2,339
Accrued liabilities and other debts	19,420	6,943
	40,763	14,805

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

1.8 Directors' remuneration

For an overview of the directors' remuneration, reference is made to note 11 of the consolidated financial statements.

1.9 Audit fees

For an overview of the audit fees, reference is made to note 14 of the consolidated financial statements.

1.10 Contingencies and commitments

Adyen B.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. Pursuant to the Collection of State Taxes Act, the Company and its subsidiary are both severally and jointly liable for the tax payable by the combination.

In the financial statements of Adyen B.V., tax expenses are calculated on the basis of the commercial result realized by Adyen B.V.

Adyen B.V. and Adyen International B.V. settle these expenses through their intercompany accounts.

1.11 Other

Proposed profit appropriation

Awaiting the decision by the shareholders, the income for the year is separately included in the shareholder's equity as unallocated net income. It is proposed that the result for the year will be added to the retained earnings.

It is proposed that the dividend on the ordinary shares is not paid out but is added to the retained earnings.

Events after balance sheet date

There are no events after the reporting period.

Amsterdam, 7 April 2017

10. Other information

Provisions in the Articles of Association relating to profit appropriation

The Articles of Association of the Company provide that the appropriation of the net income for the year is decided upon at the Annual General Meeting of Shareholders.

For the preferred dividends the Annual General Meeting of Shareholders can elect to pay out the annual dividend on these shares or to add the dividend to the class reserve.

Independent auditor's report

We refer to the next page.

11. Independent auditor's report



Independent auditor's report

To: the general meeting and supervisory board of Adyen B.V.

Report on the financial statements 2016

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Adyen B.V. as at 31 December 2016, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2016 of Adyen B.V., Amsterdam ('the company'). The financial statements include the consolidated financial statements of Adyen B.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2016;
- the following statements for 2016: the consolidated statement of comprehensive income, the company income statement, changes in equity and cash flows;
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

Independence

We are independent of Adyen B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

Ref.: eo399746

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information pursuant to Part 9 Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors and the supervisory board for the financial statements

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.



Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 7 April 2017
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.S. de Bruin RA



Appendix to our auditor's report on the financial statements 2016 of Adyen B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.



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

1. Directors' report

The Director's report is not included in these financial statements. Such report is available for review and can be obtained from the Chamber of Commerce in the Netherlands.

2. Consolidated Statement of Comprehensive Income

For the years ended December 31, 2015 and 2014

(all amounts in EUR thousands unless other stated)

	Note	2015	2014
Revenues	6	331,101	153,675
Costs incurred from financial institutions		230,939	106,552
Changes in inventory	18	1,712	347
Wages and salaries	9	31,296	18,078
Social securities and pension costs	9	3,732	2,292
Amortization and depreciation of tangible and intangible fixed assets	15&16	2,218	1,056
Other operating expenses	11	20,358	11,716
Income before interest income, interest expense and income taxes		40,846	13,634
Finance income	7	497	239
Finance expense	7	(8)	(1)
Other financial results	12	(293)	93
Net finance income		196	331
Income before income taxes		41,042	13,965
Income taxes	14	(7,434)	(3,101)
Net income for the year		33,608	10,864
Net income attributable to:			
Owners of Adyen B.V.		33,608	10,864
		33,608	10,864
Items that may be reclassified to profit or loss:			
Gains on re-measuring Available-for-sale financial asset	22	45,972	
Other currency translation adjustments	22	55	(28)
Currency translation adjustments subsidiaries	22	150	57
Other comprehensive income for the year		46,177	29
Total Comprehensive income for the year (attributable to owners of Adyen B.V.)		79,785	10,893

The items of other comprehensive income in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 14.

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

3. Consolidated Balance Sheet

As at December 31, 2015 and 2014 (all amounts in EUR thousands unless other stated)

	Note	31-Dec-15	31-Dec-14
Assets			
Non-current assets			
Intangible assets	15	2,978	2,037
Property, plant and equipment	16	7,692	3,991
Available-for-sale financial asset	17	45,972	
Deferred tax assets	14	919	
Total Non-current assets		57,561	6,028
Current assets			
Inventories	18	1,462	68
Trade and other receivables	19	8,435	5,454
Receivables from financial institutions	19	251,640	147,811
Cash and cash equivalents	20	502,318	330,886
Total Current assets		763,855	484,219
Total assets		821,416	490,247
Equity			
Equity attributable to owners of Ayden B.V.			
Share capital	22	294	288
Share premium	22	148,159	108,184
Other reserves	22	53,001	3,709
Retained earnings	22	44,378	11,711
Total equity		245,832	123,892
Non-current liabilities			
Deferred tax liabilities	14	19	
Total Non-current liabilities		19	-
Current liabilities			
Payables to merchants	21	560,263	351,784
Trade and other payables	21	12,774	12,503
Current income tax liabilities	21	2,528	2,068
Total liabilities		575,565	366,355
Total liabilities and equity		821,416	490,247

4. Consolidated Statement of Changes in Equity

For the years ended December 31, 2015 and 2014
(all amounts in EUR thousands unless other stated)

Attributable to equity owners of Adyen B.V.

	Note	Share capital	Share premium	Other legal reserves	Other reserves	Retained earnings	Total equity
Balance - January 1, 2014	22	263	11,492	1,431	-	1,387	14,573
Net income for the year						10,864	10,864
Proceeds on issuing shares		25	96,692				96,717
Share-based payments	8				1,709		1,709
Intangible assets				540		(540)	-
<i>Other comprehensive income</i>							
Other currency translation adjustments				(28)			(28)
Currency translation adjustments subsidiaries				57			57
Balance – December 31, 2014		288	108,184	2,000	1,709	11,711	123,892
Balance - January 1, 2015	22	288	108,184	2,000	1,709	11,711	123,892
Net income for the year						33,608	33,608
Proceeds on issuing shares		6	39,975				39,981
Share-based payments	8				2,174		2,174
Intangible assets				941		(941)	-
<i>Other comprehensive income</i>							
Re-measuring Afs financial asset	17			45,972			45,972
Other currency translation adjustments				55			55
Currency translation adjustments subsidiaries				150			150
Balance – December 31, 2015		294	148,159	49,118	3,883	44,378	245,832

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 14. The accompanying notes are an integral part of these consolidated financial statements.

