

Investor day

2023

adyen

Welcome

Ingo Uytdehaage, Co-CEO
Ethan Tandowsky, CFO

adyen

Agenda

Welcome Message

Ethan Tandowsky, CFO & Ingo Uytdehaage, Co-CEO

Commercial Strategy

Roelant Prins, CCO

Digital Strategy

Trevor Nies, SVP Global Head of Digital
Davi Strazza, President of North America

Unified Commerce Strategy

Gayathri Rajan, SVP Product, Data
Alexa von Bismarck, President of EMEA

Platforms Strategy

Blake Breathitt, SVP Global Head of Platforms & Financial Services
Karolina Noronha, SVP Product, Platforms & Financial Services

Strategy Q&A

Break

People & Culture

Brooke Nayden, CHRO

Financials

Ethan Tandowsky, CFO

Financials Q&A

Commercial strategy

Roelant Prins, CCO

Industry trends

Driving our opportunity



Digital transformation still has a long way to go



Commerce continues to further globalize



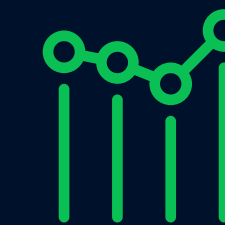
Economies are shifting from cash-based to cashless



Regulation is becoming increasingly complex



The platform business model is becoming more pervasive



Businesses are more focused on cost efficiency

Digital

Unified
Commerce

Platforms

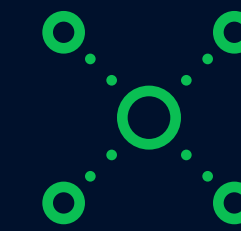
Adyen's single platform **is built to help businesses navigate an ever-changing landscape**



One end-to-end solution through a single integration

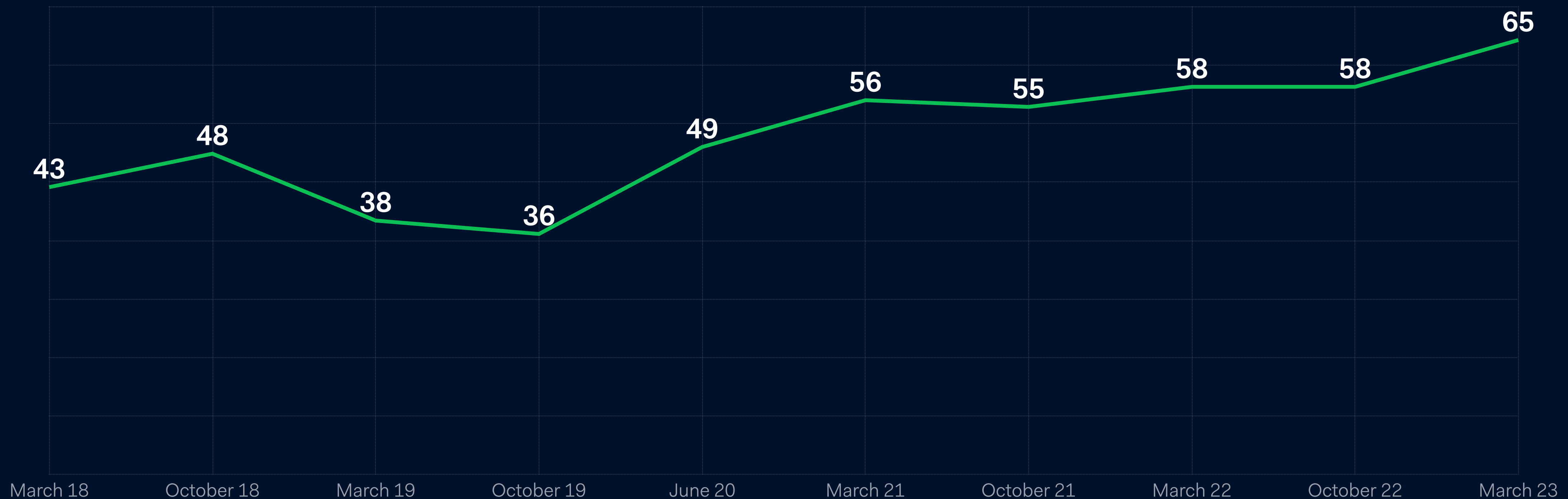


Global reach, with local expertise



Consolidating payments, financial products, and data in one destination

Upward trending NPS scores
reflect our strategy of pairing
best-in-class products and people



Building Adyen's commercial organization **for global scale**



Ramping up our Sales and Account Management functions



Scaling the 'Adyen Way of Selling'



Global pillarization for focus and speed at new scale

Commercial team as of December 31, 2021

Total 799

North America 139

LATAM 50

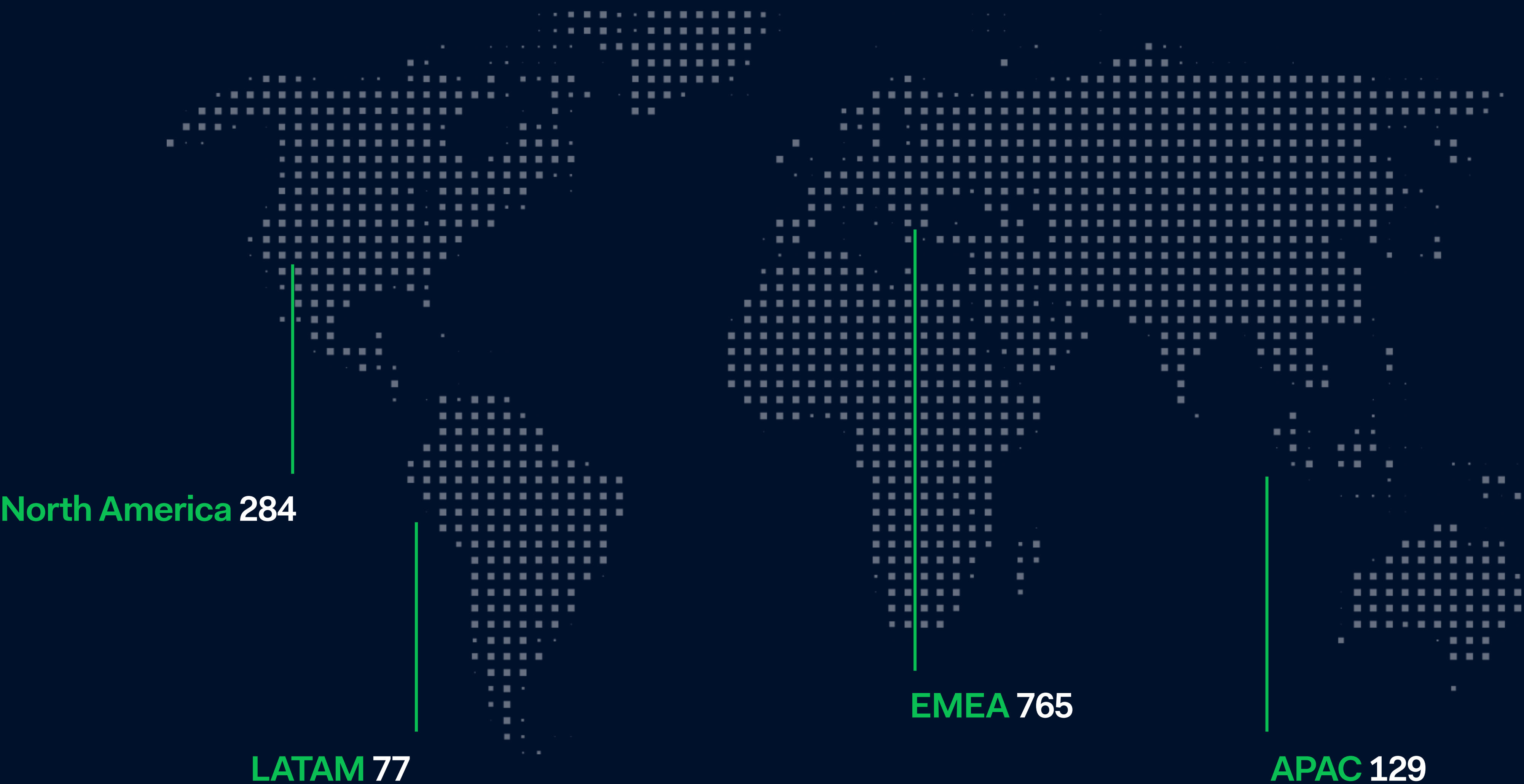
EMEA 527

APAC 83



Commercial team as of September 30, 2023

Total 1255



Digital

Trevor Nies, SVP Global Head of Digital
Davi Strazza, President of North America

Online payments
are not a solved problem.

