

Annual Report 2022

2022

Annual Report

adyen



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engineered
for ambition

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Disclaimer: This document is only a "printed version" and is not the official annual financial report, including the audited financial statements thereto pursuant to article 361 of Book 2 of the Dutch Civil Code. The official annual financial report, including the audited financial statements and the auditor's report thereto, are included in the single report package which can be found via www.investors.adyen.com/financials.

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 CEO

Dear reader,

While compiling my notes for this letter, it was hard to decide which topic to address first. I typically start with the main developments from our team and business, but my reflections on 2022 presented a tension that made these topics difficult to start this message with. This was a year in which Adyen showed strong performance, but the surrounding global environment was challenging by so many measures. From the new technologies we developed to the partnerships we deepened, Adyen made significant progress throughout 2022. Simultaneously, geopolitical instability, record inflation, and supply chain shortages impacted the lives of people and companies around the world. When zooming out further, climate emergencies and humanitarian relief became nearly constant features in the state of our world.

In recent years, we have solidified our firm belief that as our business grows, so too should our positive impact on the planet and its people. In 2022, we announced our decision to annually dedicate 1% of our net revenue to initiatives that support the United Nations Sustainable Development Goals (UN SDGs). The best way for us to contribute to the UN SDGs is through our financial technology, which enables fundraising at scale by connecting businesses, consumers, and charities around the world. Knowing this is our most impactful avenue, we are investing to connect the many points of this ever-growing ecosystem that enables the multiplier effect the world needs. This year, we launched our emergency donation functionality which allows businesses to opt in to emergency relief campaigns and harness the

power of collective fundraising to respond when it's needed most. The tool was widely used within our customer base in 2022 in support of the UNHCR's support work in Ukraine, Syria, and Türkiye.

Alongside investments into our Impact technology, 2022 was a year of investment into expanding our horizons. The business once again proved resilient, and we were in the fortunate position of sustained profitable growth despite macro challenges. To further extend our growth runway, we expanded and deepened our product suite and successfully accelerated our hiring pace to grow our team to the size required for our next growth phase. While the broader tech industry course-corrected their hiring plans, our stable position and discipline throughout market cycles allowed us to benefit from an opportune hiring market and bring on additional talent to prepare for our upcoming chapters of scale.

Amid our increased pace of hiring, our focus remains on keeping the bar for talent high and scaling the Adyen culture. We feel the strong responsibility for Adyen to continuously assess the Formula fit of our team members. Our culture remains one of our core differentiators, and we continue to go to great lengths to preserve and scale it. In order to expand at the pace required to reach our ambitions, our culture of speed and autonomy is key and drives how we combine strategy and tactics to further expand our leading position.

Returning to working at our offices in 2022 greatly supported our intended speed of execution. Although we are able to operate effectively from home, the creativity and energy that sparks when our team is together cannot be replicated online. Being able to meet our team in person again has been so energizing. To me, these interactions confirm that our common denominator – building Adyen – is strong as ever.

The energy that results from our in-person collaboration is not only felt between our team members, but also when we spend time with our customers. With 2022 affording the long-awaited return to travel, we were able to visit our 27 global offices again as well as the

businesses we work with. Connecting face-to-face strengthened our relationships with existing customers – who continue to contribute the vast majority of our volume growth – and helped us establish exciting new partnerships.

While the environment around us changed when we returned to working together in-person, our long-term focus did not waver. For us, it's business as usual to keep our focus on where we want to be years from today. We always embrace a long-term approach when realizing our potential. To make this tangible: in this year's results, we saw multiple of our longer-term investment areas further materialize as the contributions from North America and point-of-sale rose to new heights. When we started in these spaces years ago, many felt that they were too commoditized to enter. Our long-term vision told us otherwise. We saw that there was still significant room to play, but that it would take time to make our desired impact. Through our investments today, we are pursuing similar long-term horizons.

In 2022, the disciplined execution of our customer-led strategy resulted in continued robust growth rates amid difficult macroeconomic conditions. This approach enables us to identify the solutions that will benefit many customers, rather than just one. Our constant focus on our customers' needs and building real-world use cases resulted in our sustained profitable growth. Above all, it brought us to the fortunate stage we are at today.

We have never been in the business of predicting what our customers need. We don't prescribe their needs from behind our desks, but rather go and meet them to hear what they need. We think critically about creating lasting technical and commercial roadmaps that answer our customers' demands, then proceed with discipline in building for the complexity inherent to our ambitions. In 2022, this resulted in the bolstering of strengths in areas such as Digital and Unified Commerce, while also investing in new capabilities in budding initiatives like our embedded financial products that enable platform businesses to offer banking services to the SMBs they serve.

The challenges our customers face are in many ways shaped by a continuously global landscape. Shifts such as the digitization of businesses and societies, the declining access to banking services for SMBs, and consumer demand for seamless multi-channel experiences present our customers with challenges and Adyen with opportunities. With our single platform, we are in the principal position in our space to address these demands.

We are at an exciting point in our trajectory, and I feel that our momentum is accelerating. We have a strong but still small position in payments, and are taking share from the traditional banks. Over the course of the upcoming years, we will be a driving force in how SMBs access banking services too. We proceed with discipline and focus while we build Adyen to capitalize on our long-term potential.

Pieter

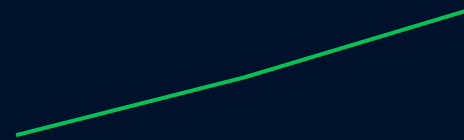


Processed volume

2022 ↗ 49% YOY

€767.5 BN

2020	2021	2022
303.6 BN	516.0 BN	767.5 BN

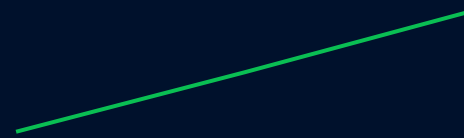


Net revenue

2022 ↗ 33% YOY

€1.3 BN

2020	2021	2022
684.2 MN	1,001.5 MN	1,330.2 MN

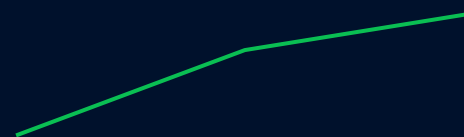


EBITDA

2022 ↗ 16% YOY MARGIN 55%

€728.3 MN

2020	2021	2022
402.5 MN	630.0 MN	728.3 MN



Highlights in 2022

Expanding our team across regions and disciplines

- We continued to invest in scaling our global team, which brought the company to a total of 3,332 FTE at the end of 2022
- We strengthened our internal resources across established disciplines such as platform engineering, as well as young initiatives including our embedded financial products
- With our tech-first approach to innovation, 2022 saw us open our first tech hubs in Chicago and Madrid

Growing with our customers by enabling their ambitions

- In a testament to our land-and-expand strategy, more than 80% of our growth in 2022 came from customers who were already on our platform before the year began
- We further catered to the evolving needs of our customers with the launch of our new in-house designed terminals, EFP suite, and advanced Digital offering
- We deepened our global presence to help drive our customers' domestic and international expansion

Making a positive impact with our platform, partnerships, and people

- In 2022, we announced our commitment to annually donating 1% of our net revenue to causes that support the United Nations Sustainable Development Goals (UN SDGs)
- Our Impact technology enabled businesses to seamlessly embed donation functionality into their checkout journeys, which unlocks charitable funding at scale
- Adyen teams around the world connected with their local communities by participating in skill-based volunteering opportunities, fundraising campaigns, and emergency response

Adyen at a glance

Adyen is the global financial technology platform of choice for leading businesses. Through its single integration, Adyen handles the full payments lifecycle spanning gateway, risk management, processing, issuing, acquiring, and settlement. With direct payment connections to local and global card and banking networks, the company serves as a strategic partner to businesses across countless verticals.

With a focus on security, performance, and continuous innovation, Adyen's single platform enables businesses to succeed in the future of global commerce. Bolstered by the company's unique data ecosystem, both brick-and-mortar and digital-native customers are equipped to solve problems and grow.

For the service of payments processing, Adyen earns processing and settlement fees (gateway and acquiring services, respectively) as well as some smaller fees related to products or functionalities that reduce complexity and friction. For a full breakdown of the fees Adyen earns for its services, refer to Note 2 'Revenue and segment reporting' of the attached Consolidated Financial Statements for more information.





Business strategy

Adyen grows with its customers. This means we maintain a dedicated, long-term approach to every partnership we establish. In fact, the large majority (over 80%) of our 2022 annual volume growth came from businesses already on our platform when the period began. We have seen this trend reflected each half-year period since our IPO in 2018, alongside consistently low volume churn at less than 1%.

Our ability to continuously gain wallet share from current customers underscores the success of our land-and-expand strategy, which serves as the engine powering our continued expansion. Onboarding new customers is only the start of what we aim to achieve. Our approach - which has repeatedly proven effective across diverse regions and industries - is to demonstrate our strategic value and capacity, then steadily increase our scope as each partnership progresses. This is a highly collaborative process that requires us to work closely with our customers to identify and build solutions to their challenges.

Executing on our land-and-expand strategy would not be possible without the many teams at Adyen working to secure new customers, technically advance them, and drive their growth thereafter. This can take many forms, including adding new sales channels, activating additional regions, or broadening our services. At its core, our land-and-expand approach encompasses starting small before tackling larger ambitions together.

While there is always more wallet share to be gained from existing relationships, we simultaneously work to establish new ones. To maintain our speed and efficiency on this front, we have structured our organization into solutions (Payments, Data, Platform Engineering, and Platforms & Financial Services). These solutions consist of product and technical teams that work together to

understand, prioritize, and address key customer needs. Each year, our annual product roadmaps are acutely shaped by their findings. Our three commercial pillars - Digital, Unified Commerce, and Platforms - assess the market to uncover trends, challenges, and opportunities through which we can best scale our solutions.

Innovating across our commercial pillars keeps us at the forefront of an ever evolving industry. With our origins in online payments, we pride ourselves on how flexibly and quickly we reduce friction on behalf of digital businesses. Adyen's decisions are guided by what our customers need, no matter which unprecedented complexities they may be facing. Engineered for speed, our end-to-end, in-house built tech stack enables us to iterate or pivot with agility. It provides us with technological autonomy, which often results in implementing new payment methods, adapting functionality, or launching new products that enable our customer's growth.

Adyen's single platform and holistic data ecosystem do not only benefit digital customers. Our platform also provides businesses operating online and in-store with a single multi-channel solution and cohesive and transparent view of all transaction activity. Our Unified Commerce offering centers around this concept, and empowers our customers to understand consumer behavior regardless of their preferred on and offline sales channels. It provides seamless experiences and captures valuable insights as they move fluidly between them.

Within our Unified Commerce offering, we continually permeate further into verticals that have historically been in-person first, but are actively seeking to adopt and consolidate new revenue streams. Our interconnected insights enable these businesses to increase their performance by making more data-driven decisions, personalize their consumer interactions, and increase engagement and loyalty.

On the front-end, our terminal portfolio facilitates speed, convenience, and flexibility at the point of sale. The continued expansion of our terminal portfolio reflects the world's persisting hunger for advanced

in-store and cross-channel experiences. Over the past years, this has become a need rather than a nice to have for businesses and consumers alike. Our Unified Commerce solution has proven uniquely positioned to enable this transition to the future of commerce for the benefit of both parties.

The natural evolution of our product offering can be further seen across our Platforms pillar. At the outset of its development, we put ourselves technologically ahead by meeting the complex needs of enterprise-sized businesses. However, the enterprise platforms we partner with also serve as a conduit to a worthwhile demographic of potential customers: the small and medium-sized businesses (SMBs) they host. In recent years, we have begun exploring how our enterprise-quality technology can also benefit SMB needs.

To further seize the widespread interest in our platform's capabilities, in 2022 we launched our embedded financial product (EFP) suite, which equips platform businesses to deliver superior financial experiences to their users. This was a logical next step following our embedded payments offering. By historically investing in our banking licenses and industry-leading technology, we were poised to deepen our reach, leverage our established platform, and steadily address the long-tail of the market.

Our single integration allows platform businesses to unlock an end-to-end financial ecosystem for SMBs. Our innovative products comprise cash advances, business bank accounts, and card issuing. Catering to the growing embedded financial services movement, businesses of all sizes can access our payment capabilities, data-driven insights, and financial products enjoyed by the world's leading companies. Alongside embedded payments, these products further solidify us as the premier platform powering the future of global commerce.

We also believe that our platform can simultaneously unlock positive change for the world around us. In 2022, we materialized our commitment to the United Nations' Sustainable Development Goals

(UN SDGs) to support economic growth, sustainable development, and climate action by annually donating 1% of our net revenue to causes that align with the UN SDGs framework.

Beyond our financial commitment, we have taken steps to instill this focus into our product development. Our Impact technology - a philanthropic feature within our core payments platform - enables businesses to seamlessly embed charitable donation functionality into their checkout journeys. In addition to processing their payments, we ensure 100% of consumer contributions reach the intended charity. We will continue to evolve our Impact suite's capabilities in order to meet the growing charitable appetite of global businesses and consumers.

With 27 offices around the world and a global acquiring footprint, Adyen is equipped with the local and international expertise needed to partner with businesses spanning every size, industry, and region. We look forward to powering their ambitions and growing alongside each customer we support.

Digital

Within our Digital pillar, we are pushing to become the preferred partner in content tools and platforms (e.g. streaming services, social media, editing software). To make this possible, we have a solid sales approach in place targeting strategic digital content verticals and geographies.

Unified Commerce

Our Unified Commerce solution continues to facilitate advanced cross-channel experiences, rich data insights, and the most interconnected point-of-sale (POS) technology. In the coming year, we will focus on enabling complex consumer journeys ranging from curbside pick-up to order ahead on a more global scale.

Platforms

Within platforms, our embedded payments offering provides SMBs multi-channel, enterprise-quality payments offering, and will act as the gateway to broader EFP adoption. With the recent launch of our EFP, we are in the very early stages of providing financial products to SMBs, who have historically been underserved by traditional institutions and is hungry for better methods of financial services.

“Adyen rewards people who go the extra step and challenge the status quo. Showing ambition and giving your all shines through. When you build your own path, people see it. This is a place where you can speak up if you want to develop certain skills and your honesty will be well received. If you have clear conversations about where you want to go, the company will support you in getting there.”

Joëlle — Commercial Growth Manager



Discussion of financial results

Processed volume for 2022 was €767.5 billion, up 49% year-on-year. The majority of our processed volume reflects the success of our land-and-expand commercial strategy.

In 2022, our point-of-sale (POS) volumes were €112.5 billion, comprising 15% of total processed volume, up from 13% in 2021. In terms of volume growth, POS was up 74%.

Net revenue was €1.3 billion for the year, up 33% from 2021. Full year take rate for 2022 was 17.3 bps, down 10.8% year-on-year. This is driven by the continued growth of customers already on the platform. It was also impacted by our increased overall ATV, due to travel volumes rebounding.

Operating expenses for 2022 came in at €665.4 million, up 64% year-on-year. The largest contributor was employee benefits, which totaled €380.6 million, up 58% year-on-year. As we scale our existing activities and ramp up new ones, 2022 was a year of accelerated investment in our global team. The team totalled 3,332 FTE at the end of the year, up from 2,180 FTE at the end of year 2021. It is our intention to grow our team with a similar number of new colleagues in 2023 to realize our long-term ambitions.

In 2022, we announced that we will annually donate 1% of our net revenue to initiatives that support the UN SDGs. This commitment totaled EUR 13.3 million for the year. Approximately 47% was spent, while the outstanding EUR 7.1 million will carry over to 2023.

Full year EBITDA was €728.3 million for 2022, up 16% year-on-year. Full year EBITDA margin was 55%, compared to 63% in 2021, driven

by employee benefits exceeding net revenue growth as we accelerated our hiring pace.

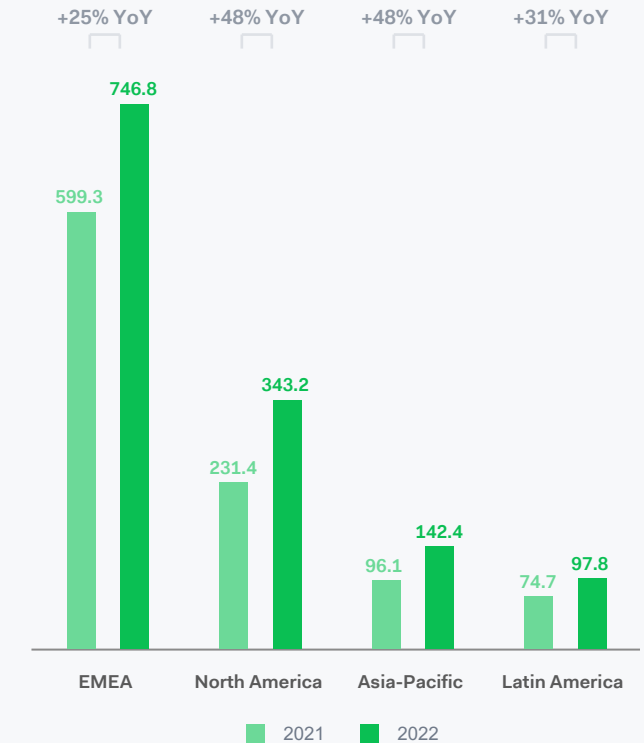
Net income was €564.1 million in 2022, up 20% year-on-year.

2022 free cash flow was €607.0 million, up 7% year-on-year. Full year free cash flow conversion was 83%, down 8% year-on-year.

CapEx was €99.1 million and 7% of net revenues for the full year due to further investments into our data centers, which technologically prepare us for the volume growth we will handle in the coming years.

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 2022 Consolidated Financial Statements.



Financial objectives

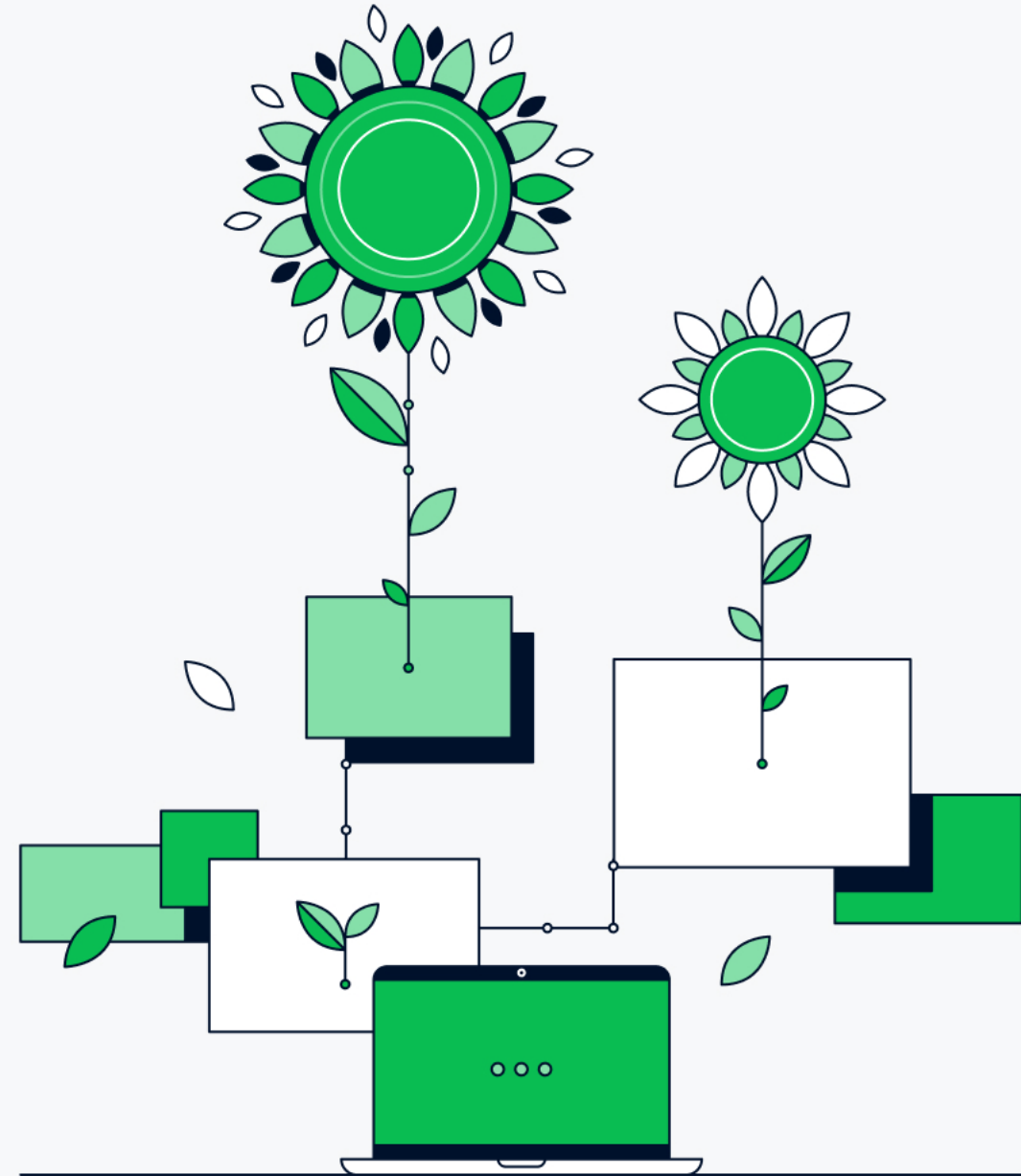
We did not see any business developments in 2022 that would lead us to update our guidance. Our standing financial objectives¹ therefore remain unchanged.

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

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

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

¹ Adyen has not defined, and does not intend to define, "medium-term" or "long-term" for its financial objectives. Adyen's medium-term and long-term financial objectives should not be read as forecasts, projections or expected results and should not be read as indicating that Adyen is targeting such metrics for any particular year, but are merely objectives that result from Adyen's pursuit of its strategy. Adyen's ability to meet its medium term and long-term objectives is based upon the assumption that Adyen will be successful in executing its strategy and, furthermore, depends on the accuracy of a number of assumptions involving factors that are significantly or entirely beyond Adyen's control and are subject to known and unknown risks, uncertainties and other factors that may result in Adyen being unable to achieve these objectives.



“At Adyen, you get a lot of responsibility from day one. You scope your project, you define the objectives, you implement it, and you’re the end-responsible person. That’s what I like — not only that you get a lot of responsibility early on, but that people really take it.”

Sebastiaan — Product Specialist

Martijn — Finance Business Partner



01

Management Report

Building a responsible business

Introduction

A defining aspect of our long-term vision is our dedication to building an ethical business. Now more than ever, we know that our ways of working should not only enable sustainable growth for our company and customers — but also drive sustainable change for the world around us. To achieve this, responsible practices are being increasingly integrated into all areas of the business as standard. While the importance of doing good was clear at the time of our founding, it is now becoming an integral part of how we conduct and define business as usual. As such, we plan to remain accountable and transparent in our annual reports as we progress.

Materiality assessment

To better understand Adyen's impact on global sustainability issues and, conversely, the impact of those issues on Adyen, we performed our first materiality assessment in 2022. By identifying, prioritizing, and benchmarking the topics most material to our business and the world around us, we have taken an essential step in our long-term ambition to build an ethical business and create sustainable value for our stakeholders.

Taking inspiration from some of the best practices included in the Global Reporting Initiative (GRI) and the draft European Sustainability Reporting Standards (ESRS), we started this process by compiling a comprehensive list of global sustainability topics pertinent to Adyen

and the broader sector. From there, our research led us to perform a risk and opportunity expert assessment of each identified topic in relation to Adyen. Our risk assessment categories included: credit risk, market risk, operational risk, integrity risk, reputational risk and other financial risk². Through this lens, we identified the topics presenting the most material residual risk to Adyen. To complement these focus areas, we further identified the topics most material to Adyen from the perspective of making a positive impact. With this consideration, we identified where Adyen sees opportunity and can commit to making a difference.

Stakeholder engagement

This was Adyen's first materiality assessment and we recognized the importance of a controlled approach that offered a greater level of detailed insights and identification. This included surveying and having conversations with our employees, global leadership team, the Management Board and Supervisory Board. These internal stakeholders provided valuable feedback to both the risk and impact perspectives, which strengthened our shortlisted material topics. Although external stakeholder reviews were not formally carried out, we did seek input in the form of investor engagements, focus group letters, ESG indices, and beyond. These contributions were indirectly accounted for in the outcome of this first materiality assessment.

Looking forward, external stakeholder engagement will be formally conducted in 2023 and directly incorporated into the next iteration of the assessment. We are aware that as we incorporate a broader stakeholder view and embark on a double materiality methodology, the current material topics may evolve in meaning, materiality and priority.



² For more information on the assessment conducted, please see the 'Risk Management' section of this Annual Report.

Material topics

The results of our materiality assessment provide a snapshot of the topics that are most important for Adyen's long-term value creation. Below are the results of the materiality assessment, bolstered by the additional impact topics we find equally important in our efforts to accelerate change. The order of the topics does not necessarily reflect their relative materiality. It was encouraging to see that the results of the materiality assessment mirror Adyen's existing focus areas across our people and practices.

Social innovation and partnerships

Impact Technology

Combining the strengths of our platform, people, and partnerships to enable businesses to integrate donations in their payment flows.

Community impact

Driving positive change in the areas in which we operate by empowering our teams to become actively involved in community initiatives that give back.

People & culture

Diversity, equity & inclusion

Creating an environment that welcomes all, embraces different ideas, and treats everyone equally.

Investing in the team

Growing our global team across regions and disciplines.

Learning & development

Facilitating opportunities for our people to expand their skills and knowledge.

Employment & benefits

Ensuring our people are fairly treated and supported both at work and in their normal course of life.

Responsible business practices

Environmental sustainability

Taking action to mitigate climate change, facilitate climate transition, and reduce our impact on the environment by embedding sustainable practices into our business.

Ethics, conduct & integrity

Creating an environment of ethical behavior, upholding the highest integrity and conduct standards, and treating one another fairly.

Information security & data privacy

Protecting the data of our customers, their end-consumers, and our employees data, effective governance, and embedding best-in-class security principles into our product offering.

Tax

Paying taxes in the areas where we operate. We do not seek refuge in tax havens and respect relevant laws and regulations.

With the Corporate Sustainability Reporting Directive (CSRD) adopted in 2022 and the European Sustainability Reporting Standards (ESRS) currently in review, we will continue to report on the above material topics in reference to the Global Reporting Initiative's (GRI) voluntary sustainability framework. In doing so, we aim to showcase how we are taking steps to positively contribute and responsibly manage our impact on the environment and society. Throughout this document, we are following the GRI's guidance in how we report on and communicate our 2022 economic, environmental, and social impacts.

As of January 1, 2022, Adyen is required to report on environmentally sustainable economic activities in line with EU Taxonomy regulation. As requested by delegated Act Art. 10 of the EU Taxonomy, a

simplified disclosure has been included further in the document within the EU Taxonomy report.

ESG governance and oversight

We believe that building an ethical business requires putting solid governance practices in place. To achieve this, our two-tiered board structure - consisting of a Management Board and Supervisory Board - enables 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.

In 2022, we established Adyen's ESG Working Group, a cross-functional group that includes members of the Reporting, Legal, and Corporate Risk teams. The objectives of the ESG Working Group are two-fold: to increase understanding and raise awareness of the three dimensions of ESG across the organization, and to establish a unified approach to reporting on Adyen's ESG strategy. The group supports Adyen's ongoing commitments to environmental, social, and governance matters by aligning programs that manage our ESG risks, opportunities, and impacts. Introducing this Working Group was a natural next step in further embedding ESG into Adyen's long-term mission and business activities.

The Working Group holds sessions with identified subject-matter experts on material ESG topics to track progress and drive success in their respective areas. The Working Group reports on its activities to Adyen's CFO, and updates the Management Board on ESG matters on a quarterly basis. The company's overall ESG strategy and activities are discussed at Supervisory Board level at least on an annual basis. In 2022, ESG topics were discussed in three Supervisory Board meetings — during the materiality assessment process, the ongoing preparations for the 2022 Annual Report, and as part of the annual strategy session.

Our approach to accelerating positive change

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. Over the course of sixteen years maintaining this approach, Adyen has emerged as an industry leader in payments. Sitting at the intersection of finance and technology, our platform functions as the trusted conduit between businesses and global consumers. We have realized sustained growth for our customers from the start, and now technologically touch millions of people around the world as we process their transactions daily.

At this level of maturity, we are primed to prosper and it is our firm belief that there will be no world to succeed in if we do not protect it along the way. Our long-term outlook is not limited to Adyen's business ambitions – we take equally seriously the long-term trajectory of the world around us. Everyone has a role to play in shaping a sustainable and socially responsible future. Adyen is therefore determined to not only take action ourselves, but also utilize our technology to empower others to do the same. In the sections below, we expand upon our 1% for the United Nations' Sustainable Development Goals (UN SDGs) commitment, Impact technology solution, and community impact activities.