5. Consolidated Statement of Cash Flows

(all amounts in EUR thousands unless other stated)

	Note	2015	2014
Cash flows from operating activities			
Income before income taxes		41,042	13,965
<i>Adjustments for:</i>			
- Finance income	7	(497)	(239)
- Finance expenses	7	8	1
- Other financial results	12	293	(93)
- Depreciation of tangible fixed assets	16	1,533	679
- Amortization of intangible fixed assets	15	685	377
- Share-based payments	8	2,175	1,709
<i>Changes in Working capital:</i>			
- Inventories	18	(1,394)	214
- Trade and other receivables	19	(2,981)	(835)
- Receivables from financial institutions	19	(103,829)	(85,289)
- Payables to merchants	21	208,479	208,006
- Trade and other payables	21	271	8,555
Cash generated from operations		145,785	147,050
Interest paid		(8)	(1)
Income taxes paid		(7,874)	(1,268)
Net cash flows from operating activities		137,903	145,781
Cash flows from investing activities			
Purchases of property, plant and equipment	16	(5,236)	(3,353)
Purchases of intangible assets	15	(1,626)	(1,425)
Interest received		495	245
Net cash used in investing activities		(6,367)	(4,533)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		6	25
Share premium paid by the shareholders		39,975	96,692
Net cash flows from financing activities		39,981	96,717
Net increase in cash, cash equivalents and bank overdrafts			
Cash, cash equivalents and bank overdrafts at beginning of the year	20	330,886	92,787
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		(85)	134
Cash, cash equivalents and bank overdrafts at end of the year		502,318	330,886

6. Notes to the Consolidated Financial Statements

1. General information

Adyen B.V. ("the Company or the Group") is a payment service provider ("PSP") acting under a Payment Institution License issued by the Dutch Central Bank (see Financial Service Act section 1:107) Adyen B.V. is licensed as a Payment Institute under the EU Payment Service Directive and as such regulated and supervised by the Dutch Central Bank. To meet the requirements on the security of funds received from payment services, Adyen B.V. uses a special purpose entity Stichting Adyen Client Management Foundation ("The Foundation"). The Dutch Central Bank will therefore include Adyen B.V. and Stichting Adyen Client Management Foundation jointly in its supervision.

The Company has operations in the Netherlands, Germany, France, Brazil, Singapore, Sweden, UK, Spain, Belgium, Canada, Australia, Korea, Hong Kong, Mexico, China and the United States. The Company is a limited liability company ('Besloten Vennootschap') domiciled in the Netherlands. The address of the Company's registered office is Simon Carmiggeltstraat 6 -50, 5th floor, 1011DJ Amsterdam, the Netherlands.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation and adoption of IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the European Union and in accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

As the financial data of the Company are included in the consolidated financial statements, the income statement in the Company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

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

These financial statements were approved by the board of directors for issue on 30 March, 2016.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, unless stated otherwise.

New and amended standards adopted by the group:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015 and are applicable for consolidated financial statements of the Company:

New standards and interpretations not yet adopted:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments,' addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting.

In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard and must be applied for financial years commencing on or after 1 January 2018 subject to endorsement by then. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

IFRS 15, 'Revenue from contracts with customers' is a new standard for the recognition of revenue.

This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognize transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2018), i.e. without restating the comparative period.

At this stage, the Group or the Company is not able to estimate the impact of the new rules on the Group's financial statements. The Group or the Company will make more detailed assessments of the impact over the next twelve months.

Mandatory for financial years commencing on or after 1 January 2018 subject to endorsement by the European Union.

IFRS 16 'Leases', issued in January 2016, includes a new approach to lease accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by leases. The model reflects that, at the start of a lease, the lessee obtains a right to use the underlying asset for a period of time, and the lessor has provided or delivered that right. Both the asset and the liability are initially measured at the present value of lease payments. A lessee presents amortization of the right-of-use asset in the same line item as other similar expenses (for example, depreciation of property, plant, and equipment) and interest on the lease liability in the same line item as interest on other, similar financial liabilities. For lessors, the accounting stays almost the same. However, the definition of a lease, as well as the guidance on the combination and separation of contracts, have been updated. IFRS 16 is effective for periods beginning on or after 1 January 2019 subject to endorsement by the EU by then, with earlier adoption.

The Company is currently assessing the impact of the new requirements. The implementation of IFRS 9, 15 and 16 if and when endorsed by the European Union, may have impact on equity, OCI and net profit.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Consolidation

Subsidiaries are all entities (including structured entities) over which the Company has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Stichting Adyen Client Management Foundation ("The Foundation") is fully consolidated since the foundation solely provides services to the group and is controlled by the Company. As part of the Company's business model, Adyen collects receivables from financial institutions and passes these amounts on to customers. The Foundation acts as a Trustee between the financial institutions and Adyen's merchants.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Company statement of income

An abridged company statement of income is presented in accordance with Section 402 of Book 2 of the Dutch Civil Code.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each consolidated entity in the Adyen B.V. group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Adyen B.V. is the Euro.

The financial statements of entities that have a functional currency different from that of Adyen B.V. ("foreign operations") are translated into EUR as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates). All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entities' functional currency are recognized in the statement of income in "currency translation adjustments".

Intangible assets

The Company's intangible assets are stated at cost less accumulated amortization and include internally generated software with finite useful lives. These assets are capitalized and amortized on a straight-line basis in the statement of income over the period of their expected useful lives as follows:

Internally generated software 5 years.

Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if certain criteria, including technical feasibility and intent and ability to develop and use the technology, are met; otherwise they are expensed as incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Machinery and equipment	5 years
Leasehold improvement	3-5 years
Furniture and fixture	3-5 years

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment of assets

Assets with definite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Company classifies its financial instruments in the following categories:

- i. Financial assets and liabilities at fair value through profit or loss
- ii. Available-for-sale financial assets
- iii. Loans and receivables
- iv. Financial liabilities at amortized cost

The Company only has available-for-sale financial asset and loans and receivables and financial liabilities measured at amortized cost.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise trade receivables and cash and cash equivalents, and are included in current assets due to their short-term nature.