“15% of online transactions fail”

The industry keeps evolving with
new payment methods, regulation,
and technology.

**In a continuously evolving landscape,
our customers' priorities evolve too.**

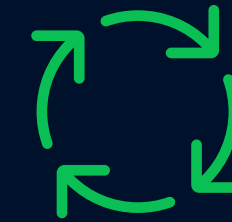
Digital Unique Selling Points



Performance and cost savings at scale



Simplifying global complexities through a single integration



Value beyond processing by combining payments, data, and banking in a single solution

Digital Strategy

We create value for businesses by optimizing performance and cost

What Adyen enables for its customers



Performance uplift



Cost efficiencies

Performance uplift **through the** **Adyen platform**



Payment methods customers want



Reducing authentication friction



Improving issuer approval rates

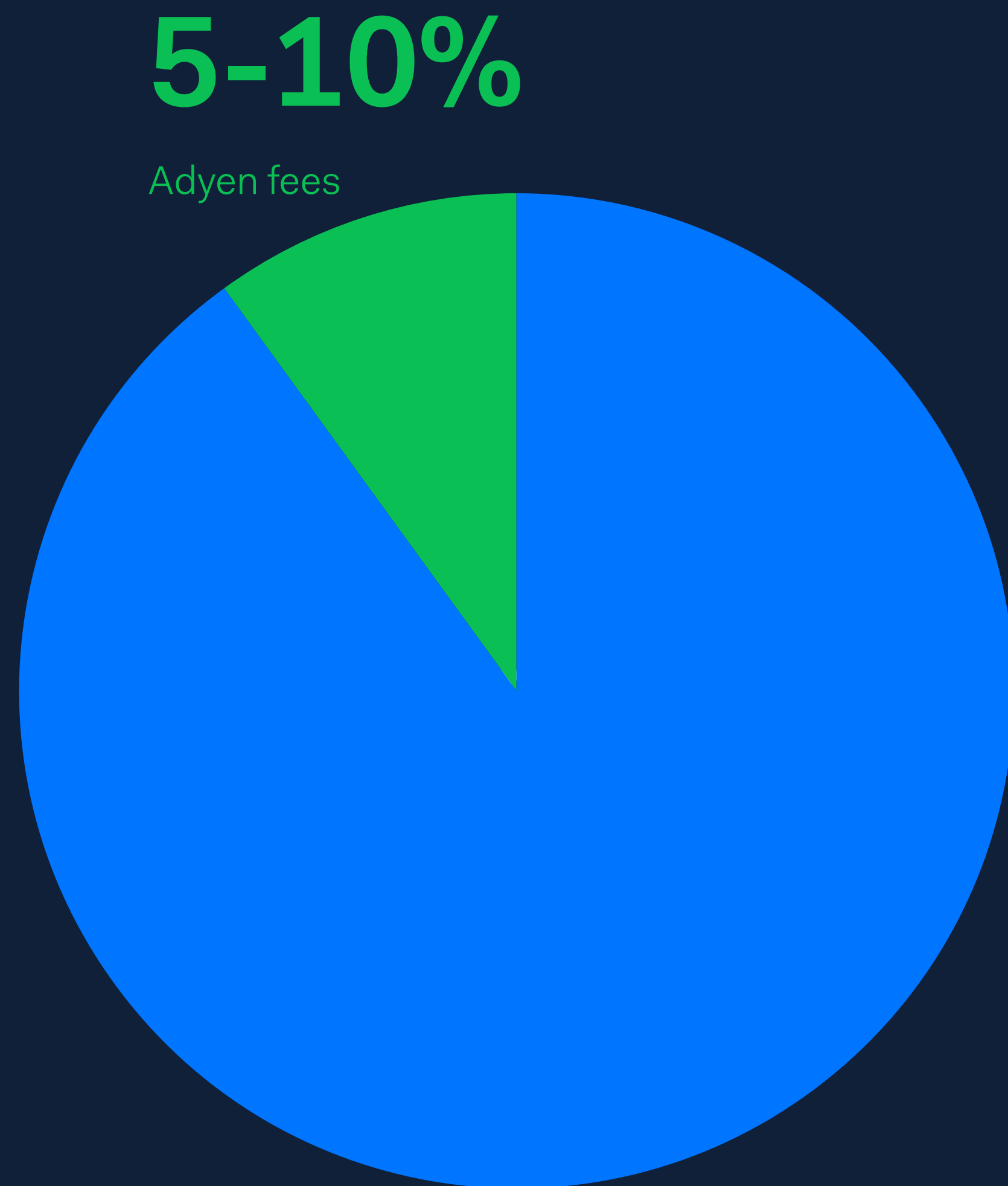


Minimizing fraud



Eliminating technical errors

US total cost of payments





Combining growth and savings for Strava

- ▶ In our global partnership, we help Strava realize higher auth rates, increase customer retention, and save costs through our single platform's functionality.
- ▶ Smart network token application results in strong auth rates uplifts, while retaining customers in their subscription model.
- ▶ The implementation of local acquiring in Europe resulted in significant savings and further auth rate optimization.

Our customers don't need to
trade-off between **performance**
and cost.

Digital Strategy

We create value for customers by simplifying global complexities



Single integration



Consolidated reporting & reconciliation



Local acquiring

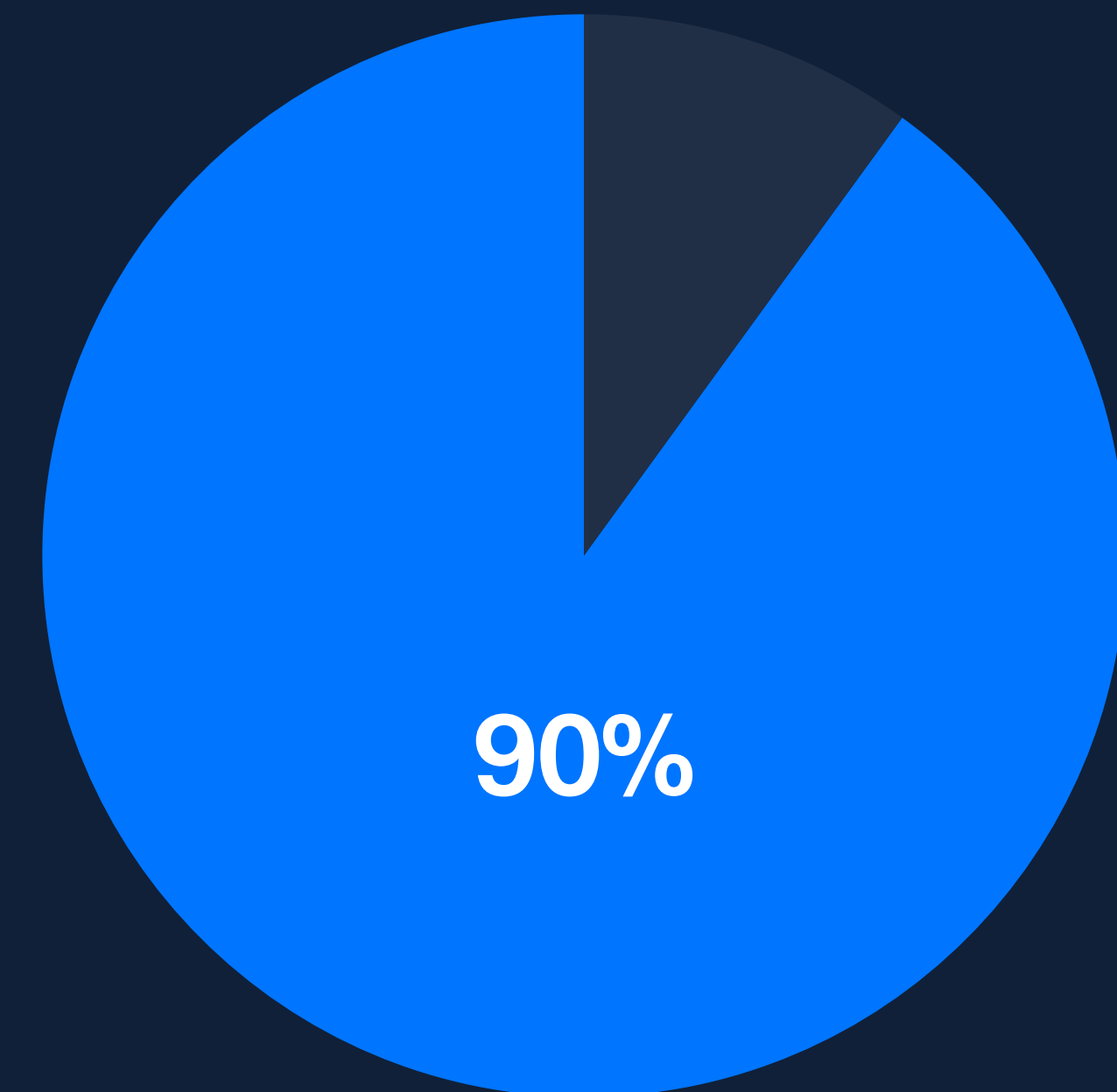


Adapt to regulatory changes seamlessly



Best-in-class local payment method offering

Top 100 Digital customers using local payment methods



**Our technology allows customers
to focus on their core business
while we handle the increasingly
complex payment landscape.**