1% for the UN SDGs

This year, we announced that we will annually donate 1% of our net revenue to initiatives that support the United Nations' Sustainable Development Goals (UN SDGs). By aligning with this framework, we are confident that our funds will help accelerate change where it's needed most. It is worth noting that we are committed to contributing 1% of Adyen's net revenue to the UN SDGs rather than an annually fixed amount. The rationale behind this decision is that as our business grows, so too must our impact.

In 2022, our 1% commitment totaled €13.3 million. Though it would be simple to spend this in a single donation, we were determined to allocate it prudently. With 2022 being the inaugural year of this commitment, we spent time conducting research on the most impactful ways to contribute to it. This included working with charities that meet our integrity risk profile to gain an in-depth understanding of the complexity of the donation landscape and the technological challenges of global fundraising.

Throughout this learning process, three guiding principles became clear to us: We believe 100% of every donation should reach the intended charity. We believe every size business should have the ability to fundraise for important causes. And we believe that globally reputable charities should be able to efficiently call for and receive funds on a global scale.

While these tenets took form, €3.9 million of the dedicated budget helped us build upon the initiatives we previously established, by donation matching processed via our Giving product (see the 'Impact Technology' section below). By the end of the year, these funds helped us significantly scale their impact and reach. A further €1.5 million of the 1% went towards absorbing scheme and interchange fees on behalf of SDG-aligned charities we work with, thus lowering the barriers for our customers to use our Giving product and ensuring 100% of the donation benefits the intended charities. Our customers are the driving force in choosing their preferred charities and SDGs,

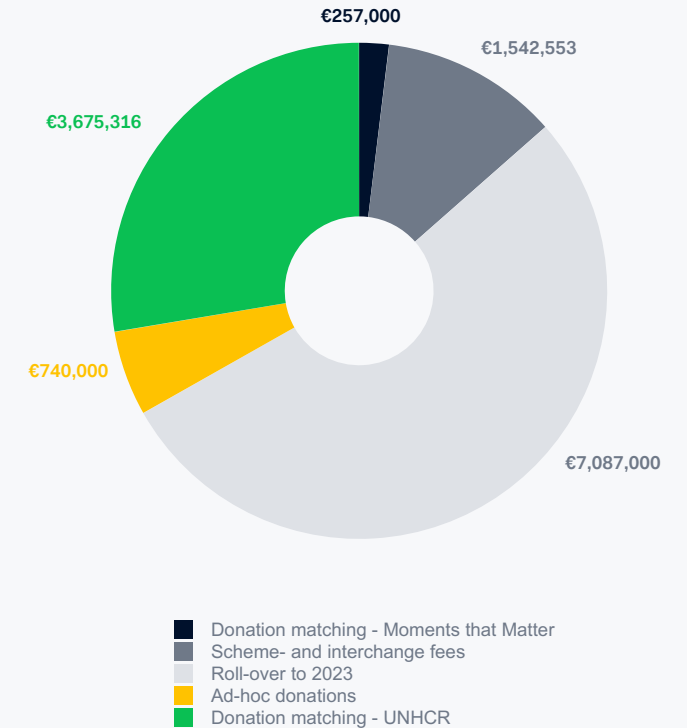
with our Impact technology facilitating this positive impact.

The remaining amount (approximately 53% of the total annual commitment) was not spent in 2022. This outstanding budget, totaling €7.1 million, will carry over to 2023 and be used to improve the end-to-end capabilities of our Impact technology. We will use the 2022 carry-over budget to cover the onboarding costs that accrue when charities join our Impact portfolio. Namely, there is an initial investment needed to operationally structure a charity to meet our funding model. This is a critical first step before widespread support can be received. Once established, Adyen can connect the charities to our customers and, from there, to the wallets of global consumers. With this network unlocked, we enable them to accept substantial funding quickly and at scale. We view this exercise not as making a donation, but rather an investment. For every euro we spend, we aim to unlock many more on behalf of charitable initiatives.

The 1% will also continue to go towards ensuring 100% of consumer donations reach the intended charities. This means absorbing our standard processing fee as well as the fees currently in place from major card schemes. For example, in the United States we see on average 44% of fees on round-up donation transactions are taken by the schemes in the process of transferring donations to charities. Our goal is to not let any contribution get diluted in transit, thus we pull from our own budget to offset such reductions.

Though we are proud to have operationalized our long-term philosophy through the 1%, Adyen knows that our contribution alone is not enough to sufficiently move the needle. To encourage and enable global progress at scale, we are engineering methods of creating a multiplier effect. Equipped with cutting-edge technology, a motivated team, industry expertise, and a vast customer network, Adyen is uniquely well-positioned to mobilize funds and financial services. Using the connective power inherent to our platform, we are actively embracing the facilitating role our technology and partnerships can play in scaling support of the UN SDGs.

Figure 2
1% for the UN SDGs 2022 spend categorization (in EUR)



“Adyen’s 1% pledge shows a heart-warming commitment to refugees and displaced people worldwide. With UNHCR as a recipient, Adyen has supported us in delivering critical assistance to people facing crises such as the war in Ukraine, and the earthquakes in Türkiye and Syria.

We are so grateful for your solidarity, and look forward to deepening our strategic partnership with Adyen to help those in need who deserve our support.”

Astrid van Genderen Stort — UNHCR Chief, DER Emergencies and External Engagement Section



Impact Technology

Adyen is determined to generate a multiplier effect by combining the strengths of our platform, people, and partnerships. The first way we are doing so is embodied in our Impact technology, a product within our core payments solution that was launched in 2020. We have always been a partner when it comes to driving our customers' growth, and we are now applying the same logic to scaling support for charitable organizations. In its current form, our Impact technology enables businesses to seamlessly integrate donations into their payment flows. In the process, we ensure 100% of these donations reach the end charities. By transforming this traditionally complex process, we have removed the operational burden that often hinders charities who are in need of business partnerships, but may not have the resources to build them. Lowering these common barriers to connection facilitates lasting relationships between businesses on the Adyen platform, consumers with a growing charitable appetite, and the causes that matter most to them.

Having a multiplier effect not only applies to generating sizable donation streams, but also to quickening the world's response time. With this in mind, we ensured our Impact technology's infrastructure enables speed at scale - an essential factor in times of crisis. At a moment's notice, our donation functionality can prioritize the charitable organizations who are on the ground aiding in societal causes, humanitarian crises and climate emergencies. In 2022, this feature proved highly effective in our fundraising efforts for the war in Ukraine. By launching these time-sensitive campaigns, we significantly differentiate ourselves from legacy resources that slow the funding process and subsequently delay its impact. With the frequency of such global crises steadily increasing around the world, unlocking widespread responsiveness is key. For that reason, we are proactively making payments executed on the Adyen platform an opportunity to accelerate financial support whenever it's imminently needed.

At our core, Adyen has set out to build the financial technology platform that helps businesses succeed in the future of global commerce. Today we understand that the key to everyone's success is protecting the planet and its people. To make this possible, we are joining forces with the charitable organizations alleviating many of the world's most pressing issues. We are proud to have now partnered with a total of 118 charities. With their deeply rooted volunteer networks, specialized response knowledge, relief supplies, and long-standing reputations, we know that quality charities can make a tangible difference in ways Adyen cannot.

The synergy lies in Adyen's ability to help scale and accelerate charity funding, which ultimately determines when, where, and how effectively their teams can deploy. We already help businesses adjust to ever-changing consumer behavior and increased digitization, and we are now extending our capabilities to the donation landscape. In an increasingly cashless society, it's clear that the power of traditional fundraising methods has changed. Fortunately, our unique industry position enables us to solve the complexities all charities face as they try to adapt.

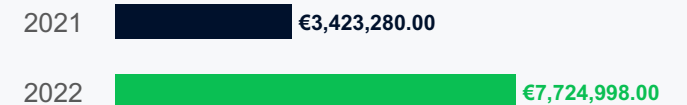
Our highest priority for our Impact technology is optimizing this process to remove barriers to doing good. We do this by creating distinct routes that ensure donations and payments are processed as different transactions in our backend, without sacrificing ease of integration for our customers. This means donations never touch a customers' books, which frees them from the accompanying responsibility of guaranteeing fund delivery, reconciliation, legal implications, and consumer support. Meanwhile, the customer maintains full oversight of their fundraising impact in the form of detailed reporting provided by Adyen.

Our focus on utilizing our technology to benefit our customers and charity partners is expressed in a number of ways across our Impact suite, which processed €7.7 million total volume in 2022, an increase of 126% from 2021. Our Impact technology reduces the local fragmentation of global fund collection. We tap into the new

generation of givers whose wallets are online. We leverage our vast customer network - the driving engine for future Impact technology partnerships - by connecting charities and consumers at global scale.

We're proud to see the additional 87 businesses who utilized our Giving functionality this year. This number reflects our customer base's appetite to embed charitable moments into their consumer journeys, and Adyen's unique way of meeting this demand. Alongside our customer-focused technology, our 1% budget enables us to further match donations, which effectively incentivizes and expands the funding pool. Our donation matching amounted to €3.9 million this year. Businesses and charities are ready for digital transformation, and our Impact technology is here to be the engine powering it.

Figure 3
Total Giving processed volume in 2021 and 2022





“When businesses look to partner with global charities like ours, they often face a lot of red tape and complexity. With Adyen’s Giving product, these barriers are lowered so that working together is simple and effective.”

Aliénor Descours – Make-a-Wish International



“Because Adyen Giving puts transparency first, customers know exactly where their money is going and that their entire donation will be received by their charity of choice in full.”

Sindiswa Nobula – World Wildlife Fund (WWF)



“The challenges that we’re facing today are too big, too complex and extremely urgent for one organization to tackle alone. Businesses have the resources and the customer base to really allow us to drive collective change and make the impact we need.”

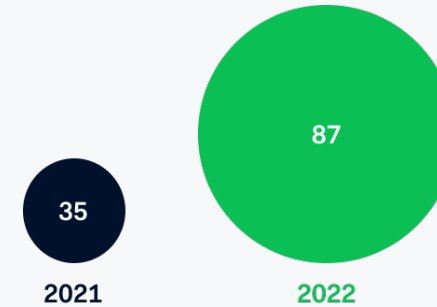
Hassina Bahar – United Nations High Commissioner for Refugees (UNHCR)

Figure 4
Donations matched and number of Adyen customers live with Giving

Donations matched by Adyen in 2022

€3.9 MN

Number of Adyen customers live with Giving





“One of Adyen’s guiding principles is bringing people together with different backgrounds and perspectives. Our team doesn’t just come from the financial and tech industries — they come from all experiences and, with that, bring many diverse interests and passions. This puts Adyen in a unique position. People join us because they have a genuine curiosity about the world around them. We leverage this interest on a global and local level to make a positive difference in the communities where our people live and work.”

Savannah — Partnerships Specialist

Community impact

While Adyen is passionate about engineering a global multiplier effect, we find it essential to think locally too. For us, an important dimension of building an ethical business concerns our impact on the areas in which we operate. We take a vested interest in the 27 cities where we're located, and want our teams to thrive alongside their surrounding communities. In these areas, our mission is to drive positive impact across social issues and local causes. To make this possible, we empower our teams to become actively involved in community initiatives that give back.

Adyen's initiatives take the form of community or skill-based volunteering opportunities, employee fundraising campaigns, humanitarian and natural disaster response. In most instances, our initiatives are local to the city in which an Adyen office has been established. For example, this year, employees in our San Francisco office volunteered at local food banks to assist those facing poverty and hunger. However, in exceptional circumstances, an initiative may be local to our employees' country of origin. This was the case when the 'Pakistanis at Adyen' Employee Resource Group based in Amsterdam launched a fundraising campaign supporting flood relief in Pakistan — a country where we have no physical presence. When it comes to these grassroots initiatives, the shared responsibility employees feel for their local communities remains the key driver.

With employee demand for charitable involvement increasing, in 2022 Adyen's Community Impact Groups found new ways to champion community volunteering throughout their offices and teams. They worked to establish quality partnerships and nurture our existing relationships with respected charitable organizations. Rather than solely facilitating funding, they connected our people to our charitable partnerships in a hands-on way. The groups achieved this by organizing high-impact events that were locally tested and regionally scaled. A great example of this iterative process can be seen in

Adyen's Feeding America partnership, which started small but is growing towards tangible activities across our US offices.

To further cater to employee interest in giving back, we have formalized our charity portfolio and approach to time spent volunteering. Our global teams are now able to view, book, and track their volunteering hours within our human resources tool, just as they would for holiday or personal time off. At the same time, we will continue to encourage and facilitate regular opportunities for employees to participate in.

As this framework develops, Adyen will continue leveraging the invaluable network of charities utilizing our Impact technology. We look forward to marrying our platform's unique donation capabilities, the onboarded charities, and the time and skills of our people - which can in the future combine seamlessly in support of the UN SDGs.

Below you will find a regional glimpse into the many community initiatives Adyen participated in throughout 2022.



North America

San Francisco: Teammates from Adyen's San Francisco office took part in a beach clean-up project with the [Surfrider Foundation](#), during which they aided in environmental efforts to keep Northern California's coastline healthy. During the beachcombing day, our colleagues learned about the harmful effects of plastic on the ocean, and how the local community can better protect it for future generations.

New York: For the second year running, Adyen's New York office partnered with [Room to Grow](#) to support caregivers raising babies born into low-income circumstances. Adyen fundraised and assembled care packages containing essential baby and toddler items. The team also volunteered in person at Room to Grow's donation drive to connect with families in the community and meaningfully expand their support networks.

Latin America

Mexico City, São Paulo: Adyen's LATAM offices jointly participated in a region-wide event to reduce inequities in partnership with [Heartbike](#). Our LATAM teams worked together to build and then donate 40 bicycles to underprivileged children, who joined us on-site to celebrate in the office.

Mexico City, São Paulo: Adyen once again partnered with [Generation](#) to provide technical, behavioral, and professional skills trainings to 975 local students with reduced access to career resources. Our training and mentoring program resulted in 2 students being hired by Adyen as Developers.

Europe & Middle East

Paris: Colleagues from our Paris office came together to pack hygiene kits consisting of women's menstrual products, toothbrushes, toothpaste, deodorant, and other essential items for their local food bank. In addition to preparing and donating these kits in our office, team members subsequently volunteered at the food bank in person to experience powerful, hands-on connection with the community.

Amsterdam: Our Amsterdam team partnered with [Life Terra](#) to contribute to impactful climate action. Adyen planted and geotagged 582 multispecies trees at a local farm, which are being monitored to track their continued health and growth. Throughout the hours of physical tree planting, Adyen was educated on the positive effects of creating rich and biodiverse ecosystems.

Asia-Pacific

Tokyo: Employees from Adyen's Tokyo office participated in a street clean-up event organized by [Green Bird](#), a grassroots organization originating from Harajuku Omotesando. By joining forces with other Green Bird volunteers, Adyen was able to help remove large amounts of litter from pedestrian areas with high foot traffic. It was a special opportunity to clean the streets of Tokyo while inspiring others to incorporate this civic contribution into daily life.

Sydney: Adyen's Sydney teammates spent time volunteering at a food drive hosted by [OzHarvest](#). By participating in Oz Harvest's 'Cooking for a Cause' class, our colleagues not only prepared meals for people in need of food relief, but also learned more about the local food waste problem. Their eyes were opened to the amount of food that ends up in landfills, and how to better deliver surplus food to charities that help feed those in need of support.

People & culture

When asked to describe life at Adyen, many of our colleagues have surmised the experience in a single word: autonomy. Across all areas of the business, individual autonomy is an intentional through line. Whether contributing to the business as an engineer, product marketer, office manager, or tax specialist, Adyen is a place where everyone is licensed to take the wheel and drive the business forward.

Critical to preserving this defining aspect of our culture is the growth Adyen systematically facilitates. We constantly ensure we provide avenues through which individual autonomy can be channelled into work, entrepreneurship, educational, and personal development. Our talent and global mobility frameworks - both of which are detailed in the upcoming sections of this Annual Report - empower employees to explore, learn, and evolve. Building a company with this level of momentum comes with many opportunities. These are fully accessible to anyone who takes the initiative to grab them.

In addition to shaping an environment with autonomy at its core, we seek the people who will thrive in it. When attracting and interviewing prospect talent, Adyen seeks a variety of skill sets, educational backgrounds, work experiences, and walks of life. We believe that the more diverse the perspectives on our side, the sharper our ideas become. Yet one shared trait is essential amongst the diversity of others: everyone at Adyen yearns for freedom and possesses an ability to accomplish the extraordinary with it.

Across our 27 global offices, our people span the full gamut of tech, product, commercial, and operational roles. But regardless of the domain or region, they are doers. They think bigger. They tackle challenges. They take ownership. They remain accountable. We make our people feel safe to think and speak freely. This strong sense of autonomy has been crucial to enabling what we've achieved today, and is what we will continue to ingrain in our teams of tomorrow.



The Adyen Formula

From day one, we were intentional about the company culture we wanted to create. Our considerations went beyond the technical ambitions of our single platform, and included defining the principles that would govern the way we work. We believe that what we were setting out to do was as important as how we would do it - not only as a team, but also regarding how we collaborate with our customers. This philosophy resulted in the Adyen Formula, a list of eight guiding principles that have and continue to shape all aspects of our business.

The Adyen Formula creates common ground in how we operate — no matter where in the world an office is located. Across regions, time zones, and cultures, our Formula is the key to scaling our culture of autonomy.

Much of the Adyen Formula directs the way we operate together as a team. We pick up the phone. We talk straight. We put our egos aside. We win together. We include others to sharpen our ideas. This focus is by design, as optimizing our interactions facilitates autonomy and speed — the backbone of our company.

To ensure its continuation, we incorporate the Adyen Formula into every stage of the employee journey, beginning with our global interviewing processes. By testing the Adyen Formula against each qualified candidate, culture fit serves as a determining factor in our recruitment decisions. The Formula is also central to our onboarding program, discussed in our company podcast, and covered in Team Lead training to keep it fresh no matter the stage of one's career. To help those who remotely joined Adyen after March of 2020, this year we launched a series of 'Reconnect Days' to build their networks and foster a sense of community.

16 years into the company, the Adyen Formula is by now equal parts art and science. It can be interpreted and expressed in endless forms. But in 2022, when we brought the entire team together for our global company day, one thing was certain: it works.

The Adyen Formula

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

We **don't hide** behind email, instead we pick up the phone

We **make good choices** to build an ethical business and drive sustainable growth for our merchants

We **talk straight** without being rude

We **launch fast** and **iterate**

We **include different people** to sharpen our ideas

Winning is more important than ego; we work as a team — across cultures and time zones

We **create our own path** and won't be slowed down by "stewards"

"I think the beauty of the Formula is the way it translates who we are. It's not something that we want to become — it expresses in words how we have always worked. Over the years, I've seen how the Formula adapts across regions. In Brazil, 'talking straight without being rude' can initially be a challenge. But the more you master the points, the sharper you become."

Renato — Head of Sales Brazil



Diversity, Equity, and Inclusion

At Adyen, one of our Formula points is including different people to sharpen our ideas. We know that thinking differently is vital to continuously refining our product, broadening our offering, executing our strategy, and remaining ahead of the competition. Blending a range of unique perspectives has produced our most successful outcomes. We recognize that such diverse perspectives can stem from differences in age, gender, sexuality, race, ethnicity, and beyond. And we believe that all of these forms of diversity offer important insights.

However, after conducting in-depth surveys and with the help of our Employee Resource Groups, we have come to prioritize different underrepresented groups at Adyen relative to the local communities in which we operate. It is on this basis that we have honed our attention to specifically focus on gender and racial ethnicity. Through our participation in programs such as 'Women in Tech' and by supporting a range of women-centered charitable organizations, we believe we can make the greatest impact and pave the way for other underrepresented groups.

Although we actively strive to hire, promote, and enable underrepresented groups, there is - and will always be - room for improvement. We're committed to increasing the gender balance of our Management Board and senior leadership team together to consist of at least one-third female members. Furthermore, we are committed to maintaining a Supervisory Board that is at least one-third female, in line with the statutory diversity quota. In our hiring processes, we are committed to including diverse candidates, meaning that we measure the diversity of our candidate pipelines when possible and that we strive for no more than 70% representation of any one group.

Lasting change can't happen overnight, but we have a plan in place to bring us closer to reaching our long-term goals. First and foremost,

we are working hard to assess the diversity of our workforce and their employee experience. We will use these valuable quantitative and qualitative insights to develop an improvement scheme addressing gaps in the employee experience. In the medium term, we will further embed diversity, equity, and inclusivity (DE&I) into our company culture through meaningful and more frequent dialogue, engagements, and activations. Fortunately, we have already made a number of DE&I strides, which can be found below.

Candidate attraction

When it comes to candidate attraction, we have taken steps to promote diversity, eliminate gender bias, and support equal opportunity in our recruitment activities. These actions include:

- Auditing the wording across all job vacancy wording to make it more inclusive, for example by introducing more gender-neutral language
- Increasing our outreach to organizations and student associations for underrepresented groups
- Visually representing our diverse employee base on our careers website

Recruitment activities

While attracting diverse applicants is arguably the crux of enacting further internal change, we are simultaneously improving the next stages of the employee journey. To ensure our recruitment and interview processes uphold our high standards of inclusivity, we are:

- Incorporating the skills matrix into the hiring and interview process
- Facilitating accessible recruitment processes including the option to interview remotely
- Closely monitoring the diversity of our interviewers and interview panelists

- Piloting hiring targets across key regions, beginning with LATAM

Continuous education

We believe there is no end to understanding and embodying DE&I. Rather, it is an ever-evolving subject. For this reason, Adyen has incorporated the subject into our learning and development program at all employee levels. Adyen employees are educated on DE&I throughout their career, through (but not limited to) the following courses:

- Unconscious bias training for all Adyen employees
- Cross-cultural awareness training
- Normal course of life education for Team Leads
- Building and leading inclusive teams sessions

Mitigating measures

Despite factoring DE&I into every employee's education, we have put controls in place to mitigate discrimination incidents should they arise. These measures include:

- Clear reporting processes for immoral, unethical, or unfair conduct & incorporated in annual Integrity & conduct training
- Publishing guidance on reporting incidents to Team Leads and HR Business Partners
- Providing guidance to our employees and team leads in our Amsterdam offices when and how to reach out to confidential advisors, a point of contact for employees who have any questions regarding or reporting discrimination and/or inappropriate behaviors

Employee Resource Groups at Adyen

Though we are formally shaping a work environment in which all employees feel welcomed, safe, and encouraged to be their authentic selves, DE&I is not a top-down directive. In line with Adyen's culture of individual autonomy, we are proud to witness our employees taking the reins to drive change. A prime example of their initiative is exemplified in our Employee Resource Groups (ERGs): the employee-led and employee-founded communities that celebrate, endorse, and share perspectives from Adyen's diverse communities. Our active ERGs currently include: Black at Adyen, Asians at Adyen, Pridyen, Women at Adyen, Jews at Adyen, Working Parents at Adyen, and LatinX at Adyen.

ERGs are crucial to empowering underrepresented communities, and as such play an integral role in expanding and retaining our diverse workforce. They help the business hold space for employees to freely share their unique views and experiences. Any feedback gained in this process enables our leadership team to understand where progress has been made and where we still must improve.

Figure 5
Gender and age diversity at Adyen in 2021 and 2022



Investing in the team

It's business as usual for Adyen to focus on our long-term opportunity and hire specifically to meet our strategically determined technical and commercial ambitions. We see the significant runway ahead of us in this ever-evolving payments landscape and find ourselves only in the early stages of our journey. While further solidifying our position as leaders in the financial technology spaces, the time to make headway in both of these domains is now. To capitalize on the opportunity at hand, we spent 2022 consciously investing in growing our team.

2022 marked Adyen's most significant period of headcount growth to date. This year, we grew the team by 1,152 FTE, bringing us to a total of 3,332 FTE at the end of December 2022. Even with this quantity of new joiners, we kept our long-standing talent standards. We remained efficient and disciplined regarding how many people were required to create new solutions, resolve problems and continue to address customer needs. Rather than hiring for the sake of adding hands, we continued to only hire exceptional people who will make the greatest impact. This high bar enables us to scale our culture of speed and autonomy as we grow.

To sustain the hiring pace necessitated in 2022, we identified new ways to expand our recruitment capabilities. To start, we increased the number of internal specialists dedicated to sourcing top talent. To keep speed in our hiring progress, we also added multiple members of our senior leadership team to the group conducting final interviews with candidates. Whereas all final conversations were historically held with a member of Adyen's Management Board, we are now at a size that requires additional voices to weigh in. Alongside the board, we place full trust in these senior leaders to make the final decision on who is fit to join the company in their respective domains.

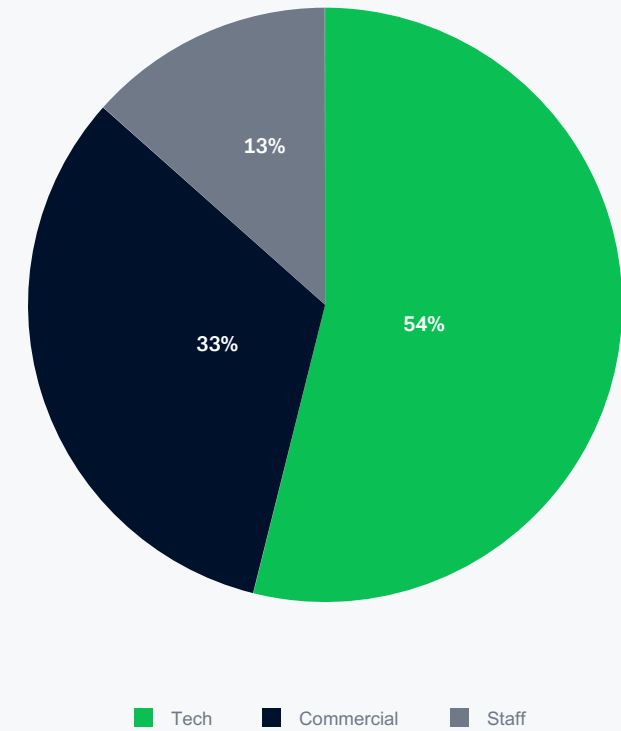
With these contributions to Adyen's rigorous interview process, we spent 2022 successfully hiring at speed - without compromising on our high employee standards. Our focus on investing in our tech

capacity resulted in this domain encompassing more than half of all Adyen employees. We have also been impressed by the rapid development of our new tech hubs, which opened this year in Madrid, Spain and Chicago, USA. These cities were selected for our latest offices for their energetic tech climates and concentrated talent pools. We have already onboarded 85 colleagues in these offices, and are pleased to see our Formula and company culture thrive at both locations.

While our rule of thumb has historically been to promote internally, Adyen has reached a level of maturity in which senior hires are more often being brought on board to help us navigate the opportunities ahead. By gaining experience from all corners of the finance industry and big tech, we are utilizing their extensive experience to deepen our knowledge and sharpen our ideas.

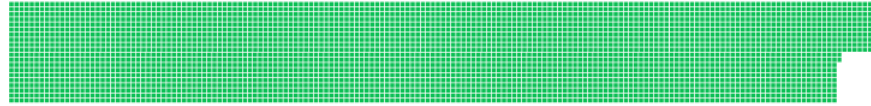
To broaden our reach and connect with global talent, we will be present at key industry events. With the employee market currently leaning in our favor, in 2023, we will grow our team with a similar number of new colleagues as we did in 2022 to realize our long-term ambitions.

Figure 6
Adyen's overall workforce per domain in 2022



Total FTE

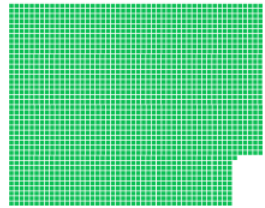
2022



3,332

Europe, Middle East & Africa

Amsterdam



1,941

London



123

Paris



75

Berlin



67

Madrid



64

Stockholm



55

Milan



27

Dubai



23

Warsaw



14

Brussels



15

Munich



11

Manchester



12

Asia-Pacific

Singapore



127

Sydney



41

Shanghai



29

Tokyo



23

Mumbai



10

Hong Kong



9

Melbourne



1

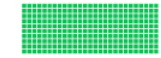
Kuala Lumpur



2

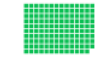
North America

San Francisco



270

New York



139

Chicago



53

Toronto



20

Latin America

São Paulo



146

Mexico City



17

São José



18

“It was clear from the get-go that we wanted to have the Adyen culture in Mumbai. We’re one company, with one platform, and always one culture. It’s extremely exciting that we work so closely with our colleagues around the world. You get to understand other markets and meet people from different cultures and outlooks. Having this broader perspective helps us build and solve problems in a challenging and complex market like India.”