Loans and receivables are initially recognized at fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Financial liabilities:

Financial liabilities at amortized cost include trade payables, bank debt and long-term debt. Trade payables are initially recognized at fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method. Bank debt and long-term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Available-for-sale financial asset:

Available-for-sale investment is a financial asset that is intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial asset is initial recognized at fair value, which is the cash consideration and measured subsequently at fair value with gains and losses being recognized in the consolidated statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the consolidated statement of comprehensive income is recognized in the consolidated income statement. However foreign currency gains and losses on monetary assets classified as available for sale are recognized in the consolidated income statement.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include:

- (i) significant financial difficulty of the obligor;
- (ii) delinquencies in interest or principal payments; and
- (iii) it becomes probable that the obligor will enter bankruptcy or other financial reorganization.

If such evidence exists, the Company recognizes an impairment loss which is taken to the Consolidated Statement of Comprehensive Income.

The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The costs of finished goods comprise the purchase value of these goods. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Provisions

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Fair valuation measurements

The Company has a financial instrument measured at fair value. For disclosure purposes the Company determines the fair value of the financial instruments. The different levels have been defined as follows:

Level 1 – The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2 – The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is also recognized directly in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit / loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and liabilities are presented as non-current.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

Post-employment benefit obligations:

Group companies operate various pension schemes. The entitlement of the employees under the company's pension plans is all classified as defined contribution plans.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the

contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments & option plan:

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of Adyen B.V. The fair value of the employee services received in exchange for the grant of Depository Receipts of the company is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the group revises its estimates of the number of Depository Receipts that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Revenue recognition

Sales from services provided are recognized in the accounting period when the services are rendered. The outcome can be estimated reliably when all the following conditions are met:

- (i) the amount of revenue can be measured reliably;
- (ii) it is probable that the economic benefits associated with the transaction will flow to the enterprise;
- (iii) the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- (iv) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenues are determined on the fair value of the consideration received or receivable. In most cases, the consideration received or receivable will be in cash. In that case, the fair value of the consideration equal to the amount of cash. The amount of the revenue is determined after deducting sales commissions.

Adyen has the following sources of revenue:

- (i) Processing fees
- (ii) Settlement fees
- (iii) Other services

Processing fees are recognized as revenue when a transaction is initiated via the Adyen payment platform. Settlement fees are recognized when a payment transaction has been completed by means of settlement with the merchant. Other fees, such as chargeback letter fees, forex fees and refund fees are recognized as revenue when the services are rendered.

Revenue is recognized based on the assumption that the company acts as a principal for all the payment processing services it provides to the Merchants. Settlement fees are presented net of the amount that is paid to the merchants since Adyen considers itself an agent for the collection of amounts from the consumer and payout to the merchant for this part of the amount that is collected by Adyen. Adyen considers itself a principal for the payment services that it provides to merchants and presents the fees charged and costs incurred to provide these services, including credit card fees and other charges paid to financial institutions, on a gross basis.

Leases

Operating leases:

The group leases certain property, plant and equipment and office buildings. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company currently has no finance leases.

3. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

The financial statements currently contain the following critical accounting estimates and judgments:

Management has determined the company acts as a principal for the total of the amount it charges to the merchants for providing payment services, including the credit card fees, because it believes that the company is the primary obligor for these services and bears the significant risks and rewards associated with providing the payments services to the merchants. This is evidenced by the fact that the entity has the primary responsibility for fulfilling the payment services to the client and has latitude in setting the prices it charges for these services. The amount recognized as revenues therefore includes the credit card fees charged by the various credit card schemes that are recharged to the merchants as part of the settlement fees.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items that are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgments is included in notes below together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgments are:

- Estimated useful life of intangible asset – note 15
- Estimated fair value of certain available-for-sale financial asset – note 17
- Estimated fair value of equity instruments granted - note 8

Estimates and judgments are continuously evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. For a description of the assumptions applied in these significant estimates or judgments we refer to the summary of significant accounting policies.

4. Financial risk factors

Financial risk management

The Company's activities expose it to a variety of financial risks. Risk management is carried out by management. Management identifies and evaluates the financial risks in co-operation with the company's operating units based on principles for overall risk management. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance. Management is of the opinion that the Company's exposure to financial risks is limited.

(a) Market risk

(i) Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises on recognized assets and liabilities, principally trade receivables and trade payables, and investments in foreign operations.

Management does not actively manage the foreign exchange risk because the exposure to foreign exchange risks is limited. This situation is evidenced by the absence of any significant results related to foreign exchange risk in the income statement.

This table below presents the financial assets and liabilities excluding the merchant float:

	31-Dec-15	31-Dec-14
Financial assets		
Available-for-sale financial asset	45,972	
Trade and other receivables	8,435	5,454
Own cash and cash equivalents	184,958	123,767
Total financial assets	239,365	129,221

Financial liabilities		
Trade and other payables	12,774	12,503
Total financial liabilities	12,774	12,503

	31-Dec-15	31-Dec-14
Financial assets		
EUR	238,242	127,682
AUD	537	540
USD	486	627
GBP	44	212
SGD	56	160
Total financial assets	239,365	129,221

Financial liabilities		
EUR	12,774	12,503
Total financial liabilities	12,774	12,503

Foreign currency sensitivity analysis

The sensitivity analysis below details the impact of a 10% strengthening in the Group's significant currencies against Euro, applied to the net result and equity of the Company.

2015	AUD	USD	GBP	SGD
Monetary assets	537	486	44	56
Net monetary position	537	486	44	56
Currency impact	54	49	4	6

2014	AUD	USD	GBP	SGD
Monetary assets	540	627	212	160
Net monetary position	540	627	212	160
Currency impact	54	63	21	16

(ii) Price risk

The Company's exposure to equity securities price risk arises from investment in Visa shares, which are classified in the balance sheet as available-for-sale. In November 2015, Visa Inc. and Visa Europe announced a definite agreement for Visa Inc. to acquire Visa Europe. In December 2015 members of Visa Europe have been informed in writing about the calculation of their share in the transfer proceeds. The fair value is composed of a cash amount and shares and relating to the re-measured value of shares a 50% discount has been applied. The announcement and a letter received from Visa provided the basis for the assessment of the fair value of the available-for-sale financial asset. It is considered unlikely that the fair value will materially differ from the value included in the letters received from Visa Europe.

Amounts recognized in profit or loss and other comprehensive income

The amount recognized in other comprehensive income in relation to the available-for-sale financial asset is disclosed in note 22.