Digital Strategy

We create value for customers by expanding beyond payment processing



RevenueProtect



Smart authentication



Insights



Issuing



Real-time payouts

Going beyond processing enables
our customers **to realize their full
ambition.**

Commercial success

Enabling digital businesses to achieve scalable, profitable growth



Fragmentation

Multiple routes between a potential shopper and a successful transaction



Local nuance

Payment preferences are becoming increasingly nuanced



Technical challenges

Billions of dollars are lost every year in false declines

Fragmentation

Transitioning from a simple landscape to a more complex environment

From



To



Helping US digital businesses orchestrate sophisticated payment routes for an average of 3% authorization uplift with Network Tokens Optimization and Debit Routing reducing up to 35% in interchange and scheme fees.

Local nuance

Payment preferences
are cultural and ever-
changing

The power of local payment methods:



Growth



Lower cost



Customer
experience

Leveraging learnings from other regions to build best-in-class, enterprise-grade alternatives to cards in the US.

VISA



DISCOVER



AMERICAN
EXPRESS

US payments mix previously

VISA

affirm



G Pay

venmo

Cash App

DISCOVER

afterpay

accel

NYCE

STAR

AMERICAN
EXPRESS

Klarna.

pulse

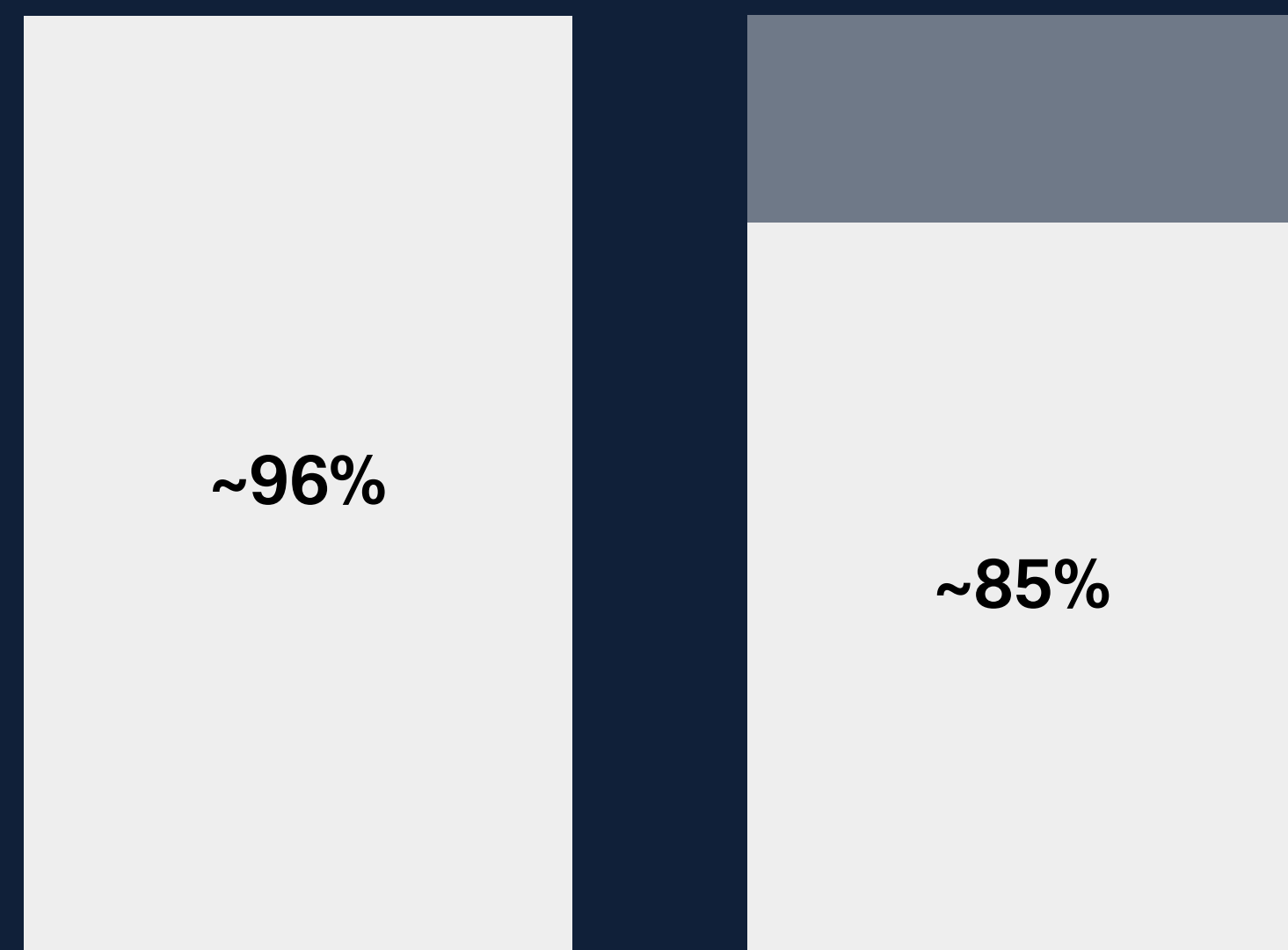


US payments mix today

Technical challenges

Payments are also not a solved problem in the US

Authorization rates | industry average



Card present

Card not present

Why the gap and what can be done to close it?

As the only tech player covering the entire value chain, Adyen is uniquely positioned to help online businesses answer that question.

Future growth in the US

US has grown from 10% to around a quarter of our Net Revenue over the last 6 years

And we continue to grow.

Single digit market share



Continued investments

- ▶ +600 FTE
- ▶ Full suite of products
- ▶ Machine learning investments for 10+ years
- ▶ Just beginning with banking



Enable online businesses

- ▶ Optimize growth and cost
- ▶ Expand to new markets
- ▶ Expand to new channels
- ▶ Create new revenue streams

Key takeaways

1.

Online payments aren't solved.
In fact, they're getting more complex.

2.

This increased complexity drives the need to **optimize for both growth and cost.**

3.

In a market that continues to grow, **our opportunity is largely untapped.**

Unified Commerce

Alexa von Bismarck, President of EMEA
Gayathri Rajan, SVP Product, Data

adyen

Global trends driving our Unified Commerce opportunity

Shopper
expectations are
changing



The largest
volumes are still
processed in-store



Businesses around
the world are
digitizing



Merchants have to
place shoppers at
the center of their
thinking



Accelerating the digital transformation of omni-channel businesses with unified payments, data, and financial products on a single platform.