Aditya — Country Manager India



Learning & development

Our approach

At Adyen, we know that our ambitions can only be reached by unlocking the full potential of our team — the driving force behind our continued innovation and global expansion. Fortunately, the people who work at Adyen are ready to continually learn and increase their impact. To nurture this symbiotic relationship, Adyen is a place where individual growth is both nurtured and encouraged. To achieve this at scale, we have built - and continue to iterate - a framework that enables talent development at all employee levels. Whether contributing to the company as a coordinator or director, there are roads to career growth to feed every ambition appetite.

Early careers

At the earliest stage, we have invested in expanding our NextGen program, through which we develop the next generation of talent across our tech, sales, and operations domains. Now in its 7th year running, our NextGen program offers students a valuable opportunity to kick-start their careers at Adyen. Alongside their studies, NextGen team members hold part-time roles within our teams. They are given significant responsibilities, expected to contribute to key projects, and are treated as equal, full-time team members. This year, 78 NextGens were offered a full-time position upon completing the program and their studies. To sustain our strong candidate pipeline for upcoming NextGen programs, we have established partnerships with leading technological universities and diverse student associations.

Leadership development

As we are inclined to promote talent internally, we take care to ensure our colleagues are properly equipped to handle their newfound responsibilities once granted. Our Human Resources team has gone to great lengths to fine-tune our Team Lead development program.

The 'Essentials' track was created for first-time leaders to learn key skills, build their teams, and connect with their peers. First-time managers are also invited to participate in peer-to-peer mentoring, as well as one-on-one external coaching.

Next, the 'Advanced' track hosts leaders looking to further develop their management capabilities. From there, the 'Lead' track was designed for senior leaders ready for the next step in their journey. Handling dilemmas, decision making, inclusive leadership, and team wellbeing are incorporated into every level of our team lead trainings.

While there is much to learn throughout a career at Adyen, we appreciate that people can also bring a wealth of knowledge from prior work experiences. As our company matures, we have steadily increased the number of senior hires we secure. Hiring senior team members not only bridges our knowledge gaps, it also gives their colleagues the chance to learn from the outside-in and draw from ways of working at other companies. To offer development opportunities to those who joined Adyen at later stages in their careers, we specifically designed a program for those with extensive leadership experience gained outside our company.

Adyen Academies

In addition to offering Team Lead training, Adyen has a range of internal academies that keep our global teams continuously upskilled and freshly resourced. Our academies currently span the: Operations Academy, Commercial Academy, Recruitment Academy, Product Academy, Tech Academy, Marketing Academy, and Sales Academy. Our Sales Academy, a prime example, aims to develop the most impactful sales force within the payments landscape. The Adyen Way of Selling teaches the global best practices, principles, and methods that have made us experts at closing better deals faster. It creates an environment for Sales & Partnership Managers to practice our preferred sales tactics while receiving honest, constructive feedback.



“We’ve always been able to attract really smart and talented people. As they are often in the early stages of their careers, they still need to uncover how to best utilize their skills and talents. We believe this works well if we don’t box them too tightly into a role or job description. We purposely have a very open structure. As a Management Board, we realize that it’s our responsibility to guide and support our people as best we can. When you have this level of smart and talented people, you have a duty to facilitate their growth.”

Mariëtte — Chief Legal & Compliance Officer





"I get to meet some of the smartest people at work who enjoy asking questions and learning. The diversity of people in a classroom - nationalities, experiences, and work profiles - brings so much depth and value to each session. The genuine care we have for one another makes Adyen a great place to be my best while I bring out the best in others."

Anish — Learning & Development Specialist

Create your own path

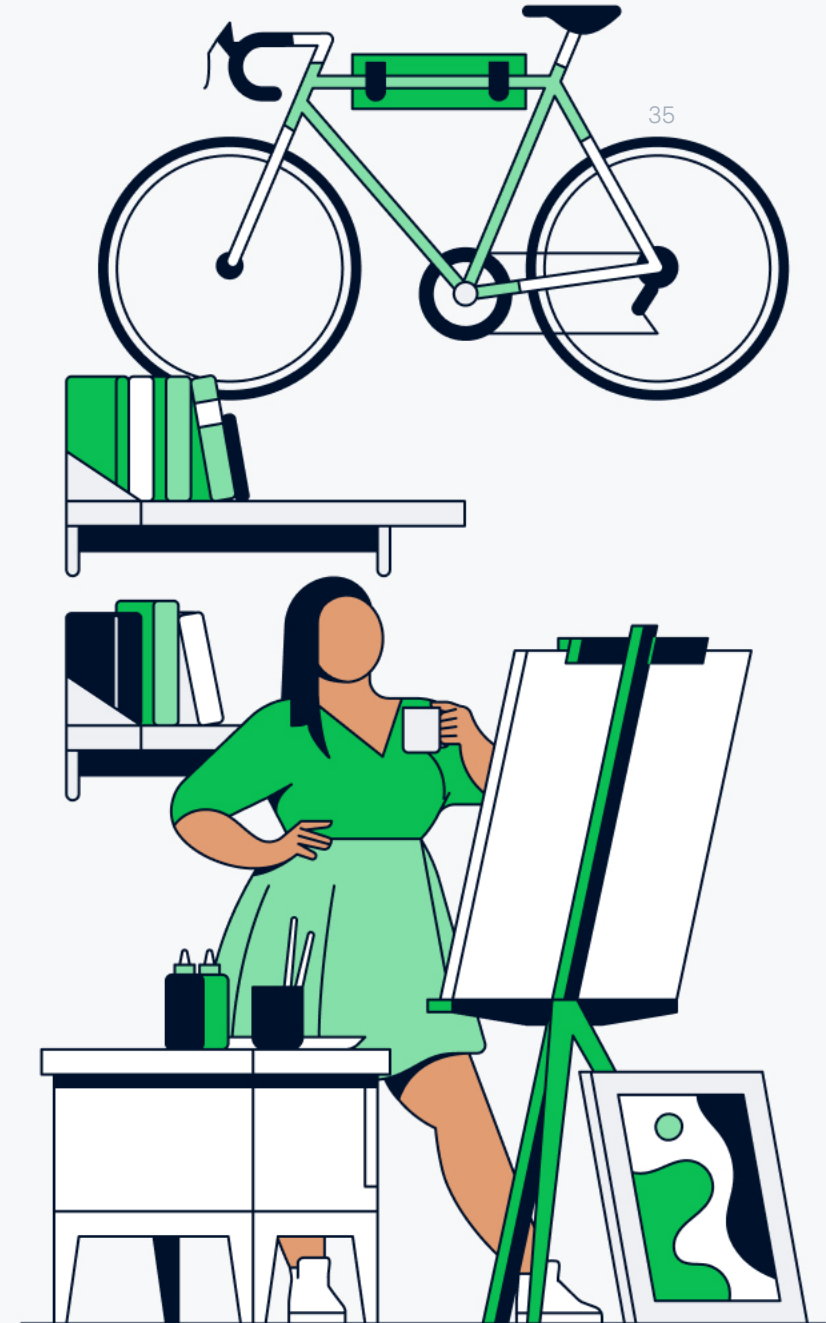
At Adyen, we believe career growth needn't only take the form of moving up within a team or advancing your skillset. Mobility can occur laterally or even regionally. We do not set predetermined career paths, and instead encourage each team member to pursue the direction that best suits their individual interests.

One way we facilitate career freedom is via our internal job board, which lists open roles that current employees can apply for. The job listings span every area of the business and are not limited to a team member's current domain. Rather, a Marketing colleague is welcome to apply to the Recruitment team and vice versa. We have seen many success stories emerge from employees pursuing new passions through intercompany transfers. At the end of the day, if a colleague embodies the Adyen Formula, we believe any skill set can be learned and developed on the job — even if it's not in an area they were originally hired for.

Beyond inter-team transfers, interoffice mobility is one of the great benefits of working at Adyen. With our 27 offices around the world, the possibilities are endless for those looking to bring their impact to another location. The spectrum of regional mobility ranges from office visits, to temporary exchange, secondment, and full international transfers. These opportunities mean a team member has been entrusted as a champion of our Formula, a culture ambassador, and a knowledge expert. Such transfers can be instrumental in helping us build our business and scale our culture across teams and offices.

Performance management

Our culture of continuous feedback encompasses regular check-ins on performance, progress, and improvement points. These conversations are held with all members of our team. We always strive to have employees take part in at least two formal performance reviews. The findings from these conversations help us refine and track individual career development plans. They also allow us to monitor and maintain our employee skill sets, by shedding light on times an employee may require additional support or guidance.





“My manager provided amazing support as I applied for a totally new role in a different country. It’s really cool that people at Adyen recognize potential and are willing to take a chance on you. I feel so lucky to be part of a company that encourages this culture of possibility. As long as you give 100%, anything can happen and things really will.”

Raquel — Head of Marketing Italy

Employment & benefits

At Adyen, we take a long-term approach to building our global team, and therefore seek team members who we hope will grow alongside the business. To ensure everyone feels connected to driving Adyen's sustainable growth and simultaneously benefits from it, a form of equity is included in every offer. This fosters a vested interest in our overall business performance and motivates employees to hold a long-term outlook for their time with the company.

In addition to our various equity models, we take pride in generously rewarding performance. To keep high-achievers feeling valued, we match exceptional contributions with exceptional remuneration. Compensation is reviewed annually on an individual basis. In the same way there is no set path to career development, Adyen also remains flexible when it comes to earning trajectories. Just as career development happens quickly, so too can salary increases.

To remain competitive, we determine salaries based on what our peers pay for the same role, at the same seniority, in the same location. By prioritizing fair compensation, we hope to attract great people who want to work in an inspiring and limitless environment. In keeping with our standard of fair remuneration, each year we iterate our approach to Equal Pay & Equal Chances. This ensures contributions are rewarded through the same lens — giving our people equal chances, and treating equal work with equal value.

Within the competitive fintech space, a wholistic approach to total rewards is critical. One of our means to achieving this comes in the form of Adyen+. With our belief that there is no one-size-fits-all solution to such a diverse group of people working at Adyen, this year we globally launched the Adyen+ benefits initiative, which provides a monthly stipend for employees to spend however they see fit. As our people come from all walks and stages of life, we find it important to support their diversity of interests outside work. For some, the stipend may be best put towards learning a new language. For others, it's personal training at the gym. And for others still, it's childcare.

Through Adyen+, we do not assume which perks are most desirable, and instead empower our people to enjoy the benefits most relevant to their individual situation.

This sense of flexibility applies to employees dealing with life events. Whether starting a family or coping with difficult personal circumstances, our 'Normal Course of Life' philosophy is to help our team members navigate extraordinary times with understanding and support. Recognizing the importance of one's personal role as a parent, we offer all of our employees parental leave. On a country-by-country basis we evaluate our local parental leave approach. Our aim is to be globally consistent, which doesn't necessarily mean copying and pasting one method everywhere, but rather following market practice per region.

The Essentials

The Essentials are our benefits relevant to all employees, plus the benefits mandated by local governments. No matter which office our employees work from, Adyen provides paid holidays, health insurance, long-term savings incentives, disability insurance, commuting allowances, and lunch at our offices. All benefits are regionally adapted, keeping local practices in mind.



“The nice thing about Adyen+ is that it works for everyone in the way that they uniquely need it. For some people it’s about travelling the world, for others it’s put towards doing a new course. It gives the flexibility to make a real impact per person.”

Dominique — Head of Impact



Responsible practices

Generating long-term sustainable change requires keeping responsible practices at our core. With our belief that environmental sustainability, integrity, privacy, security and responsible tax behavior make up our license to operate, we have accordingly embedded them into all areas of our business. Consciously designing our business in line with these responsible practices creates a culture that embodies our mission.



Environmental sustainability

With environmental sustainability comprising a key component of responsible business practices, Adyen is committed to further reducing and compensating for our global footprint. Since we began assessing our company's environmental impact in 2019, we have made notable improvements - from tracking our carbon emissions and moving to renewable energy, to expanding our office sustainability efforts. Consciously shaping our operations in line with these responsible practices is key to realizing our ambitions.

Making progress has also come in the form of broadening our environmental knowledge, which has matured and is contributing to our company's priorities. We see that although our business model lends itself to low global emissions and is exposed in a limited way to climate risk, we recognize our responsibility to continuously reduce our negative impact. To ensure we make strides, we are proactively optimizing our internal processes to better understand our emissions hotspots and reviewing our supplier relationships.

When it comes to sustainable practices, we know there is no finish line or time for complacency. To lay the foundation for continuous improvement, we identified the need to improve our data accuracy. For that reason, in 2022, we improved the way we measure our GHG emissions. As one example, we are now accounting for the energy consumption of our terminal warehouses, as well as the downstream transportation associated with shipping our terminal devices to our customers. By transitioning to a professional platform and managing it in-house, we can now continuously monitor our emissions throughout the course of the year as opposed to on an annual basis. We've already seen a marked improvement in the corresponding data quality, putting us in a better position to drive our efforts.

One outcome of our knowledge maturing is our decision to move away from targeting a Climate Neutral certification, which we aligned with and reported on in the past. While we recognize the positive

intentions of the label, our efforts in this space have historically been focused on purchasing carbon credits on a 1:1 basis to total GHG emissions, and we feel that this approach alone does not adequately address our accountability in this space. While expanding our environmental sustainability knowledge, we found that carbon offsets may run the risk of inadequately compensating for our emissions or may be inaccurate in their claims. To improve our approach to procuring carbon credits going forward, we have therefore established a list of criteria for suitable projects which includes key qualities such as: geographical relevance, additionality and permanence, as well as a focus on supporting carbon removal technology projects. Please find more information on these projects on the pages below.

Though we are excited by the momentum behind our sustainability ambitions, we acknowledge that we are at the outset of our journey on this front. Adyen will not stop working to improve our approach and find innovative ways to increase our environmental accountability. We will continue to evolve our thinking and stay close to changes in the corporate sustainability landscape. Below we have outlined where we currently stand across GHG emissions and renewable energy usage across our global operations.

Adyen's 2022 operational GHG emissions, measured in tCO₂e

Scope	Emissions (tCO ₂ e)	% of total	tCO ₂ e/FTE
Scope 1: direct GHG emissions	112	0.19 %	0.03
Scope 2: indirect GHG emissions from purchased electricity, heating and cooling	4,449	7.67 %	1.34
Scope 3: other indirect GHG emissions	53,432	92.14 %	16.04
Total GHG emissions	57,993	100 %	17.41

From 2021 to 2022, our total GHG emissions increased as a result of the continued growth of our global team, expansion of our physical office locations, return to office, and an increase in business travel. In addition to these growth drivers, the improvement of our calculation methodology (in line with the GHG Protocol) has also led to a more detailed picture of our emissions, as we were able to include additional data points this year. On an ongoing basis, we will continue to refine this approach and work with our suppliers to obtain better data.

Scope 1

Scope 1 emissions are emissions from sources owned or controlled by us — such as refrigerants used to heat or cool our offices — and remain largely in line with prior years.

Scope 2

Scope 2 emissions cover indirect emissions, such as purchased electricity for our buildings. Since 2019, we have accounted for the energy consumption across our offices and data centers, and this year we expanded the calculation to include our terminal warehouses as well. 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 95%.

Scope 3

Scope 3 emissions stem from activities across our value chain that are not directly owned or controlled by Adyen. Our Scope 3 emissions have increased substantially relative to 2021 as a result of our calculations leveraging several new inputs in addition to the growth of our company and the return to offices and business travel post-COVID. Actual lifecycle analysis data from our hardware suppliers for our key infrastructure purchases, such as servers, which were not previously included in our calculations are now part of our calculations. We have also accounted for the downstream transportation of our POS terminals by air and ground, as well as an

updated method to account for terminals sold to customers and their lifetime energy consumption.

Environmental sustainability projects and climate contributions

In 2022, we iterated our approach to funding climate-rated projects, selecting addressable emissions, and ensuring our environmental sustainability projects meet high quality standards.

Rather than pursuing a climate neutrality claim, we sought to more accurately calculate a fair contribution to go towards our climate offsetting efforts. We derived a reference fee of €92/tCO₂e or \$100/tCO₂e for removing and storing carbon at scale (based on the exchange rate at the time of our analysis for 2022). This follows guidance from the UN Global Compact³ as well as the latest IPCC report which also references this level as a benchmark for assessing the feasibility and cost-effectiveness of carbon removal efforts at scale.

Next, we looked at emissions from key areas of the business that are outside of our direct control but necessary for our operations. To compensate for these emissions, we focused on addressing Scope 1, Scope 2 and business travel-related emissions (which fall within Scope 3). Measurements for our Scope 1 and Scope 2 emissions primarily leverage our hard consumption data while our emissions from business travel are also based on accessible data. To compensate for Scope 1 and business travel emissions, we decided to use our carbon fee-setting approach to calculate our 2022 contribution amount. We chose to put funds towards environmental projects in the carbon removal space, as we observed a growing number of frameworks and initiatives, such as the Science-Based Targets initiative (SBTi) and Carbon Removal Certification Framework (EU CRCF), which require companies to remove their residual

emissions with permanent carbon removal credits to claim net-zero carbon.

To address Scope 2 emissions, we committed to a purchase of unbundled energy attribute certificates (EACs) that matched our non-renewable energy consumption for the year to the amount of 5446 MWh. Our purchase was based on utility data for our top offices, accounting for over 94% of our employee headcount, as well as our data centers and warehouses. Where actual data was not possible to collect, we made estimates based on floor areas and local emissions grid factors.

We secured carbon removal credits based on our Scope 1 and business travel emissions, totalling 111.97 tCO₂e and 11,536 tCO₂e respectively and our carbon fee of €92/tCO₂e. With our desire to pursue a portfolio approach, we worked with a third party to ensure projects are durable, additional, verifiable, safe, and legal. We supported the five following projects:

1. Carbon capture

Carbon Capture makes modular Direct Air Capture (DAC) machines that can be connected in large arrays with the ambition to remove large amounts of CO₂ from the atmosphere. Due to the modular architecture of its technology, the project is particularly promising due to its combination of renewable energy (wind & solar) with geological storage close to the plant and first-time utilisation of Class VI injection for permanent carbon dioxide storage in deep saline aquifers.

Adyen's commitment will directly contribute to the development of Project Bison, one of the most significant DAC projects in the world, aiming to reach five megaton levels in carbon capture and storage by 2030. In particular, the commitment will help accelerate the implementation of the technology on a large scale as well as support research and development in making the DAC technology more efficient and cost-effective.

2. UNDO

Mineral weathering already naturally captures CO₂ at a gigaton scale but takes a very long time (1,000+ years). UNDO accelerates this natural process by spreading basalt on croplands to increase dissolved inorganic carbon in the soil. Their technology uses novel soil models and data to maximize CO₂ removal while boosting crop growth. The team is scaling their empirical verification, river network, and plant-tissue studies to advance the measurement of CO₂ drawdown and ecosystem impact.

Adyen's commitment will contribute directly to the deployment of over 7,400 tons of basalt being spread on cropland in the UK. Adyen is thus enabling faster deployment and testing, helping enhanced weathering to become a viable and cost-effective solution for tackling climate change.

3. InPlanet

InPlanet uses the power of enhanced weathering to sequester CO₂ permanently and regenerate soils. While most projects and studies in the field have been conducted in Europe and North America to date, InPlanet is deploying this technology in Brazil, where warmer and wetter conditions result in faster rock weathering rates and, thus, faster CO₂ drawdown. InPlanet is teaming with local mines and quarries to source rocks and works with the University of Sao Paulo to develop monitoring, reporting, and verification field stations to collect better data on how weathering changes with the different silicate rocks under a variety of weather and soil conditions across Brazil.

Adyen's commitment will translate into over 4,000 tons of silicate rock powder deployed on sugarcane plantations while simultaneously allowing local farmers to reduce the inputs of limestone, synthetic fertilisers and pesticides, contributing to more sustainable agriculture.

³ The UN Global Compact calls on companies to set an internal price at a minimum of \$100 per metric ton over time. Find more information on www.unglobalcompact.org/take-action/action/carbon.

4. Sonnenerde

Sonnenerde uses pyrolysis, a process under which waste biomass is heated without oxygen to produce carbon-rich biochar, which is highly stable and can sequester carbon for multiple centuries. Biochar also acts as a soil enhancer when applied, reducing erosion and increasing soil fertility. Sonnenerde is a European biochar production pioneer, with its first facility built in 2012.

Adyen's commitment will be directed to the development of the new pyrolysis plant and help with the initial costs and the scale-up from historical production. In the first phase of development, the biochar production will reach an annual capacity of 600 tons and is expected to reach over 3,000 tons by 2026.

5. Project Vesta

Project Vesta is a non-profit developing a coastal weathering solution to store CO₂ permanently. The process accelerates the natural chemical weathering of the mineral olivine by spreading large amounts of ground olivine-containing rock onto coastlines where it can dissolve in seawater, thereby increasing the rate of CO₂ absorption by the ocean. The process also helps counteract ocean acidification.

Adyen's commitment will be deployed against a pilot based in North Carolina, slated to be 12x more prominent than its previous fieldwork. Vesta is collaborating with researchers at the US Army Corps of Engineer Field Research Facility located in North Carolina on this project, where it plans to place 8,000t of olivine sand offshore from the Town of Duck's shoreline.

Ethics, conduct & integrity

People & integrity

This year, Compliance at Adyen has focused on further strengthening the controls Adyen has in place to foster ethical and integrous conduct pursuant to Adyen's Global Integrity Framework. Central to this work are the efforts to ensure Adyen remains compliant with new and upcoming requirements, as well as to establish ethical decision-making practices that continually inspire trust in all stakeholders. To achieve this, the Compliance function made changes to how our teams go about assessing customers, partners, and suppliers before engaging in any agreements to ensure integrous operations that support long term and sustainable growth.

As regards partners and suppliers, Adyen is committed to uphold ethical behaviors that fully respect human rights. For these reasons, Adyen actively pursues compliance with social safeguards as mandated by Dutch law (Child Labor Due Diligence Act), EU regulations (European Convention on Human Rights), and the mandates in all other jurisdictions where Adyen operates. We require our partners and suppliers to also comply with all applicable regulations and laws regarding human rights, child labor, and sustainability.

In the same way Adyen externally prioritizes ethical principles, it is also expected that all employees to treat one another fairly and with respect. To uphold an environment of ethical behavior, everyone at Adyen knows 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.

Adyen is collectively committed to maintaining this oversight and encouraging people to speak up when in doubt. To facilitate this, in

the course of the year, the Compliance function has devoted further attention to ensuring appropriate internal channels are in place. These are designed to encourage stakeholders to ask questions and raise concerns about any aspects of the business, to fully promote discussions about relevant or concerning topics, and to make sure all stakeholders are equally aware of existing channels, such as Adyen's anonymous 'Speak Up' reporting tool⁴. To further protect employees, additional safeguards have been established to ensure any inappropriate behaviors that could take place within Adyen's professional environment — such as any aggressive behavior, bullying, discrimination, and/or sexual harassment, can be safely reported.

The annual, company-wide Integrity training is a testament to Adyen's commitment to these subjects. To ensure Adyen operates in an integrous manner and in accordance with the highest industry standards, a comprehensive integrity and conduct training is run each year for all employees. This educational refresher ensures all teams and functions are properly informed about relevant developments and how such developments impact their day-to-day work as well as Adyen's wider role in safeguarding the integrity of the financial system. In 2022, training emphasis was placed on topics such as ethical behavior, internal conduct risks (e.g. whistleblowing, third parties onboarding practices), as well as integrity risk management.

⁴ Our full Reporting and Whistleblower policy can be found on www.investors.adyen.com/governance.

Information security & data privacy

Information Security

As a company processing our customers' data and that of their end-consumers, information security is of vital importance to us. Securing our data has been a top priority since our founding, which is why we have long embedded security into each area of our platform and organization.

In 2022, we further strengthened Adyen's security strategy, which is built upon the principles we deem fundamental in our mission to remain in full control of our data and ensure the best security outcomes. These principles are defined as follows:

Scaling our security culture

To ensure we maintain our security mindset throughout all growth stages of the company, 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 the organization is in. These programs range from sharing generic security principles to scaling specific processes such as incident handling and reporting, threat modelling, and security penetration testing. Over the past year, we also raised the quality and effectiveness of our annually securing training, in which we communicate Adyen's security foundations.

Securing our products as we innovate

Adyen's security strategy outlines how we instill confidence in our products and solutions by embedding security at all (especially early) stages of product and software development. This in part means conducting the necessary security testing to confirm the strength of

our security posture. Throughout 2022, Adyen was committed to increasing and improving our threat modelling activities. Our automated, offensive security testing activities were significantly increased 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 2022 required us to address the risks associated with specific regulatory and compliance requirements. Fortunately, our strong security foundation 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 Standards (PCI DSS). Our PCI DSS attestation was successfully renewed during 2022, which new regions added to the scope of our regional expansion. Furthermore, Adyen maintains compliance programs related to other PCI standards applicable to our solutions, such as PCI PIN, PCI 3DS, PCI P2PE, etc.

Monitoring the threat landscape and proactively addressing emerging risks

Despite Adyen's full confidence in our security foundations and controls, we remain vigilant of our environment, industry, and the ever-evolving technology space. Over the last year, we focused on expanding our monitoring and detection capabilities, in addition to ensuring we have a strong signal-to-noise ratio and a fast and precise response to relevant events.

To complement our "assume breach" strategy, Adyen has been expanding our Security Incident Response capabilities by leveraging regular testing. The frequency of this testing is commensurate with the growth and transformation of our products, external threat landscape, and additional scrutiny from regulators.

In 2022, Adyen took a consistent and analytical approach to security events. We did not suffer any data breaches nor notable incidents that required reporting to our regulators, customers, or stakeholders.

Responsible business practices trainings & completion rates (per 31 December 2022)

- Insider trading training — 100%
- Data privacy & security training — 99%
- Integrity & conduct training — 93%

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



“You need to be innovative and creative at Adyen. When I’m working with my team, I feel like a powerful designer who can change the world. We have a special bond that’s easy to see from miles away. It connects our ideas and makes our work even stronger.”

Natalia — Brand Designer

Data privacy

To support the business in building the most customer-focused financial technology platform, Adyen's Privacy team strives for the best possible data privacy and compliance program. Customers trust Adyen with their shoppers' transaction information. Given the sensitive nature and commercial value of this data, Adyen takes our responsibility very seriously. Ensuring data privacy and compliance are key commitments that Adyen makes to all of its customers.

Alongside transaction information, Adyen processes and collects employee personal data and registration information from our customers. The privacy protection that comes with collecting such data is therefore relevant for every facet of Adyen. Employees are aware of the expectations to uphold our data privacy and security measures.

Data privacy continues to grow in importance on the global agenda. In 2022, the Adyen Privacy team accordingly continued improving and strengthening our global privacy compliance framework by focusing on four key areas: product compliance, knowledge and awareness, individual rights, international data transfers, and global privacy laws.

Product compliance & data ethics

Adyen views privacy as an essential component of how we build an ethical business. We do not sell, and have never sold its customers' data⁵.

Part of ethically handling means making sure our teams always work with data in a considered manner. As part of our product compliance focus, we established an AI & Data Ethics Working Group that will assess new products and services that leverage AI or machine learning. These assessments are to be included as part of Adyen's product approval and review process.

⁵ This is further clarified in Adyen's Privacy Statement.

Knowledge & awareness

Data privacy is a responsibility of everyone at Adyen. To make privacy knowledge tangible for all employees, the Adyen Privacy Principles were created to guide employees in day-to-day decisions that concern personal data.

Every Adyen employee is comprehensively trained on data privacy, security, and confidentiality principles, including an annual mandatory refresher training to remind all team members of the significance of keeping our data and our customers' data safe. At the end of 2022, 100% of Adyen employees completed a data privacy and security refresher training.

By hosting regular training sessions on a global level, Adyen spent 2022 further focused on its employees' knowledge and awareness of privacy laws and regulations around the globe. Local privacy champions in regions outside of Europe were also established, reflecting the growing global trends in privacy legislation.

The Privacy team works in close collaboration with the Information Security team, taking an active role in strategy setting and day-to-day operations (e.g. launching new products and expanding into new markets), including working on Adyen's SOC 2 certification.

In January 2023, the Adyen Privacy team hosted an event with a range of internal and external speakers in honor of International Privacy Day.

Individual rights

Another focus area for 2022 was automating our process for data subjects to request data access or deletion. Adyen therefore made a new form publicly available on our website to ensure such requests are further centralized and streamlined.

The Adyen Privacy team continues to ensure that, where possible, automation is woven into its ways of working.

International data transfers and global privacy laws

The final focus area for the Adyen Privacy team in 2022 was international data transfers and global privacy laws.