(iii) Interest rate risk

Because the company is not financed with external debt, no significant interest rate risk is present. Although significant liabilities towards to the merchants are present, these liabilities are non-interest bearing and are settled at short notice creating no significant interest rate risk.

The cash balances of the company are not significantly exposed to interest rate risk due to the fact that cash is used to settle the current liabilities towards the merchants at short notice and the bank accounts of the company are non-interest bearing.

(b) Credit risk

It is the company's policy to minimize the credit risk. Credit risk is therefore managed on a customer basis. A merchant can be required to place a deposit or other forms of guarantees with the company. The amount of the deposit and/or guarantee is based on the expected value of the transactions that will be processed for the merchants and is adjusted periodically. This deposit covers for potential Refunds, Chargebacks, and other potential financial obligations of Merchant towards Adyen. This together with the fact that Adyen collects the payments on behalf the merchants and settles the payments with the merchants minus the fees charged by the company reduces the credit risk of the company.

The maximum exposure to credit risk for the accounts receivable is equal to the book value minus the amount of the deposits.

Cash and cash equivalents are held at banks. It is the company's policy to only hold cash and cash equivalents at banks with a credit rating A of higher. The credit quality of receivables from financial institutions is assessed based on financial position, past experience and other factors, no defaults occurred during the year and management does not expect any losses from non-performance by these counterparties. As a result the maximum credit exposure is limited.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the company and aggregated in head office which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times.

Surplus cash held by the operating entities over and above balances required for working capital management are invested in interest bearing short-term deposits, which are selected with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The table below analyses the group's non-derivative financial instruments into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2015

	Non- maturity	Less than 3 months	3 months to 1 year	2-5 years	Total
Financial assets:					
Available-for-sale financial asset	45,972				45,972
Trade and other receivables		5,460	1,259	1,716	8,435
Receivables from financial institutions		251,640			251,640
Subtotal	45,972	257,100	1,259	1,716	306,047
Cash					
Non-restricted		499,318			499,318
Restricted				3,000	3,000
Subtotal	-	499,318	-	3,000	502,318
Financial liabilities:					
Payables to merchants		560,263			560,263
Trade and other payables		3,486	2,528		6,014
Accrued liabilities and other debts		8,088	545	655	9,288
Subtotal	-	571,837	3,073	655	575,565
Net position	45,972	184,581	(1,814)	4,061	232,800

December 31, 2014

	Non- maturity	Less than 3 months	3 months to 1 year	2-5 years	Total
Financial assets:					
Trade and other receivables		3,542	18	1,894	5,454
Receivables from financial institutions		147,811			147,811
Subtotal	-	151,353	18	1,894	153,265
Cash					
Non-restricted		327,886			327,886
Restricted				3,000	3,000
Subtotal	-	327,886	-	3,000	330,886
Financial liabilities:					
Payables to merchants		351,784			351,784
Trade and other payables		1,156	2,068		3,224
Accrued liabilities and other debts		10,630	112	605	11,347
Subtotal	-	363,570	2,180	605	366,355
Net position	-	115,669	(2,162)	4,289	117,796

At the balance sheet date the total of non-restricted cash amounts to 499,318 (2014: 327,886). The company has a credit facility agreement of 7,500 (2014: 7,500) and 1,384 (2014: 384) is used for bank guarantees.

(d) Financial instruments and fair values

(a) Measurement categories

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. Those categories are: fair value through profit or loss; loans and receivables; available for sale assets; and, for liabilities, amortized cost.

The company has no balances of financial assets or liabilities classified as fair value through profit and loss.

(b) Fair values, including valuation methods and assumptions

The carrying values of cash and cash equivalents, current receivables and current payables approximate their fair value due to their short-term nature.

5. Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital of the company comprises the reserves and the share capital related to the ordinary shares and the preferred shares.

In order to maintain or adjust the capital structure, the company may amend the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Due to the growth strategy of the company, the Company has no active dividend policy. Earnings are added to reserve to support and finance the growth strategy.

The Company is currently fully financed by means of equity and short-term liabilities which are part of the working capital and for which the duration equals the duration of the related accounts receivable.

6. Revenues

The breakdown of revenue by category is as follows:

	2015	2014
Processing fees	34,485	19,496
Settlement fees	275,857	125,986
Other services	20,759	8,193
	331,101	153,675

7. Finance income and costs

	2015	2014
Finance cost:		
• Interest cost	(8)	(1)
Total finance cost	(8)	(1)
Finance income:		
• Interest income on short-term bank deposits	497	239
Total finance income	497	239
Net finance costs	489	238

8. Share-based payments

The company grants Depositary Receipts to directors and to employees as part of their remuneration. The exercise price paid by the employees is equal to the fair value of the Depositary Receipts granted. The grant of the Depositary Receipts is conditional on the employee completing three years' service (the vesting period). If the employee leaves within the three years, the company has the right, but not the obligation, to repurchase the Depositary Receipts at the original purchase price. Unlike the shareholders, employees do not receive shares in the company but Depositary Receipts. The related shares of the company are held by an administration foundation which issues the Depositary Receipts to the employees. These Depositary Receipts entitle the holder a share of the profits earned by the company.

When an employee leaves the company after the vesting period, the company has the right, but is not required, to repurchase the Depositary Receipts at fair value. If the company does not exercise its right to acquire the Depositary Receipts of the employee, the right is transferred to the other Depositary Receipts holders. If these do not exercise this right, the Depositary Receipts can be sold to a third party at fair value. Currently the company does not have the intention, nor a history or formal management policy which requires the company to re-acquire the Depositary Receipts when an employee leaves the company.

The expenses related to the granted Depositary Receipts amounts to nil because the exercise price equals the fair value at the grant date. The share-based payment plan of the company is classified as an equity-settled plan.

The company has an option plan for directors and employees. Exercisable options give the opportunity to acquire Depositary Receipts. The exercise price of the granted options is equal to the market price of the shares at grant date. Options will vest over a period of four years. The vesting period starts on the grant date. 25% of the options will vest on the first anniversary of the grant date. The remaining 75% of the options will then vest monthly, in equal proportions at the end of each month, over the following 36 months. Options can be exercised at any time from the vesting date until the 8th anniversary of the grant date. The company has no legal or constructive obligation to repurchase or settle the options in cash. The maximum aggregate number of Depositary Receipts in respect to which options shall be granted is 1,312,500. In 2015 224,700 (2014: 819,191) are granted and 380,442 options are exercisable. The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was EUR 9.52 (2014: EUR 4.42) per option.

