2023

Annual Report

adyen

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for ambition

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In case of any discrepancies between the printed version and the annual financial reporting package, the aforementioned financial reporting package prevails. Note that the auditor's opinion included in the printed version does not relate to the printed version but only to the official annual financial reporting. No rights can be derived from using the printed version, including the unofficial copy of the auditor's report. Our auditors did not determine (nor do they need to) that the printed version is identical to the official version.

Message from the Co-CEOs

Dear reader,

As we look back on 2023, it is clear to us that this was a successful year for our company. It is one that we will remember both for its valuable learnings and our continued discipline along the way. However, we do not look at our business in isolation, and have continued to see a range of global conflicts, humanitarian crises, and climate emergencies affect many parts of the world. We did not turn away from these difficult realities, but rather further tapped into our people and platform to drive positive change. We believe that this is not just our responsibility, but one that should be shared by all businesses.

We also recognize that our ability to meaningfully respond to such global crises relies on the strength and stability of our business. In past Annual Reports, we talked extensively about how we are shaping Adyen for long-term success. In 2023, this meant building upon our solid foundation to bring us into our next phase of scale. From developing our platform entirely in-house, to investing in our banking and branch licenses, opening new regional offices, and continuously solidifying our commercial reputation, we have been playing the long game in the lead-up to what has been a critical year for us.

As a business, we experienced our own unique dynamics throughout the year. Market volatility and shifting customer priorities led us to incorporate meaningful changes into the way we externally engage. As was the case during other tumultuous periods that have occurred since our founding – the COVID-19 pandemic being a prime example – this year again proved that we are capable of effectively addressing and adapting to the landscape around us. As a partner to our customers, one of our key differentiators is our ability to identify opportunities amid complexity. In 2023, we applied the same mindset to our own approach by embracing the call to thoughtfully evolve. Our Investor Day in San Francisco was one such expression. By providing deeper insights into our business performance and objectives in November, we were able to improve our dialogue with the investor community and further demonstrate that we are proceeding with a clear vision toward our promising horizon ahead.

Nowhere was our long-term view more apparent than in our counter-cyclical decision to build our global team at an accelerated rate. 2023 marked the close of a two-year initiative in which we significantly invested in positioning our team to become its most far-reaching and effective to date. We are proud to have remained laser-focused on executing against our strategy, which made this the year we successfully brought to life our plan of expanding our global team to its next maturity level.

This hiring initiative took place as the broader tech industry took measures to reduce their team sizes. Fortunately, our healthy business standing enabled us to proceed in the way we knew would be essential to achieving our growth ambitions: by doubling-down on the necessary technical and commercial hires, particularly in offices outside of Amsterdam. Along the way, we benefited from a favorable talent market as a tailwind. By the end of the year, our global team totaled 4,196 FTEs – a quantity with equal parts quality, as we went to great lengths to ensure Adyen's well-known talent standards remained at the high level we pride ourselves on upholding.

To ensure we preserved our exceptional talent bar, we continued to prioritize Formula fit, rolled out a standardized global onboarding program, and conducted final interviews with members of our Management Board or Global Leadership Team (GLT). In 2023, this group of senior leaders was more diverse than ever before, and their wealth of perspectives, backgrounds, and experience levels thoroughly enriched the recruitment and decision-making process. With their dedicated involvement, we ended the year with a global team equipped with the skills required to deliver on our key growth ambitions.

We know that facilitating fast and effective collaboration at a larger and more international company requires a deliberately global mindset. For that reason, we continued to champion an office-first approach across our 27 locations and enjoyed coming together again for our 'Connect' event during the summer. During this week-long, annual gathering, we enabled in-person connection through a range of content-rich programming spanning our business priorities and strategy. 'Connect' presented an ideal opportunity to host many of our global team and functional meetings in person, and organized valuable team-building and networking exercises. During the event, many colleagues also utilized their time to make a wider impact, with around 2,600 volunteering hours facilitated for worthwhile causes.

Nurturing our relationships was not only a priority internally, but also across our global customer base. This year, we drove forward our cornerstone land-and-expand strategy, which continued to unlock the majority of our annual growth – more than 80% of which came from existing customers once again. The strength of this approach lies in demonstrating the upfront value of our offering, then proving what our partnership can do on a larger scale and longer-term, securing notable wallet-share gains as we go.

To meet our customers' needs, we always listen carefully to their priorities, which shifted notably during 2023. Their valuable insights helped shape our product roadmap. Our customers' increased attention on cost optimization allowed us to leverage our single platform to help lower their total cost of ownership. From network tokenization, to optimized debit routing, and a wide range of alternative payment methods, our single integration increased conversion and enabled significant operational efficiencies for our customers. Our ability to save on costs was also seen in our advanced authentication suite, which in 2023 expanded to include a Data-Only and Trusted Beneficiaries functionality, empowering businesses to broaden their decision-making resources, reduce fraud, and ultimately drive end-conversion uptick.

Alongside our cost optimization capabilities – a benefit we have more actively incorporated into our sales and account management strategies – 2023 saw us roll out a number of exciting innovations. This year, we satisfied consumer demand for more sophisticated in-person payment experiences by launching Tap to Pay on Android. This software-based solution allows both SMBs using Adyen for Platforms and enterprise Unified Commerce customers to convert any compatible Android device into a payment terminal accepting contactless payments, with benefits ranging from enhanced checkout experiences, to more streamlined operational processes, and reduced hardware costs. Following the launch of Tap to Pay on iPhone in the US in 2022, we also expanded this service into the UK, France, the Netherlands, and Australia over the course of the year.

Beyond innovating across our product offering, we further served our customers by deepening our local presence and end-to-end capabilities throughout the regions in which we operate. This year, we were pleased to be among the first to receive certification to utilize the FedNow(R) Service, the Federal Reserve's instant payment infrastructure. Sitting at the forefront of fund transfer, this certification sharpened upon our capabilities in order to keep our customers at the industry's cutting-edge, and further optimize costs throughout the transaction flow along the way. In a similar vein, in the second half of this year, we expanded our global acquiring footprint by obtaining our UK license, with which we were able to obtain direct access to the Bank of England's (BoE) centralized clearing and real-time payment rail (the Faster Payments Services, or FPS).

Lastly, in 2023, we continued to ensure we were meeting our customers' needs while honoring our shared responsibility to protect the future of our planet and its people. The principal embodiment of this commitment is our annual pledge to dedicate 1% of our annual net revenue to initiatives that support the United Nations' Sustainable Development Goals (UN SDGs). Through our donations product, Giving – which you will read about in greater detail later in this report – we spent 2023 empowering more businesses to incorporate our leading donation technology into their payment flows. Bolstered by the resources of our 1% fund, we ensured that 100% of contributions reached the intended nonprofits by absorbing scheme fees that would otherwise dilute donations before they reach the intended parties.

2023 was certainly one to be remembered. We are proud to have navigated its polarities with the continued focus, resilience, and adaptability that Adyen considers second nature. We took many learnings with us and ended the year as a stronger team, company, and partner as a result of having gained them. Still, we would be remiss to close only on a note of positivity. After all, we are living in times of persisting unrest, and it is a testament to our global team that we continue to find ways to support the planet and its people amid the world's challenges.

As we look ahead to 2024 and beyond, we remain committed to driving positive change wherever we can. We stand firmly behind the long-term vision for our business, determined and ready to propel ourselves closer to realizing it. We've reached the next phase of scale, yet this is only the beginning. Now is the time to keep our heads down and execute on our substantial opportunity. 2023 marked another decisive step on the path to getting there.

Pieter and Ingo

Processed volume

2023 ↗ 26% YOY

€ 970.1 BN

Net revenue*

2023 ↗ 22% YOY

€ 1.6 BN

EBITDA*

2023 ↗ 2% YOY 46% MARGIN

€ 743 MN

* Refer to Note 2.4 for further explanation on the non-IFRS measures reported by Adyen.

Highlights in 2023

Reaching the next stage of scale across our team

- We concluded a two-year accelerated investment period in our global team, which brought the company to a total of 4,196 FTEs at the end of 2023.
- We continued to prioritize hiring outside of Amsterdam across our tech and commercial domains.
- We remained laser-focused on maintaining our high talent standards, keeping Formula fit top of mind as we scaled our company culture and ways of working.

Empowering our customers' ambitions with product innovation

- With more than 80% of our growth in 2023 coming from existing customers, we reaffirmed the efficacy of our land-and-expand approach.
- We proactively met our customers' needs by investing in a range of new and existing functionalities, including alternative payment methods, platform automations, and optimized routing.
- We further deepened our global presence to support our customers' expansion efforts, as exemplified when we obtained our UK banking license in H2.

Driving positive impact by tapping into the potential of our platform and people

- We developed Campaign Manager – the biggest update to our Impact technology to date – allowing customers to scale their charitable donations and positive impact with greater flexibility.
- In its first year, our Global Volunteering Time Off program saw global Adyen teams engage in a range of volunteering and impact initiatives in their local communities.
- To optimize our 1% fund, we scaled and doubled-down on 2022 projects including absorbing scheme fees, donation matching, and volunteering with local nonprofits.

01
Adyen at a glance

Adyen at a glance

Adyen is the global financial technology platform of choice for leading businesses. With a single integration, Adyen manages the entire payments lifecycle, encompassing gateway, risk management, processing, issuing, acquiring, and settlement. This comprehensive approach includes direct connections to local and international card and banking networks, underpinning Adyen's role as a strategic partner across multiple verticals. With a strong focus on security, performance, and continuous innovation, Adyen's ambition is to enable businesses to succeed in the future of global commerce.

Powered by Adyen's unique data ecosystem, both in-person and digital-native businesses can meet today's consumer expectations while increasing efficiency and growth. Adyen generates revenue primarily through processing and settlement fees for its gateway and acquiring services, respectively. For a detailed breakdown of Adyen's revenue structure, please refer to Note 2, 'Revenue and segment reporting' in the attached Consolidated Financial Statements for further insights.

Business strategy

At Adyen, our success is directly linked to that of our customers. This connection is why we prioritize partnering over the long-term – a philosophy reflected in our long-standing land-and-expand strategy. By proving our value upfront and progressively broadening our scope as we grow together, we keep collaboration at the core of our approach, actively addressing our customers' challenges and supporting them in reaching their ambitions over time.

In 2023, over 80% of our growth came from existing customers. Our collaborations expanded to encompass new product features, channels, and regions. Attributing the large majority of our expansion to pre-established partnerships serves as another testament to our land-and-expand strategy. It reinforces a consistent trend observed every half-year since our IPO in 2018, next to a steadily low volume churn of less than 1%.

To continuously increase share of wallet with our customers, we have structured our engineering and product organization to most effectively support our commercial strategy. Our highly autonomous and impactful domains consist of product and technical teams that understand, prioritize, and address customer needs. Their solutions ultimately drive our opportunities and new partnerships.

In addition to this, to capitalize on the highly specific technical advantages we bring across all products, we have 'pillarized' our sales force – moving it toward a more functional structure. Rather than selling our single platform at the highest level, our commercial team is becoming better positioned to tailor our offering and functionality to the specific needs of each current and potential customer.

Digital

In our Digital Pillar, we aim to be the first-choice financial technology platform for enterprises, leading the global shift to effortless payments in the digital economy. Recognizing the need for online payments to evolve continuously with new payment methods, regulations, and technology, we enable our customers to simplify complexities through our single, integrated solution. In the coming year, we will continue to focus on adding value to our merchants beyond processing, enhancing performance, and driving cost savings at scale.

Unified Commerce

Our Unified Commerce solution continues to power sophisticated cross-channel experiences, providing valuable data insights and unparalleled point-of-sale (POS) technology. As businesses around the world increasingly digitalize, our solution bridges multiple geographies, powering seamless in-store, digital, and in-app payments through our single platform. Looking ahead, our focus is on facilitating intricate customer journeys, reducing complexity, and optimizing checkout funnel performance by leveraging Adyen's data network.

Platforms

Within Platforms, our embedded payments offering provides SMBs with a high-quality, multi-channel-solution, serving as a gateway to broader adoption of our EFP suite. Our ambition is to elevate platform businesses to reach their peak potential by enabling maximum competitive advantage, primarily through the dual strengths of our superior Digital and Unified Commerce solutions.

Across our three key commercial pillars – Digital, Unified Commerce, and Platforms – the Adyen team looks within our relationships to assess customer needs, as well as externally to uncover market trends, challenges, and opportunities.

Innovating across these pillars enables us to maintain our leading position in a fast-paced and ever-evolving commercial landscape. Our end-to-end, in-house built tech stack is engineered for speed and flexibility. Having this proprietary platform provides us with full technical autonomy, meaning we not only continuously iterate, adapt, and create the solutions our customers require – but also do so when they are required. This can involve implementing new payment methods or creating entirely new functionalities, to name just a few examples.

While our journey started in online payments, we by no means consider this pillar to have reached its full maturity. In an increasingly complex digital landscape, which is often distinct across regions, we must stay ahead of continually shifting payment preferences, regulation, and technology. In doing so, we create value for our customers by simplifying the complexities they must address, and handling them on their behalf. With our consolidated reporting, reconciliation, local acquiring, and more, we are uniquely positioned to simplify the payments flow for our merchants and drive cost savings at scale. We also continue to expand our offering and add value beyond processing by combining payments, data, and banking products.

By supporting businesses across in-store, digital, and in-app channels via a single integration, our customers gain strategic advantages including: simplified multi-region processing, scalable opportunities in new markets, optimized total cost of ownership, and the insights needed to transform transactions into meaningful relationships. Our platform's data ecosystem is also highly valuable to Unified Commerce (multi-channel) customers that benefit from our holistic view of consumer transaction activity. In this way, our unique Unified Commerce solution is designed to empower businesses by enhancing their understanding of consumer behavior across diverse sales channels, facilitating seamless customer journeys and capturing rich insights along the way.

Through our Platforms offering, we bring the unparalleled strengths of our enterprise-grade software to the long-tail of the market. By taking a white-label approach to our far-reaching services, Adyen enables platform businesses – and the small and medium-sized businesses (SMBs) utilizing them – access to our end-to-end financial ecosystem. With more than 85,000 platform business customers currently served, this is a high-potential gateway to a section of the market we can now capture indirectly.

In 2023, we increased our focus on rolling out our Embedded Financial Product (EFP) suite, which equips platform businesses to deliver superior financial experiences to their users. With options including business bank accounts, cash advances, pre-paid spend cards, and issued debit cards, our services allow platforms to not only further differentiate their offerings and increase stickiness – but also elevate their users' payment experiences in a single destination.

Our long-term view of building our business continues to reap new rewards. However, inherent to this big-picture horizon view is also accounting for what we see occurring in the world around us. At Adyen, we not only make good decisions for the sake of our customers and company – we also consider the long-term needs of the world at large. After all, there will be no world to succeed in if we do not protect it along the way.

To build a solid foundation for this ambition, we conducted a Double Materiality Assessment in 2023 to gain a deeper understanding of which Environment, Social, and Governance (ESG) topics matter most for our long-term sustainability and value creation. The results of this assessment are helping us build upon the fundamental tenets of our license to operate, the safety and well-being of our employees, as well as a workplace environment in which people are encouraged to speak up, maintain ethical standards, and welcome different perspectives.

The findings from our 2023 Double Materiality Assessment also led to us officially articulate these dimensions of the business in the form of four new strategic objectives, which we aim to actively execute on up to and beyond 2030. These are:

1. DEI: Diversity and inclusion are a shared responsibility for which the global Adyen team is collectively accountable.
2. Community: We generate a positive impact in the communities where we operate.
3. Environment: Sustainability is a key decision-making factor in operating and growing our business.
4. Impact technology: We tap into our platform to drive environmental and social change.

We want each member of our global team to understand the unique role they play in contributing to these priorities, as well as why they are our shared company priorities to begin with. By weaving relevant programs and initiatives into all layers of our business, we encourage our employees to continue prioritizing sustainable, long-term value creation and socially responsible decision-making.

To make a sustainable impact not only within our company, but also throughout the world around us, we have annually committed 1% of our net revenue to causes that support the United Nations' Sustainable Development Goals (UN SDGs). By opting for a variable percentage rather than a fixed annual amount, we can be sure that as our business grows, so too will our impact scale in parallel.

This commitment has in part been used to further enable our Impact technology, which connects businesses, consumers, and nonprofits around the world. By developing this functionality, we have tapped into the unique potential of our platform, people, and partnerships to accelerate positive change for the world's most pressing causes. While processing donations, we ensure that 100% of consumer contributions reach the intended charity. It has been hugely encouraging to witness an increasing appetite for our Impact suite, with 113 merchants now using Adyen Giving, 149 nonprofits onboarded into our NPO portfolio, and 11 Moments that Matter campaigns launched throughout 2023.

Adyen is at an exciting moment in our history. Though we have demonstrated our technological capabilities, we currently only account for a small percentage of market share even in our most commercially established regions – meaning our opportunity to grow remains substantial. We see significant untapped potential in high-growth regions like the US, as well as in nascent countries like Brazil, Japan, and India, where our offering is in its earliest phase of local adoption. We also continue to support Chinese brands that wish to sell internationally outside of China, and see ongoing opportunities to do so. Across our product suite, we have a long runway ahead in terms of what we can achieve through continued product innovation, even in our longest-standing platform areas, such as our Digital pillar.

With an exceptionally strong team across our 27 global offices, and our combination of global and local expertise, we are well-equipped to partner with customers of every size, industry, and region. Along the way, we plan to accelerate positive change from the inside-out of our operations, guided by our strategic priorities. Throughout this report, you will read in greater detail the philosophy behind our approach, the goals we have set, and the progress we are proud to have made this year.

"I love the rush of excitement you get when you start a new adventure. There's something so satisfying about tackling problems with an unknown solution. Now that I think about it, I'm always chasing that feeling — and Adyen gives me the perfect environment to find it. I think that's why it's the right place for me to be."

Jeyne — SVP of Merchant Finance & Treasury

Discussion of financial results

Processed volume for 2023 was €970.1 billion, up 26% year-on-year. Following the precedent set in previous years, the majority of our processed volume growth once again stemmed from the success of our land-and-expand commercial strategy, as we grew further with existing customers.

In 2023, our point-of-sale (POS) volumes were €159.9 billion, comprising 16% of total processed volume, up from 15% in 2022. This growth reflects the persisting appetite for advanced, in-person experiences – a demand permeating new verticals every year.

Net revenue was €1.6 billion for the year, up 22% from 2022. Full year take rate for 2023 was 16.8 bps, down from 17.3 bps compared to 2022. This decline is a natural outcome of our tiered pricing model, in which we embrace the land-and-expand strategy that fuels our growth.

Operating expenses for 2023 came in at €944.2 million, up 42% year-on-year. The largest contributor was employee benefits, which totaled €594.0 million, up 56% year-on-year. To achieve our long-term ambitions, 2023 was the second year of accelerated investment in our global team. Adyen's global team totaled 4,196 FTEs at the end of the year, up from 3,332 FTEs at the end of 2022. With 2023 marking the final stretch of our significant headcount growth, we intentionally slowed hiring as our heightened investment period came to a close. Looking ahead, it is our intention to grow our team by a couple of hundred net-new joiners in 2024.

In 2022, we announced that we will annually commit 1% of our net revenue to initiatives that support the UN SDGs. This year, this commitment resulted in an additional amount of €16.3 million for the year. During the year, approximately €10.1 million of the funds were spent on a range of initiatives and nonprofit organizations. An amount equal to €13.2 million will therefore carry over into 2024.

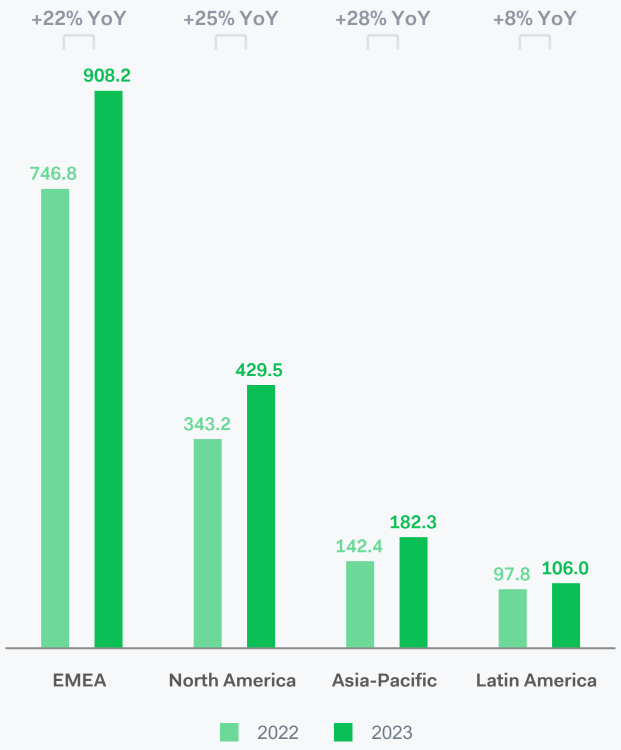
Full year EBITDA was €743.0 million for 2023, up 2% year-on-year. Full year EBITDA margin was 46%, compared to 55% in 2022, driven by employee benefits exceeding net revenue growth as we continued to hire at an accelerated rate.

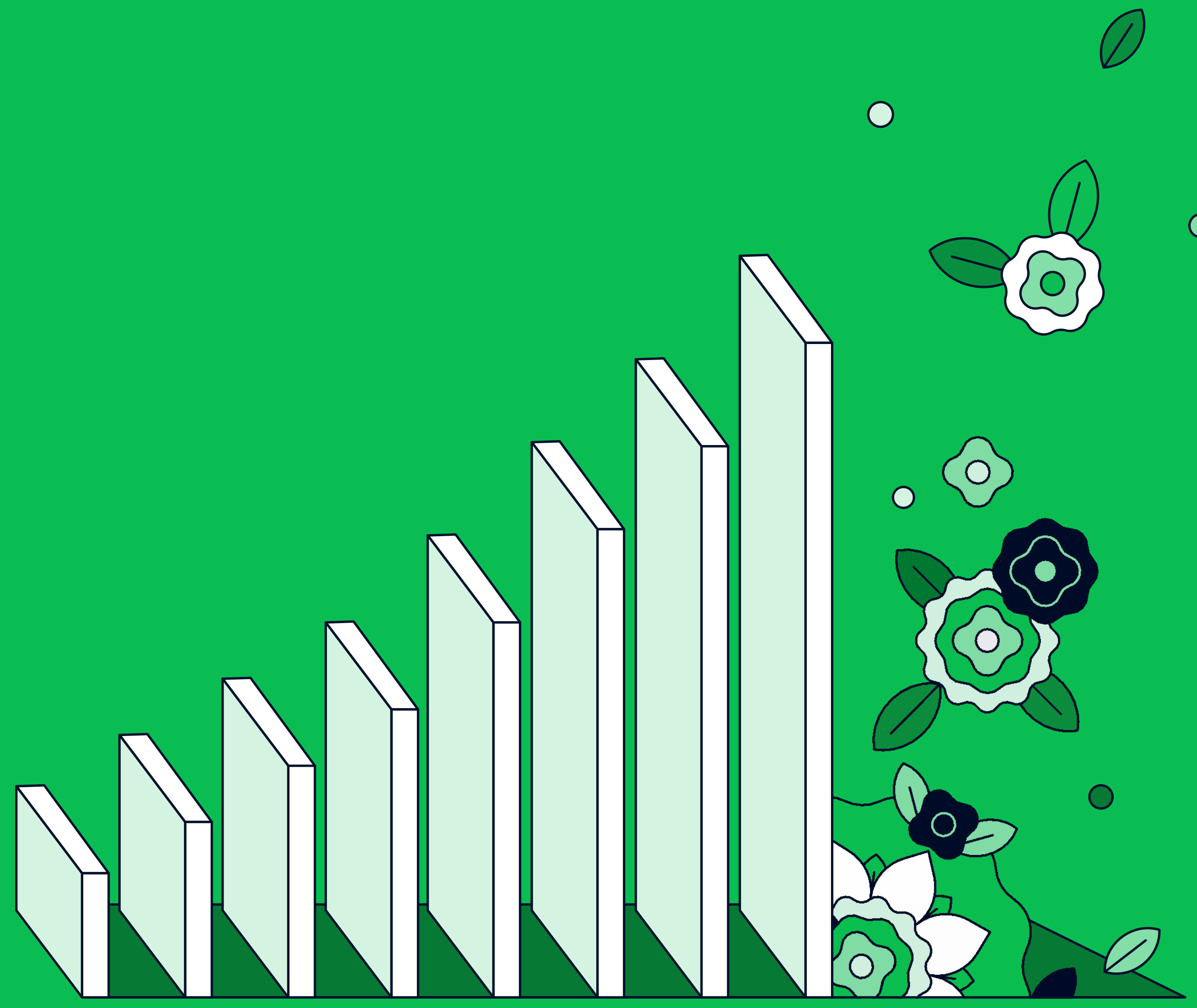
Net income was €698.3 million in 2023, up 24% year-on-year. We generated significant interest income of €246.4 million during the year, primarily stemming from our balances at central and commercial banks.

2023 free cash flow was €639.5 million, up 5% year-on-year. Full year free cash flow conversion was 86%, up 4% year-on-year.

CapEx was €69.7 million and 4% of net revenues for the full year. Owing to the fact that our investments are not always linear or balanced throughout the year – but rather executed in line with our technical needs – CapEx spend was higher in H1 2023 than H2 2023.

Figure 1
Net revenue per region (in EUR millions). Comparative figures have been updated to reflect the Net Revenue geographical breakdown as disclosed further in Note 2.4 Non-IFRS financial measures, in the 2023 Consolidated Financial Statements.





Financial objectives

Adyen's substantial long-term opportunity remains in place, and we continue to build the business guided by decisions that benefit us over that horizon. We updated our financial objectives at the time of our Investor Day in November 2023. Those standing financial objectives remain unchanged.

Net revenue growth:

We aim to continue to grow net revenue annually between the low-twenties and high-twenties percent, up to and including 2026.

EBITDA margin:

We aim to improve EBITDA margin to levels above 50% in 2026, as we expect to benefit from operating leverage inherent to our business model.

Capital expenditure:

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

02
Management report

Steering our business responsibly

Introduction

Since our founding in 2006, Adyen has been committed to building our business for the long term. This focus on longevity serves as a compass guiding our decision-making – and is an intentional approach that reaches beyond our core business. Along the way, we take seriously the trajectory of the world around us. Innovation powers our product and drives our technical solution forward, but we believe that this spirit must also extend to our sustainable long-term value creation. We firmly hold that everyone has a role to play in protecting the planet and its people, and consider a sustainable approach fundamental to every businesses' license to operate – including our own.

Later in this report, you will learn how we remained committed to building a responsible business across our operations, product, people, and nonprofit partnerships in 2023. While we are pleased with our continued progress, we believe that embedding this mindset into the fabric of our business is an ongoing, ever-evolving process. There remains a long way to go. However, each year, we look forward to deepening our understanding and iteratively improving our practices.

Materiality assessment

To gain a stronger understanding of which Environment, Social, and, Governance (ESG) topics matter most for long-term sustainability and value creation, Adyen conducted its first materiality assessment in 2022. Alongside our own ambitions to refine our ESG activities and ambitions, European regulation evolved in parallel to make ESG disclosures mandatory starting from 2025 (financial year 2024). As a large company, Adyen is required to increase its transparency into non-financial information, in addition to identifying both the impact of Adyen's business on global ESG issues (inside-out) and the impact of such issues on Adyen's long-term health and longevity (outside-in). Following the 2024 financial year, Adyen will mandatorily increase its disclosures in line with the requirement of the Corporate Sustainability Reporting Directive (CSRD). Further details on how Adyen is preparing for this extensive regulation change are outlined further below.

Adyen's 2022 materiality assessment marked an important step in our long-term ambition to build an ethical business and create sustainable value for our stakeholders – one we remain committed to building upon. For that reason, in 2023, we were pleased to iterate and improve our methodology in order to deepen our understanding. This year, we expanded our dedicated ESG Working Group, which comprises members from Adyen's reporting, corporate risk, legal, communications, and sustainability teams. This ESG Working Group was responsible for driving 2023's more extensive Double Materiality Assessment, with the primary objective of identifying which ESG matters are most material to Adyen from both an impact and risk or opportunity perspective. While maintaining a centralized approach, the assessment was performed at the group level, taking into consideration the activities and presence of Adyen's subsidiaries and offices.

Note: For a more comprehensive understanding of some of the concepts and metrics used throughout this annual report, please refer to the glossary on page 182.

Approach

Adyen's 2023 materiality assessment was conducted with the requirements of the Corporate Sustainability Reporting Directive (CSRD) in mind. While the CSRD officially applies to disclosures from 2024 onwards, Adyen is taking steps today to prepare for the upcoming disclosure requirements.

Below is a summary of the methodology followed by the ESG Working Group to complete the 2023 materiality assessment, which aligns, as much as possible, with the available guidance from the newly adopted European Sustainability Reporting Standards (ESRS).

Impact and financial materiality assessment

The impact and financial materiality assessment sought to gauge the significance of these topics within the dual framework of 'financial' and 'impact' materiality principles. The assessment adhered to the double materiality principle, considering both internal (inside-out) and external (outside-in) perspectives.

For reference, we followed these important definitions as part of the assessment:

Impact materiality: When a sustainability topic is material from an impact perspective, it means that the Adyen has actual or potential, positive or negative impact on people or the environment.

Financial materiality: A sustainability topic is material from a financial perspective if it triggers or may trigger material financial effects on Adyen. This is the case when it may generate risks or opportunities that have a material influence on Adyen's cash flows, development, performance, position, cost of capital, or access to finance.

The initial step involved compiling a comprehensive list of ESG topics derived from the ESRS and peer research, specifically tailored to the payments, financial services, and technology industry. Leveraging insights from the 2022 materiality assessment, a refined list of 30 topics was created, setting the foundation for the 2023 assessment and providing continuity for subsequent years. Next year, we will carry our 2023 findings into 2024, with the aim of annually iterating and building upon our foundation.

To complete the assessment, the ESG Working Group collected information from diverse sources, such as prior disclosures, internal web pages, and existing policies, in order to establish a preliminary context.

When looking at the criteria over which to assess these topics, the impacts, risks, and opportunities were assessed. For the impact materiality assessment, the criteria considered were severity (scale, scope, and irremediable character) of the events and the likelihood of such events occurring. For financial materiality, the criteria considered were scale, scope, and likelihood. In order to conduct a comprehensive assessment, an impact, risk, and opportunity analysis was performed across the full list of 30 topics. Throughout this assessment, Adyen identified a total of 8 material topics. It is worth mentioning that the criteria for financial materiality and impact materiality are distinct. These unique criteria guided the materiality assessment by quantifying the materiality of impacts, risks, and opportunities relevant to Adyen in order to identify the material topics.

To enrich the assessment, internal experts were identified for each topic and invited to participate in interview sessions exploring Adyen's impacts, risks, and opportunities. The internal experts also offered insights into Adyen's approaches, policies, and governance for each sustainability topic. The interviews with internal experts and stakeholders further enriched the assessment process, which featured a deepened level of consideration – the first time this depth of dialogue was formally conducted.

ESRS guidelines strongly encouraged Adyen to also involve external stakeholders in the materiality assessment process. External stakeholders can provide unique insights, and their views can offer a more holistic perspective on the company's societal and environmental impact, in addition to their distinct perspectives on potential risks affecting the company. The main objective in incorporating these perspectives into the assessment was to ensure a well-rounded approach was taken in assessing and scoring the impact, risk, and opportunity of the ESG topics.

Following this line of thinking, in 2023, the working group short-listed and invited a select number of external stakeholders to participate in the assessment and provide their unique viewpoints through a structured engagement process.

Once the feedback of all stakeholders was reflected in the assessment, the 2023 materiality assessment was complete.

Material topics

Adyen's 2023 materiality assessment resulted in the identification of 8 material topics. Below is a summary of the topics identified based on the impact, risk, and opportunity considerations. This exercise led to new insights and helped us develop a stronger, more concretely founded sustainability strategy. Throughout this report, you can read about each topic in greater detail, including why they are material, how these topics are managed, and relevant progress.

Diversity, Equity, and Inclusion (DEI):

We believe that robust and effective DEI policies and commitments enhance our team's working conditions, morale, and the overall well-being of our workforce. Our goal is to have everyone contribute to building a company with diversity, equity, and inclusion at its core, and to continuously embed it throughout the organization. This topic is actively managed by Adyen throughout the employee lifecycle, from the recruitment process to internal mobility, and more. For more information, see page 32.

Community impact:

Our volunteering program grants all employees at least a four-day allowance to engage in local community projects. These initiatives are designed to generate a positive impact and create a multiplier effect on both people (internal and external) and the environment – particularly in the communities in which we operate. For more information, see page 24.

Environmental sustainability:

Adyen's primary climate change impacts stem from greenhouse gas (GHG) emissions associated with our operations, including energy consumption, purchased goods and services, and business travel. While Adyen's net emissions remain relatively modest compared to other institutions and corporations, we recognize that even limited impact carries a serious responsibility and the importance of playing a role in addressing our contributions to this global challenge. For more information, see page 42.

Impact technology:

Adyen utilizes our core technical expertise in payment processing and the reach of our platform to unlock collective fundraising for global nonprofits that support the United Nations' Sustainable Development Goals (UN SDGs). By investing in developing this solution to enable wide-scale donations, our platform positively impacts people and the planet. For more information, see page 19.

Data privacy:

Data privacy poses a risk to Adyen given our inherent exposure to handling sensitive data. It is critical that we properly oversee and manage the privacy of data related to shoppers, customers, suppliers, and employees at the highest standard. For more information, see page 52.

Information security:

Adyen recognizes the criticality of safeguarding sensitive information on a continuous basis to maintain its operational license. The potential risk of intrusion or disruption is kept limited due to the safeguards we have put in place to mitigate and promptly escalate incidents when or if they occur. For more information, see page 49.

Anti-financial crime:

Due to the nature of Adyen's business, there is an inherent risk of exposure to illegal financial activities. Adyen invests significant resources to minimize the likelihood and impact of financial crime occurring through our platform, products, and services. These policies and procedures contribute to the integrity of the financial system for society and individual consumers. For more information, see page 47.

Learning & development (L&D):

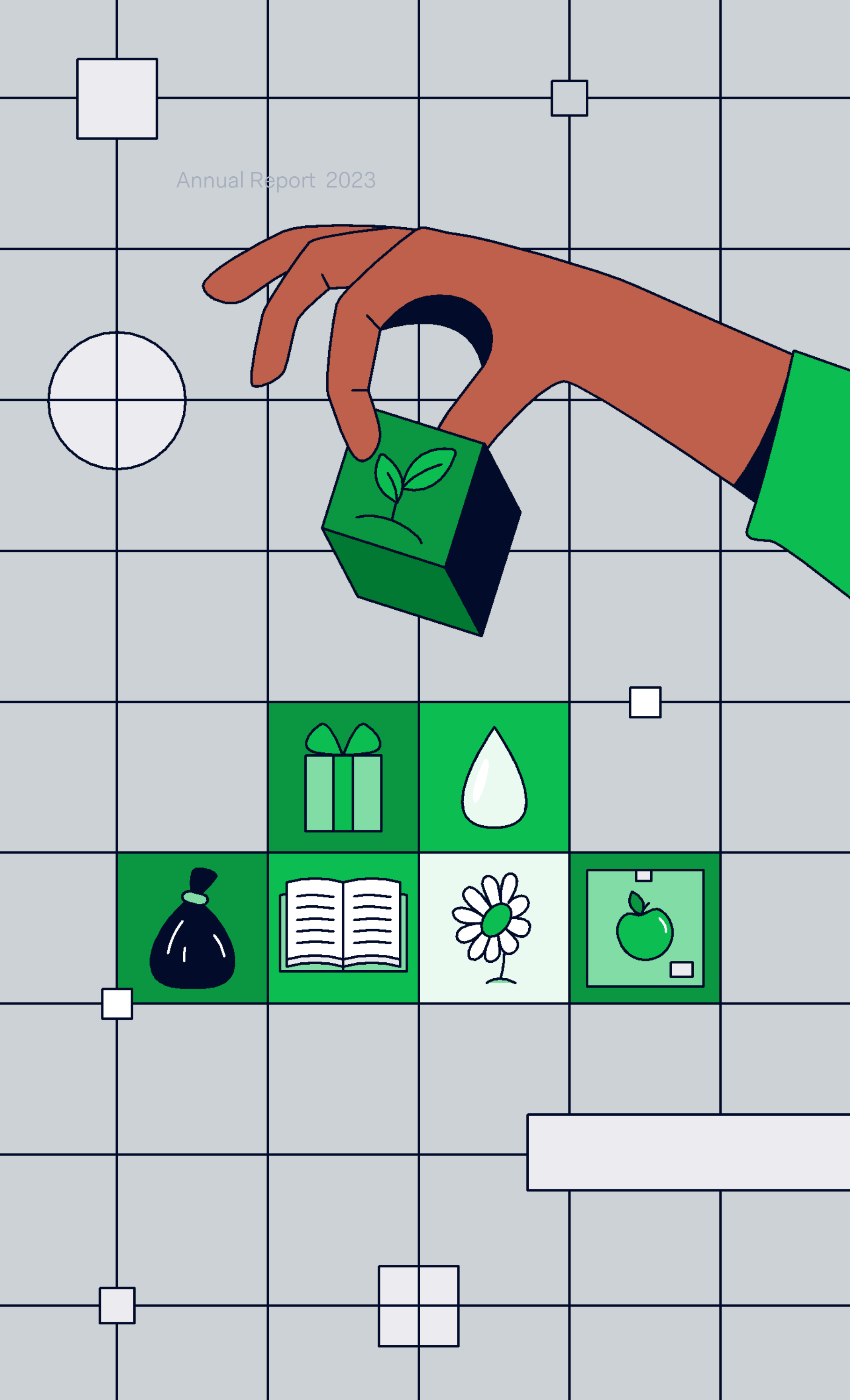
We believe that by investing in a high-quality, innovative, and equitable learning and development program, which prioritizes both evergreen and topical learning, we ensure that our team members sharpen the skills they need to innovate the best technology for our customers. Maximizing individual impact also enables us to remain critical about the number of people needed on our global team. For more information, see page 36.

ESG governance and oversight

Building an ethical business means establishing and maintaining solid governance practices. With this well-established understanding, Adyen has a two-tiered board structure enabling sound oversight, transparency, and accountability. The governance of specific ESG topics is distributed amongst various Management Board members and generally overseen by the Supervisory Board as the highest governance body.

Adyen's ESG Working Group collaborates closely with the Management Board and the Supervisory Board to ensure there is continuous awareness and understanding of the three dimensions of ESG across our organization, and that there are ongoing efforts to continually improve our reporting practices. The Working Group supports Adyen's ongoing commitments to ESG matters by assessing our relevant ESG-related risks, opportunities, and impacts. This includes expanding upon and refining Adyen's 2023 Double Materiality Assessment. The findings from this assessment contribute to shaping the company's long-term mission, business activities, and value chain.

The ESG Working Group meets weekly and periodically holds sessions with identified subject-matter experts to track progress and drive success in their respective material areas. Throughout the year, the Working Group regularly reported on its 2023 activities to Adyen's CFO, and updated the Management Board on relevant ESG matters. The company's overall ESG strategy and activities are discussed at Supervisory Board level at least on an annual basis. In 2023, ESG was discussed in three Supervisory Board and committee meetings — during the materiality assessment process, the ongoing preparations for the 2023 Annual Report, and as part of the annual strategy session. In two meetings, the external auditor was also present to review and assess the company's current preparations for the Corporate Sustainability Reporting Directive (CSRD).



Committed to driving positive change

As described in our Business Strategy section on page 8, alongside our expertise in financial technology, we are committed to utilizing our unique position to support economic growth, sustainable development, and climate action around the world. This ambition stems from our firm belief that every business has a role to play in protecting the planet and its people. No matter a company's industry, size, or location, we all have a shared responsibility to work together to shape a sustainable future.

To materialize this ethos, in 2022, we announced that Adyen will annually commit 1% of our net revenue to initiatives that support the United Nations' Sustainable Development Goals (UN SDGs). By aligning with this global framework, our fund has become a vehicle for accelerating sustainable change where it is needed most.

This year, we committed an additional amount equal to €16.3 million to support the UN SDGs. As this was only our second year utilizing 1% of our net revenue to support the UN SDGs, 2023 marked another period of intense learning, expanding our awareness, and evolving. Each year, our understanding of the best way to contribute this amount and any rolled-over accumulation strengthens as we permeate deeper in the global nonprofit organization (NPO) landscape, advance our Impact technology, and partner in our local communities.

At its core, the 1% is intended to generate maximum, long-term impact. Thus, in 2023, we scaled and doubled-down on supporting the projects we piloted in 2022. These initiatives included absorbing scheme fees, donation matching, volunteering with local nonprofits, and running our Accelerator program in key geographies around the world. We also identified and pursued new opportunities, such as sustainability grants. What we learned throughout this process is that it takes time and resources to intentionally spend and track the outcomes of our investments, with some 1% ambitions potentially not being fully realized for several years. Nevertheless, we remain committed to spending the funds on causes where the need is greatest, and where we can pair this resource with our technology, talent, or network to increase the total impact.

To ensure we remain on track with this ambition and criteria, we formalized our governance by establishing a 1% Working Group consisting of representatives from our Impact technology and Sustainability teams, which together report their progress to the group and to Adyen's CFO. Up next in this report is a recap of the primary channels the 1% was spent on this year, which we look forward to building and iterating on in the years to come.

Making an impact with our technology

Our aim is to give every payment the opportunity to have purpose. In a consumer culture comprising increasingly digital payments – a landscape in which we built the forerunning technology – we are uniquely equipped to introduce online donations to digital consumers, and optimize their efficacy along the way. To realize this meaningful opportunity, Adyen's Impact technology was developed as part of our single platform to enable businesses to seamlessly integrate donations into their payment flows.

In the process, we use our 1% commitment to absorb scheme and interchange fees when donations pass through our Giving product – which would otherwise be diluted in the process – to ensure 100% of the intended funds reach the end cause. We do so by creating distinct payment routes, which ensure donations and payments are processed as different transactions in our backend, without sacrificing ease of integration for our customers on the frontend.

By transforming the traditionally complex process of accessing global digital consumers, we ease the operational burden that hinders nonprofits that are in need of business partnerships, but that may not have the resources to form them. When choosing which nonprofits to onboard onto our Impact portfolio, we focus on:

1. Nonprofits chosen by our customers, which may include long-standing relationships or those that are brand-resonant.
2. Global nonprofits that are well-equipped to address the world's biggest issues and emergencies.
3. Locally relevant nonprofits that help customers and our employees to make a positive impact on the immediate community.

Across all categories, we have thorough selection and onboarding criteria. Adyen's due diligence process includes stringent KYC (know-your-customer) and registration requirements. Nonprofits must also support at least one of the UN SDGs, and global NPOs should ideally have specialized emergency response. At the same time, we look for nonprofits that embody humanitarian principles, including neutrality and impartiality.

In 2022, our Ukraine emergency campaign became our largest to date and set a benchmark for global, emergency response fundraising. Though we saw lower processed donation volumes in 2023, we nonetheless continued to seek opportunities to innovate and pivot toward new strategies that drove charitable impact. As part of this, we developed our biggest product update yet: Campaign Manager.

Launching in 2024, this exciting feature enables greater freedom and flexibility in scaling charitable donations and accordingly positive impact. By simplifying the process of activating and deactivating campaigns, Campaign Manager provides our customers with greater autonomy. It allows them to tailor their charitable initiatives to local market preferences and cater to the diverse causes that most resonate with their consumers.

To get to this point, we invested in our team on both the commercial, product, and development side. With additional resource support, a huge amount of technological work was done to iterate our Giving product for greater reach across all channels. While e-commerce remained our strongest channel for donations in 2023, point-of-sale donations saw an impressive year-on-year increase as well.

Figure 2
Total Giving processed volume in 2022 and 2023

Figure 3
Number of nonprofits available in the platform

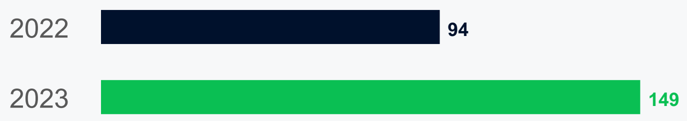
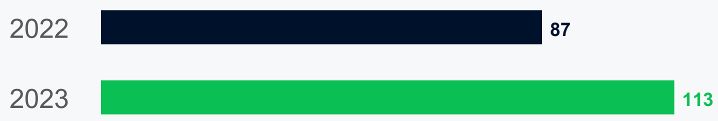


Figure 4
Number of merchants processing through Giving



Impact technology

Given the multiplier effect of this product suite, the significant resources we invested to build it in-house, and the collective global fundraising we unlock, our Impact technology is considered a material topic due to the positive impact on people and the planet.

Our Impact technology aligns with our strategic priority of tapping into our platform to drive environmental and social change. With scale being a key motivator, we seek opportunities that generate a multiplier effect. Fortunately, many of our customers naturally align with our appetite for doing good, enabling synergistic partnerships that maximize our unique, combined strengths.

Donation matching

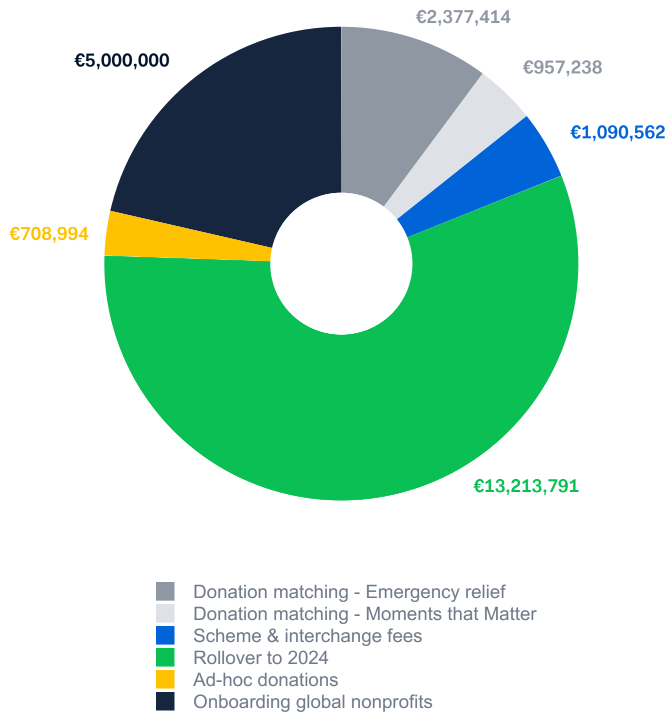
Another worthwhile avenue for our 1% fund is donation matching to support the causes most important to our customers and the Adyen team. We use our donation matching system to encourage further adoption of Giving, as well as to incentivize donors at checkout, who are informed that any donation will be doubled, thus creating a multiplier effect in the process. In 2023, we are proud to have matched €3.3 million in donations.

When donation matching via our Impact suite, we launch time-sensitive Moments that Matter campaigns and open the donation pool to global consumers. These fundraising moments typically support humanitarian and climate emergencies through an NPO already onboarded to our Giving portfolio. In 2023, these campaigns spanned Earth Day, Pride, and the holiday season, along with globally supported emergencies including the earthquake in Türkiye and Syria, the war in Ukraine, and more locally supported crises including wildfires in Greece and Hawaii, and Libyan floods.

We also matched donations from our team members in employee-led campaigns. These internal fundraisers may relate to global emergencies, as demonstrated in our internal response to the earthquakes in Morocco. In these cases, we cap the length of time that the campaign runs, but put no upper limit on the matching maximum. For compliance reasons, we only work with the charity partners already onboarded to our portfolio.

A key distinction between making a donation and donation matching – the latter being Adyen's preference – is that rather than contributing funds alone, our goal is to pair each partnership with a match in time volunteered or amount of money contributed, etc. in order to maximize our impact. This also takes the form of investing in the future, and maximizing our impact today by funding preventative measures that work to negate climate and humanitarian crises tomorrow.

Figure 5
1% for the UN SDGs 2023 categorization based on total funds (in EUR)



"What stands out for me about working at Adyen is all the smart and ambitious people I get to work with every day. Being surrounded by the best of the best helps me sharpen my own ideas and pushes me to do better. I also find that my colleagues show a lot of humility — we aren't led by our ego. Everyone is eager to collaborate and always happy to extend a helping hand when needed."

Lina — Commercial Content Manager

"It was great to be able to turn on fundraising for UNICEF at the end of 2023 with speed. We wanted to adopt a multi-country campaign with them and with the help of Adyen's partnership we were able to get up and running without the need to go through lengthy negotiations. We raised some really impressive numbers in a short space of time."