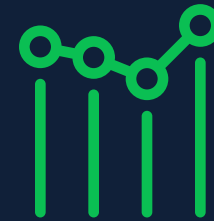


We are a tech
company,
running a
people business

Adyen's **winning proposition**



We help
reduce complexity

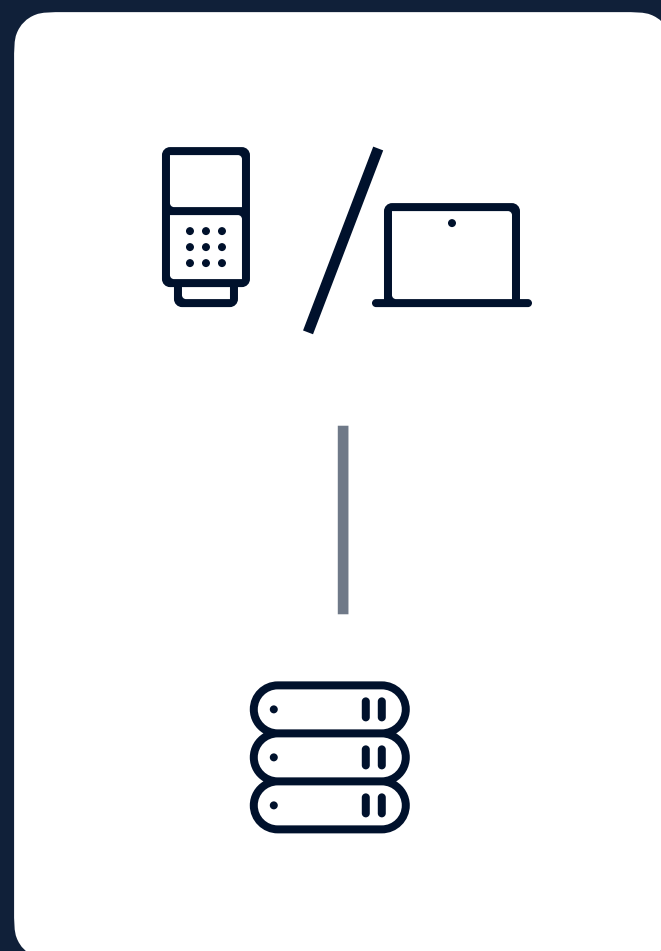


We help our
merchants grow

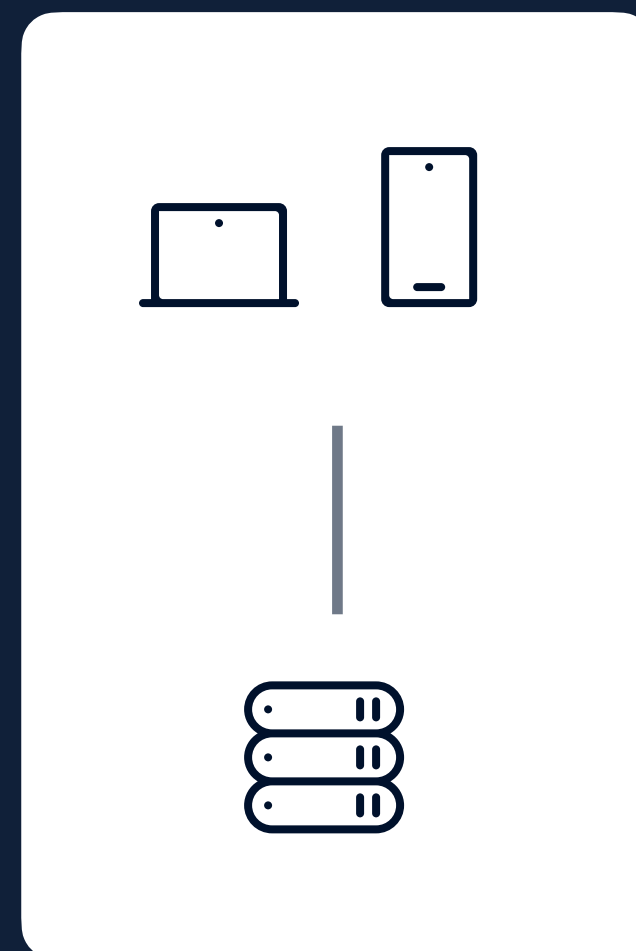
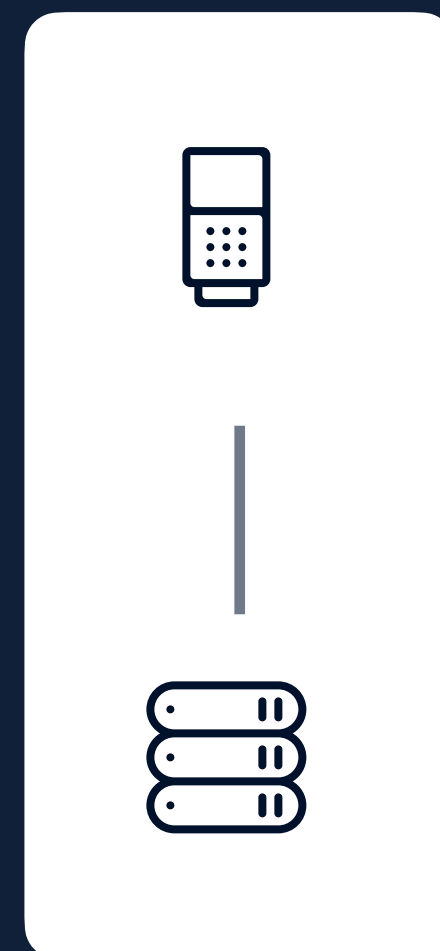


We provide a
subscription to innovation

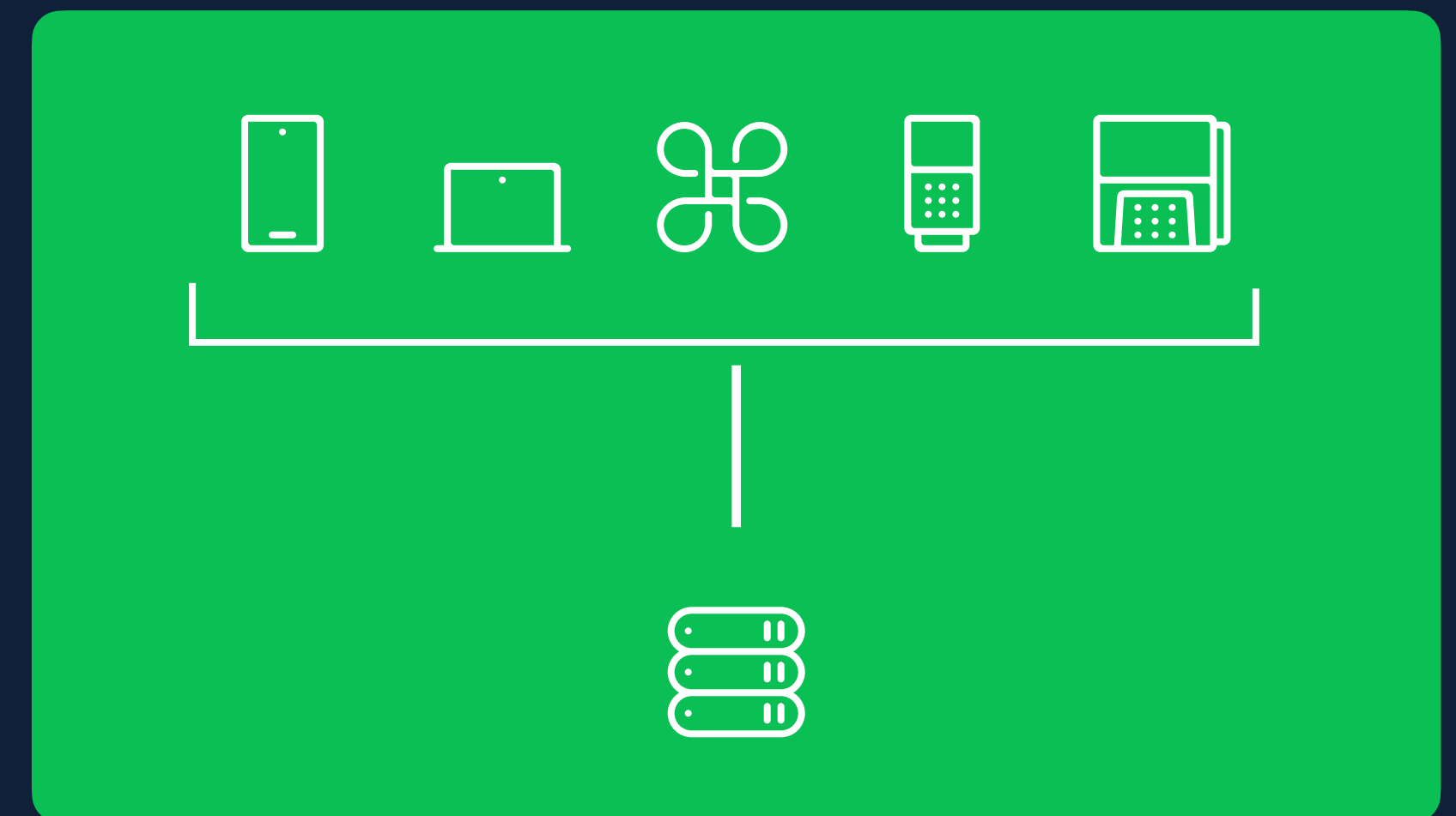
We reduce complexity by connecting online and in-person payments at scale