The following significant inputs to the model were used:

Date of grant	Grant	2015	2014
1 January 2014	Number of instruments granted		498,800
	Exercise price (in EUR)		10.95
	Share price at the date of grant		10.95
1 July 2014	Number of instruments granted		300,700
	Exercise price (in EUR)		10.95
	Share price at the date of grant		10.95
1 October 2014	Number of instruments granted		19,691
	Exercise price (in EUR)		10.95
	Share price at the date of grant		10.95
1 January 2015	Number of instruments granted	10,000	
	Exercise price (in EUR)	22.85	
	Share price at the date of grant	35.50	
1 January 2015	Number of instruments granted	63,700	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	35.50	
13 April 2015	Number of instruments granted	5,000	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	37.60	
20 April 2015	Number of instruments granted	25,000	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	37.70	
1 May 2015	Number of instruments granted	60,000	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	37.90	
1 June 2015	Number of instruments granted	10,000	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	38.60	
1 August 2015	Number of instruments granted	7,500	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	39.80	
20 October 2015	Number of instruments granted	2,500	
	Exercise price (in EUR)	66.50	
	Share price at the date of grant	40.60	
1 November 2015	Number of instruments granted	7,500	
	Exercise price (in EUR)	39.90	
	Share price at the date of grant	40.80	
15 November 2015	Number of instruments granted	5,000	
	Exercise price (in EUR)	66.50	
	Share price at the date of grant	41.10	
1 December 2015	Number of instruments granted	28,500	
	Exercise price (in EUR)	66.50	
	Share price at the date of grant	41.40	
	Expected life (years)	6 years	6 years
	Settlement	Equity settled	Equity settled
	Expected volatility (%)	30%	42%
	Expected dividends (dividend yield)	Nil	Nil

The inputs for the annual risk-free interest rate is for January 0.162%, for April -0.052%/-0.079%, for May 0.161%, for June 0.174%, for August 0.192%, for October 0.209%, for November 0.145%/0.076% and for December 0.013%.

The volatility measured at the standard deviation on continuously compounded share returns is based on statistical analysis of daily share prices over the last six years. The volatility of 30% (2014: 42%) is an average volatility of listed peer companies. In 2015 the Company has increased the number of peer companies to obtain a more realistic average volatility percentage.

See note 9 for the total expense recognized in the income statement for share options granted to directors and employees.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2015	2015	2014	2014
	Weighted average exercise price (in EUR) per share option	Number of options (thousands)	Weighted average exercise price (in EUR) per share option	Number of options (thousands)
Outstanding at 1 January	10.95	819	-	-
Granted	43.40	225	10.95	819
Forfeited	10.95	(3)		
Outstanding at 31 December	17.96	1,041	10.95	819

9. Wages and employee benefits expense

The expected contributions to the pension benefit plans for 2016 are 930. The average number of fulltime equivalents during the year was approximately 332 FTE of which 111 FTE outside of the Netherlands (2014: 206 FTE / 62 FTE outside of the Netherlands). At year end 354 people were working for the Company.

	2015	2014
Salaries and wages	29,121	16,369
Pension costs – defined contribution plans	604	310
Share based compensation	2,175	1,709
Other	3,128	1,982
	35,028	20,370

10. Compensation of key management

Key management concerns five directors of the company. The compensation paid or payable to key management for employee services is shown below:

	2015	2014
Salaries and short-term employee benefits	1,253	831
Share based payments	469	552
Post-employment benefits	2	5
	1,724	1,388

11. Other operating expenses

	2015	2014
Housing costs	2,190	1,176
Office costs	712	490
IT costs	2,356	1,222
Sales & marketing costs	4,894	2,641
Travel and other staff expenses	5,099	2,771
Advisory costs	4,509	2,838
Other	598	578
	20,358	11,716

12. Other financial results

	2015	2014
Net foreign exchange (loss)	(293)	93
	(293)	93

13. Audit fees

The following audit fees were expensed in the income statement in the reporting period:

December 31, 2015

	PWC Accountants	Other PWC firms	Total
Audit of financial statements	332		332
Other audit services		126	126
Tax services		19	19
Other non-audit services		142	142
Total	332	287	619

December 31, 2014

	PWC Accountants	Other PWC firms	Total
Audit of financial statements	149		149
Other audit services		159	159
Tax services		7	7
Other non-audit services		52	52
Total	149	218	367

The fees listed above relate to the procedures applied to the company and its consolidated group entities by accounting firms and external independent auditors as referred to in section 1(1) of the of the Audit Firms Supervision Act ("Wet toezicht accountantsorganisaties-Wta") as well as by the Dutch and foreign-based accounting firms. Including their tax services and advisory groups.

These fees related to the audit of the 2015 financial statements, regardless of whether the work was performed during the financial year.

14. Income tax

	2015	2014
Current tax:		
Current tax on profits for the year	8,334	3,101
Total current tax	8,334	3,101
Deferred tax:		
Origination and reversal of timing differences	(900)	-
Total deferred tax	(900)	-
Income tax expense	7,434	3,101

The tax on the company's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2015	2014
Profit before tax at statutory rate of 25%	10,261	3,491
Tax effects of:		
Prior year adjustments	(531)	(8)
Innovation box (changes in tax rate)	(2,847)	(1,157)
Tax rate differences on foreign operations	17	345
Non-deductible expenses	534	444
Income not subject to tax		(14)
Income tax expense	7,434	3,101

The effective tax rate of the company is 18% (2014: 22%).