Alice Mazzola — Global Head of Advocacy Campaigning at The Body Shop

"We are inspired by our recent partnership with Adyen. This innovative collaboration is part of the future of digital fundraising — providing us access to thousands of potential corporate partners through Adyen Giving, instead of the traditional 1:1. The possibility for scale is incredible and the positive impact for children in need, exponential."

Carla Haddad Mardini — UNICEF Private Fundraising and Partnerships Director

"Over the past three years, Hamilton Families has been honored to work with Adyen and form a deep partnership. In 2023, their unwavering support materialized through a series of impactful initiatives benefiting families experiencing homelessness in the San Francisco Bay Area. From beautiful Mother's Day bouquets to backpacks brimming with essential school supplies to hundreds of generous holiday gifts, Adyen's dedication has touched lives in profound ways.

As we eagerly anticipate the future, our commitment to this partnership remains steadfast, driven by the shared vision of creating positive change for the families in our programs."

Elisa Bargetto — Events & Community Partnerships Manager, Hamilton Families

Community impact

At Adyen, we find it important to make a lasting and meaningful impact at both a global and local level, especially in the communities where we operate. As our global team continues to grow, so too does our ability to affect positive change in the world around us. To realize this impact now and in the future, we have established a multifaceted approach to giving back, which encompasses a wide range of initiatives and projects.

Community impact

As informed by our materiality assessment, we believe our community impact initiatives can generate a positive impact and create a multiplier effect on both people (internal and external) and the environment – particularly in the local communities in which we operate. The opportunities we provide through our Global Volunteering Time Off program can also have a positive effect on our company culture, employer brand, and retention.

Community impact serves as the umbrella category under which we run various initiatives that foster lasting change in our communities. These efforts broadly span volunteering, grants, pro bono projects, local charity partnerships, and our Accelerator programs. They are also bolstered by our 1% commitment, which helps provide the financial bandwidth to, among other things, make impactful donations, strengthen our partnerships, and support organized volunteering efforts. As in other areas where we utilize this fund, it is a dynamic vehicle to advance the UN SDGs, and to create a multiplier effect, amplifying our volunteering endeavors on a broader scale.

While our CFO holds accountability for community impact as a whole, creating positive change in our communities requires participation at every level of our business. Crucially, many impact initiatives are led at a grassroots level by Community Impact Champions, who receive the full support of our Sustainability and Social Impact team to drive local initiatives, and act as a voice for the unique needs of their communities. Currently, we have Impact Champions at 25 of our offices, with plans to extend this to all offices in the near future.

Volunteering

In line with the increasing demand of our employees for driving local impact, as well as to better track our efforts, we have introduced a Global Volunteering Time Off program, which stands as another pillar of our commitment to driving positive change in our communities. This global initiative enables employees to actively engage in volunteering and pro bono opportunities, booking time to give back just as they would for holiday or personal time off.

Much as we empower our customers to select the UN SDGs that best align with their business and ambitions, we extend the same level of flexibility and choice to our employees. Thus, instead of aligning with any particular UN SDG, we recognize the importance of all of them, and encourage our team to contribute to the causes they find most meaningful.

2023 marked the first official year of this Global Volunteering Time Off program, in which we saw 1,390 employees participate and over 8,700 volunteer hours logged globally. Through continuous feedback on the program, we also saw employees report an increased sense of belonging, a greater sense of purpose in their work and workplace, improved connections with colleagues, and development of skills that benefit their daily work.

To further structure and streamline our volunteering and community impact efforts, we have established a framework based on our four distinct levels of engagement: individual, team, office, and company-wide volunteering.

"I view volunteering at Adyen as a fantastic opportunity. Through 'The Boardroom', a program dedicated to educating and inspiring young people on entrepreneurship, I got to work with individuals whose lives looked very different to mine. Many faced social and economic challenges and lacked role models.

My role involved helping them craft compelling pitches. Seeing their small victories and the way they supported each other was heartening. By the end of the day, these young people left feeling more confident and assured of themselves. In just a few hours, I could see the direct, tangible impact of my efforts - something that you tend not to experience so much as you advance in your career and outcomes become more abstract. I cycled home that day with a huge smile on my face."

Hemmo — SVP, Platforms & Financial Services

Team volunteering

Recognizing the power of collaboration, we facilitate opportunities for employees to come together and amplify their impact. Group volunteering initiatives also play a crucial role in fostering a sense of unity in our growing company. On this page, you will find some of our team volunteering highlights from 2023.

North America teams

Colleagues from across North America, including at our San Francisco, New York, Toronto, and Chicago offices, participated in various volunteering activities throughout 2023; these included distributing groceries, assembling bikes for children, assisting local NPOs in their holiday preparations, and park maintenance and street clean-up. Their collective efforts, comprising an estimated 800+ hours in total, helped make a truly meaningful impact on various local causes.

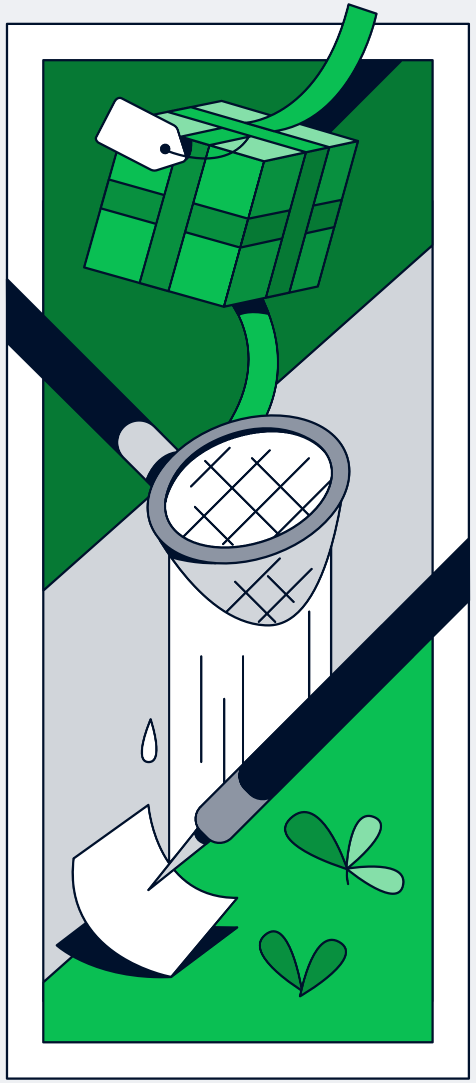
Amsterdam teams

Working with Serve The City, a local charity that aligns corporate teams with community needs in Amsterdam, six team members from our Tech Academy dedicated their time to cleaning up a local park.

Also in Amsterdam, Adyen's EMEA recruitment team hosted a community impact event at our offices. In collaboration with an NPO that addresses diversity gaps in high school technology programs in the Netherlands, the Adyen team arranged for a class of 30 students from an underserved community in the city to participate in hands-on workshops, learn about 'unobvious' career paths, receive advice on crafting CVs, and have professional headshots taken for their LinkedIn profiles.

Mexico City teams

Embracing the spirit of giving back, our team in Mexico City identified a range of local causes during their team off-site that they felt would generate a lasting impact. In collaboration with a local NPO, the team came together to clean up waterways, plant trees and greenery for local land restoration, and provide other kinds of support to their community. Together, the team collected more than 87 kilos of organic garbage, over 14 kilos of inorganic garbage and planted 30 trees, tracking over 130 volunteering hours.



Office-led activities

Our office-led volunteering efforts also tap into the power of collective action, enabling regional offices to address local needs, strengthen community partnerships, and foster unity in their teams. On this page, you will find some of our office volunteering highlights from 2023.

Stockholm office

Our Stockholm office actively supported various causes and initiatives close to their community during 2023. From purchasing, wrapping, and donating holiday gifts for children with a local NPO, to spending time cleaning local waterways with a group of local volunteer divers and learning about the impact of this waste on the environment, the team continued to support their community's needs and strengthened their local charitable partnerships throughout the year.

Singapore office

As part of an APAC-wide community impact event and in celebration of International Day of Charity, more than 80 team members from our Singapore office volunteered across four different local organizations. Their efforts included cleaning activities, sorting incoming donations, packing food bundles for distribution in their communities, spending an afternoon with the elderly at a community center, and organizing outings for children from low-income families. Throughout the year, the Singapore team also donated refurbished and unused tech equipment to a range of local NPOs.

Toronto office

In Toronto, our team participated in a range of causes throughout the year. Their active participation in a North America clothing drive in collaboration with Adyen's Pride ERG resulted in a significant donation to a LGBTQIA+ organization of their choosing. The team also continued their support for global conservation organization with a park clean-up, and participated in the WWF Climb for Nature initiative, climbing 1700+ steps up the CN Tower to raise money for the NPO.

Company-wide initiatives

As a business, we recognize our potential to enact significant change. When we come together, our company-wide events ignite a shared purpose and inspire our colleagues to carry the spirit of volunteering back to their communities, creating a ripple effect of positive impact.

A great example of this in 2023 was our first-ever company-wide Community Impact Day, organized in Amsterdam as part of our company event week. During the event, which was attended by our global team, we facilitated over 2,600 hours of volunteering for 960 employees across 27 different activities. These activities, many of which were supported by a local NPO, Serve the City, included repairing and cleaning bikes, working at local food banks, and packaging gifts for children in hospital. Employees also supported and raised awareness for charity partners enrolled on our Giving product.

Later in 2023, building on our global Community Impact Day, we also hosted Community Impact days in our Mexico and São Paulo offices, and in multiple offices across APAC and North America. Given the success of these events and the high levels of engagement they received from our employees, we intend to formalize the inclusion of community impact initiatives at future Adyen events, and widen the reach of Community Impact days across our global offices.

Grants

In line with Adyen's impact ambition, 2023 was our first year tapping into our 1% fund to write grants that help scale the efforts of businesses solving a range of sustainability challenges. Our grant thesis is built on the belief that by actively fostering sustainable solutions, we can advance the environmental responsibility and social impact of our global customers.

The first grantee was United Repair Centre (URC), an award-winning B2B clothing repair enterprise providing employment opportunities to individuals distanced from the labor market, while guiding clothing brands toward improved circularity. Our funding will help grow their technology platform, which helps businesses automate the status of items in repair. The URC already partners with some of our global retail customers, marking another symbiotic intersection. We believe that supporting the URC will enable more of our merchants to benefit from their services and increase participation in the circular economy.

We also worked with CarbonX to provide grant funding to support the measurement, reporting, and verification (MRV) efforts of carbon removal projects – ultimately helping companies improve the integrity and credibility of their carbon removal solutions. This year, our grants supported UNDO, Vesta, and InPlanet, from each of which we also purchased Carbon Dioxide Removal (CDR) credits as part of our 2022 contribution portfolio. To meet the targets that have been set out by the Paris Agreement to limit global warming to below 1.5 degrees Celsius by 2050, it is estimated that the world will require 8-10 gigatons of carbon removal per year, globally. The market is still in its infancy and will require significant investment and innovation to reach the scale required. We believe that being an early mover in this space will have a catalytic effect, encouraging others to follow our lead.

Accelerator program

The 1% commitment also supports Adyen's Accelerator program, through which we engage a community of startups and social enterprises. Launched in 2020, 2023 was the first year that we geographically expanded the initiative to appeal to global entrepreneurs. This year saw us host Accelerator programs in North America, LATAM, and EMEA with specific focus on supporting early-stage impact startups that advance one or more of the SDGs and are looking to scale their impact. Businesses that participated in our Accelerators learned from an in-person program of workshops, talks, and activities, alongside a range of networking opportunities spanning Adyen employees, investors, and our broader network. Along the way, participants had the opportunity to discuss business challenges with fellow impact entrepreneurs and Adyen's subject-matter experts.

The first Accelerator of the year took place in Chicago, with 13 companies from across North and Central America taking part. Joni, a Canadian startup focused on democratizing access to period care, was selected as the winner. Next, we hosted our Amsterdam Accelerator, which accepted business applications from across EMEA. The winner of this event was DOT Glasses, a Kenyan company working to combat the most prevalent disability worldwide – poor vision – by providing low-cost eye tests and glasses in developing countries. The Accelerator season concluded with our first non-English language program hosted in São Paulo, which was conducted in Portuguese to ensure that a diverse group of participants representing the Brazilian population could apply. The winner of the LATAM prize was Papoom, an online food marketplace that links buyers and sellers in favelas, enabling them to conduct business and generate income.

Using the 1%, Adyen covered the cost of accommodation and travel to the program location for two representatives from each of the participating enterprises. The winner of each Accelerator received €30,000 in prize money to grow their business, as well as two weeks of dedicated pro bono time from the Adyen team, tailored to the winners' needs. Adyen is in a favorable position to support budding businesses advancing the UN SDGs. With our experience in sustainably scaling a company and partnering with some of the world's largest enterprises, this was another year of sharing actionable learnings and tools to accelerate the growth of impact-driven startups.

People & culture

At Adyen, we believe in constant iteration in pursuit of improvement. Whether through the continual development of our platform or the careful, constant shaping of our culture to meet our team's evolving needs, we recognize that growth and change should always go hand in hand.

In 2023, we grew our team to its largest size to date, marking the culmination of a two-year accelerated investment period. With a more diverse and dispersed workforce than ever, we established two central priorities to help guide us: focus and efficiency. Automation, in particular, was top of mind, as we sought to simplify and streamline our processes and position ourselves to seize the opportunities ahead.

At the same time, the Adyen Formula continues to be foundational to our approach. It not only guides our day-to-day decisions and shapes our behaviors, but also empowers employees to act ethically and responsibly. For that reason, the Formula remains an essential consideration when hiring new team members and evaluating the performance of existing ones. Embracing its key values of speed and autonomy, we maintained our rapid pace of innovation, effectively scaling our processes as our team quickly grew throughout the year.

Across our 27 offices, we celebrate a diverse range of perspectives, and the rich variety of backgrounds, outlooks, and experiences that our employees bring to the table. By representing and championing this diversity, we both continue to shape an inclusive workplace, and recognize that no one-size-fits-all approach is sufficient for meeting such a range of unique needs.

Instead, we implement tailored strategies that consider personal preferences and circumstances as much as possible. In 2023, to help underpin our approach to meeting our peoples' diverse needs and perspectives, we spent time refining our DEI policy. In doing so, we further strengthened and reflected our commitment to cultivating a more diverse, equitable, and inclusive company; further detail on this is provided in our DEI section.

Just as we excel in solving complexity for our customers, we recognize that simplicity is the key to effective people management. In all aspects of our business, we prioritize creating streamlined and flexible solutions. Our learning and development programs, for example, are not designed to offer a set of firm guidelines to our employees, but to give them the tools they need to create their own path. By offering choice and nuance in how people develop themselves, we help remove unnecessary rigidity in our processes, and provide our employees with the freedom to decide what works best for them.

While we are focused on shaping a diverse workplace with speed and autonomy at its core, we also seek people who will thrive in this environment. We have always maintained a high bar for talent at Adyen, and above all else, we search for talent that reflects our ambition back at us. Regardless of their role or region, we search for people who will take the freedom we offer and use it to achieve extraordinary things. With a strong team and culture, we are fully equipped to seize the opportunities ahead of us, knowing that our shared sense of individual commitment and responsibility will together drive our future success.

The Adyen Formula

We build to **benefit all customers** (not just one)

We **make good decisions** and consider the **long-term benefits** for our customers, Adyen, and the world at large

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 seek out **different perspectives** to sharpen our ideas

We **create our own path** to grow toward our full potential

"At Adyen we build our team like we build our platform: purposefully, and for the long term. We believe in giving small teams the freedom and resources they need to grow and take on new challenges. We set high standards and we're not afraid to push each other toward them. Having reached a new stage of scale across our company in 2023, I'm confident that this is the team that will take Adyen to the next level."

Brooke — Chief Human Resources Officer

Figure 6
Adyen's overall FTE per office in 2023

Total FTEs*	**4,196**
Total headcount*	**4,207**

Europe, Middle East & Africa

	2022	2023
Amsterdam	1,941	2,326
London	123	133
Madrid	64	133
Paris	75	96
Berlin	67	91
Stockholm	55	76
Milan	27	32
Dubai	23	27
Warsaw	14	18
Munich	11	21
Brussels	15	15
Manchester	12	14

Latin America

	2022	2023
São Paulo	146	170
São José	18	39
Mexico City	17	27

Asia-Pacific

	2022	2023
Singapore	127	165
Sydney	41	53
Shanghai	29	36
Tokyo	23	33
Mumbai	10	12
Hong Kong	9	9
Kuala Lumpur	2	3
Melbourne	1	1

North America

	2022	2023
San Francisco	270	299
New York	139	186
Chicago	53	155
Toronto	20	26

Contingent workers**

	2022	2023
Global	413	228

* Total FTE and total headcount excludes contingent workers.

** Contingent workers are presented in unit of headcount.

Diversity, Equity, and Inclusion

At Adyen, DEI is a top priority. Its importance to us was underlined by our materiality assessment, in which we concluded that robust DEI policies are materially fundamental to working conditions, morale, and overall employee well-being. It is a topic intrinsically linked to our Formula: seeking out other perspectives to sharpen our ideas. This concept is a driving force behind our innovative spirit, and has consistently produced our most successful outcomes. We understand that diversity of perspective can stem from differences in age, gender, sexuality, race, ethnicity, religion, and beyond. Our DEI approach is to make it an integral part of our way of working, ensuring fairness and equity of opportunities for all.

Diversity, Equity, and Inclusion

Adyen recognizes that robust and effective DEI policies and commitments enhance working conditions, morale, retention, and the overall well-being of our employees. The topic is actively managed and enforced by Adyen throughout the employee lifecycle, from recruitment to internal mobility and other areas within Adyen's control. Thus, DEI is considered a material topic due to the impact on Adyen's employees.

Our DEI policy

In 2023, we dedicated time to revising and enhancing our DEI policy to further strengthen our stance and ensure that our approach effectively combines our Formula principles, regulatory requirements, and relevant leadership drivers. The Management Board remains accountable for the implementation of this policy, demonstrating our commitment to DEI at the highest level of our company.

The guiding principles of the policy are:

- Improving diversity is a top priority for us. We actively include a diverse group of people and perspectives to sharpen our ideas when making decisions.
- We proactively look for ways to add diversity to our teams. During the hiring process, our diverse hiring team assesses individuals based on the same performance, skills, and Formula fit criteria.
- When we hire, promote, or reward, we question who was considered, whether we were fair, and why we made each decision. We provide credit where credit is due, and explain the reasoning to all that were considered in the process.
- We treat each other fairly and adapt our approach to individual needs. We support each other in navigating the normal course of life.
- By conducting an annual Culture & Inclusion survey, we measure progress and aim to improve our efforts every cycle to build a more diverse and inclusive Adyen.
- We make a conscious effort to avoid decisions based on unconscious biases.
- We take every form of discriminatory attitude or harassment seriously, including micro-aggressions in the form of jokes or insinuations, based on an individual's protected characteristics.

Since our employees are the key affected stakeholders of the policy, we feel that it's important to actively think along with our global team when it comes to our DEI efforts. As outlined in the guidelines above, employees annually provide feedback on our approach and how we are putting our policy into practice through our annual Culture & Inclusion survey. In 2023, we achieved a solid participation rate of 86%. The results of the survey provide a key measure of our progress, and helped us decide where to place focus each cycle to build a more diverse and inclusive company.

However, while these insights remain helpful, we also want to be transparent about limitations to advancing and accurately measuring our DEI efforts. We are, for example, conscious that DEI initiatives need to be tailored to different cultural contexts. What works in one region may not work in another, and due to the unique demographic composition of each country, global, standardized metrics for hiring practices should always be applied thoughtfully and with due consideration to this.

When it comes to measuring the effectiveness of our efforts, we must also consider varying comfort levels and societal norms across cultures regarding the sharing of personal information. In addition, data collection practices themselves are subject to varying legal and regulatory frameworks across different countries. The challenges to effective data collection pose a potential barrier to fully understanding and addressing disparities in representation in our organization.

To ensure as much as possible that representation is increasingly balanced across our business at all levels, we are committed to the following targets. First, maintaining a Supervisory Board with no more than two-thirds (66%) of a single gender identity by 2028, and ensuring there is no more than two-thirds of a single gender identity on our Management Board by 2030. We also aim for a Global Leadership Team (GLT, also defined as 'senior leadership' or 'subtop') with no more than two-thirds of a single gender identity by 2028. More information on Adyen's DEI Policy can be found in the Report of the Supervisory Board in the 'Corporate Governance' section.

The implementation of our policy builds on and enhances the strong progress we continue to make in DEI. A selection of our other key DEI initiatives are detailed below.

Candidate attraction

In our candidate attraction efforts, we have actively implemented measures to encourage diversity, eliminate gender bias, and foster an equity of opportunities in our recruitment activities, including:

- Introducing functional DEI guidelines for our marketing and recruitment teams, in order to ensure diverse representation in our materials and creative assets.
- Launching a dedicated DEI careers page on the public Adyen website.
- Continuing our collaboration with organizations that serve underrepresented groups.

Recruitment activities

As we have deliberately focused on accelerating our hiring over the last two years to reach our next intended phase of scale, we placed corresponding focus on how we could effectively attract a diverse pool of candidates, as well as enhance the subsequent stages of the employee journey. To uphold our commitment to inclusivity:

- Regions committed to increasing the diversity of their workforce; starting this year, this commitment will be translated through annual targets, which we will strive to achieve while maintaining an inclusive environment where talent can flourish.
- We set an ambitious global objective & key result (OKR) for gender parity in our tech organization, as well regional OKRs for each of our regions that account for local context.
- We continued to iterate on our demographic data collection initiatives in a number of geographies to better measure and assess the candidate experience in relation to DEI.

Continuous education

Recognizing that understanding and embracing DEI is a journey, not a destination, we ensure that we integrate this focus area into our comprehensive learning & development program, including our onboarding training. This is to ensure that employees at all levels engage with DEI principles from the very first day with us. Other ways that we continuously educate our employees on this topic include:

- Investment in specific DEI learning and development initiatives aimed at key audiences, including leaders, HR Business Partners, and ERG leaders, as well as the company as a whole.
- Ensuring our training materials embrace a diversity of viewpoints and perspectives, and challenging our employees to cultivate inclusivity by considering and valuing different outlooks.
- Introducing English-language training for candidates from underrepresented backgrounds in LATAM.

Mitigating measures

While DEI is an integral part of every employee's continuous education, we also have a series of safeguards to address and minimize instances of discrimination should they occur. These measures include:

- Ensuring guidance on reporting incidents to Team Leads and HR Business Partners is readily available and accessible.
- Establishing transparent reporting procedures for unethical, immoral, or unjust behavior.
- Introducing a calibration process within our performance assessment cycle to ensure consistent ratings across functions, teams, and regions. This aims to eliminate unconscious bias through facilitated dialogues and deliver fair assessments, particularly for globally reporting teams.

Employee Resource Groups

Even with our formal efforts to shape a more diverse, equitable, and inclusive organization, we have never seen DEI as a top-down directive. In line with our culture of individual autonomy, we are proud to see how our employees have organized themselves to continue driving representation. A great example of this is our employee-founded and led Employee Resource Groups (ERGs) which celebrate, endorse, and share perspectives from our diverse communities. Our current active ERGs include Black at Adyen, Asians at Adyen, South Asians at Adyen, Pridyen, Women at Adyen, Jews at Adyen, Muslims at Adyen, Working Parents at Adyen, Latine at Adyen, Neurodiversity at Adyen, and AdaptAdyen (focused on driving inclusivity for those with disabilities).

In 2023, to further empower our ERGs, and ensure that their communities' experiences are taken into account across our business activities – from our product design to people processes – we constructed an ERG governance framework. The policy, which will officially come into action in early 2024, will provide guidance, financial resources, and time to ERG leads to enable them to build safe spaces and advocate for the needs of their communities. Our senior leaders will also sponsor our ERGs, and voluntarily dedicate their time to assist in the planning and execution of their activities.

Figure 7
Adyen's overall FTE per Job Family Group in 2022

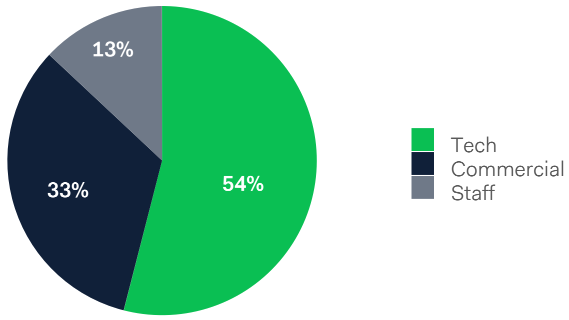


Figure 8
Adyen's overall FTE per Job Family Group in 2023

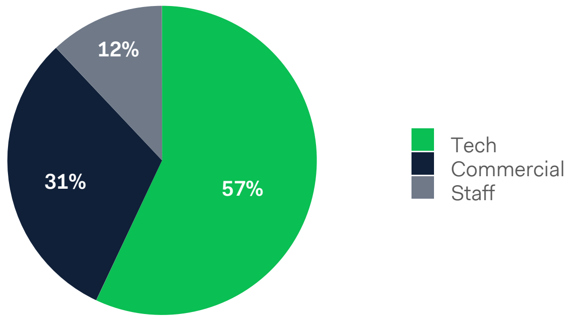


Figure 9
Gender and age diversity at Adyen in 2022 and 2023

"Adyen is a place that hums with energy. Managing PR across APAC presents a range of opportunities to connect with diverse audiences, from Tokyo to Sydney. But my focus goes beyond crafting messages; it's also about making meaningful connections with colleagues around the world, bridging borders and time zones. Seeing the impact of our efforts as we grow in this vast region is incredibly exciting. It feels like we're only scratching the surface of what we're capable of."

Melody — Head of PR, APAC

Learning & development

We recognize that our success is rooted in the growth of each of our team members. After all, a great strategy is only as effective as the team executing it. At Adyen, we are fortunate to have a group of individuals who are not only exceptionally talented, but are also naturally curious, ambitious, and driven by a desire for personal and professional development. By creating a culture of continuous growth, we also have the opportunity to boost employee satisfaction, improve retention and increase our overall productivity — helping us better serve the needs of our customers.

Our approach to L&D at Adyen is to create best-in-class, inclusive and scalable opportunities to support growth and career exploration in our company. Driven by the principles of autonomy and empowerment, we equip our employees with the tools they need to own their growth. Additionally, we help match the right people with the right opportunities for their personal growth, and the growth of our business.

We focus on the 70-20-10 approach in our L&D programs: experiential learning, or learning by doing (70%), social learning (20%), and formal learning (10%). This helps ensure a dynamic and well-rounded approach to continuous learning, which is well suited to our employees' day-to-day activities.

In 2023, we focused on expanding self-led learning and extending the reach of our in-person facilitated offerings, as well as strengthening the inclusivity and accessibility of our training programs. We also prioritized further building out each of the three main elements of our L&D strategy, as outlined throughout the rest of this section.

We additionally focused on establishing clearer data tracking and impact measurements across our learning and development initiatives, to better measure our effectiveness. Selected metrics we focused on in 2023 include the level of attendance at our Feedback & Praise training and the level of Team Lead participation in leadership training.

To enhance our feedback culture this year, we implemented a global, standardized model (COIN) to guide employees in delivering structured, effective feedback; this was integrated across all of our Adyen learning and development initiatives. 23% of our employees attended a Feedback & Praise training in 2023, with 6% of those attendees cross-trained through our Paying it Forward Program, which provides employees with the skills to facilitate the Feedback & Praise trainings in their local offices.

As our global team quickly grew, we also placed significant emphasis on leadership training. In 2023, 45% of leadership, spanning first-time leaders to more senior positions, participated in a leadership development program. This excludes those who had participated in previous years' trainings due to program eligibility criteria, which also precluded some leaders based on their tenure. Underscoring our commitment to enhancing leadership skills, this percentage demonstrates increased uptake for our training offerings at all levels.

Having laid a strong foundation across our main L&D pillars, we are set to advance our initiatives in 2024 by scaling, embedding, and communicating our offering in line with our evolving business needs.

Onboarding

We believe that our onboarding process sets the tone for our employees' career with us and sets them up for their future success. In early 2023, we launched a 'first 100 days' e-learning program; this is a self-paced online course that provides new starters with a comprehensive view of who we are as a company and who we are as people. Offering tips on how to build a network, information on the tools available to us, advice on how to navigate the first few months, and more, this program provides clear and consistent information to all employees, regardless of their role or region.

To ensure that we can effectively iterate this program over time, we also launched our first-ever global onboarding survey this year. This survey measured our employees' sense of belonging and their understanding of our company and their role after completing our onboarding program. In addition, we introduced supportive materials for managers of new hires to provide clear expectations and support. This helped new employees find success in their roles quickly by giving managers visibility on the onboarding journey and equipping them to offer ongoing support and advice.

Leadership development

We foster a dynamic learning environment that fuels the rapid development of our people throughout their leadership journeys. By evaluating individuals based on their impact, we enable them to advance rapidly in our organization, entrusting them with significant responsibilities, and offering them promotions faster than the industry standard.

With a focus on supporting our leaders through key transition moments, we provide them with clear development frameworks, along with coaching and development options designed to guide and enable their success. As leaders thrive, it sets off a ripple effect, nurturing the potential within their teams.

In 2023, we spent time refining the Team Lead journey and tailoring our programs to address the needs of our expanding teams. A pivotal aspect of this was iterating our Leadership Drivers. This set of core values guides our leaders to give support and flexibility to their teams, to model accountability, and to build diverse teams to help our business grow and scale.

We also initiated the Future Leader Track in 2023, a comprehensive e-learning course covering the fundamentals of being a leader at Adyen, accessible to all our employees. For those identified as having leadership potential, our global Incubator program also provides in-person training, Q&A sessions, challenges, and a peer network to prepare them for the transition to Team Lead.

Throughout 2023, we placed particular focus on tailoring programs to different leadership levels. Team Leads, for example, now have access to CoachHub, a digital platform offering four months of unlimited coaching each year. Our fast-track program for seasoned external leaders supports the integration of fresh perspectives with the Adyen way of working. This marks a shift from our historical focus on developing internal leaders. We now rely on the strength of our Adyen culture to scale effectively, incorporating fresh perspectives for ongoing iteration and improvement.

At the executive level, our dedicated Executive Coaching Program offers professional coaching for both our Management Board and Global Leadership Team.

While our focus over the past year centered on developing skills and mindsets for inclusivity, our plans for 2024 involve laying an even stronger foundation for what inclusive leadership means by fully embedding DEI in our leadership tracks.

Professional development

When it comes to professional development, our guiding philosophy is simple yet powerful: ‘Own Your Growth’. In other words, we encourage our employees to create their own path, pursuing their unique passions and interests in alignment with the needs of our growing business. We recognize that there is no one-size-fits-all journey for career advancement, so we offer our employees autonomy and support them on their unique path. As long as a colleague embodies the Adyen Formula and is ready to drive impact, our doors are fully open to them.

This year, our primary focus has been on ensuring that our extensive range of professional development resources are not only more accessible to our colleagues, but also more widely known around our business. As an example of this, we bolstered our communication channels this year through a quarterly newsletter, ensuring that vital information and resources are disseminated throughout our company.

To advance our business and HR goals, we developed a variety of short-form and self-led learning opportunities that cater to specific learning needs. These include resources such as e-learning modules, on performance management and our ‘Growth 2 Go’ podcast episodes, designed to be readily available when our employees need them. These are timely and targeted learning moments that can be accessed on demand.

To measure the adoption of our programs and help gauge the effectiveness of our efforts, we are actively working on establishing more robust metrics and measurement dashboards. Alongside this, we continue to listen closely to our employees’ feedback.

One example of how we have heard and responded to feedback is through our 2023 People & Culture audit. Based on employee input, we refined our ‘Own Your Growth’ philosophy to emphasize that employees are in the driver seat of their own growth journey. As such, they are fully empowered to tailor their development in partnership with their Team Lead. In 2024, we will roll-out a self-led workshop to further support our colleagues to gain clarity on the immediate next steps they can take to enhance their development.

On top of this, in response to valuable feedback from employees in our annual Culture & Inclusion survey, we have taken significant strides in scaling our feedback culture, emphasizing the importance of open and constructive dialogues. This has primarily been achieved through our Feedback & Praise programs and our Pay It Forward program, both of which are detailed above. We are also fostering a growing community of feedback ambassadors to reinforce the development culture, currently numbering 50 people globally.

Our culture of open and continuous feedback seamlessly extends into our performance management process, where we ensure regular check-ins on performance, progress, and improvement points. We conduct formal performance evaluations for our employees twice a year to monitor and maintain our employees' skill sets and identify potential areas for support or guidance. Beyond these two formal evaluation moments, we actively encourage constructive dialogue throughout the year, and help to facilitate this through toolkits that support both managers and employees to have continuous discussions about development.

To further support our employees' growth, we offer a range of opportunities for them to explore. Through our internal job board, for example, we list all open roles at our company, which employees are free to apply to. In addition, we hold an exchange program, where employees can apply to work in one of our other 27 global offices for between 1 to 3 months. This approach both benefits employees' growth and facilitates knowledge sharing across our business.

Learning & development

Adyen believes that by investing in a high-quality, innovative, and equitable learning & development program, which prioritizes both continuous and timely learning, we ensure that our team members sharpen the skills they need to innovate the best technology for our customers. Maximizing individual impact also enables us to remain critical about the number of people needed on our global team. Thus, the topic is material from an opportunity perspective.

Adyen Academies

Complementary to the foundational skill development that our L&D initiatives provide, the Adyen Academies further support our business with role-specific development opportunities matching our team members' functional expertise. These academies currently span the: Operations Academy, Commercial Academy, Product Academy, Tech Academy, and Marketing Academy.

As we continue to invest in our commercial teams and their performance, we expanded our Commercial Academy, bringing training and other learning initiatives to all commercial teams (800+ people) globally. In addition to delivering our skill-based training programs, initiatives included introducing Onboarding Guides to bring consistency in the onboarding journeys, customized sales decks to position our value across different industries as our platform continues to diversify, and a series of talk shows to share our best commercial tactics globally.

Similarly, our Tech Academy embodies our commitment to technical excellence. Founded and led by an in-house team of trainers, the Academy serves as a hub for our employees to learn new skills and refine their technical expertise in a collaborative environment. In 2023, the Academy focused on optimizing its knowledge-sharing capabilities by bringing experts to our global Tech Hubs and setting up local training initiatives. Additionally, the Academy expanded its training base during the year by adding 660 distinct offerings and launching 139 unique trainings. This contributed to achieving a significant milestone of over 1000 training sessions delivered since the Academy was established in 2021.

"There is truly no one-size-fits-all approach at Adyen. Whether in the path we take to grow, the flexible benefits we receive, or the way we develop ourselves, individuality is built into our culture. In fact, we celebrate the unique strengths and perspectives everyone offers — because innovation only happens when you can embrace new ways of thinking."

Nancy — Global Head of Real Estate

Employment & benefits

At Adyen, we have a long-term perspective, and this extends to how we build our global team. We don't cut corners or make compromises when it comes to hiring talent, nor when it comes to rewarding our team members for their contribution to our growth. Instead, we match significant contributions with strong remuneration, which we review annually and on an individual basis. This means that we keep our earning trajectories flexible. As fast as our employees grow, so too can their salaries.

To stay competitive in our industry, we benchmark our salaries against what our peers pay for the same role, at the same seniority, in the same location. We also prioritize fair and equitable remuneration. In line with this, we iterate our approach to Equal Pay & Equal Chances each year to ensure contributions are fairly rewarded, as well as calibrate any adjustments to ensure equal treatment across our business.

The philosophy behind our compensation approach is to attract great team members who we hope will grow alongside our business, feel motivated to drive our sustainable growth, and benefit from that growth over time. To that end, we also include a form of equity in every offer. This nurtures a vested interest in our business performance and motivates employees to take a long-term outlook on their career with us. It also ensures that when we win, we win together.

Adyen+: The unobvious benefit

At Adyen, we believe there is no one-size-fits-all approach to benefits for such a diverse, global team. One of the ways that we recognize and accommodate this diversity of needs and interests is through Adyen+, our benefits initiative that provides a monthly stipend for employees to spend as they see fit.

This significant monthly contribution is designed to give our people autonomy and flexibility. Whether our employees put the benefit toward childcare, language courses, or another interest or responsibility, is up to them. We do not assume the perks that would be most desirable for our employees, but rather empower them to enjoy the benefits most relevant to their situation.

The Essentials

In addition to our equity models, 'The Essentials' form the foundation of our benefits system. These are the benefits applicable and relevant to all employees, plus the benefits mandated by local governments. No matter which office our employees work from, we provide paid holidays, health insurance, long-term savings incentives, disability insurance, commuting allowances, and lunch at our offices. All practices are regionally adapted, keeping local practices in mind.

Normal Course of Life

In the same way that we believe in a flexible approach to our employee benefits, we also recognize that flexibility is needed when dealing with our employees' life events. Our 'Normal Course of Life' policy is there to support our team members through extraordinary times, whether starting a family, or coping with difficult circumstances. We approach every employees' personal situation with nuance and understanding, supporting them to navigate their circumstance in the way that works best for them. Recognizing the significance of one's role as a parent, we provide parental leave benefits to all our employees. Our goal with this is to maintain global consistency while respecting regional practices, which differ from country to country.

Just as we take care of our employees through pivotal life moments, we are equally dedicated to fostering an environment where they can express themselves and advocate for their collective interests. All of our employee contracts are structured to align with local regulations, ensuring the rights of the worker, including the right to collective bargaining and freedom of association, are safeguarded. We also offer every full-time employee an indefinite contract upon successful completion of their probationary period, underpinning our dedication to employee stability and helping to foster a more empowered and secure global team.

Responsible conduct

To catalyze lasting and sustainable change, we keep responsible conduct at the core of our operations. Our commitment is reflected in the integration of environmental sustainability, integrity, data privacy, information security, and responsible tax behavior into every part of our business — these elements collectively constitute our license to operate. The deliberate alignment of our business with these responsible practices not only ensures adherence to our mission, but also fosters a culture that genuinely embodies our values.

Environmental sustainability

Adyen recognizes the urgency with which all companies must collectively take bold action to mitigate the effects of climate change. As a material topic explored in our materiality assessment, sustainability is a key decision-making factor in operating and growing our business. In 2022, we prioritized data visibility and capture improvements, which resulted in our first comprehensive GHG inventory measured in-house. These insights provided a stronger understanding of our environmental footprint and key hotpots. While the data still contains known gaps, it has helped us hone our focus areas and prioritize where to hold our value chain accountable.

Environmental sustainability

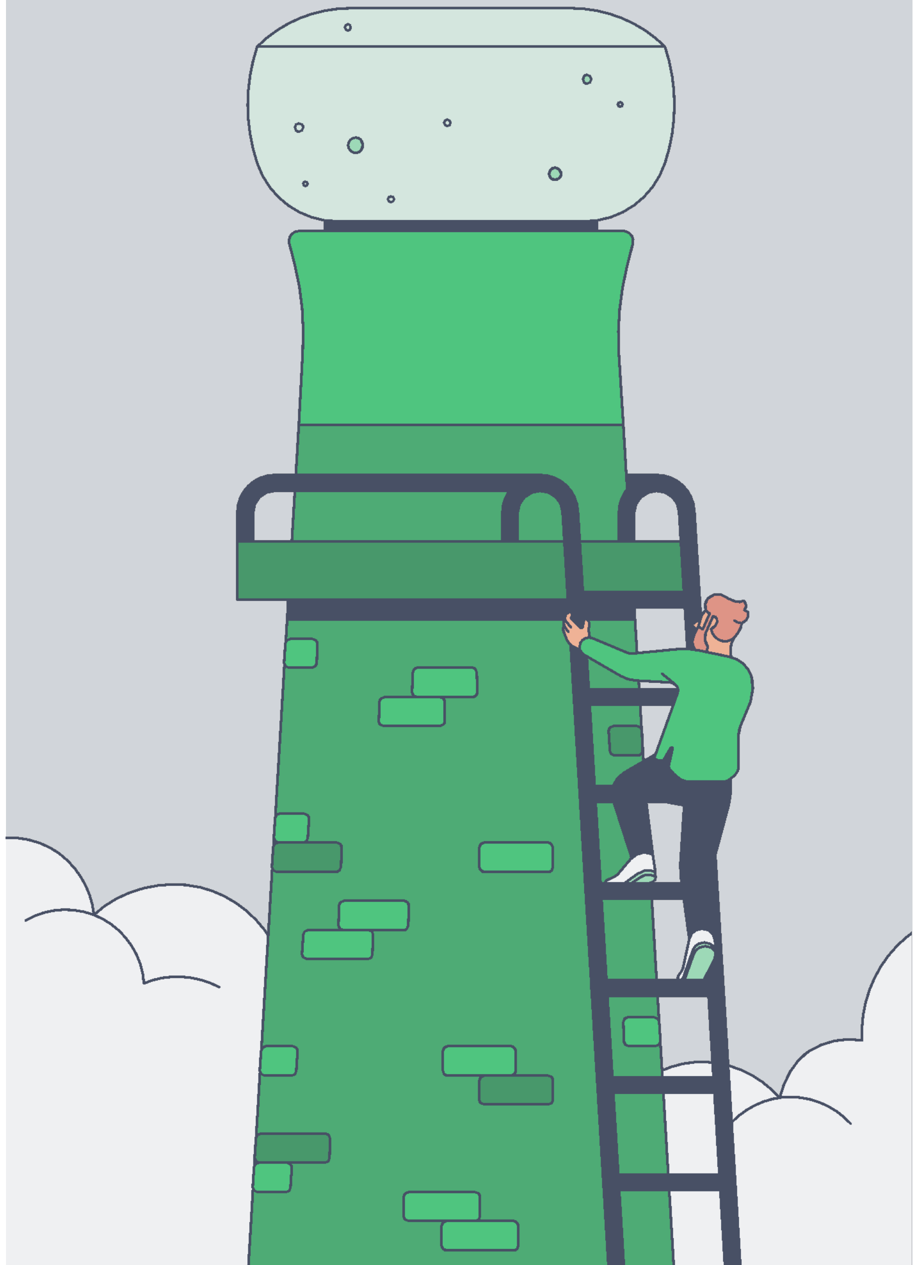
The nature of Adyen's platform offering and surrounding activities make our carbon emissions relatively limited. However, we acknowledge that the only path to mitigating the global impact of climate change is by collectively sharing this responsibility. For this reason, in 2023, Adyen deemed environmental sustainability a material topic.

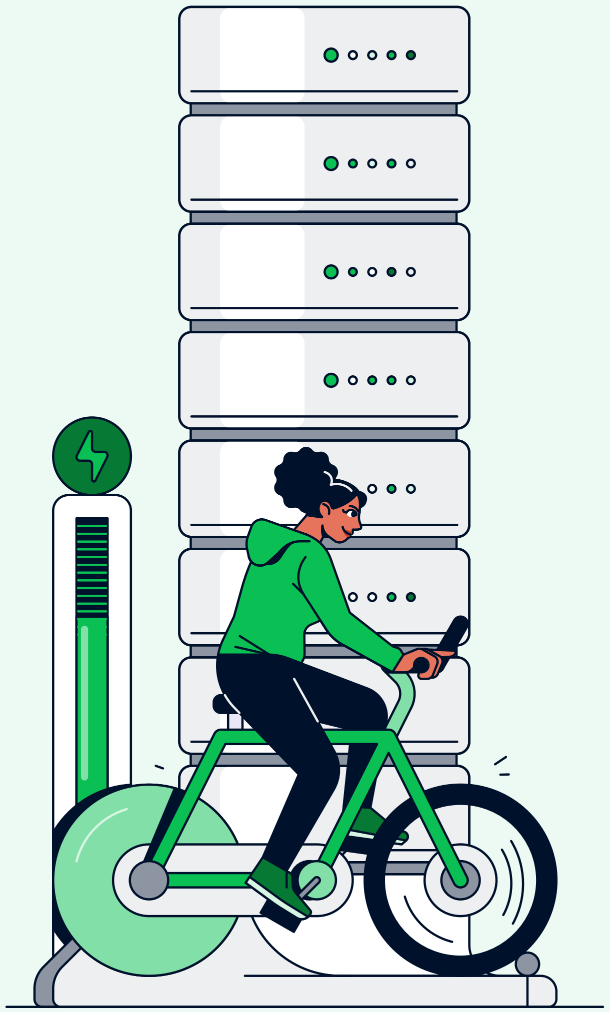
While Adyen's footprint is relatively modest from a net GHG perspective (measured in tCO2e: tonnes of carbon dioxide equivalents), we find it crucial to identify leverage points and help drive the ecosystem we are a part of toward collective action. Adyen's ultimate strength is the power of our global network of partners, customers, and vendors. Our vision is to leverage this intersection to drive significant positive effects across our industry and those we service.

We measure and report on Scope 1, 2, and 3 emissions. In 2023, we were able to improve our data quality through supplier engagement and to periodically monitor it throughout the year in real time, versus annually and therefore with a delay. We also engaged a third party to do a life-cycle assessment (LCA) on most of our terminal offerings. Through this process, each terminal was deconstructed to its individual components (down to the screw level) and fully assessed for material usage and embedded carbon. With this process complete, we gained a much more comprehensive picture of how our portfolio of terminal models compare from an environmental sustainability perspective. Emissions related to the manufacturing of terminals are included in Scope 3 under Purchased Goods and Services.

Another notable milestone was sharper visibility into our supply chain. We take end-accountability for the devices we provide customers, despite not manufacturing them and only selling them on. Our lifecycle findings could theoretically help us identify ways to increase the lifespan of terminal devices, for example by reducing the plastic used, and more. As a result of this study, we can now better attribute each single device to its own data, rather than taking the average of the most popular terminal model. Improving data quality to be more accurate and specific is an iterative process. We view making these improvements as helping us establish our foundations as we prepare for CSRD compliance and the extensive disclosure requirements coming in FY 2024.

Though we are excited by the progress we are making year-on-year, we feel that we are in the earliest stages of our environmental sustainability journey. We have a long way to go, and will therefore continue evolving, enriching, and iterating our approach to ensure we improve our environmental accountability. We are committed to expanding our knowledge and keeping abreast of updates in the corporate sustainability landscape. This includes continuously engaging with suppliers and reviewing our baseline. Below we have outlined where we currently stand across all material categories of Scope 1, Scope 2, and Scope 3 per the GHG Protocol.





Adyen's 2023 operational GHG emissions, measured in tCO2e

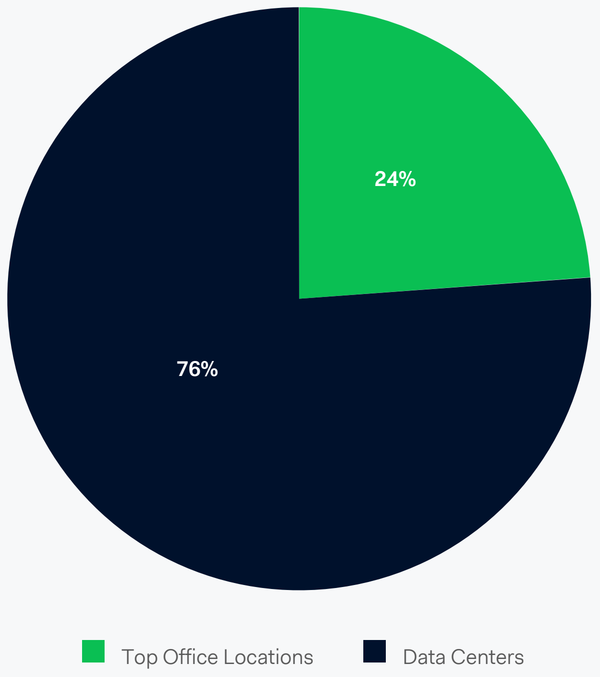
Scope	2023		2022	
	Emissions (tCO_2e)	% of total	Emissions (tCO_2e)	% of total
Scope 1: direct GHG emissions	**134**	**— %**	**112**	**— %**
Scope 2: indirect GHG emissions from purchased electricity, heating and cooling	**10,034**	**13 %**	**4,449**	**8 %**
Market-based*	2,436		2,025	
Location-based	10,034		4,449	
Scope 3: other indirect GHG emissions	**69,197**	**87 %**	**53,432**	**92 %**
Category 1: Purchased goods and services	23,721	30 %	7,676	13 %
Category 2: Capital goods	11,904	15 %	16,215	28 %
Category 6: Business travel	15,213	19 %	11,536	20 %
Other categories (4, 7, 9, 11, 12)	18,359	23 %	18,005	31 %
Total GHG emissions	**79,365**	**100 %**	**57,993**	**100 %**

only related to data centers

From 2022 to 2023, our Scope 2 emissions increased due to higher energy consumption across our top ten office locations and our data centers. The context behind this growth is detailed in the energy (electricity) consumption section below, which illustrates our office, data center energy consumption, and methodology developments. Scope 3 emissions increased as a result of the continued growth of our global operations, an increase in purchased goods and services, and an increase in business travel correlated with our workforce growth. In addition to these growth drivers, the continuous improvement in data visibility across our value chain also led to a more detailed picture of our emissions, as we were able to include two additional Scope 3 categories, including upstream transportation and end-of-life treatment this year, as detailed above. On an ongoing basis, we continue to refine this approach and work with our suppliers to obtain more comprehensive data. Emissions data from 2023 will serve as the baseline for relevant measurements going forward.