In 2022, Adyen updated the existing Standard Contractual Clauses it had in place with its customers to the new version, as published by the European Commission in June 2021. To ensure a smooth update process ahead of the deadline, this is another instance where automation was utilized. The team also focused its efforts on ensuring compliance with the California Privacy Rights Act, effective January 1, 2023, as well as the other state privacy laws which will come into effect in 2023 in Colorado, Connecticut, Virginia, and Utah.

Adyen is committed to further improving, developing, and strengthening its privacy compliance efforts and standards to help our customers succeed. The impact of upcoming changes in global privacy legislation continues to be closely monitored.

Reportable data breaches and substantiated complaints

In 2022, Adyen did not suffer any reportable data breaches, and did not receive any substantiated complaints from regulatory bodies or parties outside the organization concerning breaches of customer privacy.

Tax

Responsible tax behavior is an essential component of Adyen's ethical business practices. We pay taxes in the countries wherein we have a taxable nexus, dependent on the laws of the respective countries. In line with this approach and our values, we do not seek refuge in tax havens⁶ and, when making decisions, we respect relevant laws and regulations. We support the principles that are the fundamentals of the OECD's work on Base Erosion and Profit Shifting (BEPS), including country-by-country reporting to tax authorities.

When it comes to tax, Adyen has a low risk appetite. We operate under a global, scalable tax framework that aims to support the business in its growth, while simultaneously allowing us to be in control of our tax position. Our global tax framework covers Adyen's total tax contribution, both the corporate income taxes paid and the taxes collected, such as: Value added tax, withholding tax, and payroll tax. More details on the taxes paid and taxes collected can be found in Note 24 of the Consolidated Financial Statements.

Tax governance, control, and risk management

Adyen utilizes a tax control framework to manage and control Adyen's global tax risks, compliance requirements, and processes. Having a robust governance, control, and risk management system for tax ensures Adyen's tax strategy and 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 ensuring compliance requirements are met. Adyen's Tax team is responsible for all of Adyen's tax affairs around the world. Members of the Tax team participate in relevant external training. Compliance with the tax control framework is effectuated through a set of internal controls for which evidence is documented and collected on a regular basis.

Internal Control team continuously monitors and tests compliance with the tax control framework. As part of our internal control processes, we perform 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 and tax data management.

The tax strategy is monitored by the Tax team on a continuous basis and is formalized in the tax policy. The Tax team updates the tax policy at least annually or in case of significant changes. The Risk Committee reviews the policy before submitting it to the Management Board for their approval. The tax strategy as included in this Annual Report and as included in the tax policy is ultimately approved by the Management Board and Supervisory Board. We refer to our Whistleblowing Policy for the mechanism for anyone within Adyen to report its concerns about unethical or unlawful behavior in relation to tax. In 2022, there have been no reports of incidents, breaches or claims that exceeded Adyen's tax risk appetite.

Stakeholder engagement and management of concerns related to tax

Adyen maintains an open relationship with all relevant tax authorities. We are open to participating in cooperative compliance agreements in order to seek an active real-time audit, whereby clearance is obtained for any significant transactions or tax risks. This may result in Adyen concluding a tax agreement with a tax authority to get upfront certainty on any tax implications that may arise.

Adyen typically refrains from public policy advocacy on tax, nor engages in any lobbying activities related to tax. We have no active involvement in the development of tax systems, legislation, or administration. 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. The description of our tax strategy, as presented in this Annual Report, is constantly evaluated and iterated following an active dialogue with stakeholders. This way, we make sure that the tax strategy stays aligned with the organizational values and business strategy.

⁶ 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. Adyen therefore actively manages its risks to protect and grow the company. Adyen has adopted a uniform and systematic approach for managing risks. Adyen's 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) in 2017.

Risk governance

Adyen has established a risk governance that is consistent with the size, international presence, complexity of the organization and the 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, CLCO, 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 of 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. Therefore, Adyen 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 always **ask why** and are **critical**, we don't just tick the box

Your work impacts others, **involve them**

We evidence our work **at the source**, we don't replicate it

If you see a problem, **act on it**

We all make mistakes, we **seek help** and **share** as soon as we find out

Always look for improvement, **automate** processes continually & **challenge** the status quo

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. 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 less strong internal control 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 2022, 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 at least on an annual basis. The purpose is to identify and assess principal and emerging risks in order to focus attention on the most significant threats and opportunities. The Management Board has updated its company-wide risk assessment in 2022. For a more detailed description of the principal risks, see the 'Risk Factors' section of this Annual Report. The top-down, company-wide risk assessment is complemented by a multitude of targeted bottom-up risk assessments. These are conducted at process level or aimed at

specific risk categories. A notable example of the latter category is the Systemic Integrity Risk Analysis (SIRA) which focusses on integrity risks.

Adyen has continued in 2022 with expanding the use of its Governance, Risk management and Compliance (GRC) tooling to support the evaluation of the effectiveness of its control framework. This year saw a significant increase in adoption of the GRC tooling across the company for various modules and functionalities. The Corporate Risk and Internal Control team advocates this adoption in line with its integral risk management philosophy.

Control activities

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. An example is fraud risk prevention, which is documented in the SIRA report and starts with the identification of potential internal and external fraud risk scenarios. This identification is a process that continues throughout the year, with a notable detailed analysis during the annual SIRA exercise. 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 risk. 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'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 material 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 2022 no material weaknesses were identified in our internal controls. Also refer to 'Effectiveness of risk management and internal control systems' paragraph below.

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 but plausible events with an 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 2022, Adyen's Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP) confirmed its high financial shock absorption capacity and high capital and liquidity ratios⁷.

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 control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with financial reporting standards. In compliance with principle 1.4 of the Dutch Corporate Governance Code, the Management Board annually evaluates the effectiveness of the design and operating of its risk management and control systems. Per December 31, 2022, 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 principle 1.4 of the Dutch Corporate Governance Code, the Management Board has updated its company-wide risk assessment in 2022. This section describes the principal inherent risks that could potentially affect Adyen, with further detail on financial risks provided in Note 12 of the Financial Statements. 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, results of operations, financial condition, and prospects.

Principal risks

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. Residual risk is the remaining risk after consideration of the mitigating actions taken to alter the likelihood or impact of that risk. 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.

Adyen recognizes that there are inherent risks persistently connected and relevant to Adyen's business model and the financial technology sector. The risk profile of Adyen varies across products and geographies — still these four risks are key considerations whenever

we explain our risk profile to regulators, investors, customers or other interested external parties. That is why we start with describing the topics of information security, regulatory compliance, platform availability and operational liquidity risk. We will then recount the most relevant risk developments in 2022, and conclude with a comprehensive description of relevant residual risks to Adyen.

Information security

Adyen has a low risk appetite regarding information security risk and breaches of confidential data. As Adyen is a global financial technology payments platform working with some of the world's largest businesses, Adyen faces continuous attempts to intrude or disrupt its payments platform. To counter this inherent risk, Adyen has implemented its Information Security Program and continuously updates where needed. The goal of the program is to ensure the ongoing confidentiality, integrity and availability of data, systems and processes at Adyen, and to ensure that specific information security compliance programs are maintained and externally assessed as appropriate. Adyen has assigned an Information Security Officer and the Security team to operate the Information Security Program on a day-to-day basis.

Regulatory compliance

Adyen does not only need to comply with laws and regulations in the jurisdictions in which it operates, but also with laws and regulations that have worldwide application. 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 performs ongoing regulatory scanning by regulatory compliance specialists with validation from external legal counsel.

⁷ More information on Adyen's capital and liquidity ratios can be found in the 2022 Transparency and Disclosure Report (Pillar 3) at www.investors.adyen.com.

Adyen believes that the use of a single platform is best overlaid with a global compliance and risk framework, whereby Adyen strives for global application of best practices while being cognizant of the need to implement local deviations where required or for better fit.

Adyen maintains a proactive approach to regulation. Compared to peers in the fintech industry, Adyen actively commits to regulatory frameworks via licenses and externally audited standards. This has always been part of the Adyen strategy, as it facilitates both global growth but our compliance also provides comfort to our customers. As a result, Adyen is well-placed to deal with regulatory complexity and differences in supervisory approaches in a sustainable manner.

Nevertheless, accents and focus areas of supervisors within regulatory frameworks do differ across the globe. To manage the variety of supervisory conversations, Adyen actively invests in local compliance and regulatory teams as well as strengthening the relationships with regulators and payment schemes, maintaining transparent and constructive interactions. 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 and impact Adyen's transaction volume. Even more impactful, deteriorated performance could lead to reputational damage amongst current and prospecting customers. As Adyen generates a large portion of its volume growth from growing with its merchant base, platform stability and availability are a priority for Adyen. This is why we acknowledge a heightened inherent risk profile. Our strong track record on this topic is testament to the central role that stability and availability has across Adyen, risk management is no exception.

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

Adyen has a low appetite for issues in the availability, connectivity, and performance of its platform. Adyen has built its systems and services to avoid the presence of single points of failure, and to ensure that sufficient capacity exists to continue normal operations for critical processes despite the loss or unavailability of corporate resources from information technology, physical locations or even personnel and whole departmental structures. The highly available payment platform is designed to withstand individual telecommunications, systems and data center instance failures. Furthermore, the quantitative limits monitored revolve around platform uptime and are in line with supervisory requirements. The design of Adyen's infrastructure and the 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 for customers in revenue generation and providing liquidity. To Adyen, it all starts at realizing a payout at the right time, in the right currency in the right manner, according to the preferences of the involved merchant. We do this under a high degree of automation and by deploying sophisticated processes and procedures. This also creates an inherently higher operational risk profile, in which there can also be some dependencies on partner 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 merchant. 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.

As a technology company experiencing significant growth, Adyen has an inherently heightened risk profile for operational risks. We acknowledge this and have a structured approach in place to deal with operational incidents. We 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. There is also an intended focus on transparency on operational incident handling; through the Risk Committee RCAs are shared at management level and through monthly company-wide discussions ('post-mortems') and training sessions Adyen promotes an analytic and productive learning culture for all employees.

Risk developments

2022 External risk developments

The European continent has been abruptly thrown into war after the Russian invasion of Ukraine in February of 2022. Our first and foremost concern is the needless suffering that this casts on peaceful societies. European countries have seen an influx of refugees which has in turn tested the ability of societies to provide humanitarian relief in a time of need. The relative stability the West has enjoyed has been put at risk and this is expected to take a long time to stabilize. While Adyen does not have a presence in Ukraine nor Russia, the economic instability impacts economies in Europe through transactions and volume. Geopolitical tensions and related economic downturn may have impact on Adyen's operations and payment volumes even without Adyen being active in the directly affected area.

At the same time, COVID-19 has not been completely eradicated from global societies and local disruptions, lockdowns, and societal unrest remain lingering at various levels in different countries. The impact on people, businesses, and economies will likely impact economic

development in the short- to medium-term. The example of China, being mostly locked down in 2022, provides significant logistical challenges to companies throughout the world as companies depend on raw materials or production there. While lockdowns and restrictions inherently affect Adyen and its personnel, Adyen has been able to adapt to this reality and is adopting the hybrid way of working going forward. In terms of logistics, Adyen has relatively short and simple supply chains but is also actively diversifying where possible to avoid logistical pressure.

In light of geopolitical tensions, financial markets, and energy price markets in particular, have been volatile. The impact this has had on heavy industries, businesses of all sizes, as well as consumers is significant as energy prices soared and remained unstable in 2022. The rise of inflation in all major economies in 2022, as downstream effects of the geopolitical tensions mentioned above, provides a fresh challenge to businesses. Discretionary spending and the purchase of premium goods will be impacted more by consumers' sensitivity to prices compared to previous years, which could materialize in reduced growth of transaction volumes on Adyen's platform.

In order to combat inflation, central banks are raising interest rates in an attempt to reduce spending and discourage lending at all levels of the economy. As a result, Adyen experiences positive interest rates and expects to gain net interest income. Interest rates changes have limited effects on the Adyen business model as disclosed in Note 12, in the 2022 Consolidated Financial Statements.

2022 Internal risk developments

Adyen has announced the next steps in offering embedded financial products in 2022. New product additions such as merchant bank accounts and Adyen capital extend the current product offering with financial services. The potential demand for additional financial services connected to payments is broad as platforms want to expand their product offering to increase the interaction with customers in addition to payments. Adyen works closely with pilot customers to test

and improve the products and service offering in cash advances, business bank accounts, and card issuing.

Whenever Adyen launches a new product or feature, or enters a new market, a Product Approval and Review Process (PARP) is performed. The purpose of the PARP is to align Adyen's organization for launch. An important element of this is identifying any risks associated to the new product, feature, or market.

The launch of these new products also results in an increase in inherent risk in various categories such as credit risk, operational risk, or integrity risk. The introduction of small business working capital loans, in particular, means that Adyen's business model will include asset transformation, as is typical for traditional banks.

Strategic and business risk

Adyen accepts strategic and business risk knowing that in order to achieve its strategic objectives it will consume capital when investing in new assets, people, and processes. In pursuance of its strategic objectives Adyen values a solid financial and capital outlook.

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. Adyen has a relatively flat organizational structure and governance aimed at direct co-creation and focus on growing the business through commercial pillars and solutions. Adyen has implemented a strategy focused on embedded financial products and platforms to further expand its product and service offering. Adyen has evolved its organization and grew its headcount, locations, and licenses in order to execute this strategy. Execution risk is top-of-mind for Adyen given

the organizations' growth stage and Adyen has a low risk appetite for execution risk, believing in 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.

Disruptive innovation

Adyen expects that rapid and significant advancements in technology will continue. These changes may be more superior, cheaper, and impair or render obsolete the products and services Adyen offers. If Adyen is unable to provide enhancements and new features that achieve market acceptance or 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 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.

Competition

Adyen competes against a wide range of businesses. These competitors might have a dominant position, or offer other products and services to shoppers and customers that Adyen does not offer. 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 as it has accepted that it will experience competition as it seeks to increase market share, thereby potentially reducing profit margins. But not at all cost — if pricing is not sustainable, then Adyen will not pursue a deal. In light of global macroeconomic conditions, Adyen expects an increased focus on price by customers. In general, Adyen is able to react quickly to market developments due to how its technology and solutions are structured such as the introduction of Apple Tap-to-Pay in 2022, where Adyen was the first platform to introduce this product.

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 geographically based operating licenses or memberships. In some markets where it is not feasible or 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 2022, 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, 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 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 and therefore continues to execute its growth strategy to board 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. Given Adyen's continuous expansion into new markets and overall growth,

concentration of customers net revenue has decreased in 2022 in comparison to prior years.

Macroeconomic 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 and conditions, 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 the majority of key markets. In 2022, several indicators (e.g. inflation rates and energy prices) increased significantly but demand for Adyen's products and services was not materially impacted. Given the forecasts on macroeconomic conditions globally, Adyen is continuously monitoring the risks and formulating appropriate responses in order to minimize the negative impact to Adyen and its stakeholders in the long-term.

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 others, 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 2022 which is in line with the risk appetite.

Environmental, Social and Governance (ESG) risk

Sustainability, social responsibility, ethical business practices and governance are topics that are becoming key to the mission and purpose of entities in the financial sector and the corporate world. Most commonly, these topics are grouped and referred to as ESG topics. Initially, the focus in the financial sector on ESG topics was on banks' assets and more specifically the lending activity, especially with regards to climate- and environmental topics. Fuelled by a strong push from European regulators, that focus is now shifting towards a broader application including payments and incorporating Social and Governance topics as well.

Climate and environment-related 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 towards 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.

ESG Materiality assessment

For the first time in 2022, Adyen has performed a materiality assessment on Environmental, Social, and Governance topics. It aimed to drive Adyen's reporting on ESG topics and to identify which topics are key to Adyen from an impact, risk and opportunity materiality perspective, largely based on the draft guidance provided by the draft ESRS standards. In the materiality assessment, several Adyen teams and internal stakeholders provided input considering the inherent risk of a topic to Adyen. Please refer to 'Building a responsible business' section of this Annual Report for a further description and the results of the materiality assessment. In the following paragraphs, we will further outline ESG risks to Adyen.

Environmental and Climate risk

Adyen is not a traditional bank and does not hold assets on its balance sheet that have an inherently high exposure to physical climate risk. It is also not straightforward to make the connection between transition risk and Adyen's payments business model. As a result, there is not a broad array of inherently high climate and environment-related risks.

As its main inherent climate risk, Adyen does recognize the potential adverse impact on Adyen's ability to provide services to its customers. Prolonged power outages due to natural disasters could have a harmful impact on critical infrastructure used by Adyen and its service providers. Adyen's headquarters are located in Amsterdam, which is a

city potentially vulnerable to flood due to the gradual rise of sea levels. Physical risk could also occur in other locations where Adyen's offices or vendors are located. Adyen's offices are typically close to its customers in metropolitan areas, which could make Adyen vulnerable to the adverse impact from pandemics.

There are structural measures Adyen has implemented that mitigate its environmental risk exposure. The one single platform of Adyen is designed to create redundancy in its critical infrastructure and operations, surpassing traditional back-up setups, as is detailed in the section on availability of the platform. Adyen furthermore continues to diversify its global customer portfolio to mitigate any reliance on sectors and markets, which could be more vulnerable to climate-related and environmental risks, both physical as well as transitional. In 2022, Adyen was not materially impacted by environmental- and climate-related events.

Social risk

Adyen also considers the risks it may encounter due to social developments. Specifically how its own workforce develops and the relationship to the society in which it operates, and the political environment. Society sees a role for private companies to support positive social change and Adyen is contributing. It would be limited to only point at reputational risks in this context. Diversity, Equity and Inclusion (DEI) is seen as fundamental to Adyen's company culture. It is included in the Adyen Formula which states we involve others to sharpen our ideas. Adyen's DEI initiatives and DEI policy are further testament to this. Adyen risk management identifies and monitors social factors and their effects throughout the year during risk assessments. Adyen also conducts a yearly culture audit, and actively considers geopolitical developments in light of its supply chain as well as interest and inflation expectations.

In the ambition to drive positive change Adyen invests in products such as Adyen Giving, which enables shoppers to support pre-defined charities and initiatives. Often, these charities are in line with either

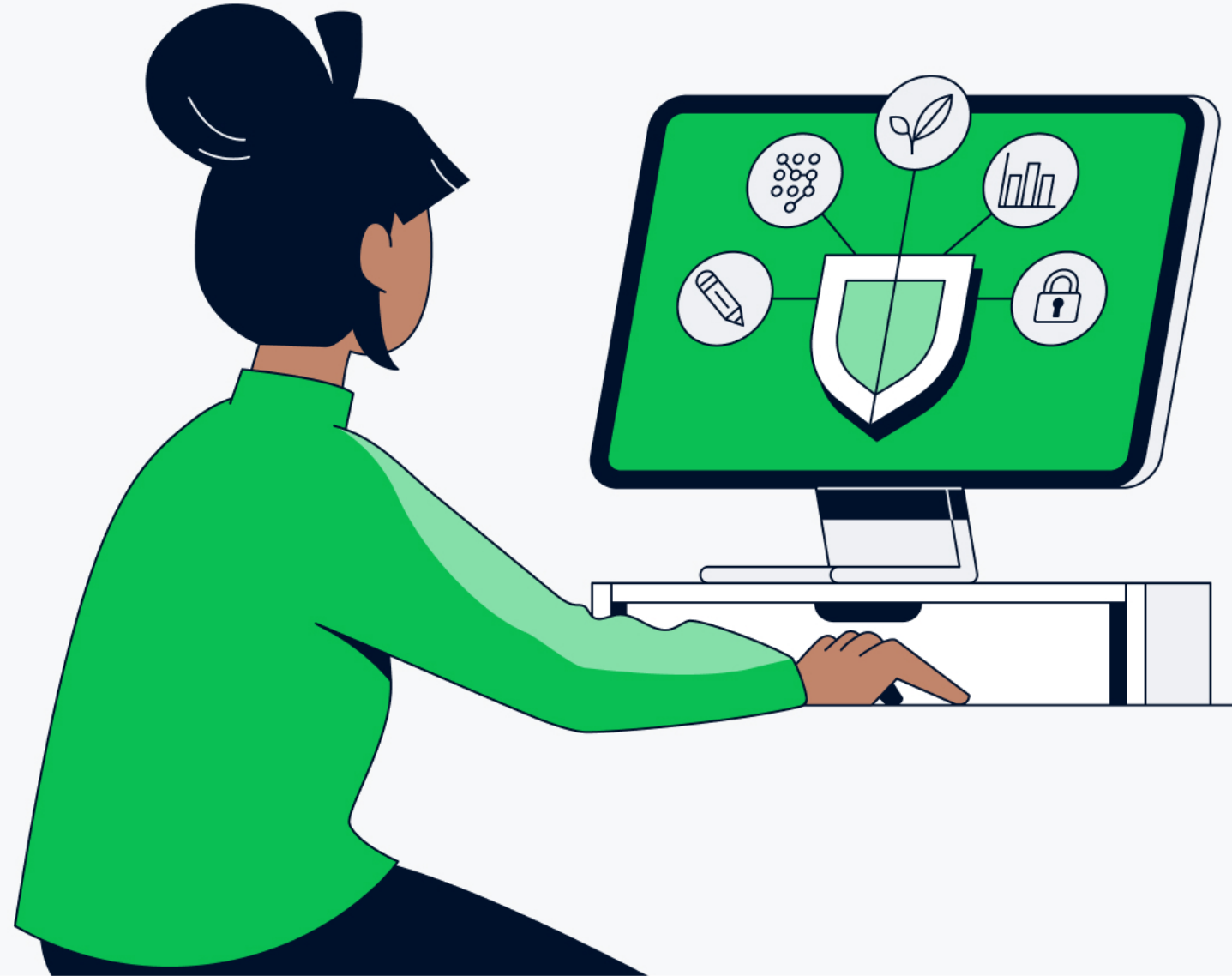
environmental and/or social topics where a large number of small donations can make a meaningful impact. The impact of Adyen's positive contributions notwithstanding, Adyen was not negatively affected by social risk topics in 2022.

Governance risk

Governance risk relates to decision making, at Adyen in particular with respect to the distribution of rights and responsibilities among different participants in the company, including the board of directors, managers, shareholders and other stakeholders. Ultimately, governance risk topics reflect on the responsibility a company has towards the society in which it operates, in Adyen's case the global footprint means an encompassing view on its responsibilities. Mitigating factors are sound management structures, policies and procedures, ethical business decisions, healthy employee relations, well-thought remuneration and tax compliance.

Adyen sees governance risks as directly connected with the robustness and resourcefulness of the procedures for compliance with the framework of relevant laws and regulations wherein Adyen operates. However, Adyen does go beyond evaluating just the formal routines for compliance, as the company consciously connects to voluntary frameworks such as GRI and sees the company culture as a prime measure in mitigating governance risks.

A considerable amount of new ESG regulation, with accompanying disclosure frameworks, approach Adyen, as explained earlier in this Annual Report. In preparation, Adyen has further integrated ESG during 2022 in its overall risk management framework.



“What I like most about working at Adyen is that everyone is not only willing to collaborate, but they also really enjoy it. I feel comfortable reaching out to anyone in the company. No matter which team someone is a part of, I know they’re going to do whatever they can to help me find the answers.”

Hanya — Team Lead Product Management



Operational risk

Adyen recognizes that operational risks are associated with achieving its business objectives. 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. During 2022, Adyen remained well within its risk limits that were set as a reflection of its risk appetite for operational risks.

Customers' potential liability for shopper chargebacks

When shoppers claim that a merchant 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. While Adyen has implemented risk mitigation, including withholding 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 the year. Despite challenging macroeconomic conditions in several key markets in 2022, Adyen has not incurred sizeable MPL losses due to chargebacks during the year. The cumulative MPL losses were well within the set risk appetite. For more details on MPL reserves, please refer to Note 16 'Trade, other payables, and payables to merchants and financial institutions' in the the 2022 Consolidated Financial Statements.

Availability, connectivity, and performance of products and services

Adyen has a low appetite for issues in the availability, connectivity and performance of the platform. Adyen's systems and those of its third-party service providers, including data center facilities and communication networks, have experienced service interruptions in the past and 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 likely be time-consuming and costly for Adyen to address and 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 and 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 despite the loss or unavailability of corporate resources, from information technology, physical locations or even personnel and whole departmental structures. The highly available platform is designed to withstand individual telecommunications, systems and data center instance failures. Adyen staff is fully equipped to work remotely, and have been doing so without impact to our payment processing ability. In 2022, Adyen did not experience material events on the availability, connectivity, or performance of products and services.

Information security risk

Adyen and its customers, partners, and others who use its services, obtain and process a large amount of sensitive data. Adyen's and its partners' IT systems may be vulnerable to physical and electronic breaches, computer viruses and attacks by cyber-criminals, internet fraudsters, employees or others. This could lead to, amongst other things, a leakage of customers' data, damage related to incursions, destruction of documents, inability or delays in processing transactions, and unauthorized transactions. Adyen has a low appetite for information security risk which includes cyber security risk. Any real or perceived breaches or improper use of, disclosure of, or access to such data could harm Adyen's reputation as a trusted brand in the handling and protection of this data. Although Adyen carries cyber liability insurance that it believes to be reasonable to cover such eventualities, such insurance may not be sufficient to cover all potential losses or could come at a price where it is no longer economically sensible to take out in the future.

Adyen's Security Officer is responsible for managing the Information Security Program. The goal of the Information Security Program is to ensure the ongoing confidentiality, integrity, and availability of data, systems, and processes at Adyen, and to ensure that specific information security compliance programs are maintained and externally assessed as appropriate. Adyen undertakes background checks for new hires. Training is undertaken on IT security on the first day at Adyen. A follow-up general security introduction, which addresses privacy and confidentiality policies, must be completed within two months of start date. Annual refresher training on topics as privacy and security is mandatory for all employees. Adyen's risk-based approach has resulted in an efficient and flexible IT infrastructure, which enabled a very steady and stable transition to the work-from-home environment.

Information security will be a structural risk for Adyen, and strengthening our capabilities to mitigate the evolving risk is therefore

continuous. Information security risk was not necessarily higher in 2022 compared to previous years, but did have its specific events.

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 processes. Adyen strives to minimize outsourcing of activities directly related to its core processes or platform to avoid dependency on suppliers. 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 has established a Third Parties Policy, which defines a framework, including clear ownership, for assessing third-party risk. Adyen is monitoring third-party risk on a continuous basis with support of a third-party risk management tool. In 2022, Adyen carried out a residual risk classification on all its third parties to update their risk profile and monitor compliance with the updated policy. An overview with local regulatory requirements has been created for all countries where Adyen has a local license.

Data privacy

Adyen is subject to several privacy and data protection laws and regulations, such as the GDPR, CCPA and LGPD (referred to as "privacy laws") relating to the collection, use, retention, security, processing, and transfer of personal data about its customers, shoppers, third-parties and others, and their transactions in the countries wherein Adyen operates. 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

governmental entities 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 collection of information. Please refer to the 'Data Privacy' section in this Annual Report for more information on the topic.

Entrepreneurial 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, it may not be able to maintain its entrepreneurial culture. If Adyen does not successfully manage its growth, and is not able to differentiate its business from those of its competitors, drive value for and retain customers, or effectively align its resources with its goals and 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.

During 2022, Adyen saw the hybrid return to the office globally as a beneficial state where flexibility was allowed to its employees whilst simultaneously encourage collaboration in offices around the world. When possible, company events were organized that emphasized Adyen's unique culture and the shared responsibility of maintaining it.

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 actively manages the composition and quality of its talent pool.

2022 continued to impact Adyen's relatively young labor force in different ways. A hybrid working situation became the default for employees and sustainable and structural ways to develop, grow and bind talent were implemented. Adyen has been able to grow the team considerably during 2022 with the successful launch of two Adyen tech hubs in Chicago and Madrid. These two locations are focused on technically growing the platform, provide an inspiring environment for engineers and tap into the locally available talent pool. Adyen furthermore strives to hire, promote, and enable underrepresented groups, while challenging the status quo in the communities in which it operates. In realizing this aspiration, Adyen deployed a number of actions during 2022. The 'People and Culture' section in this Annual Report provides more information.

Integrity risk

In line with the growing maturity of Adyen, Compliance at Adyen in 2022 has focused on deploying a scalable strategy for maintaining a global set of compliance standards that address the integrity risks faced by Adyen and incorporate the range of laws and regulations applicable to Adyen's operations. In the context of Adyen's commitment to automatable and scalable Compliance, importance continues to be placed on embedding such global compliance standards in the heart of the technology.

Integrity topics including anti-money laundering and counter terrorist-financing (AML/CTF), preventing the circumvention of sanctions, compliance with relevant laws and regulations and combatting socially unacceptable behavior were particular points of focus in 2022. Adyen leveraged its continuous risk assessment cycle to identify and account for new/changing integrity risks arising in connection with changing laws and regulations and the evolution of Adyen's product/service offering.