The analyze of the deferred tax assets is as followed:

Deferred tax assets:	2015	2014
– Deferred tax asset to be recovered after more than 12 months	796	
– Deferred tax asset to be recovered within 12 months	123	
Total deferred tax assets	919	-

Deferred tax liabilities:	2015	2014
– Deferred tax liability to be recovered after more than 12 months	(19)	
Total deferred tax liabilities	(19)	-

Net deferred tax assets	900	-
--------------------------------	------------	----------

Deferred tax assets:	2015	2014
At 1 January	-	
State Tax Adyen Inc.	53	
Stock based compensation Adyen Inc.	742	
Accruals Adyen Inc.	124	
At 31 December	919	-

Deferred tax liabilities:	2015	2014
At 1 January	-	
Fixed assets Adyen Inc.	(19)	
At 31 December	(19)	-

15. Intangible assets

	Internally generated software
Period ended December 31, 2014	
Opening net book value	989
Additions	1,425
Amortization for the year	(377)
Closing net book value	2,037
At December 31, 2014:	
Cost	2,522
Accumulated amortization	(485)
Net book value	2,037
Period ended December 31, 2015	
Opening net book value	2,037
Additions	1,626
Amortization for the year	(685)
Closing net book value	2,978
At December 31, 2015:	
Cost	4,148
Accumulated amortization	(1,170)
Net book value	2,978

The group estimates the useful life of the software to be at least 5 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on technical innovations and competitor actions. If it were only 3 years, the carrying amount would be EUR 2,198 as at 31 December 2015. If the useful life were estimated to be 8 years, the carrying amount would be EUR 3,417.

16. Property, plant and equipment

	Machinery and equipment	Other	Total
At January 1, 2014			
Cost	1,439	637	2,076
Accumulated depreciation	(505)	(246)	(751)
Net book value	934	391	1,325
Year ended December 31, 2014			
At January 1, 2014	934	391	1,325
Exchange difference cost	(5)	(3)	(8)
Additions	2,510	843	3,353
Depreciation	(464)	(215)	(679)
At December 31, 2014	2,975	1,016	3,991
At December 31, 2014			
Cost or valuation	3,944	1,477	5,421
Accumulated depreciation	(969)	(461)	(1,430)
Net book value	2,975	1,016	3,991
Year ended December 31, 2015			
At January 1, 2014	2,975	1,016	3,991
Exchange difference cost	(1)	(1)	(2)
Additions	4,486	750	5,236
Depreciation for the period	(1,141)	(392)	(1,533)
Closing net book value	6,319	1,373	7,692
At December 31, 2015			
Cost	8,429	2,226	10,655
Accumulated depreciation	(2,110)	(853)	(2,963)
Net book value	6,319	1,373	7,692

17. Available-for-sale financial asset

	31-Dec-15	31-Dec-14
Available-for-sale financial asset	45,972	-
	45,972	-

The Company received a letter from Visa Europe about its' share in the transfer proceeds. The Company applied a 50% discount on the measured value of the shares. Visa Europe communicated a fair value amount of total EUR 53 million net of tax.

The Visa Europe shares have been re-measured through shareholders' equity, for EUR 45,9 million, to take into account the terms of the agreement of acquisition by Visa Inc. The re-measured value is composed of a cash amount and shares and relating to the re-measured value of shares a 50% discount has been applied.

This discount is representative of the following valuation uncertainties:

- the definitive closing of the transaction, subject to approvals by European authorities,
- the definitive breakdown of the sale price between sellers,
- the liquidity of shares,
- the assessment of litigation related to Visa Europe's activity.

This agreement includes a clause of earn-out payable after the fourth anniversary of the closing. This earn-out has not been taken into account in the valuation of the Visa Europe shares as at 31 December 2015. The transaction is subject "of" regulatory approvals and is expected to close in the second quarter of 2016.

The Company has the following level 3 financial asset:

Recurring fair value measurements 31 December 2015	Note	Level 3	Total
Financial assets			
Available-for-sale financial asset	17	45,972	45,972
Total financial assets		45,972	45,972

The following table shows the movement of Level 3 financial asset:

Available-for-sale financial asset		Equity security	Total
Gains recognized in other comprehensive income	22	45,972	45,972
Closing balance at 31 December 2015		45,972	45,972

The table below summarizes the impact of increase/(decrease) of 5% in the valuation of the preference shares classified as available-for-sale financial asset:

Available-for-sale financial asset	Impact on other reserves	Impact on other reserves
Increase/(Decrease) 5% in the valuation of preference shares (net of tax)	337	(337)
Total impact	337	(337)

18. Inventories

Products for resale	31-Dec-15	31-Dec-14
As at 1 January	68	282
Purchases during the year	3,106	133
Recognized as an expense during the year	(1,712)	(347)
As at 31 December 2015	1,462	68

There are no inventories measured at fair value less cost to sell (2014: nil).

19. Trade, other receivables, receivables from financial institutions and shareholders of Adyen

	31-Dec-15	31-Dec-14
Trade and other receivables	8,729	5,606
Less: allowance for doubtful accounts	(294)	(152)
Trade receivables – net	8,435	5,454
Financial institutions	251,640	147,811
Total	260,075	153,265

No financial assets are past due except for trade receivables. As at December 31, 2015, trade receivables of 3,889 (2014: 2,499) were fully performing, 3,463 (2014: 1,488) were past due but not impaired and 142 (2014: 272) were impaired. The aging analysis of the latter two categories of receivables is as follows:

	2015	2014
Past due but not impaired		
Up to 3 months	2,938	1,183
3 to 6 months	525	305

The following table summarizes the changes in the allowance for doubtful accounts for trade receivables:

	2015	2014
Start of year	152	44
Provision for impairment	142	272
Receivables written off during the year as uncollectible		(164)
End of year	294	152

A provision for impairment is generally recorded for trade receivable balances when there is objective evidence of impairment. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The carrying amounts of trade and other receivables approximate their fair value.

20. Cash and cash equivalents

	31-Dec-15	31-Dec-14
Non-restricted cash	499,318	327,886
Restricted cash	3,000	3,000
Cash and cash equivalents	502,318	330,886

The Company collects receivables from financial institutions and passes these amounts on to customers. The Foundation acts as a Trustee between the financial institutions and Adyen's merchants.

At 31 December 2015 EUR 317 million of cash and cash equivalents relate to cash in the Foundation (31 December 2014: EUR 205 million).

21. Trade, other payables and current income tax liabilities

	31-Dec-15	31-Dec-14
Payable to merchants	560,263	351,784
Trade payables	1,299	180
Taxes and social security	2,187	976
Current income tax liabilities	2,528	2,068
Accrued liabilities and other debts	9,288	11,347
Trade, other payables and current income tax liabilities	575,565	366,355

22. Share capital, share premium and reserves

	31-Dec-15	31-Dec-14
Number of shares	29,368,082	28,766,578
Ordinary shares	294	288
Share premium	148,159	108,184
Total	148,453	108,472

In September 2015 an additional 601,504 shares were issued. The paid up and called share capital increased to € 293,681 with 29,368,082 number of ordinary shares (nominal value € 0.01 per share). No share capital increase has occurred after September 2015 and as per end of December 2015 the paid up and called share capital is € 293,681 divided into 29,368,082 ordinary shares with a nominal value of € 0.01 each. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from Equity, net of any tax effects.