Building on the learnings we have gathered up to now, this year we proceeded with a similar approach as in 2022 by contributing to projects that support durable carbon removal at scale. The determined contributions follow the total Scope 1 and Business travel emissions at €92/tCO2e. More information on our portfolio is detailed in the 'Environmental sustainability projects and climate contributions' section below.

Figure 10
Percentage of electricity consumption for 2023



Scope 1

Scope 1 emissions are direct emissions from our offices.

With limited access to primary data, we fully estimate refrigerant usage for our offices. We use emissions factors to estimate Scope 1 emissions based on building location, climate zone, and floor area for our top ten office locations, which corresponds to 89% of our global FTEs.

Scope 2

Scope 2 emissions cover indirect emissions from energy consumption, including purchased electricity for our offices. While the largest portion of our energy consumption is attributed to data centers, we are pleased to report that our renewable energy coverage across our global data center footprint remains high at over 95%.

We use a combination of primary energy consumption data as well as estimates for energy consumption where invoiced data is unavailable, and combine this with local grid factors to account for our top ten office locations by FTE, as well as any additional offices that are metered and invoiced. This year, in addition to our top ten office locations, we included three locations that brought our corresponding FTE coverage for Scope 2 to 92%.

Our primary data center provider gives us a breakdown of location and market-based emissions per site as a result of purchasing renewable energy certificates (RECs) on our behalf. Due to a difference in reporting cycles with this partner, we leveraged location and market-based data from 2022 and then cross-checked it against 2023 power consumption metrics for key data center sites. The consumption data was consistent with what we were able to validate using the portal's power consumption data for 2023.

Scope 3

Scope 3 emissions stem from activities across our value chain that are not directly owned or controlled by Adyen. Our top Scope 3 emissions categories include purchased goods and services, capital goods, and business travel. Other categories include upstream and downstream transportation associated with our terminals, use of sold products (lifetime energy consumption of terminals), end-of-life treatment of terminal devices, and employee commuting.

In order to measure Scope 3 emissions, we use a combination of supplier data and spend-based emissions factors to calculate CO_2e for all relevant Scope 3 categories. .

Energy intensity in 2023

Our energy intensity metric captures the electricity consumed (in kWh) per euro of net revenue. Energy intensity in 2023 was 0.015 kWh/Euro. This year, approximately 76% of our energy consumption was attributed to our global data center footprint, with the remaining 24% generated by our global offices. Consistent with the aforementioned Scope 2 measurement, we included our top ten office locations as well as three additional offices which possessed consumption data, in total corresponding to 92% of our FTE. As mentioned above under Scope 2, we obtain data from our primary data center partner on a cadence which differs from our reporting cycle, however we were able to validate our power consumption with actual figures from 2023. In addition to a large increase in data center power consumption year-over-year as a result of new site openings and an increase in hardware driving demand, our data center partner's methodology improved year-over-year as well, leveraging actual data consumption metrics rather than estimates. Energy consumption attributed to our top offices locations grew modestly in comparison, increasing approximately 11% due to new office build-outs and expanded sites.

Environmental sustainability projects and climate contributions

In 2023, we continued to gather learnings from our first carbon removal procurement cycle. Over the course of the year and through our existing partnership with Carbonx, we saw the delivery of several projects for our initial portfolio including UNDO and InPlanet. We followed the carbon removal space closely, and were pleased to see more momentum in the market from other corporate buyers. We also stayed close to the projects in our portfolio on a quarterly cadence to track developments around operational and commercial milestones as well as additional funding rounds.

Key highlights per project from our 2023 portfolio include:

UNDO

UNDO hit a number of key milestones, scaling its rock spreading operations while also delivering Adyen's 1,840 tonnes of CO2 in Q3 of this year. The company also expanded its operations into Canada.

InPlanet

InPlanet announced its seed financing round in Q4 2023. The company also spread and delivered the rock associated with Adyen's purchase.

CarbonCapture

In August, CarbonCapture and its ecosystem partners were selected by the US Department of Energy for funding of $12.5M to develop a regional Direct Air Capture Hub in Wyoming.

Sonnenerde

Sonnenerde made significant strides in scaling its biochar production over the course of 2023. While Adyen's commitment secured all available removals for the year, the company remains on track to deliver Adyen's removals ahead of schedule.

Vesta

Vesta made progress in refining the measuring, reporting, and verification (MRV) methodology. The company's operations continued to scale as it prepared for its next deployment.

2023 additions to our carbon removal portfolio

For our 2023 allocation, we leveraged the same methodology for our budget allocation as in 2022, applying a €92/tCO2e reference fee (based on UN Global Compact guidance) to our Scope 1 and business travel emissions. The budget set aside for carbon removal procurement does not come from our 1% pledge, but rather is in addition to this annually committed amount. Projects under consideration are initially vetted and undergo a technical due diligence process through the support and expertise of Carbonx, and are then scored on integrity, impact, and certainty of delivery.

We continued to build on a diversified portfolio of high-tech carbon removal solutions, encompassing different pathways for durable carbon removal. The four projects selected for this year's procurement cycle are expected to deliver an aggregate of 4,346 tCO2e removed between 2024 and 2029. This year's project selection included another purchase from Brazil-based InPlanet (already in the portfolio), alongside three new additions. The projects are detailed as follows:

InPlanet

InPlanet harnesses the power of Enhanced Rock Weathering (ERW), deploying crushed basalt onto agricultural fields in the tropics to remove atmospheric CO2. InPlanet also empowers farmers to actively remove CO2 and adopt more environmentally friendly agricultural methods.

Equatic

Equatic has developed an electrolytic process for atmospheric CO2 removal that leverages the size and scale of the oceans. The process stabilizes CO2 permanently in the form of dissolved bicarbonate ions in seawater, and in the form of solid mineral carbonates. Moreover, the process produces hydrogen – a green fuel – as a co-product that generates clean energy.

Charm Industrial

Charm's technology uses fast pyrolysis to convert biomass into bio-oil, a stable, carbon-rich liquid that is then pumped underground in geological formations, removing CO2 permanently from the atmosphere, out of reach of wildfires, soil erosion, and land use change.

Andes

Andes adds microorganisms to the soil along with agricultural seeds, such as soybeans and wheat. The microorganisms accelerate the conversion of CO2 into minerals in the soil. With rainfall, the minerals move deeper within the soil and create a carbonate layer, making room for more CO2 removals.

“Switching from a job in retail to the realm of financial technology at Adyen a few years ago was like stepping into a world of color. Now, I am part of a dynamic community where I get to work with incredibly talented people and build strong connections across cultures and time zones. Everyone at Adyen brings unique and diverse perspectives, weaving their colorful thread into our fabric. We prioritize helping each other grow and, as a team, rapidly driving innovation and turning ideas into reality. This is exactly what propels our company forward, every day."

Luis — Campus Recruitment Business Partner

Anti-financial crime

At Adyen, anti-financial crime measures form a central and indispensable part of our business operations and strategic planning. As a topic that is material to us due to its intrinsic link to our business activities, we actively factor it into our decision-making. We also encourage every employee at Adyen to act as our "eyes and ears" – a principle which is reflected in our three-lines-model of risk management.

In line with the growing maturity of Adyen, we have continued to focus on deploying a scalable strategy and policies for maintaining a global set of compliance standards and anti-financial crime measures that address integrity risks and ensure compliance with all laws and regulations applicable to our operations.

Integrity risk management

Our annual Systematic Integrity Risk Assessment ('SIRA') serves as the steering document for the Adyen Compliance Programme. Through the SIRA, we ensure that our control framework is up to date, robust, and fit for purpose – ensuring proactive identification and mitigation of financial economic crime and integrity risks. For more information on the SIRA, see the 'Event identification and risk assessment' section below.

Adyen maintains strict policies to prevent bribery and corruption, tax evasion, and all other forms of corporate and economic malfeasance. Every Adyen employee is expected to uphold the highest level of integrity, and we strive to maintain a culture where everybody is encouraged to ask questions and raise concerns about all aspects of the business. This promotes internal discussions and sharing of ethical principles and behaviors.

We actively encourage individuals to test their concerns with our 'no blush' principle, and to discuss matters with colleagues or their Team Lead where needed. Whenever a social or business interest might be at risk as a result of an actual or threatened breach of any laws, suspected wrongdoings, or apparent violations of business conduct standards, employees are required to report their concerns internally. This report is made either to managers, via our anonymous whistleblower hotline (SpeakUp), or, in case of escalation, externally to the Dutch Central Bank (DNB). Our full Reporting and Whistleblower policy can be found on our Governance webpage at investors.adyen.com/governance.

Anti-money laundering, CTF, and sanctions

As a global financial institution, Adyen has always taken its responsibility to prevent abuse of the financial system for money laundering and terrorist financing (amongst other key integrity risks) very seriously.

We assign responsibility for upholding our anti-financial crime policies at the highest level of our organization with our Chief Risk and Compliance Officer. Given the broad impact of these policies to our workforce, our customer base, third-party businesses and partners, and society at large, we ensure our policies are closely aligned with global regulations, and we maintain a transparent dialogue with regulatory authorities to ensure our continued compliance. Awareness and implementation of these policies is further ensured through our annual compliance refresher training, which is mandatory for all Adyen employees.

We have adopted and implemented extensive Know-Your-Customer ('KYC'), Know-Your-Business ('KYB'), and Customer Due Diligence ('CDD') practices, which serve to identify, verify, and assess all merchants, relations, and affiliated persons, to avoid the processing of transactions that are not aligned with the laws and regulations in the countries where we operate. We also consistently monitor and update our sanctions screening program to align with our responsibility to prevent the misuse of the financial system through the circumvention of sanctions.

To continue to meet our responsibility to prevent abuse of the international financial system, we further strengthened relevant AML/CTF controls during 2023 – including improving our detection methods, screening, and quality assurance verifications in line with our company's growth. In addition, with Adyen's continued expansion into new product offerings, our Compliance team has continued to focus on assessing and mitigating AML/CTF risks related to new products and services to ensure they meet the highest possible integrity standards – an effort which benefited in 2023 from the creation of specialized AML compliance sub-teams focusing on financial economic crime governance, monitoring, and analytics.

Anti-financial crime

Adyen's core business in financial technology inherently exposes us to illegal financial activities, including potential money laundering, terrorism financing, and enabling sanctioned individual and regions. Regarding this as a material topic, Adyen invests significant resources to minimize the likelihood and impact of financial crime occurring through our platform, products, and services. These policies and procedures contribute to the integrity of the financial system for society and individual consumers.

Event identification and risk assessment

Adyen conducts a comprehensive, annual top-down risk assessment across the business to identify and evaluate existing and emerging risks. In 2023, the Management Board completed its company-wide risk assessment, which is detailed in the 'Risk Factors' section of this Annual Report.

In addition to the top-down approach, Adyen employs targeted bottom-up risk assessments conducted at the process level or focusing on specific risk categories. A notable example is the aforementioned Systematic Integrity Risk Assessment (SIRA), focusing on integrity risks. Adyen has continued to expand the use of its Governance, Risk management and Compliance (GRC) tooling in 2023, to ensure the effectiveness of its control framework is subject to robust evaluation. This aligns with our Corporate Risk and Internal Control team's integral risk management philosophy, emphasizing the importance of a comprehensive approach to risk assessment and control evaluation.

Information security

At Adyen, we have always recognized the importance of laying solid foundations. Just as we have built our single platform, we approach information security with the same careful attention and foresight. Looking at our business and our customer relationships through a long-term lens, we prioritize deliberate and scalable growth. This means that we consciously build with a focus on scale, flexibility, and maintaining full control over our operations.

As a financial technology company, Adyen processes and stores large amounts of sensitive and non-sensitive data. A priority since day one has been to ensure that this data remains secure. To do so, we have long ingrained security measures into each area of our platform and organization. The conscious and strategic decisions behind these form the bedrock of our security foundations.

On top of this, Adyen has long had a comprehensive Information Security Policy in place, which is owned by the Head of Security. The purpose of this policy is to minimize the risk of loss or exposure of sensitive information maintained by Adyen. The policy also applies to users of Adyen's platform, to those working in Adyen environments — including all Adyen employees, contingent workers — and to all computers, servers and applications operating for Adyen's business purposes. This policy is implemented through an operational security program, which encompasses a variety of daily activities aimed at ensuring compliance with our security standards.

In 2023, Adyen directed its security program efforts primarily toward facilitating its business and technology, ensuring alignment with regulatory objectives, supporting successful expansion to new regions, and evolving our technology stack.

Furthermore, the security program's reporting activities were further enhanced to provide more structured and comprehensive insights to management and key stakeholders across multiple regions. This included providing insight into the program's structure and its role in aligning Adyen's security practices with our risk appetite levels.

Further scaling our security culture

To ensure we maintain our security mindset as our company scales, Adyen continuously educates our global team on our high security standards. Every Adyen employee – no matter their region, team, or domain – is required to participate in our security training program as part of their onboarding. This program is regularly updated to include the latest threats from the market as well as those pertaining to the growth phase of the organization. The content ranges from sharing security principles to scaling specific processes such as incident handling and reporting, threat modeling, and security penetration testing.

Over the course of 2023, Adyen's security training activities were also restructured, to further establish a "security culture program". Additional activities, channels, and content were added to complement training sessions, supporting and scaling Adyen's security culture across all regions.

Securing our products as we innovate

Product security is another essential pillar of our security strategy, centered on safeguarding our products from potential design flaws or security vulnerabilities that could compromise data confidentiality, integrity, and availability. Our commitment to product security includes ensuring that our software and hardware products comply with rigorous security requirements and best practices across the entire lifecycle.

Throughout 2023, Adyen worked to further refine its threat modeling and offensive security testing activities to ensure our broader and richer product offering was delivered in line with our high security standards.

Expanding our product offering and market presence in 2023 also required us to address the risks associated with specific regulatory and compliance requirements. Fortunately, our strong security foundations and extensive compliance coverage enabled us to meet those obligations without requiring significant changes that might impact the services we provide to our customers.

As a company that collects, processes, stores, and transmits cardholder data, Adyen is required to comply with the Payment Card Industry Data Security Standard (PCI DSS). Our PCI DSS attestation was successfully renewed during 2023 under the latest version of the standard (v4.0), with new regions added to the scope of our regional expansion. Furthermore, Adyen achieved recertification of other PCI compliance programs applicable to our solutions, such as PCI PIN, PCI 3DS, PCI P2PE, etc.

Trust and regulatory oversight

In addition to our stringent technical standards, Adyen regularly evaluates the effectiveness of our internal controls framework for the annual SOC 2 Type 2 report (Service Organization Control for Security and Privacy criteria), which provides an overview of the test results throughout the year that are reviewed and discussed with management. This report is made available to all Adyen customers to further bolster confidence in the control environment.

With regards to regulatory requirements, Adyen is supervised and continuously examined by authorities around the globe to ensure adherence to the standards defined for the regions and countries in which we operate (US FFIEC, FEDline, India PA Directives, EU EBA, GDPR, PSD2, etc.), on topics including services and data confidentiality, integrity, and availability.

Monitoring and proactively addressing an evolving landscape

Even with Adyen's full confidence in our security foundations and controls, we remain vigilant of our environment, industry, and the ever-evolving technology space. As in previous years, we have continued to scale our security monitoring and detection capabilities, taking a close, continuous, and structured look at the threat landscape to ensure a fast and precise response to relevant events.

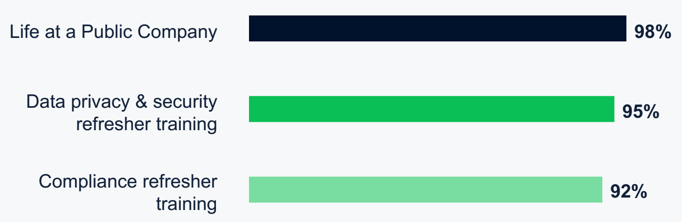
Adyen has been setting a roadmap to address upcoming regulatory changes applicable to the multiple regions it operates in, such as those introduced by the European DORA (Digital Operational Resilience Act) mandate, leveraging our strong resilience perspective and regularly tested platform to fulfil new requirements and expand our incident response readiness.

Adyen is again closing the year without experiencing any information security breaches nor notable security incidents that required reporting to our regulators, customers, or other stakeholders. This is a clear testament to the consolidated security foundations and controls we have in place.

Information security

Adyen recognizes the criticality of safeguarding sensitive information continuously to maintain its operational license, making the topic material. The potential risk of this issue is limited, as we have safeguards in place to mitigate and promptly escalate incidents if or when they occur. However, security is a journey rather than a destination, and we must continue iterating and improving.

Figure 11
Responsible business practices trainings & completion rates (per 31 December 2023)



The completion rates also include workers on leave (e.g., parental leave and long-term sick leave).

"The level of autonomy we have at Adyen is something that inspires me every day. It was a huge part of what made my transition from Regulatory Counsel to Strategy & Program Manager for India so seamless. From day one, I was trusted to dive straight in, take the lead on projects, and help craft our strategy in what can often be a complex market. It's a perfect example of our culture-first approach, where everyone is empowered to make significant contributions from the outset. I find it motivating to see how our individual efforts contribute to collective impact for our customers."

Janak — Strategy & Program Manager, India

Data privacy

At Adyen, data privacy is of the utmost importance, and we take our commitment to protecting our customers and the data we hold very seriously. As we work to build the most customer-focused financial technology platform, we recognize that the security of our customers' data is an essential component of how we build an ethical business. This is especially important given the sensitive nature of the data we handle.

In addition to transaction information, we systematically process and collect registration details from our customers and personal data from our employees. The safeguarding of this data is integral to every aspect of our company, and is governed by our Adyen Privacy Principles. Our employees are made aware of the expectations placed upon them to uphold our data privacy and security measures, and the responsibility for ensuring our overall compliance sits with our Data Protection Officer.

We base our global policies on the stringent data protection standards of the General Data Protection Regulation (GDPR), making necessary adaptations to suit local nuances — and we measure our success through an annual Internal Audit and our SOC 2 certification. When anticipating changes in data privacy laws and regulations, or guidance in the regions where we operate, we take a proactive approach to making adjustments where necessary and possible.

The global spotlight on data privacy continues to intensify, alongside a growing complexity in privacy laws and regulations in regions such as India, the US, and China. In 2023, the Adyen Privacy team focused on driving awareness and ensuring continued education for our workforce on our privacy obligations; ensuring our products continue to be compliant; and advising internal stakeholders on how to process personal data in a compliant manner.

Knowledge and awareness

Every employee at Adyen is responsible for managing data responsibly. The Adyen Privacy Principles underpin this approach, which are a set of practical guidelines designed to help our employees make day-to-day decisions on the handling of personal data. These principles are guided by our Privacy compliance framework, which consists of different policies and procedures.

As our workforce has expanded, we have heightened our focus on cultivating a deep understanding of our data privacy principles and policies in our organization. We ensure there is educational material continuously available to our employees — starting at onboarding — to inform them about the type of data they have access to and the regulatory and compliance policies governing that data. Our annual mandatory refresher training is a vital component of this, acting as a reminder to employees about the importance of safeguarding the data that Adyen holds. By the end of 2023, 95% of our employees had successfully completed this refresher training.

Product compliance & data ethics

At Adyen, we adhere to the approach of 'Privacy by Design'. That means ensuring that we work with personal data in a considered and privacy compliant manner when building our products and services. We believe this is a core element of how we build an ethical business, and training on this topic is available for employees as part of our Product Academy.

Especially as we build more data-driven products, we find it essential to continue to educate our product teams, maintain the right controls for data management, and only provide access to personal data on a need-to-know basis. Following the creation of our AI & Data Ethics Working Group in 2022 to assess new products and services that leverage AI, we focused this year on integrating these assessments into our product approval and review process.

In addition, we continue to monitor data privacy laws and regulations, which are becoming more intricate and regionally varied. Thus, we ensure a compliant product offering for all of our customers, and deliver on our promise of being a reliable, long-term partner.

Reportable data breaches and substantiated complaints

In 2023, Adyen suffered one reportable data breach, which was reported to the Dutch supervisory authority. The breach was unlikely to result in a risk to the rights and freedoms of natural persons, however due to the nature of the data, Adyen decided to notify the supervisory authority and our affected customers.

We believe that open communication is vital to our data privacy approach, as well as to building trust with our stakeholders. Rather than setting the bar too high, where incidents might be concealed or downplayed, we prefer a proactive approach. In the event of a data breach, we acknowledge and report the incident promptly, enabling us to swiftly address and mitigate any potential impact. By being open about our experience and learnings, we aim to demonstrate our commitment to continuous improvement in our data protection measures.

Data privacy

Data privacy is a material topic since it poses a risk to Adyen given our inherent exposure to handling sensitive data. It is important that we properly oversee and manage the privacy of data related to shoppers, customers, suppliers, and employees at the highest standard. Similar to how we see the security of this information, we continually iterate and improve our approach to data privacy.

Tax

At Adyen, our commitment to responsible tax practices is fundamental. By integrating this into our broader business strategy, we want to fulfil our legal duties and pay our fair share, upholding our responsibility to stakeholders and the communities we serve. The integration of a responsible tax approach into our overall business strategy reflects our dedication to transparency and responsible corporate (tax) behavior.

This responsible approach to tax is guided by a conservative strategy and underpinned by a low risk appetite, prioritizing sustainable and scalable practices that enable the business over aggressive tax planning.

We pay our fair share in all countries where we operate and do not seek refuge in tax havens.[1] Understanding how and where the different companies in our group create value is therefore key, and Adyen's tax team is tracking this in close collaboration with all stakeholders involved. In line with this, we only set up entities in countries where we actively do business, highlighting that we do not create entities solely for the purpose of gaining tax advantages. This also means that Adyen will not enter into set-ups or transactions that are not aligned with Adyen's business model to apply for a tax incentive or subsidy only.

We strive to maintain a balanced relationship with tax authorities and engage in regular dialogue, fostering a climate of mutual respect and understanding. We are open to participate in cooperative compliance agreements to seek an active real-time audit. This may result in Adyen concluding a tax agreement with a tax authority to get upfront certainty on material tax implications that may arise.

We ensure that all tax filing positions are supported by documentation and thorough analysis, and if specific knowledge is not available in-house, we seek external advice.

We support the principles of the OECD's work on Base Erosion and Profit Shifting (BEPS), including country-by-country reporting. We also value the importance of taking the spirit and purpose of the law into account when making tax decisions, and complying with the Environmental, Social and Governance (ESG) framework from a tax perspective.

Tax governance, control, and risk management

Adyen utilizes a tax control framework to manage and control Adyen's global tax risks. Having a robust governance, control, and risk management system for tax ensures that Adyen's tax strategy and responsible approach to tax are properly embedded within the organization.

The tax control framework defines the roles and responsibilities within Adyen when it comes to managing tax risks and ensures that compliance requirements are met. For this, members of the tax team participate in relevant internal and external trainings.

Compliance with the tax control framework is effectuated through internal controls for which evidence is documented and collected on a regular basis. The internal control team continuously monitors and tests compliance with the tax control framework. As part of our internal control processes, we provide an annual tax in-control statement. We continuously seek new ways to embed technology across all areas of our tax control framework, including tax processes. The tax team reports on its tax risks to the Audit and Risk Committee at least yearly.

Under our Whistleblowing Policy, anyone at Adyen can report concerns about unethical or unlawful behavior in relation to tax. In 2023, there have been no reports of incidents, breaches, or claims that exceed Adyen's tax risk appetite. For more information on risk appetite, please refer to the Risk Management section.

The tax strategy is monitored by the tax team on a continuous basis and is formalized in the responsible approach to tax (which takes the form of a tax policy). The tax team updates this at least annually or in case of significant changes. The Audit and Risk Committee reviews the policy before submitting it to the Management Board and Supervisory Board for their ultimate approval.

Stakeholder engagement and management of concerns related to tax

Adyen maintains an open relationship with all relevant tax authorities.

Adyen refrains from lobbying activities related to tax. We have no active involvement in the development of tax systems, legislation, or administration. However, we are open to provide practical input on tax experiences within our operations.

Within Adyen, tax follows the business. Adyen's tax team is well embedded in the organization to engage with (external) stakeholders and address any views and/or concerns. Our responsible approach to tax, as presented in this Annual Report, is constantly evaluated and iterated upon following active dialogue with stakeholders. In this way, we make sure that it stays aligned with our organizational values and business strategy.

[1] Adyen follows the EU list of non-cooperative jurisdictions to determine which country qualifies as 'tax haven'.

Risk management

Adyen recognizes that risks are associated with achieving its strategy and business objectives. Adyen aims to be risk aware without being unduly risk averse, and therefore actively manages its risks to protect and grow the company. Adyen has adopted a uniform and systematic approach for managing risks. This integral risk management framework is based on the Enterprise Risk Management (ERM) model as issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Risk governance

Adyen has established a risk governance that is consistent with the size, international presence, complexity, and risk profile of the company. Adyen's governance identifies, establishes, and reinforces the importance of oversight responsibilities for risk management. The Supervisory Board supervises and advises the Management Board. The Audit and Risk Committee is charged with supervising, monitoring, and advising the Management Board in relation to the functioning of the internal risk management and control systems.

The Management Board is responsible for maintaining an adequate system for risk management and internal control. The Management Board has instituted a Risk Committee to support them with risk management oversight. The CFO, CRCO, and CTO represent the Management Board in the Risk Committee. The Corporate Risk and Internal Control team reports its findings from monitoring Adyen's risk profile to the Risk Committee. The Risk Committee keeps the Management Board informed on the observations, recommendations, and deliberations on findings regarding risk management and internal control. The Risk Committee reports any material risk limit breach that would place Adyen at risk of exceeding its risk appetite promptly to the Management Board.

Three lines model

Adyen has adopted the three lines model, as published by the Institute of Internal Auditors (IIA), which reflects the segregation between operations (first line management), the risk management, security and compliance functions (second line), and the independent internal audit function (third line). The first line owns and manages risks, the second line sets control standards and monitors adherence to them, and the third line — internal audit — provides assurance on the adequacy of the first two. The Corporate Risk and Internal Control team supports the Management Board and Risk Committee with its risk oversight, management of the risk framework, setting of the relevant risk management policies, risk appetite, and independent monitoring of key risks, limits, and controls.

Risk culture

Culture is a key aspect of risk management at Adyen. Our people establish the mission, strategy, and business objectives, and put risk management practices in place. Adyen believes that a strong culture serves as a safety net to guide people in making good decisions.

Culture can never be seen as a substitute for a mature, tested, and evidenced control framework. Rather, the right risk culture enables effective risk management through constructive behavioural norms. Therefore, Adyen actively promotes and safeguards the key elements of culture through the Adyen Formula and the Adyen Way of Being in Control.

The Adyen Way of Being in Control

We **challenge** each other and always ask why. We don't just tick the box

We take **ownership** and deliver **quality** in everything we do

If you see a problem, **act on it** and **involve** others

Every mistake has potential for **success** and **growth**

Always look for **improvement** and **automation** with 10X in mind

The **Adyen Formula** guides our behavior, policies **support it**

Strategy, objective setting, and risk appetite

At Adyen, risk management, strategy, and objective setting work together. Operational objectives put strategy into practice while serving as a basis for identifying, assessing, and responding to risk.

Risk appetite defines the amounts and types of risk Adyen is willing to accept in pursuit of its objectives. Adyen identifies risks in two stages: inherent risk and residual risk. Inherent risk is defined as the risk to Adyen in the absence of any actions taken to alter the likelihood or impact of that risk, therefore also sometimes described as 'untreated risk'. Residual risk is the remaining risk after consideration of the mitigating actions taken to alter the likelihood or impact of that risk. Risk appetite is defined at residual risk level. A low risk appetite implies a low residual risk acceptance, and therefore requires the risk response and internal controls to reduce the residual risk to corresponding levels. A higher risk appetite may allow for additional activity and more lenient risk limits compared to a moderate or low risk appetite. Adyen's risk appetite is aligned with its strategy. Changes in strategy and willingness to assume risks or external developments may necessitate Adyen to update its risk appetite, which is ultimately bound by Adyen's risk capacity.

Adyen has translated its view on risk appetite into risk appetite statements, which set the overall tone for Adyen's approach to risk taking. In 2023, the Management Board performed its annual review and updated Adyen's risk appetite statements and risk limits, which were discussed in the Audit and Risk Committee, and approved by the Supervisory Board.

Event identification and risk assessment

Adyen performs a top-down, company-wide risk assessment on at least an annual basis. The purpose is to identify and assess principal, established and emerging risks. For a detailed description of the current principal risks to Adyen, see the 'Risk Factors' section of this Annual Report. The top-down and strategic company-wide risk assessment is complemented by multiple targeted, bottom-up risk assessments. Bottom-up assessments are conducted at process level or aimed at specific risk categories, such as the Systematic Integrity Risk Analysis (SIRA), the climate and environmental risk materiality assessment, or the Information Security Risk Assessment.

During 2023, Adyen grew its Corporate Risk team with additional experienced resources for specific risk categories, most notably for ESG, financial, and model risks. The Risk team also hired Internal Control Officers located outside of Amsterdam to account for the company's growing presence in certain regions.

Control activities

Control activities are typically embedded in processes, to facilitate sound and controlled business practices. They also provide reasonable assurance regarding the achievement of company objectives, compliance with laws and regulations, and the integrity of Adyen's financial reporting. Adyen uses COSO's Internal Control — Integrated Framework (2013) as a reference for its design, implementation, and evaluation of control activities as part of a system of internal control. Adyen has implemented internal risk management and control systems to manage the risks effectively and efficiently and to provide reasonable assurance that objectives can be met. Policies and procedures ensure that employees understand their role in Adyen's risk and control systems.

During 2023, the Internal Control team created control activities for the new processes relating to Adyen's Embedded Financial Products (EFPs), to support controlled growth in that area. Furthermore, the team facilitated regulatory gap assessments via Adyen's GRC tool and updated and promoted the Adyen Way of Being in Control throughout the company.

Stress testing

Adyen uses stress testing to understand the potential impact of adverse events on its business model, capital, and liquidity ratios. The stress scenarios are based on exceptional yet plausible events with a sufficient degree of severity. Adyen also performs stress testing to evaluate the adequacy of capital and liquidity plans under stressed conditions using scenarios and risk factors prescribed by the regulator. Adyen performs these tests in accordance with EBA guidelines on stress testing. In 2023, Adyen's Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP) confirmed its high financial shock absorption capacity and strong capital and liquidity ratios[2].

Effectiveness of risk management and internal control systems

In compliance with principle 1.2 of the Dutch Corporate Governance Code, the Management Board is responsible for establishing and maintaining an adequate system for risk management and internal control. Adyen has implemented internal controls to provide reasonable assurance on the reliability of financial reporting and the preparation of financial statements for external purposes, following financial reporting standards. In compliance with Best Practice Provision 1.4 of the 2022 Dutch Corporate Governance Code, the Management Board annually evaluates the effectiveness of the design

[2] More information on Adyen's capital and liquidity ratios can be found in the 2023 Transparency and Disclosure Report (Pillar 3) via investors.adyen.com/financials.

and operation of its risk management and control systems. Per December 31, 2023, no major failings in the effectiveness of the internal risk management and control systems were observed, nor were significant changes to these systems made or major improvements planned. The Management Board has discussed the evaluation of its risk management and control systems with the Audit and Risk Committee and Supervisory Board.

Risk factors

In compliance with Best Practice Provision 1.4 of the 2022 Dutch Corporate Governance Code, the Management Board has executed its company-wide risk assessment in 2023 and reconstructed its view on inherent and residual risks. This section describes the principal inherent risks that could potentially affect Adyen, with further detail on financial risks provided in Note 12 of the Consolidated Financial Statements. Additionally, this section also documents Adyen's company-level risks.

While Adyen believes that the risks described below are the material risks concerning Adyen's business, they are not the only risks relevant to Adyen. Other risks, facts, or circumstances not presently known to Adyen or that Adyen currently deems to be immaterial, could individually or cumulatively prove to be significant and could have a material adverse effect on Adyen's business, operations, financial condition, and prospects.

Adyen's risk appetite — and broader risk management approach — is set in the context of residual risk. We believe this approach creates most risk awareness across all three lines as it is nested in the daily practice of running a technology company.

Principal risks

Adyen recognizes that there are inherent risks fundamentally connected and relevant to Adyen's business model and the financial technology sector. While the risk profile of Adyen varies across products and geographies, the four risks mentioned below are key considerations whenever we explain our risk profile to regulators, investors, customers or other interested external parties. That is why we start by describing these topics, which are: information security, regulatory compliance, platform availability, and operational liquidity risk. We will then recount the most relevant risk developments in 2023, and conclude this section with a comprehensive description of relevant residual risks to Adyen.

Information security

Adyen and its customers and partners obtain and process a large amount of sensitive data. The systems involved in processing this data are inherently prone to attacks by cyber-criminals, internet fraudsters, employees, or other actors that intend to breach them. These events could lead to, amongst other things, unauthorized access to or disclosure of customers' data, unlawful destruction of data, and inability or delays in processing transactions. As Adyen provides a global financial technology platform that works with some of the world's largest businesses, this leads to an inherently high risk exposure to intrusion and disruption attacks.

To counter this risk, Adyen has implemented an Information Security Program, which is continuously updated to address new threats. Please find a more detailed description of information security risk to Adyen on page 63.

Regulatory compliance

Adyen operates in highly regulated business environment, subject to local and supranational regulatory frameworks . If Adyen's efforts to comply with laws, regulations, and standards differ from the activities intended by regulatory bodies or supervisory authorities, they may initiate legal and regulatory proceedings against Adyen. To ensure that applicable laws and regulations are identified and mapped to the activities and services Adyen offers in local markets, Adyen's regulatory compliance specialists continuously screen the local regulatory landscape with validation from external legal counsel.

Adyen believes that the use of a single platform is best overlaid with a global compliance and risk framework, whereby Adyen strives for consistent application of best practices — while remaining cognizant of the need to implement local deviations where needed.

Adyen maintains a proactive approach to regulation, and actively commits to regulatory frameworks via licenses and externally audited standards. In 2023, as part of this, Adyen further expanded its license portfolio. Notable examples include obtaining a branch banking license in the United Kingdom and an authorization to operate as a Payment Institution in Brazil. Relying on our own licensing stack has always been part of the Adyen strategy, as it facilitates global growth, keeps control over the process and knowledge in-house, and instils confidence in customers. As a result, Adyen is well-placed to deal with regulatory complexity and differences in supervisory approaches in a sustainable manner.

Nevertheless, supervisors tend to have varying focus points around the world, irrespective of regulation. To manage the variety of supervisory conversations and agendas, Adyen actively invests in local compliance and regulatory teams. We invest in strong, transparent and active relationships with regulators and payment schemes. Our strategy, our global reach, as well as the continuous increase of regulatory pressure in the financial industry, all contribute to the heightened inherent risk profile of regulatory compliance.

Platform stability and availability

Platform stability and availability are key determinants of Adyen's performance as a payments platform. Downtime, deteriorated

performance, or connectivity issues can lead to transactions being rerouted away from Adyen's platform or to transactions being aborted. This can negatively impact Adyen's transaction volume. Moreover, deteriorated performance could lead to reputational damage amongst both current and prospective customers. As Adyen generates a large portion of its volume growth from expanding with its already transacting customer base, platform stability and availability are a priority for Adyen. This is why we acknowledge a heightened inherent risk profile on platform stability and availability. This is the case for payments processing, data products, and financial products. Nevertheless, incidents occur, which can result in real-time impact for customers and shoppers alike. In 2023, there were instances of platform incidents that reduced the availability of Adyen's platform to customers and the overall payments infrastructure. Adyen has made additional investments into its platform stability program and incident management framework to help reduce the possibility of such events occurring, as well as mitigate potential impacts.

Decreased platform stability and availability can have various causes including intrusion, disruption, or physical events. Adyen monitors its operational performance on a large number of indicators, often focused on specific platform sections, or products and services.

The quantitative limits monitored on this risk type focus on platform uptime, and are in line with supervisory requirements. The design of Adyen's infrastructure and related controls and processes aim to provide highly available services and ingrained operational processes to maximize platform stability and availability. Adyen invests continuously in resources and training to maintain its high level of performance.

Operational risk and liquidity

A payments platform plays a central role in revenue generation for customers, as well as in providing liquidity. To Adyen, it all starts with realizing a payout at the right time, in the right currency, in the right manner, according to the preferences of the involved customer. We do this with a high degree of automation and by deploying sophisticated processes and procedures. This also creates an inherently higher operational risk profile. Furthermore, the payments ecosystem often involves multiple partners, which can lead to dependencies on other financial institutions and card schemes. At Adyen, an operational issue somewhere in the payment chain has the potential to result in a liquidity event for a customer. Adyen in itself has a strong liquidity position (please refer to Note 12 'Financial Risk Management' of the attached Consolidated Financial Statements for additional disclosures). Nevertheless, liquidity management is fundamental to our service offering and therefore is also key to our risk management.

Adyen has a structured approach in place to handle operational incidents. We have prepared root-cause analyses (RCAs) for operational events within risk appetite, and evaluated the impact on the overall risk and control framework. The lessons learned from the RCAs are used to strengthen processes and risk management going forward.

Risk developments

2023 External risk developments

The global macroeconomic environment affected discretionary spending by consumers and businesses, which led to economic headwinds in major economies. While inflation remained high, interest rates also increased amongst efforts to reduce inflation to more moderate levels. Many businesses affected focused on cost reduction, rather than on growth in new markets. As a result, more businesses started working with lower cost payment providers in 2023. Adyen employs a value-focused strategy that provides sustainable, long-term, premium functionality, while remaining conscious of pricing dynamics. Some other market participants focus on a low-price strategy, or on developing specific functions or functionalities that allow them to specialize in niche markets and features.

The macroeconomic environment also impacted the expectations of financial markets and investors. Adyen experienced a sharp decline in its share price following the publication of its mid-year results. After reporting a stronger set of third quarter results, elaborating on Adyen's strategy and updating financial objectives, a recovery was seen in the final months of 2023. While the share price has a very limited effect on Adyen's own financial performance, it does reflect investors' perceptions of Adyen' strategy, which is deemed relevant and important.

Simultaneously, Adyen is expanding its footprint around the globe through locations, licences — and the products offered through those licenses. Across the board, data regulation is impacting the reach of global tech players. This development requires Adyen to evaluate its practices. Another example of relevant new regulation is the introduction of the Corporate Sustainability Reporting Directive (CSRD) in the EU. Whereas regulation is plentiful, Adyen is committed to its proactive strategy in 2023, in which in-house expertise is built up without reliance on third-party licensing or outsourced compliance.

In 2023, geopolitical tensions intensified in many parts of the world, and division and fragmentation continued. While Adyen does not have personnel or business presence in countries with major armed conflicts, our customers, employees and other partners in our network may experience its negative ramifications. Fundamental elements of Adyen's risk monitoring include Adyen's physical presence in any given region. If needed, Adyen will take mitigating measures to reduce the residual risk arising from any kind of geopolitical tensions.

2023 Internal risk developments

In 2023, Adyen grew its Embedded Financial Product suite with product offerings such as Adyen (Bank) Accounts and Adyen Capital. The market potential for these products remains strong, especially with platform businesses, as it provides banking services with the integration with an innovative payments solution. These products come with a different risk profile compared to payment processing, which required the continuation of risk investment during 2023. A good example of this is the growth of the model risk management framework and the number of model validations. These developments help mitigate the operational risk that lies in the increased use of financial models outside of the payments platform. While the EFP offering provides opportunity for growth in the near future, the financial risk related to these products is not yet significant.

Adyen remained focused on its payment platform and acquiring business as the central tenets of its business. As identified in the 'Principal risks' section, the availability of Adyen's platform and services is key to its contribution to customers' success. Adyen has made several investments in its platform availability and stability in light of incidents during 2023, which Adyen believes will reduce the likelihood and scope of operational incidents even further going forward. An important example of this during 2023 is the emphasis on 'alert ownership' across the organization.

Strategic and business risk

In pursuance of its strategic objectives Adyen values a solid financial and (regulatory) capital outlook. Adyen accepts that in order to grow, it will consume some of its reserves to invest in assets, people and processes.

Execution risk

Central to the success of Adyen has always been the ability to innovate and respond quickly to opportunities that arise. The organizational competences of speed and decisiveness are key in realizing future strategic objectives. Adyen therefore actively mitigates its execution risk, which it has defined as increased complexity leading to a loss of organizational focus and loss of ability to act effectively. While Adyen has a relatively flat organizational structure and governance aimed at direct co-creation, it has grown in size in recent years, as exemplified by growth in personnel, products, and global footprint. Adyen has implemented a strategy focused on Embedded Financial Products (EFP) and platforms to further expand its product and service offering. Execution risk is top-of-mind for Adyen given the organization's growth stage. Adyen has a low risk appetite for execution risk, believing focus on the priorities within the strategy keeps execution risk within appetite. To apply this organizational focus within its current growth stage, Adyen has selected a small number of priority objectives and set up specific program management activities to achieve them.

Macroeconomic conditions

Monitoring macroeconomic conditions is important to Adyen in order to adapt Adyen's strategy to changing market conditions. Adyen accepts that entering and operating in markets with some macroeconomic volatility could lead to financial losses. Uncertainty about global and regional economic events may result in shoppers and customers postponing spending, which could have a material adverse impact on the demand for Adyen's products and services. Adyen therefore monitors relevant indicators and has observed inflation rates, energy prices, and interest rates going up in recent years in the majority of its key markets. In 2023, interest rates rose, which has its effect on investments by companies, discretionary spending, and overall price levels. Adyen is continuously monitoring the risks and opportunities provided by local and regional macroeconomic conditions and formulates appropriate responses in order to minimize the negative impact to Adyen and its stakeholders in the long term.

Competition

Adyen divides competition risk into competition on pricing and competition on functionality. Adyen competes against a wide range of businesses such as banks, payment service providers, industry-specific software platforms, and orchestration platforms. These competitors might have a dominant position, or offer products and services to shoppers and customers that Adyen does not offer. They may apply pricing strategies that give rise to short-term competitiveness. Some competitors have greater merchant bases, volume, scale, resources, and market share compared to Adyen, which may provide significant competitive advantages. Furthermore, Adyen is facing competitive pressure from non-traditional payments processors and other parties entering the digital payments industry, which may compete in one or more of the functions performed in processing merchant transactions. Adyen has a moderate risk appetite for competition on price as it has accepted that competitors attempt different pricing strategies as they attempt to increase market share while reducing profit margins. If this competition leads to unsustainable pricing pressures, Adyen will not pursue a deal. In light of global macroeconomic conditions, Adyen experiences an increased focus on price from customers.

Adyen has a low risk appetite for competition on functionality as Adyen aims to offer premium products and services that provide superior functionality toward merchants, platforms, and shoppers. While cost is an important factor in any commercial decision, Adyen focuses on functionality over price, as this strategy is in line with the value that our in-house development of features and products brings to merchants.

Adyen is in constant dialogue with its merchants on service quality levels, feature developments, and pricing. While the dynamics of competition will always change, Adyen's growth in processed volume combined with its competitive strategy indicates that the residual risk to these risk factors is within appetite. One example of this is the very low churn rate (<1%) that Adyen has experienced in 2023, a continuation of a trend from previous years.

Reputational risk

Adyen has low appetite for reputational risk and aims to avoid actions that trigger negative international media attention and/or significant reputational damage. Any negative publicity about Adyen, the quality and reliability of its products and services, changes to its products and services, its ability to effectively manage and resolve complaints, its privacy and security practices, litigation, regulatory activity, and the experience of customers 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. Adyen wants to build an ethical and sustainable business and therefore actively mitigates risks that could negatively affect the Adyen reputation or brand.

Access to card networks

The majority of transactions processed on the Adyen platform go through international credit and debit card networks. In order to access these card scheme networks to provide acquiring, processing, and issuing services, Adyen must have the relevant regional operating licenses or memberships. In some markets, where it is not feasible nor possible for Adyen to have a direct license with a card network, Adyen has a relationship with a local financial institution to act as a local sponsor for the license. Adyen has low appetite for failure to comply with card network rules or for any other deterioration in its relationships with the card networks, which could result in the restriction, suspension, or termination of Adyen's own licenses, or the use of sponsoring banks' licenses. In 2023, no significant impediments in relation to the access to card networks or sponsoring banks occurred. Given the increased global footprint and local licenses obtained by Adyen (e.g. the United Kingdom and Brazil during 2023), the reliance on local financial institutions is becoming less apparent while maintaining an adequate level of access to card networks and local financial environments.

Concentration of customers

Some of Adyen's largest customers provide significant contributions to its net revenue. Large enterprise customers typically have arrangements with multiple payment service providers (primarily in order to mitigate their single-point-of-failure risk). These customers could terminate their contracts or shift business away, leading to lower processed volumes and net revenue. Adyen has low risk appetite for commercial dependency on single customers and therefore continues to execute its growth strategy to onboard new customers from different verticals on its platform. Adyen believes that its merchant portfolio is well-diversified, especially given the multiple payment channels supported by Adyen's single platform. Taking into consideration the macroeconomic forecasts globally, the diversification of customers and payment channels simultaneously reduces the risk in concentration of customers. Across the last years Adyen's overall growth has reduced the concentration of customers that contributed most to Adyen's revenues. However, large volumes from new merchants (existing and new) can result in an increase in concentration in the short term. The concentration of customers (their contribution to net revenue) is monitored by Adyen in order to aid decision-making and risk management. In 2023, the global concentration of customers remained within Adyen's risk appetite.

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, as well as a variety of administrative procedures. Nevertheless, 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. 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.

As the number of products in the technology and payments industries increases and the functionality of these products further overlaps, Adyen may become subject to intellectual property infringement and other claims. Adyen's international growth and development of intellectual property in new jurisdiction can also influence its risk of claims. 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, 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 has not experienced a materialization of this risk in 2023.

Disruptive innovation

Adyen expects that rapid and significant advancements in technology will continue. These changes may alter the desirability of the products and services Adyen offers. If Adyen is unable to provide enhancements and new features that achieve market acceptance nor keep pace with rapid technological developments and evolving industry standards, its business could be materially and adversely affected. Adyen aims to provide best-in-class products and services in order to combat commoditization of payment products. Adyen accepts disruption and innovation as standard market practices. As such, Adyen continues to build and actively invest in its single platform solution, license framework, and complementary products.

An example of this investment in complementary products is the launch of Embedded Financial Products (EFP) on Adyen's technology platform. Adyen has established pillars, solutions and workstreams that continuously work on improving its service offering based on customers' needs and innovations. Through the setup of the solutions and workstreams with product, technical, and commercial staff, Adyen can work closely with its customers and quickly address their evolving needs.

Sustainability risk

Sustainability factors (e.g. environmental, climate, social and employee topics, human rights, and other societal developments) can pose a risk to Adyen. The risk might materialize through its employees, operations, reputation, or via external stakeholders Adyen interacts with. Sustainability risk at Adyen includes social responsibility, ethical business practices, and governance as underlying topics. These topics are becoming key to the mission and purpose of entities in the financial sector and the corporate world. Initially, the focus in the financial sector on sustainability topics was on banks' assets, and more specifically the lending activity, especially with regards to climate- and environmental risks. Fuelled by a strong push from European regulators, that focus is now shifting toward a broader application, including payments, and incorporating a wider lens of sustainability topics.

A specific subset of sustainability focuses on environmental sustainability or Climate- and Environmental (C&E) risk. C&E risks are commonly understood to comprise two main risk drivers: physical and transition risks. Physical risk refers to the financial impact of a changing climate. Physical risk is categorized as "acute" when it arises from extreme events, such as droughts, floods, and storms, and "chronic" when it arises from progressive shifts, such as increasing temperatures, sea-level rises, water stress, biodiversity loss, land use change, habitat destruction, and resource scarcity. This can directly result in, for example, damage to Adyen property or reduced productivity, or indirectly lead to subsequent events, such as the disruption of the Adyen supply chain. Transition risk, on the other hand, refers to a financial loss that can result, directly or indirectly, from the process of adjustment toward a lower-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

In 2023, Adyen has renewed and improved its methodology for the assessment of C&E risk. An in-depth review of its exposures, merchant base, and geographical risk led to the result that Adyen has a low residual risk exposure to physical and transition risks due to its business model, operational risk management capacities, and reduced exposure to financed emissions, real estate or other physical risks.