In respect of the range of laws and regulations applicable to Adyen around the Globe, it is notable that the pace at which new regulations are being introduced, as well as varying interpretations in the

application of such regulations to non-traditional market participants such as Adyen, continues to be a key challenge. To manage the pace of regulatory change and address nuance in regulatory interpretation, significant investments in human resources were made in the fields of Regulatory Compliance, AML/CTF as well as Compliance Monitoring and Data.

A dedicated Product Compliance team was also created in 2022, to ensure that the integrity risks associated with the expansion to new financial products/ services, and markets are appropriately accounted for and relevant controls are built into new products and services by design to support sustainable expansion.

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

As a global financial institution, Adyen has always taken very seriously its responsibility to prevent abuse of the financial system for money laundering and terrorist financing (amongst other key integrity risks). To continually meet this responsibility, Adyen has further strengthened relevant AML/CTF controls across 2022 – 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 prevent the misuse of the financial system through the circumvention of sanctions. During 2022, these efforts included addressing the unprecedented changes in international sanctions arising in connection with the Russian invasion of Ukraine. While Adyen does not offer any payment or other financial services to customers who are Russian residents and nor does Adyen have any presence in Russia, Adyen has nevertheless participated in international efforts to enforce all new sanctions regulations stemming from national and supranational governments in connection with the Russian-Ukraine conflict.

Tax

Adyen has a low appetite for risk forthcoming from its tax obligations. Adyen wants to meet its obligation to pay the amount of tax legally due in any territory, in accordance with rules set by governments. The determination of Adyen's worldwide provision for income taxes, value-added taxes, and other tax liabilities requires estimation and significant judgment. Like many other multinational corporations, Adyen is subject to tax in multiple tax jurisdictions. Key tax risks, that could potentially affect the strategic and operational objectives, are identified through the annual top-down and bottom-up company-wide risk assessments. When a specific tax risk is encountered, we may seek for professional advice and strive for open communication towards tax authorities.

Adyen's determination of its tax liability is always subject to audit and review by applicable domestic and foreign tax authorities. Any adverse outcome of any such audit or review could have a negative effect on Adyen's business and the ultimate tax outcome may differ from the amounts recorded in its financial statements. For more information, please refer to the 'Tax' section in this Annual Report.

Financial reporting

Gaps in internal controls could negatively impact the accuracy of our financial and management reporting. Adyen has a low appetite for errors in financial reporting and does not accept material misstatements in the financial statements. Adyen has implemented internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with financial reporting standards. Due to its inherent limitations, internal control over financial reporting can't provide absolute assurance that a misstatement in Adyen's 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.

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 at Adyen can originate from the risk that a counterparty will not settle the full value of an obligation — neither when it becomes due, nor thereafter (default risk), or the risk of losses stemming from on- and off-balance sheet positions arising from concentrations in exposures to a single counterparty or a group of connected counterparties (concentration risk). Within the regulatory limits set by the Large Exposure framework Adyen has a moderate risk appetite. Adyen makes good choices in our financial counterparties and actively monitor them, nevertheless engaging with partner banks resulting in a credit exposure is unavoidable in certain circumstances for providing payment services. Adyen did not see a material increase in counterparty credit risk that can be directly related to the remnants of the COVID-19 pandemic or the developments in macroeconomic conditions in key markets. For markets or jurisdictions that are considered key to successful operations, Adyen seeks to work with at least two different partner banks. During the year 2022, Adyen remained comfortable within its internally set risk appetite limits for its credit risk related indicators, as well as within the regulatory relevant limits.

Fluctuations in foreign currency exchange rates

The strengthening or weakening of the Euro impacts the translation of Adyen's net revenue generated from its international operations that are denominated in foreign currencies into the Euro. Additionally, in connection with providing its services in multiple currencies, Adyen generally sets its foreign exchange rates once per day. Adyen may face financial exposure if Adyen incorrectly sets its foreign exchange

rates or as a result of fluctuations in foreign exchange rates between the times that Adyen sets them. Given that Adyen also holds some customers' and own funds in non-euro currencies, its financial results are affected by the translation of these non-euro currencies into Euro. While Adyen has measures in place intended to manage its foreign exchange risk, primarily natural hedges and spot trades for any net open positions forthcoming its acquiring activities for customers, no assurance can be given that fluctuations in foreign exchange rates will not have a significant impact on Adyen's results of operations. Adyen is also exposed to foreign exchange risk on its assets and liabilities denominated in currencies other than the functional currency, including certain contract assets, its holding of Visa Inc. shares and the assets and liabilities of its subsidiaries. The majority of these assets to which Adyen is exposed to are denominated in US dollars. Adyen pays attention specifically to risk management of the FX position that originates through the international payment services it provides for its customers, this FX position originates as a result of transactions done by customers. Contrary to its own long-term balance sheet positions, Adyen does not control this FX origin directly and during 2022 Adyen performed spot trades on a daily basis to maintain FX positions within its risk appetite set limits. While Adyen manages FX rate on a continuous basis, some fluctuations in exchange rates resulted in differences between card scheme rates and Adyen's rates. There were no material FX losses to be reported and the processes on FX trading have been improved to further mitigate the risk of a loss occurring. Given the macroeconomic conditions and potentially significant changes in local economies and corresponding currencies, Adyen sees this as a prudent move towards managing FX risk and maintain within risk appetite.

Note 12 of the Consolidated Financial Statements supports this, as it shows the limited effect that a 10% shock of the Euro FX rate has on the net position of USD (EUR 1.2 million) as at December 31, 2022.

Price risk of financial instruments

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

Currently, Adyen's customer centric business model is fee-based and is not materially impacted by the transformation of assets or any interest spread. Therefore, the current increases in interest rates do not impact Adyen's revenues significantly. However, Adyen is exposed to interest rate risk in the banking book in relation to its high-quality liquid assets in the form of cash held at central banks within EU for which it has received positive interest in 2022. Second, a limited amount of cash is invested in money-market funds that hold US-government T-bills. Despite this low risk profile, in 2022 Adyen quantified the impact of interest rate movements in its earnings as well as market value changes of its financial instruments and their direct effect on capital for each significant currency. The results of this exercise show minimal impact, as is also supported by the overall limited impact of finance expense in our financial statements of EUR 12.8 million, which can be primarily attributed to negative interest paid on the DNB central bank account.

Liquidity and funding risk

Liquidity risk is the risk that Adyen could not meet its short- to medium- term payment and collateral obligations without affecting daily operations. Adyen has no appetite for not being able to meet its payment and collateral obligations without affecting daily operations. 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 bounds in 2022.

Secure financing on favorable terms

Adyen has funded its operations since inception through equity financing. Adyen is currently able to generate sufficient cash through operational results to fund its upcoming operations, but there is no guarantee that Adyen will be able to continue doing 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 or debt financings or enter into 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 terms satisfactory when it requires it, its ability to continue to grow or support its business and to respond to business challenges could be significantly limited.

Statement by the Management Board

The Management Board of Adyen 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. 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 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 has assessed the effectiveness of the design and operation of the risk management and control systems as of December 31, 2022. 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 Dutch Corporate Governance Code, the Management Board 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 (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 those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of this 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 confirms that to the best of its knowledge and belief:

- The financial statements of 2022 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The Annual Report 2022 gives a true and fair view of the position as at December 31, 2022, the development and performance during 2022 of Adyen, together with a description of the principal risks that Adyen faces.

Amsterdam, the Netherlands

March 8, 2023

P.W. van der Does
CEO

K. Zaki
COO

R. Prins
CCO

M.B. Swart
CLCO

I.J. Uytdehaage
CFO

A. Matthey
CTO

02

Corporate Governance

“Within Adyen, you’re encouraged to develop yourself and to find areas where you can add the most value. It’s about seeing what you’re interested in, and then which parts of the business can benefit from those interests. This process can take you to different teams or even different offices. I started off in Adyen’s Investor Relations team based in Amsterdam. From there, I dove into demystifying FX, before a bigger role emerged within our product team in our new Chicago office.”

Annemarije — Product Manager



Corporate Governance

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. In setting up and maintaining our governance structure Adyen is guided by Dutch statutory requirements, the Dutch Corporate Governance Code 2016 (the Code), 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, the Management Board By-Laws, the Supervisory Board By-Laws, the Terms of Reference of our Supervisory Board committees and certain other internal policies and procedures. These documents are available on Adyen's [Investor Relations website](#).

Management structure

Adyen maintains a two-tier board structure consisting of a Management Board and a Supervisory Board, each of which have specific responsibilities. The Management Board is collectively responsible for the overall management, which includes, among others, developing and executing Adyen's strategy and risk management policy based on 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

Composition, Powers, and Function

Per December 31, 2022, Adyen's Management Board is composed of the following members (the Managing Directors):

Name	Year of birth	Nationality	Gender	Position	Current appointment date	Term
Pieter Willem van der Does	1969	NL	Male	CEO	June 2022	June 2026
Roelant Prins	1975	NL	Male	CCO	June 2022	June 2026
Ingo Jeroen Uytdehaage	1973	NL	Male	CFO	June 2021	June 2025
Kamran Zaki	1973	US	Male	COO	January 2020	January 2024
Mariëtte Bianca Swart	1980	NL	Female	CLCO	January 2020	January 2024
Alexander Matthey	1981	DE	Male	CTO	February 2021	February 2025

Each Managing Director has duties related to their specific area of responsibilities and expertise. In performing their duties, the Managing Directors are required to be guided by the best interests of the Company and the business connected thereto, taking into consideration the interests of the Company's stakeholders. The Management Board By-Laws set out rules regarding the composition, responsibilities and objectives of the Management Board.

On December 14, 2022, Brooke Nayden's proposed appointment as Chief Human Resources Officer (CHRO) has been announced. The proposed appointment as CHRO will be effective per May 11, 2023, after the finalization of the fit and proper assessment by the Dutch Central Bank and shareholder approval in the 2023 Annual General Meeting (AGM).

On February 8, 2023, the proposed appointments of Ingo Uytdehaage as co-CEO and Ethan Tandowsky as CFO have been announced. Furthermore, Kamran Zaki will step down as Chief Operating Officer as of May 11, 2023. In his new role as co-CEO, Ingo Uytdehaage will oversee the Product and Operations teams, and Roelant Prins (CCO) the Account Management teams. Kamran will be closely involved in the Company's operations to ensure a proper handover during the summer of 2023. The proposed appointments of Ingo Uytdehaage and Ethan Tandowsky as co-CEO and CFO respectively will be effective per May 11, 2023, after the finalization of the fit and proper assessments by the Dutch Central Bank and shareholder approval in the 2023 Annual General Meeting (AGM).

More information on the Management Board can be found at www.adyen.com/about.

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

Supervisory Board

The Supervisory Board functions as a separate corporate body and is fully 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.

Composition, powers, and function

Adyen's Supervisory Board is composed of the following members (the Supervisory Directors) as of December 31, 2022:

Name	Year of birth	Nationality	Gender	Position	Current appointment date	Term
Piero Overmars	1964	NL	Male	Chairman	January 2021	January 2025
Delfin Rueda Arroyo	1964	SP	Male	Member	January 2022	January 2026
Joep van Beurden	1960	NL	Male	Member	January 2020	January 2024
Pamela Joseph	1959	US	Female	Member	May 2019	May 2023
Caoimhe Keogan	1978	IE	Female	Member	February 2021	February 2025

As of December 31, 2022, the Supervisory Board is composed of five members — Piero Overmars (Chairman), Delfin Rueda Arroyo, Joep van Beurden, Pamela Joseph and Caoimhe Keogan.

Piero Overmars serves as a member of the Supervisory Boards of Dura Vermeer Group N.V. and Dutch Organic International Trade B.V., and as a member of the Management Board of Stichting Continuïteit PostNL. Next to this, he serves as Chairman of the Supervisory Board of Land Life Company B.V. 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 that culminated in a Board Member position. Piero Overmars holds an MBA from Nyenrode Business University.

Delfin Rueda Arroyo is a CFO & General Partner of Mundi Ventures, and serves as non-executive director of Allfunds Bank and Allfunds Group. Previously, he served as CFO and Vice-Chair of the Executive Board and Management Board of NN Group and ING Insurance, following an extensive career at Atradius, JP Morgan, UBS, Salomon Brothers and Andersen Consulting. Delfin Rueda Arroyo holds a master degree in Economic Analysis and Quantitative Economics from the Complutense University of Madrid (Spain). He also holds an MBA from the Wharton School, University of Pennsylvania (USA).

Joep van Beurden is CEO and member of the Executive Board of Kendrion N.V. and member of the Supervisory Board of the Twente University of Technology. Previously, he served 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 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).

Caoimhe Keogan serves as CPO (Chief People Officer) for Aveva Group plc. 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. Caoimhe Keogan holds a degree in Occupational Psychology from Queen's University Belfast (UK).

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 long-term value creation and its implementation 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.

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 for each Committee, which can be found at [our Governance webpage](#). 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 2022.

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.

Where necessary, 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 Joep van Beurden (Chairman), Piero Overmars, and Caoimhe Keogan.

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 CEO, CFO and CLCO have a standing invitation for each Committee meeting. The Company's HR Director also attends 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 financial information and risk management. The Committee issues preliminary advice to the Supervisory Board regarding the approval of Adyen's interim and annual accounts.

It 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. 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 (Chairman), 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 CEO, CFO and CLCO have a standing invitation for each Committee meeting. The Company's internal auditor and external auditor also attend the meetings of the Committee.

General Meeting, shares and shareholders

General Meetings

Adyen holds a General Meeting of shareholders within six months of the end of the financial year. The agenda for this meeting includes (i) the adoption of the annual accounts, (ii) the Annual Report, (iii) the remuneration policy and remuneration of the Management Board and the Supervisory Board, (iv) the release from liability of the members of the Management Board and the Supervisory Board for their performance during the financial year, (v) the policy of the Company on additions to reserves and on distributions of profits, (vi) any proposal to distribute profits, (vii) the auditor's report, and (viii) any other proposals placed on the agenda by the Management Board.

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 places items on the agenda of a General Meeting. Such a request must be honoured by the Management Board provided that the request is received in writing at least 60 days before the date of such a meeting.

The Annual General Meeting of 2022 was held on June 1, 2022. Aside from the topics of this meeting as listed above, Pieter van der Does and Roelant Prins were reappointed as members of the Management Board with the title CEO and CCO respectively for another four-year period.

Adyen's 2023 Annual General Meeting will be held on May 11, 2023.

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.

Amendment to the Articles of Association

The General Meeting may pass a resolution to amend the Articles of Association with an absolute majority of the votes cast. A proposal to amend the Articles must be made by the Management Board and must be approved by the Supervisory Board. When a proposal to amend the Articles of Association is made to the General Meeting, the intention to propose such resolution must be stated in the relevant notice convening the General Meeting.

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 June 1, 2022, 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 June 1, 2022 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 June 1, 2022. In 2022, 29,213 (2021: 600,850) 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 June 1, 2022, 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 June 1, 2022, 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 2022, no repurchases 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.

Report of the Supervisory Board

The Supervisory Board is pleased to present its report for 2022. Adyen's business has proven to be resilient to macroeconomic factors in 2022 — including high inflation and geopolitical instability — during a challenging period for global commerce. Nevertheless, Adyen's demonstrated history of building for the long term and remaining a committed partner to its customers put us in the fortunate position of sustained profitable growth. In 2022, the Adyen platform processed €767.5 billion, growing 49% year-on-year. Furthermore, Adyen was able to grow the team to a total of 3,332 FTE as of December 31, 2022, adding 1,152 FTE to its global team.

This report includes a more specific description of the Supervisory Board's activities during the financial year 2022 and other relevant information on its functioning.

Supervisory Board meetings

The Supervisory Board convened for eight regular meetings, of which seven were held at the offices of Adyen, and one was held via videoconferencing. The meetings were held in the months February, March, May, August, October and December. Members of the Management Board were also present during these meetings.

In 2022, the attendance rate of the Supervisory Directors was 100%.

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 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 Chairman of the Supervisory Board met regularly during the year with the CEO 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 outside the formal Supervisory Board meetings, and informally with other members of the team, including the global leadership team.

In 2022, there were no conflicts of interest between Adyen and Managing Directors or Supervisory Directors.

Committee reporting

The Supervisory Board has established two Committees, as further explained in the chapter 'Governance': The Nomination and Remuneration Committee and the Audit and Risk Committee. The main considerations and conclusions of each Committee were shared with the full Supervisory Board.

Nomination and Remuneration Committee

The duties and composition of the Nomination and Remuneration Committee are described in the section 'Governance' of this Annual Report.

The Nomination and Remuneration Committee convened three times in 2022. All Committee members attended all meetings. The Committee has reviewed the composition of the Supervisory Board and Management Board, and has prepared the proposal to appoint Brooke Nayden as CHRO. Furthermore, it has drawn up a plan for the succession of the Managing Directors and the Supervisory Directors. In 2022, 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).

The Committee monitored and analyzed developments of the Code and applicable laws and regulations in relation to remuneration policies, reviewed Adyen's Remuneration Policy and its execution for compliance

with the Code and the Dutch Act on Remuneration Policies Financial Undertakings (Wet belongingsbeleid financiële ondernemingen) as implemented in the Dutch Financial Supervision Act (Wet op het financieel toezicht). For more information on the Remuneration Policy, please refer to the section 'Remuneration Report' of this Annual Report.

The Nomination and Remuneration Committee leads the evaluation of the performance of the individual Managing Directors and Supervisory Directors. During the evaluation the Committee took note of the Managing Directors' views on their own remuneration. The Committee drafted proposals to the Supervisory Board for the remuneration of the individual Managing Directors and Supervisory Directors. Please refer to the section 'Remuneration Report' for more information on the remuneration packages of the Managing and Supervisory Directors.

Audit and Risk Committee

The duties and composition of the Audit and Risk Committee are described in the section 'Governance' of this Annual Report.

In 2022, the Audit and Risk Committee convened for four meetings. The Committee discussed 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. The Committee also discussed the half-yearly financial results and the financial statements. Furthermore, the Committee discussed the reports from internal and external auditors, reviewed the Annual Report and the H1 and H2 Shareholder Letter including the relevant press releases, and discussed the overall internal control environment.

Other topics on the agenda in 2022 included compliance, governance, ICLAAP, SREP, Pillar III reporting, tax, legal, ESG and investor relations. The members of the Committee met with the internal and external auditors outside the Committee meetings to ensure all relevant information was discussed. The Committee evaluated the performance and remuneration of the external auditor. All Committee members, the internal auditor and the external auditor attended all meetings held in 2022.

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
- Financial reporting
- Ethics, conduct, integrity and compliance
- IT, information security and data privacy
- Tax

Please refer to the Report of the Supervisory Board for a complete overview of topics discussed by the Supervisory Board in 2022, and to [our Governance page](#) for the Terms of Reference of the Supervisory Board committees.

Diversity

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.

This standpoint has also been embedded in the Adyen Diversity, Equity and Inclusion (DEI) Policy, as published on our [Governance webpage](#). The Policy outlines the commitment to maintaining a Supervisory Board that is at least one-third female, in line with statutory diversity quota. Currently, Adyen's Supervisory Board consists of 40% women. Furthermore, Adyen is committed to increase its gender balance of the Management Board and global leadership team together to consist of at least one-third female members. We are encouraged to see that Adyen's global leadership team now comprises of 27% female members. For the Management Board, this is at 17% in 2022. We're happy to announce that Brooke Nayden will strengthen the Management Board this year in her role as Chief Human Resources Officer, adding valuable experience on culture, DE&I, and scaling tech organizations to the Management Board. Brooke's appointment is subject to shareholder approval during the General Meeting on May 11, 2023. With the proposed appointments of Ethan Tandowsky and Brooke Nayden as Managing Directors, and the stepping down of Kamran Zaki as Managing Director, the Management Board will consist of 29% female members respectively. Please refer to the 'People & culture' section of this Annual Report for more information on the Company's Diversity, Equity & Inclusion efforts in 2022.

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.

Performance assessment

In 2022, the Supervisory Board has assessed its performance and composition and that of its Committees. The Supervisory Board has conducted the annual self-assessment without the Managing Directors being present, and has subsequently asked the Managing Directors for their input on the performance of the Supervisory Board in 2022. The Supervisory Board has received satisfactory feedback on its functioning. The main results of the self-assessment have subsequently been shared back with the Management Board. The performance of the Supervisory Board, the Nomination and Remuneration Committee and the Audit and Risk Committee has been assessed as satisfactory. The functioning of the Supervisory Board fully complies with the relevant principles and best practices as set out in the Dutch Corporate Governance Code.

The points for follow-up as proposed in last year's external evaluation have been implemented successfully, such as to spread the Supervisory Board and Committee meetings over multiple days and to allocate more time to second-line functions. For the upcoming year, the Supervisory Directors among others aim to dedicate even more time to Adyen's global leadership team.

Financial statements

The financial statements for the year ended December 31, 2022, 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 2022, 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.

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 Code⁸. As such, it 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.

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 and Supervisory Board
- Reporting and Whistleblower Policy
- Terms of Reference Audit and Risk Committee
- Terms of Reference Nomination and Remuneration Committee
- The Adyen Way of Building an Ethical Business

⁸ For the full version of the Dutch Corporate Governance Code 2016, please refer to www.mccg.nl. In December 2022, the Corporate Governance Code Monitoring Committee has published a revised version Dutch Corporate Governance Code ('2022 Code'). The 2022 Code is effective per January 1, 2023. Adyen will refer to the 2016 Corporate Governance Code in this Annual Report.

Remuneration report

This remuneration report explains how the remuneration policies for the Management Board and Supervisory Board were put into practice in 2022. 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 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 2023 AGM. Additionally, the last section of this report includes remuneration-related information regarding other staff members. This section of the report is prepared in line with article 1:120 of the Dutch Financial Supervisory Act and is for informational purposes only. It is not subject to the advisory vote applicable for our Management Board and Supervisory Board section.

Our philosophy

When it comes to our remuneration policies, Adyen maintains the same objectives and goals for all 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 approach 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 2022.

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 fulfill 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 the Dutch Remuneration Policy for Financial Institutions Act (Wet beloningsbeleid financiële 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, Supervisory Board and other staff remuneration policies are published on our website.

Our Management Board remuneration policy

Our current and proposed remuneration policy at a glance

The overview on this page provides insight into the main elements of our current Management Board remuneration policy and those of our proposed policy (subject to shareholder approval at our 2023 AGM). Subject to adoption by the AGM, the policy will be effective as per January 1, 2024 and is intended to remain in place for 4 years. The full proposed policy will be published in combination with our 2023 AGM convening notice.

Policy	Current	Proposed	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. In order 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 factor is the comparison to 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 explained in previous sections of this remuneration report, and subject to shareholder approval, as per January 1, 2024, we will 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, subject to shareholder approval, 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 2022

In this section, we outline the implementation of our Management Board remuneration policy in 2022. 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 2022.

Similar to previous years, we did not award variable remuneration to our Management Board members in 2022. 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 2022, the base salaries of our Management Board members increased by 9.6%, which is in line with the average salary increase of our employees in 2021. As outlined in our 2021 remuneration report, two exemptions were made. Per 1 January 2022, the annual fixed compensation of our Chief Legal & Compliance Officer was adjusted to EUR 750,000, based on full-time employment. This adjustment was made to reflect the increased scope of her role and responsibilities, and bring the remuneration package towards a more competitive level. Furthermore, total fixed compensation of our Chief Technology Officer was adjusted to EUR 600,000 to recognize his experience and ensure the remuneration change is in line with the technology organization and external technology sector.

Currently, all our Management Board members, with the exemption of our Chief Legal & Compliance Officer and Chief Technology Officer, receive their base salary in cash. For our Chief Legal & Compliance Officer, 50% of base salary is paid in depository receipts, and for the Chief Technology Officer, 46% part of base salary is paid in depository receipts reflecting historical increases and in accordance with our remuneration policy. The depository receipts 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 AEX companies 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 2022. No variable remuneration to our Management Board members was adjusted or clawed back over 2022 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 Managing Directors participate in the Collective Defined Contribution (CDC) pension plan, with respect to their salary up to EUR 114,866 gross per year for 2022 (2021: EUR 112,189). On behalf of each Managing Director, 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 Managing Director has the possibility of making additional contributions in order to accrue additional pension capital.

Kamran Zaki participates in a 401k retirement plan in the US, for which Adyen provided an employer match of up to 2% of base salary in 2022.

Benefits

All Managing Directors 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 Managing Directors 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 (2021: [7:1]). For the other Management Board members, a ratio of [7:1] applies (2021: [6:1]).

This calculation methodology is in accordance with the guidance as provided by the Monitoring Commission of 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. Nevertheless, we believe this ratio is currently reasonable considering the tenure of (most of) our Management Board members within Adyen.

Overview of the Management Board remuneration in 2022

The table below provides an overview the Management Board remuneration in 2022 and 2021. 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 depository receipts. As explained in previous sections of this remuneration report, total remuneration consists of fixed remuneration only.

Managing Director	Reported Year	Base salary	Pension and benefits	Share-based compensation	Variable income	Total Remuneration
Pieter van der Does	2022	671,530	20,044	—	—	691,574
	2021	612,710	15,975	—	—	628,685
Roelant Prins	2022	545,124	20,044	—	—	565,168
	2021	497,376	15,975	—	—	513,351
Ingo Uytdehaage	2022	632,028	20,044	—	—	652,072
	2021	576,668	15,975	—	—	592,643
Kamran Zaki	2022	830,328	24,465	—	—	854,793
	2021	727,510	17,217	—	—	744,727
Mariëtte Swart	2022	500,000	20,044	250,000	—	770,044
	2021	347,625	15,975	115,863	—	479,463
Alexander Matthey*	2022	411,000	104,186	189,000	—	704,186
	2021	375,000	15,975	125,000	—	515,975
Total	2022	3,590,010	208,827	439,000	—	4,237,837
	2021	3,136,889	97,092	240,863	—	3,474,844

All amounts are in EUR

*In 2022, the amount for Alexander Matthey's pension and benefits includes housing and schooling allowances.

Stock options awarded in previous years

The table below provides an overview of the stock options per December 31, 2022 that have been granted to Managing Directors as part of their share-based compensation. No new grants were given in 2022.

2022	Grant date	Grant price	Final vesting date	Number of options vested	Expiry date	Outstanding 31 December 2022	Exercised in 2022
Mariëtte Swart	1 November 2015	39,90	1 November 2019	7,500	1 November 2023	3,400	0
Alexander Matthey	1 December 2015	66,50	1 December 2019	2,500	1 December 2023	1,250	0

Share and Depositary Receipt holdings

The table below reflects the equity position directly or indirectly held by the Managing Directors as per December 31, 2022 and 2021:

	Shareholdings (aggregate number of Shares and/or Depositary Receipts)	
	2022	2021
Pieter van der Does	947,542	1,022,539
Roelant Prins	287,309	287,309
Ingo Uytdehaage	195,182	195,182
Kamran Zaki	47,168	47,168
Mariëtte Swart	158	79
Alexander Matthey	164	84

Service and Severance Agreements

All Managing Directors 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 is currently 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 Managing Director 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 2022, no severance payment has been paid to any Managing Director.

Loans

No loans, advance payments, nor guarantees have been granted to or on behalf of the Managing Directors.

Remuneration and Company Performance Development

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

Annual change	2022 vs 2021	2021 vs 2020
Director's remuneration (in EUR)		
Pieter van der Does	62,889	15,921
Roelant Prins	51,817	12,561
Ingo Uytdehaage	59,429	14,871
Kamran Zaki	110,066	73,110
Mariëtte Swart	290,581	11,583
Alexander Matthey	188,211	515,975
Company Performance (in EUR '000)		
Net revenues	328,649	317,317
EBITDA	98,296	227,512
Average remuneration comparative on FTE basis (in EUR)		
Wages and Salaries / FTE	7,185	4,663

The difference in Mariëtte Swart and Alexander Matthey's salary compared with previous years is the result of their increased total remuneration they receive per January 1, 2022 and as explained in the previous sections of this remuneration report.

Our Supervisory Board remuneration policy

Our policy at a glance

The overview below provides insight into the main elements of our current Supervisory Board remuneration policy and those of our proposed policy (subject to shareholder approval at our 2023 General Meeting). Subject to approval from shareholders during the 2023 General Meeting, the policy will be effective as per January 1, 2024 and is intended to remain in place for 4 years. The full proposed policy will be published in combination with our 2023 General Meeting convening notice.

Element	Current	Proposed	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 against the external landscape. Under the scope of our current 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, and subject to shareholder approval, as per January 1, 2024, we will make use of a tailored peer group 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. However, we also observe significant differences in time commitment and responsibilities between one-tier and two-tier boards, especially for the role of the Chair.

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, hence, subject to shareholder approval, for the first time in our 2024 remuneration report.

Supervisory Board remuneration in 2022

In this section, we outline the implementation of our Supervisory Board remuneration policy in 2022. 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 2022.