	Cumulative translation account	Other	Total other reserves	Retained earnings	Class Reserve-Preferred Shares A	Total
At January 1, 2014	(66)	1,497	1,431	337	1,050	2,818
Net income for the year				10,864		10,864
Allocation of prior year result				1,050	(1,050)	-
Share-based payments		1,709	1,709			1,709
Intangible assets		540	540	(540)		-
<i>Other comprehensive income</i>						
Other currency translation adjustments	(28)		(28)			(28)
Currency translation adjustments subsidiaries	57		57			57
At December 31, 2014	(37)	3,746	3,709	11,711	-	15,420
At January 1, 2015	(37)	3,746	3,709	11,711	-	15,420
Net income for the year				33,608		33,608
Share-based payments		2,174	2,174			2,174
Intangible assets		941	941	(941)		-
<i>Other comprehensive income</i>						
Re-measuring Afs financial asset		45,972	45,972			45,972
Other currency translation adjustments	55		55			55
Currency translation adjustments subsidiaries	150		150			150
At December 31, 2015	168	52,833	53,001	44,378	-	97,379

The total of distributable reserves amounts to 44,378 (2014: 11,711) and the other reserves presented above are restricted for distribution.

23. Contingencies and commitments

The Company has no contingent liabilities in respect of legal claims.

Adyen B.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.

Rental obligations (operational lease):

The company leases offices in various countries and datacenters in the US expiring within one and six years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

In 2015 lease rentals amounting to 9 (2014: 5) and 1,920 (2014: 964) relating to the lease of machinery and property, respectively, are included in the income statement.

The total lease commitments are as follows:

	31-Dec-15	31-Dec-14
Less than 1 year	2,922	1,699
Between 1 and 5 years	8,962	3,704
More than 5 years	544	
Total	12,428	5,403

Per year-end 2015 the company has a credit facility agreement of 7,500 (2014: 7,500) and 1,384 (2014: 384) is used for bank guarantees. The credit facility agreement can be cancelled.

24. Related party transactions

In 2015 Adyen B.V. has a business relationship with two shareholders. Transactions with these related parties relate to consulting services and amount to 77 (2014: 109). These transactions are made in the ordinary course of business. Year-end 2015 the payable to these related parties are nil (2014: nil).

The directors' remuneration is disclosed in note 10.

7. Company balance sheet

As at December 31, 2015 and 2014

(before appropriation of profit)

(all amounts in EUR thousands unless other stated)

	Note	31-Dec-15	31-Dec-14
<i>Non-current assets</i>			
Intangible assets	1.1	2,978	2,037
Property, plant and equipment	1.2	6,375	3,070
Financial fixed assets	1.3	5,202	1,546
Available-for-sale financial asset	1.3	45,972	
Total		60,527	6,653
<i>Current assets</i>			
Inventories		1,462	68
Receivables	1.4	16,494	8,169
Cash and cash equivalents		182,154	123,274
Total		200,110	131,511
Total assets		260,637	138,164
<i>Shareholder equity</i>			
	1.5		
Called up share capital		294	288
Share premium account		148,159	108,184
Other reserves		53,001	3,709
Retained earnings		10,770	847
Profit current year		33,608	10,864
Total equity		245,832	123,892
<i>Current liabilities</i>			
Trade and other payables	1.7	12,801	12,310
Current income tax liabilities	1.7	2,004	1,962
Total liabilities		14,805	14,272
Total liabilities and equity		260,637	138,164

8. Company Income Statement

For the years ended December 31, 2015 and 2014
(all amounts in EUR thousands unless other stated)

	2015	2014
<i>Company income statement 2015</i>		
Income from subsidiaries after tax	540	(825)
Other income and expense after tax	33,068	11,689
	33,608	10,864

9. Notes to the company financial statements

Accounting information and policies

Basis of preparation

The company financial statements of Adyen B.V. (hereafter: the company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union. In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of Adyen B.V. should be read in conjunction with the consolidated financial statements.

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

Investments in consolidated subsidiaries

Investments in consolidated subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

Investments - recognition of losses

When the company's share of losses in an investment equals or exceeds its interest in the investment, (including separately presented goodwill or any other unsecured non-current receivables, being part of the net investment), the company does not recognize any further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investment. In such case the company will recognize a provision.

1.1 Intangible assets

	Internally generated software
Period ended December 31, 2014	
Opening net book value	989
Additions	1,425
Amortization for the year	(377)
Closing net book value	2,037
At December 31, 2014:	
Cost	2,522
Accumulated amortization	(485)
Net book value	2,037
Period ended December 31, 2015	
Opening net book value	2,037
Additions	1,626
Amortization for the year	(685)
Closing net book value	2,978
At December 31, 2015:	
Cost	4,148
Accumulated amortization	(1,170)
Net book value	2,978

1.2 Property, plant and equipment

Lease rentals amounting to 8 (2014: 5) and 809 (2014: 507) relating to the lease of machinery and property, respectively, are included in the income statement.

	Machinery and equipment	Other	Total
At January 1, 2015			
Cost	3,284	1,103	4,387
Accumulated depreciation	(903)	(414)	(1,317)
Net book value	2,381	689	3,070
Additions	4,237	292	4,529
Disposals			
Depreciation	(985)	(239)	(1,224)
Movement	3,252	53	3,305
At December 31, 2015			
Cost	7,521	1,395	8,916
Accumulated depreciation	(1,888)	(653)	(2,541)
Net book value	5,633	742	6,375

1.3 Financial fixed assets

Movements in financial fixed assets are as follows:

The consolidated financial statements integrally include the financial statements of the company and the following group companies, which are economically and organizationally linked to the company:

	Available-for-sale asset	Investments in consolidated subsidiaries
At 1 January 2015		
Net book value		1,546
Movements in book value 2015		
Investments		2,966
Share of profit of subsidiaries		540
Currency translation subsidiaries		150
Available-for-sale asset	45,972	
Subtotal	45,972	3,656
At 31 December 2015		
Net book value	45,972	5,202

Adyen B.V.