Adyen has incorporated the outcome of the C&E risk assessment outcome in the CSRD Double Materiality Assessment (DMA) as further documented above. The outcome of the DMA led to the identification of 8 material topics, of which 3 are from a financial materiality perspective related to risk. While these material topics and their assessment are further outlined above, it should be noted that the definitions align with the related risk topics (information security, data privacy, and anti-financial crime) in this chapter.

"A guiding principle at Adyen is to seek out different perspectives to sharpen our ideas. I see this reflected all the time in the way that different teams work together. Everyone is encouraged to share their opinion and make their own decisions, rather than taking a more traditional, top-down approach. We feel empowered — and I think this brings out the best in all of us."

Guillaume — Privacy Counsel

Operational risk

Adyen recognizes that operational risks are associated with achieving its business objectives and are particularly prevalent in its tech business model. Operational risk concerns the risk of losses resulting from inadequate or failed internal processes, people, and systems, or from external events, including legal risk. Adyen has a moderate appetite for operational losses. In 2023, Adyen remained well within its risk limits. There was also a large focus on automating and streamlining processes throughout the year, to set Adyen up for future scale and reduce operational risks originating from manual tasks.

Customers' potential liability for shopper chargebacks

When shoppers claim that a business has not delivered goods or services as agreed, issuing banks can file chargebacks. Adyen seeks to offset such chargebacks with the payouts to the merchant, but may not be able to succeed in full. In such cases, Adyen is exposed to Merchant Potential Liability (MPL) risk. While Adyen has implemented risk mitigation, including withholding reserve funds from the payouts to its customers based on assumptions and estimates that Adyen believes are reasonable to cover such eventualities, the measures, including the withheld funds, may not be sufficient.

Adyen has a dedicated MPL team that closely follows the development of this risk. The team frequently discussed its observations and recommendations with the Merchant Risk Committee, Management and Supervisory Board throughout 2023. Despite challenging macroeconomic conditions in several key markets, Adyen did not incur sizeable MPL losses due to chargebacks during the year. The cumulative MPL losses were well within the set risk appetite. The MPL team has further invested in their internal automated monitoring procedures, contributing to Adyen's strategy of delivering performance at scale. For more details on MPL reserves, please refer to note 16 'Trade, other payables, and payables to merchants and financial institutions' in the 2023 Consolidated Financial Statements.

Availability, connectivity, and performance of products and services

Adyen has a low risk appetite for issues surrounding the availability, connectivity and performance of the platform. There is a risk that Adyen's systems and those of its third-party service providers, including data center facilities and communication networks, may experience significant service interruptions in the future. Frequent or persistent availability, connectivity, or performance issues could cause current or potential customers to believe that its systems are unreliable, leading them to switch to a competitor or to avoid Adyen's products and services, potentially harming Adyen's reputation and brand permanently. Moreover, to the extent that any platform failure or similar event results in damages to Adyen's customers or their business partners, the customers or partners could seek significant compensation or contractual penalties from Adyen for their losses, which, even if unsuccessful, could be time-consuming and costly for Adyen to address, and may divert management attention. Furthermore, frequent or persistent interruptions could lead to regulatory scrutiny, significant fines and penalties, and/or mandatory and costly changes to its business practices. It could ultimately cause Adyen to lose existing regulatory licenses or prevent or delay Adyen from obtaining additional regulatory licenses that Adyen needs to expand its business.

Adyen has built its platform and services to avoid the presence of single points of failure, and to ensure that sufficient capability exists to continue normal operations for critical processes in the event of a loss or unavailability of corporate resources. This applies to resources ranging from information technology, physical locations, to personnel and whole departmental structures. Adyen's highly available platform is designed to withstand individual telecommunications, systems and data center instance failures. Adyen workforce is fully equipped to work remotely, and some have been doing so without impact to our payment processing ability during 2023. Furthermore, this year, Adyen improved its incident management framework and made additional investments in the stability of its platform.

Information security risk

As highlighted in the Principal Risks section, Information security remains an important risk area for Adyen. Strengthening our capabilities to mitigate the evolving risk is therefore a continuous effort.

Adyen has a low appetite for information and cyber security risk. Information security risk was not found to be higher in 2023 compared to the previous year. Some specific developments in the threat landscape for the financial industry, such as ransomware and third party risks, are continuously evaluated, but so far found less relevant for Adyen's environments because of in-house development and the lack of dependency on external parties for core business activities. Security risk management efforts during 2023 were focused on strengthening security controls, testing the product portfolio and maintaining a strong security culture in a fast-growing global organization. Please find a more detailed description of information security risk to Adyen on page 49.

Third-party risk

Vendors and supply chain dependencies could negatively impact Adyen's operations and security of data, systems, and services. Adyen has a low appetite for dependency on third parties in its critical business functions. Adyen strives to minimize outsourcing of activities directly related to its critical processes or platform to avoid dependency on third parties. Adyen believes that not being limited by third-party software in its core operations is a key factor in its ability to rapidly increase the number of transactions that the platform can process. Adyen maintains a Third-Party Management Policy, which defines a framework, including clear ownership, for assessing third-party risk. Adyen monitors third-party risk on a continuous basis with support of a third-party risk management tool.

Data privacy

Adyen is subject to several privacy and data protection laws and regulations around the globe, such as the GDPR, CCPA, and LGPD (referred to as "privacy laws"). These privacy laws regulate the collection, use, retention, security, processing, and transfer of personal data that Adyen holds about its customers, shoppers, employees and other individuals. Adyen's expanding global footprint and product offering requires Adyen to steadily adapt, improve, and strengthen its processes and procedures and closely monitor any changes to new and existing privacy laws.

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 supervisory authorities or others, including class action privacy litigation in certain jurisdictions, significant fines, penalties, judgments, and reputational damage. Adyen has a low appetite for data privacy risks and promotes a culture of diligence and high ethical standards with regards to the processing of personal data. Data privacy compliance is a key commitment Adyen makes toward its customers and stakeholders. Please refer to the 'Data Privacy' section in this Annual Report for more information on the topic.

Company culture

Adyen is committed to maintaining its entrepreneurial company culture, which fosters innovation, diversity, and talent development, and therefore has a low appetite for elements threatening this culture. Adyen's entrepreneurial culture has been one of the primary drivers of its historical growth. As Adyen continues to grow, there is a risk it may not be able to maintain its entrepreneurial culture. If Adyen does not successfully manage its growth, and is unable to differentiate its business from those of its competitors, drive value for customers, or effectively align its resources with its objectives, Adyen may not be able to compete effectively against its competitors, leading to declining growth and net revenue.

Adyen promotes and safeguards the key elements of its culture through the Adyen Formula. When it comes to professional growth, Adyen encourages its employees to create their own path, pursuing their unique passions and interests in alignment with the evolving needs of the business.

During 2023, Adyen continued to build and invest in its culture, with risk awareness as a key component of this. This commitment was exemplified through strengthening its leadership frameworks and tailoring its programs to accommodate the diverse needs of its growing team. The 'People & culture' section in this Annual Report provides more information on Adyen's culture and leadership development efforts. Additionally, we reinforced our risk-aware culture through the continued implementation of mandatory training on responsible business practices.

Talent

Adyen's future performance substantially depends on the continued services of key talent and its ability to attract, retain, and motivate such talent. The loss of services of any of Adyen's key talent or Adyen's inability to attract highly qualified key talent may adversely affect its operations.

Adyen has low appetite for the loss of key talent and strives to maintain a strong and diverse talent pool. Adyen deployed a number of actions during 2023 to realize this objective. For example, Adyen revised and enhanced its Diversity Equity & Inclusion policy to further strengthen its stance and ensure that its approach effectively underpins the Formula principles. Furthermore, Adyen focused on expanding self-led learning programs and extending the reach of its in-person facilitated offerings, as well as strengthening the inclusivity and accessibility of its training programs to cultivate and meet the diverse needs of key talent. Please refer to the 'People & culture' section in this Annual Report for more information on this topic.

Integrity risk

Managing integrity risk in a scalable manner continued to be the focus of Adyen's Compliance Team in 2023. In accordance with Adyen's Global Integrity Strategy, integrity risks faced by Adyen continue to be identified, monitored, and managed through a global set of integrity standards that cover several integrity risk types such as bribery and corruption, conflicts of interest, and socially unacceptable behavior, as well as fraud, AML, CTF, and Sanctions, which are further discussed below.

This approach ensures that the risks, as well as the range of laws and regulations applicable to Adyen's operations around the globe, are properly accounted for, while also enabling scalable compliance. As a result, Adyen is able to continue delivering on its commitment to solving challenges with technology by embedding the global integrity standards in the heart of Adyen's technology stack.

Internal and external fraud

Adyen recognizes that fraud risks will always be possible, particularly external fraud attempts. Adyen sets limits on the acceptance of prospective customers or third parties based on the potential risk of fraud across several dimensions, such as geography or industry. We employ several methods to monitor developments in these dimensions (e.g. CDD upon onboarding and on an ongoing basis, watchlists and country risk ratings).

Adyen's fraud assessment starts with the identification of potential internal and external fraud risk scenarios in the SIRA. This identification is a process that continues throughout the year, with a notable detailed analysis during the annual SIRA exercise, supplemented by dynamic SIRA workshops in response to internal and external triggers to ensure proactive and ongoing risk identification. As a first step the identification, analysis and determination of the internal and external fraud risks relevant to Adyen takes place, followed by the nature and inherent size of these risks. Subsequently, the relevant controls that are in place are mapped to the risks. Finally, Adyen concludes on the overall residual risk and an assessment is made to what extent the remaining residual risk is within Adyen's risk appetite. Adyen has a low risk appetite for internal and external fraud.

Adyen's key internal fraud risk scenarios include the manipulation of financial results, the misuse of confidential information, and the misappropriation of assets. Relevant mitigating controls mapped to these internal fraud risk scenarios vary in origin. There are governance measures, such as oversight by the Management Board, Internal Audit, Compliance and the Supervisory Board's Audit and Risk Committee. Adyen also applies measures aimed at people, conduct and culture, such as an anti-fraud policy, employee background screening, a whistleblower policy and a targeted training program. Furthermore, a broad range of detective controls at process level are present, such as system monitoring, reconciliation and auditing. These are complemented by preventive measures that include review and approval flows and segregation of duties. Whenever fraud is suspected or reported, an internal investigation is conducted and corrective actions are taken.

Adyen's key external fraud risk scenarios include customers providing Adyen with fraudulent documents, circumvention of Adyen's fraud prevention system through brute force or fraud rings, and customers initiating fraudulent transactions. Relevant mitigating controls mapped to these external fraud risk scenarios include both preventive and detective controls, such as customer due diligence, customer screening, security monitoring, vulnerability management, access controls, and transaction monitoring.

Adyen has assessed that the relevant controls and mitigating measures in place sufficiently mitigate the identified internal and external fraud risk scenarios. There were not any significant fraud cases identified. Upon identification of fraud, our policy (or as part of our corrective actions) describes that we perform a root-cause analysis, and assess if there are any shortcomings or weaknesses in design and/or effectiveness of our internal controls. Further, we evaluate the significance of potentially identified weaknesses in internal controls and we embed further improvements in internal controls to mitigate any identified residual risk below our risk appetite. During 2023 no material weaknesses were identified in our internal controls.

Anti-money laundering (AML), Counter terrorist-financing (CTF) and preventing the circumvention of sanctions

In 2023, Adyen strengthened relevant AML/CTF controls – including to improve detection methods, screening, and quality assurance verifications in line with Adyen's growth. Adyen also consistently monitors and updates its sanctions screening program to align with its responsibility for preventing the misuse of the financial system through the circumvention of sanctions. Following on from the unprecedented changes in international sanctions arising in 2022, ongoing focus on Adyen's end-to-end sanctions screening program was prioritized in relation to the evolving geo-political climate in 2023.

Adyen leveraged its systematic integrity risk assessment cycle to identify and account for new/changing integrity risks faced by Adyen, with integrity topics including anti-money laundering and counter terrorist-financing (AML/CTF), preventing the circumvention of sanctions, and managing a global regulatory landscape as particular focus points in 2023.

Tax

Adyen has a low appetite for risk forthcoming from its tax obligations. As outlined further in the Tax section above, Adyen's approach to taxation is guided by a conservative strategy. Adyen wants to be fully compliant with tax laws and regulations, including taking into account the spirit and purpose of the law, to fulfil its legal duties and pay its fair share, upholding its responsibility to stakeholders and the communities it serves. During 2023, the residual risk related to Adyen's tax obligations remained within risk appetite.

Financial reporting

Adyen has a low appetite for errors in financial reporting and does not accept material misstatements in the financial statements. As a result, Adyen has implemented a system of internal control aimed at reducing the risk of error or loss, which provides reasonable assurance that the financial records can be relied upon for the preparation of the annual financial statements in accordance with financial reporting standards. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Adyen's first and second line teams systematically evaluate the effectiveness of internal controls on an ongoing basis, actively engaging in the adaptation and improvement of these controls to address dynamic environments and evolving risks throughout the year.

Financial risks

Adyen has a limited appetite to incur losses from financial risks, please refer to Note 12 ‘Financial Risk Management’ of the attached Consolidated Financial Statements for additional disclosure.

Credit risk in respect of counterparties, including other financial institutions

Credit risk arises when a counterparty of Adyen cannot settle the full value of an obligation — when it becomes due, or thereafter. In addition, credit risk also has a concentration dimension with the risk of losses stemming from on- and off-balance sheet positions related to clustering in exposures to a single counterparty or a group of connected counterparties. Adyen is exposed to credit risk primarily through receivables from financial institutions regarding settled payment transactions, through cash held at partner banks as well as through pre-financing services to merchants. Adyen is careful in selecting counterparties and actively monitors the resulting exposure. When it comes to partner banks whose services are necessary to provide payment services in specific circumstances, Adyen seeks to work with at least two different partner banks. Where applicable and possible, Adyen ensures that one of these providers is the central bank of the respective region.

During 2023, Adyen remained comfortably within its internally set risk appetite limits for its credit risk and credit concentration risk related indicators, as well as within the relevant regulatory limits.

Fluctuations in foreign currency exchange rates

A stronger or weaker euro (EUR) versus foreign currencies (primarily US Dollar or USD) impacts the translation of Adyen's net revenues generated in these foreign currencies into EUR. Similarly, such foreign exchange movements impact balance sheet positions denominated in currencies other than EUR (primarily in USD) including contract assets, deferred tax assets, shares, own funds as well as assets and liabilities of foreign subsidiaries. Additionally, in connection with providing its services in multiple currencies, Adyen generally sets its foreign exchange rates once per day. Thus, Adyen is also exposed to foreign exchange risk if it incorrectly sets its foreign exchange rates, or if there are fluctuations in foreign exchange rates between the rate fixing times. Adyen pays particular attention to the foreign exchange risk related to its international payment services for merchants. Adyen manages its foreign exchange risk on a continuous basis in reference to its risk appetite. Any foreign exchange exposure outside of the established risk appetite is actively hedged.

There were no material FX losses to be reported during 2023. Still, the daily treasury processes on FX trading were improved to further account for scale and keep mitigating the risk of a loss occurring. Given the volatility of macroeconomic conditions in various jurisdictions, Adyen sees this as a key component of prudent FX risk management to remain within its internal risk appetite.

Price risk of financial instruments

Price risk is defined as the risk of financial losses occurring due to changes in the market prices of financial instruments that are recognized at fair value. Adyen is exposed to such price risk through its holdings of Visa Inc. preferred stock as well as a derivative liability. Adyen’s holding of Visa Inc. shares resulted from the 2016 acquisition of Visa Europe by Visa Inc. when Adyen’s holdings in the former were converted into preferred stock of the latter. The exposure from these Visa Inc. shares consists in potential financial losses due to movements in the underlying share price of Visa Inc. The derivative liability is related to the remaining tranches of a merchant contract where the exposure is dependent on the share price movement of Adyen stocks. Both positions are not material and Adyen has no appetite to take on additional equity positions and resulting price risk. Please refer to Note 12 of the Consolidated Financial Statements for more information.

Interest rate risk of cash and cash equivalents

Interest rate risk is defined as the risk that changes in interest rates lead to an adverse impact on Adyen’s income or value of equity. Adyen’s business model is primarily fee-based, while interest income does not constitute a key revenue component of its client-facing product offering.

Despite the fee-based business model, Adyen’s balance sheet has various characteristics that are relevant from an interest rate risk perspective:

- Adyen’s assets mainly consist of interest-bearing cash and cash equivalents at central banks and partner bank accounts,
- Adyen is fully equity financed, i.e. its liabilities are interest rate-insensitive,
- Adyen’s balance sheet is of distinct short-term nature.

As a result, changes in interest rates only translate into the price of assets, but not in that of liabilities. This profile creates an inherent net interest income sensitivity to interest rate changes. Since the cash is held in relation to merchant payables and as a liquidity buffer, the related interest rate risk is considered innate to Adyen’s business model and is accepted as part of doing business. The net interest income sensitivity only has the potential to turn into actual losses in the event of negative interest rate levels in material currencies. During 2023, interest rates have continued to increase in Adyen’s most significant currencies (EUR, USD and GBP), which has strongly increased Adyen’s passive interest income from cash holdings. During 2023, Adyen navigated within its risk appetite on interest rate risk.

Liquidity and funding risk

Liquidity risk is the risk that Adyen cannot meet its intraday, short- and/or medium-term payment and collateral obligations without affecting daily operations. Given its payments-centered business model, Adyen is mainly exposed to intraday and short-term liquidity risks. Adyen has no appetite for not meeting its payment and collateral obligations. Adyen is abundant in liquidity reflected by a very high Liquidity Coverage Ratio (LCR) throughout 2023.

Funding risk is the 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. Adyen aims for a simple, stable, and solid funding position and the central ratio it monitors in this context is its Net Stable Funding Ratio (NSFR). For context, the NSFR remained stable and within acceptable ranges in 2023.

Secure financing on favorable terms

Adyen has funded its operations through equity financing since inception of the company. As in previous years Adyen continues to be able to generate sufficient excess cash through financial results to fund all new operations. Despite the current capacity to generate large retained earnings, there is no guarantee that Adyen will continue to do so in the future. Going forward, Adyen may require additional funding to respond to business opportunities or unforeseen circumstances and may decide to engage in equity increases, debt financings, or alternative credit facilities for other reasons, and may not be able to secure any such debt or equity financing or refinancing on favorable terms in a timely manner, or at all. If Adyen is unable to obtain adequate financing or financing on satisfactory terms when it requires it, its ability to continue to grow or support its business and to respond to business challenges could be limited.

Statement by the Management Board of Adyen N.V.

The Management Board of Adyen N.V. is responsible for establishing and maintaining an adequate system for risk management and internal control. This system is designed to manage risks effectively and efficiently, to provide reasonable assurance that objectives can be met, that financial and non-financial reporting is reliable, and that laws and regulations are complied with.

Internal control over financial reporting is an integral part of the risk management and control systems of Adyen N.V.. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with IFRS 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. Internal control over financial reporting includes:

- Maintaining records that, in reasonable detail, accurately, and fairly reflect our transactions
- Providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements

Due to its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Management Board of Adyen N.V. has performed a company-wide risk assessment and described the principal risks facing the Company in relation to its risk appetite in the section 'Risk factors' of this Annual Report.

The Management Board of Adyen N.V. has assessed the effectiveness of the design and operation of the risk management and control systems as of December 31, 2023. The results were shared with the Audit and Risk Committee and the Supervisory Board and discussed with the independent external auditor (hereafter "external auditor").

Based on the assessment and with reference to Best Practice Provision 1.4.3 of the 2022 Dutch Corporate Governance Code, the Management Board of Adyen N.V. confirms that to the best of its knowledge and belief:

- This Annual Report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems with regard to the risks as referred to in Best Practice Provision 1.2.1 (see section 'Risk management');
- The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies (see section 'Risk management');
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis (see 'Consolidated Financial Statements'); and
- This Annual Report states the material risks, as referred to in Best Practice Provision 1.2.1, and the uncertainties, to the extent that they are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report (see section 'Risk Factors' and 'Consolidated Financial Statements').

  However, the risk management and internal control systems cannot provide absolute assurance that missing of objectives, misstatements, fraud or non-compliance with laws and regulations will not occur.

In accordance with Article 5:25c of the Financial Supervision Act, the Management Board of Adyen N.V. confirms that to the best of its knowledge and belief:

- The financial statements of 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The Annual Report 2023 gives a true and fair view of the position as at December 31, 2023, the development and performance during 2023 of Adyen, together with a description of the principal risks that Adyen faces.

Amsterdam, the Netherlands

March 1, 2024

P.W. van der Does
Co-CEO

I.J. Uytdehaage
Co-CEO

E.L. Tandowsky
CFO

R. Prins
CCO

M.B. Swart
CRCO

B.A. Nayden
CHRO

A. Matthey
CTO

03

Governance

"Adyen has a clear vision and a long-term focus — which is exactly what I think makes the company successful. I love that one of our Formula points is we make good decisions and consider the long-term benefits for our customers, Adyen, and the world at large. By focusing on making the right choices every day, we can be sure that we're building a future to be proud of."

Stephanie — Head of Employer Brand

Corporate Governance

Corporate governance structure

A solid, transparent, and seamless corporate governance structure is key to Adyen. It is consistent with the Adyen Formula and allows us to focus on growing our business. Our governance structure is guided by Dutch statutory requirements, the 2022 Dutch Corporate Governance Code (the Code)[3], the European Banking Association (EBA) Guidelines on Internal Governance, and (inter)national best practices. As Adyen is operating globally, international developments are closely monitored.

Adyen's corporate governance is reflected in its Articles of Association, Management Board By-Laws, Supervisory Board By-Laws, Terms of Reference of the two Supervisory Board committees (the Nomination and Remuneration Committee, and Audit and Risk Committee) and certain other internal policies and procedures. These documents are available on Adyen's Investor Relations website under 'Governance'.

Adyen maintains a two-tier board structure consisting of a Management Board and a Supervisory Board, each of which has specific responsibilities. The Management Board is collectively responsible for the overall management, which includes, among other things, developing and executing Adyen's strategy and risk management policy based on sustainable long-term value creation, and setting and achieving Adyen's objectives. The Supervisory Board oversees and advises the Management Board, and can give guidance to its general development. Each board is accountable to the General Meeting for the performance of its duties.

Management Board

Each Managing Director is tasked with duties pertaining to their specific area of expertise and responsibilities. In executing these duties, they are obligated to align their actions with the Company's best interests, as well as those associated with the business. This mandate encompasses a mindful consideration of the Company's stakeholders' interests. The Management Board By-Laws delineate regulations governing the composition, responsibilities, and objectives of the Management Board.

Subject to certain statutory exceptions, the Management Board as a whole is authorized to represent the Company. Two Managing Directors acting jointly are authorized to represent the Company. This reflects the four-eyes principle that Adyen employs across the organization: (at least) two Adyen Managing Directors must sign off on important business decisions.

Managing Directors will be appointed for a maximum term of four years, after which they may be reappointed for another four years. The General Meeting appoints Managing Directors upon a nomination by the Supervisory Board in accordance with the Articles of Association. The Supervisory Board shall make one or more nominations to the General Meeting in case a Managing Director is to be appointed. 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. 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. 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.

Adyen is a licensed credit institution, which means that any appointment of a Managing Director must be approved by the Dutch Central Bank (the DNB). In connection with its approval procedure, DNB will test the proposed new Managing Director on integrity and suitability.

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

[3] The 2022 Dutch Corporate Governance Code is available via https://www.mccg.nl/.

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.

Management Board committees

The Management Board, as the primarily responsible body for risk management, aims to be risk aware in order to successfully implement an ambitious long-term growth strategy. It therefore actively manages the risks to protect and grow Adyen in accordance with the Adyen Formula and the principle of creating sustainable long-term value for its customers.

The Management Board is supported in its risk management oversight by four Management Board Committees. The four Management Board Committees follow Adyen’s main risk categories under the Integral Risk Management Framework. Whereas the Compliance Committee monitors Adyen’s integrity risks, and the Merchant Risk Committee monitors the merchant risk exposures, the Risk Committee has an overarching role and monitors all risk categories. The Disclosure Committee is responsible for reviewing Adyen's financial information for compliance with legal and regulatory requirements prior to publication.

It is noted that final decision-making and approval resides with the Management Board and that the Management Board Committees in principle have an advising role, though the Management Board may give a decision-making mandate to one or more Management Board Committees for certain matters and certain amounts.

Compliance Committee

The Compliance Committee oversees Adyen's compliance activities. Its duties include preparing and updating Compliance Policies, managing product approval processes, reviewing Integrity Risk systems, completing supervisory audits, assessing new processes, supporting the Management Board, and investigating reported wrongdoings or violations of laws, regulations, or internal policies. The Committee also advises on compliance risk management and reports findings to the Management Board.

Merchant Risk Committee

The Merchant Risk Committee oversees customer operational and credit risk identification, assessment, measurement and monitoring. It reviews Adyen's MPL and Credit Risk frameworks, ensuring compliance and effectiveness. The Committee assesses financial balances, eligibility for Adyen Capital, and provides quality assurance for credit assessments.

Risk Committee

The Risk Committee advises the Management Board on Adyen's internal risk management systems, maintains the Integral Risk Management Framework, monitors regulatory reporting, supports the use of the framework, and prepares quarterly reports. The Committee also monitors financial institution risks, and oversees market and capital/liquidity risks. The Committee's duties include advising on design and effectiveness of the risk control framework, monitoring reporting process, and reporting findings to the Management Board.

Disclosure Committee

The Disclosure Committee is responsible for overseeing Adyen's disclosure activities to ensure regulatory compliance. Its duties include implementing effective disclosure controls, reviewing material developments, discussing publication timelines, ensuring accurate and complete financial and regulatory reports, and advising the Management Board on potentially price-sensitive information. The Committee also reviews press releases for accuracy before release, and provides guidance on disclosure obligations.

Functioning of the Management Board in 2023

In 2023, the Management Board paid particular attention to scaling the Adyen team and culture across regions. It was a year in which Adyen deepened its relationship with customers and partners, and invested in the continuous expansion of its regulatory licenses. The Management Board and its committees focused on further embedding the regulatory and compliance framework in the organization, supported by various internally-launched trainings on topics such as data privacy, security, conduct, integrity, insider trading, and incident management. This year saw extensive efforts into the Management Board’s approach to building a diverse and inclusive workforce, in which the gender diversity in the overall workforce, the Global Leadership Team (GLT, also defined as ‘senior leadership’ or ‘subtop’), and the Management Board increased. The Adyen Formula played a significant part in the global hiring and onboarding strategy, as well as the ongoing learning and development efforts throughout the business.

The performance of the overall Management Board and individual members was assessed against their main activities and goals achieved in 2023. The Supervisory Board deems the performance of the individual Managing Directors and the Management Board as a whole to be sufficient and well-performing.

Conflicts of interest

A Management Board Member, who thinks that he or she has or might have a conflict of interest, shall notify the chair of the Supervisory Board and the other Managing Directors thereof as soon as possible. In 2023, there were no reports of conflicts of interest relating to the Managing Directors.

Supervisory Board

The Supervisory Board functions as a separate corporate body and is independent from the Management Board. The composition of the Supervisory Board is such that members are able to act independently of one another, the Management Board and any particular interest, and allows for properly carrying out all Supervisory Board tasks, including staffing of committees. The Supervisory Board is capable of assessing the broad outline of the overall policy of the Company and of the most important risks incurred. The background, knowledge and expertise of each Supervisory Director adds to the Board’s effectiveness, enabling it to fulfil its duties in the Company’s best interest.

The Supervisory Board oversees 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 Supervisory Directors are required to be guided by the interests of Adyen which includes the interests of the business connected with it, taking into consideration the interests of the Company’s stakeholders. These interests are driven by Adyen’s focus on sustainable long-term value creation and implementation thereof in Adyen’s strategy and culture. The Supervisory Board also has due regard for environmental, social and governance (ESG) matters relevant to the Company. The Supervisory Board By-Laws set out rules regarding the composition, responsibilities and objectives of the Supervisory Board.

The Articles of Association provide that the Supervisory Board must consist of three or more individuals, with a maximum of seven persons. The exact number of Supervisory Directors is to be determined by the Supervisory Board. Only natural persons may be appointed as Supervisory Director.

Supervisory Directors will be appointed for a maximum term of four years, after which they may be reappointed for another four years. Reappointment after eight years shall be motivated in the Supervisory Board Report. After this term, a Supervisory Director may once again be reappointed for a term of two years, which can be extended for another two years. 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.

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. 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. 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.

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 and suitability.

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.

Supervisory Board committees

The Supervisory Board has appointed from among its members two permanent committees: A 'Nomination and Remuneration Committee' and an 'Audit and Risk Committee' (the Committees). Each of these Committees has a preparatory and/or advisory role to the Supervisory Board. The Committees report their findings to the Supervisory Board, which is ultimately responsible for all decision making. Terms of Reference apply to each Committee, which can be found at our Governance webpage via investors.adyen.com/governance. All Supervisory Directors have a standing invitation to attend meetings of Committees of which they are not a member and have accepted these invitations on a frequent basis in 2023.

Nomination and Remuneration Committee

The Supervisory Board has assigned certain tasks to the Nomination and Remuneration Committee. This Committee drafts proposals for Adyen’s remuneration policy, and it proposes the remuneration of the individual Managing Directors and Supervisory Directors. It analyses developments of the Code and other applicable laws and regulations, and prepares proposals for the Supervisory Board on these topics. It further advises the Supervisory Board on its duties regarding the selection and appointment of Managing Directors and Supervisory Directors. The Committee is also responsible for carrying out annual assessments on the functioning of the individual Managing Directors and Supervisory Directors and on the functioning of the Management Board and Supervisory Board as a collective.

The Nomination and Remuneration Committee prepares proposals for (re)appointments and drafts the selection criteria for the (re)appointment of Managing Directors and Supervisory Directors.

The Nomination and Remuneration Committee meets as often as required for a proper functioning of the Committee. The meetings are scheduled three times a year. The Committee consists of at least three Supervisory Directors. The Committee members are Caoimhe Keogan (Chair), Piero Overmars, and Joep van Beurden.

The composition and number of members of the Committee provide for sufficient capacity to carry out the supervisory functions. The members of the Committee have the specific skills and experience required to properly carry out their duties.

Adyen's co-CEOs, CHRO, CFO and CRCO have a standing invitation for each Committee meeting. The Company's SVP of HR and, periodically, the Head of Rewards, also attend the meetings of the Committee.

Audit and Risk Committee

The Supervisory Board has assigned certain tasks to the Audit and Risk Committee. This Committee supervises the provision of the Company's (non-)financial information and risk management. The Committee issues preliminary advice to the Supervisory Board regarding the approval of Adyen's interim and annual accounts.

The Committee also advises the Supervisory Board on the nomination of the external auditor, who is appointed by the General Meeting. It is in regular contact with the internal audit function and the external auditor, and monitors the auditor's independence. On an annual basis, the members of the Audit and Risk Committee discuss the internal audit plan and resources, the external audit plan, and the external auditor's board report. In addition to advising the Management Board on tax and finance matters, it is also responsible for supervising compliance with relevant legislation and regulations.

The Audit and Risk Committee meets as often as required for a proper functioning of the Committee. The meetings are held at least four times a year. The Committee consists of at least three Supervisory Directors. The Committee members are Delfin Rueda Arroyo (Chair), Piero Overmars and Pamela Joseph. The composition and number of members of the Committee provide for sufficient capacity to carry out the supervisory functions. The members of the Audit and Risk Committee have the specific skills and experience required to properly carry out their duties.

Adyen's CFO and CRCO have a standing invitation for each Committee meeting. The Company's internal auditor and external auditor attend the meetings of the Committee and have regular interactions with the Supervisory Board.

Compliance with the Dutch Corporate Governance Code

Adyen acknowledges the importance of good corporate governance. The Company agrees with the general approach and with the provisions of the Code. In 2023, the Company performed a gap assessment of the Best Practice provisions of the 2016 Code with the current Best Practice provisions of the 2022 Code, and subsequently reviewed and updated its policies, Terms of References and its Supervisory Board and Management Board By-Laws to implement these changes. The updated Code was discussed with the Management Board and Supervisory Board, and the key changes have been highlighted.

Adyen fully complies with the Code, with the exception of Best Practice provision 4.3.3 of the Code, which provides that the general meeting of shareholders of a company not having statutory two-tier status 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 applies a higher proportion of one-half, which follows from a previous arrangement with Adyen's shareholders. Adyen is of the opinion that this arrangement contributes to the long-term sustainable position of the Company.

General Meeting, shares and shareholders

General Meeting

Adyen holds a General Meeting of Shareholders (General Meeting) within six months of the end of the financial year.

General Meetings can be held as often as the Management Board or the Supervisory Board deem necessary. A General Meeting is also convened in case of a decision entailing a significant change in the identity or character of the Company or its business. One or more shareholders representing at least the statutory threshold of 3% of the voting rights may request that the Management Board place items on the agenda of a General Meeting. Such a request must be honored by the Management Board provided that the request is received in writing at least 60 days before the date of such a meeting.

Voting rights

Each share reflects one vote in the General Meeting. Subject to certain exceptions provided by Dutch law or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast. Votes can be cast at the General Meeting either in person or by proxy.

In 2023, as part of its rewards principles for employees, Adyen introduced Restricted Stock Units (RSUs). These RSUs which will convert to ordinary shares after vesting, over a period of four years. Please refer to Note 4.3, ‘Share-based payments’ in the attached Consolidated Financial Statements for further insights.

Report of the 2023 General Meeting

This year’s Annual General Meeting was held on May 11, 2023, and a total of 22,445,104 votes were legally represented, a total of 72% of the total issued share capital.

During the General Meeting of 2023, the following resolutions were approved:

- The adoption of the Annual Accounts for the financial year 2022
- The determination of the Remuneration policy for the Management Board
- The determination of the Remuneration policy for the Supervisory Board
- The increased cap on variable remuneration outside the European Economic Area to 200% of fixed remuneration
- The discharge of the Management Board members for the financial year 2022
- The discharge of the Supervisory Board members for the financial year 2022
- The reappointment of Ingo Uytdehaage as Management Board member with the title Co-CEO for a four-year period
- The reappointment of Mariette Swart as Management Board member with the title CRCO for a four-year period
- The appointment of Brooke Nayden as Management Board member with the title CHRO for a four-year period
- The appointment of Ethan Tandowsky as Management Board member with the title CFO for a four-year period
- The reappointment of Pamela Joseph as Supervisory Board member for a four-year period
- The reappointment of Joep van Beurden as Supervisory Board member for a two-year period
- The amendments to the Articles of the Association of the Company
- The authority to issue shares
- The authority to restrict or exclude pre-emptive rights
- The authority to acquire own shares
- The reappointment of the Auditor

For a full report of the Company’s General Meeting, please refer to the minutes of the General Meeting as published on the Company’s Investor Relations website.

The 2024 General Meeting will take place on 16 May 2024.

Issue of shares

Shares can only be issued pursuant to a resolution of the General Meeting, unless the General Meeting has designated this authority to the Management Board. During the Annual General Meeting held on May 11, 2023, the General Meeting granted the Management Board — subject to the Supervisory Board’s approval — the authority to issue ordinary shares or to grant rights to subscribe for ordinary shares for a term of 18 months as of May 11, 2023 for up to 10% of the total number of shares issued at the time of the General Meeting for any purpose. Hence, within the aforementioned limit shares can be issued by a decision of the Management Board, which allows the Management Board to react promptly when for example a business opportunity arises which requires such issuance. This decision must be approved by the Supervisory Board. Any issuance exceeding the aforementioned limit needs approval by the General Meeting.

In addition, the General Meeting granted the Management Board — subject to the Supervisory Board’s approval — the authority to restrict or exclude applicable pre-emptive rights when issuing ordinary shares or granting rights to subscribe for ordinary shares for a term of 18 months as of May 11, 2023. In 2023, 22,352 shares were issued following this approval. These shares were a result of exercises of options granted to employees and share issuance relating to the depositary receipts award plan.

Repurchase of shares

Shares can only be repurchased by Adyen pursuant to a resolution of the General Meeting and subject to any required regulatory approvals. The General Meeting may designate the authority to repurchase shares to the Management Board. During the General Meeting held on May 11, 2023, the shareholders granted the Management Board — subject to the Supervisory Board's approval — the authority to acquire shares in the capital of the Company, either through purchase on a stock exchange or otherwise. The authority applies for a term of 18 months as of May 11, 2023, under the following conditions: The repurchase (i) may constitute up to 10% of the total number of shares issued at the time of the General Meeting; (ii) provided that the Company will not hold more shares in stock than 10% of the issued share capital; and (iii) at a price (excluding expenses) not less than the nominal value of the shares and not higher than the opening price at Euronext Amsterdam on the date of repurchase or on the preceding day of stock market trading plus 10%. Any repurchases exceeding these limits need approval by the General Meeting. In 2023, no repurchase of shares were performed.

Issued capital and shareholdings

Adyen's issued capital and voting rights are notified to the Dutch Authority for the Financial Markets (AFM) from time to time. This reporting can be found in the register issued capital on www.afm.nl. Shareholders owning 3% or more of the issued capital and/or voting rights of a listed company must report this to the AFM as soon as the threshold is reached or exceeded. This reporting by shareholders can be found in the 'Register of substantial holdings and gross short positions' at www.afm.nl.

Adyen Formula, culture and business conduct

The Management Board attaches high importance to its internal and external moral standing. It is committed to preventing, detecting and deterring acts or attempted acts of misconduct. The Management Board encourages employees to act with integrity in accordance with the Adyen Formula (for more information, see the 'People & culture' section in the Management Report). The Adyen Formula sets forth Adyen's commitment to conduct business pursuant to the highest ethical standards.

The Adyen Formula is a guide that can be used as a template to make ethical decisions and empower employees. It reflects how Adyen has been built and how it should remain successful in the future. To create an environment of ethical behavior both inside and outside of Adyen, employees at Adyen know that they share the responsibility to prevent any acts contrary to generally accepted social or business conduct standards, or those which could seriously damage confidence in Adyen or in the financial industry (e.g. breaches of applicable requirements, suspected wrongdoings).

The Management Board regularly communicates the importance of the Adyen Formula to guide the day-to-day decisions employees make. It is crucially important that the Management Board leads by example in this respect. The manner in which they fulfil their role largely determines the integrity culture of Adyen as a whole. The Adyen Formula is critical in hiring new team members and evaluating the performance of team members. It is of the highest importance that team members fit the transparent and ethical culture built within Adyen.

With the oversight of the Management Board, the organizational structure, hiring and training policies, Adyen provides an ethical work environment that is conducive to both individual and company success. The Management Board has created an open and safe environment that allows employees to bring subjects around integrity and other dilemmas up for discussion without repression.

Management Board

Changes to the Management Board composition in 2023

During the Annual General Meeting of Shareholders on May 11, 2023, Brooke Nayden's proposed appointment as Chief Human Resources Officer (CHRO) was approved, as well as Ethan Tandowsky's proposed appointment as Chief Financial Officer (CFO). Further, in this meeting, Ingo Uytdehaage was reappointed in the position of Co-Chief Executive Officer (Co-CEO) for a four-year term, and Mariette Swart was reappointed as Chief Risk and Compliance Officer (CRCO) for a four-year term. Kamran Zaki stepped down as Chief Operating Officer on May 11, 2023. As a result, the Company's Product and Operations teams are now overseen by Ingo Uytdehaage (Co-CEO), and the Account Management team by Roelant Prins (CCO). Kamran continued to be involved in the Company's operations during the summer of 2023 to ensure a proper handover.

For the full biographies of the Management Board, please refer to the Adyen IR Governance webpage via investors.adyen.com/governance.

Pieter van der Does

Co-Founder and Co-CEO

Male - 1969 - Dutch
Managing Director since 2007
Current term: June 2022 - June 2026

With over 15 years experience in the payments industry, Pieter van der Does, was CCO at Bibit before co-founding Adyen in 2006. Since then, Adyen has grown from a startup into a globally operating business, averaging double-digit annual growth since 2007. Pieter built Adyen to transform the payments landscape, and has since solved payment complexity for many of the world's leading businesses. He has earned a degree in Economics from the University of Amsterdam.

Responsibilities
Management Board

Ingo Uytdehaage

Co-CEO

Male - 1973 - Dutch
Managing Director since 2011
Current term: May 2023 - May 2027

Ingo joined Adyen as the CFO in 2011. Before joining Adyen, he gained extensive experience in the field of finance at several large enterprises. Having earned two business degrees and held multiple managerial positions, Ingo plays an essential role in Adyen's continued growth. He has earned degrees in accounting and finance from Maastricht University and followed the CPA post-graduate program from the Vrije Universiteit in Amsterdam.

Responsibilities
Product Solutions (Payments, Platform Engineering, Data, Platforms & Financial Services) and Operations

Roelant Prins

CCO

Male - 1975 - Dutch
Managing Director since 2007
Current term: June 2022 - June 2026

As the CCO of Adyen, Roelant is responsible for all commercial activities and development. After starting his career as a consultant, he moved on to the online payments industry in early 2000. Throughout the years, Roelant has held various international management roles in sales and business development for companies providing payment solutions to international ecommerce businesses. He has earned a degree in Economics from Erasmus University Rotterdam.

Responsibilities
Commercial Pillars, Regions, Sales, Account Management, Marketing and Revenue Operations and Commercial Academy

Mariette Swart
CRCO

Female - 1980 - Dutch
Managing Director since 2020
Current term: May 2023 - May 2027

Mariëtte is the Chief Risk and Compliance Officer of Adyen. Prior to this role, she was Adyen's General Counsel and built the legal team from the ground up. Before joining Adyen, Mariëtte worked at an international law firm where she gained vast experience in global financial services, helping companies with products in payments, debt and equity solutions, M&A and financial markets. She has earned a degree in Regulated Markets and Corporate Law from Utrecht University.

Responsibilities
Compliance, Regulatory, Corporate Risk, Legal, Security

Alexander Matthey
CTO

Male - 1981 - German
Managing Director since 2021
Current term: February 2021 - February 2025

Alexander is the Chief Technology Officer at Adyen. Prior to his role, he was VP Integrations and later EVP Technology in Adyen's Berlin office. Before joining Adyen, Alex was the CTO and Vice-President of Rocket Internet-backed GlossyBox where he gained experience in leading a fast-growing company. He has earned degrees in IT and History from Humboldt University of Berlin.

Responsibilities
Engineering Solutions (Payments, Platform Engineering, Data, Platforms and Financial Services), Tech Hubs, Testing Enablement

Brooke Nayden
CHRO

Female - 1991 - American
Managing Director since 2023
Current term: May 2023 - May 2027

Brooke is the Chief Human Resources Officer at Adyen. Brooke has spent her career helping tech companies scale throughout high-growth phases, and brings a comprehensive understanding of the talent landscape to Adyen's Management Board. At Adyen, Brooke served as Global Head of HR as part of the Global Leadership team, a role in which she successfully led the company's expansion. Previously at Atlassian, she focused on Technical and Leadership Recruitment. Brooke holds a degree in History and Literature from Claremont McKenna College.

Responsibilities
Rewards, Recruitment, HR Innovations, People Growth, Office & Facilities

Ethan Tandowsky
CFO

Male - 1990 - American
Managing Director since 2023
Current term: May 2023 - May 2027

Ethan is the Chief Financial Officer at Adyen. Over the past decade, Ethan has helped several pre-IPO start-ups and publicly-listed companies optimize their finance and accounting functions while at EY. Ethan joined in 2017 and was most recently part of the Global Leadership Team as Head of Group Finance. Ethan holds a degree in Business Economics with a focus on Accounting from UC Santa Barbara. He is certified as a CPA by the California Board of Accountancy.

Responsibilities
Group Finance, Merchant Finance & Treasury, Communications, Strategy and Execution, Sustainability

Supervisory Board

Piero Overmars

Chair of the Supervisory Board

Male - 1964 - Dutch
Appointed in January 2017. Second four-year term
Current term: January 2021 - January 2025

Piero Overmars serves as a member of the Supervisory Boards of Dura Vermeer Group N.V., TLN Holdings B.V. and Dutch Organic International Trade B.V., and as a member of the Management Board of Stichting Continuïteit PostNL. Previously, he was a member of the Management Board of Randstad Beheer B.V. and was Chairman of the Supervisory Boards of Nutreco and SNS Reaal, and member of the Supervisory Board of Amsterdam UMC. He also served as President of the Nyenrode Foundation, following an extensive career at ABN Amro. Piero Overmars holds an MBA from Nyenrode Business University.

Delfin Rueda Arroyo

Chair of the Audit and Risk Committee

Male - 1964 - Spanish
Appointed in January 2017. Second four-year term
Current term: January 2022 - January 2026

Delfin Rueda Arroyo is the Finance Managing Director at Squircle Capital and Venture Partner for Mundi Ventures. He also serves as a non-executive director at FlowTraders, Allfunds Bank, and Allfunds Group. Previously, Delfin held roles as CFO and Vice-Chair of the Executive Board at NN Group and ING Insurance. His career spans pivotal roles at Atradius, JP Morgan, and UBS. Delfin holds a Master's in Economic Analysis from Complutense University of Madrid (Spain) and an MBA from the Wharton School, University of Pennsylvania (USA). Delfin is the Chair of the Audit and Risk Committee.

Caoimhe Keogan

Chair of the Nomination and Remuneration Committee

Female - 1978 - Irish
Appointed in February 2021. First four-year term
Current term: February 2021 - February 2025

Caoimhe Keogan serves as CPO (Chief People Officer) for Aveva Group. Previously, she served as Chief People Officer for Moneysupermarket Group plc, and as SVP People, Places & Community at SoundCloud. Prior to these roles, she was Senior HR Business Partner at Google. Her early career experience included management consulting roles with Deloitte and KPMG. Caoimhe Keogan holds a Master's degree in Occupational Psychology from Queen's University Belfast (UK).

For the full biographies of the Supervisory Board, please refer to the Adyen IR Governance webpage via investors.adyen.com/governance.

Joep van Beurden

Member of the Supervisory Board

Male - 1960 - Dutch
Appointed in January 2017. First two-year term
Current term: January 2024 - January 2026

Joep van Beurden is CEO and member of the Executive Board of Kendrion N.V. Previously, he served as member of the Supervisory Board of Twente University of Technology, and as CEO of CSR Plc. and NexWave Inc., following a career at Royal Dutch Shell, McKinsey, Philips and Canesta Inc. Joep van Beurden holds a degree in Applied Physics from Twente University of Technology (the Netherlands).

Pamela Joseph

Member of the Supervisory Board

Female - 1959 - American
Appointed in May 2019. Second four-year term
Current term: May 2023 - May 2027

Pamela Joseph is CEO and member of the Management Board of Xplor Technologies, holds a position as Chair of the Board of Directors of TransUnion and is a non-executive member in the Board of Directors of Paychex. In addition to these positions, Pamela serves as Operating Partner at Advent International. Previously, she served U.S. Bank corp. Payment Services as a Vice-Chairman, and prior to that Elavon as President and COO. She started her career at Wells Fargo Bank and VISA International. She holds a degree in Business Administration from the University of Illinois (USA).

Report of the Supervisory Board

Introduction

The Supervisory Board is pleased to present its report for 2023: a year of continued expansion for both Adyen's global team and customer relationships. With 864 FTEs onboarded, several strategic customers added to our portfolio, continued product innovation, and a deepened presence in key regions, this year marks a pivotal step in the Company's journey. Demonstrating once again the importance of building for the long-term and the value that Adyen delivers to its customers, we are in the fortunate position to record a period of sustained, profitable growth.

The Supervisory Board is responsible for supervising the Management Board's strategy for sustainable long-term value creation. The Supervisory Board should regularly discusses the strategy, its implementation, and the principal risks associated with it. Sustainability matters (Environmental, Social and Governance) are discussed as an integral element of the Company's business strategy, and its implementation is supervised by Supervisory Board as a whole.

In 2023, Supervisory Board actively engaged in discussions on strategy with the Management Board, in which the Company's strategic priorities, key markets and products, and people strategy was discussed. The meetings held and the informal dialogues taking place in the office and online were highly valued by the Supervisory Board. Several Supervisory Directors have visited the Adyen New York, Chicago, San Francisco and Tokyo offices throughout the year, in which they engaged with members of the Global Leadership Team (GLT).

For a detailed overview of the topics discussed by the Supervisory Board and its committees, please see 'Supervisory Board activities in 2023' below.

Composition

The Supervisory Board currently comprises of five members: Piero Overmars (Chair), Delfin Rueda Arroyo, Caoimhe Keogan, Joep van Beurden and Pamela Joseph. The members have a diverse set of knowledge, skills, capabilities and expertise, in line with the required profile as included in the Supervisory Board By-Laws. The Supervisory Board values and promotes diversity, not only within the Management Board and Supervisory Board, but also in the GLT and in the Company as a whole. For more information on the expertise of the Supervisory Directors and the diversity elements, such as nationalities, tenure, age, and gender, please refer to 'Supervisory Board diversity, competencies and knowledge fields'.