Overview of the Supervisory Board remuneration in 2022

The table below provides an overview of the Supervisory Board remuneration in 2022 and 2021. No increases have been made in Supervisory Board remuneration in the financial year 2022. 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	2022 (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

(in EUR)	2022		2021	
	Remuneration in cash	Total Remuneration	Remuneration in cash	Total Remuneration
Piero Overmars	97,000	97,000	97,000	97,000
Delfin Rueda Arroyo	75,000	75,000	75,000	75,000
Joep van Beurden	70,000	70,000	70,000	70,000
Pamela Joseph	77,000	77,000	77,000	77,000
Caoimhe Keogan	67,000	67,000	67,000	67,000
Total	386,000	386,000	386,000	386,000

Share-based compensation

The table below provides an overview of the aggregate number of Shares and/or Depositary Receipts per December 31, 2022 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)	
	2022	2021
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, transfer or otherwise dispose of any Shares and/or Depositary Receipts during the term of their appointment.

Insurance

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

Loans

No loans, advance payments, nor guarantees have been granted to or on behalf of the Supervisory Directors.

Our remuneration policy for other staff

This section is for informational 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 2022

Variable remuneration

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

In 2022, our total global company-wide amount of variable remuneration awarded to employees, not being our Management Board or Supervisory Board, was EUR 22,219,633 (2021: EUR 19,861,792) compared to a total staff expense of EUR 380,587,000 (2021: EUR 240,538,495).

Identified Staff

In 2022, there were 33 employees (2021: 26) identified as "Identified Staff".

Total annual remuneration

In 2022, there were 7 employees (2021: 3) to whom total annual remuneration (including employer pension contributions and any severance payments made) of EUR 1,000,000 or more was awarded.

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Consolidated Statement of Comprehensive Income

For the years ended December 31, 2022 and 2021
(all amounts are in EUR thousands unless otherwise stated)

	Note	2022	2021
Revenue	2	8,935,611	5,995,419
Costs incurred from financial institutions	2	(7,550,960)	(4,960,951)
Costs of goods sold	2, 3	(54,485)	(32,951)
<i>Net revenue</i>		<i>1,330,166</i>	<i>1,001,517</i>
Wages and salaries	4	(328,316)	(199,141)
Social securities and pension costs	4	(52,271)	(41,398)
Amortization and depreciation	13,14,17	(63,613)	(35,011)
Other operating expenses	5	(221,237)	(131,236)
Other income/(expense)		(54)	250
Income before net finance income/(expense) and income taxes		664,675	594,981
Finance income	10	29,323	1,039
Finance expense	17,10	(11,963)	(12,788)
Other financial results	6	37,904	(2,385)
Net finance income/(expense)		55,264	(14,134)

	Note	2022	2021
<i>Income before income taxes</i>		<i>719,939</i>	<i>580,847</i>
Income taxes	7	(155,800)	(111,130)
Net income for the year		564,139	469,717
<i>Net income attributable to owners of Adyen N.V.</i>		<i>564,139</i>	<i>469,717</i>
<i>Other comprehensive income</i>			
Items that may be reclassified to profit or loss:			
Currency translation adjustments subsidiaries		(1,326)	11,373
Other comprehensive income for the year		(1,326)	11,373
Total comprehensive income for the year (attributable to owners of Adyen N.V.)		562,813	481,090
Earnings per share (in EUR)			
- Net profit per share - Basic	23	18.21	15.40
- Net profit per share - Diluted	23	18.17	15.31

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

Consolidated Balance Sheet

As at December 31, 2022, and 2021
(all amounts are in EUR thousands unless otherwise stated)

	Note	December 31, 2022	December 31, 2021
Intangible assets	13	8,140	9,841
Plant and equipment	14	140,796	72,981
Right-of-use assets	17	181,676	128,063
Other financial assets at FVPL	11	12,264	22,504
Contract assets	2.2	48,612	79,341
Deferred tax assets	7	143,727	127,782
Total non-current assets		535,215	440,512
Inventories	3	87,891	22,138
Receivables from merchants and financial institutions	15	369,104	633,249
Trade and other receivables	15	89,350	56,852
Current income tax receivables	7	12,445	6,761
Cash and cash equivalents	10	6,522,345	4,616,094
Total current assets		7,081,135	5,335,094
Total assets		7,616,350	5,775,606

	Note	December 31, 2022	December 31, 2021
Share capital	8	310	310
Share premium	8	352,399	335,725
Other reserves		156,552	137,457
Retained earnings		1,902,857	1,336,922
Total equity attributable to owners of Adyen N.V.		2,412,118	1,810,414
Derivative liabilities	11	35,000	81,700
Deferred tax liabilities	7	11,345	16,401
Lease liability	17	169,873	119,968
Cash-settled share-based payment plan	4.3	6,742	5,601
Total non-current liabilities		222,960	223,670
Payables to merchants and financial institutions	16	4,795,804	3,608,531
Trade and other payables	16	147,827	100,116
Lease liability	17	33,200	22,996
Current income tax payables	7	4,441	9,879
Total current liabilities		4,981,272	3,741,522
Total liabilities and equity		7,616,350	5,775,606

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

Consolidated Statement of Changes in Equity

For the years ended December 31, 2022 and 2021

(all amounts are in EUR thousands unless otherwise stated)

	Note	Share capital	Share premium	Other reserves			Retained earnings	Total equity
				Legal reserves	Share-based payment reserve	Warrant reserve		
Balance - January 1, 2021		304	194,608	(1,504)	98,034	53,401	873,291	1,218,134
Net income for the year							469,717	469,717
Currency translation adjustments				11,373				11,373
Total comprehensive income for the year		—	—	11,373	—	—	469,717	481,090
Adjustments:								
Intangible assets				(129)			129	—
Other adjustments							59	59
		—	—	(129)	—	—	188	59
Transactions with owners in their capacity as owners:								
Equity transfer on exercise of warrant	2.1		34,100			(26,700)	(7,400)	—
Deferred tax on share-based compensation	7		—		5,548			5,548
Options exercised			1,732		(1,732)			—
Proceeds on issuing shares	8	6	105,285					105,291
Share-based payments	4.3				292			292
Other adjustments						(1,126)	1,126	—
		6	141,117	—	4,108	(27,826)	(6,274)	111,131
Balance - December 31, 2021		310	335,725	9,740	102,142	25,575	1,336,922	1,810,414

	Note	Share capital	Share premium	Other reserves			Retained earnings	Total equity
				Legal reserves	Share-based payment reserve	Warrant reserve		
Balance - January 1, 2022		310	335,725	9,740	102,142	25,575	1,336,922	1,810,414
Net income for the year							564,139	564,139
Currency translation adjustments				(1,326)				(1,326)
Total comprehensive income for the year		—	—	(1,326)	—	—	564,139	562,813
<i>Adjustments:</i>								
Intangible assets				(2,160)			2,160	—
Other adjustments					161		(364)	(203)
		—	—	(2,160)	161	—	1,796	(203)
<i>Transactions with owners in their capacity as owners:</i>								
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	6,254	124,723	25,575	1,902,857	2,412,118

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

Consolidated Statement of Cash Flows

For the years ended December 31, 2022 and 2021
(all amounts are in EUR thousands unless otherwise stated)

	Note	2022	2021
Income before income taxes		719,939	580,847
<i>Adjustments for:</i>			
- Finance income	10	(29,323)	(1,039)
- Finance expenses	17,10	11,963	12,788
- Other financial results	6	(37,904)	2,385
- Depreciation of plant and equipment	14	28,354	15,315
- Amortization of intangible fixed assets	13	5,224	3,088
- Depreciation of right-of-use assets	17	30,035	16,608
- Equity-settled share-based compensation	4.3	9	292
- Cash-settled share-based payment plan		1,141	5,601
<i>Changes in working capital:</i>			
- Inventories	3	(65,753)	(3,851)
- Trade and other receivables	15	(32,650)	19,780
- Receivables from merchants and financial institutions	15	264,145	250,690
- Payables to merchants and financial institutions	16	1,187,273	1,019,668
- Trade and other payables	16	40,155	(11,048)
- Amortization and additions of contract assets	2.2	30,763	48,198
<i>Cash generated from operations</i>		<i>2,153,371</i>	<i>1,959,322</i>

	Note	2022	2021
Interest received	10	29,323	1,039
Interest paid	17,10	(11,963)	(12,788)
Income taxes paid		(149,573)	(127,427)
Net cash flows from operating activities		2,021,158	1,820,146
Purchases of financial assets at FVPL		—	(211)
Redemption of financial assets at amortized cost	11	—	12,427
Redemption of financial assets at FVPL	11	11,407	—
Purchases of plant and equipment	14	(95,575)	(51,387)
Capitalization of intangible assets	13	(3,523)	(2,959)
Net cash used in investing activities		(87,691)	(42,130)
Proceeds from issues of shares	8	9,926	105,285
Lease payments	17	(22,144)	(9,045)
Net cash flows from financing activities		(12,218)	96,240
Net increase in cash, cash equivalents and bank overdrafts		1,921,249	1,874,256
Cash, cash equivalents and bank overdrafts at beginning of the year		4,616,094	2,737,486
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		(14,998)	4,352
Cash, cash equivalents and bank overdrafts at end of the year	10	6,522,345	4,616,094

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.

Adyen was granted a license to operate as a US Federal Foreign Branch in San Francisco, California by the Office of the Comptroller of the currency and the Federal Reserve in 2021. As a result, Adyen Inc. was liquidated, which was finalized in 2022, and all the assets/liabilities have been transferred to the newly set-up branch of Adyen N.V. in San Francisco effective January 1, 2022.

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. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). 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 Russian invasion of Ukraine in 2022, alongside the imposition of international sanctions, has a pervasive economic impact. Adyen has assessed that there is no significant impact on the business environment, liquidity and asset values, giving consideration to higher inflation and rising interest rates, supply chain disruption, market volatility, payment risk and increasing commodity costs resulting from the invasion. Therefore, no significant impact is assessed relating to the recognition and measurement of assets and 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, United Kingdom, Canada, Australia, Hong Kong, Mexico, China, India, Japan, and United Arab Emirates, with branches in Germany, France, Sweden, and the United States, and representative offices in Belgium, Italy, Poland and Spain. The address of Adyen's N.V. registered office is Simon Carmiggelstraat 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 2022 financial statements, Adyen adopted amendments issued and made effective from January 1, 2022. Adyen has assessed that the implementation had no impact on its current accounting policies. Details of the overall impact assessment of the first-time application on January 1, 2022 of new amendments is disclosed in note 20.1 'New standards adopted by Adyen'.

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 be materially adjusted due to inaccurate estimates and/or assumptions applied
Where	<p>Provided per note to the financial statements. The notes are organized into the following sections:</p> <p>Key disclosures: provide a breakdown of individual line items in the financial statements that users of the financial statements consider most relevant;</p> <p>Capital, investment and financial risk management: key information relating to Adyen's capital management, explanations regarding financial instruments and financial risk management;</p> <p>Other: information on items required to be disclosed to be compliant with EU-IFRS and other legal requirements.</p>	<p>The notes are organized into the following sections:</p> <p>2. Revenue - Principal versus agent for revenue out of settlement fees 7. Income taxes – Recognition of deferred taxes related to share-based compensation</p> <p>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</p> <p>8. Capital management 9. CRR/CRD IV Regulatory Capital 10. Cash and cash equivalents 11. Financial instruments 12. Financial risk management</p> <p>Notes 13 – 41</p>

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.

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 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 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	2022	2021
Settlement fees	8,270,626	5,525,079
Processing fees	387,541	289,824
Sales of goods	55,710	33,042
Other services	221,734	147,474
Total revenue from contracts with customers	8,935,611	5,995,419
Costs incurred from financial institutions	(7,550,960)	(4,960,951)
Costs of goods sold	(54,485)	(32,951)
Net revenue	1,330,166	1,001,517

Net revenue

Adyen's total revenue contains scheme fees, interchange and mark-up for which Adyen acts as a principal. The Management Board monitors net revenue (net of interchange and scheme fees (costs incurred from financial institutions), and costs of goods sold) as a performance indicator. Adyen considers net revenue to provide additional insight to its users to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Net revenue is a non-IFRS measure – refer to note 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 applied its judgment in determining whether it has control of the full payment service before the service is transferred to its merchants, and, in consequence, whether the Company is acting as agent or principal in relation to the settlement fees charged to merchants. This judgement is supported by existing facts and circumstances during the year up to 31 December 2022, not limited to Adyen's financial risk exposure as acquirer in its relationship with third parties and merchants.

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. Adyen adopts a transparent pricing model and charges fees to merchants based on its own incurred costs plus a mark-up.

Based on existing terms and conditions, Adyen is considered primarily responsible for fulfilling the promise to provide payment transaction services. Although Adyen contracts with third parties to facilitate the interchange of funds between the issuer and merchant, Adyen is ultimately responsible for ensuring that the services are performed and are acceptable to the merchant. Adyen is responsible for its contractual terms with merchants. Adyen is thus considered to control the full payment service before the service is transferred to merchants.

Settlement fees – Adyen is the principal

For all payment processing services Adyen provides to the merchants as an acquirer, it retains the exposure to financial institutions and payment networks for the interchange and payment network fees, other costs incurred from financial institutions as well as a mark-up charged by Adyen. As such Adyen concluded it acts as Principal for the aforementioned fees and as such are recognized based on this conclusion.

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	2022	2021
Goods and services transferred at a point in time	8,923,199	5,985,474
Services transferred over time	12,412	9,945
Total revenue from contracts with customers	8,935,611	5,995,419

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	<p>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.</p> <p>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.</p>	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	<p>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).</p> <p>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 year-end - refer to note 23 'Share information'. There were no further tranche milestones met during 2022. As per December 31, 2022, 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 on Adyen's balance sheet.</p>	2.2. Contract assets 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. 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, 2022 and 2021 as the remaining estimated (net) benefits from the merchant contract exceeded the contract assets balance at year-end.

In addition to the long-term contract with eBay (note 2.1), during 2021 and 2022, Adyen capitalized contract costs ('other contract assets') relating to multi-year service contracts with its merchants. These costs mainly relate to integration and development fees that are directly incremental to obtain the multi-year contracts and do not represent separate performance obligations. Adyen will amortize these costs against revenue (settlement fees) on a pro rata basis as the related revenue is recognized.

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

Contract assets	Monetary component	Non-monetary component	Other contract assets	Total contract assets
Balance - 1 January, 2021	47,657	76,456	—	124,113
<i>Movements:</i>				
Additions			8,946	8,946
Amortization for the year	(42,112)	(14,395)	(637)	(57,144)
Exchange differences	3,426			3,426
Balance - December 31, 2021	8,971	62,061	8,309	79,341
<i>Movements:</i>				
Additions			1,791	1,791
Amortization for the year	(9,094)	(20,397)	(3,063)	(32,554)
Exchange differences (note 6)	123		(89)	34
Balance - December 31, 2022	—	41,664	6,948	48,612

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 fees and sales of goods. The Management Board monitors net revenue (net of interchange, scheme fees and costs of goods sold) 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	2022	2021
Europe, the Middle East, and Africa (EMEA)	3,430,434	2,351,662
North America	4,289,241	2,899,788
Asia-Pacific	784,189	436,185
Latin America	431,747	307,784
Total revenue from contracts with customers	8,935,611	5,995,419

Large customers

For the year ended December 31, 2022, as measured by revenue, Adyen's top 10 merchants represent 33% of revenue (2021: 29%). In 2022 and 2021 there were no single customers that on an individual level accounted for more than 10% of the total revenue.

For the year ended December 31, 2022, as measured by net revenue, Adyen's top 10 merchants represent 18% of net revenue (2021: 20%). There were no customers with individually more than 10% of the total net revenue (2021: nil).

Non-current assets

At December 31, 2022 EUR 308 million of the non-current assets were carried by Adyen N.V. (2021: EUR 289 million). Based on the location of the Adyen offices the following geographical breakdown of non-current assets is prepared.

Non-current assets - Geographical breakdown	2022	2021
Netherlands	307,911	288,788
Rest of the World	227,304	151,724
Non-current assets	535,215	440,512

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 guidance on several of these non-IFRS measures. 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 net of interchange and scheme fees (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	2022	YoY%	2021	YoY%
Europe, the Middle East, and Africa (EMEA)	746,823	25%	599,332	41%
North America	343,158	48%	231,406	74%
Asia-Pacific	142,346	48%	96,086	48%
Latin America	97,839	31%	74,693	24%
Total net revenue from contracts with customers	1,330,166	33%	1,001,517	46%

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

Selected non-IFRS financial measures	2022	2021
Income before net finance income/(expense) and income taxes	664,675	594,981
Amortization and depreciation	63,613	35,011
EBITDA	728,288	629,992
Net revenue	1,330,166	1,001,517
EBITDA margin (%)	55%	63%
Purchases of plant and equipment	95,575	51,387
Capitalization of intangible assets	3,523	2,959
CapEx	99,098	54,346
EBITDA	728,288	629,992
CapEx	(99,098)	(54,346)
Lease payments	(22,144)	(9,045)
Free cash flow	607,046	566,601
Free cash flow	607,046	566,601
EBITDA	728,288	629,992
Free cash flow conversion ratio (%)	83%	90%

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	2022	2021
Balance - January 1	22,138	19,548
Purchases during the year (products for resale)	120,893	39,814
Costs of goods sold	(54,485)	(32,951)
Transfer to contract assets (note 2.2)	—	(3,093)
Expense recognized in other operating expenses	(655)	(1,180)
Balance - December 31	87,891	22,138

During 2022, there were no additions to contract assets (2021: EUR 3,093) related to POS terminals given as consideration for entering in to multi-year service contracts with its merchants. Adyen recognised inventory price variances of EUR 655 in 'Other operating expenses' (2021: EUR 1,180) related to purchases of POS terminals from resellers at higher than standard price. Inventory write-offs amounting to EUR 380 (2021: EUR 3) were recognised during the year and included in Costs of goods sold.

4. Employee benefit expense

The average number of full-time equivalents (FTE) during the year was approximately 2,756 FTE (2021: 1,964 FTE) with main expansions of our operations in the EU and US. From those hired during 2022, 60% were in tech roles, 25% in commercial roles and 15% 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	2022	2021
Amsterdam	1,941	1,262
San Francisco	270	199
São Paulo	146	88
New York	139	72
Singapore	127	101
London	123	98
Paris	75	51
Berlin	67	48
Madrid	64	32
Stockholm	55	33
Other	325	196
Total	3,332	2,180

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	2022	2021
Salaries and wages	317,817	187,133
Share-based compensation (note 4.3)	10,499	12,008
Total wages and salaries	328,316	199,141
Social securities	43,811	35,413
Pension costs - defined contribution plans	8,460	5,985
Total social securities and pension costs	52,271	41,398

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 2023 are EUR 11,283 (2022: EUR 5,928).

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	2022	2021
Equity-settled	9	292
Cash-settled	10,490	11,716
Total share-based compensation	10,499	12,008

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

- I. Equity-settled option plan (granted until 2018);
- II. Cash-settled share-based payment plan (granted from 2018 onwards); and
- III. Depository receipts award plan for directors and employees (granted from 2018) presented in salaries and wages.

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

These plans are described in more detail below:

I. Equity-settled option plan

Accounting policy – Equity-settled options

Adyen has an option plan for directors and employees. Exercisable options provided participants the opportunity to obtain Depository 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 1,312,500⁹. All of the outstanding options are exercisable as at year end (2021: 84,306). The exercise price of share options outstanding at year end ranges from EUR 11 to EUR 106 (2021: EUR 11 to EUR 106). No options were granted during the year ended December 31, 2022 and 2021. The fair value of options granted was determined using the Black-Scholes valuation model as at each respective grant date. At December 31, 2022, the weighted average grant date fair value is equal to EUR 65.42 (2021: EUR 65.42) and the weighted average remaining expected option life is 1.43 years (2021: 1.22 years).

⁹ Amounts in this paragraph are not rounded to the nearest thousand.

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

Share options outstanding	2022		2021	
	Weighted average exercise price (in EUR) per share option	Number of options (thousands)	Weighted average exercise price (in EUR) per share option	Number of options (thousands)
Balance - January 1	53.63	147	39.20	344
Forfeited	72.46	(24)	105.74	(1)
Exercised	66.71	(16)	28.05	(196)
Balance - December 31	47.51	107	53.63	147

II. Cash-settled share-based payment plan

Accounting policy – Cash-settled share-based payment plan

Adyen has established a cash-settled share-based payment plan (phantom shares) for newly hired directors and employees as well as for certain current employees. 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 2022 a total of 41,206¹⁰ phantom shares (2021: 8,166) were granted. The share price at December 31, 2022 is EUR 1,288 per phantom share (December 31, 2021: EUR 2,312). The fair value of the liability recognized resulting from the phantom shares is EUR 15,908 (2021: EUR 13,045).

¹⁰ 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. 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. The related employee benefits expense for 2022 amounted to EUR 9,973 (2021: EUR 3,348) and is presented in wages and salaries. The fair value of the liability recognized resulting from the plan is EUR 484 (2021: EUR 163), and the plan resulted in a total increase of EUR 8,186 (2021: 2,552) 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 award plan. Thus there was no revised estimate of the number of Depositary Receipts expected to vest or relating income statement impact in 2022.

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	2022	2021
Sales and marketing costs	55,630	36,384
Travel and other staff expenses	44,086	10,102
IT costs	33,086	23,190
Advisory costs	27,722	15,711
Contractor costs	13,489	10,384
Housing costs	10,914	6,427
Office costs	8,186	4,308
Miscellaneous operating expenses	14,822	24,730
1% for the UN SDGs	13,302	—
Total other operating expenses	221,237	131,236

Travel and other staff expenses increased during 2022, as a result of a reduction in lockdown restrictions across the globe and resurgence of business travel. Advisory costs increased mainly related to hiring costs linked to the increase in FTE. As part of Adyen's sustainability efforts, 1% of net revenue is pledged towards UN Sustainable Development Goals (UN SDGs). In addition, sales and marketing costs increased as a result of our increased investment in brand awareness on a global level and the ability to host events to meet our customers in-person.

6. Other financial results

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

Other financial results	2022	2021
Exchange gains/(losses) (note 6.1)	(8,643)	11,375
<i>Fair value re-measurement of financial instruments:</i>		
Derivative liabilities (note 6.2)	46,700	(13,300)
Other financial assets at FVPL (note 6.3)	(153)	(322)
Loss on redemption of other financial assets at amortized cost	–	(138)
Total other financial results	37,904	(2,385)

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 losses during 2022 mainly relate to Adyen's foreign-denominated cash balances and proceeds received on disposal of Visa Inc. common stock of €864. This was partially set-off by exchange gains from other financial assets at FVPL of € 2,183 (refer to note 6.3 'Other financial assets at fair value through profit or loss ('FVPL') (Visa Inc. preferred shares)').

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 2022, a EUR 46,700 gain (2021: EUR 13,300 loss) 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 is mainly linked to the Adyen share price decrease and revision of valuation input related to time to maturity.

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 2022, the effect on other financial results is a net gain of EUR 2,030 (2021: EUR 1,400) relating to an exchange gain of EUR 2,183 (2021: EUR 1,722) and fair value loss of EUR 153 (2021: EUR (322)). 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, 2022 is 21.64% (2021: 19.13%) which differs from the statutory headline corporate tax rate in the Netherlands of 25.8% (2021: 25%) due to the application of the innovation box, partially offset by the tax rate differences on foreign operations and other adjustments (such as non-deductible expenses). The innovation box is a Dutch tax incentive whereby a portion of qualifying profits derived from innovative activities are taxed at a lower rate than the headline corporate tax rate in the Netherlands. Further detail on Adyen's total tax contribution and country-by-country reporting are included in note 24.

Effective tax calculation	2022	2021
Income before income taxes	719,939	580,847
Statutory tax rate in the Netherlands (%)	25.8%	25%
<i>Income taxes based on statutory tax rate in the Netherlands</i>	185,744	145,212
<i>Tax effects of:</i>		
Innovation box	(37,306)	(31,163)
Change in tax rate		209
Other adjustments (such as prior year and non-deductible amounts)	7,362	(3,128)
Effective tax amount	155,800	111,130

The breakdown between current and deferred income taxes for the year ended December 31, 2022 and 2021 is disclosed below:

Income taxes	2022	2021
Current income tax expense	153,656	126,898
Deferred income tax expense/(income)	2,144	(15,768)
Total income taxes	155,800	111,130

The breakdown between current income tax receivables and payables as at December 31, 2022 and 2021 is disclosed below:

Current income tax receivables/(payables)	2022	2021
Current income tax receivables	12,445	6,761
Current income tax payables	(4,441)	(9,879)

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.

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

	Balance January 1, 2021	Recognized in Profit or Loss	Recognized in equity	Effects of foreign exchange	Balance December 31, 2021
<i>Deferred tax assets:</i>					
Derivative liabilities	17,100	3,979			21,079
Windfall tax benefit	43,934		(33,384)	2,258	12,808
Tax losses carried forward	43,085	(939)	38,932	5,394	86,472
Temporary differences	2,218	5,205			7,423
Total deferred tax assets	106,337	8,245	5,548	7,652	127,782
<i>Deferred tax liabilities:</i>					
Other financial assets at FVPL	(4,527)	4,527			—
Contract assets	(19,114)	3,104			(16,010)
Temporary differences	(283)	(108)			(391)
Total deferred tax liabilities	(23,924)	7,523	—	—	(16,401)
Net deferred tax assets / (liabilities)	82,413	15,768	5,548	7,652	111,381

	Balance January 1, 2022	Recognized in Profit or Loss	Recognized in equity	Effects of foreign exchange	Balance December 31, 2022
<i>Deferred tax assets:</i>					
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	7,423	3,112			10,535
Total deferred tax assets	127,782	(7,200)	29,159	(6,014)	143,727
<i>Deferred tax liabilities:</i>					
Other financial assets at FVPL	—	—			—
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	111,381	(2,144)	29,159	(6,014)	132,382

l. Deferred tax assets

The deferred tax assets include an amount of EUR 118,837 (2021: EUR 86,472) relating to net operating losses carried forward. The increase in this balance relates primarily to share-based compensation excess deduction from exercised options taken in the United States, explained in more detail later in this section. Further, EUR 9,030 (2021: EUR 21,079) 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, 2022: EUR 10,749; December 31, 2021: EUR 16,010).

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 at a Federal and State level relating to options exercised in the United States and United Kingdom (December 31, 2022: EUR 115,121; December 31, 2021: EUR 86,277) and windfall benefits relating to options granted and vested, however not yet exercised (December 31, 2022: EUR 5,325; December 31, 2021: 12,808). EUR 6,180 of the tax losses carried forward was utilised during the period and recognised in the share premium reserve (2021: nil).

During 2022, Adyen has reassessed the recoverability of deferred tax assets on windfall benefits linked to the share-based compensation plan in the United States and United Kingdom. Adyen continues to recognize deferred tax assets that will be realized against future profits, on a going concern basis.

- The United Kingdom windfall benefit continues to be recognized as these carry forward losses have no expiration date.
- The United States Federal Tax windfall benefit continues to be recognized, as these carry forward losses on a Federal level have no expiration date.

In addition, during 2022, Adyen reassessed its position relating to the recoverability of deferred tax assets relating to the State net operating losses in the United States, which resulted in recognizing EUR 27,834 of previously unrecognized tax losses. This was the result of obtaining Federal Foreign Branch and acquiring licenses, leading to increased transactions recorded on a local level and an expectation that tax losses will be utilized against future taxable income.

The recoverability of the deferred tax asset in the US is not impacted by the liquidation of Adyen Inc, finalised during 2022, as the deferred tax asset has been transferred to the newly set-up branch of Adyen N.V. in San Francisco effective January 1, 2022, and is recoverable against the future taxable profits of the branch.

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 2022, 29,213¹¹ (2021: 600,850) additional shares were issued. The additional issued shares were a result of exercises of options granted to employees and share issuance relating to the Depositary receipts award plan (refer to note 4.3 for further information) (2021: as well as the exercise of the warrant linked to tranche 1 of the long-term merchant contract (note 2.1)). The paid up and called share capital increased to EUR 309,863 (2021: EUR 309,571) resulting in a total of 30,986,299 (2021: 30,957,086) ordinary shares (nominal value EUR 0.01 per share). In 2022, the total number of authorized shares was 80,000,000 (2021: 80,000,000).

The following reserves are considered to be non-distributable: legal reserves (in accordance with Dutch Law), share-based payment reserve, warrant reserve, and total comprehensive income for the current period (in accordance with regulatory capital requirements). The total of distributable reserves amounts to EUR 1,691,427 (2021: EUR 1,203,240). The legal reserves restricted for distribution in accordance with Dutch Law amounts to EUR 18,518 (2021: 32,244) refer to company statement of changes in equity.