Single channel



Omnichannel



Unified Commerce

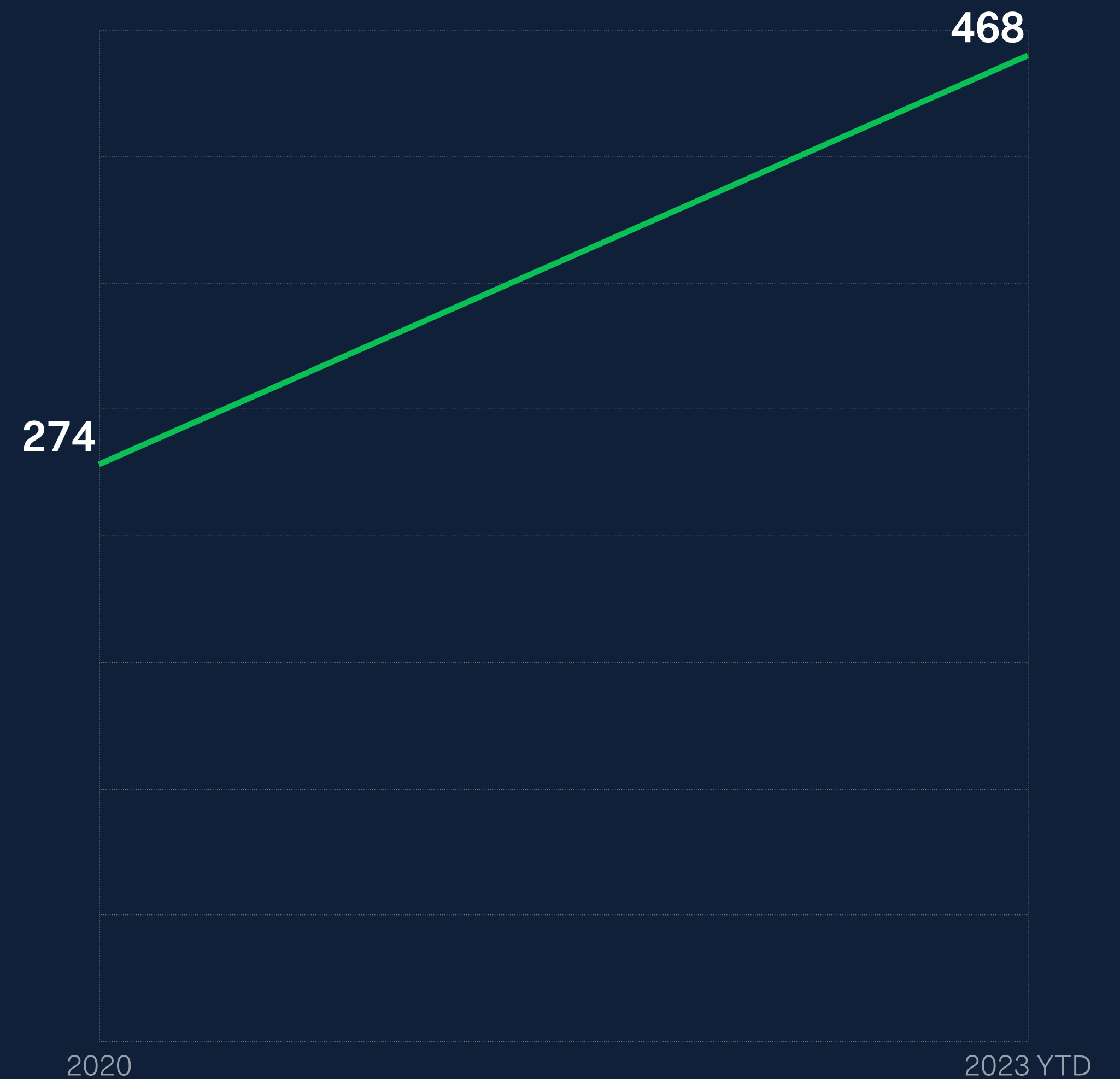
We reduce complexity for **Burberry**

A reduction of more than
**20 Payment Service
Providers (PSPs) to 1**

Reduce the number of
contracts to maintain
processing, terminals,
fleet management, etc.
from 94 to 12

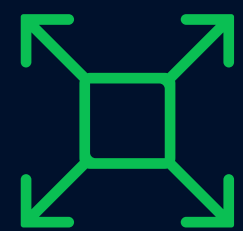
30 minutes per cash
register, per store,
per day to fully
automate reconciliation

We reduce
complexity with
**multi-region
processing**



Number of UC Customers Processing in Multiple Regions

We help our merchants grow by engaging customers the way they want



We unlock new markets
for merchants at scale



We optimize total cost
of ownership



We create additional
moments to sell

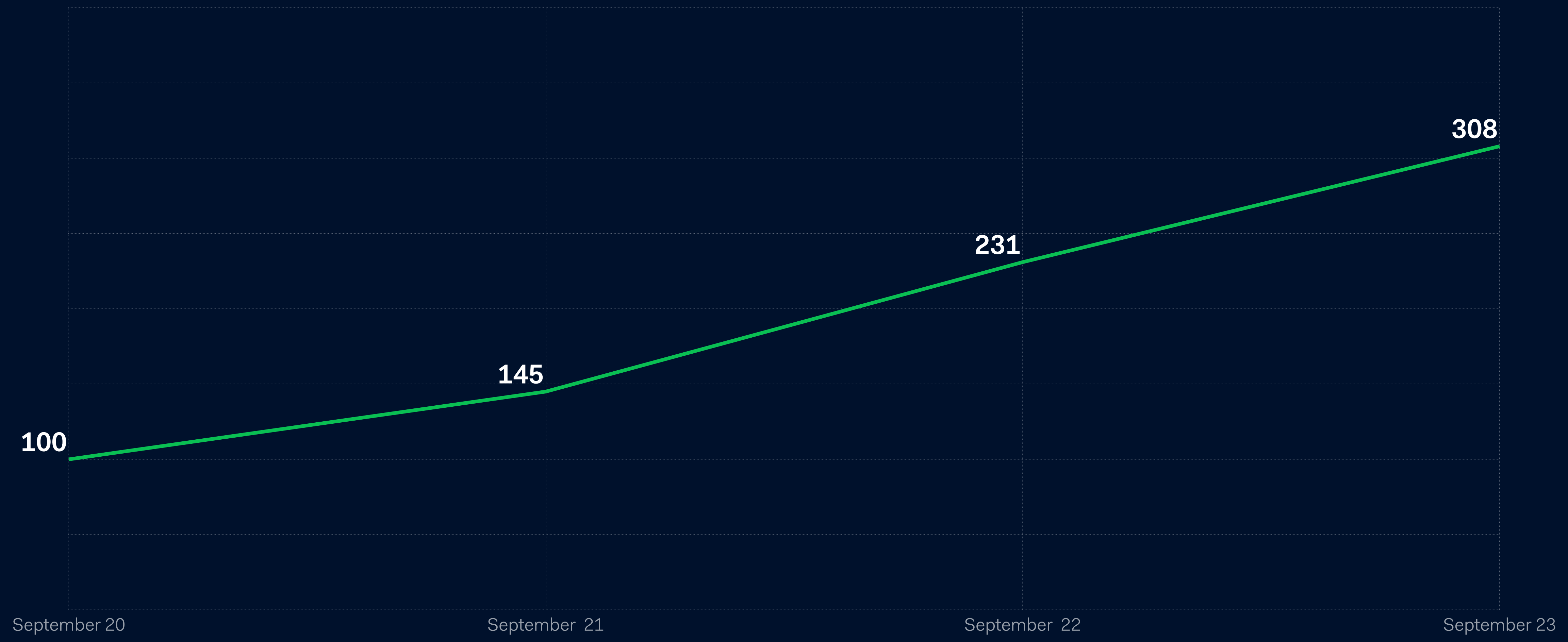


We help our merchants grow

Burton

- ▶ Through our global partnership (spanning the US, Canada, Europe, and Japan), we implemented sophisticated unified commerce journeys for this leading retail brand
- ▶ Understanding where and how their shoppers like to pay enables them to build out additional interactions with them through pop-up stores, with Tap to Pay on iPhone as an easy way to accept payments