Retirement and reappointment

In the General Meeting of 2023, Joep van Beurden and Pamela Joseph have been reappointed as Supervisory Directors. Pamela Joseph was appointed as Supervisory Director for a second four-year term. Joep van Beurden has been reappointed as Supervisory Director for a two-year term after two four-year terms. In line with Best Practice Provision 2.2.2, reasons for appointment after an eight-year period should be given in the report of the Supervisory Board. The Supervisory Board proposed Joep's reappointment to the General Meeting in light of his vast experience in the technology sector, his innovative mindset and his balanced decision-making capabilities. The Supervisory Board highly values Joep's contribution to the Supervisory Board composition and his involvement over the past eight years.

Per the date of the General Meeting, Caoimhe Keogan has become Chair of the Nomination and Remuneration Committee. The Supervisory Board and Management Board are happy to continue to work with Joep in his capacity as Supervisory Director for the upcoming two years.

Supervisory Board diversity, competencies and knowledge fields

	Piero Overmars	Joep van Beurden	Delfin Rueda Arroyo	Pamela Joseph	Caoimhe Keogan
General expertise					
Management experience within listed, international company	✓	✓	✓	✓	✓
Finance strategy and planning	✓	✓	✓	✓	
Risk and auditing			✓	✓	
Legal, compliance, and regulatory	✓				✓
People and culture management	✓	✓			✓
Financial markets, disclosure, and communication	✓		✓	✓	
ESG & sustainability	✓	✓		✓	✓
Industry expertise					
IT, digital, and innovation		✓			✓
Banking	✓		✓	✓	

Supervisory Board retirement and reappointment schedule

Name	Year of birth	Nationality	Gender	Position	Initial appointment date	Current appointment date	Term ends
Piero Overmars	1964	NL	Male	Chair	January 2017	January 2021	January 2025
Delfin Rueda Arroyo	1964	SP	Male	Member	January 2017	January 2022	January 2026
Joep van Beurden	1960	NL	Male	Member	January 2017	January 2024	January 2026
Pamela Joseph	1959	US	Female	Member	May 2019	May 2023	May 2027
Caoimhe Keogan	1978	IE	Female	Member	February 2021	February 2021	February 2025

Average age

58

Average tenure

5 years

Ratio female / male

40/60

Nationalities

4

Independence

Throughout the year, four Supervisory Directors — Piero Overmars (Chair), Delfin Rueda, Pamela Joseph, and Caoimhe Keogan — were independent from the Company within the meaning of Best Practice Provisions 2.1.7, 2.1.8 and 2.1.9 of the Code. One Supervisory Board Director, Joep van Beurden, has acted as an advisor to the Company in the years preceding his appointment in 2017, and is therefore considered not to be independent within the meaning of Best Practice Provision 2.1.8 (iii) of the Code. The Supervisory Board is, as a body, independent as defined in the Code.

Conflicts of interest

In 2023, there were no reports of conflicts of interest relating to members of the Supervisory Board. Supervisory Directors shall notify the Chair of the Supervisory Board as soon as possible in case of a (potential) conflict of interest. A member of the Supervisory Board who has a conflict of interest may not participate in the consultation and decision-making of the Supervisory Board regarding the proposed solution.

Performance assessment

In line with the Code, the Supervisory Board assesses its performance periodically by an external firm. In 2023, the Supervisory Board has engaged with Phyleon, an expert advisor on leadership and governance, to perform its external performance assessment. The assessment took place in the second half of 2023, via videoconference and in-person meetings. Phyleon conducted interviews and utilized a board survey with the Supervisory Directors, Managing Directors, the Company Secretary and the Deputy Company Secretary. The survey provided information on how the Supervisory Board deals with the various requirements imposed or suggested by the governance system or company law, securities regulation, and codes. In addition, the survey highlights the dynamics of the group interactions in the Supervisory Board and Management Board, using examples of behaviors, social interactions and actions.

The interviews were structured around a set of topics and themes relevant to Adyen's Supervisory Board and Management Board meetings and interactions. The initial outcome of the assessment was shared with the Chair of the Supervisory Board, the Company Secretary and the Deputy Company Secretary with the aim to validate the first findings and overall direction of the outcomes. Next, the Supervisory Directors and Phyleon met for an in-person session, in which the process, findings and recommendations were shared and discussed.

The Supervisory Board reflected on several events in 2023, and discussed observations and lessons learned. Particular attention was paid to culture, the Adyen Formula, dynamics and composition, risk & control, and conduct. The Supervisory Directors note an atmosphere of openness and transparency in the Supervisory Board and committee meetings and in their interactions, and positive engagement and energy levels are observed in the meetings. Governance processes are conducted thoroughly and effectively.

Further, the following was observed:

- The functioning of the Supervisory Board, the Supervisory Board committees and the Supervisory Directors complies with the relevant corporate governance requirements and best practices as set out in the Code;
- The functioning and the role of the Chair is highly valued and considered to be positive by the Supervisory Directors;
- The desired profile, composition, competencies and expertise of the Supervisory Board is as such that is can fulfil its supervisory function;
- The Supervisory Board is able to critically discuss (disruptive) trends and challenges, and assess the need for action;
- The role of the Supervisory Board continuously evolves alongside with the maturity and complexity of the business, but also takes into account the informal 'Adyen way of working';
- The current and future governance processes should support Adyen's entrepreneurial approach, while considering the formal governance requirements; and
- The quality of the agenda, committees and information provided to the Supervisory Board is sufficient.

Areas of focus

The Supervisory Board should pay attention to the succession planning of both the Supervisory Board (as multiple Supervisory Directors approach the final years of their second terms) and Management Board, and take into account the dynamics of such changes in the composition of the Boards. Further, the need to continuously professionalize and structure the Company's corporate governance processes in line with the business complexity and growth, while scaling the unique company culture and encourage innovation, is stated as an area of focus. The importance of engaging informally with Management Board members, outside of formal Supervisory Board meetings, continues to be a priority for the Supervisory Board.

Supervisory Board activities in 2023

Meetings and attendance

The Supervisory Board convened for eight meetings, which were held at the offices of Adyen and online. The meetings were held in the months of February, March, May, August, October, November, and December.

The Supervisory Board meets at a minimum each six months, or prior to the publication of the half-yearly results, and discusses these results with the Management Board, as well as the draft press release and auditor's report on the procedures performed. These documents are first discussed in the Audit and Risk Committee meeting prior to the Supervisory Board meeting. In 2023, due to the Investor Day that took place on 8 November 2023, the Supervisory Board met for an additional session to discuss the preparations and the publication ahead of the event.

Topics discussed with the Supervisory Board

In addition to the regular agenda for the Supervisory Board meeting — which includes topics such as risk management, business performance, strategic updates and the development of the financials — the Supervisory Board discussed topics related to customer relations, price sensitive information, regulatory affairs, ESG, culture, diversity, and the preparation and evaluation of the Annual General Meeting of Shareholders. Furthermore, deep dives and educational sessions on topics relevant to Adyen's business were held, such as cyber security, operations and reputational risks. The Supervisory Board also discussed Adyen's (long-term) strategy including its Solutions, Commercial Pillars, focus areas and associated risks, and reviewed proposed annual and other financial reporting. The Company Secretary attended all Supervisory Board meetings and Committee meetings but one, and acted as the secretary of the Supervisory Board and its Committees. The Chair of the Supervisory Board met regularly during the year with the co-CEOs and other Managing Directors to discuss the performance of the Company and projects as part of executing the strategy. The Supervisory Directors also interacted individually and collectively with Managing Directors, the Internal Auditor and the External Auditor outside the formal Supervisory Board meetings, and informally with other members of the team, including Adyen's Global Leadership Team.

Supervisory Board meetings and committee meetings attendance in 2023

In 2023, the attendance rate of Piero Overmars, Delfin Rueda Arroyo, Joep van Beurden and Pamela Joseph was 100% for the Supervisory Board meetings and the Committee meetings of which they are a member. Caoimhe Keogan did not attend one Supervisory Board meeting, which results in an attendance rate of 86%.

Supervisory Board committees

Nomination and Remuneration Committee

- Culture
- Executive compensation
- Remuneration
- Diversity, equity and inclusion
- Succession planning
- Talent management and retention
- Learning & development

Audit and Risk Committee

- Risk management and internal control
- Financial and non-financial reporting
- Ethics, conduct, integrity and compliance
- IT, information security and data privacy
- Tax

Please refer to our Governance page for the Terms of Reference of the Supervisory Board committees.

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee convened for three meetings of minimum two hours in 2023. All committee members attended all meetings. In 2023, the Nomination and Remuneration Committee discussed and paid particular attention to the Company's culture, talent management and leadership, hiring strategies, compensation and Diversity, Equity & Inclusion (DEI).

In the meetings, the Committee members received updates on the Company's HR general data, such as new hires per organizational function and region, employee costs, and performance review data.

Prior to the publication of the Annual Report in 2023, the Committee discussed the draft Remuneration Report, the remuneration for the Management, Supervisory Board and the Internal Control functions.

Furthermore, the Committee had discussions on the appointments of Brooke Nayden and Ethan Tandowsky, and formally recommended the Supervisory Board to propose their appointment to the General Meeting of Shareholders. The reappointment of Joep van Beurden and Pamela Joseph was also discussed and recommended to the General Meeting of Shareholders.

The Company heavily invested in its workforce in 2023 by adding 864 FTE to the team. Onboarding and talent management, therefore, was a key topic of focus for the Committee. Adyen invested in scaling its onboarding programs and trainings. The Committee discussed the overall approach with regards to learning and development. Further, it reviewed Adyen's succession planning for the GLT, the Management Board and the Supervisory Board.

An important aspect of scaling the team is the Adyen Formula. On culture and on diversity, equity and inclusion (DEI), the Supervisory Board discussed the results of the Company's Culture and Inclusion Survey, and the proposed updates to the Diversity, Equity and Inclusion Policy. The Nomination and Remuneration Committee reviewed the updates and met with key stakeholders in the process to oversee the approval of the new policy. For more information on the Adyen's updated DE&I Policy, see the "Adyen's Diversity, Equity and Inclusion Policy" on the next page.

A deep dive on productivity in the Company's Operations function was discussed, which will be used as an example for productivity presentations for other functions in 2024.

Report of the Audit and Risk Committee

In 2023, the Audit and Risk Committee convened for four meetings of minimum two hours. All committee members, the internal auditor and the external auditor attended all meetings held in 2023.

The Company's key risks, risk exposure, risk appetite statements, and the design, operation and effectiveness of the risk management and internal control systems of the Company were discussed in detail. On financial results, the Committee discussed the half-yearly financial results and the financial statements, as well as the financial results disclosed during our Investor Day in November. The Committee was closely involved in the review and disclosure process of these publications, including its corresponding press releases.

The Committee discussed the reports from internal and external auditors. Further, the external auditor's report and opinion, including the Key Audit Matters (KAMs), were discussed within the Committee. These KAMs (i. the design and effectiveness of IT general controls and ii. the risk of overstatement of revenue), and the audit procedures performed by the external auditor, were discussed in detail. The Committee discussed the risk of fraud and non-compliance with laws and regulations, including the assessment of fraud risk factors such as bribery and corruption, insider trading, chargebacks, and payroll processes. The broader going concern assessments were discussed in the meetings, and presented by the external auditor. In addition, the Committee reviewed the external audit plan and evaluated the performance and remuneration of the external auditor.

Other topics on the agenda in 2023 included compliance, governance, ICLAAP, SREP, Pillar III reporting, tax risks, legal, incident and business continuity management, ESG and investor relations.

The members of the Committee met with the internal and external auditors outside the Committee meetings without the Managing Directors present. The Audit and Risk Committee supervises the Management Board in regards to the sustainability reporting. For this reason, in 2023 the Committee has also focused on Adyen's Double Materiality Assessment and sustainability-related KPIs.

Diversity, equity and inclusion at Adyen

The Supervisory Board aims for a balance in its composition with respect to gender, nationality, age, experience and affinity with the nature and culture of the business of Adyen in all countries in which it is active. The Supervisory Board values and promotes diversity, both within the Supervisory Board and the Management Board, as within Adyen in general. Differences in amongst others educational background, nationality, age, race, gender, experiences and beliefs are vital to the business, enabling the Boards and the Company to look at issues and opportunities differently and to respond to challenges in new ways. Diversity is a key driver for innovation and allows Adyen to attract and retain the most talented and smart people.

The Adyen Diversity, Equity and Inclusion Policy

At Adyen, people and culture is of top priority. In line with the Adyen Formula, the Company seeks out different perspectives to sharpen ideas and to build a fair and inclusive Adyen. This means striving for diversity across all dimensions, including but not limited to race, ethnicity, gender identity, sexual orientation, age, cultural background, disability, neurodivergence, and religion. We view diversity and inclusion as the responsibility of the entire Adyen team, including the Supervisory Board. The Supervisory Board is aware that all aspects of diversity are vital to Adyen's business, enabling the Boards to look at issues and opportunities from different angles and to respond to challenges in new ways. Diversity is a key driver for innovation and allows Adyen to attract and retain talent.

The Supervisory Board has drawn up the Diversity, Equity, and Inclusion Policy, which has been established in accordance with Best Practice Provision 2.1.5. of the Dutch Corporate Governance Code. In 2023, Adyen has updated its Diversity, Equity and Inclusion Policy. The recent updates are in line with the requirements of the Dutch Civil Code and Dutch Corporate Governance Code. The Adyen Diversity, Equity and Inclusion Policy can be found at our Governance webpage via investors.adyen.com/governance..

Policy goals and commitments

The Adyen Diversity, Equity and Inclusion Policy includes several specific, appropriate and ambitious targets in order to achieve a good balance in all aspects of diversity.

The Adyen Diversity, Equity and Inclusion Policy

Adyen believes in the benefits of a diverse workplace and strives for diverse teams at all levels. Therefore, Adyen commits to:

- Hiring, promoting, and enabling growth of underrepresented groups across all levels and geographies of the organization.
- Include underrepresented candidates in our hiring process, meaning that we measure the diversity of our candidate pipelines when possible and strive for a minimum of 30% of candidates to come from an underrepresented group considering relevant local demographic context and regional/functional objectives.
- Ensure that individuals from underrepresented groups can be themselves, are able to speak up and be heard, and thrive at all levels of the organization.
- Ensuring the leadership team (Global Leadership Team, Management Board, and Supervisory Board) is a fair representation of the Company.
- Having a Global Leadership Team ("subtop") with no more than two thirds of its members identifying as a single gender identity (66%) by 2028.
- Having a Management Board with no more than two thirds of its members identifying as a single gender identity (66%) by 2030. The size and current composition of the Management Board requires Adyen to set a longer time horizon to achieve this commitment.
- Having a Supervisory Board with no more than two thirds of its members identifying as a single gender identity (66%) by 2028. This is in line with Dutch statutory diversity targets.

Ongoing initiatives

- Diversity focused events and partnerships
- Actively reach out to minority groups
- Unconscious bias training
- Gender neutral job description
- Diverse interview panels
- Structured interview process
- Educating the business
- Training diverse tech candidates
- DEI section on Adyen career website
- Employee Resource Groups (ERGs)

Results in 2023

Female representation in Adyen's total workforce increased by 1% from 38% to 39%. Additionally, the Company has updated the definition of Adyen's 'senior leadership', which now includes the members of the Global Leadership Team (GLT). Adyen's GLT consists of 52% women and 48% men at the end of 2023. Several in-house and externally-hired leaders have been added to GLT, of which the majority is based outside of Amsterdam. Adyen believes that its leadership team should be a reflection of the regions in which it operates, and applies a broader view on diversity than gender.

With the addition of Brooke Nayden and Ethan Tandowsky to the Management Board, the gender ratio of the Management Board now consists of 29% women and 71% men.

In 2023, no changes have been made to the composition of the Supervisory Board, which consists of 40% women and 60% men.

We are committed to ensure that our GLT, Management Board, and Supervisory Board are a fair representation of the Company.

Financial statements

The financial statements for the year ended December 31, 2023, were prepared by the Management Board and approved by the Supervisory Board. The Report of the Independent Auditor, PricewaterhouseCoopers Accountants N.V. (PwC) is included in the Independent Auditor's Report in the 'Other Information' section of this Annual Report. The Supervisory Board recommends that the General Meeting adopts these financial statements.

Appreciation

Looking back at 2023, the Supervisory Board would like to thank all Adyen employees for their contribution during the past year. The Supervisory Board is proud to see the team was able to continue to serve the interests of customers, shareholders and other stakeholders of the Company with the highest standards.

March 1, 2024

Amsterdam

Piero Overmars

Chair of the Supervisory Board

Delfin Rueda Arroyo

Supervisory Director

Caoimhe Keogan

Supervisory Director

Joep van Beurden

Supervisory Director

Pamela Joseph

Supervisory Director

Relevant documents on our Governance page

- Articles of Association
- By-Laws Management Board
- By-Laws Supervisory Board
- Disclosure and Bilateral Dialogue Policy
- Diversity, Equity and Inclusion Policy
- Dividend Policy
- General Remuneration Policy
- Remuneration Policy Management Board
- Remuneration Policy Supervisory Board
- Reporting and Whistleblower Policy
- Stakeholder Dialogue Policy
- Terms of Reference Audit and Risk Committee
- Terms of Reference Nomination and Remuneration Committee
- The Adyen Way of Building an Ethical Business

Remuneration report

This remuneration report explains how the remuneration policies for the Management Board and Supervisory Board were put into practice in 2023. These remuneration policies have received strong shareholder support, with an 99.86% approval rate for the Management Board and Supervisory Board remuneration policy in the Annual General Meeting on May 26, 2020.

The remuneration report has been prepared in accordance with article 2:135 of the Dutch Civil Code, the Dutch Corporate Governance Code and, where possible, inspired by the updated draft EC guidelines on the standardized presentation of the remuneration report. It will be submitted for an advisory vote to the shareholders at the 2024 AGM. In addition, the last section of this report includes information on remuneration-related matters for other staff. This section of the report is prepared with a view to article 1:120 of the Dutch Financial Supervisory Act and is for information purposes only. It is not subject to the advisory vote applicable for our Management Board and Supervisory Board section.

2023 AGM

During the Annual General Meeting (AGM) on 11 May 2023, our updated Remuneration policies (effective as per January 1, 2024) for our Management Board and Supervisory Board were approved by a large majority. In addition, we were pleased to receive 97.4% of the votes in favor of our 2022 Remuneration Report.

Our philosophy

When it comes to our remuneration policies, Adyen operates with the same objectives and goals for all our employees, including our Management Board and Supervisory Board. Our primary objective is to recruit and retain the best global talent by offering competitive payment structures that account for our strategy of focusing on our customers' growth, changing the payments landscape, and having fun while doing so. We believe it is key that every remuneration decision aligns with the Adyen Formula and company strategy. As such, we have defined guiding principles that ensure that our remuneration policies and approach to remuneration sufficiently reflect these objectives.

Equal pay

We are committed to ensuring equal pay. We value all perspectives equally and do not weigh one greater than another. At its core, this means: same role, same pay. Our annual equal pay audit is designed to safeguard and uphold this standard.

Internal remuneration ratios

On a yearly basis we assess our internal remuneration ratios to ensure the Management Board and Supervisory Board remuneration develops in line with the rest of the organization. We therefore track possible changes to pay ratios when reviewing the remuneration of our Management Board. In the section 'Pay ratio' of the Management Board remuneration, we report on this internal ratio and its development in 2023.

Level of support in society

Since our founding in 2006, Adyen has remained focused on building for the long-term. This means continuously advancing our people, platform and partnerships to meet the needs of today, while relentlessly innovating to fulfil those of tomorrow. As articulated in the Adyen Formula, we strive to make good choices to build an ethical and sustainable business and drive sustainable growth for our customers.

As part of our commitment to building an ethical business, we observe the law and applicable regulations to ensure our remuneration policies and practices are compliant with relevant requirements. This framework includes the Dutch Remuneration Policy for Financial Institutions Act (Wet beloningsbeleid financiele ondernemingen), the Rules on Sound Remuneration Policies (Regeling beheerst beloningsbeleid Wft) and the EBA Guidelines on Sound Remuneration Policies (EBA Guidelines). We closely monitor regulatory developments to ensure we remain fully compliant.

Our remuneration policies and practices consistently promote sound and effective risk management. They are always aligned with our strategy and the Adyen Formula to create long-term value for our company and our customers. As such, we do not provide any incentives that exclusively benefit individual staff members or encourage improper risk-taking.

Our Management Board remuneration policy

Our 2020 and 2024 remuneration policy at a glance

The overview below provides insight into the main elements of our 2020 and 2024 Management Board remuneration policy. The new policy, effective as per January 1, 2024 (adopted at the 2023 AGM) is intended to remain in place for 4 years. The new remuneration policy can be found on our Governance webpage via investors.adyen.com/governance.

Element	2020 policy	2024 policy	Rationale
Peer group	Comparison against AEX constituents. Remuneration is positioned below the median of the benchmark against the AEX.	The use of a tailored peer group reflecting our level of maturity and based on predefined and objective selection criteria such as size and industry. We aim for total remuneration of Management Board members to not be positioned above the median of the peer group. In exceptional circumstances, we allow deviation from this market positioning and allow for positioning up to the 75th percentile of the peer group.	The use of a tailored peer group will better reflect our executive talent market, which is broader than only AEX constituents. The market positioning reflects our pay philosophy and acknowledges that the peer group includes international companies from markets where pay is generally higher than in the Netherlands. The possibility to deviate from the market positioning provides us with the flexibility to recruit and retain the best talent available in our global talent market.
Fixed remuneration	Fixed remuneration can be paid in a combination of cash and equity(-linked) instruments.	Fixed remuneration can be paid in a combination of cash and equity(-linked) instruments. Any pay-out in equity(-linked) instruments will be subject to a holding period of five years.	Increase the alignment between Management Board members' interest and Adyen's stakeholders to contribute to Adyen's long-term value creation.
Variable remuneration	A minimum of 50% of the variable remuneration will be awarded in equity or equity(-linked) instruments.	Variable remuneration will be awarded in equity(-linked) instruments.	Awards in equity will increase the alignment between Management Board members' interests and Adyen's stakeholders and contribute to Adyen's long-term value creation.
Share ownership	Currently not in place.	Stimulate the Management Board members to retain (a proportion of) the equity(-linked instruments) awarded under the various remuneration components during employment until the value of ownership is at least 50% of fixed remuneration.	Share ownership guidelines will further strengthen our focus on building for long-term success, independent of the Management Board member's tenure or history within Adyen.
New hire policy	Currently not in place.	Possibility of granting a sign-on award in cash and/or equity(-linked) instruments to external hires.	The new hire policy enables Adyen to recruit the best talent available in our global talent market.

Our approach to variable remuneration

Adyen has a uniquely entrepreneurial and performance-driven culture. This has been one of our primary drivers for historical growth and will remain a key driver for future growth. To incentivize this culture and reward merit, we have the option to incorporate variable remuneration. At this moment, we do not believe variable remuneration is required to maintain this performance-focused culture. This does not necessarily mean we will never consider the use of variable remuneration for (future) Management Board members, but it is not the case at present.

Determination of the remuneration package

The level of the Management Board member's remuneration is based on various factors, including the scope of responsibilities and experience of each individual Management Board member. If a member of the Management Board has a principal place outside the Netherlands, the remuneration package may take local market practice or requirements into account.

Comparison with the external landscape

One of the factors is the comparison with the external landscape. Under the scope of our current remuneration policy, the Management Board's remuneration is compared to AEX companies. The remuneration of all Management Board members is below the median of the benchmark.

As per January 1, 2024, we make use of a tailored peer group which reflects our relevant market for executive talent. We have defined four categories that we believe form the foundation of our talent market and thus should be represented in our peer group (see table).

We determine the composition of the peer group on an annual basis, balancing the weight of the different categories appropriately. Individual peer companies are selected objectively, with quantitative and industry criteria used to ensure comparability in terms of size and structure. We aim to position ourselves around the median of the peer group in terms of size, with the spread between the smallest and largest companies is kept within reasonable boundaries. The proportion of North American peers will be limited to a maximum of 40% of the peer group composition.

We will disclose on retrospective basis the peer group composition in our annual remuneration report, for the first time in our 2024 remuneration report.

Category	Description	Rationale
Payment platforms	Combination of our direct (business) competitors and (FinTech) companies active in the payment, cryptocurrency and banking platform sector.	Comparison against companies operating in similar industry dynamics as Adyen.
Financial sector	Selection of relevant banks.	Comparison against companies acting in similar governance environment and where remuneration is subject to (broadly) similar regulation as for Adyen.
High-Tech	Companies active in software, platform or (digital) services related sectors.	Comparison against companies active in innovation-driven an fast-moving industries, like the payment industry.
Listing index	AEX listed companies.	Comparison against companies that are operating within similar Dutch stakeholder environment.

Management Board remuneration in 2023

In this section, we outline the implementation of our Management Board remuneration policy in 2023. This implementation was done in accordance with our remuneration policy and principles. There has been no deviation from the remuneration policy, principles or procedures for its implementation in 2023.

Similar to previous years, we did not award variable remuneration to our Management Board members in 2023. Therefore, their remuneration consists of base salary only. In line with the Dutch Corporate Governance Code, we performed a scenario analysis and back-test on the remuneration. However, due to this absence of variable remuneration, all scenarios resulted in the same outcome.

We believe the remuneration approach for our Management Board mitigates short-term orientation and contribute to the long-term performance of our company. This is achieved by awarding Management Board members with share-related remuneration, while other members still have significant shareholdings in our company. The purpose hereof is to ensure a financial ownership-like position where shares are concerned and for them to obtain an economic interest in the pursuit of Adyen's long-term objectives such as sustainable growth, development, profitability, and the financial success of Adyen.

Base salary

In 2023, the base salaries of our Management Board members were increased by 15%, with the exception being one of our co-CEO's (8% increase). These increases were made to reflect the increased scope of the roles and responsibilities.

Currently, our Co-CEO's and Chief Commercial Officer receive only cash base salary as part of fixed compensation. Our Chief Legal & Compliance Officer, Chief Technology Officer, Chief Financial Officer and Chief Human Resources Officer, additionally receive 50% (46% for Chief Technology Officer) of cash base salary in shares as part of fixed compensation. The shares are subject to a holding period of five years.

Other than the information above, when setting base salaries, we take various internal and external factors into consideration. Our Management Board members provide the Nomination and Remuneration Committee with their individual views with regard to the amount and structure of their remuneration. Furthermore, a comparison against the Management Board peer group was made, whereby our remuneration levels are below the median of the benchmark.

Variable remuneration

No variable remuneration was awarded to our Management Board members in the financial year 2023. No variable remuneration to our Management Board members was adjusted or clawed back over 2023 or previous years.

Pension & Benefits

We deeply believe in treating our Management Board members the same as other employees. Therefore, we offer them pension and benefits arrangements in line with typical market practice and in accordance with what we offer our wider workforce.

Pension

As from January 2017, all Dutch Management Board members participate in the Collective Defined Contribution (CDC) pension plan, with respect to their salary up to EUR 128,810 gross per year for 2023 (2022: EUR 114,866). On behalf of each Management Board member, 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 administration costs. If and as far as fiscally allowed, each Management Board member has the possibility to make additional contributions in order to accrue additional pension capital.

Kamran Zaki participated in a 401k retirement plan in the US, for which Adyen provided an employer match of up to 3% of base salary in 2023.

Benefits

All Management Board members are insured under an insurance policy taken out by Adyen against damages resulting from their conduct when acting in their capacities as directors. All Dutch Management Board members are insured for the risk of death and disability, for which Adyen pays the insurance premiums.

Pay ratio

On an annual basis, we determine the internal ratio of the Management Board members' remuneration versus all other Adyen staff. For this ratio, Adyen included all remuneration components of the CEO compared to the average total remuneration of all Adyen employees worldwide.

For the CEO, a ratio of [7:1] applies (2022: [7:1]). The CEO pay ratio has remained unchanged since the company's IPO in 2018. For the other Management Board members, a ratio of [7:1] applies (2022: [7:1]).

This calculation methodology is in accordance with the guidance as provided in the Dutch Corporate Governance Code. Our pay ratio is observed to be amongst the lowest compared with other AEX companies and reflects our vision of not treating the Management Board materially different than the other staff.

Overview of the Management Board remuneration in 2023

The table below provides an overview of the Management Board remuneration in 2023 and 2022. In accordance with the information shared under the 'Base salary' section of this remuneration report, share-based compensation refers to share-based fixed remuneration awarded in Adyen shares. As explained in previous sections of this remuneration report, total remuneration consists of fixed remuneration only.

Management Board Member	Reported year	Base salary	Pension and benefits	Share-based compensation	Variable compensation	Total compensation
Pieter van der Does	2023	725,000	30,186	—	—	755,186
	2022	671,530	20,044	—	—	691,574
Ingo Uytdehaage	2023	725,000	30,186	—	—	755,186
	2022	632,028	20,044	—	—	652,072
Roelant Prins	2023	626,892	30,186	—	—	657,078
	2022	545,124	20,044	—	—	565,168
Mariëtte Swart	2023	575,000	30,186	287,500	—	892,686
	2022	500,000	20,044	250,000	—	770,044
Alexander Matthey*	2023	472,650	110,853	217,350	—	800,853
	2022	411,000	104,186	189,000	—	704,186
Brooke Nayden	2023	450,000	30,186	225,000	—	705,186
	2022	—	—	—	—	—
Ethan Tandowsky	2023	450,000	30,186	225,000	—	705,186
	2022	—	—	—	—	—
Kamran Zaki**	2023	382,818	26,254	—	—	409,072
	2022	830,328	24,465	—	—	854,793
Total	**2023**	**4,407,360**	**318,223**	**954,850**	**—**	**5,680,433**
	2022	**3,590,010**	**208,827**	**439,000**	**—**	**4,237,837**

All amounts are in EUR.
* The amounts for Alexander Matthey's pension and benefits includes housing and schooling allowances.
** Kamran Zaki stepped down as Management Board member after the Annual General Meeting in May 2023.

Stock options awarded in previous years

No new stock option grants were granted in 2023 nor options were held by any of the Management Board members at December 31, 2023.

Share and Depositary Receipt holdings

The table below reflects the equity position directly or indirectly held by the current Management Board members as per December 31, 2023 and 2022:

	Shareholdings (aggregate number of Shares and/or Depositary Receipts)	
	2023	2022
Pieter van der Does	922,539	947,542
Roelant Prins	287,309	287,309
Ingo Uytdehaage	195,182	195,182
Mariëtte Swart	1,953	158
Alexander Matthey	959	164
Brooke Nayden	658	—
Ethan Tandowsky	293	—

Service and Severance Agreements

All Management Board members have entered into a service agreement (overeenkomst van opdracht) with Adyen N.V. effective as of the date of the listing of Adyen, whereby Kamran Zaki was assigned to Adyen N.V. San Francisco Branch. The terms and conditions of these service agreements have been aligned with 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 Management Board member is not re-appointed or otherwise terminated by Adyen (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. In the financial year 2023, no severance payment has been paid to any Management Board member.

Loans

No loans, advance payments and guarantees have been granted to or on behalf of the Management Board members.

Remuneration and Company Performance Development

The below table shows the difference in Management Board remuneration compared to the previous years and company performance over the last five reported financial years:

Annual change	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018
Management Board members' remuneration (in EUR)					
Pieter van der Does	63,612	62,889	15,921	42,987	(34,954)
Roelant Prins	91,910	51,817	12,561	40,395	(26,023)
Ingo Uytdehaage	103,114	59,429	14,871	34,693	(32,107)
Mariëtte Swart	122,642	290,581	11,583	467,880	—
Alexander Matthey	96,667	188,211	515,975	—	—
Brooke Nayden	—	—	—	—	—
Ethan Tandowsky	—	—	—	—	—
Company Performance (in EUR '000)					
Net revenues	295,895	328,649	317,317	149,900	160,855
EBITDA	14,747	98,296	227,512	82,245	110,464
Average remuneration comparative on FTE basis (in EUR)					
Wages and Salaries / FTE	24,042	7,185	4,663	1,703	1,689

Our Supervisory Board remuneration policy

Our policy at a glance

The overview below provides insight into the main elements of our 2020 and 2024 Supervisory Board remuneration policy. The new policy, effective as per January 1, 2024 (adopted at the 2023 AGM) is intended to remain in place for 4 years. The new remuneration policy can be found on our Governance webpage via investors.adyen.com/governance.

Element	2020 policy	2024 policy	Rationale
Peer group	Comparison against remuneration observed within AEX constituents.	The use of a tailored peer group, reflecting our transformation and based on predefined and objective selection criteria such as size and industry.	The use of a tailored peer group will better reflect our Non-Executive Director talent market, which is broader than only AEX constituents.
	Adyen's Supervisory Board remuneration is positioned below the median of the benchmark against the AEX.	We aim that the Base and Committee fees for our Supervisory Board members are not positioned above the median of the peer group.	The market positioning reflects our pay philosophy.
Base Fee	Fixed fee for Chair and Member	We will closely monitor the current levels against the developments of our Board's role, time commitment, responsibilities and the external market during the term of the new policy.	Any future adjustments of the base fees will be separately brought to the AGM for shareholder approval.
Committee Fee	Fixed fee for the Chair and Member of the Audit & Risk Committee and the Nomination & Remuneration Committee		

Determination of the remuneration package

The level of Supervisory Board remuneration is based on various factors, including their role, associated time commitment and responsibilities within the Supervisory Board and committees.

Comparison with the external landscape

One of the factors is the comparison with the external landscape. Under the scope of our 2020 remuneration policy, the Supervisory Board's remuneration is compared to AEX companies. The remuneration of the Supervisory Board is below the median of the benchmark.

Similar to the peer group approach as applied for our Management Board, we make use of a tailored peer group as per January 1, 2024, which reflects our relevant market for non-executive director talent. As there is significant overlap in our talent market for Supervisory Board and Management Board members, we aim to operate a consistent peer group for both boards.

Furthermore, pay practices within North American boards are different compared with European boards, amongst others due to the prevalence of equity awards. Therefore, we will exclude any US peers and European peers with one-tier boards from the Management Board peer group in our Supervisory Board peer group.

We will disclose on retrospective basis the peer group composition in our annual remuneration report, for the first time in our 2024 remuneration report.

Supervisory Board remuneration in 2023

In this section, we outline the implementation of our Supervisory Board remuneration policy in 2023. This implementation was done in accordance with our remuneration policy and principles. There has been no deviation from the remuneration policy, principles or procedures for its implementation in 2023.

Overview of the Supervisory Board remuneration in 2023

The table below provides an overview of the Supervisory Board remuneration in 2023 and 2022. No increases have been made in Supervisory Board remuneration in the financial year 2023. In addition to the base and committee fees, expenses incurred by the members of the Supervisory Board in the performance of their duties are reimbursed in full. Supervisory Board members do not receive variable remuneration of share-based remuneration.

Role	2023 (in EUR)
Chair	80,000
Member	60,000
Chair Audit and Risk Committee	15,000
Member Audit and Risk Committee	10,000
Chair Nomination & Remuneration Committee	10,000
Member Nomination & Remuneration Committee	7,000

	Total remuneration*	
	2023	2022
Piero Overmars	97,000	97,000
Delfin Rueda Arroyo	75,000	75,000
Pamela Joseph	70,000	77,000
Caoimhe Keogan	70,000	67,000
Joep van Beurden	67,000	70,000
Total	379,000	386,000

All amounts are in EUR

*The Supervisory Board members' remuneration only comprises fixed remuneration, paid in cash

Share-based compensation

The table below provides an overview of the aggregate number of Shares and/or Depositary Receipts per December 31, 2023 that have been granted prior to the Company's IPO in 2018 to Supervisory Directors as part of their share-based compensation.

	Shareholdings (aggregate number of Shares and/or Depositary Receipts)	
	2023	2022
Piero Overmars	1,094	1,094
Delfin Rueda Arroyo	—	—
Joep van Beurden	1,719	1,719
Pamela Joseph	—	—
Caoimhe Keogan	—	—

Piero Overmars and Joep van Beurden committed not to sell any Shares and/or Depositary Receipt during the term of their appointment.

Insurance

The Supervisory Board members of Adyen are insured under an insurance policy taken out by Adyen against damages resulting from their conduct when acting in their capacities as Supervisory Board members.

Loans

No loans, advance payments and guarantees have been granted to or on behalf of the Supervisory Board members.

Our remuneration policy for other staff

This section is for information purposes only and is not subject to an advisory vote on our 2023 AGM. Furthermore, our remuneration policy for other staff (General remuneration policy) is not subject to a binding shareholder vote, unless explicitly prescribed by applicable regulation for specific elements (e.g., shareholder mandate to exceed 100% variable remuneration cap).

Our policy at a glance

The overview below provides insight into the main elements of our General remuneration policy applicable for our employees, excluding our Management Board or Supervisory Board. The full remuneration policy, including applicable governance and review procedures, is published on our website.

Determination of the individual remuneration packages

We set the remuneration package of our employees in accordance with the scope of responsibilities and experience of the individual. This might include a comparison against relevant market practice and levels. If an employee has its principal place of business outside the Netherlands, it may take account of local practice or requirements.

Other staff disclosures for 2023

Variable remuneration

We award variable remuneration, if any, in accordance with our remuneration principles, applicable legislation and our general remuneration policy.

In 2023, our total global company-wide amount of variable remuneration awarded to employees, not being our Management Board or Supervisory Board, was EUR 37,276,215 (2022: EUR 22,219,633) compared to a total staff expense of EUR 594,034,000 (2022: EUR 380,587,488).

Identified Staff

In 2023, there were 52 employees (2022: 33) identified as “Identified Staff”.

Total annual remuneration

In 2023, there were 8 employees (2022: 7) to whom total annual remuneration (including employer pension contributions and any severance payments made) of EUR 1,000,000 or more was awarded.

04

Financial Statements 2023

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Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2023 and 2022

(all amounts are in EUR thousands unless otherwise stated)

	Note	2023	2022
Revenue	2	1,863,406	8,935,611
Costs incurred from financial institutions	2	(147,811)	(7,550,960)
Costs of goods sold	2, 3	(89,534)	(54,485)
Net revenue		*1,626,061*	*1,330,166*
Wages and salaries	4	(514,330)	(328,316)
Social securities and pension costs	4	(79,704)	(52,271)
Amortization and depreciation	13,14,17	(85,453)	(63,613)
Other operating expenses	5	(264,737)	(221,237)
Other expenses	3	(24,255)	(54)
Income before net finance income and income taxes		**657,582**	**664,675**
Finance income	10	246,401	29,323
Finance expense	17,10	(4,783)	(11,963)
Other financial results	6	43,409	37,904
Net finance income		**285,027**	**55,264**

	Note	2023	2022
Income before income taxes		942,609	719,939
Income taxes	7	(244,287)	(155,800)
Net income for the year		**698,322**	**564,139**
Net income attributable to owners of Adyen N.V.		*698,322*	*564,139*
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
Currency translation adjustments foreign operations		790	(1,326)
Other comprehensive income/(expense) for the year		**790**	**(1,326)**
Total comprehensive income for the year (attributable to owners of Adyen N.V.)		**699,112**	**562,813**
Earnings per share (in EUR)			
– Net profit per share - Basic	23	22.52	18.21
– Net profit per share - Diluted	23	22.41	18.17

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Balance Sheet

As at December 31, 2023, and 2022

(all amounts are in EUR thousands unless otherwise stated)

	Note	December 31, 2023	December 31, 2022
Intangible assets	13	8,757	8,140
Plant and equipment	14	165,136	140,796
Right-of-use assets	17	199,663	181,676
Other financial assets at FVPL	11	14,821	12,264
Contract assets	2.2	24,195	48,612
Deferred tax assets*	7	112,679	147,665
Total non-current assets		**525,251**	**539,153**
Inventories	3	104,502	87,891
Receivables from merchants and financial institutions	15	490,052	369,104
Trade and other receivables	15	134,274	89,350
Current income tax receivables	7	7,310	12,445
Cash and cash equivalents	10	8,306,982	6,522,345
Total current assets		**9,043,120**	**7,081,135**
Total assets		**9,568,371**	**7,620,288**

	Note	December 31, 2023	December 31, 2022
Share capital	8	310	310
Share premium	8	390,043	352,399
Other reserves		159,232	156,552
Retained earnings*		2,601,282	1,906,795
Total equity attributable to owners of Adyen N.V.		**3,150,867**	**2,416,056**
Derivative liabilities	11	1,400	35,000
Deferred tax liabilities	7	6,455	11,345
Lease liability	17	172,397	169,873
Cash-settled share-based payment plan	4.3	1,563	6,742
Total non-current liabilities		**181,815**	**222,960**
Payables to merchants and financial institutions	16	5,953,563	4,795,804
Trade and other payables	16	168,397	147,827
Lease liability	17	50,666	33,200
Current income tax payables	7	63,063	4,441
Total current liabilities		**6,235,689**	**4,981,272**
Total liabilities and equity		**9,568,371**	**7,620,288**

The accompanying notes are an integral part of these Consolidated Financial Statements.

*The comparative retained earnings balance is restated as a result of the application of IAS 12 amendment (refer to Note 7.2).

Consolidated Statement of Changes in Equity

For the years ended December 31, 2023 and 2022

(all amounts are in EUR thousands unless otherwise stated)

	Note	Share capital	Share premium	Other reserves			Retained earnings*	Total equity
				Legal reserves	Share-based payment reserve	Warrant reserve		
Balance - January 1, 2022 (as previously reported)		**310**	**335,725**	**9,740**	**102,142**	**25,575**	**1,336,922**	**1,810,414**
Adjustment for IAS 12 amendment	7.2						3,938	3,938
Balance - January 1, 2022 (restated)		**310**	**335,725**	**9,740**	**102,142**	**25,575**	**1,340,860**	**1,814,352**
Net income for the year							564,139	564,139
Currency translation adjustments				(1,326)				(1,326)
Total comprehensive income for the year		**—**	**—**	**(1,326)**	**—**	**—**	**564,139**	**562,813**
Adjustments:								
Intangible assets				(2,160)			2,160	—
Other adjustments					161		(364)	(203)
		—	—	*(2,160)*	*161*	—	*1,796*	*(203)*
Transactions with owners in their capacity as owners:								
Deferred tax on share-based compensation	7.2		6,180		22,979			29,159
Options exercised			568		(568)			—
Proceeds on issuing shares	8	—	9,926					9,926
Share-based payments	4.3				9			9
		—	*16,674*	—	*22,420*	—	—	*39,094*
Balance - December 31, 2022		**310**	**352,399**	**6,254**	**124,723**	**25,575**	**1,906,795**	**2,416,056**

*The comparative retained earnings balance is restated as a result of the application of IAS 12 amendment (refer to Note 7.2).

	Note	Share capital	Share premium	Other reserves			Retained earnings*	Total equity
				Legal reserves	Share-based payment reserve	Warrant reserve		
Balance - January 1, 2023		**310**	**352,399**	**6,254**	**124,723**	**25,575**	**1,906,795**	**2,416,056**
Net income for the year							698,322	698,322
Currency translation adjustments				790				790
Total comprehensive income for the year		**—**	**—**	**790**	**—**	**—**	**698,322**	**699,112**
Adjustments:								
Intangible assets				717			(717)	—
Other adjustments					744		(3,118)	(2,374)
		—	*—*	*717*	*744*	*—*	*(3,835)*	*(2,374)*
Transactions with owners in their capacity as owners:								
Deferred tax on share-based compensation	7.2		11,196		(31,398)			(20,202)
Options exercised			634		(634)			—
Proceeds on issuing shares	8	—	13,201					13,201
Share-based payments	4.3	—	12,613		12,037			24,650
Reclassification of share-based payment plan	4.3				20,424			20,424
		—	*37,644*	*—*	*429*	*—*	*—*	*38,073*
Balance - December 31, 2023		**310**	**390,043**	**7,761**	**125,896**	**25,575**	**2,601,282**	**3,150,867**

The accompanying notes are an integral part of these Consolidated Financial Statements.

*The comparative retained earnings balance is restated as a result of the application of IAS 12 amendment (refer to Note 7.2).

Consolidated Statement of Cash Flows

For the years ended December 31, 2023 and 2022

(all amounts are in EUR thousands unless otherwise stated)

	Note	2023	2022
Income before income taxes		**942,609**	**719,939**
Adjustments for:			
– Finance income	10	(246,401)	(29,323)
– Finance expenses	17, 10	4,783	11,963
– Other financial results	6	(43,409)	(37,904)
– Other expenses		1,097	—
– Depreciation of plant and equipment	14	45,955	28,354
– Amortization of intangible fixed assets	13	3,521	5,224
– Depreciation of right-of-use assets	17	35,977	30,035
– Equity-settled share-based compensation	4.3	24,650	9
– Cash-settled share-based payment plan		3,399	1,141
Changes in working capital:			
– Inventories	3	(22,880)	(65,753)
– Trade and other receivables	15	(45,096)	(32,650)
– Receivables from merchants and financial institutions	15	(120,948)	264,145
– Payables to merchants and financial institutions	16	1,156,420	1,187,273
– Trade and other payables	16	19,562	40,155
– Amortization and additions of contract assets	2.2	24,349	30,763
Cash generated from operations		*1,783,588*	*2,153,371*

	Note	2023	2022
Interest received	10	246,401	29,323
Interest paid	17, 10	(4,783)	(11,963)
Income taxes paid		(155,166)	(149,573)
Net cash flows from operating activities		**1,870,040**	**2,021,158**
Redemption of financial assets at FVPL	11	—	11,407
Purchases of plant and equipment	14	(65,605)	(95,575)
Capitalization of intangible assets	13	(4,138)	(3,523)
Net cash used in investing activities		**(69,743)**	**(87,691)**
Proceeds from issues of shares	8	13,201	9,926
Lease payments	17	(33,811)	(22,144)
Net cash flows used in financing activities		**(20,610)**	**(12,218)**
Net increase in cash, cash equivalents and bank overdrafts		**1,779,687**	**1,921,249**
Cash, cash equivalents and bank overdrafts at beginning of the year		6,522,345	4,616,094
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		4,950	(14,998)
Cash, cash equivalents and bank overdrafts at end of the year	10	**8,306,982**	**6,522,345**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

General Information

Adyen N.V. (hereinafter 'Adyen', 'the Company', or 'the Group') is a licensed Credit Institution by De Nederlandsche Bank (the Dutch Central Bank) and registered in the Netherlands under the company number 34259528. The Credit Institution license includes the ability to provide cross-border services in the European Economic Area. Adyen shares are traded on Euronext Amsterdam, where the Company is part of the AEX Index and has a credit rating of A- per S&P rating agency. In 2021, Adyen was granted a license to operate as a US Federal Foreign Branch in San Francisco, California by the Office of the Comptroller of the currency and the Federal Reserve.

During the year, Adyen was granted a license to operate as a third country branch, by the Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA). The London branch was registered as at 1 November 2023. As a result, Adyen UK Limited was put into liquidation, and all the assets/ liabilities have been transferred to the newly set-up branch of Adyen N.V in London effective December 31,2023.

1. Basis of preparation

The Consolidated Financial Statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards and IFRS IC interpretations as endorsed by the European Union (EU-IFRS) and in accordance with sub articles 8 and 9 of article 362, 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.

The impact of the Russia-Ukraine conflict

The continued Russian invasion of Ukraine in 2023, alongside the imposition of international sanctions, has a pervasive economic impact. Adyen has assessed that there is no significant impact on the business environment and the recognition and measurement of assets, liabilities and presentation and disclosure.

1.1 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. Subsidiaries are fully consolidated from the date on which Adyen acquires control and they are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

Adyen N.V. directly or indirectly owns 100% of the shares of, and therefore controls, all entities included in these Consolidated Financial Statements (refer to Note 32 'Company - Investments in consolidated subsidiaries on equity method' for a full list of entities included in scope of consolidation of these financial statements).

Adyen has offices in the Netherlands, Brazil, Singapore, Canada, Australia, Hong Kong, Mexico, China, India, Japan, Malaysia, New Zealand and United Arab Emirates, with branches in Germany, France, Sweden, United Kingdom and the United States, and representative offices in Belgium, Italy, Poland, Czech Republic and Spain. The address of Adyen's N.V. registered office is Simon Carmiggeltstraat 6-50, 1011 DJ Amsterdam, the Netherlands.

1.2. Significant accounting policies, estimates and judgements and new and amended standards Adopted by the Group

The table below provides an overview of the significant and new accounting policies and where they are included in these financial statements. It further provides an overview of how accounting policies, together with significant accounting estimates and judgements, are connected throughout the notes to these financial statements.