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

¹¹ Amounts in this paragraph are not rounded to the nearest EUR thousand.

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, 2022, 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 35,000 as per end of December 2022 (2021: EUR 81,700). 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, 2022. 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	2022	2021
EU-IFRS equity as reported in consolidated balance sheet	2,412,118	1,810,414
Net profit not included in CET1 capital (H2 2022 not yet eligible)	(282,002)	(264,884)
Regulatory adjustments:		
Warrant reserve	(25,575)	(25,575)
Intangible assets	(8,140)	(9,841)
Deferred tax assets that rely on future profitability	(124,162)	(99,084)
Prudent valuation	(47)	(104)
Total own funds	1,972,192	1,410,926

The increase in total own funds in 2022 mainly relates to the additions of consolidated net profit (full year 2021 and H1 2022).

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	2022	2021
Cash held at central banks	4,407,540	2,565,875
Cash held at banks, other than central banks	2,114,805	2,050,219
Total	6,522,345	4,616,094

The cash held at central banks incurred negative interest in the amount of EUR 7,456 (2021: EUR 10,536) for the period up to October 2022, after which positive interest in the amount of EUR 11,564 was earned, due to increased interest rates. Had the interest rate at central banks been 0.1% higher/(lower), the interest earned on cash held at central banks would increase/(decrease) by EUR 4,408 (2021: EUR 2,566 increase/(decrease) in interest incurred).

Of the cash held at banks, other than central banks, EUR 68,564 (December 31, 2021: EUR 19,654) are restricted and are therefore not available for general use by the Company. The restricted cash mainly relates

to deposits required under the US Federal Foreign Branch license as well as deposits held as guarantee for leased offices. The restricted cash is readily convertible and therefore classified as cash and cash equivalents. Cash held at banks, other than central banks earned interest in the amount of EUR 17,461 during the year (December 31, 2021: EUR 904), increasing from 2021 due to rising interest rates in a positive interest rate environment.

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	2022	2021
<i>Financial assets:</i>				
Other financial assets at FVPL		FVPL – level 2	12,264	22,504
Contract assets – monetary component	2.2	Amortized cost	–	8,971
Receivables from merchants and financial institutions	15	Amortized cost	369,104	633,249
Trade and other receivables	15	Amortized cost	89,350	56,852
Cash and cash equivalents	10	Amortized cost	6,522,345	4,616,094
Total			6,993,063	5,337,670
<i>Financial liabilities:</i>				
Derivative liabilities		FVPL – level 2	35,000	81,700
Lease liability	17	Amortized cost	203,073	142,964
Payable to merchants and financial institutions	16	Amortized cost	4,795,804	3,608,531
Trade and other payables	16	Amortized cost	147,827	100,116
Total			5,181,704	3,933,311

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.

During 2022, Visa Inc. effected a partial conversion of the Series C preferred stock into Series A preferred stock. The Series A preferred stock were converted into Visa Inc. common stock and sold prior to the end of 2022 at fair market value. The proceeds receivable was recognized within trade and other receivables (EUR 12,271) and an amount of EUR 11,407 was ultimately received during the year ended December 31, 2022. No conversion of the Series C preferred stock took place in 2021.

The remaining Visa Inc. preferred shares carry the right to receive discretionary dividend payments presented as 'other income' in the statement of comprehensive income (2022: EUR 44; 2021: EUR 130).

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 linked to the Adyen share price decrease and revision of valuation input related to time to maturity. 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 towards 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-term payment obligations.	Adyen actively monitors its liquidity risk. The majority of the balance sheet, for both assets and liabilities not related to merchant funds, has a maturity date of less than three months on an undiscounted contractual basis. The portion of the balance sheet that is merchant related has a very short maturity, the remaining balances with a different maturity date (as mentioned specifically in the notes of these financial statements) are not considered material, including lease liabilities (refer to note 17). The balance sheet positions related to merchant fund flows are considered not to impose liquidity risk as these cash balances and related payables are interrelated from a liquidity perspective. For the majority of its merchants, 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 from merchants with default pay-out schedules and liquidity via settlement by payment methods. Adyen holds a liquidity buffer based on the Liquidity Coverage Ratio (LCR), accompanied by a survival period metric, to mitigate the residual risk. As per 18 July 2022 De Nederlandsche Bank and Adyen agreed 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 and Adyen's survival period as at December 31, 2022 is 38 months (2021: 48 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 sheet, as well as Adyen's liquidity buffer and survival period metric, the Company has sufficiently mitigated liquidity risk.	Adyen's balance sheet is by nature short-term basis and in general, cash is received prior to payout to merchants. The remaining liquidity risk remains within risk appetite 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 arising from various currency exposures. Foreign exchange risk arises on recognized assets and liabilities (principally trade and merchant flow related receivables and payables) and investments in foreign operations.

Adyen actively manages the foreign exchange risk resulting in limited exposure to foreign exchange risks. USD is the most significant non-functional currency exposure as at December 31, 2022 and 2021. The following table highlights the net exposure to this monetary item currency as well as the impact on profit or loss resulting from a 10% shock (positive or negative) of the respective significant currency against the Euro. All short-term financial instruments have been excluded in this exposure given the short period to settle, and hence, limited foreign exchange risk on these instruments. The decrease in net exposure is due to the eBay monetary item being fully amortized during 2022 (refer to note 2.1 for further details) and sale of Visa Inc. common stock (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
31/12/2021		
USD	EUR 32 million	EUR 3.2 million
31/12/2022		
USD	EUR 12 million	EUR 1.2 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
<i>Interest rate risk</i>		
Interest rate risk on financial instruments is the risk of adverse impact of movements of the interest rates of underlying financial assets.	Interest rate risk arising from maturity and tenor mismatches in assets and liabilities is limited and therefore considered not to be material to Adyen. Some assets are interest bearing, whereas all liabilities are non-interest-bearing. Adyen is not financed with external debt, which excludes that origin of interest rate risk. Although significant liabilities towards merchants are present, these liabilities are non-interest bearing and are settled at short notice. Moreover, the interest risk on Adyen's lease liabilities is considered immaterial due to a fixed discount rate (determined with reference to Adyen's incremental borrowing rate) and nominal value of outstanding leases. Adyen could be considered to be exposed to interest rate risk in the banking book mainly in relation to its High-Quality Liquid Assets (HQLA): cash held at central banks and money-market funds invested in US-government instruments. However, majority of cash balances of Adyen are not significantly exposed to interest rate risk because that cash is used to settle the current liabilities towards the merchants at short notice. The nominal values of the money-market funds are minimal as compared to the overall financial instruments balance. In addition, they are short-term in nature given the nature of underlying assets, and are held for short-term use (overnight clearing of funds to avoid excess concentration risk). Overall, this leads to minimal interest rate risk for Adyen. For the volatility analysis we performed on the interest rate risk exposure we have on our cash and cash equivalent balances as per year-end refer to note 10. For the limited amount of interest-bearing balances that Adyen holds, negative interest rates applied for the period up to 31 October 2022 on the DNB Target 2 account, after which positive interest was earned.	Due to the nature of Adyen's assets and liabilities, Adyen experiences low interest rate risk and maintains within its risk appetite.

Source of risk and risk description	Risk mitigation	Remaining risk
<i>Equity price risk</i>		
The risk that the fair value of equities changes as a result of changes in the value of individual stocks.	The Group'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
31/12/2021		
<i>Visa Inc. preferred shares</i>	EUR 23 million	EUR 1 million
<i>Derivative liabilities</i>	EUR 82 million	EUR 4 million (5%)
31/12/2022		
<i>Visa Inc. preferred shares</i>	EUR 12 million	EUR 1 million
<i>Derivative liabilities</i>	EUR 35 million	EUR 2 million (5%)

In addition, Adyen's Treasury policy does not allow purchasing additional equity positions (excluding treasury shares).

Credit risks	Minimal
<p><i>Counterparty default risk</i></p> <p>The counterparty default (credit) risk relates to receivables from financial institutions regarding settled payment transactions. A default of financial institution counterparties could have a negative impact on Adyen's financial results.</p>	<p>Financial assets subject to credit risk:</p> <p>Cash and cash equivalents, and receivables from merchants and financial institutions: Adyen's cash held at banks, other than central banks, is exposed to credit risk with financial institution counterparties. The credit risk exposure per financial institution is maximized to 25% of Adyen's eligible capital, provided that the financial institution has a credit rating in the A categories of Moody's/S&P or, if not available, its equivalent from other rating agencies Adyen has conservatively translated this amount into an internal limit of EUR 491 million. For financial institutions with lower credit ratings, the credit risk per financial institution is maximized to EUR 200 million under business-as-usual conditions. Neither limit was breached during the year ended December 31, 2022. As per December 31, 2022, EUR 4,407,540 (2021: EUR 2,565,875) represents cash held at central banks, representing 68% (2021: 56%) of the cash and cash equivalents balance. Excluding the cash held at central banks, Adyen's top 10 exposures include balances held at institutions with credit rating A or higher, representing 91% of the balance of cash and cash equivalents, and 2% of receivables from merchants and financial institutions - combined top 10 exposures: 28% (2021: 63%). Adyen has exposure to various financial institutions globally. 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, 2022 the total collateral was EUR 31,086 (BRL 175,828) (2021: EUR 39,125 (BRL 250,157)). Adyen has no other collateral accounts to meet its other regulatory requirements. No defaults of institutions where Adyen had an exposure to occurred during the year and management does not expect any losses from non-performance by these counterparties.</p> <p>Contract assets: Refer to note 2.2 for detail on credit risk exposure resulting from the monetary component of the contract assets The remaining financial asset credit risk exposure (such as trade and other receivables) is considered to be limited.</p>
<p><i>Concentration risk</i></p> <p>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.</p>	<p>Concentration risk at Adyen originates primarily at banking partners in locations where there are no own direct acquiring licenses. In 2021 and 2022, Adyen has reduced its concentration risk in exposures held at financial institutions evident by the low 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.</p> <p>The remaining credit risk remains is low where Adyen's risk appetite for concentration risk is moderate. Therefore, the residual risk is within risk appetite.</p>

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 are stated at cost less accumulated amortization and include internally generated software with finite useful lives. These assets are capitalized and subsequently amortized on a straight-line basis in the statement of 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	2022	2021
<i>Internally generated software</i>		
Cost	22,776	19,817
Accumulated amortization	(12,935)	(9,847)
Balance - January 1	9,841	9,970
Additions	3,523	2,959
Amortization for the year	(5,224)	(3,088)
Total as at December 31	8,140	9,841
Cost	23,029	22,776
Accumulated amortization	(14,889)	(12,935)
Total as at December 31	8,140	9,841

14. Plant and equipment

Accounting policy – Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation. Repairs and maintenance costs are charged to the statement of 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. Leasehold improvements additions during the year relate to the capitalization of improvements made to the leased offices in Rokin, Amsterdam. Adyen did not recognize an impairment loss or reversal of impairment loss of plant and equipment during the year ended December 31, 2022 and 2021.

Plant and equipment	Computer Hardware and Software	Leasehold Improvements	Other	Total
2021				
Cost	59,016	9,060	1,964	70,040
Accumulated depreciation	(28,826)	(4,045)	(1,423)	(34,294)
Balance - January 1	30,190	5,015	541	35,746
Additions	39,964	9,391	2,032	51,387
Disposals	(19)	—	—	(19)
Depreciation for the year	(13,233)	(1,797)	(285)	(15,315)
Other changes (e.g. exchange differences)	1,038	149	(5)	1,182
Balance - December 31	57,940	12,758	2,283	72,981
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
Cost	178,707	31,774	5,244	215,725
Accumulated depreciation	(61,940)	(10,546)	(2,443)	(74,929)
Balance - December 31	116,767	21,228	2,801	140,796

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 month; 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	2022	2021
Trade and other receivables	93,399	61,294
Less: Allowance for expected credit losses	(4,049)	(4,442)
Balance - Trade receivables - Net	89,350	56,852
Receivables from merchants and financial institutions	369,104	633,249
Total	458,454	690,101

Trade and other receivables

These receivables are held with merchants that have not been subtracted from settlement.

Receivables from merchants and financial institutions	2022	2021
Receivables from financial institutions	279,106	561,578
Receivables from merchants	89,998	71,671
Balance - December 31	369,104	633,249

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, 2022, the receivables from accelerated Sales Day Payout have a balance of EUR 89,998 (2021: 71,671).

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 deducted EUR 393 (2021: deducted EUR 397) from its trade receivable loss allowance based on the calculations from its IFRS 9 expected credit loss model for trade receivables. The expected credit loss model 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 1,684 (2021: 548). Adyen did not reverse any impairment losses in 2021 and 2022.

No financial assets are past due except for trade receivables. As at December 31, 2022, trade receivables of EUR 60,621 (2021: EUR 37,049) were not past due, EUR 32,778 were past due (2021: EUR 24,245) of which EUR 9,771 is less than 3 months (2021: EUR 9,879) and EUR 1,684 impaired (2021: 548). The average duration of the overdue trade receivables is 3 months (2021: 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	2022	2021
Trade payables	19,922	8,989
Taxes and social security	55,593	51,418
Accrued employee benefits	30,041	26,269
Accrued liabilities and other debts	33,105	5,996
Cash-settled share-based payment plan - current portion	9,166	7,444
Trade and other payables	147,827	100,116
Payables to merchants and financial institutions	4,795,804	3,608,531
Total	4,943,631	3,708,647

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 575,030 as per December 31, 2022 (2021: EUR 471,247).

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	2022	2021
Offices and data centers		
Cost	168,630	149,732
Accumulated depreciation	(40,567)	(25,404)
Balance - January 1	128,063	124,328
Additions	81,060	19,114
Depreciation for the period	(30,035)	(16,608)
Other movements (e.g. exchange differences)	2,588	1,229
Balance - December 31	181,676	128,063
Recognized right-of-use asset	249,760	168,630
Accumulated depreciation	(68,084)	(40,567)
Balance - December 31	181,676	128,063
Lease liability	2022	2021
Balance - January 1	142,964	131,485
Additions	81,060	19,114
Lease instalments	(25,516)	(11,541)
Interest expense	3,372	2,496
Other movements (e.g. exchange differences)	1,193	1,410
Balance - December 31	203,073	142,964
Current portion	33,200	22,996
Non-current portion	169,873	119,968

Additions during the year mainly relate to new lease contracts for data centres in the Netherlands, United States and India.

During the year, short-term and small value leases expensed in other operating expenses amounted to EUR 4,255 (2021: EUR 1,793).

As of December 31, the future minimum lease payments are as follows:

Minimum future lease payments	2022	2021
Within 1 year	34,460	20,327
Between 1 and 2 years	35,103	21,326
Between 2 and 3 years	33,135	21,331
Between 3 and 4 years	27,890	20,979
Between 4 and 5 years	21,748	14,780
Later than 5 years	49,870	71,564
Total	202,206	170,307

18. Other contingent assets, liabilities and commitments

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

Adyen has EUR 51,299 of outstanding bank guarantees and letters of credit as at December 31, 2022 (2021: EUR 72,290).

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, 2022 the total collateral was EUR 31,086 (BRL 175,828) (2021: EUR 39,125 (BRL 250,157)).

During the year ended December 31, 2021, the Brazilian Tax Authorities initiated an audit of the Corporate Income Tax and of the Social Contribution of Net Income for the year ended December 31, 2017. Based on the outcomes of this audit Adyen was issued a tax infringement notice claiming approximately EUR 4,095 (BRL 23,162) in relation to the financial year 2017. Adyen has disputed the findings of the Brazilian Tax Authorities and considers it to be probable that the judgement will be in its favor. Adyen has therefore not recognized a provision in relation to this claim.

19. Related party transactions

During 2022, 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, 2022 and 2021 are:

Related party assets/ (liabilities)	2022	2021
Supervisory Board	115	—
Employees (STAK)	3,627	66

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 2022 (2021: nil).

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, 2022:

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

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

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, 2022 reporting period and have not been early adopted by the Company. The Company has assessed the amendments to become effective in 2023, 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 2022 financial statements, regardless of whether the work was performed during the financial year.

21.2. Summary of services rendered by the auditor, in addition to the audit of the financial statements

Our auditor, PwC Accountants, has rendered the following services to Adyen and its controlled entities during 2022 and 2021:

	2022			2021		
	PwC Accountants	Other PwC firms*	Total	PwC Accountants	Other PwC firms*	Total
Audit of financial statements	842	713	1,555	655	541	1,196
Other audit services	333	—	333	292	—	292
Total	1,175	713	1,888	947	541	1,488

* 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.

	2022	2021
Other audit services required by law or regulatory requirement		
Audit of financial statements	842	1,196
Audit of the regulatory returns to be submitted to the Dutch Central Bank	45	96
Assurance engagement DGS report	56	40
Other audit services		
Assurance engagement ISAE 3402 report	101	101
Assurance engagement SOC 2 report	131	55
Total for the year	1,175	1,488

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 2022 amounted to EUR 4,238 (2021: EUR 3,475).

	2022	2021
Salaries and short-term employee benefits	3,590	3,137
Share-based payments	439	241
Post-employment benefits	209	97
Total	4,238	3,475

Variable remuneration

As of 2018 and in line with (i) the Act on Remuneration Policies in Financial Enterprises (Wet belongingsbeleid 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 Managing Directors. As the application of such rules and principles may include an assessment and interpretation of the remuneration restrictions, it cannot be excluded that a competent supervisory authority takes a different view on the correct application thereof in specific cases (although there is currently no indication that a competent supervisory authority will take such position).

Pension¹²

As from January 2017, all Dutch members of the Management Board participate in the Collective Defined Contribution (CDC) pension plan, with respect to their salary up to EUR 114,866 gross per year for 2022 (2021: EUR 112,189). On behalf of each Managing Director, 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 Managing Director has the possibility to make additional contributions in order to accrue additional pension capital.

Kamran Zaki participates in a 401k retirement plan in the United States, for which Adyen provides an employer match of up to 2% of base salary.

Insurance

All Managing Directors 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 Managing Directors are insured for the risk of death and disability, for which Adyen pays the insurance premiums.

Service and Severance Agreements

All Managing Directors have entered into a service agreement (Overeenkomst van Opdracht) with Adyen N.V. effective as of the date of the listing of Adyen, while Kamran Zaki is currently assigned to Adyen N.V.

¹² Amounts in this paragraph are not rounded to the nearest EUR thousand.

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 Managing Director 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.

Loans

No loans, advance payments and guarantees have been granted to or on behalf of the Managing Directors.

22.2. Remuneration Supervisory Board

The total remuneration received by the Supervisory Board in 2022 amounted to EUR 386 (2021: EUR 386). The table below provides an overview of the remuneration of Supervisory Directors for the financial year 2022. In addition to the remuneration, expenses incurred by the Supervisory Directors in the performance of their duties are reimbursed in full:

	2022	2021
Salaries and short-term employee benefits	386	386
Total	386	386

Insurance

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

Loans

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

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, 2022, 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 passed on contractual conditions (e.g. vesting), only related to share options granted to employees (refer to note 4.3).

Share information	2022	2021
Net income attributable to owners of Adyen N.V. (in EUR '000)	564,139	469,717
Weighted average number of ordinary shares for the period	30,975,325	30,499,194
Dilutive effect of share options	70,704	176,621
Weighted average number of ordinary shares for diluted net profit for the period	31,046,029	30,675,815
Net profit per share – basic	18.21	15.40
Net profit per share - diluted	18.17	15.31

24. Tax reporting

24.1. Total tax contribution

Adyen is liable to pay corporate income tax in the countries in which it has a 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 and sales support activities are performed by local Adyen offices. 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, 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 table 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 tax; the main activity, number of FTE's per year-end, and consolidated IFRS data on an accrual basis of operating expenses, income before tax and income tax expense. The second part of the table is prepared on a cash basis and covers the income tax, indirect tax, payroll tax and grants or incentives. The table is prepared using consolidated accounts or on a cash basis. 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 Before Tax	Income Tax Expense	ETR%	Income Tax	Indirect Tax	Payroll Tax	Grants / Incentives	Total tax contribution
The Netherlands	Head office - Payment service provider	1,941	(357,254)	652,771	(138,739)	21 %	(138,952)	(103,158)	(86,943)	642	(328,411)
United Kingdom	Sales office	135	(27,085)	9,517	(163)	—	81	178	(12,395)	—	(12,136)
France	Sales office	75	(15,481)	1,346	(481)	36 %	(784)	(37,148)	(5,257)	—	(43,189)
Germany	Sales office	78	(12,659)	4,682	(1,410)	30 %	(463)	—	(3,975)	—	(4,438)
Sweden	Sales office	55	(10,572)	2,252	(634)	28 %	(4)	—	(7,320)	—	(7,324)
Spain	Sales office	64	(8,798)	608	(424)	70 %	(286)	(2,710)	(2,231)	—	(5,227)
Belgium	Sales office	15	(2,743)	549	(144)	26 %	(155)	—	(1,254)	—	(1,409)
Italy	Sales office	27	(4,248)	638	(160)	—	(121)	(11)	(987)	—	(1,119)
United Arab Emirates	Sales office	23	(4,889)	43	—	—	—	(564)	—	—	(564)
Poland	Sales office	14	(1,914)	391	(83)	21 %	(82)	—	(529)	—	(611)
Norway	No office	—	—	—	—	— %	—	(186)	—	—	(186)
United States	Sales and support office	462	(133,121)	29,723	(7,808)	26 %	(1,068)	(1,348)	(28,800)	—	(31,216)
Brazil	Sales office	164	(30,553)	3,300	(2,432)	74 %	(3,369)	(19,668)	(7,017)	—	(30,054)
Mexico	Sales office	17	(3,346)	383	(171)	45 %	(87)	(3,594)	(506)	—	(4,187)
Canada	Sales office	20	(2,833)	835	(215)	26 %	—	(16,349)	(629)	—	(16,978)
Singapore	Sales and support office	127	(20,583)	4,359	(779)	18 %	(468)	(14,274)	(2,414)	112	(17,044)
Australia	Sales and support office	42	(9,670)	2,223	(652)	29 %	(1,992)	(11,294)	(1,562)	—	(14,848)
China	Sales office	29	(6,324)	3,596	(891)	25 %	(968)	(442)	(2,533)	—	(3,943)
Japan	Sales and support office	23	(4,564)	923	(268)	29 %	(709)	(1,076)	(854)	—	(2,639)
Hong Kong	Sales office	9	(1,263)	844	(157)	19 %	—	—	—	—	—
India	Sales office	10	(6,848)	690	(102)	15 %	(59)	(347)	(356)	—	(762)
New Zealand	Sales office	—	(500)	114	(35)	31 %	—	(4,150)	(173)	—	(4,323)
Malaysia	Sales office	2	(191)	152	(52)	34 %	(87)	—	(9)	—	(96)
Korea	Inactive	—	—	—	—	—	—	—	—	—	—
Switzerland	No office	—	—	—	—	—	—	(39)	—	—	(39)
Total		3,332	(665,439)	719,939	(155,800)	22 %	(149,573)	(216,180)	(165,744)	754	(530,743)

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 and year-on-year ('YoY') analysis and explain the overall dynamics of our global tax position.

TTC Item	General findings	Exceptions
FTE	Most employees in NL, followed by the US, UK, SG and BR. YoY employees grow in the same pace across locations.	Entities established in recent years, had more significant growth on FTE numbers.
Total Operating Expense	Operating expense is aligned with number of local FTE.	In some countries the operating expenses grew more quickly than FTE because of new office lease, increased business trip post-COVID, marketing events or bonus payments.
Income Before Tax	NL owns the majority of income before tax, given the key entrepreneurial functions performed, risks managed and intangible assets owned. YoY income before tax is expected to grow per each country, while shifting away from NL towards local offices in light of increasing local contributions.	YoY some declines in income before tax could be explained by an accounting difference: consolidated IFRS (in this table) compared to statutory.
Income tax expense	Income tax expense should follow the statutory tax rate multiplied by the income before tax YoY income tax expense is expected to grow in same trend as income before tax	NL applies the innovation box. The taxable profits of the UK and US entities exceeded the net operating losses, which caused significant increase in the income tax expense. Most outliers can be explained as reversal of (too high) accruals of previous years or because of an accounting difference (IFRS vs. statutory).
Income tax paid	Income tax paid is close to income tax expense YoY Income tax paid is expected to grow in same trend as income before tax	With our rapid growth, there are (significant) differences between income tax expense and income tax paid, because the amount paid can regard both current year or previous year.
Indirect tax paid	Total amount of indirect tax paid in a country depends on the amount of indirect tax charged to customers (revenue), minus deduction of any input tax (expenses) YoY the amount of indirect tax paid is expected to grow	YoY some decrease in indirect tax paid can be explained as reclaiming more VAT, while relatively lower revenue growth.
Payroll tax paid	Total amount of payroll tax paid in a country includes the wage tax amount and social security contribution (if any) in that country. YoY we expect payroll tax to grow in line with FTE.	YoY outliers are caused by stock option exercises and bonus/commission payments.
Grants, Incentives & ESG Taxes	No ESG taxes are applicable to Adyen We are reluctant to apply grants and incentives	NL grants a wage tax deduction based on innovation performed (WBSO).

24.4. Innovation box

Adyen set out to build 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 in order 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.