Number of Unified Commerce customers processing across channels at scale



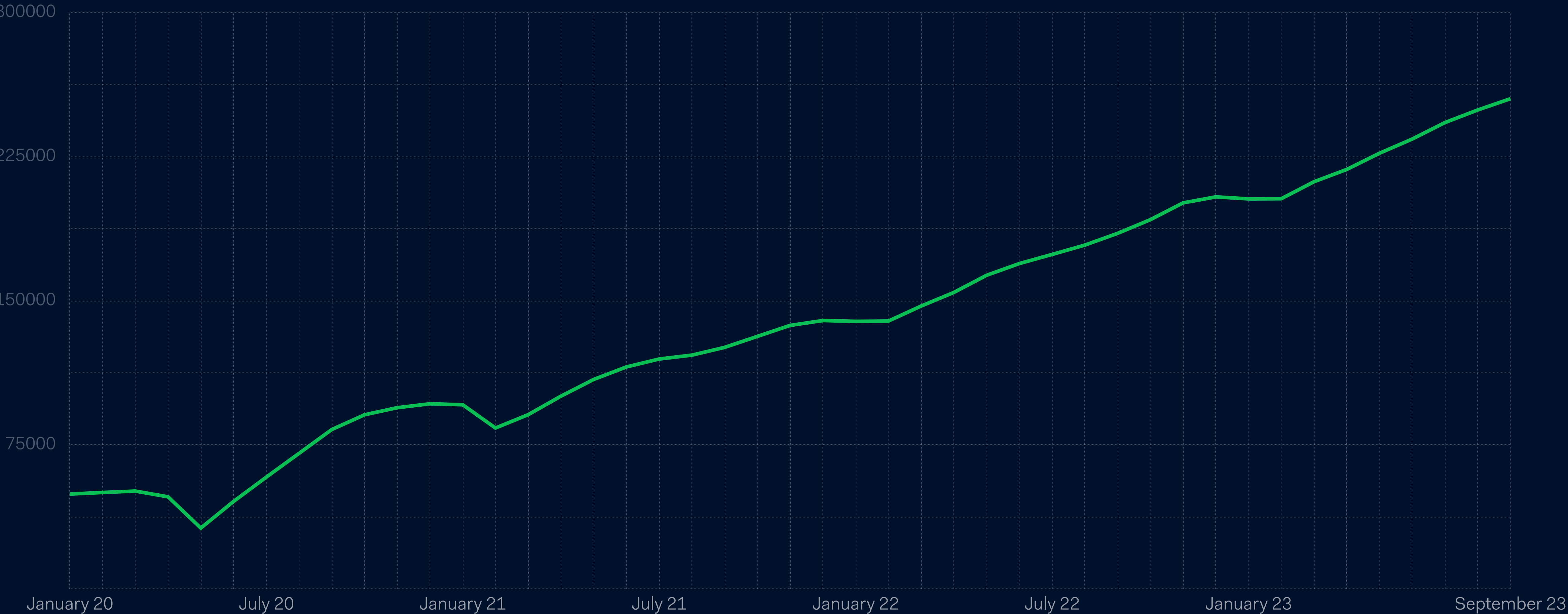
Defined as number of merchants processing at least €10m on both POS and eCommerce, with over €50m in total processed volume in last 12 months



We provide a subscription to **innovation**

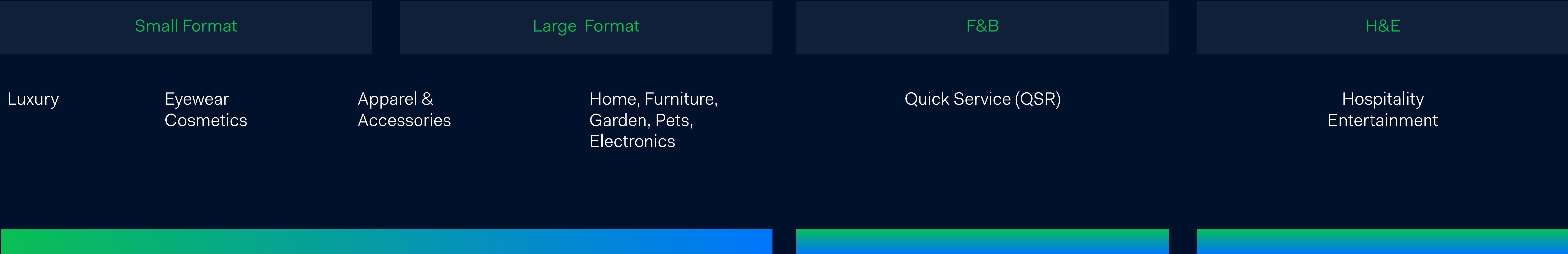
- Tap-to-Pay on iPhone
- Tap-to-Pay on Android
- Adyen Giving

Number of Transacting Unified Commerce Terminals



Unified commerce

Needs-based spectrum



**We build products that accelerate
the business transformation of
Unified Commerce.**



Improving
the checkout
funnel
performance
online and
in-store

Reinventing the in-store experience



Approved



Our opportunity in Unified Commerce is constantly growing.

We are uniquely positioned to capture this opportunity in both existing and new markets across all of our core verticals.

Platforms

Blake Breathitt

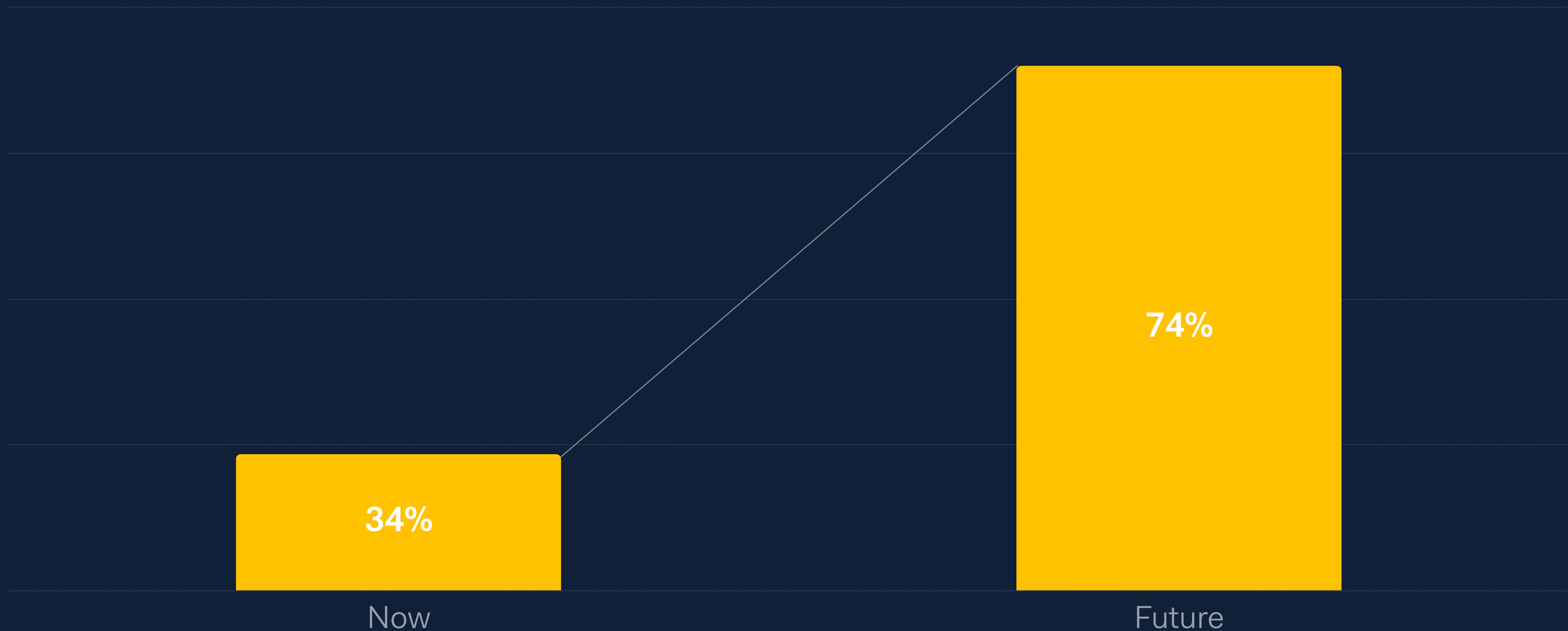
SVP Global Head of Platforms & Financial Services

Karolina Noronha

SVP Product, Platforms & Financial Services

Platform opportunity

% of SMB respondents who currently use and consider using platform payments offering



Source: BCG & Adyen - How platforms are revolutionizing SMB banking

Our ambition is to empower businesses to maximize their competitive advantage through embedded payments and financial services.