In the 2023 financial statements, Adyen adopted amendments issued and made effective from January 1, 2023. Adyen has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. A number of new or amended standards became applicable for the current reporting period, as detailed in Note 20.1 'New standards adopted by Adyen'. Adyen made a retrospective adjustment as a result of new amendments to the IAS 12 accounting standard made applicable on January 1, 2023, as disclosed in Note 7.2 Deferred income taxes .

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 and/or nature, importance for understanding the results of Adyen or explaining the impact of significant changes in Adyen's business and whether judgement is involved.

	Accounting Policies		Significant Accounting Estimates or Judgments
What it is	Accounting policies considered relevant for understanding the financial statements, or required to be disclosed by law or IFRS		These accounting policies involve a higher degree of judgement or complexity. The estimates applied are more likely to have a material impact when revised or refined.
Where	Provided per note to the financial statements. The notes are organized into the following sections:		
	Key disclosures: provide a breakdown of individual line items in the financial statements that users of the financial statements consider most relevant;	2. Revenue and segment reporting 3. Inventories 4. Employee benefit expense (including share-based payments) 5. Other operating expenses 6. Other financial results 7. Income taxes	2. Revenue - Principal versus agent for revenue out of settlement fees During 2023, Adyen amended its terms and conditions applicable to merchant agreements in order to specify the responsibilities of the services provided by financial institutions and network scheme providers involved in the payment processing and acquiring services. As a result, Adyen reassessed its key accounting judgment in relation to pass-through settlement fees (namely; interchange and payment network fees), and concluded it acts as agent in this arrangement. This change in terms and conditions resulted in a prospective accounting change, effective from January 1, 2023 whereby pass-through settlement fees are recognized on a net (agent) basis (i.e. no longer recognized gross in revenue and costs incurred from financial institutions). This change impacts the 'Revenue' and 'Costs incurred from financial institutions' lines in the statements of comprehensive income, with no change to net revenue. This change does not impact the 2022 comparative results, the non-IFRS financial measures or objectives. 7. Income taxes – Recognition of deferred taxes related to share-based compensation
	Capital, investment and financial risk management: key information relating to Adyen's capital management, explanations regarding financial instruments and financial risk management;	8. Capital management 9. CRR/CRD IV Regulatory Capital 10. Cash and cash equivalents 11. Financial instruments 12. Financial risk management	
	Other: information on items required to be disclosed to be compliant with EU-IFRS and other legal requirements.	Notes 13 – 41	

Key Disclosures

In relation to our strategy, as outlined in the Management report, Adyen's management considers the following disclosures as key in understanding its financial performance or position.

2. Revenue and segment reporting

The Adyen platform integrates the full payments stack (gateway, risk management, processing, acquiring and settlement) with a common back-end infrastructure for authorizing. The company derives revenue from settling and processing payments, sales of goods such as the sale of point of sale (POS) terminals, and other payment specific services. Adyen incurs fees charged by third parties that provide services to enable Adyen's payment processing and acquiring services to merchants, that do not form part of the pass-through settlement fees, which are presented as 'costs incurred from financial institutions'.

Accounting policy – Revenue from contracts with customers

Adyen has the following sources of revenue from contracts with customers:

(I) Settlement fees: Fees paid by merchants, usually as a percentage of the 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. Settlement fees include interchange and payment network fees and other costs incurred from financial institutions. Adyen adopts a transparent pricing model and charges fees to merchants based on its own incurred costs plus a mark-up for its acquiring services, as contractually agreed between each merchant and Adyen.

(II) Processing fees: Fixed fee per transaction paid by merchants for the use of Adyen's platform and recognized as revenue when a transaction is initiated via the Adyen payment platform.

(III) Sales of goods: Adyen satisfies the performance obligations to deliver the ownership of the POS terminals and related accessories upon transfer of control of the terminal to the merchant. Adyen considers this performance obligation to be distinct from its payment services. As a result, the revenues for the sale of POS terminals and related accessories are recognized at that point in time

(IV) Other services: Includes foreign exchange service fees, third party commission and issuing services which are deemed other services - recognized at point in time. Services transferred over time relate to the amortization of deferred revenue for services provided as part of the merchant contract (note 2.1) and terminal services fees as part of the unified commerce offering.

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

Types of goods or service	2023	2022
Settlement fees	1,081,791	8,270,626
Processing fees	460,853	387,541
Sales of goods	84,133	55,710
Other services	236,629	221,734
Total revenue from contracts with customers	**1,863,406**	**8,935,611**
Costs incurred from financial institutions	(147,811)	(7,550,960)
Costs of goods sold	(89,534)	(54,485)
Net revenue	**1,626,061**	**1,330,166**

Net revenue

The Management Board monitors net revenue as a performance indicator. Adyen considers net revenue to provide additional insight to its users to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Net revenue is a non-IFRS measure – refer to Note 2.4 for further explanation on the non-IFRS measures reported by Adyen.

Key Judgement – Principal versus agent for revenue out of settlement fees

Adyen contracts with third parties (financial institutions and network scheme providers) that provide services to enable Adyen's payment processing and acquiring services to merchants, for which interchange and payment network fees are charged to Adyen ("pass-through settlement fees"). Adyen adopts a transparent pricing model and charges fees to merchants based on its own incurred costs (including interchange and payment network fees charged to merchants in a pass-through arrangement), plus a mark-up which is disclosed as "Settlement fees".

Adyen applies its judgment in determining whether it has control of the full payment service inputs before the service is transferred to its merchants, and, in consequence, whether it is acting as agent or principal in relation to the settlement fees charged to merchants. Where Adyen is principal, it will present its acquiring mark-up and interchange and payment network fees passed on to merchants on a gross (principal) basis within revenue. Where Adyen is agent, it will present its acquiring mark-up on a gross (principal) basis, while the pass-through settlement fees will be presented within revenue on a net basis (i.e. not recognized gross in revenue and costs incurred from financial institutions).

Based on facts and circumstances up to December 31, 2022, Adyen was considered primarily responsible for fulfilling the promise to provide payment transaction services, and therefore had control over the full settlement service before the service is transferred to merchants. As such, Adyen retained the exposure to financial institutions and payment networks for the interchange and payment network fees, other costs incurred from financial institutions, and therefore acted as Principal for the aforementioned fees.

In 2023, Adyen amended its terms and conditions applicable to merchant agreements in order to specify the responsibilities of the services provided by financial institutions and network scheme providers involved in the payment processing and acquiring services. The change in terms and conditions specifies the distinct services provided in the payment flow, clarifying that Adyen does not provide a significant service of integrating the services from third parties into one combined output for the merchant, nor does it control the inputs from third parties before services are provided to the merchant. As such, Adyen acts as agent for the pass-through settlement fees prospectively from January 1, 2023.

Accounting policy – Revenue recognized at a point in time and over time

All processing and settlement fees, together with the sales of goods are recognized as revenue when the services are rendered or the ownership of the goods is transferred ('goods and services transferred at a point in time'). In addition to the aforementioned revenue streams, Adyen provides terminal replacement services included in 'other services', for which revenue is recognized over a period of time. Adyen recognizes revenue for these services on a straight-line basis over the contract term.

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

Timing of revenue recognition	2023	2022
Goods and services transferred at a point in time	1,848,323	8,923,199
Services transferred over time	15,083	12,412
Total revenue from contracts with customers	**1,863,406**	**8,935,611**

2.1. Long-term contract

In 2018 Adyen entered into a long-term contract with eBay for the provision of payment services that resulted in the initial recognition of contract assets settled with a cash advance and issue of warrants over Adyen's shares. The following accounting elements were recognized as a result of the contractual agreements.

Element	Accounting treatment	Note reference
Contract assets	Contract assets are initially recognized at cost on the balance sheet, and subsequently amortized against revenue (settlement fees) in profit or loss on a pro rata basis in line with the fulfilment of the expected payment services performance obligation. The contract assets are separated into a monetary and non-monetary component and are assessed for impairment annually with reference to the remaining (net) benefits from the long-term merchant contract. The USD "monetary item" is translated at each balance sheet date at the EUR/USD spot rate and is assessed for impairment under the expected credit loss model. Exchange movements on the "monetary item" is recognized in profit or loss (other financial results). The monetary component has been fully repaid and amortized in 2022.	2.2.Contract assets
Settled by:		
1. Cash advance	Cash consideration is treated as part of incremental costs of obtaining the merchant contract ('contract assets').	2.2. Contract assets
2. Warrants	Derivative liabilities relating to the warrants are recognized initially at fair value and are subsequently stated on the balance sheet at fair value, with movements recognized in profit or loss (other financial results). The warrants vest in four tranches, each linked to a milestone of processed payments volume. Each milestone is deemed achieved at the moment that the processed merchant volume exceeds the milestone amount in a single calendar year following the issue date (January 31, 2018). Only two warrant tranches may vest in a single calendar year, and upon vesting, each entitles the warrant holder to acquire 1.25% of Adyen's issue-date diluted share volume at any time prior to the warrant expiration date (January 31, 2025). After the IPO (on June 13, 2018), the derivative liabilities relating to tranches 1 and 2 were reclassified as a warrant reserve in equity in the amount of EUR 68.2 million. During 2021, the first tranche milestone was met, vested, and the related warrant was subsequently exercised by eBay. A total of 403,724 shares were issued to eBay at €240 per share. The gross equity balance relating to tranche 1 and related deferred tax were transferred from 'warrant reserve' to 'share premium' and 'retained earnings', respectively. The dilutive effect of the exercised warrant in 2021 (tranche 1) was reflected in the shares outstanding at 2021 year-end. There were no further tranche milestones met during 2023. As per December 31, 2023, the 'warrant reserve' was carried at historic cost (EUR 34.1 million (net of deferred tax)) while the derivative liabilities relating to tranches 3 and 4 were carried at fair value at EUR 1,400 on Adyen's balance sheet.	2.2. Contract assets 6.2 Derivative liabilities 8. Capital management 11. Financial instruments 23. Share information

2.2. Contract assets

Accounting policy – Contract assets

Recognition and measurement

If an incurred fee or commission is not paid in connection with any distinct goods or services, it should be considered as a reduction of the total transaction price of a contract with a customer. As a result, this incurred fee or commission should be deducted from revenue when revenue is recognized for providing the services to the customer. The unamortized portion of these considerations are recognized as contract assets in the balance sheet.

Amortization and Impairment

The contract assets are assessed for impairment annually with reference to the remaining (net) benefits from the long-term merchant contract. An impairment loss is recognized if the carrying amount of the contract assets are higher than the estimated remaining benefits in the merchant contract, net of directly attributable costs to fulfil the remaining payment service obligations. The contract assets are amortized and booked to revenue (settlement fees) on a pro rata basis in line with the fulfilment of the expected payment services performance obligation.

For the monetary component of the contract asset, Adyen applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, other financial assets measured at amortized cost and the contract asset.

Management derived its best estimate of the future (net) revenue from expected payments volumes and fees determined in the merchant contract, net of directly attributable costs to fulfil the remaining payment service obligations. The contract assets were not impaired at December 31, 2023 and 2022 as the remaining estimated (net) benefits from the merchant contract exceeded the contract assets balance at year-end.

Contract asset costs mainly relate to integration and development fees that are directly incremental to obtain the multi-year contracts and do not represent separate performance obligations. Adyen will amortize these costs (i.e. non-monetary component) against revenue (settlement fees) on a pro rata basis as the related revenue is recognized. The monetary and non-monetary components relate to the long-term contract with eBay (Note 2.1). During 2023, Adyen did not enter into multi-year service contracts with its merchants and thus did not capitalize any contract costs ('other contract assets').

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

Contract assets	Monetary component	Non-monetary component	Other contract assets	Total contract assets
Balance - 1 January, 2022	8,971	62,061	8,309	79,341
Movements:				
Additions			1,791	1,791
Amortization for the year	(9,094)	(20,397)	(3,063)	(32,554)
Exchange differences	123		(89)	34
Balance - December 31, 2022	**—**	**41,664**	**6,948**	**48,612**
Movements:				
Additions				
Amortization for the year	—	(21,935)	(2,414)	(24,349)
Exchange differences (Note 6)	—	—	(68)	(68)
Balance - December 31, 2023	**—**	**19,729**	**4,466**	**24,195**

2.3. Segment reporting

Accounting policy – Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it earns revenues and incurs expenses. The operating results of each segment are regularly reviewed by the entity's Chief Operating Decision Maker ("CODM") in order to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Adyen has identified the Management Board as the CODM who is responsible for the assessment of the allocation of resources and performance of the operating segments identified. Based on Adyen's business and operating model, Adyen has identified a single operating and reporting segment: 'Payment services'.

Payment services

The total revenue earned from Adyen's only operating and reporting segment contains settlement fees, processing fees, other services and sales of goods. The Management Board monitors net revenue as a performance indicator. 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. Net revenue is a non-IFRS measure – refer to Note 2.4 for further explanation on the non-IFRS measures reported by Adyen.

As a result of the entity wide disclosure requirements of IFRS 8, a geographical breakdown is provided.

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

Revenue - Geographical breakdown	2023	2022
Europe, the Middle East, and Africa (EMEA)	1,041,039	3,430,434
North America	492,460	4,289,241
Asia-Pacific	208,820	784,189
Latin America	121,087	431,747
Total revenue from contracts with customers	**1,863,406**	**8,935,611**

Large customers

For the year ended December 31, 2023, as measured by revenue, Adyen's top 10 merchants represent 16% of revenue (2022: 33%). The decrease in merchant concentration is mainly driven by the prospective accounting change, refer to Note 2. As measured by net revenue, Adyen's top 10 merchants represent 15% of net revenue (2022: 18%). In 2023 and 2022 there were no single customers that on an individual level accounted for more than 10% of the total revenue or net revenue.

Non-current assets

At December 31, 2023 EUR 311 million of the non-current assets were carried by Adyen N.V. (2022: EUR 312 million). Based on the location of the Adyen offices the following geographical breakdown of non-current assets is prepared.

Non-current assets - Geographical breakdown	2023	2022
Netherlands*	311,002	311,849
Rest of the World	214,249	227,304
Non-current assets	**525,251**	**539,153**

*The comparative balance is restated as a result of the application of IAS 12 amendment (refer to Note 7.2).

2.4. Non-IFRS financial measures

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

- **Net revenue:** “Revenue” less “Costs incurred from financial institutions” and “Costs of goods sold”;

The following table summarizes Adyen’s geographical breakdown and the year-on-year growth of its net revenue, based on the billing location as requested by the merchant for the periods indicated.

Net revenue - Geographical breakdown and year-on-year growth	2023	YoY%	2022	YoY%
Europe, the Middle East, and Africa (EMEA)	908,233	22%	746,823	25%
North America	429,497	25%	343,158	48%
Asia-Pacific	182,285	28%	142,346	48%
Latin America	106,046	8%	97,839	31%
Total net revenue from contracts with customers	**1,626,061**	**22%**	**1,330,166**	**33%**

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

Selected non-IFRS financial measures	2023	2022
Income before net finance income and income taxes	657,582	664,675
Amortization and depreciation	85,453	63,613
EBITDA	**743,035**	**728,288**
Net revenue	1,626,061	1,330,166
EBITDA margin (%)	**46%**	**55%**
Purchases of plant and equipment	65,605	95,575
Capitalization of intangible assets	4,138	3,523
CapEx	**69,743**	**99,098**
EBITDA	743,035	728,288
CapEx	(69,743)	(99,098)
Lease payments	(33,811)	(22,144)
Free cash flow	**639,481**	**607,046**
Free cash flow	639,481	607,046
EBITDA	743,035	728,288
Free cash flow conversion ratio (%)	**86%**	**83%**

3. Inventories

Inventories relate to the point of sale (POS) terminals in connection with the roll out of the Unified Commerce strategy.

Accounting policy – Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the first-in, first-out method (FIFO) and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realizable value is defined by Adyen as the estimated re-sell price in the ordinary course of business.

The carrying amount of inventories is recognized as an expense when the inventories are sold or written off, unless they form part of the cost of another asset.

Inventories	2023	2022
Balance - January 1	**87,891**	**22,138**
Purchases during the year (products for resale)	138,479	120,893
Costs of goods sold	(89,534)	(54,485)
Transfer to plant and equipment (Note 14)	(6,269)	—
Expense recognized in other expenses	(26,065)	(655)
Balance - December 31	**104,502**	**87,891**

During 2023, inventory of EUR 6,269 in Brazil was reclassified to plant and equipment (Note 14) as the POS terminals are being held for rental to merchants instead of being sold in the ordinary course of business.

As a result of the net realizable value assessment, Adyen recognized inventory write-offs of EUR 23,361 (2022: EUR 380), included in 'Other expenses', driven by overstock purchases made during supply chain disruptions.

Adyen recognised inventory price variances of EUR 2,704 in 'Other operating expenses' (2022: EUR 655) related to purchases of POS terminals from resellers at higher than standard price.

4. Employee benefit expense

The average number of full-time equivalents (FTE) during the year was approximately 3,764 FTE (2022: 2,756 FTE) with main expansions of our operations in the EU and US. From those hired during 2023, 67% were in tech roles, 27% in commercial roles and 6% in staff or supporting functions.

At the end of the reporting period the regional breakdown of FTE per office is as follows:

FTE per office	2023	2022
Amsterdam	2,326	1,941
San Francisco	299	270
New York	186	139
São Paulo	170	146
Singapore	165	127
Chicago	155	53
Madrid	133	64
London	133	123
Paris	96	75
Berlin	91	67
Other	442	327
Total	**4,196**	**3,332**

For representation of the FTE per subsidiary, refer to Note 24.2.

4.1. Employee benefits

Accounting policy – Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees or for the termination of employment, except when they are related to share-based payments (refer to Note 4.3).

The employee benefit expense can be specified as follows:

Employee benefits	2023	2022
Salaries and wages	475,721	317,817
Share-based compensation (Note 4.3)	38,609	10,499
Total wages and salaries	**514,330**	**328,316**
Social securities	66,090	43,811
Pension costs - defined contribution plans	13,614	8,460
Total social securities and pension costs	**79,704**	**52,271**

Reference is made to Note 22 ‘Compensation of key management’ for the remuneration of the Management Board and Supervisory Board.

4.2. Post-employment benefit obligations

Accounting policy – Post-employment benefit obligations

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

The Adyen group companies operate various pension schemes. The entitlement of the employees under the company’s pension plans are 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.

The expected contributions to the pension benefit plans for 2024 are EUR 15,649 (2023: EUR 11,283).

4.3. Share-based payments

The share-based compensation consists of both equity- and cash-settled compensation expenses. A specification of the expenses is presented in the following table:

Share-based compensation	2023	2022
Equity-settled	24,650	9
Cash-settled	13,959	10,490
Total share-based compensation	**38,609**	**10,499**

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

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

II. Cash-settled share-based payment plan (granted from 2018 to May 2023);

III. Depositary receipts awards plan for directors and employees (granted from 2018 to December 2023) and the Fixed Salary shares plan (granted from December 2023 onwards) - presented in salaries and wages; and

IV. Restricted Stock Unit ("RSU") awards plan (granted from 2023 onwards).

The increase in equity-settled share-based compensation expense is a result of the introduction of the Restricted Stock Unit Awards Plan during the year. The Depositary receipts awards plan and the Fixed Salary Shares Plan is presented as part of the 'Salaries and wages' line in Note 4.1 Employee benefits.

These plans are described in more detail alongside:

[4] Amounts in this paragraph are not rounded to the nearest thousand.

I. Equity-settled option plan

Accounting policy – Equity-settled options

Adyen has an option plan for directors and employees. Exercisable options provide participants the opportunity to obtain Depositary Receipts at an exercise price. The exercise price of the granted options is equal to the market price of the shares at grant date. Subject to the employees' and directors' continued employment with Adyen, options will vest over a period of four years. The vesting period starts on the grant date. Subject to the employees' and directors' continued employment with Adyen N.V., 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 Depository Receipts in respect to which options shall be granted is 1,312,500[4]. All of the outstanding options are exercisable as at year end 2023 and 2022. The exercise price of share options outstanding at year end ranges from EUR 11 to EUR 106 (2022: EUR 11 to EUR 106). No options were granted during the year ended December 31, 2023 and 2022. The fair value of options granted was determined using the Black-Scholes valuation model as at each respective grant date. At December 31, 2023, the weighted average grant date fair value is equal to EUR 65.42 (2022: EUR 65.42) and the weighted average remaining expected option life is 1.62 years (2022: 1.43 years).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Share options outstanding	2023 Weighted average exercise price (in EUR) per share option	2023 Number of options (thousands)	2022 Weighted average exercise price (in EUR) per share option	2022 Number of options (thousands)
Balance - January 1	**47.51**	**107**	**53.63**	**147**
Forfeited	66.71	(17)	72.46	(24)
Exercised	65.53	(28)	66.71	(16)
Balance - December 31	**34.55**	**62**	**47.51**	**107**

II. Cash-settled share-based payment plan

Accounting policy – Cash-settled share-based payment plan

Adyen established a cash-settled share-based payment plan (phantom shares) for newly hired directors and employees as well as for certain current employees until May 2023. The phantom shares are granted at the underlying market price of Adyen shares at grant date. Subject to the employees' continued employment with Adyen N.V., the phantom shares will vest over a period of four years from the grant date. 25% of the phantom shares will vest on each anniversary of the grant date, until all are vested after four years.

Adyen recognizes a cost over the vesting period and a corresponding liability based on the market price of Adyen's shares. The liability is measured at fair value through profit or loss using the market price of Adyen's shares at balance sheet date with remeasurements on each reporting date. Changes in the fair value are recognized as "share-based compensation expense".

The expense reflecting the recognition of the grant date fair value and changes in fair value of the phantom share plan is presented in wages and salaries in the statement of comprehensive income.

In 2023 a total of 1,459[5] phantom shares (2022: 41,206) were granted. The share price at December 31, 2023 is EUR 1,167 per phantom share (December 31, 2022: EUR 1,288). The fair value of the liability recognized resulting from the phantom shares is EUR 3,526 (2022: EUR 15,908).

[5] Amounts in this paragraph are not rounded to the nearest thousand.

III. Depositary receipts award plan

Adyen has granted the possibility to purchase Depositary Receipts at fair market value to directors and to employees as part of their remuneration from 2018 until December 2023. The underlying shares of Adyen are held by an administration foundation that in turn issues the Depositary Receipts to the employees. Each Depositary Receipt issued represents the economic interest of one underlying STAK ("Stichting Administratie Kantoor Adyen N.V.") share.

From December 2023 Adyen has introduced the Fixed Salary shares plan which replaces and supersedes the Depositary receipts awards plan, and grants the possibility to purchase Adyen N.V. ordinary shares at fair market value to directors and to employees as part of their remuneration.

The related employee benefits expense for 2023 amounted to EUR 13,329 (2022: EUR 9,973) and is presented in wages and salaries. The fair value of the liability recognized resulting from the plan is EUR 507 (2022: EUR 484), and the plan resulted in a total increase of EUR 11,342 (2022: EUR 8,186) recognized in share capital and share premium during the year. There is a lock-up period but no vesting condition attached to the Depositary Receipts awards plan and Fixed Salary shares plans. There was no revised estimate of the number of Adyen N.V. ordinary shares expected to vest or relating income statement impact in 2023.

IV. Restricted Stock Unit ("RSU") Awards Plan (granted from 2023 onwards).

Accounting policy – Equity-settled Restricted Stock Unit ("RSU") Awards Plan

Adyen has established a Restricted Stock Unit ("RSU") equity-settled share-based payment plan for newly hired directors and employees as well as for certain current employees. The RSUs are granted at the market price of Adyen shares at grant date. Subject to the employees' continued employment with Adyen N.V., the RSUs will vest over a period of four years from the grant date. 25% of the RSUs will vest on each anniversary of the grant date.

Adyen recognizes an expense over the vesting period and a corresponding increase in equity. The measurement of the RSUs is based on the market price of Adyen's shares at grant date, and subsequent adjustments to the number of RSUs expected to vest are made at each reporting date.

The expense reflecting the grant date fair value, recognition of service and adjustments to the expected number of instruments to vest, is presented as 'share-based compensation expense' under wages and salaries in the statement of comprehensive income.

During H1 2023, Adyen introduced the equity-settled RSU Awards Plan for newly hired directors and employees as well as certain current employees. The RSU plan replaced the cash-settled share-based payment plan for new joiners and provided existing plan participants an opportunity to convert to the RSU plan. The number of RSUs granted is determined by dividing the award value against the closing Adyen share price on the first business day of the relevant calendar month. A participant has no voting rights, meeting rights, dividend rights or any other rights before the RSUs have vested. RSUs are converted into ordinary Adyen shares when they vest. Shares granted under this plan are not subject to any performance conditions, the only applicable vesting condition is continued employment (i.e service condition) throughout the vesting period.

The RSU plan resulted in a reclassification of EUR 20,424 from cash-settled share-based payment plan liability to share-based payment reserve, and an expense of EUR 24,650 recognized in wages and salaries during the period.

Movements in the number of RSU awards are as follow

RSUs outstanding	2023		2022	
	Number of RSUs (thousands)	Weighted-average grant-date fair value (in EUR)	Number of RSUs	Weighted-average grant-date fair value (in EUR)
Balance - January 1	—	—	—	—
Reclassified from cash-settled share-based payment plan	53	1,452	—	—
Granted	39	1,082	—	—
Vested	(9)	1,459	—	—
Forfeited	(2)	1,335	—	—
Balance - December 31	**81**	**1,277**	**—**	**—**

5. Other operating expenses

Accounting policy – Operating expenses

Operating expenses are recognized in the period when they occur.

The other operating expenses can be specified as follows:

Other operating expenses	2023	2022
Travel and other staff expenses	57,263	44,086
Sales and marketing costs	52,990	55,630
IT costs	41,847	33,086
Advisory costs	24,398	27,722
Housing costs	16,631	10,914
1% for the UN SDGs	16,261	13,302
Contractor costs	15,298	13,489
Office costs	10,220	8,186
Miscellaneous operating expenses	29,829	14,822
Total other operating expenses	**264,737**	**221,237**

Travel and other expenses increased during 2023, as a result of the ability to host events to meet our teams and customers in-person. As part of Adyen's sustainability efforts during 2023, EUR 16,261 represented the 1% of net revenue pledge toward UN Sustainable Development Goals (SDG's). These contributions are in the process of going toward charitable partnerships including UNICEF, Plan International, UNHCR and the WWF.

Sales and marketing costs decreased as a result of optimizing our preferred targeted marketing activities, reducing costs along the way. In addition, miscellaneous operating costs increased due to higher accounts receivable loss allowance provisions (Note 15) and inventory price variances (Note 3).

6. Other financial results

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

Other financial results	2023	2022
Exchange gains/(losses) (Note 6.1)	6,599	(8,643)
Fair value re-measurement of financial instruments:		
Derivative liabilities (Note 6.2)	33,600	46,700
Other financial assets at FVPL (Note 6.3)	3,210	(153)
Total other financial results	**43,409**	**37,904**

6.1. Exchange gains/(losses)

The exchange gains/(losses) recognized during the year relate to realized and unrealized translation differences on monetary assets and liabilities. The exchange gains during 2023 mainly relate to Adyen's foreign-denominated cash balances.

Accounting policy – Functional currency and foreign currency translation

The functional currency of Adyen N.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 Adyen N.V. ("foreign operations") are translated into Euros 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).

Foreign currency differences are recognized in other comprehensive income and are presented within equity in the legal reserves.

Monetary items

Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. Monetary assets and liabilities denominated in foreign currencies are retranslated into Adyen's functional currency at the rates prevailing on the balance sheet date. Exchange rate differences resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income within "other financial results".

Non-monetary items

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value through profit or loss are retranslated at the date that the fair value is determined.

6.2. Derivative liabilities

As part of the merchant contract referred to in Note 2.1, Adyen recognized derivative liabilities measured at fair value through profit or loss. The nature of the derivative liabilities is described in more detail in Note 11 ‘Financial instruments’. For 2023, a EUR 33,600 gain (2022: EUR 46,700 gain) is recognized in ‘other financial results’ due to the re-measurement of the fair value of the derivative liabilities. The change in fair value of the derivative liabilities during 2023, was mainly driven by the revision of the valuation inputs related to time to maturity and the likelihood of vesting as well as Adyen’s share price decrease over the period.

6.3. Other financial assets at fair value through profit or loss (‘FVPL’) (Visa Inc. preferred shares)

Adyen has classified the convertible preferred Visa Inc. shares as a financial instrument at fair value through profit or loss. For 2023, the effect on other financial results is a net gain of EUR 2,558 (2022: EUR 2,030) relating to an exchange loss of EUR (652) (2022: EUR 2,183) and fair value gain of EUR 3,210 (2022: EUR (153)). Refer to Note 11 ‘Financial instruments’ for more detail on the other financial assets at FVPL.

7. Income taxes

7.1. Income tax expense

Accounting policy – Current income tax expense

Current income tax expense 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 income before income taxes differs from the amount that would arise using the statutory tax rate in the Netherlands. The effective tax rate (“ETR”) of Adyen for the year ended December 31, 2023 is 25.92% (2022: 21.64%) which differs from the statutory headline corporate tax rate in the Netherlands of 25.8% (2022: 25.8%). This is due to other adjustments (such as prior year and non-deductible expenses), which was partially offset by the application of the innovation box and tax rate differences on foreign operations. The increase in finance income, which does not benefit from the innovation box regime, is a substantial driver of the increased effective tax rate during 2023. The innovation box is a Dutch tax incentive whereby a portion of qualifying profits derived from innovative activities are taxed at a lower rate than the headline corporate tax rate in the Netherlands.

Further detail on Adyen’s total tax contribution and country-by country reporting are included in Note 24.

Effective tax calculation	2023	2022
Income before income taxes	942,609	719,939
Statutory tax rate in the Netherlands (%)	25.8%	25.8%
Income taxes based on statutory tax rate in the Netherlands	*243,193*	*185,744*
Tax effects of:		
Innovation box	(25,312)	(37,306)
Tax rate differences on foreign operations	(2,327)	5,688
Other adjustments (such as prior period and non-deductible amounts)	28,733	1,674
Effective tax amount	**244,287**	**155,800**

The breakdown between current and deferred income taxes for the year ended December 31, 2023 and 2022 is disclosed below:

Income taxes	2023	2022
Current income tax expense	244,141	153,656
Deferred income tax expense	146	2,144
Total income taxes	**244,287**	**155,800**

The breakdown between current income tax receivables and payables as at December 31, 2023 and 2022 is disclosed below:

Current income tax receivables/(payables)	2023	2022
Current income tax receivables	7,310	12,445
Current income tax payables	(63,063)	(4,441)

7.2. Deferred income taxes

Accounting policy – Deferred income taxes

Deferred income taxes arise, in general, as a result of temporary differences between tax and commercial accounting treatment. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled. The applied rates are based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

In some tax jurisdictions, Adyen is granted a tax deduction (i.e. an amount that is deductible in determining taxable profit) that relates to remuneration settled by options over Adyen's shares. The amount of that tax deduction may differ from the related cumulative remuneration expense, and may arise in a later accounting period. In the event where tax deductions exceed the remuneration expense, Adyen recognizes a deferred tax position with the impact presented directly in equity.

Deferred tax assets are recognized by Adyen to the extent that it is probable that future taxable profits will be available against which they can be utilized.

In connection with the long-term contracts (refer to Note 2.1 'Long-term merchant contract'), Adyen has recognized derivative liabilities and contract assets. The deferred tax positions on these items are in-substance linked to the merchant contract, and are presented on a gross basis in the balance sheet.

Change in accounting standard

In accordance with the amendments to 'IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction', Adyen has recognized EUR 3,938 of deferred tax assets related to right-of-use assets and lease liabilities. The cumulative effect is recognized as an adjustment to the retained earnings opening balance and the deferred tax asset balance as at December 31, 2021.

The below movement schedule includes the changes in deferred taxes with the respective impact in equity and profit or loss:

	Balance January 1, 2022	Recognized in Profit or Loss	Recognized in equity	Effects of foreign exchange	Balance December 31, 2022
Deferred tax assets:					
Derivative liabilities	21,079	(12,049)			9,030
Windfall tax benefit	12,808		(4,990)	(2,493)	5,325
Tax losses carried forward	86,472	1,737	34,149	(3,521)	118,837
Temporary differences*	11,361	3,112			14,473
Total deferred tax assets	**131,720**	**(7,200)**	**29,159**	**(6,014)**	**147,665**
Deferred tax liabilities:					
Contract assets	(16,010)	5,261			(10,749)
Temporary differences	(391)	(205)			(596)
Total deferred tax liabilities	**(16,401)**	**5,056**	**—**	**—**	**(11,345)**
Net deferred tax assets	**115,319**	**(2,144)**	**29,159**	**(6,014)**	**136,320**

*The temporary differences balance as at 1 January 2022 has been restated as a result of the application of IAS 12 amendment.

	Balance January 1, 2023	Recognized in Profit or Loss	Recognized in equity	Effects of foreign exchange	Balance December 31, 2023
Deferred tax assets:					
Derivative liabilities	9,030	(8,669)			361
Windfall tax benefit	5,325		(2,855)	49	2,519
Tax losses carried forward	118,837	(3,227)	(28,543)	1,399	88,466
Temporary differences	14,473	6,860			21,333
Total deferred tax assets	**147,665**	**(5,036)**	**(31,398)**	**1,448**	**112,679**
Deferred tax liabilities:					
Contract assets	(10,749)	5,659			(5,090)
Temporary differences	(596)	(769)			(1,365)
Total deferred tax liabilities	**(11,345)**	**4,890**	**—**	**—**	**(6,455)**
Net deferred tax assets	**136,320**	**(146)**	**(31,398)**	**1,448**	**106,224**

I. Deferred tax assets

The deferred tax assets include an amount of EUR 88,466 (2022: EUR 118,837) relating to net operating losses carried forward. The decrease in this balance relates to the utilization of the net operating loss during the year in the United States, with a further decrease of EUR 14,042 relating to an update of the (historic) apportionment of taxable profit on a State level due to legislative changes causing a change in estimate, resulting in a revaluation of the tax losses at a State level, recognised directly in equity.

Further, EUR 361 (2022: EUR 9,030) of the deferred tax assets relates to the recognized derivative liabilities. The decrease in the related deferred tax asset is caused by the decrease in fair value of the derivative liability (refer to Note 11 for further details).

The deferred tax liabilities consist mainly of the deferred tax on the non-monetary part of the contract assets (December 31, 2023: EUR 5,090; December 31, 2022: EUR 10,749).

The deferred tax assets and liabilities are presented as non-current on the Adyen balance sheet.

Significant accounting estimate: Deferred tax assets linked to windfall benefits

Deferred tax assets include tax losses carried forward relating to options exercised in the United States at a Federal and State level (December 31, 2023: EUR 85,910; December 31, 2022: EUR 115,121) and windfall benefits relating to options granted and vested, however not yet exercised (December 31, 2023: EUR 2,519; December 31, 2022: 5,325). The balance as at December 31, 2022 included tax losses carried forward in the United Kingdom which was fully utilized in the current year. An amount of EUR 11,196 of the tax losses carried forward was utilised during the period and recognised in the share premium reserve (2022: EUR 6,180).

During 2023, Adyen has reassessed the recoverability of deferred tax assets on windfall benefits linked to the share-based compensation plan in the United States. Adyen continues to recognize deferred tax assets that will be realized against future profits, on a going concern basis.

The United States Federal Tax windfall benefit continues to be recognized, as these carry forward losses on a Federal level have no expiration date. The State net operating losses continues to be recognized as these carry forward losses are expected to be utilized against future taxable income before its expiration date.

This windfall benefit has been recognized assuming all options granted to date will be exercised within the 8th anniversary of the grant date (grant date + 7 years).

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.

In 2023, 46,799[6] (2022: 29,213) additional shares were issued. The additional issued shares were a result of exercises of options granted to employees, share issuance relating to the Depositary receipts award plan and vesting of shares granted to employees relating to the RSU plan (refer to Note 4.3 for further information). The paid up and called share capital increased to EUR 310,331 (2022: EUR 309,863) resulting in a total of 31,033,098 (2022: 30,986,299) ordinary shares (nominal value EUR 0.01 per share). In 2023, the total number of authorized shares was 80,000,000 (2022: 80,000,000).

The following reserves are considered to be non-distributable: legal reserves (in accordance with Dutch Law), share-based payment reserve, warrant reserve, and total comprehensive income for the current period (in accordance with regulatory capital requirements). The total of distributable reserves amounts to EUR 2,293,313 (2022: EUR 1,691,427). The legal reserves restricted for distribution in accordance with Dutch Law amounts to EUR 22,582 (2022: EUR 18,518), refer to company statement of changes in equity.

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

[6] Amounts in this paragraph are not rounded to the nearest thousand, unless indicated in EUR.

Derivative liabilities and Warrant reserve

In relation to the warrants granted to eBay (refer to Note 2.1 'Long-term merchant contract'), as per December 31, 2023, Adyen has classified the first two tranches as an equity instrument, with the gross equity balance relating to tranche 1 (vested and exercised in 2021) presented within 'share premium', and tranche 2 (unvested) presented within 'warrant reserve'. The derivative liabilities relating to the first two tranches were measured at fair value through profit or loss before being de-recognized and reclassified to equity. Equity instruments are not subsequently remeasured to fair value.

The remaining derivative liabilities relating to tranches 3 and 4 are measured at fair value with a closing balance of EUR 1,400 as per end of December 2023 (2022: EUR 35,000). Fair value movements are presented within 'other financial results' in profit or loss. Reference is made to Note 11 'Financial Instruments' for further details on the accounting treatment of the derivative liabilities.

9. CRR/CRD IV Regulatory Capital

The following table displays the composition of regulatory capital as at December 31, 2023. The regulatory capital is based on the CRR/CRD IV scope of consolidation, which is the same as the IFRS scope of consolidation.

Own funds	2023	2022
EU-IFRS equity as reported in consolidated balance sheet*	3,150,867	2,416,056
Net profit not included in CET1 capital (H2 2023 not yet eligible)	(416,149)	(282,002)
Regulatory adjustments:		
Warrant reserve	(25,575)	(25,575)
Intangible assets	(8,757)	(8,140)
Deferred tax assets that rely on future profitability	(90,985)	(124,162)
Prudent valuation	(16)	(47)
Total own funds	**2,609,385**	**1,976,130**

The increase in total own funds in 2023 mainly relates to the additions of consolidated net profit (full year 2022 and H1 2023).

*The comparative retained earnings balance is restated as a result of the application of IAS 12 amendment (refer to Note 7.2).

10. Cash and cash equivalents

Accounting policy – Cash and cash equivalents

Adyen's cash and cash equivalents are measured at amortized cost and are included in current assets due to their short-term nature.

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. Adyen presents interest paid/received and dividends received as operating cash flows. Due to the short duration of the cash and cash equivalents (less than 3 months), the fair value approximates the carrying value.

Cash and cash equivalents	2023	2022
Cash held at central banks	5,863,231	4,407,540
Cash held at banks, other than central banks	2,443,751	2,114,805
Total	**8,306,982**	**6,522,345**

The "Cash held at central banks" and "Cash held at banks, other than central banks" earned interest in the amount of EUR 191,387 and EUR 54,499 (2022: EUR 11,564 and EUR 17,461), respectively during the period, due to the rising interest rates in a positive interest rate environment, which was recognized in finance income. Had the interest rate at central banks been 10 basis points higher/(lower), the interest earned on cash held at central banks would increase/(decrease) by EUR 5,863 (2022: EUR 4,408 increase/(decrease) on interest earned).

Of the "Cash held at banks, other than central banks", EUR 88,860 (2022: EUR 68,564) are restricted and are therefore not available for general use by the Company. The restricted cash mainly relates to deposits required under the US Federal Foreign Branch license, Brazilian acquiring license, as well as deposits held as guarantee for leased offices. The restricted cash is readily convertible and therefore classified as cash and cash equivalents.

Adyen's cash held at banks, other than central banks is exposed to credit risk with financial institution 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 in the A categories of Moody's/S&P. In situations (i.e. countries) where a partner with this credit quality cannot be found, approval must be obtained from the Risk Committee. No defaults occurred during the year and management does not expect any losses from non-performance by these counterparties.

11. Financial instruments

Accounting policy – Financial instruments

Classification

Adyen classifies its financial assets in the following measurement categories, those to be measured:

- subsequently at fair value through profit or loss (‘FVPL’), and
- at amortized cost.

The classification depends on Adyen’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at FVPL, gains and losses are recorded in profit or loss.

Financial liabilities

Adyen initially classifies financial instruments as a liability or equity instrument based on the terms of the contractual arrangement, and subsequently reassesses the accounting treatment on changes in circumstances. The derivative liabilities are classified as financial liabilities measured at fair value through profit or loss (refer to Note 2.1 'Long-term merchant contract'). The derivative liabilities may be derecognized or classified as equity instruments contingent on uncertain future events linked to milestones of processed payments volume with eBay.

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:

- Amortized 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 or loss

- Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income (‘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 financial results for the period in which it arises.

Impairment

Adyen assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized 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, which requires expected lifetime losses to be recognized from initial recognition of the assets.

Instruments in scope on the balance sheet of Adyen include: cash and cash equivalents, receivables from merchants and financial institutions, trade receivables, other receivables and contract asset classified as monetary item. The expected credit loss model is designed to measure the pattern of improvement or deterioration in the credit quality of the debt instruments. The measurement basis consists of two categories:

- Category 1: Expected credit losses (12 months)
- Category 2: Lifetime 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; hence all assets are considered to be in stage 1 and a 12-month expected credit loss is applied.

Lifetime expected credit losses are applied for trade and other receivables. For these instruments operational simplifications can be applied; hence it eliminates the need to calculate a 12-month expected credit losses or to measure increases in credit risk for the instrument. The loss allowance for trade receivables are measured at initial recognition, and throughout the total duration, equal to lifetime expected credit losses.

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.

In the event of no reasonable expectation of recovering the financial asset, the Adyen Credit Committee decides on whether a write-off should take place for the entirety or portion of the outstanding amount.

Fair value measurement

For financial instruments measured at fair value, Adyen categorizes the fair value measurement in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Adyen categorizes fair valuation inputs on the following basis:

- Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise 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.

The financial instruments as at each balance sheet date are summarized in the table below. For those measured at fair value, to provide an indication about the reliability of the inputs used in determining fair value, Adyen has classified its financial instruments into the levels described in the accounting policies above. All other financial instruments on the balance sheet meet the requirements of the contractual cash flow and characteristics test to be measured at amortized cost. Furthermore, the classification is based on the business model test. As a result, the classification is consistent with how the business is managed and is in line with risk management strategies and how this is reported to key management. Adyen's exposure to various risks associated with the financial instruments is discussed in Note 12.

Financial instruments	Note	Measurement policy	2023	2022
Financial assets:				
Other financial assets at FVPL		FVPL – level 2	14,821	12,264
Receivables from merchants and financial institutions	15	Amortized cost	490,052	369,104
Trade and other receivables	15	Amortized cost	134,274	89,350
Cash and cash equivalents	10	Amortized cost	8,306,982	6,522,345
Total			**8,946,129**	**6,993,063**
Financial liabilities:				
Derivative liabilities		FVPL – level 2	1,400	35,000
Lease liability	17	Amortized cost	223,063	203,073
Payable to merchants and financial institutions	16	Amortized cost	5,953,563	4,795,804
Trade and other payables	16	Amortized cost	168,397	147,827
Total			**6,346,423**	**5,181,704**

Other financial assets at FVPL (Visa Inc. preferred shares)

Adyen has recognized and classified the convertible (‘Series C’) preferred Visa Inc. shares within the FVPL category. The fair value of the level 2 preferred shares in Visa Inc. is based on the quoted price of Visa Inc. common shares, adjusted for lack of marketability, multiplied by an initial conversion rate of preferred shares into common shares. The conversion rate may be updated in the future. The adjustment for lack of marketability is determined using an option pricing model technique which relies on observable market data of the underlying Visa Inc. common shares, as well as a presumed length of holding period restriction on the preferred shares.

A partial conversion of the Series C preferred stock into Series A preferred stock took place during 2022, with no further conversions during 2023.The remaining Visa Inc. preferred shares carry the right to receive discretionary dividend payments presented as ‘other income’ in the statement of comprehensive income (2023: EUR 172; 2022: EUR 44).

Derivative liabilities (warrants)

As part of the long-term contract previously mentioned (refer to Note 2.1 ‘Long-term merchant contract’), Adyen recognized derivative liabilities measured at fair value through profit or loss, classified as a level 2 fair value instrument.

The derivative liabilities are valued using a Black-Scholes option pricing model (“OPM”) technique. The OPM takes into consideration various observable market and contractual data as well as management estimates, including the probability of vesting based on achievement of milestones in line with the fulfilment of the payment services to be provided to the merchant. A sensitivity analysis to Adyen’s share price is provided in Note 12 ‘Financial risk management’.

The change in fair value of the derivative liabilities is mainly driven by the revision of valuation inputs related to time to maturity and likelihood of vesting as well as Adyen's share price decrease over the period. Refer to Note 6 ‘Other financial results’ for the recognition of the movement of the derivative liabilities.

12. Financial risk management

Adyen's activities bring exposure to a variety of financial risks. Risk management is the responsibility of Adyen's management. Adyen applies a risk-aware but not unduly risk-averse approach toward risk management. Adyen's Integral Risk Management Framework (IRMF), which is based on COSO's Enterprise Risk Management (ERM) model, defines a uniform and systematic approach for managing risks across Adyen. The main sources of financial risk to Adyen are considered in the table below:

Source of risk and risk description	Risk mitigation	Remaining risk
Liquidity risk		**Minimal**
Liquidity risk is the risk that Adyen is not able to meet its short- to medium-term payment and collateral obligations.	At Adyen the majority of the balance sheet has a maturity of less than three months, both on the asset and on the liability side. Merchant-related balance sheet positions have an even shorter maturity. Longer-dated positions are typically immaterial, such as lease liabilities (refer to Note 17). The balance sheet positions related to merchant fund flows are considered to be neutral from a liquidity perspective as these cash balances and related payables are interrelated from a liquidity perspective. This is due to the fact that Adyen only settles merchant payables after the cash is collected from the card schemes. Accelerated pay-out schedules for individual merchants are more than balanced by liquidity buffers that primarily consist of existing cash and cash equivalents as well as incoming cash flows. Adyen monitors and manages both its Liquidity Coverage Ratio (LCR) and a survival period metric to mitigate the residual risk. Starting from 2022, De Nederlandsche Bank and Adyen agreed on a new calculation method for the Liquidity Coverage Ratio on the basis of the application of Article 26 LCR DA. Adyen reports its LCR on the basis of this revised calculation from July 2022 onwards. The survival period is determined by dividing the sum of cash and cash equivalents, receivables from and payables to merchants and financial institutions, by the total operating expenses for the period. The survival period is set at a minimum of six months. Adyen's survival period as of December 31, 2023 is 35 months (2022: 38 months). For short term liquidity needs Adyen holds additional buffers in a variety of currencies. Given the maturity of the assets and liabilities on-balance, the magnitude and quality of the liquidity buffer and the longitude of the survival period, Adyen considers the remaining liquidity risk low.	Adyen's balance sheet is by nature short-term and in general, cash is received prior to payout to merchants. The remaining liquidity risk continues to be low and well within risk appetite limits as evidenced by a high LCR.

Source of risk and risk description	Risk mitigation	Remaining risk
Market risks		**Minimal**
Foreign exchange risk		
Adyen operates internationally and is exposed to foreign exchange risk through its merchant payment services in different currencies as well as balance sheet positions denominated in currencies other than the functional currency.	Adyen actively manages the foreign exchange risk position resulting in limited remaining risk. As in previous years, USD remains the most significant non-functional currency exposure as of December 31, 2023. The following table highlights the net exposure to this currency stemming from the Visa Inc. shares on profit or loss resulting from a 10% shock (positive or negative) of the respective significant currency against EUR. Please note that all merchant-related short-term financial instruments have been excluded in this impact assessment given the short period to settle, and hence, limited foreign exchange risk on these instruments. The slight increase in net exposure is due to the increase of Visa Inc.'s share price over the period which resulted in a revaluation of the asset (refer to Note 11 for further details).	Adyen has limits on its open FX position per individual currency and for Adyen as a whole. The open positions including the impact of an immediate 10% shock remain within Adyen's risk appetite.

Currency	Net exposure	10% shock
31/12/2022		
USD	EUR 12 million	EUR 1.2 million
31/12/2023		
USD	EUR 15 million	EUR 1.5 million

The merchant funds have a natural match in currencies between receivables and payables or a very short duration. This significantly reduces the foreign exchange risk.

Adyen holds liquidity buffers in various currencies to ensure that it will be able to meet payment obligations to merchants, thereby mitigating potential liquidity risk arising from failed FX transactions.