Company Financial Statements

Company Statement of Comprehensive Income

For the years ended December 31, 2022 and 2021
(all amounts in EUR thousands unless otherwise stated)

	Note	2022	2021
Revenue	26	7,575,105	5,233,538
Costs incurred from financial institutions	26	(6,340,102)	(4,387,767)
Costs of goods sold	26	(46,564)	(29,177)
<i>Net revenue</i>		1,188,439	816,594
Wages and salaries	27	(269,641)	(112,618)
Social securities and pension costs	27	(39,700)	(22,560)
Amortization and depreciation	13,30,31	(46,720)	(25,752)
Other operating expenses	28	(182,750)	(99,529)
Other income		(54)	250
Income before net finance expense and income taxes		649,574	556,385
Finance income		27,048	62
Finance expense		(11,251)	(12,379)
Other financial results	29	27,107	(3,436)
Net finance expense		42,904	(15,753)

	Note	2022	2021
Share of the profit of investments in subsidiaries	32	21,351	38,002
<i>Income before income taxes</i>		713,829	578,634
Income taxes		(149,690)	(108,917)
Net income for the year		564,139	469,717
<i>Net income attributable to owners of Adyen N.V.</i>		564,139	469,717
<i>Other comprehensive income/ (expense)</i>			
Items that may be reclassified to profit or loss			
Currency translation adjustments subsidiaries		(1,326)	11,373
<i>Other comprehensive income/ (expense) for the year</i>		(1,326)	11,373
Total comprehensive income for the year (attributable to owners of Adyen N.V.)		562,813	481,090

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

Company Balance Sheet

As at December 31, 2022 and 2021
(all amounts in EUR thousands unless otherwise stated; and before profit appropriation)

	Note	December 31, 2022	December 31, 2021
Intangible assets	13	8,140	9,841
Plant and equipment	30	113,596	52,070
Right-of-use assets	31	153,329	110,604
Other financial assets at FVPL	11	12,264	22,504
Contract assets	2	47,916	78,091
Deferred tax assets		134,767	22,534
Investments in consolidated subsidiaries on equity method	32	115,030	212,318
Total non-current assets		585,042	507,962
Inventories		78,788	19,059
Receivables from merchants and financial institutions	33	222,009	503,647
Trade and other receivables	33	241,630	287,108
Current income tax receivables		5,640	—
Cash and cash equivalents		5,964,798	4,150,440
Total current assets		6,512,865	4,960,254
Total assets		7,097,907	5,468,216

	Note	December 31, 2022	December 31, 2021
Share capital	8	310	310
Share premium	8	352,399	335,725
Legal reserves		18,518	32,244
Other reserves		150,298	127,717
Retained earnings		1,326,454	844,701
Net income for the year		564,139	469,717
Total equity attributable to owners of Adyen N.V.		2,412,118	1,810,414
Derivative liabilities	11	35,000	81,700
Deferred tax liabilities		10,749	16,010
Lease liability	31	150,278	106,622
Total non-current liabilities		196,027	204,332
Payables to merchants and financial institutions	36	4,336,872	3,352,592
Trade and other payables	36	126,274	74,772
Lease liability	31	23,442	17,260
Current income tax payables		3,174	8,846
Total current liabilities		4,489,762	3,453,470
Total liabilities and equity		7,097,907	5,468,216

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

Company Statement of Changes in Equity

For the years ended December 31, 2022 and 2021
(all amounts are in EUR thousands unless otherwise stated)

	Note	Share capital	Share premium	Other reserves			Retained earnings	Total equity
				Legal reserves	Share-based payment reserve	Warrant reserve		
Balance - January 1, 2021		304	194,608	14,853	98,034	53,401	856,934	1,218,134
Net income for the year							469,717	469,717
Currency translation adjustments				11,373				11,373
Total comprehensive income for the year		–	–	11,373	–	–	469,717	481,090
<i>Adjustments:</i>								
Other financial assets at FVPL movement (net of deferred tax)				6,148			(6,148)	–
Intangible assets				(130)			130	–
Other adjustments							59	59
		–	–	6,018	–	–	(5,959)	59
<i>Transactions with owners in their capacity as owners:</i>								
Equity transfer on exercise of warrant	2.1		34,100			(26,700)	(7,400)	–
Deferred tax on share-based compensation	7		–		5,548			5,548
Options exercised			1,732		(1,732)			–
Proceeds on issuing shares	8	6	105,285					105,291
Share-based payments	4.3				292			292
Other adjustments						(1,126)	1,126	–
		6	141,117	–	4,108	(27,826)	(6,274)	111,131
Balance - December 31, 2021		310	335,725	32,244	102,142	25,575	1,314,418	1,810,414

	Note	Share capital	Share premium	Other reserves			Retained earnings	Total equity
				Legal reserves	Share-based payment reserve	Warrant reserve		
Balance - January 1, 2022		310	335,725	32,244	102,142	25,575	1,314,418	1,810,414
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
<i>Adjustments:</i>								
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
Other adjustments							—	
		—	16,674	—	22,420	—	—	39,094
Balance - December 31, 2022		310	352,399	18,518	124,723	25,575	1,890,593	2,412,118

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

Company Statement of Cash Flows

For the years ended December 31, 2022 and 2021
(all amounts in EUR thousands unless otherwise stated)

	Note	2022	2021
Income before income taxes		713,829	578,634
<i>Adjustments for:</i>			
- Finance income		(27,048)	(62)
- Finance expenses		11,251	12,379
- Other financial results	29	(27,107)	3,436
- Depreciation of plant and equipment	30	21,725	11,733
- Amortization of intangible fixed assets	13	5,224	3,088
- Depreciation of right-of-use assets	31	19,771	10,931
- Share of the profit of investments in subsidiaries	32	(21,351)	(38,002)
- Share-based payments		7	114
<i>Changes in working capital:</i>			
- Inventories		(60,016)	(4,262)
- Trade and other receivables	33	(120,662)	(86,573)
- Receivables from merchants and financial institutions	33	281,638	286,624
- Payables to merchants and financial institutions	36	1,150,418	945,941
- Trade and other payables		51,490	(1,918)
- Amortization and additions of contract assets	2.2	30,210	49,448
Cash generated from operations		2,029,379	1,771,511

	Note	2022	2021
Interest received		27,048	62
Interest paid		(11,251)	(12,379)
Income taxes paid		(140,910)	(127,679)
Net cash flows from operating activities		1,904,266	1,631,515
Purchases of financial assets at FVPL		—	(211)
Redemption of financial assets at amortized cost	11	—	12,427
Redemption of other financial assets at FVPL	11	11,407	—
Investments in consolidated subsidiaries on equity method	32	(106)	(17,918)
Net cash from liquidation of Adyen Inc.	32	6,643	—
Purchases of plant and equipment	30	(83,099)	(36,138)
Capitalization of intangible assets	13.0	(3,523)	(2,958)
Net cash used in investing activities		(68,678)	(44,798)
Proceeds from issues of shares	8	9,926	105,285
Lease payments	31	(12,907)	(3,346)
Net cash flows from financing activities		(2,981)	101,939
Net increase in cash, cash equivalents and bank overdrafts		1,832,607	1,688,656
Cash, cash equivalents and bank overdrafts at beginning of the year		4,150,440	2,458,038
Exchange gains on cash, cash equivalents and bank overdrafts		(18,249)	3,746
Cash, cash equivalents and bank overdrafts at end of the period		5,964,798	4,150,440

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	2022	2021
Settlement fees	7,042,045	4,838,701
Processing fees	302,052	238,621
Sales of goods	50,958	29,186
Other services	180,050	127,030
Total revenue from contracts with customers	7,575,105	5,233,538
Costs incurred from financial institutions	(6,340,102)	(4,387,767)
Costs of goods sold	(46,564)	(29,177)
Net revenue	1,188,439	816,594

27. Company - Employee benefits

Employee benefits	2022	2021
Salaries and wages	260,246	107,353
Share-based compensation	9,395	5,265
Total wages and salaries	269,641	112,618
Social securities	32,743	18,076
Pension costs - defined contribution plans	6,957	4,484
Total social securities and pension costs	39,700	22,560

28. Company - Other operating expenses

Other operating expenses	2022	2021
Sales and marketing costs	43,263	23,363
Travel and other staff expenses	35,458	7,133
IT costs	27,163	18,659
Advisory costs	24,271	12,213
Contractor costs	12,828	10,264
Housing costs	8,483	3,403
Office costs	6,974	2,453
Miscellaneous operating expenses	11,008	22,041
1% for the UN SDGs	13,302	
Total other operating expenses	182,750	99,529

29. Company - Other financial results

Other financial results	2022	2021
Exchange gains/(losses) (note 6.1)	(19,440)	10,324
<i>Fair value re-measurement of financial instruments:</i>		
Derivative liabilities (note 6.2)	46,700	(13,300)
Other financial assets at FVPL (note 6.3)	(153)	(322)
Loss on redemption of other financial assets at amortized cost	—	(138)
Total other financial results	27,107	(3,436)

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 2022 mainly relate to Adyen's foreign-denominated cash balances, partially offset by other financial assets at FVPL (EUR 2,183 – refer to note 6.3 'Other financial assets at fair value through profit or loss ('FVPL') (Visa Inc. preferred shares)').

30. Company - Plant and equipment

Plant and equipment	Computer Hardware and Software	Leasehold Improvements	Other	Total
2021				
Cost	49,037	4,175	1,337	54,549
Accumulated depreciation	(23,533)	(2,377)	(953)	(26,863)
Balance - January 1	25,504	1,798	384	27,686
Additions	28,097	6,745	1,296	36,138
Disposals	(19)	—	—	(19)
Depreciation for the year	(10,879)	(713)	(141)	(11,733)
Other changes (e.g. exchange differences)	—	(2)	—	(2)
Balance - December 31	42,703	7,828	1,539	52,070
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
Cost	142,791	25,030	4,314	172,135
Accumulated depreciation	(48,780)	(7,676)	(2,083)	(58,539)
Balance - December 31	94,011	17,354	2,231	113,596

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	2022	2021
<i>Offices and data centers</i>		
Cost	133,908	119,070
Accumulated depreciation	(23,304)	(14,819)
Balance - January 1	110,604	104,251
Additions	62,745	17,232
Depreciation for the period	(19,771)	(10,931)
Other movements	(249)	52
Balance - December 31	153,329	110,604
Recognized right-of-use asset	203,727	133,908
Accumulated depreciation	(50,398)	(23,304)
Balance - December 31	153,329	110,604
Lease liability	2022	2021
Balance - January 1	123,882	109,996
Additions	62,745	17,232
Lease instalments	(15,672)	(5,461)
Interest expense	2,765	2,115
Balance - December 31	173,720	123,882
Current portion	23,442	17,260
Non-current portion	150,278	106,622

As of December 31, the future minimum lease payments are as follows:

Minimum future lease payments	2022	2021
Within 1 year	24,107	15,070
Between 1 and 2 years	25,981	16,168
Between 2 and 3 years	26,122	15,734
Between 3 and 4 years	22,987	15,663
Between 4 and 5 years	20,247	12,531
Later than 5 years	45,750	64,381
Total	165,194	139,547

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	2022	2021
Balance - January 1	212,318	139,510
Investments in consolidated subsidiaries	27,174	17,918
Liquidation of Adyen Inc.	(141,658)	—
Share of the profit of investments in subsidiaries	21,351	38,002
Currency translation adjustments subsidiaries	(1,326)	11,373
Share of changes in equity of investments in subsidiaries	(2,829)	5,875
Balance - December 31	115,030	212,318

During 2022, the main driver of the changes in investments balance related to increased investments in Adyen's wholly-owned subsidiary (Adyen International B.V.), the liquidation of Adyen Inc. which was finalized during 2022, as well as Adyen's share of profit and changes in equity of investments in subsidiaries.

An amount of EUR 29,159 (2021: 5,548) was recognized directly in equity connected with future tax deductions and carried forward losses on subsidiaries in the United States and the United Kingdom. Refer to note 7 'Income taxes' in the consolidated financial statements for more detail.

As a result of Adyen N.V. obtaining the US branch license, Adyen Inc was put into liquidation which was finalized during 2022. The net assets of Adyen Inc were transferred at their carrying amounts to the newly set-up branch of Adyen N.V. in San Francisco effective January 1, 2022. The net asset value transferred amounted to EUR 141,658.

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 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., Spain Rep Office	Madrid, Spain
Adyen N.V., Polish Rep Office	Warsaw, Poland

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 Korea Chusik Hoesa	Seoul, Republic of Korea	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 Japan K.K.	Tokyo, Japan	100%
Adyen Middle East Limited	Dubai, United Arab Emirates	100%
Adyen MEA FZ-LLC	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	2022	2021
Trade and other receivables	245,025	290,970
Less: Allowance for expected credit losses	(3,395)	(3,862)
Trade receivables - Net	241,630	287,108
Receivables from Merchants and Financial Institutions	222,009	503,647
Total	463,639	790,755

In 2022, EUR 166,447 (2021: EUR 155,798) 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, 2022 and 2021 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 1,679,163 (2021: EUR 1,180,736). The other reserves are restricted for distribution, which includes the legal reserves, in amount of EUR 18,517 (2021: 32,244), 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	2022	2021
Trade payables	17,080	7,014
Taxes and social security	43,777	41,988
Accrued employee benefits	22,565	17,579
Accrued liabilities and other debts	29,660	2,571
Cash-settled share-based payment plan	13,192	5,620
Trade and other payables	126,274	74,772
Payables to merchants and financial institutions	4,336,872	3,352,592
Total	4,463,146	3,427,364

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 2022, EUR 38,766 (2021: EUR 57,023) 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 51,299 of outstanding bank guarantees and letters of credit as at December 31, 2022 (2021: EUR 72,290).

Adyen N.V. and Adyen International B.V. are a fiscal unity for income tax purposes. Under the Dutch Tax Collection Act, the members of the fiscal unity are jointly and severally liable for any taxes payable by the fiscal unity. Pursuant to the Collection of State Taxes Act, the company and its subsidiary are both severally and jointly liable for the tax payable by the combination.

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

Prior to publishing the 2022 Annual Report, Adyen updated its terms and conditions applicable to merchant agreements in order to clarify 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 settlement fees (namely; interchange and payment network fees), and concluded it acts as agent in this arrangement, applied prospectively from January 1, 2023. As a result, Adyen will recognize these fees on a net (agent) basis, with no change to net revenue while the financial impact on gross Revenue and Costs incurred from financial institutions from January 1, 2023 is not yet known as it is dependent on future results. This change does not impact the 2022 consolidated and company financial statements, the non-IFRS financial measures or guidance provided in this Annual report.

Amsterdam, March 8, 2023

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
CEO

R. Prins
CCO

I.J. Uytdehaage
CFO

M.B. Swart
CLCO

K. Zaki
COO

A. Matthey
CTO

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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 financial statements 2022

Our opinion

In our opinion:

- The consolidated financial statements of Adyen N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2022, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- 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 2022 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 2022 of Adyen N.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2022;
- the following statements for 2022: the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes to the consolidated financial statements, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2022;
- the company statement of comprehensive income for 2022; and
- the notes to the company financial statements, comprising 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.

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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, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

Adyen N.V. is a fast-growing payment service provider with a banking licence in the Netherlands and the United States. The Group provides services around the globe and has 27 offices. The Group has a centralised approach in managing its global operations (which includes the underlying control activities as well as the respective financial administration). We considered these factors in determining our group audit scope and approach as set out in the section ‘The scope of our group audit’. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

The financial year was characterised by the impact of the continued growth of processed volumes, revenue (see note 2 to the consolidated financial statements) and net income for the year. Adyen continued to invest in their medium to long-term growth strategy which is demonstrated by additions to servers for datacentres (see note 14 to the consolidated financial statements) and the fact that 2022 marked Adyen’s most significant period of headcount growth (1,152 FTE) to date.

As part of our evaluation of the audit, we identified two key audit matters. We identified the design and effectiveness of IT General Controls as a key audit matter since all revenue generating activities are processed on the payment platform operated by the Group. Another matter we identified to be key in our audit relates to revenue, as we consider revenue (growth) a key financial indicator for investors and other stakeholders of the Group. We therefore had additional focus for the inherent risk we identified that revenue might be overstated. We further elaborate on this in the section ‘Audit approach fraud risks’.

In comparison to prior year the classification and valuation of the derivative liabilities is not a key audit matter anymore, mainly because of the decreased magnitude as well as the decreased estimation uncertainty.

We discussed with management their assessment on how the risk of climate change impacts the strategy, operations, and financial position of Adyen. Adyen assessed the possible effects of climate change and the plans underlying management's strategy. 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. Management assessed the resulting impact on the financial position, including underlying assumptions and estimates. Adyen does not hold assets or liabilities on its balance sheet that have an inherently high exposure to physical climate risk. As part of our audit risk assessment, we gained an understanding of Adyen's strategy and materiality assessment, evaluated the potential impact on the financial statements and we discussed this with management. We concluded that the impact of climate change is not considered a key audit matter.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the 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, amongst others, the assumptions underlying the physical and transition risk related to climate change.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a payment service provider. We therefore included specialists in the areas of IT, corporate income tax, value added tax, transfer pricing and valuation of derivative financial instruments in our team.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: €32 million (2021: €26 million)

Audit scope

- We conducted audit work in the Netherlands. All locations around the globe were in scope of our audit performed.
- Site visits have been made to the United Kingdom and India. We performed an inventory count in the United States.
- 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.

Overall group materiality	€32,000,000 (2021: €26,000,000).
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, adjusted for the derivative liabilities revaluation, based on annualised interim condensed consolidated financial statements as of 30 June 2022, as published by the Group on 18 August 2022. Without the adjustment for the derivative liabilities and using period-end financial information, we effectively applied an overall materiality of 4.4% (2021: 4.5%) of income before taxes.
Rationale for benchmark applied	<p>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 income before income taxes is the most relevant metric for the financial performance of the Group and it is widely used within the industry.</p> <p>For our basis for determining the materiality we excluded the derivative liabilities revaluation (see note 6 to the consolidated financial statements) since the revaluation does not reflect the actual performance of the Group and has a strong link to the share price of Adyen N.V. When the share price increases, this leads to an increase of the valuation of the derivative liability and vice versa (refer to sensitivity analysis in note 12 to the consolidated financial statements). Excluding the revaluation from the materiality benchmark aligns the annual materiality development with the actual performance of the Group.</p> <p>We capped our overall materiality by using the Group’s interim financial information to make sure that the extent of our audit procedures is sufficient while expecting further growth of the Group. We annualised the income before income taxes that are included in the Group’s interim financial information as the basis for our materiality. We evaluated materiality based on the actual numbers in the financial statements and using our professional judgement and conclude the materiality is still appropriate.</p>
Component materiality	The Group manages, records and controls transactions and operations centrally, in Amsterdam. Therefore, we were able to audit all transactions and operations ourselves 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 €1,600,000 (2021: €1,300,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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, provide sufficient coverage of the financial statements for us to be able to express an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate.

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:

<i>Revenue</i>	100%
<i>Total assets</i>	100%
<i>Profit before tax</i>	100%

The group engagement team thus performed the audit work for the Group. 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 the entity 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 the risk management chapter of the management report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and 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.



This includes an assessment of the process management applies as a response to fraud cases identified, as disclosed in the 'control activities' section in the risk management chapter of the management report for management's fraud risk assessment.

We asked members of the management board and the supervisory board 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 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

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.

Our audit work and observations

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 IT 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, amongst others, inspection of the entries to source documentation. We did not identify any significant transactions outside the normal course of business.

We also performed specific audit procedures related to important estimates of management, including the valuation of the derivative liabilities and the recoverability and transferability 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 the 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 the revenue.

We evaluated the design and implementation of the internal control system and assessed the effectiveness of relevant controls in the processes related to revenue reporting.

We performed specific audit procedures to validate the occurrence of transactions on a substantive basis.

Identified fraud risks

Revenue growth is an important key financial indicator for the 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, a payment service provider, this means that it is key to obtain sufficient evidence over the occurrence of transactions in the payment flow.

Our audit work and observations

We requested and acquired for every cash balance a confirmation from third party banks. We reconciled the transactions of the global payments' platform to the financial administration and tested manual entries that are present in the reconciliation. Furthermore, we reconciled interchange and payment network fees (which is part of settlement fees revenue) to the actual fees incurred from third party financial institutions (costs from financial institutions).

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'.

Furthermore, we incorporated elements of unpredictability in our audit.

During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. We have reviewed the available information and have made inquiries with relevant executives, directors (including internal audit, legal, compliance, human resources, and regional directors) and the supervisory board. This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach going concern

Management prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for the foreseeable future. Our procedures to evaluate the management board's going-concern assessment included, amongst others:

- Considering whether management's going-concern assessment includes all relevant information, of which we are aware, as a result of our audit.
- Inquiring with management regarding management's most important assumptions underlying their going-concern assessment and considering whether management identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Analysing the capital and liquidity position of the Group and comparing these positions towards the minimum (regulatory) required capital and liquidity.
- Scanning of publicly available information, such as news articles, which might indicate events or circumstances that may lead to a going-concern risk.
- 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.
- Conducting inquiries with management regarding their knowledge of going-concern risks beyond the period of management'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.

<i>Key audit matter</i>	<i>Our audit work and observations</i>
<i>Design and effectiveness of IT General Controls</i> 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 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 as a key audit matter in our audit.	Our audit work included, amongst others, understanding, evaluating, and testing, on a quarterly basis, the relevant IT General Controls, with the assistance of our IT auditors, to the extent relevant for our audit. These comprised of the following key audit activities at the Group: <ul style="list-style-type: none">• <i>Computer operations ensuring reliability of IT systems:</i> 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 datacentre) were made and stored cross-datacentre. Our test results demonstrated that production data was replicated across the individual datacentres.• <i>Access to programs and data:</i> 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. We verified that the Group implemented controls to ensure, amongst 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.• <i>Program changes:</i> 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.

Key audit matter

Our audit work and observations

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 customers are being served and transactions are being processed. As such, this key audit matter should be read and considered in conjunction with the key audit matter on IT General Controls.

The revenues that the Group generated, related to processing fees, settlement fees and fees for other services in connection with processed payments. For this purpose, the Group agreed with customers to *charge rates per transaction and by type of activity*. Revenue is recorded on the basis that the Group acts as a principal for payment processing services it provides to merchants. Therefore, revenue related to processing and settlement fees are reported on a gross basis (as disclosed in note 2 to the consolidated financial statements).

The Group recognised substantial growth in revenue over the previous years and has a focus on (medium term) revenue growth. We deem revenue to be a key financial indicator on which the performance of management is measured by stakeholders in the Group.

- *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 conclude that we could rely on the IT General Controls of the Group for the purpose of our audit. Furthermore, we noticed as part of our work performed that the Group was sufficiently equipped to work remotely and has been doing so without material impact on the ability to process payments.

Our audit work included, amongst others, an evaluation of management's design and testing the operating effectiveness of controls that mitigate the risk of overstatement of revenue:

- 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 over invoicing to customers.

Based on our audit procedures, we determined that we could rely on these controls for the purpose of our audit.

Key audit matter

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) as a key audit matter in our audit.

Our audit work and observations

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.
- We independently obtained and requested bank confirmations.
- We evaluated and assessed recorded revenue against the requirements included in IFRS including management's assessment in which it concluded that for its payment services it acts as a principal.
- We performed data-analytics on revenue transactions processed by the payment platform during the year with the goal to obtain more insights and detect anomalies.
- We reconciled the recognised revenue in the financial statements to the payment service platform.
- We tested the manual reconciliation between the payment service platform and the financial statements.
- We tested the reconciliation between the (gross) revenue, and the costs incurred from financial institutions.
- 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 reappointed as auditors of Adyen N.V. on 1 June 2022 during the shareholders' meeting. The Company became a public-interest entity ('PIE') in April 2017 after the Company obtained a banking licence. The audit of the 2022 financial statements represents the sixth year of uninterrupted engagement appointment as external auditor of Adyen N.V.

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 (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the (partially) 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 amongst others:

- Obtaining an understanding of the entity'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.

As part of the preparation of 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, which makes it possible that we may not detect all material misstatements. 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, 8 March 2023
PricewaterhouseCoopers Accountants N.V.

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

Appendix to our auditor's report on the financial statements 2022 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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, not communicating the matter is in the public interest.

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 mapped in reference to the voluntary reporting framework: The Global Reporting Initiative (GRI) standards. As per clause 3.3.1.1 of GRI 101 Foundation 2016, the Adyen 2022 Annual Report references the below disclosures either in part or in full. 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	90
2-1-b	Nature of ownership and legal form	Notes to the consolidated Financial Statements	90
2-1-c	Location of headquarters	Notes to the consolidated Financial Statements	90
2-1-d	Countries of operations	Notes to the consolidated Financial Statements	90
2-2-a	Entities included in the organization's sustainability reporting	Notes to the consolidated Financial Statements	90
2-3	Reporting period, frequency and contact point	Other information (ir@adyen.com)	142
2-5	External assurance	Independent Auditor's report	143

Activities and workers

Disclosure	Description	Location in report	Section page Ref.
2-7-a	Total number of employees, breakdown by gender and region	Investing in the team	29

Governance

Disclosure	Description	Location in report	Section page Ref.
2-9	Governance structure and composition	Corporate governance	65
2-10-a	Nomination and selection of the highest governance body	Corporate governance	65
2-11-a	Chair of the highest governance body	Corporate governance	65
2-12-a	Role of the highest governance body in overseeing the management of impacts	ESG governance & oversight	15
2-13	Delegation of responsibility of managing impacts	ESG governance & oversight	15
2-14-a	Role of the highest governance body in sustainability reporting	ESG governance & oversight	15
2-15-b	Conflict of interest	Corporate governance	65
2-19	Remuneration policies	Remuneration report	73
2-20	Process to determine remuneration	Remuneration report	73
2-21	Annual total compensation ratio	Remuneration report	73

Strategy, policies, and practices

Disclosure	Description	Location in report	Section page Ref.
2-22	Statement on sustainable development strategy	Our approach to accelerating positive change	16
2-23-a-iv	Policy commitments	Responsible practices	39
2-24	Embedding policy commitments	Responsible practices	39

Stakeholder engagement

Disclosure	Description	Location in report	Section page Ref.
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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	44

Tax			
Disclosure	Description	Location in report	Section page Ref.
207-1	Approach to tax	Tax	<u>47</u>
207-2	Tax governance, control, and risk management	Tax	<u>47</u>
207-3	Stakeholder engagement and management of concerns related to tax	Tax	<u>47</u>
207-4-a	Country-by-country reporting	Tax	<u>47</u>
Emissions			
Disclosure	Description	Location in report	Section page Ref.
305-1	Direct (Scope 1) GHG emissions	Environmental sustainability	<u>40</u>
305-2	Energy indirect (Scope 2) GHG emissions	Environmental sustainability	<u>40</u>
305-3	Other indirect (Scope 3) GHG emissions	Environmental sustainability	<u>40</u>
Employment			
Disclosure	Description	Location in report	Section page Ref.
401-1-a	New employee hires and employee turnover	People & culture	<u>24</u>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment & benefits	<u>37</u>
401-3	Parental leave	Employment & benefits	<u>37</u>
Training and education			
Disclosure	Description	Location in report	Section page Ref.
404-2	Programs for upgrading employee skills and transition assistance programs	People & culture	<u>24</u>
404-3	Percentage of employees receiving regular performance and career development reviews	People & culture	<u>24</u>

Diversity and equal opportunity			
Disclosure	Description	Location in report	Section page Ref.
405-1	Diversity of governance bodies and employees	Report of the Supervisory Board	<u>69</u>
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	<u>44</u>

EU Taxonomy Report

Starting from January 1, 2022, Adyen is required to report on its environmentally sustainable economic activities in line with EU taxonomy regulation (the “EU taxonomy”). 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, 2022 to December 31, 2023, Adyen is required to report on the following items :

- The proportion of total assets of exposures to Taxonomy non-eligible and Taxonomy-eligible economic activities;
- The proportion of the companies' trading portfolio and on demand inter-bank loans in total assets ;
- The total exposure to central governments, central banks and supranational users;
- The total exposure to derivatives;
- The total exposure to non-NFRD companies, referring to companies that do not fall under the scope of the Non Financial Reporting Directive (Directive 2014/95/EU).

As at 31 December 2022, Adyen is required to disclose on the Taxonomy eligibility. Eligibility indicates that an activity is in scope for screening under the Taxonomy regulation. In the future, eligible activities will be tested against the Technical Screening Criteria to determine Taxonomy alignment. The methodology for the computation of the KPIs is FinRep-driven, while the exposure is expressed in terms of carrying amount and with reference date as at 31 December 2022.

Quantitative information

Based on the Disclosures Delegated Act Article 10, the assessment was initiated by using Adyen's Q4 2022 FinRep report to identify the appropriate KPIs required. The metrics have been obtained based on a best-effort approach and available data. To facilitate the disclosures required by the Delegated Act Article 10, the template recommended by the EU Platform on Sustainable Finance for KPI disclosure of credit institutions was used. The KPI calculations are based on the same data as Adyen's financial reporting under Regulation (EU) 2021/451 (FinRep), ensuring consistency between the financials in the annual report and the Taxonomy KPIs.

	Gross carrying amount	Exposures to EU Taxonomy eligible economic activities	Exposures to EU Taxonomy non-eligible economic activities	% Coverage (over total assets)
Total Asset Covered	3,208,810	9,513	3,199,297	0.1 %
Total trading portfolio and on-demand inter-bank loans	—		—	— %
Total Derivatives	—		—	— %
Total exposures to non- NFRD companies	235,287		235,287	3 %
Other Assets	2,738,092		2,738,092	36 %
Total exposures to central governments, central banks and supranational issuers	4,407,540		4,407,540	58 %
Total assets as per Balance Sheet	7,616,350			100%

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 each KPI. The definitions are aligned to the requirements of the delegated Act and defined further below.

Scope of the assets covered by the KPIs

- Total Assets Covered: include Adyen's loans and advances (trade receivables and receivables from merchants and financial institutions), equity holdings and all other on-balance sheet assets as at 31 December 2022 excluding exposures to central governments and central banks.
- Total trading portfolio: all positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book as defined in the Directive 2006/49/EC. Adyen does not hold a trading portfolio as reported in the FinRep balance sheet as at 31.12.2022.
- On demand inter-bank loans: Exposures in the on demand inter-bank market (credit institutions). Adyen does not have any of these exposures as reported in the FinRep balance sheet as at 31.12.2022.
- Derivatives: Adyen does not have any Derivatives as at 31.12.2022.

- Total exposures to non- NFRD Companies: exposures towards companies that do not fall within the scope of the Non-Financial Reporting Directive (NFRD) such as SMEs, non-EU country counterparties, and other non-financial companies that fall out of scope of the NFRD. Adyen does not yet have available indicators to identify which counterparties fall under the scope of NFRD except for location. As such, total exposures to non-NFRD related to counterparties outside of the EU.
- Other assets: include cash held at commercial banks, plant and equipment, intangible assets, right-of-use assets and all other assets included in 'Total Assets Covered' excluding loans and advances, equity holdings and exposures towards central banks and governments.
- Total exposures to central governments, central banks and supranational issuers: includes exposures towards central banks. For Adyen, this includes cash held at central banks in the various jurisdictions in which the Company operates in.

As at December 31, 2022, based on the data available, Adyen only holds exposures of EUR 9.5 million towards taxonomy-eligible activities. The eligibility exposure, expressed as a percentage of total assets, is well below 1%. In calculating the full eligibility ratio, the numerator excludes the exposure to central governments, central banks and supranational issuers. The eligibility ratio as a percentage of these covered assets is therefore 0.2%. This is due to the nature of Adyen's business strategy, which is currently not involved in investing or financing specific activities. Adyen will continue to monitor the regulation and update disclosures, business strategy and product.

Data sources and limitation

The total assets that should be assessed for eligibility 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 an indicator to identify whether a counterparty is subjected to the NFRD regulation making it a challenge to distinguish between the type of undertakings. As such, all EU exposures were assessed for eligibility, irrespective of the legal form of counterparty. The focus for the upcoming year will be to gather more data identifiers on the exposures.

Adyen will continue to monitor the regulation and update disclosures, business strategy and product design accordingly. While we plan on disclosing the Green Asset Ratio (GAR) as part of the 2023 Annual Report, given the limited exposure to Taxonomy eligible activities, we do not expect this ratio to be significant. In preparation however, Adyen will focus on improvements to its data quality and availability.