Looking back

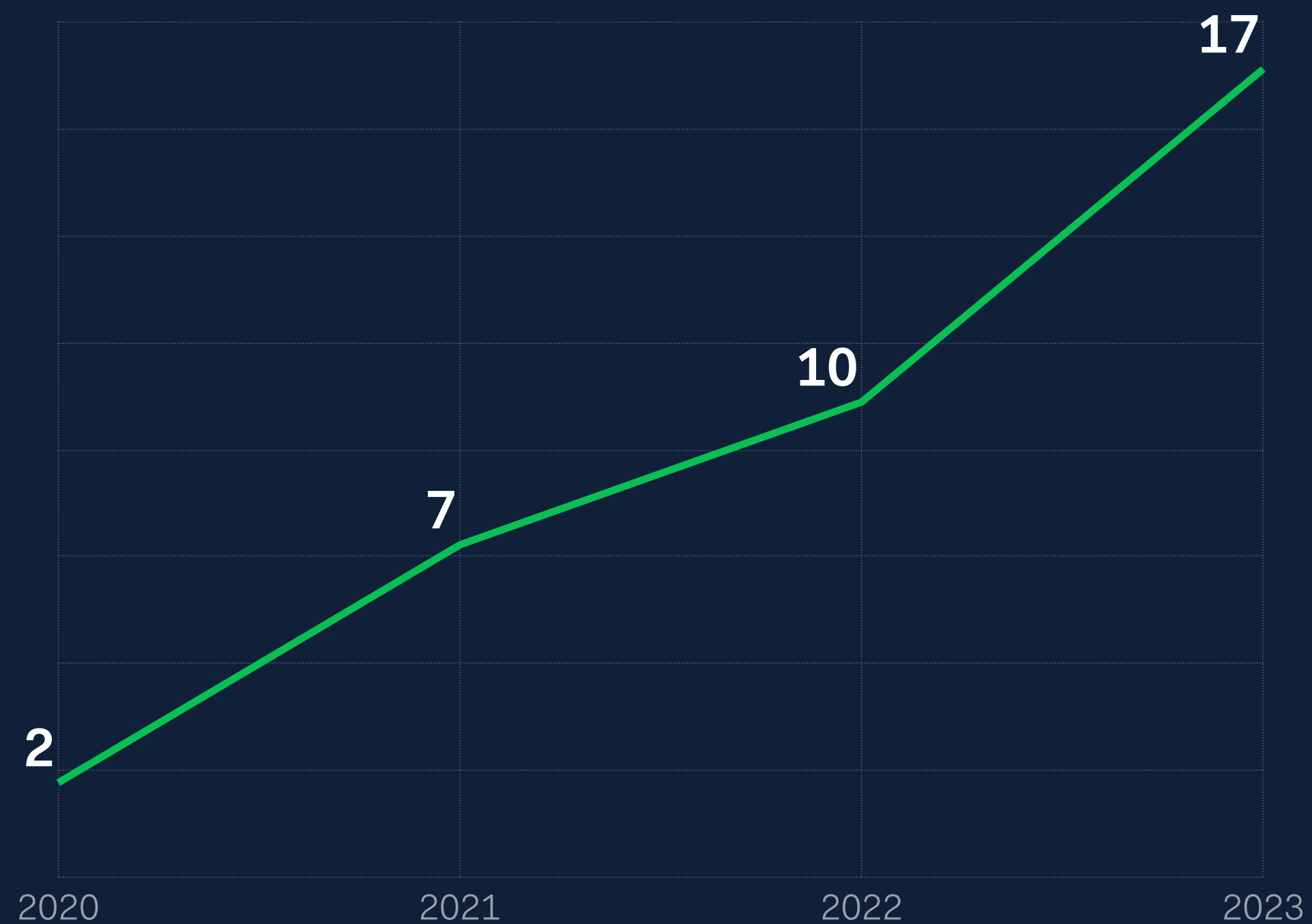
2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022



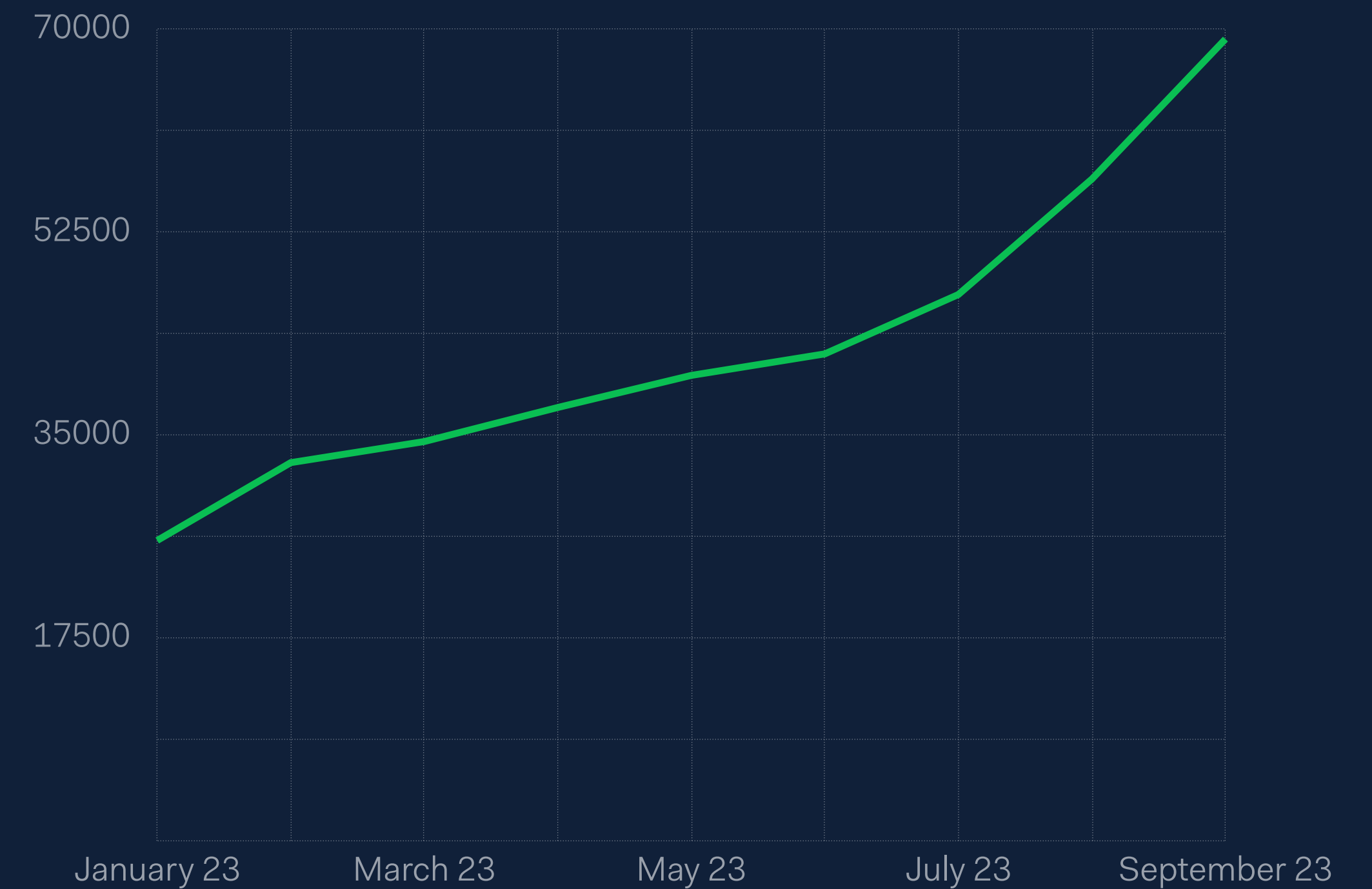
Platforms are
how we
access the
long-tail of the
market