Source of risk and risk description	Risk mitigation	Remaining risk
Interest rate risk		
Interest rate risk is defined as the risk that changes in interest rates lead to an adverse impact on Adyen's income or value.	Adyen's business model is primarily fee-based and interest income does not constitute a key revenue component of the client-facing product offering. Despite the fee-based business model, Adyen's balance sheet has various characteristics that are relevant from an interest rate risk perspective. 1) Adyen's assets mainly consist of interest-bearing cash, 2) Adyen is fully equity financed; 3) Adyen's balance sheet has a distinct short-term nature. As a result of this profile: • There is net interest income sensitivity to interest rate movements: changes in interest rates translate into the price of assets but not into the price of liabilities. The aggregated net interest income sensitivity for material currencies in the most penalizing ramped shock scenario (-200bps) amounts to EUR -73 million. Adyen calculates this sensitivity on a constant balance sheet assumption and a 1Y projection horizon. • There is only limited value sensitivity to interest rate movements due to the fact that both assets and liabilities are on average short-dated. The aggregated economic value sensitivity for material currencies to the most penalizing instantaneous interest rate shock scenario (-200bps) amounts EUR -9 million. The economic value sensitivity is calculated on a run-off balance sheet assumption. For the volatility analysis performed on the interest rate risk exposure on cash and cash equivalent balances as per year-end refer to note 10. During 2022, negative interest rates applied for the period up to 31 October 2022 on the DNB Target 2 account, after which positive interest was earned. Throughout 2023, the interest earned on the cash position was positive.	Adyen accepts the interest rate risk stemming from its cash position as part of doing business. The cash position is innate to Adyen's business model as it is held in relation to merchant payables and as a liquidity buffer.

Source of risk and risk description	was	Remaining risk
Equity price risk		
The risk of financial losses due to changes in the market price of financial instruments (stock prices) that are recognized at fair value.	Adyen's exposure to equity securities price risk arises from investment in Visa Inc. preferred shares, which are classified in the consolidated balance sheet as other financial assets at FVPL. The exposure consists of potential financial losses due to movements in the share price of Visa Inc. Two tranches of the long-term merchant contract with eBay are classified in the balance sheet as derivative liabilities. The exposure is affected by share price movements of Adyen shares. Adyen carried out a sensitivity analysis on the Visa Inc. preferred shares and derivative liabilities, respectively. A 5% increase (decrease) in the underlying Visa Inc. and Adyen share price would result in the following increase (decrease) in the balance sheet item and income before income taxes, all other circumstances considered equal:	The remaining equity price risk is considered limited as Adyen has no other equity instruments on its balance sheet. The risk appetite on equity price risk is low and therefore the residual risk is within risk appetite.

Balance sheet item	Carrying amount	5% underlying share price movement
31/12/2022		
Visa Inc. preferred shares	EUR 12 million	EUR 1 million
Derivative liabilities	EUR 35 million	EUR 2 million (5%)
31/12/2023		
Visa Inc. preferred shares	EUR 15 million	EUR 1 million
Derivative liabilities	EUR 1 million	EUR 0 million (5%)

In addition, Adyen's Treasury policy does not allow purchasing additional equity positions (excluding treasury shares).

Credit risks | **Minimal**

Counterparty default risk

The counterparty default (credit) risk relates to the risk that a counterparty of Adyen will fail to meet its financial obligations when these are due, later or in accordance with agreed terms - causing a loss to Adyen.

Financial assets subject to credit risk:
Adyen is exposed to credit risk primarily through receivables from financial institutions regarding settled payment transactions, cash held at partner banks as well as pre-financing services to merchants.

Cash and cash equivalents:
As per December 31, 2023, EUR 5,863,231 (2022: EUR 4,407,540) represents cash held at central banks, representing 71% (2022: 68%) of the cash and cash equivalents balance.
Excluding the cash held at central banks, Adyen's top 10 cash exposures, which also include balances held at credit institutions with credit rating of A or higher, represent 88% of the balance of cash and cash equivalents excluding cash at central banks.

Receivables from financial institutions:
Receivables from financial institutions include balances due from schemes and other financial institutions regarding transactions processed which will be settled within a short-term, as well as bank accounts which are controlled by Adyen but do not meet the definition of cash and cash equivalents and are therefore classified as receivables from financial institutions. As at December 31, 2023, EUR 292,091 (2022: EUR 279,106) represents receivable from financial institutions.

Due to regulatory requirements, in order to mitigate the counterparty exposure to one of its partners in Brazil, Adyen has setup a collateral account in which Brazilian Government bonds were deposited by a partner financial institution. As per December 31, 2023 the total collateral was EUR 14,955 (BRL 80,101) (2022: EUR 31,086 (BRL 175,828). Adyen has no other collateral accounts to meet its other regulatory requirements.

Adyen carefully chooses its financial counterparties and continuously monitors their credit quality and changes thereof in the form of rating downgrades.

Receivables from merchants:
As part of the accelerated Sales Day Payout product, Adyen settles a full sales day of transactions to merchants before the funds from financial institutions are fully received. The receivable is effectively secured through the authorization and capture of a transaction, leading to a commitment to pay by the card schemes. When Adyen receives the funds from card schemes, the receivable from the merchant is settled and there is no outstanding exposure anymore. As a result of the nature of the payment transactions the duration of the Sales Day Payout balances is relatively short (average duration between 2-3 days). Adyen assesses, on a forward-looking basis, the expected credit losses and concluded the impact of expected credit losses on receivables from merchants is not significant.

During 2023, Adyen did not incur material losses related to non-performance of its counterparties.

Other financial assets:
The remaining financial asset credit risk exposure (such as trade and other receivables) is considered to be limited.

The remaining counterparty credit risk is low as is Adyen's risk appetite. Therefore, Adyen residual risk on counterparty default risk remains within risk appetite.

Concentration risk

Risk of losses stemming from on- and off-balance sheet positions arising from concentrations in exposures to a counterparty or a group of connected counterparties.

Concentration risk at Adyen originates primarily at banking partners in locations where there are no own direct acquiring licenses. The credit risk exposure per financial institution is capped at 25% of Adyen's eligible capital, provided that the financial institution has a credit rating in the A categories of Moody's/S&P's or, if not available, its equivalent from other rating agencies. Adyen has conservatively translated this amount into an internal limit of EUR 550 million. For financial institutions with lower credit ratings, the credit risk per financial institution is capped at EUR 200 million under business-as-usual conditions. Neither limit was breached during the year ended December 31, 2023.

Furthermore, Adyen has reduced its concentration risk in exposures held at financial institutions evident by the lower proportion of top 10 exposures within Adyen's total financial assets. The residual credit risk is mitigated by the short-term maturity of these balances of less than 7 days.

Adyen actively manages this concentration risk by distributing its cash over bank accounts at multiple banks. If needed, excess cash can be held at accounts with central banks. Adyen continues to monitor its merchant funds flows at partner banks that are not settled through accounts held at the central bank, to ensure compliance with the large exposure limit.

Adyen's risk appetite for concentration risk is moderate. The residual risk after risk mitigation is considered low so that current credit concentration risk remains within risk appetite.

Other disclosures

13. Intangible assets

Adyen's intangible assets relate to expenses capitalized on the internal development of the Adyen payment platform.

Accounting policy – Intangible assets

The intangible assets include internally generated software with finite useful lives, which are stated at cost less accumulated amortization and impairment.These assets are capitalized and subsequently amortized on a straight-line basis in the statement of comprehensive 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.

Intangible assets	2023	2022
Internally generated software		
Cost	23,029	22,776
Accumulated amortization	(14,889)	(12,935)
Balance - January 1	**8,140**	**9,841**
Additions	4,138	3,523
Amortization for the year	(3,521)	(5,224)
Balance - December 31	**8,757**	**8,140**
Cost	27,167	23,029
Accumulated amortization	(18,410)	(14,889)
Balance - December 31	**8,757**	**8,140**

14. Plant and equipment

Accounting policy – Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred. The major categories of plant and equipment (namely hardware equipment and leasehold improvements) are assessed to have a useful life of 5 years. Plant and equipment are depreciated on a straight-line basis and 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.

Computer Hardware and Software additions during the year mainly relate to servers for data centers and equipment such as laptops for employees.

During 2023, inventory (Note 3) of EUR 6,269 in Brazil was reclassified to plant and equipment as the POS terminals are being held for rental to merchants instead of being sold in the ordinary course of business.

Adyen did not recognize an impairment loss or reversal of impairment loss of plant and equipment during the year ended December 31, 2023 and 2022.

Plant and equipment	Computer Hardware and Software	Leasehold Improvements	Other	Total
2022				
Cost	98,379	18,738	4,002	121,119
Accumulated depreciation	(40,439)	(5,980)	(1,719)	(48,138)
Balance - January 1	**57,940**	**12,758**	**2,283**	**72,981**
Additions	81,848	12,555	1,172	95,575
Disposals	(100)	—	—	(100)
Depreciation for the year	(23,176)	(4,464)	(714)	(28,354)
Other changes (e.g. exchange differences)	255	379	60	694
Balance - December 31	**116,767**	**21,228**	**2,801**	**140,796**
2023				
Cost	178,707	31,774	5,244	215,725
Accumulated depreciation	(61,940)	(10,546)	(2,443)	(74,929)
Balance - January 1	**116,767**	**21,228**	**2,801**	**140,796**
Additions	59,708	4,568	1,329	65,605
Disposals	(1,093)	(32)	(28)	(1,153)
Depreciation for the year	(39,083)	(5,957)	(915)	(45,955)
Transfer from inventory	—	—	6,269	6,269
Other changes (e.g. exchange differences)	(500)	48	26	(426)
Balance - December 31	**135,799**	**19,855**	**9,482**	**165,136**
Cost	216,513	36,064	12,745	265,322
Accumulated depreciation	(80,714)	(16,209)	(3,263)	(100,186)
Balance - December 31	**135,799**	**19,855**	**9,482**	**165,136**

15. Trade, other receivables, and receivables from merchants and financial institutions

Accounting policy – Trade and other receivables

Trade receivables are amounts due from merchants for payment services performed. If collection is expected in less than one year they are classified as current assets. Trade and other receivables are classified at amortized cost, initially recognized at fair value and subsequently measured at amortized cost less impairments for expected credit losses. The average duration of the receivables varies depending of their nature (Trade and other receivables: less than 3 months; receivables from financial institutions: 1-2 days; receivables from merchants: 30 days). Due to the short duration of all the receivables (overall average of less than 3 months) the fair value approximates the carrying value.

15.1. Trade, other receivables, and receivables from merchants and financial institutions

Trade and other receivables	2023	2022
Trade and other receivables	143,864	93,399
Less: Allowance for expected credit losses	(9,590)	(4,049)
Balance - Trade receivables - Net	**134,274**	**89,350**
Receivables from merchants and financial institutions	490,052	369,104
Total	**624,326**	**458,454**

Trade and other receivables

These receivables are held with merchants that have not been subtracted from settlement.

Receivables from merchants and financial institutions	2023	2022
Receivables from financial institutions	292,091	279,106
Receivables from merchants	197,961	89,998
Balance - December 31	**490,052**	**369,104**

Receivables from financial institutions

Receivables from financial institutions include balances due from schemes and other financial institutions regarding transactions processed which will be settled within a short-term, as well as bank accounts which are controlled by Adyen but do not meet the definition of cash and cash equivalents and are therefore classified as receivables from financial institutions.

Receivables from merchants

As part of the accelerated Sales Day Payout product, Adyen settles a full sales day of transactions to merchants before the funds from financial institutions are fully received. Therefore, Adyen is entitled to a receivable from all merchants which have opted to use this form of settlement. The receivable relates to balances of merchants to be settled by schemes, with an average duration of less than 10 days. As at December 31, 2023, the receivables from accelerated Sales Day Payout have a balance of EUR 197,961 (2022: 89,998).

Adyen assesses, on a forward-looking basis, the expected credit losses and concluded the impact of expected credit losses on receivables from merchants is not significant.

15.2. Impairments of financial assets at amortized cost

Adyen uses a provision matrix when calculating the loss allowance on trade receivables. During the year Adyen increased EUR 5,541 (2022: deducted EUR 393) its trade receivable loss allowance based on the calculations from its IFRS 9 expected credit loss model for trade receivables. The expected credit loss model was updated at year-end, to reflect reasonable and supportable information available on credit risk of the trade receivables balance. Adyen wrote off trade receivables balances for an amount of EUR 2,890 (2022: 1,684). Adyen did not reverse any impairment losses in 2022 and 2023.

No financial assets are past due except for trade receivables. As at December 31, 2023, trade receivables of EUR 35,984 (2022: EUR 60,621) were not past due, EUR 71,484 were past due (2022: EUR 32,778) of which EUR 13,815 is less than 3 months (2022: EUR 9,771) and EUR 2,890 impaired (2022: 1,684). The average duration of the overdue trade receivables is 3 months (2022: 3 months).

16. Trade, other payables, and payables to merchants and financial institutions

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. Due to the very short duration of the payables (average less than 3 months) the fair value approximates the carrying value.

Trade and other payables	2023	2022
Trade payables	14,110	19,922
Taxes and social security	70,319	55,593
Accrued employee benefits	35,957	30,041
Accrued liabilities and other debts	46,048	33,105
Cash-settled share-based payment plan - current portion	1,963	9,166
Trade and other payables	**168,397**	**147,827**
Payables to merchants and financial institutions	5,953,563	4,795,804
Total	**6,121,960**	**4,943,631**

The payables to merchants and financial institutions relate to interchange and scheme fees payable and do not constitute borrowings. The payables to merchants include the Merchant Potential Liability ('MPL') reserve as part of Adyen's MPL risk mitigation. When Adyen acts as an acquirer, it is liable to settle eligible chargebacks with card networks. To cover for this inherent risk, Adyen withholds funds from the payouts to merchants, estimated as the amount of transaction volume for which issuers could potentially submit a chargeback and Adyen has to take financial responsibility. These MPL reserves amounted to EUR 733,677 as per December 31, 2023 (2022: EUR 575,030).

Taxes and social security mainly relate to VAT payables, and wage taxes relating to Adyen employees.

Adyen has recognized liabilities measured at fair value through profit or loss that are related to the cash-settled share-based payment plan (refer to Note 4.3 'Share-based payments').

17. Leases

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

Accounting policy – Leases

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

The lease liability is initially measured by bringing to present value all future lease payments, discounted by an incremental borrowing rate, in case no interest rate is available for the contract.

At initial recognition, the right-of-use-asset amounts to the initial lease liability. Right-of-use-assets are depreciated on a straight-line basis over the lease term and tested for impairment whenever events or changes in circumstances indicates that the carrying amount may not be recoverable. Interest on lease liability is recognized as an expense in the statement of comprehensive income.

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

Right-of-use assets	2023	2022
Offices and data centers		
Cost	249,760	168,630
Accumulated depreciation	(68,084)	(40,567)
Balance - January 1	**181,676**	**128,063**
Additions	55,173	81,060
Depreciation for the period	(35,977)	(30,035)
Other movements (e.g. exchange differences)	(1,209)	2,588
Balance - December 31	**199,663**	**181,676**
Recognized right-of-use asset	299,080	249,760
Accumulated depreciation	(99,417)	(68,084)
Balance - December 31	**199,663**	**181,676**

Lease liability	2023	2022
Balance - January 1	**203,073**	**142,964**
Additions	55,173	81,060
Lease installments	(38,343)	(25,516)
Interest expense	4,532	3,372
Other movements (e.g. exchange differences)	(1,372)	1,193
Balance - December 31	**223,063**	**203,073**
Current portion	50,666	33,200
Non-current portion	172,397	169,873

Additions during the year mainly relate to new lease contracts for data centers in the United States and new office leases.

During the year, short-term and small value leases expensed in other operating expenses amounted to EUR 7,190 (2022: EUR 4,255).

As of December 31, the future minimum lease payments are as follows:

Minimum future lease payments	2023	2022
Within 1 year	45,734	34,460
Between 1 and 2 years	45,352	35,103
Between 2 and 3 years	40,547	33,135
Between 3 and 4 years	32,326	27,890
Between 4 and 5 years	19,677	21,748
Later than 5 years	56,433	49,870
Total	**240,069**	**202,206**

18. Other contingent assets, liabilities and commitments

Adyen N.V. and Adyen International B.V. are a fiscal unity for corporate income tax purposes. This means that the members of the fiscal unity are jointly and severally liable for any taxes payable by the fiscal unity.

Adyen has EUR 50,678 of outstanding bank guarantees and letters of credit as at December 31, 2023 (2022: EUR 51,299).

Adyen has setup a collateral account in which Brazilian Government bonds were deposited by a partner financial institution, in order to decrease its exposure to this counterparty in Brazil. As at December 31, 2023 the total collateral was EUR 14,955 (BRL 80,101) (2022: EUR 31,086 (BRL 175,828).

19. Related party transactions

During 2023, Adyen identified related party transactions that took place with Stichting Administratiekantoor Adyen (STAK), employees and Supervisory Directors. The transactions with employees and STAK are related to options exercised, and the transactions with Supervisory Board are related to remuneration for services rendered throughout the year (refer to Note 22.2 'Remuneration Supervisory Board'). The outstanding balances as per December 31, 2023 and 2022 are:

Related party assets/ (liabilities)	2023	2022
Supervisory Board	(19)	(115)
Employees (STAK)	16,562	3,627

The Management Board and Supervisory Board remuneration is disclosed in Note 22 'Compensation of key management'.

There were no other transactions with related parties in period ended December, 2023 and 2022.

20. New and amended standards adopted

20.1. New standards adopted by Adyen

The following accounting standards, interpretations and amendments applicable to Adyen (collectively, "amendments") were issued and made effective for the annual reporting period beginning on January 1, 2023:

- Amendments to IAS 1, Practice Statement 2 and IAS 8 - accounting policy disclosures;
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IFRS 16 - Leases on sale and leaseback;
- Amendments to IAS 1 - Non-current liabilities with covenants.

Adyen has taken into consideration the changes of each one of the above-mentioned amendments, refer to Note 7.2 'Deferred income taxes ', and concluded that the amendments do not have a material impact on the financial statements.

20.2. Amendments to existing standards that are applicable to the Company but not yet effective

Certain amendments have been published that are not mandatory for December 31, 2023 reporting period and have not been early adopted by the Company. The Company has assessed the amendments to become effective in 2024, and onwards, to have no material impact on its financial statements.

21. Audit fees

21.1. Fees to the auditor

The audit fees were expensed in the statement of comprehensive income during the reporting period.

The fees listed below relate to the procedures applied to Adyen and its consolidated group entities by accounting firms and external independent auditors as referred to in section 1(1) 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 relate to the audit of the 2023 financial statements, regardless of whether the work was performed during the financial year.

21.2. Summary of services rendered by the independent auditor, in addition to the audit of the financial statements

Our independent auditor, PricewaterhouseCoopers Accountants N.V., has rendered the following services to Adyen and its controlled entities during 2023 and 2022:

	2023			2022		
	PwC Accountants N.V.	Other PwC firms*	Total	PwC Accountants	Other PwC firms*	Total
Audit of financial statements	1,206	746	1,952	842	713	1,555
Other audit services	494	—	494	333	—	333
Other non-audit services	218	—	218	—	—	—
Tax services	—	—	—	—	—	—
Total	**1,918**	**746**	**2,664**	**1,175**	**713**	**1,888**

* Other PwC firms refer to PwC member firms outside of the Netherlands.

Other services than the Audit of the financial statements refer to services rendered outside of the European Union.

	2023	2022
Other audit services required by law or regulatory requirement		
Audit of financial statements	1,952	1,555
Audit of the regulatory returns to be submitted to the Dutch Central Bank	48	45
Assurance engagement DGS report	62	56
Other audit services		
Assurance engagement ISAE 3402 report	127	101
Assurance engagement SOC 2 report	158	131
Assurance engagement ESG	99	—
Other non-audit services	218	—
Total for the year	**2,664**	**1,888**

22. Compensation of key management

22.1 Remuneration Management Board

Adyen identifies the Management Board as the only key management personnel. The total remuneration received by the Management Board in 2023 amounted to EUR 5,680 (2022: EUR 4,238).

	2023	2022
Salaries and short-term employee benefits	4,407	3,590
Share-based payments	955	439
Post-employment benefits	318	209
Total	**5,680**	**4,238**

Variable remuneration

As of 2018 and 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 December 10, 2010 by the Committee of European Banking Supervisors, Adyen does not award variable remuneration to the Management Board members. 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).

Pension[7]

As from January 2017, all Dutch Management Board members participate in the Collective Defined Contribution (CDC) pension plan, with respect to their salary up to EUR 128,810 gross per year for 2023 (2022: EUR 114,866). On behalf of each Management Board member, 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 administration costs. If and as far as fiscally allowed, each Management Board member has the possibility to make additional contributions in order to accrue additional pension capital.

[7] Amounts in this paragraph are not rounded to the nearest EUR thousand.

Kamran Zaki participated in a 401k retirement plan in the US, for which Adyen provided an employer match of up to 3% of base salary in 2023.

Insurance

All Management Board members are insured under an insurance policy taken out by Adyen against damages resulting from their conduct when acting in their capacities as directors. All Dutch Management Board members are insured for the risk of death and disability, for which Adyen pays the insurance premiums.

Service and Severance Agreements

All Management Board members have entered into a service agreement (overeenkomst van opdracht) with Adyen N.V. effective as of the date of the listing of Adyen, whereby Kamran Zaki was assigned to Adyen N.V. San Francisco Branch. The terms and conditions of these service agreements have been aligned with 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 Management Board member is not re-appointed or otherwise terminated by Adyen (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. In the financial year 2023, no severance payment has been paid to any Management Board member.

Loans

No loans, advance payments and guarantees have been granted to or on behalf of the Management Board members.

22.2. Remuneration Supervisory Board

The total remuneration received by the Supervisory Board in 2023 amounted to EUR 379 (2022: EUR 386). The table below provides an overview of the remuneration of Supervisory Board Members for the financial year 2023. In addition to the remuneration, expenses incurred by the Supervisory Board Members in the performance of their duties are reimbursed in full:

	2023	2022
Salaries and short-term employee benefits	379	386
Total	**379**	**386**

Insurance

The Supervisory Board members of Adyen are insured under an insurance policy taken out by Adyen against damages resulting from their conduct when acting in their capacities as Supervisory Board members.

Loans

No loans, advance payments and guarantees have been granted to or on behalf of the Supervisory Board members.

23. Share information

Accounting policy – Earnings per share

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

1) Basic EPS: dividing the net income attributable to owners of Adyen N.V. by the weighted average number of ordinary shares outstanding during the period. As at December 31, 2023, only the warrant related to tranche 1 vested (and exercised), while no warrants vested in the current year. Therefore, the issued shares relating to tranche 1 is reflected in the calculation of ordinary shares.

2) Diluted EPS: determined by adjusting the basic EPS for the effects of all dilutive potential ordinary shares which in the case of Adyen relates to share options and RSUs granted to employees (refer to Note 4.3).

Share information	2023	2022
Net income attributable to owners of Adyen N.V. (in EUR '000)	698,322	564,139
Weighted average number of ordinary shares for the period	*31,012,122*	*30,975,325*
Dilutive effect of share plans	144,868	70,704
Weighted average number of ordinary shares for diluted net profit for the period	*31,156,990*	*31,046,029*
Net profit per share – basic	22.52	18.21
Net profit per share - diluted	22.41	18.17

24. Tax reporting

24.1. Total tax contribution

Adyen is liable to pay corporate income tax in the countries in which it has taxable presence. Since Adyen's first global expansion outside the Netherlands, Adyen has been characterized as a centralized organization for corporate income tax purposes. Key business activities are performed in the Netherlands, while local offices provide sales and other support services. In response to this centralized organization, transfer pricing agreements have been established based on the applicable OECD principles.

Adyen is responsible for the collection and payment of taxes connected with its services and products sold, on behalf of employees, or service providers. Corporate income tax, indirect tax and payroll tax are main sources of government income. Considering the importance of these taxes for local governments and communities, Adyen bears a responsibility to maintain a compliant global tax framework. Adyen's tax team closely monitors local regulations and Adyen's product offerings to remain compliant.

24.2. Country-by-country reporting

The following table provides a country-by-country overview to support that taxes are paid in the country wherein Adyen has an economic nexus. To serve this purpose, the table is split into two parts: the first part covers per country where Adyen has a liability to pay income tax, the main activity, number of FTE's per year-end, and consolidated IFRS data on an accrual basis about operating expenses, income before tax and the income tax expense. The second part of the table is prepared on a cash basis and covers the income tax paid by Adyen, indirect tax and payroll tax withheld and paid to authorities by Adyen and grants or incentives received by Adyen. The table is prepared on the basis of the consolidated accounts. As a result, local statutory financials and actual tax contributions may deviate from the amount disclosed. The full list of participating interests as referred to in Article 414, Book 2 of the Dutch Civil Code can be found in Note 32 'Investments in consolidated subsidiaries on equity method' of the company financial statements.

Country	Main activity	Amounts accrued on IFRS Consolidated basis					Taxes received/ (paid) on cash basis				
		Ending FTE	Total Operating (Expense)/ Income	Income Before Tax	Income Tax Expense	ETR%	Income Tax	Indirect Tax	Payroll Tax	Grants / Incentives	Total tax contribution
The Netherlands	Head office - Payment service provider	2,326	(511,797)	748,803	(211,606)	28 %	(140,679)	(121,622)	(116,060)	496	(377,865)
United Kingdom	Sales office	147	(32,788)	11,276	(1,978)	18 %	—	(1,540)	(12,308)	—	(13,848)
France	Sales office	96	(21,757)	3,063	(633)	21 %	(898)	(47,139)	(6,673)	—	(54,710)
Germany	Sales and support office	112	(18,475)	6,001	(1,836)	31 %	(2,236)	—	(8,745)	—	(10,981)
Sweden	Sales office	76	(12,304)	2,976	(759)	26 %	(418)	—	(4,994)	—	(5,412)
Spain	Sales and support office	133	(14,111)	3,853	(891)	23 %	(1,117)	(3,090)	(4,182)	—	(8,389)
Belgium	Sales office	15	(3,007)	436	(133)	31 %	—	—	(1,801)	—	(1,801)
Italy	Sales office	32	(5,319)	947	(77)	8 %	(353)	(9)	(1,442)	—	(1,804)
United Arab Emirates	Support office	27	(5,920)	1	—	—	—	(1,555)	—	—	(1,555)
Poland	Sales office	18	(2,706)	532	(170)	32 %	(118)	—	(829)	—	(947)
Norway	No office	—	—	—	—	— %		(316)			(316)
United States	Sales and support office	640	(203,534)	122,907	(13,553)	11 %	(2,994)	(2,540)	(46,377)	—	(51,911)
Brazil	Sales and support office	209	(36,598)	10,015	(4,215)	42 %	(1,447)	(4,871)	(8,887)	—	(15,205)
Mexico	Sales office	27	(5,274)	793	(540)	68 %	(862)	(3,972)	(1,140)	—	(5,974)
Canada	Sales office	26	(5,856)	4,026	(944)	23 %	(778)	(25,783)	(1,366)	—	(27,927)
Singapore	Sales and support office	165	(29,167)	11,478	(2,495)	22 %	(659)	(21,600)	(2,019)	—	(24,278)
Australia	Sales and support office	54	(10,611)	5,738	(1,781)	31 %	(607)	(15,927)	(2,212)	—	(18,746)
China	Sales office	36	(8,148)	5,801	(1,423)	25 %	(1,095)	(687)	(2,641)	—	(4,423)
Japan	Sales and support office	33	(6,728)	1,409	(379)	27 %	(682)	(12,779)	(1,233)	—	(14,694)
Hong Kong	Sales office	9	(1,968)	1,655	(185)	11 %	(181)	—	—	—	(181)
India	Sales office	12	(7,169)	202	(515)	255 %	—	(404)	(497)	—	(901)
New Zealand	Sales office	—	(425)	389	(105)	27 %	—	(3,132)	(120)	—	(3,252)
Malaysia	Sales office	3	(604)	256	(69)	27 %	(42)	—	(35)	—	(77)
Korea	Liquidated during the year	—	42	52	—	—	—	—		—	—
Switzerland	No office	—				—		(652)	—	—	(652)
Total		**4,196**	**(944,224)**	**942,609**	**(244,287)**	**26 %**	**(155,166)**	**(267,618)**	**(223,561)**	**496**	**(645,849)**

24.3. General findings Country by-country reporting

The below simplified table provides an overview of general findings and exceptions regarding items covered in the country-by-country table. This overview is based on the static analysis and explains the overall dynamics of our global tax position.

TTC Item	General findings	Exceptions
Income before tax	NL owns the majority of income before tax given the key entrepreneurial functions performed, risks managed and intangible assets owned.	
Income tax expense	Income tax expense should be close to the statutory tax rate multiplied by the income before tax. Typically the income tax expense is a bit higher than the statutory rate, due to many countries limiting deductibility of certain costs - such as meals, entertainment and stock based compensation.	Adyen NV incurs non-deductible amounts in the Netherlands, has prior year adjustments and is taxed on income booked for accounting purposes in the United States. Most outliers can be explained as reversal of (too high) accruals of previous years or because of an accounting difference (IFRS vs. statutory). The United States ETR is lower than the statutory rate in the United States due to stock based compensation and because income is booked in the United States branch its books for accounting purposes which is taxable only in the Netherlands. The latter does not impact the consolidated ETR as that income is taxed against the Dutch statutory tax rate.
Income tax paid	Income tax paid should be close to the income tax expense	Differences in the income tax expense and the income tax paid are caused by impact of deferred taxes and deviations between profits assessed in preliminary assessments and profits realized.
Incentives	We are reluctant to apply grants and incentives.	The only incentive applied is WBSO, a Dutch R&D tax credit scheme.

24.4. Innovation box

Adyen builds a payment platform capable of meeting the rapidly evolving needs of fast-growing global businesses. Continuous innovation and technology are critical to meet the changing payment industry dynamics and the needs of our merchants. Governments worldwide facilitate innovative research and development (R&D) activities through grants and tax incentives. One of the facilities offered by the Dutch government is the Dutch innovation box. Following the application of the innovation box, profits attributable to qualifying innovations are taxed at a Dutch corporate income tax rate of 9%, opposed to the corporate income tax rate of 25.8%. As Adyen strives to continuously innovate its payment platform, Adyen applies the innovation box to reinvest those benefits in the further development of the platform and growth of the company.

Adyen concluded an agreement with the Dutch tax authorities to obtain upfront certainty on the percentage of taxable profit that qualifies for the innovation box. Based on this agreement the percentage of taxable profit of Adyen N.V. qualifying for the innovation box is directly linked with the number of hours spent by developers on R&D projects.

24.5. Global Minimum Taxation - Pillar Two

Adyen N.V. is in scope of the Pillar Two rules. Pillar Two legislation was enacted in the Netherlands, the jurisdiction in which Adyen N.V. is incorporated, and will come into effect from 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the group is liable to pay a top-up tax for the difference between their so-called GloBE effective tax rate per jurisdiction and the 15% minimum rate.

Based on a review, we do not expect any material top-up tax to be due of Adyen N.V. or its affiliates.

Company Financial Statements

Company Statement of Comprehensive Income

For the years ended December 31, 2023 and 2022

(all amounts in EUR thousands unless otherwise stated)

	Note	2023	2022
Revenue	26	1,734,476	7,575,105
Costs incurred from financial institutions	26	(242,491)	(6,340,102)
Costs of goods sold	26	(73,811)	(46,564)
Net revenue		*1,418,174*	*1,188,439*
Wages and salaries	27	(432,160)	(269,641)
Social securities and pension costs	27	(64,083)	(39,700)
Amortization and depreciation	13,30,31	(64,614)	(46,720)
Other operating expenses	28	(219,729)	(182,750)
Other expenses	3	(23,237)	(54)
Income before net finance income and income taxes		**614,351**	**649,574**
Finance income		232,668	27,048
Finance expense		(3,834)	(11,251)
Other financial results	29	45,347	27,107
Net finance income		**274,181**	**42,904**

	Note	2023	2022
Share of the profit of investments in subsidiaries	32	39,234	21,351
Income before income taxes		*927,766*	*713,829*
Income taxes		(229,444)	(149,690)
Net income for the year		**698,322**	**564,139**
Net income attributable to owners of Adyen N.V.		*698,322*	*564,139*
Other comprehensive income/ (expense)			
Items that may be reclassified to profit or loss			
Currency translation adjustments foreign operations		790	(1,326)
Other comprehensive income/ (expense) for the year		*790*	*(1,326)*
Total comprehensive income for the year (attributable to owners of Adyen N.V.)		**699,112**	**562,813**

The accompanying Notes are an integral part of these company financial statements.

Company Balance Sheet

As at December 31, 2023 and 2022

(all amounts in EUR thousands unless otherwise stated; and before profit appropriation)

	Note	December 31, 2023	December 31, 2022
Intangible assets	13	8,757	8,140
Plant and equipment	30	127,045	113,596
Right-of-use assets	31	167,847	153,329
Other financial assets at FVPL	11	14,821	12,264
Contract assets	2.2	24,020	47,916
Deferred tax assets*		104,056	138,705
Investments in consolidated subsidiaries on equity method	32	159,493	115,030
Total non-current assets		**606,039**	**588,980**
Inventories		93,019	78,788
Receivables from merchants and financial institutions	33	361,834	222,009
Trade and other receivables	33	420,298	241,630
Current income tax receivables		1,861	5,640
Cash and cash equivalents		7,454,251	5,964,798
Total current assets		**8,331,263**	**6,512,865**
Total assets		**8,937,302**	**7,101,845**

	Note	December 31, 2023	December 31, 2022
Share capital	8	310	310
Share premium	8	390,043	352,399
Legal reserves		22,582	18,518
Other reserves		151,471	150,298
Retained earnings*		1,888,139	1,330,392
Net income for the year		698,322	564,139
Total equity attributable to owners of Adyen N.V.		**3,150,867**	**2,416,056**
Derivative liabilities	11	1,400	35,000
Deferred tax liabilities		5,090	10,749
Lease liability	31	150,472	150,278
Total non-current liabilities		**156,962**	**196,027**
Payables to merchants and financial institutions	36	5,405,278	4,336,872
Trade and other payables	36	127,357	126,274
Lease liability	31	38,717	23,442
Current income tax payables		58,121	3,174
Total current liabilities		**5,629,473**	**4,489,762**
Total liabilities and equity		**8,937,302**	**7,101,845**

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

*The comparative retained earnings balance is restated as a result of the application of IAS 12 amendment (refer to Note 7.2).

Company Statement of Changes in Equity

For the years ended December 31, 2023 and 2022

(all amounts are in EUR thousands unless otherwise stated)

				Other reserves				
	Note	Share capital	Share premium	Legal reserves	Share-based payment reserve	Warrant reserve	Retained earnings*	Total equity
Balance - January 1, 2022		**310**	**335,725**	**32,244**	**102,142**	**25,575**	**1,314,418**	**1,810,414**
Adjustment for change in accounting standard	7.2						3,938	3,938
Balance - January 1, 2022 (restated)		**310**	**335,725**	**32,244**	**102,142**	**25,575**	**1,318,356**	**1,814,352**
Net income for the year							564,139	564,139
Currency translation adjustments				(1,326)				(1,326)
Total comprehensive income for the year		**—**	**—**	**(1,326)**	**—**	**—**	**564,139**	**562,813**
Adjustments:								
Other financial assets at FVPL movement (net of deferred tax)				(10,240)			10,240	—
Intangible assets				(2,160)			2,160	—
Other adjustments					161		(364)	(203)
		—	—	*(12,400)*	*161*	—	*12,036*	*(203)*
Transactions with owners in their capacity as owners:								
Deferred tax on share-based compensation	7		6,180		22,979			29,159
Options exercised			568		(568)			—
Proceeds on issuing shares	8		9,926					9,926
Share-based payments	4.3				9			9
		—	*16,674*	—	*22,420*	—	—	*39,094*
Balance - December 31, 2022		**310**	**352,399**	**18,518**	**124,723**	**25,575**	**1,894,531**	**2,416,056**

*The comparative retained earnings balance is restated as a result of the application of IAS 12 amendment (refer to Note 7.2).

	Note	Share capital	Share premium	Other reserves			Retained earnings*	Total equity
				Legal reserves	Share-based payment reserve	Warrant reserve		
Balance - January 1, 2023		**310**	**352,399**	**18,518**	**124,723**	**25,575**	**1,894,531**	**2,416,056**
Net income for the year							698,322	698,322
Currency translation adjustments				790				790
Total comprehensive income for the year		**—**	**—**	**790**	**—**	**—**	**698,322**	**699,112**
Adjustments:								
Other financial assets at FVPL movement (net of deferred tax)				2,557			(2,557)	—
Intangible assets				717			(717)	—
Other adjustments					744		(3,118)	(2,374)
		—	—	*3,274*	*744*	—	*(6,392)*	*(2,374)*
Transactions with owners in their capacity as owners:								
Deferred tax on share-based compensation	7.2		11,196		(31,398)		—	(20,202)
Options exercised			634		(634)			—
Proceeds on issuing shares	8	—	13,201					13,201
Share-based payments	4.3		12,613		12,037			24,650
Reclassification of share-based payment plan	4.3				20,424			20,424
		—	*37,644*	—	*429*	—	—	*38,073*
Balance - December 31, 2023		**310**	**390,043**	**22,582**	**125,896**	**25,575**	**2,586,461**	**3,150,867**

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

*The comparative retained earnings balance is restated as a result of the application of IAS 12 amendment (refer to Note 7.2).

Company Statement of Cash Flows

For the years ended December 31, 2023 and 2022

(all amounts in EUR thousands unless otherwise stated)

		Note	2023	2022
Income before income taxes			**927,766**	**713,829**
Adjustments for:				
–	Finance income		(232,668)	(27,048)
–	Finance expenses		3,834	11,251
–	Other financial results	29	(45,347)	(27,107)
–	Other expenses		1,035	
–	Depreciation of plant and equipment	30	36,183	21,725
–	Amortization of intangible fixed assets	13	3,521	5,224
–	Depreciation of right-of-use assets	31	24,910	19,771
–	Share of the profit of investments in subsidiaries	32	(39,234)	(21,351)
–	Share-based payments		21,902	7
Changes in working capital:				
–	Inventories		(14,231)	(60,016)
–	Trade and other receivables	33	(178,668)	(120,662)
–	Receivables from merchants and financial institutions	33	(139,825)	281,638
–	Payables to merchants and financial institutions	36	1,067,067	1,150,418
–	Trade and other payables		10,549	51,490
–	Amortization and additions of contract assets	2.2	23,896	30,210
Cash generated from operations			*1,470,690*	*2,029,379*

	Note	2023	2022
Interest received		232,668	27,048
Interest paid		(3,834)	(11,251)
Income taxes paid		(148,776)	(140,910)
Net cash flows from operating activities		**1,550,748**	**1,904,266**
Redemption of other financial assets at FVPL	11	–	11,407
Investments in consolidated subsidiaries on equity method	32	–	(106)
Net cash from liquidation of Adyen Inc.	32	–	6,643
Purchases of plant and equipment	30	(51,689)	(83,099)
Capitalization of intangible assets	13.0	(4,138)	(3,523)
Net cash used in investing activities		**(55,827)**	**(68,678)**
Proceeds from issues of shares	8	13,201	9,926
Lease payments	31	(24,330)	(12,907)
Net cash flows used in financing activities		**(11,129)**	**(2,981)**
Net increase in cash, cash equivalents and bank overdrafts		**1,483,792**	**1,832,607**
Cash, cash equivalents and bank overdrafts at beginning of the year		5,964,798	4,150,440
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		5,661	(18,249)
Cash, cash equivalents and bank overdrafts at end of the period		**7,454,251**	**5,964,798**

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

Notes to the Company financial statements

25. Basis of preparation

The company financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards and IFRS IC interpretations as endorsed by the European Union (EU-IFRS) and in accordance with sub articles 8 and 9 of article 362, Book 2 of the Dutch Civil Code.

The principles in the company financial statements are the same as those stated for the Consolidated Financial Statements unless stated otherwise.

26. Company - Revenue

Types of goods or service	2023	2022
Settlement fees	833,798	7,042,045
Processing fees	360,802	302,052
Sales of goods	74,158	50,958
Other services	465,718	180,050
Total revenue from contracts with customers	**1,734,476**	**7,575,105**
Costs incurred from financial institutions	(242,491)	(6,340,102)
Costs of goods sold	(73,811)	(46,564)
Net revenue	**1,418,174**	**1,188,439**

During 2023, the key judgement relating to "Principal versus agent for revenue out of settlement fees" changed prospectively - refer to Note 2 for further detail.

27. Company - Employee benefits

Employee benefits	2023	2022
Salaries and wages	397,992	260,246
Share-based compensation	34,168	9,395
Total wages and salaries	**432,160**	**269,641**
Social securities	52,551	32,743
Pension costs - defined contribution plans	11,532	6,957
Total social securities and pension costs	**64,083**	**39,700**

28. Company - Other operating expenses

Other operating expenses	2023	2022
Travel and other staff expenses	44,585	35,458
Sales and marketing costs	43,448	43,263
IT costs	34,218	27,163
Advisory costs	21,314	24,271
1% for the UN SDGs	16,229	13,302
Contractor costs	14,865	12,828
Housing costs	11,596	8,483
Office costs	7,937	6,974
Miscellaneous operating expenses	25,537	11,008
Total other operating expenses	**219,729**	**182,750**

29. Company - Other financial results

Other financial results	2023	2022
Exchange gains/(losses) (Note 6.1)	8,537	(19,440)
Fair value re-measurement of financial instruments:		
Derivative liabilities (Note 6.2)	33,600	46,700
Other financial assets at FVPL (Note 6.3)	3,210	(153)
Total other financial results	**45,347**	**27,107**

29.1. Exchange gains/(losses)

The exchange gains (losses) recognized during the year relates to realized and unrealized translation losses on monetary assets and liabilities. The exchange gains during 2023 mainly relate to Adyen's foreign-denominated cash balances. The change in fair value of the derivative liabilities 2023, was mainly driven by the revision of the valuation inputs related to time to maturity and likelihood of vesting as well as Adyen's share price decrease over the period. More information on the valuation of the derivative liabilities is disclosed in Note 11 'Financial instruments' of the Consolidated Financial Statements.

30. Company - Plant and equipment

Plant and equipment	Computer Hardware and Software	Leasehold Improvements	Other	Total
2022				
Cost	75,138	10,916	2,633	88,687
Accumulated depreciation	(32,435)	(3,088)	(1,094)	(36,617)
Balance - January 1	**42,703**	**7,828**	**1,539**	**52,070**
Additions	68,994	12,901	1,204	83,099
Disposals	(100)	—	—	(100)
Depreciation for the year	(17,666)	(3,464)	(595)	(21,725)
Other changes (e.g. exchange differences)	80	89	83	252
Balance - December 31	**94,011**	**17,354**	**2,231**	**113,596**
2023				
Cost	142,791	25,030	4,314	172,135
Accumulated depreciation	(48,780)	(7,676)	(2,083)	(58,539)
Balance - January 1	**94,011**	**17,354**	**2,231**	**113,596**
Additions	46,008	4,100	1,581	51,689
Disposals	(1,094)	—	—	(1,094)
Depreciation for the year	(30,924)	(4,534)	(725)	(36,183)
Other changes (e.g. exchange differences)	(116)	(648)	(199)	(963)
Balance - December 31	**107,885**	**16,272**	**2,888**	**127,045**
Cost	167,828	29,017	5,850	202,695
Accumulated depreciation	(59,943)	(12,745)	(2,962)	(75,650)
Balance - December 31	**107,885**	**16,272**	**2,888**	**127,045**

31. Company – Leases

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

Accounting policy – Leases

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

The lease liability is initially measured by bringing to present value all future lease payments, discounted by an incremental borrowing rate, in case no interest rate is available for the contract.

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

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

Right-of-use assets	2023	2022
Offices and data centers		
Cost	203,727	133,908
Accumulated depreciation	(50,398)	(23,304)
Balance - January 1	**153,329**	**110,604**
Additions	40,601	62,745
Depreciation for the period	(24,910)	(19,771)
Other movements	(1,173)	(249)
Balance - December 31	**167,847**	**153,329**
Recognized right-of-use asset	240,831	203,727
Accumulated depreciation	(72,984)	(50,398)
Balance - December 31	**167,847**	**153,329**

Lease liability	2023	2022
Balance - January 1	**173,720**	**123,882**
Additions	40,601	62,745
Lease instalments	(28,063)	(15,672)
Interest expense	3,733	2,765
Other movements (e.g. exchange differences)	(802)	—
Balance - December 31	**189,189**	**173,720**
Current portion	38,717	23,442
Non-current portion	150,472	150,278

As of December 31, the future minimum lease payments are as follows:

Minimum future lease payments	2023	2022
Within 1 year	34,572	24,107
Between 1 and 2 years	35,486	25,981
Between 2 and 3 years	32,631	26,122
Between 3 and 4 years	27,178	22,987
Between 4 and 5 years	18,265	20,247
Later than 5 years	56,433	45,750
Total	**204,565**	**165,194**

32. 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 recognized 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 company statement of comprehensive income and its share of movements in other comprehensive income is recognized in other comprehensive income.

Investments are reviewed for impairment at least annually or whenever events or circumstances indicate that the carrying amount may not be recoverable.

Investments in consolidated subsidiaries on equity method	2023	2022
Balance - January 1	**115,030**	**212,318**
Investments in consolidated subsidiaries	4,794	27,174
Liquidation of Adyen Inc.	—	(141,658)
Share of the profit of investments in subsidiaries	39,234	21,351
Currency translation adjustments foreign operations	790	(1,326)
Share of changes in equity of investments in subsidiaries	(355)	(2,829)
Balance - December 31	**159,493**	**115,030**

During 2023, the main driver of the changes in investments balance related to Adyen's share of profit of investments in subsidiaries.

As a result of Adyen N.V. obtaining the UK branch license, the net assets of Adyen UK Limited were transferred at their carrying amounts to the newly set-up branch of Adyen N.V. in United Kingdom effective 31 December, 2023.

Adyen N.V. – Subsidiaries

Name	Legal Seat	Ownership percentage
Adyen International B.V.	Amsterdam, The Netherlands	100%

Adyen N.V. – Branches

Name	Branch location
Adyen N.V., German branch	Berlin, Germany
Adyen, France	Paris, France
Adyen Nordic Filial	Stockholm, Sweden
Adyen, San Francisco branch	San Francisco, CA, USA
Adyen, London branch	London, United Kingdom

Adyen N.V. – Representative offices

Name	Branch location
Adyen N.V., Belgian Rep Office	Brussels, Belgium
Adyen N.V., Italian Rep Office	Rome, Italy
Adyen N.V., Spanish Rep Office	Madrid, Spain
Adyen N.V., Polish Rep Office	Warsaw, Poland
Adyen, Czech Representative Office	Prague, Czech Republic

Adyen International B.V. – Subsidiaries

Name	Legal Seat	Direct and indirect ownership percentage
Adyen Services Inc.	Dover, DE, USA	100%
Adyen do Brazil Ltda	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 Mexico, S.A. de C.V.	Mexico City, Mexico	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 India Technology Services Private Limited	Mumbai, India	100%
Adyen India Tech Hub Pvt. Ltd.	Mumbai, India	100%
Adyen Japan K.K.	Tokyo, Japan	100%
Adyen MEA FZ-LLC	Dubai, United Arab Emirates	100%
Adyen Middle East Limited	Dubai, United Arab Emirates	100%

33. Company – Trade, other receivables, and receivables from merchants and financial institutions

Receivables fall due in less than one year except for deposits transferred to financial institutions.

Trade and other receivables	2023	2022
Trade and other receivables	428,628	245,025
Less: Allowance for expected credit losses	(8,330)	(3,395)
Trade receivables - Net	**420,298**	**241,630**
Receivables from Merchants and Financial Institutions	361,834	222,009
Total	**782,132**	**463,639**

In 2023, EUR 323,859 (2022: EUR 166,447) related to receivables from group companies. Intercompany receivables and payables fall within the scope of IFRS 9 'Financial Instruments'. The outstanding amounts as per December 31, 2023 and 2022 relate to transactions linked to the usage of Adyen platform which took place throughout the year at arm's length conditions. Considering the maturity of the intercompany balances and the financial position of the Adyen group, the credit risk is considered not significant. As a result, the impact of expected credit losses on intercompany balances is not significant.

34. Shareholders' equity

Refer to the company statement of changes in equity for the movements in shareholders' equity.

The total of distributable reserves amounts to EUR 2,278,492 (2022: EUR 1,683,101). The other reserves are restricted for distribution, which includes the legal reserves, in amount of EUR 22,582 (2022: 18,517), consisting of all exchange rate differences arising from the translation of the net investment in foreign entities and legally non-distributable in accordance with Dutch Law relating to the revaluation of balance sheet positions that require revaluation reserves.

35. Dividends paid

No dividend has been paid in the years presented.