Name	Legal Seat	Ownership percentage
Stichting Adyen Client Management Foundation	Amsterdam, The Netherlands	
Adyen International B.V.	Amsterdam, The Netherlands	100%

Adyen International B.V.

Name	Legal Seat	Direct and indirect ownership percentage
Adyen Inc.	San Francisco, USA	100%
Adyen Services Inc.	San Francisco, USA	100%
Adyen GmbH	Berlin, Germany	100%
Adyen France Sarl	Paris, France	100%
Adyen Brazil Ltda	São Paulo, Brazil	100%
Adyen Servicos Pagamento Ltda	São Paulo, Brazil	100%
Adyen Singapore PTE. LTD.	Singapore	100%
Adyen UK Limited	London, UK	100%
Adyen Hong Kong Limited	Hong Kong	100%
Adyen Australia PTY Limited	Sydney, Australia	100%
Adyen Canada Ltd.	Saint John, Canada	100%
Adyen Iberia S.L.	Madrid, Spain	100%
Adyen Korea Chusik Hoesa	Seoul, Korea	100%
Adyen Mexico, S.A. de C.V.	Mexico City, Mexico	100%
Adyen Belgium BVBA	Brussel, Belgium	100%
Adyen Nordic AB	Stockholm, Sweden	100%
Adyen (China) Software Technology Co. Ltd.	Shanghai, China	100%

1.4 Receivables

Receivables fall due in less than one year except deposits transferred to Financial Institutions.

	31-Dec-15	31-Dec-14
Trade receivables	3,205	2,220
Receivables from group companies	808	579
Receivables from Adyen Foundation	8,975	3,146
Other receivables	2,370	1,765
Prepaid expenses	1,136	459
	16,494	8,169

1.5 Shareholder's equity

In September additional 601,504 shares were issued. The paid up and called share capital increases to € 293,681 with 29,368,082 number of ordinary shares (nominal value € 0.01 per share). No share capital increase has occurred after September and as per end of December the paid up and called share capital is € 293,681 divided into 29,368,082 ordinary shares with a nominal value of € 0.01 each. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from Equity, net of any tax effects.

The movements in shareholders' equity are as follows:

	Called up share capital	Share premium account	Other legal reserves	Other reserves	Shares A	Retained earnings	Profit current year	Total
At 1 January, 2014	263	11,492	1,431	-	1,050	(2,357)	2,694	14,573
Allocation of the prior year result					(1,050)	3,744	(2,694)	-
Net result for the year							10,864	10,864
Proceeds on issuing shares	25	100,175						100,200
Funding costs investment		(3,483)						(3,483)
Share-based payments				1,709				1,709
Intangibles assets			540			(540)		-
Other currency translation adjustments			(28)					(28)
Currency translation adjustments subsidiaries			57					57
At December 31, 2014	288	108,184	2,000	1,709	-	847	10,864	123,892
At 1 January, 2015	288	108,184	2,000	1,709	-	847	10,864	123,892
Allocation of the prior year result						10,864	(10,864)	-
Net result for the year							33,608	33,608
Proceeds on issuing shares	6	39,994						40,000
Funding costs investment		(19)						(19)
Share-based payments				2,174				2,174
Intangibles assets			941			(941)		-
Re-measuring Afs financial asset			45,972					45,972
Other currency translation adjustments			55					55
Currency translation adjustments subsidiaries			150					150
At December 31, 2015	294	148,159	49,118	3,883	-	10,770	33,608	245,832

The reserve for translation differences concerns all exchange rate differences arising from the translation of the net investment in foreign entities. The total of distributable reserves amounts to 44,378 (2014: 11,711). The other reserves presented above are restricted for distribution.

1.6 Dividends paid

No dividend has been paid in the years presented.

1.7 Current liabilities

	31-Dec-15	31-Dec-14
Accounts payable	1,535	31
Other taxes and social security contributions	1,984	944
Income tax	2,004	1,962
Payables to group companies	2,339	
Accrued liabilities and other debts	6,943	11,335
	14,805	14,272

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

1.8 Directors' remuneration

For an overview of the directors' remuneration, reference is made to note 10 of the consolidated financial statements.

1.9 Audit fees

For an overview of the audit fees, reference is made to note 13 of the consolidated financial statements.

1.10 Contingencies and commitments

Adyen B.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. Pursuant to the Collection of State Taxes Act, the company and its subsidiary are both severally and jointly liable for the tax payable by the combination.

In the financial statements of Adyen B.V., tax expenses are calculated on the basis of the commercial result realized by Adyen B.V.

Adyen B.V. and Adyen International B.V. settle these expenses through their intercompany accounts.

Amsterdam, 30 March 2016

10. Other information

Provisions in the Articles of Association relating to profit appropriation

The Articles of Association of the company provide that the appropriation of the net income for the year is decided upon at the Annual General Meeting of Shareholders.

For the preferred dividends the Annual General Meeting of Shareholders can elect to pay out the annual dividend on these shares or to add the dividend to the class reserve.

Proposed profit appropriation

Awaiting the decision by the shareholders, the income for the year is separately included in the shareholder's equity as unallocated net income. It is proposed that the result for the year will be added to the retained earnings.

It is proposed that the dividend on the ordinary shares is not paid out but is added to the retained earnings.

Events after balance sheet date

There are no events after the reporting period.

Independent auditors report

We refer to the next page.

11. Independent auditor's report



Independent auditor's report

To: the general meeting of Adyen B.V.

Report on the financial statements 2015

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Adyen B.V. as at 31 December 2015, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2015 of Adyen B.V., Amsterdam ('the company'). The financial statements include the consolidated financial statements of Adyen B.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2015;
- the following statements for 2015: the consolidated statement of comprehensive income, the company income statement, the consolidated and company changes in equity and cash flows;
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We are independent of Adyen B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

Ref.: e0376346

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code; and
- for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going-concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the directors' report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the directors' report and the other information):

- We have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the directors' report, to the extent we can assess, is consistent with the financial statements.

Amsterdam, 30 March 2016
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.S. de Bruin RA

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Appendix to our auditor's report on the financial statements 2015 of Adyen B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going-concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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

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