36. Company – Trade, other payables, and payables to merchants and financial institutions

Trade and other payables	2023	2022
Trade payables	10,190	17,080
Taxes and social security	41,972	43,777
Accrued employee benefits	32,650	22,565
Accrued liabilities and other debts	39,772	29,660
Cash-settled share-based payment plan	2,773	13,192
Trade and other payables	**127,357**	**126,274**
Payables to merchants and financial institutions	5,405,278	4,336,872
Total	**5,532,635**	**4,463,146**

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 2023, EUR 48,718 (2022: EUR 38,766) related to payables to group companies.

37. Directors' remuneration

For an overview of the directors' remuneration, reference is made to Note 22 'Compensation of key management' of the Consolidated Financial Statements.

38. Audit fees

For an overview of the audit fees, reference is made to Note 21 'Audit fees' of the Consolidated Financial Statements.

39. Contingencies and commitments

Adyen has no contingent liabilities in respect to legal claims.

Adyen has EUR 50,678 of outstanding bank guarantees and letters of credit as at December 31, 2023 (2022: EUR 51,299).

Adyen N.V. and Adyen International B.V. are a fiscal unity for income tax purposes. The members of the fiscal unity are jointly and severally liable for any taxes payable by the fiscal unity.

40. Proposed profit appropriation

Awaiting the decision by the shareholders, management proposes the income for the year to be added to retained earnings in shareholder's equity.

41. Events after balance sheet date

There were no events after the reporting period that impact the 2023 consolidated and company financial statements.

Amsterdam, March 1, 2024

P.S. Overmars
Chairman Supervisory Board

D. Rueda Arroyo
Supervisory Director

J.A.J. van Beurden
Supervisory Director

P.A. Joseph
Supervisory Director

C.T. Keogan
Supervisory Director

P.W. van der Does
Co-CEO

I.J. Uytdehaage
Co-CEO

E.L. Tandowsky
CFO

R. Prins
CCO

M.B. Swart
CRCO

A. Matthey
CTO

B. A. Nayden
CHRO

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Other Information

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

Please refer to the next page.

Contact

Please contact ir@adyen.com in case of any questions regarding this Annual Report.

Independent auditor's report

To: the general meeting and the supervisory board of Adyen N.V.

Report on the audit of the financial statements 2023

Our opinion

In our opinion:

- the consolidated financial statements of Adyen N.V. together with its subsidiaries ('the Group' or 'Adyen') give a true and fair view of the financial position of the Group as at 31 December 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Adyen N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023 of Adyen N.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands
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The consolidated financial statements comprise:
- the consolidated balance sheet as at 31 December 2023;
- the following statements for 2023: the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:
- the company balance sheet as at 31 December 2023;
- the following statements for 2023: the company statement of comprehensive income, changes in equity and cash flows; and
- the notes to the company financial statements, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework 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 for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards 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.

Independence

We are independent of Adyen N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (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 regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, our audit approach on fraud risks and our audit approach on going concern were addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

Adyen is a financial technology company that provides payment services on a global scale and holds banking licenses in the Netherlands, the United States and the United Kingdom. The Group is comprised of several subsidiaries, branches, and representative offices, which are managed centrally based on group-wide control activities and a centralised financial administration. We considered these factors in our group audit scope and approach as set out in the section 'The scope of our group audit'.

The financial year 2023 was characterised by continued growth in processed volumes, leading to increased processing fees and acquiring mark-up (see Note 2 to the consolidated financial statements), and further increase of income before income taxes. Adyen continued to invest in their medium to long-term growth strategy through further additions to their data centres (see note 14 to the consolidated financial statements) and by concluding their two-year project to scale the global team, reaching a headcount of 4,196 FTE at year-end (see Note 3 to the consolidated financial statements).

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered areas where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, among others, the assumptions underlying the physical and transition risk related to climate change.

Adyen assessed the possible effects of climate change and the defined strategic objectives within the areas of Environmental, Social and Governance (ESG) on its financial position; please refer to the section 'Sustainability risk' within the management report of the financial statements. We discussed Adyen's assessment and governance thereof with the management board and the supervisory board and evaluated the potential impact on the financial position including underlying assumptions and estimates. The Company considered, among others, physical risks, such as those associated with water scarcity, flooding and weather events, as well as transitional risks that can lead to changes in technology, market dynamics and regulations.

The Group does not hold assets or liabilities on its balance sheet that have an inherently high exposure to physical climate risk. The expected effects of climate change are therefore not considered to be a key audit matter.

Another area of focus that is not considered to be a key audit matter, was the judgement applied by management in determining that the Group acts as an agent in relation to passthrough settlement fees, following a change in the general terms and conditions (refer to note 2 to the consolidated financial statements). This resulted in a prospective accounting change whereby costs for services from financial institutions, for which the Group has no performance obligation, are presented on a net basis. We evaluated management's underlying assessment of the relevant articles in IFRS15, which supported their conclusion that as of 2023 the Group acts as an agent for these fees. We evaluated the design and implementation of the relevant internal controls ensuring the proper classification of interchange and payment network fees (which is part of settlement fees). We have reconciled the revenue from the fees passed on to merchants to the actual fees incurred from third-party financial institutions (costs from financial institutions) and tested reconciling items to support the net presentation in the financial statements. Based on these procedures, we concur with the judgement as applied by management.

We ensured that the audit team at group level included the appropriate skills and competences, which are needed for the audit of a global payment service provider. We therefore included experts and specialists in the areas of among others IT, corporate income tax, value-added tax, transfer pricing and forensic auditing in our team.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: €47.1 million (2022: €32 million).

Audit scope

- We conducted audit work in the Netherlands. All locations around the globe were in scope of our audit performed.
- Audit coverage: 100% of consolidated revenue, 100% of consolidated total assets and 100% of consolidated profit before tax.

Key audit matters

- Design and effectiveness of IT General Controls.
- Risk of overstatement of revenue.

Materiality

The scope of our audit was 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 judgement 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.

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Overall group materiality	€47,100,000 (2022: €32,000,000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 5% of income before income taxes.
Rationale for benchmark applied	We used income before income taxes as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that that income before income taxes is the most relevant metric for the financial performance of the Group and it is widely used within the industry. In determining our materiality, we have used the actual income before income taxes for the year, contrary to prior years in which we annualized the income before income taxes per the interim condensed consolidated financial statements. Based on the continued growth, we believe the annualized interim results are no longer reflective of the size of the Group. If we would have used annualized income before income taxes, our materiality would have been 3.96% of income before income taxes. In prior years, we also adjusted for the revaluation of derivative liabilities, given the magnitude of its impact on the materiality and the contrary development of the revaluation and company performance (share price increase leading to an increase of the valuation of the derivative liability and vice versa). We note that we no longer adjust for this effect, due to the decreased magnitude of the revaluation in comparison to the income before income taxes and company performance.
Component materiality	The Group manages, records and controls transactions and operations centrally, in Amsterdam. Therefore, we were able to audit all transactions and operations as a central team in Amsterdam. We consider all activities (regardless of the legal subsidiaries in which transactions are recorded) to be part of one component, which is the financial information presented in the consolidated financial statements. We, therefore, did not allocate separate component materiality.

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 any misstatement identified during our audit above €2,300,000 (2022: €1,600,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. Where misstatements solely relate to reclassifications to balance sheet, we agreed with the Supervisory Board that we would report those above €47.1 million.

The scope of our group audit

Adyen N.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 N.V.

We tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work on the financial statements to enable us to provide an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations, the accounting processes and controls, and the markets in which the Group operates.

Adyen manages and administers all transactions and operations (including control activities) centrally in Amsterdam. We, therefore, consider all activities (regardless of the legal subsidiaries in which transactions are recorded) to be part of one component, which is the financial information presented in the consolidated financial statements (for the group as a whole). Note that, in order to obtain sufficient audit evidence that Adyen complies (in material aspects) with (tax) laws and regulations around the globe, we engaged with tax experts (within our network firm) around the globe. In total, in performing these procedures, we achieved the following coverage on the financial line items:

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	100%
Total assets	100%
Income before income taxes	100%

The group engagement team thus performed the audit work for all group entities. By adopting this approach and performing the procedures, 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.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Adyen and its environment and the components of the internal control system. This included the management board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to section 'Internal & External Fraud' of the management report for management's fraud risk assessment and section 'Report of the Audit and Risk Committee' of the supervisory board report in which the supervisory board reflects on this fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the compliance policy, whistle-blower procedures, incident registration, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board, the supervisory board, internal audit department, compliance department and corporate risk department whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated, in close cooperation with our forensic specialists, fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	***Our audit work and observations***
The risk of management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • estimates; and • significant transactions, if any, that are outside the normal course of business for the Group.	We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries. We also paid specific attention to the access safeguards in the ERP system and the possibility that these lead to violations of the segregation of duties. We performed our audit procedures primarily substantive based. We selected journal entries based on risk criteria and conducted specific audit procedures for these entries. These procedures include, among others, inspection of the entries to source documentation. We did not identify any significant transactions outside the normal course of business.

Identified fraud risks	*Our audit work and observations*
	We also performed specific audit procedures related to important estimates of management, including the recoverability of the deferred tax assets. We specifically paid attention to the inherent risk of management bias in estimates. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.
The risk of fraudulent financial reporting due to overstating revenue As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue are subject to a risk of fraudulent financial reporting due to overstating revenue. Revenue growth is an important key financial indicator for management of the Group. This is also an important benchmark for shareholders and possible investors. Management has incentives to present a (significant) revenue growth. The fraud risk relates specifically to the occurrence of the revenue. Given the nature of Adyen's business as a payment service provider, it is key to obtain sufficient evidence over the occurrence of transactions in the payment flow.	We evaluated the design and implementation of the internal control system and assessed the effectiveness of relevant controls in the processes related to revenue recognition. We performed specific audit procedures to validate the occurrence of transactions on a substantive basis. We requested and acquired a confirmation from third-party banks for all cash balances held at the end of the reporting period. We reconciled the transactions of the global payments' platform to the financial administration and tested manual entries that are present in the reconciliation. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the occurrence of the reported revenue. We refer to our description of the audit procedures in relation to our key audit matter 'risk of overstatement of revenue' as included in the section 'key audit matters'.

We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

As disclosed in the 'Statement by the Management Board' in the management report, the management board performed their assessment of the Group's ability to continue as a going concern for at least twelve months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the Group's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the management board's going-concern assessment included, among others:

- considering whether the management board's going-concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the management board regarding the management board's most important assumptions underlying its going-concern assessment.
- analysing the capital and liquidity position of the Group and comparing these positions towards the minimum (regulatory) required capital and liquidity.
- evaluating management's current budget compared to last year, developments in the industry, development of contract portfolio and all relevant information, such as compliance reports, incident reports and forecasts of which we are aware as a result of our audit;
- scanning of publicly available information, such as news articles, which might indicate events or circumstances that may lead to a going-concern risk; and
- performing inquiries with the management board regarding their knowledge of going-concern risks beyond the period of the management board's assessment.

Our procedures did not result in outcomes contrary to the management board's assumptions and judgements used in the application of the going-concern assumption.

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 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 have remained unchanged compared to prior year, due to the medium to long-term strategy implemented by the Group. Hence, based on the stable operations and business activities of the Group, we deem that the previously determined key audit matters remain relevant.

Key audit matter	***Our audit work and observations***
Design and effectiveness of IT General Controls The design and operating effectiveness of IT General Controls is of significance to the Group. The financial accounting and reporting of the Group are largely dependent on the Group's payment platform, since the most significant line items in the balance sheet (cash and cash equivalents, receivables from financial institutions and payables to merchants) and the statement of comprehensive income (revenues and costs incurred from financial institutions) are recorded on the payment platform. In particular, the adequate design and operating effectiveness of the payment platform and relevant IT General Controls are significant for the accurate and complete processing of occurred transactions. Based on the above considerations, we considered IT General Controls to be a key audit matter in our audit.	Our audit work included, among others, understanding, evaluating, and testing the IT General Controls relevant to our audit on a quarterly basis, with the assistance of our IT auditors. These comprised of the following key audit activities at group level: • *Computer operations ensuring reliability of IT systems:* We tested the design and operating effectiveness of controls, which were implemented to ensure that backup and recovery processes have been established by the Group and that local backups (per individual datacenter) were made and stored cross-datacenter. Our test results demonstrated that production data was replicated across the individual datacenters. • *Access to programs and data:* We tested the design and operating effectiveness of controls, which were implemented to ensure that logical access to programs and data was limited to authorised personnel.

Key audit matter	*Our audit work and observations*
	We verified that the Group implemented controls to ensure, among others, the complete and accurate processing of user rights of joiners, movers and leavers, the periodic review of user accounts, the review of database actions and limitation of superuser and administrator accounts throughout the application, database, and network. We verified that the implemented password policy and security configurations ensure access as allowed. • *Program changes:* We tested the design and operating effectiveness of relevant controls, which were implemented to ensure that changes to application programs were adequately tested, peer reviewed and approved (both manual and automated) and documented prior to migration into production. Development, testing and production environments are segregated for changes to applications. • *Program development:* We tested the design and operating effectiveness of relevant controls to ensure data is properly migrated/converted and new system implementations and/or enhancements are adequately tested and authorised. • *Cybersecurity:* We obtained an understanding of the Group's approach to enhancing cybersecurity and evaluated the design and effectiveness of related internal control measures. We focused on the areas to the extent relevant for the purpose of our audit of the financial statements. We concluded that we could rely on the IT General Controls of the Group for the purpose of our audit.

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Risk of overstatement of revenue

Revenue is disclosed in note 2 to the consolidated financial statements

The Group's services operate on the payment platform. Independent of whether payments are submitted online, by mobile or through point-of-sale terminals, there is one integrated platform on which transactions are being recorded. 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 Group generated, related to processing fees, settlement fees, sales of goods and fees for other services in connection with processed payments. For this purpose, the Group agreed a price with the customer per transaction or based on transaction amount and by type of activity.

The Group recognised growth in revenue over the previous years. For the long term, as well as for the next three years, management expects further growth of (the sum of) revenue (less costs incurred from financial institutions and costs of goods sold).

We deem revenue to be a key financial indicator on which the performance of management is measured by stakeholders in the Group. Based on these facts and circumstances and our fraud risk assessment as mentioned in the section 'Audit approach fraud risks', we considered the significant risk of overstatement of revenue (relating to the risk of overstatement and occurrence of revenues) to be a key audit matter in our audit.

Our audit work included, among others, an evaluation of management's design and testing the operating effectiveness of controls that mitigate the risk of overstatement of revenue within the payment platform:

- Standing data maintenance covering the accuracy of customer contracts.
- Transactions initially processed follow a pre-defined workflow and preventing duplicate processing.
- Transaction handling relating to automated capturing and authorisation of payments.
- Automated settlement for matching of bank statements and collecting and matching refunds and chargebacks.
- Payment pay-out process covering the automated generating, processing, and authorisation of pay-out batches.
- Automated process for invoicing to customers.

Based on our audit procedures, we determined that we could rely on these controls for the purpose of our audit.

In addition to testing the design and 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 a sample basis, we tested the accuracy of contractual rates captured in the payment system by comparing these with signed customer agreements.
- On a sample basis, we inspected the signed customer agreement and proof of delivery for sales of goods.
- We independently obtained and requested bank confirmations.
- We performed data-analytical procedures on revenue transactions, as processed by the payment platform, during the year.

Key audit matter	Our audit work and observations
	• We reconciled revenue as reported in the financial statements to the payments platform and tested reconciling items identified in this process. • We performed subsequent receipts testing for receivables related to the revenue process. We did not identify material exceptions and we found management's revenue recognition in the financial statements to be supported by the available evidence.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

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; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the 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 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were re-appointed as auditors of Adyen N.V. on 11 May 2023 during the Annual General Meeting. We were initially appointed as the external auditor of Adyen B.V. during 2009. The Company became a public-interest entity ('PIE') in April 2017, after obtaining a banking license. The audit of the 2023 financial statements, therefore, represents the seventh year of uninterrupted engagement appointment as external auditor of Adyen N.V. since becoming a PIE in the European Union.

European Single Electronic Format (ESEF)

Adyen N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the marked-up consolidated financial statements as included in the reporting package by Adyen N.V., complies in all material respects with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included among others:

- Obtaining an understanding of the Company's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

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 or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 21 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

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 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 and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered 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, 1 March 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.D. Jansen RA

Appendix to our auditor's report on the financial statements 2023 of Adyen N.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 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 controls 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 management board.
- Concluding on the appropriateness of the management board'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 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. 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 actions taken to eliminate threats or safeguards applied.

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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Glossary

Adyen Giving

Adyen Giving (also referred to as ‘Giving’) is Adyen’s initiative to help drive consumer donations for nonprofits by enabling those nonprofits to incorporate donation technology into our customers’ payment flows. By absorbing fees that would otherwise dilute the donation along the way, we ensure that 100% of contributions reach the intended nonprofits.

Contingent workers

Workers hired on a temporary or fixed-term contract basis, including consultants, contractors, students (NextGens and temporary workers), and interns.

Global Leadership Team (GLT)

A group of senior individuals, reporting into the Management Board, responsible for managing and driving a particular area of the business. By developing and executing the strategy across our commercial pillars, solutions, functions, and regions, they ensure that their respective departments contribute to achieving Adyen’s business objectives. This group is also referenced as ‘senior leadership’ or ‘subtop’ throughout this report.

Job Family Group

A categorization system used to classify employees based on their functional roles, covering Tech, Commercial and Staff positions. The allocation of each category is predetermined by Adyen’s Human Resource team and the distribution is decided by the Management Board.

Nonprofits

The term nonprofits is used to refer to all charities, nonprofit organizations and non-governmental organizations (NGOs) that Adyen works with. These are organizations that operate for purposes other than profit, focusing instead on serving the public through activities such as humanitarian aid, education, healthcare, and advocacy. They primarily rely on donations, grants, and membership fees for funding.

Number of nonprofits available in the platform

This metric refers to the number of nonprofits onboarded to the platform by the end of the reporting year. Its breadth reflects the wide range of causes supported through Giving.

Number of merchants processing through Giving

This metric refers to the total number of (active) customers that have processed donations through Adyen Giving during the reporting year. The more customers that activate Giving, the more consumers can opt to make a donation with their purchase.

Participation rate of Compliance refresher training

The metric refers to the total of employees that completed our Compliance training. The training highlights the importance of various compliance topics, as well as the (financially) material risks associated with them, for information processing companies or financial institutions. All new joiners are mandated to complete this training upon their starting date. A refresher training was launched to the workforce in November 2023.

Participation rate of Culture & Inclusion survey

This metric refers to the total numbers of employees that completed our annual Culture & Inclusion survey.

Participation rate of Data Privacy & Security refresher training

The metric refers to the total number of employees that completed our Data Privacy & Security training, which covers the (financially) material risks of data privacy and information security for information processing companies or financial institutions. The refresher training was launched to the workforce in October 2023.

Participation rate of Life at a Public Company training

The metric refers to the total number of employees that completed our Life at a Public Company training, which details what it means to work for a publicly traded company and highlights insider trading as having a material financial impact on people and the financial system. The training was launched to the workforce in 2022.

Team Leads

Individuals with one or more employees directly reporting to them.

GRI Index

In the following table, we make reference to where in this report we disclose our environmental, social and governance (ESG) programs, policies and metrics. These disclosures are reported in reference to the voluntary reporting framework: The Global Reporting Initiative (GRI) standards. As per GRI 1 Foundation 2021, the Adyen 2023 Annual Report references the below disclosures either in part or in full. For the management of material topics as per Disclosure 3-3 of the GRI 1 Foundation 2021, please refer to the 'Steering our business responsibly' section on page 15. Reference to page numbers and additional notes, where necessary, have also been included in the table below. As we prepare to become compliant with CSRD, we will continue to evaluate opportunities for future reporting enhancement.

The organization and its reporting practices			
Disclosure	**Description**	**Location in report**	**Section page Ref.**
2-1-a	Legal name of the organization	Notes to the consolidated Financial Statements	108
2-1-b	Nature of ownership and legal form	Notes to the consolidated Financial Statements	108
2-1-c	Location of headquarters	Notes to the consolidated Financial Statements	108
2-1-d	Countries of operations	Notes to the consolidated Financial Statements	108
2-2-a	Entities included in the organization's sustainability reporting	Notes to the consolidated Financial Statements	108
2-3	Reporting period, frequency and contact point	Other information (ir@adyen.com)	161
2-5	External assurance	Independent Auditor's report	163

Activities and workers			
Disclosure	**Description**	**Location in report**	**Section page Ref.**
2-7-a	Total number of employees, breakdown by gender and region	People & Culture	29

Governance			
Disclosure	**Description**	**Location in report**	**Section page Ref.**
2-9	Governance structure and composition	Corporate governance	72
2-10-a	Nomination and selection of the highest governance body	Corporate governance	72
2-11-a	Chair of the highest governance body	Corporate governance	72
2-12-a	Role of the highest governance body in overseeing the management of impacts	ESG governance & oversight	17
2-13	Delegation of responsibility of managing impacts	ESG governance & oversight	17
2-14-a	Role of the highest governance body in sustainability reporting	ESG governance & oversight	17
2-15-b	Conflict of interest	Corporate governance	72
2-19	Remuneration policies	Remuneration report	90
2-20	Process to determine remuneration	Remuneration report	90
2-21	Annual total compensation ratio	Remuneration report	90

Strategy, policies, and practices			
Disclosure	**Description**	**Location in report**	**Section page Ref.**
2-22	Statement on sustainable development strategy	Committed to driving positive change	18
2-23-a-iv	Policy commitments	Responsible conduct	41
2-24	Embedding policy commitments	Responsible conduct	41

Stakeholder engagement			
Disclosure	**Description**	**Location in report**	**Section page Ref.**
2-29	Approach to stakeholder engagement	Corporate governance	72
2-29	Approach to stakeholder engagement	ESG governance & oversight	17

Anti-corruption			
Disclosure	**Description**	**Location in report**	**Section page Ref.**
205-2-b to e	Communication and training about anti-corruption policies and procedures	Information security & data privacy	49

Tax			
Disclosure	**Description**	**Location in report**	**Section page Ref.**
207-1	Approach to tax	Tax	53
207-2	Tax governance, control, and risk management	Tax	53
207-3	Stakeholder engagement and management of concerns related to tax	Tax	53
207-4-a	Country-by-country reporting	Tax	53

Emissions			
Disclosure	**Description**	**Location in report**	**Section page Ref.**
302-3	Energy intensity	Environmental sustainability	42
305-1	Direct (Scope 1) GHG emissions	Environmental sustainability	42
305-2	Energy indirect (Scope 2) GHG emissions	Environmental sustainability	42
305-3	Other indirect (Scope 3) GHG emissions	Environmental sustainability	42

Employment			
Disclosure	**Description**	**Location in report**	**Section page Ref.**
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment & benefits	40

Training and education			
Disclosure	**Description**	**Location in report**	**Section page Ref.**
404-2-a	Type and scope of programs implemented and assistance provided to upgrade employee skills	People & culture	29

Diversity and equal opportunity			
Disclosure	**Description**	**Location in report**	**Section page Ref.**
405-1	Diversity of governance bodies and employees	Corporate governance	72
405-1	Diversity of governance bodies and employees	People & culture	29

Customer privacy			
Disclosure	**Description**	**Location in report**	**Section page Ref.**
418-1-c	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information security & data privacy	49

EU Taxonomy Report

Adyen is required to report on its environmentally sustainable economic activities in line with EU taxonomy regulation (the “EU taxonomy” or “Taxonomy”) (Regulation (EU) 2020/852). The EU taxonomy was introduced to provide a common classification system for sustainable economic activities in support of the action plan on financial sustainable growth and EU’s climate and energy targets for 2030.

As a credit institution, from January 1, 2023 to December 31, 2023, Adyen is required to report on certain KPIs, including the following:

- The proportion of total assets of exposures to Taxonomy non-eligible and Taxonomy-eligible economic activities;
- Green Asset Ratio (GAR) which is a key measure of the proportion of Adyen’s exposures that are aligned with the EU Taxonomy.
- Exposure to companies that do not fall under the scope of the Non-Financial Reporting Directive (Directive 2014/95/EU).
- Additional information on how Adyen assesses and classifies the economic activities under the Taxonomy of its exposures, including any methodologies used and any forward-looking information on the strategy for aligning with the Taxonomy's objectives.

As at 31 December 2023, Adyen is required to disclose on the Taxonomy eligibility and alignment of its exposures. Eligibility is determined by identifying whether an activity falls within the scope of the Taxonomy regulation for screening. Alignment is determined by testing eligible activities against the Technical Screening Criteria set by the EU Taxonomy to determine their compliance with environmental objectives, ensuring the activity does not do significant harm to any other environmental objective (while safeguarding minimum standards). The methodology for the computation of the Key Performance Indicators (KPIs), including the Green Asset Ratio (GAR), is driven by the Regulation (EU) 2021/451 Financial Reporting (FinRep) framework to ensure coherence between the financial information presented in the annual report and the Taxonomy KPIs. Exposures are expressed in terms of the carrying amount, with the reference date being 31 December 2023.

Adyen performed the initial step of identifying taxonomy-eligible exposures across all six environmental objectives, following the availability of the Technical Screening Criteria for each objective. The areas of assessment in the prior year focussed solely on climate change mitigation and adaptation, as these were the areas for which the Technical Screening Criteria were available at the time. Eligible activities from 2023 also include the remaining environmental objectives set by the EU. This process involves Adyen identifying in-scope counterparty exposures (i.e. loans and advances (trade receivables and receivables from merchants and financial institutions) and equity holdings with financial and non-financial undertakings that fall within the scope of the Non-Financial Reporting Directive (NFRD)) as at 31 December 2023, and assessing the eligibility using the NACE industry codes as stated in the Climate and Environmental Delegated Acts as published by the European Commission, which provides guidance on the industries/ activities within the scope of the Taxonomy’s eligibility. For counterparties already in scope of mandatory reporting, we will use EU Taxonomy data provided by them for mandatory reporting when available.

Upon determining the eligibility of these exposures, Adyen performs the alignment analysis by using publicly available information from non-financial NFRD corporations, to identify the turnover and CapEx KPIs of underlying assets (where use of proceeds related to the exposure is unknown), which is applied to the exposure of the counterparty to determine the numerator of the Green Asset Ratio (GAR). In relation to the alignment exercise, given that the publicly available information of the corporations can only include objectives 1 and 2, Adyen has assessed alignment this year for objectives 1 and 2. Alignment for objectives 3 to 6 will be assessed in the 2024 financial year when information becomes publicly available.

Following this alignment analysis, Adyen calculates its Green Asset Ratio (GAR), a measure indicating the proportion of taxonomy-aligned exposures within the company's total exposure (Total GAR assets). This calculation provides a quantifiable insight into how Adyen's financial activities align with the EU's objectives. Refer to the summary table in the following page.

Quantitative information

Based on the Disclosures Delegated Act Article 10, Adyen initiated its 2023 assessment using data from its Q4 2023 Financial Reporting (FinRep) as the basis to identify the necessary Key Performance Indicators (KPIs). The metrics for the EU Taxonomy report have been derived using a best-effort approach, utilizing the most relevant and available data. To comply with the requirements set forth in the Delegated Act Article 10, Adyen used the templates that are included in the Annexes of the Delegated Act for the KPI disclosure of credit institutions. The percentage of coverage represents the proportion of each KPI in relation to the total GAR-covered assets.

Sections 1.2.3 and 1.2.4 of Annex V of the Delegated Act, which relate to KPI on fees and commissions income and KPI Trading book portfolio templates respectively shall apply to Adyen from 1 January 2026.

0. Summary of KPIs

		Total environmentally sustainable assets	KPI [1]	KPI [2]	% coverage (over total assets) [3]	% of assets excluded from the numerator of the GAR (Article 7.2 and 7.3 and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7.1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	—	—%	—%	2.58%	97.42%	61.28%

		Total environmentally sustainable assets	KPI [1]	KPI [2]	% coverage (over total assets) [3]	% of assets excluded from the numerator of the GAR (Article 7.2 and 7.3 and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7.1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	—	—%	—%	—%	—%	—%
	Trading book [4]	—					
	Financial guarantees	—					
	Assets under management	—					
	Fees and commissions income [4]	—					

1. Based on the Turnover KPI of the counterparty
2. Based on the CapEx KPI of the counterparty
3. % of assets covered by the KPI over banks' total assets
4. Fees and Commissions and Trading Book KPIs shall only apply starting 2026

Qualitative information

As per Annex XI of the EU Taxonomy delegated Act, a number of qualitative disclosures to support the quantitative disclosure are included. Below is a breakdown of what is included in the covered KPIs. The definitions are aligned to the requirements of the delegated Acts and defined further below.

Scope of the assets covered by the KPIs

- GAR-covered assets: include Adyen's loans and advances (trade receivables and receivables from merchants and financial institutions) and equity holdings with financial and non-financial undertakings that fall within the scope of the Non-Financial Reporting Directive (NFRD) as at 31 December 2023 excluding exposures to central governments and central banks.
- Total exposures to non-NFRD Companies: exposures toward companies that do not fall within the scope of NFRD such as SMEs, non-EU country counterparties, and other non-financial companies that fall out of scope of the NFRD.
- Other assets: include cash held at commercial banks, plant and equipment, intangible assets, right-of-use assets and all other assets included in 'GAR-covered assets' excluding loans and advances, equity holdings and exposures toward central banks and governments.
- Total exposures to central governments, central banks and supranational issuers: includes exposures toward central banks. For Adyen, this includes cash held at central banks in the various jurisdictions in which the Company operates in.
- Total assets as per Balance Sheet: Total loans and advances, debt securities, equity holdings and repossessed collaterals and all other on-balance sheet assets as at 31 December 2023.

There are certain balance sheet items which Adyen does not have exposure to, which includes derivatives, trading portfolio and on demand inter-bank loans, which have been reported as nil values in the KPI templates.

As at December 31, 2023, based on the data available, Adyen only holds exposures of EUR 2.7 million toward taxonomy-eligible activities, and no exposure toward aligned activities. This results in a nil % for total GAR for 2023. Adyen generates revenue primarily through processing and settlement fees for its gateway and acquiring services (respectively). Due to the nature of Adyen's business strategy, Adyen is currently not involved in investing or financing specific activities, as well as a large portion of exposures falling out of scope of the EU Taxonomy based on the location of exposure (due to Adyen's global operations). Furthermore, the majority of Adyen's balance sheet has a maturity of less than three months, both on the asset and on the liability side. Merchant-related balance sheet positions have an even shorter maturity. Longer-dated positions are typically immaterial, such as lease liabilities. A more thorough breakdown of Adyen's loans and advances and their maturity is included in the Transparency and Disclosure Report - Pillar 3. Adyen continues to monitor the regulation and update disclosures, business strategy and product.

Data sources and limitation

The total assets that should be assessed for eligibility and alignment include exposures to financial and non-financial corporations which fall under the scope of NFRD. In order to identify which companies fall within the scope of NFRD, an indicator at the level of the counterparty should be identified. While a regional identifier exists helping to scope out all non-EU exposures, Adyen currently does not have a single indicator to identify all counterparties subjected to the NFRD regulation, making it a challenge to distinguish between the type of undertakings.

Adyen is reliant on counterparty information and disclosures made available. Limitations on publicly available disclosures makes it difficult to determine eligibility and alignment of its exposures. Furthermore, the use of NACE codes may limit the eligibility and alignment assessment where the activities of the counterparties extend further than the indicated NACE code. This may lead to underestimating or overestimating the activities for eligibility and alignment.

Adyen will continue its focus on improvements to its data quality and availability on its exposures.

1. Assets for the calculation of GAR - 2023

(all amounts are in EUR thousands unless otherwise stated)

in EUR Millions	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular Economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR-covered assets (in both numerator and denominator)																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	246.83	0.14	–	–	–	–	0.14	–	–	–	–	–	–	–	2.43	–	–	–	–	–	–	–	–	–	–	–	2.70	–	–	–	–
Financial undertakings	**232.54**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Credit institutions	33.02	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances	18.20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity instruments	14.82	–	–		–	–	–	–		–	–	–		–	–	–	–	–	–	–		–	–	–		–	–	–		–	–
Other financial corporations	199.52	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–	–	–	–	–		–	–	–		–	–	–		–	–
of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–	–	–	–	–		–	–	–		–	–	–		–	–
of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–	–	–	–	–		–	–	–		–	–	–		–	–
Non-financial undertakings	**14.29**	**0.14**	**–**	**–**	**–**	**–**	**0.14**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2.43**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2.70**	**–**	**–**	**–**	**–**
Loans and advances	14.29	0.14	–	–	–	–	0.14	–	–	–	–	–	–	–	2.43	–	–	–	–	–	–	–	–	–	–	–	2.70	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–	–	–	–	–		–	–	–		–	–	–		–	–
Households	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**					**–**	**–**	**–**	**–**									**–**	**–**	**–**	**–**	**–**
of which loans collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–					–	–	–	–									–	–	–	–	–
of which building renovation loans	–	–	–	–	–	–	–	–	–	–					–	–	–	–									–	–	–	–	–
of which motor vehicle loans	–	–	–	–	–	–																					–	–	–	–	–
Local governments financing	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Collateral obtained by taking possession: residential and commercial immovable properties	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

in EUR Millions	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular Economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Assets excluded from the numerator for GAR calculation (covered in the denominator)																															
Financial and Non-financial undertakings	**392.06**																														
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	344.76																														
Loans and advances	344.76																														
of which loans collateralised by commercial immovable property	–																														
of which building renovation loans	–																														
Debt securities	–																														
Equity instruments	–																														
Non-EU country counterparties not subject to NFRD disclosure obligations	47.31																														
Loans and advances	47.31																														
Debt securities	–																														
Equity instruments	–																														
Derivatives	**–**																														
On demand interbank loans	**–**																														
Cash and cash-related assets	**2,443.75**																														
Other categories of assets (e.g. Goodwill, commodities etc.)	**622.50**																														
Total GAR assets	**3,705.14**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Assets not covered for GAR calculation																															
Central governments and Supranational issuers	**–**																														
Central banks exposure	**5,863.23**																														
Trading book	**–**																														
Total assets	**9,568.37**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																															
Financial guarantees	50.68	22.06	–	–	–	–	22.06	–	–	–	–	–	–	–	4.86	–	–	–	–	–	–	–	–	–	–	–	48.98	–	–	–	–
Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1. Assets for the calculation of GAR - 2022

in EUR Millions	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular Economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR-covered assets (in both numerator and denominator)																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	290.04	–	–	–	–	–	0.14	–	–	–	–	–	–	–	2.43	–	–	–	–	–	–	–	–	–	–	–	2.70	–	–	–	–
Financial undertakings	**254.75**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Credit institutions	130.36	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances	118.09	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity instruments	12.26	–	–		–	–	–	–		–	–	–		–	–	–	–	–	–	–		–	–	–		–	–	–		–	–
Other financial corporations	124.39	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–	–	–	–	–		–	–	–		–	–	–		–	–
of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–	–	–	–	–		–	–	–		–	–	–		–	–
of which insurance undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–	–	–	–	–		–	–	–		–	–	–		–	–
Non-financial undertakings	**35.29**	**0.14**	–	–	–	–	**0.14**	–	–	–	–	–	–	–	**2.43**	–	–	–	–	–	–	–	–	–	–	–	**2.70**	–	–	–	–
Loans and advances	35.29	0.14	–	–	–	–	0.14	–	–	–	–	–	–	–	2.43	–	–	–	–	–	–	–	–	–	–	–	2.70	–	–	–	–
Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–	–	–	–	–	–		–	–	–		–	–	–		–	–
Households	–	–	–	–	–	–	–	–	–	–					–	–	–	–									–	–	–	–	–
of which loans collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–					–	–	–	–									–	–	–	–	–
of which building renovation loans	–	–	–	–	–	–	–	–	–	–					–	–	–	–									–	–	–	–	–
of which motor vehicle loans	–	–	–	–	–	–																					–	–	–	–	–
Local governments financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Collateral obtained by taking possession: residential and commercial immovable properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

in EUR Millions	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular Economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Assets excluded from the numerator for GAR calculation (covered in the denominator)																															
Financial and Non-financial undertakings																															
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																															
Loans and advances																															
of which loans collateralised by commercial immovable property																															
of which building renovation loans																															
Debt securities																															
Equity instruments																															
Non-EU country counterparties not subject to NFRD disclosure obligations																															
Loans and advances																															
Debt securities																															
Equity instruments																															
Derivatives																															
On demand interbank loans																															
Cash and cash-related assets																															
Other categories of assets (e.g. Goodwill, commodities etc.)																															
Total GAR assets	**3,208.81**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Assets not covered for GAR calculation																															
Central governments and Supranational issuers																															
Central banks exposure																															
Trading book																															
Total assets	**7,616.35**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																															
Financial guarantees	51.30	–	–	–	–	–	10.22	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	10.22	–	–	–	–
Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

2. GAR - Sector Information

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)
32.99 - Other manufacturing n.e.c.	0.05	—			0.05	—		
47.64 - Retail sale of sporting equipment in specialised stores	0.31	—			0.31	—		
47.71 - Retail sale of clothing in specialised stores	0.07	—			0.07	—		
47.99 - Other retail sale not in stores, stalls or markets	1.99	—			1.99	—		
49.31 - Urban and suburban passenger land transport	0.14	—			0.14	—		
55.90 - Other accommodation	0.16	—			0.16			
63.99 - Other information service activities n.e.c.	—	—			—	—		
64.19 - Other monetary intermediation	1.05	—			1.05	—		
64.92 - Other credit granting	30.29	—			30.29	—		
79.11 - Travel agency activities	11.54	—			11.54	—		
85.20 - Primary education	—	—			—			
93.29 - Other amusement and recreation activities	0.01	—			0.01	—		
96.09 - Other personal service activities n.e.c.	0.01	—			0.01	—		

Breakdown by sector - NACE 4 digits level (code and label)	Water and marine resources (WTR)TR				Circular economy (CE)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)
32.99 - Other manufacturing n.e.c.	0.05	—			0.05	—		
47.64 - Retail sale of sporting equipment in specialised stores	0.31	—			0.31	—		
47.71 - Retail sale of clothing in specialised stores	0.07	—			0.07	—		
47.99 - Other retail sale not in stores, stalls or markets	1.99	—			1.99	—		
49.31 - Urban and suburban passenger land transport	0.14	—			0.14	—		
55.90 - Other accommodation	0.16	—			0.16	—		
63.99 - Other information service activities n.e.c.	—	—			—	—		
64.19 - Other monetary intermediation	1.05	—			1.05	—		
64.92 - Other credit granting	30.29	—			30.29	—		
79.11 - Travel agency activities	11.54	—			11.54	—		
85.20 - Primary education	—	—			—	—		
93.29 - Other amusement and recreation activities	0.01	—			0.01	—		
96.09 - Other personal service activities n.e.c.	0.01	—			0.01	—		

Breakdown by sector - NACE 4 digits level (code and label)	Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)
32.99 - Other manufacturing n.e.c.	0.05	—			0.05	—		
47.64 - Retail sale of sporting equipment in specialised stores	0.31	—			0.31	—		
47.71 - Retail sale of clothing in specialised stores	0.07	—			0.07	—		
47.99 - Other retail sale not in stores, stalls or markets	1.99	—			1.99	—		
49.31 - Urban and suburban passenger land transport	0.14	—			0.14	—		
55.90 - Other accommodation	0.16	—			0.16	—		
63.99 - Other information service activities n.e.c.	—	—			—	—		
64.19 - Other monetary intermediation	1.05	—			1.05	—		
64.92 - Other credit granting	30.29	—			30.29	—		
79.11 - Travel agency activities	11.54	—			11.54	—		
85.20 - Primary education	—	—			—	—		
93.29 - Other amusement and recreation activities	0.01	—			0.01	—		
96.09 - Other personal service activities n.e.c.	0.01	—			0.01	—		

Breakdown by sector - NACE 4 digits level (code and label)	TOTAL (CCM + CCA + WMR + CE + P + BE)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount	
	Mn EUR	Of which environmentally sustainable CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable CCM + CCA + WTR + CE + PPC + BIO)
32.99 - Other manufacturing n.e.c.	0.05	—		
47.64 - Retail sale of sporting equipment in specialised stores	0.31	—		
47.71 - Retail sale of clothing in specialised stores	0.07	—		
47.99 - Other retail sale not in stores, stalls or markets	1.99	—		
49.31 - Urban and suburban passenger land transport	0.14	—		
55.90 - Other accommodation	0.16	—		
63.99 - Other information service activities n.e.c.	—	—		
64.19 - Other monetary intermediation	1.05	—		
64.92 - Other credit granting	30.29	—		
79.11 - Travel agency activities	11.54	—		
85.20 - Primary education	—	—		
93.29 - Other amusement and recreation activities	0.01	—		
96.09 - Other personal service activities n.e.c.	0.01	—		

1. Exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty

3. GAR Stock (%) - CapEx based - 2023

2023 (T)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
% (compared to total covered assets in the denominator)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	2.58%
Financial undertakings	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**2.43%**
Credit institutions	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.35%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.19%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	0.15%
Other financial corporations	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	2.09%
of which investment firms	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
of which management companies	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
of which insurance undertakings	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
Non-financial undertakings	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**0.07%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**0.07%**	**—%**	**—%**	**—%**	**—%**	**0.15%**
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	0.15%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
Households	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**					**—%**	**—%**	**—%**	**—%**									**—%**	**—%**	**—%**	**—%**	**—%**	**—%**
of which loans collateralised by residential immovable property	—%	—%	—%	—%	—%	—%	—%	—%	—%					—%	—%	—%	—%									—%	—%	—%	—%	—%	—%
of which building renovation loans	—%	—%	—%	—%	—%	—%	—%	—%	—%					—%	—%	—%	—%									—%	—%	—%	—%	—%	—%
of which motor vehicle loans	—%	—%	—%	—%	—%																										
Local governments financing	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**
Housing financing	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Other local government financing	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Collateral obtained by taking possession: residential and commercial immovable properties	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**
Total GAR assets	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**38.72%**

3. GAR Stock (%) - CapEx based - 2022

2022 (T-1)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
% (compared to total covered assets in the denominator)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																																			
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	3.81%
Financial undertakings	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	3.34%
Credit institutions	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	1.71%
Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	1.55%
Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Equity instruments	–%	–%		–%	–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	0.16%
Other financial corporations	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	1.63%
of which investment firms	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Equity instruments	–%	–%		–%	–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%
of which management companies	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Equity instruments	–%	–%		–%	–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%
of which insurance undertakings	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Equity instruments	–%	–%		–%	–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%
Non-financial undertakings	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.46%
Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.46%
Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Equity instruments	–%	–%		–%	–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%
Households	–%	–%	–%	–%	–%	–%	–%	–%	–%					–%	–%	–%	–%									–%	–%	–%	–%	–%	–%
of which loans collateralised by residential immovable property	–%	–%	–%	–%	–%	–%	–%	–%	–%					–%	–%	–%	–%									–%	–%	–%	–%	–%	–%
of which building renovation loans	–%	–%	–%	–%	–%	–%	–%	–%	–%					–%	–%	–%	–%									–%	–%	–%	–%	–%	–%
of which motor vehicle loans	–%	–%	–%	–%	–%																										–%
Local governments financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Housing financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Other local government financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Collateral obtained by taking possession: residential and commercial immovable properties	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
Total GAR assets	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	42.13%

3. GAR Stock (%) - Turnover based - 2023

2023 (T)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
% (compared to total covered assets in the denominator)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total assets covered
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	2.58%
Financial undertakings	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**2.43%**
Credit institutions	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.35%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.19%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	0.15%
Other financial corporations	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	2.09%
of which investment firms	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
of which management companies	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
of which insurance undertakings	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
Non-financial undertakings	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**0.07%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**0.07%**	**—%**	**—%**	**—%**	**—%**	**0.15%**
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	0.15%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
Households	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**					**—%**	**—%**	**—%**	**—%**									**—%**	**—%**	**—%**	**—%**	**—%**	**—%**
of which loans collateralised by residential immovable property	—%	—%	—%	—%	—%	—%	—%	—%	—%					—%	—%	—%	—%									—%	—%	—%	—%	—%	—%
of which building renovation loans	—%	—%	—%	—%	—%	—%	—%	—%	—%					—%	—%	—%	—%									—%	—%	—%	—%	—%	—%
of which motor vehicle loans	—%	—%	—%	—%	—%																										
Local governments financing	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**
Housing financing	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Other local government financing	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Collateral obtained by taking possession: residential and commercial immovable properties	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**
Total GAR assets	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**38.72%**

3. GAR Stock (%) - Turnover based - 2022

2023 (T)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
% (compared to total covered assets in the denominator)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	3.81%
Financial undertakings	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	3.34%
Credit institutions	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	1.71%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	1.55%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	0.16%
Other financial corporations	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	1.63%
of which investment firms	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
of which management companies	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
of which insurance undertakings	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
Non-financial undertakings	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.46%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.46%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
Households	—%	—%	—%	—%	—%	—%	—%	—%	—%					—%	—%	—%	—%									—%	—%	—%	—%	—%	—%
of which loans collateralised by residential immovable property	—%	—%	—%	—%	—%	—%	—%	—%	—%					—%	—%	—%	—%									—%	—%	—%	—%	—%	—%
of which building renovation loans	—%	—%	—%	—%	—%	—%	—%	—%	—%					—%	—%	—%	—%									—%	—%	—%	—%	—%	—%
of which motor vehicle loans	—%	—%	—%	—%	—%																										—%
Local governments financing	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Housing financing	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Other local government financing	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Collateral obtained by taking possession: residential and commercial immovable properties	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Total GAR assets	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	42.13%

4. GAR Flow (%) - CapEx based

2023 (T)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
% (compared to total covered assets in the denominator)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%
Financial undertakings	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Credit institutions	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	0.13%
Other financial corporations	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	3.85%
of which investment firms	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
of which management companies	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
of which insurance undertakings	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	0.07%	—%		—%	—%	—%		—%	—%	—%		—%	0.07%	—%		—%	—%	—%
Non-financial undertakings	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
Households	—%	—%	—%	—%	—%	—%	—%	—%	—%					—%	—%	—%	—%									—%	—%	—%	—%	—%	—%
of which loans collateralised by residential immovable property	—%	—%	—%	—%	—%	—%	—%	—%	—%					—%	—%	—%	—%									—%	—%	—%	—%	—%	—%
of which building renovation loans	—%	—%	—%	—%	—%	—%	—%	—%	—%					—%	—%	—%	—%									—%	—%	—%	—%	—%	—%
of which motor vehicle loans	—%	—%	—%	—%	—%																										—%
Local governments financing	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Housing financing	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Other local government financing	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Collateral obtained by taking possession: residential and commercial immovable properties	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Total GAR assets	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	25.43%

4. GAR Flow (%) - Turnover based

2023 (T)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
GAR - Covered assets in both numerator and denominator																															
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%
Financial undertakings	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**
Credit institutions	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	0.13%
Other financial corporations	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	3.85%
of which investment firms	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
of which management companies	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
of which insurance undertakings	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	0.07%	—%		—%	—%	—%		—%	—%	—%		—%	0.07%	—%		—%	—%	—%
Non-financial undertakings	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**0.07%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**0.07%**	**—%**	**—%**	**—%**	**—%**	**—%**
Loans and advances	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.07%	—%	—%	—%	—%	—%
Debt securities, including UoP	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Equity instruments	—%	—%		—%	—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%		—%	—%	—%
Households	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**					**—%**	**—%**	**—%**	**—%**									**—%**	**—%**	**—%**	**—%**	**—%**	**—%**
of which loans collateralised by residential immovable property	—%	—%	—%	—%	—%	—%	—%	—%	—%					—%	—%	—%	—%									—%	—%	—%	—%	—%	—%
of which building renovation loans	—%	—%	—%	—%	—%	—%	—%	—%	—%					—%	—%	—%	—%									—%	—%	—%	—%	—%	—%
of which motor vehicle loans	—%	—%	—%	—%	—%																										—%
Local governments financing	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**
Housing financing	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Other local government financing	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Collateral obtained by taking possession: residential and commercial immovable properties	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**
Total GAR assets	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**—%**	**25.43%**

5. Stock and flow KPI for off-balance sheet exposures

Stock 2023

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	0.60%	—%	—%	—%	—%	0.60%	—%	—%	—%	—%	—%	—%	—%	0.13%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	1.32%	—%	—%	—%	—%
Assets under management (AuM KPI)	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%

Stock 2022

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	—%	—%	—%	—%	—%	0.32%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.32%	—%	—%	—%	—%
Assets under management (AuM KPI)	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%

Flow

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	0.60%	—%	—%	—%	—%	0.28%	—%	—%	—%	—%	—%	—%	—%	0.13%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	1.00%	—%	—%	—%	—%
Assets under management (AuM KPI)	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%

6. Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No