Platforms processing >€1 BN annually



Number of Platform business customers serviced



Platform

Unique Selling Points



We build everything in-house, and run everything on our own licenses



We provide platforms with a true subscription to innovation

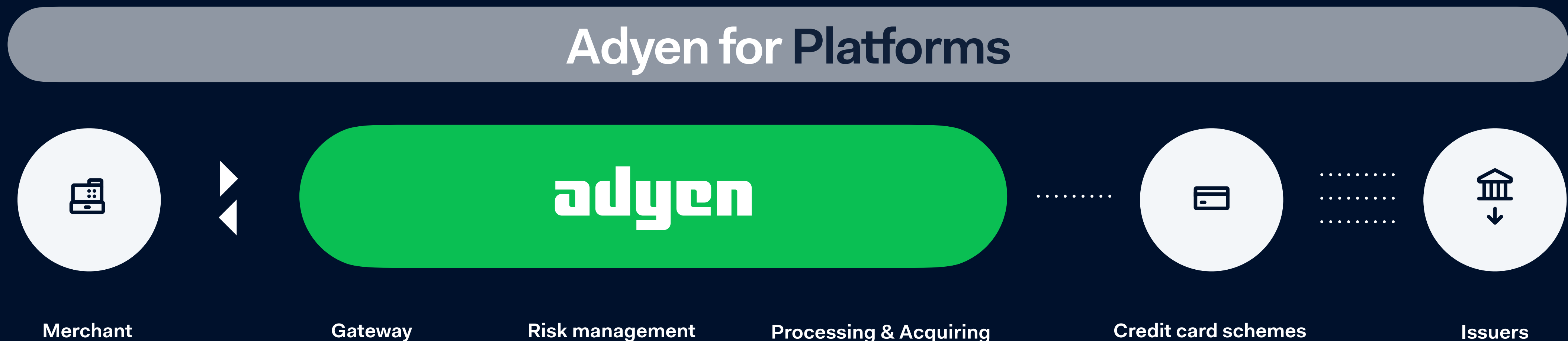


Unprecedented quality when it comes to our unified commerce offering

Extending Adyen's value chain to platforms



Extending Adyen's value chain to platforms

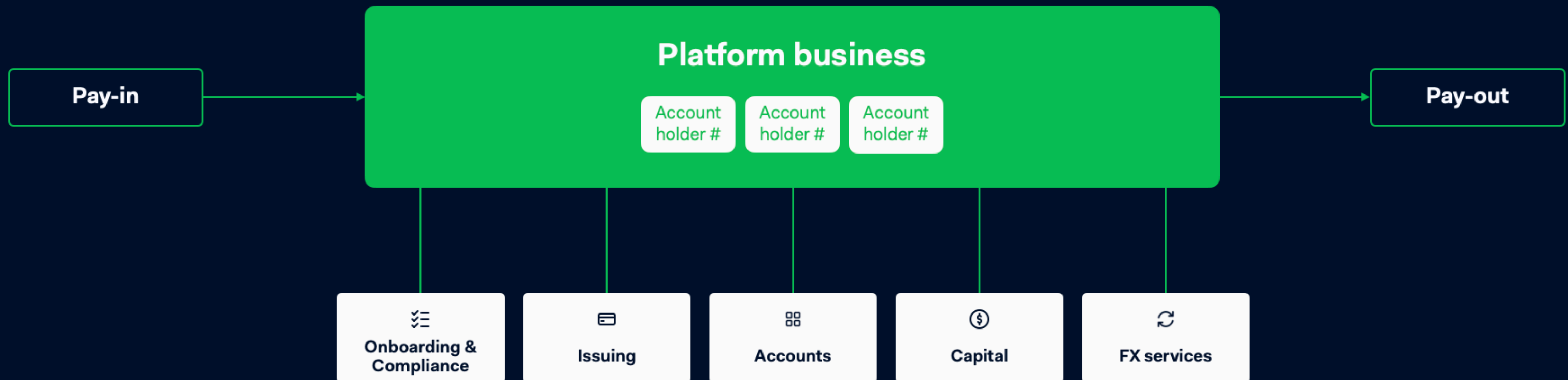


Transacting Platform Terminals

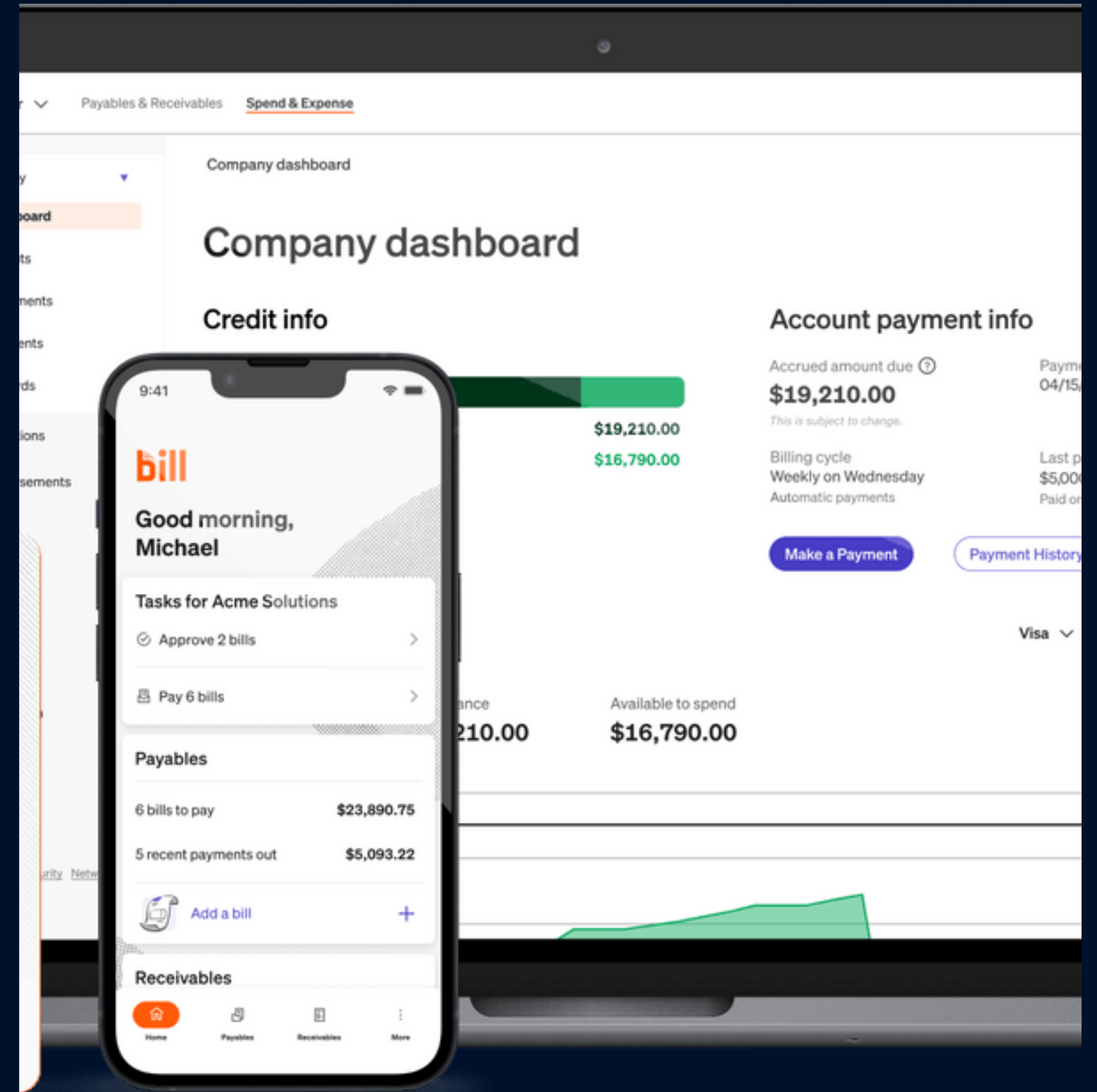


**Platforms want to work with us
because we turn them into
financial technology
companies.**

A single platform for embedded payments, finance, and compliance



BILL partnership



Platforms

Global coverage



Platforms

Focus verticals

Food & Beverage

olo

ORACLE®

Revel
SYSTEMS

Hospitality

Cloudbeds

ROLLER

MEWS

Retail

lightspeed

posnow

WIX

Beauty, Health,
and Wellness

MODERNIZING
MEDICINE

zenoti

fresha

Marketplaces

Vinted

Etsy

gofundme

Financial Services

moneybird

AFFINIPAY®

bill

Platforms

Key takeaways

We enable platform businesses to capitalize on the opportunity that transaction-based revenue models bring

We bring our largest differentiators of global payments and Unified Commerce to Platform users – spanning the breadth of the market

Break

People & Culture

Brooke Nayden, CHRO

adyen

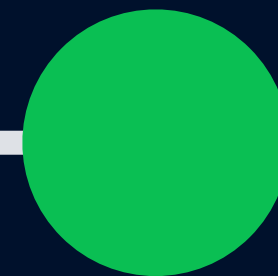
Measured
growth **since**
our founding
in 2006



Balancing act for long-term success

Investing in our
homegrown talent
through internal mobility

Bringing on external
senior leadership to
sharpen ideas





High talent bar
expected
throughout the
employee journey

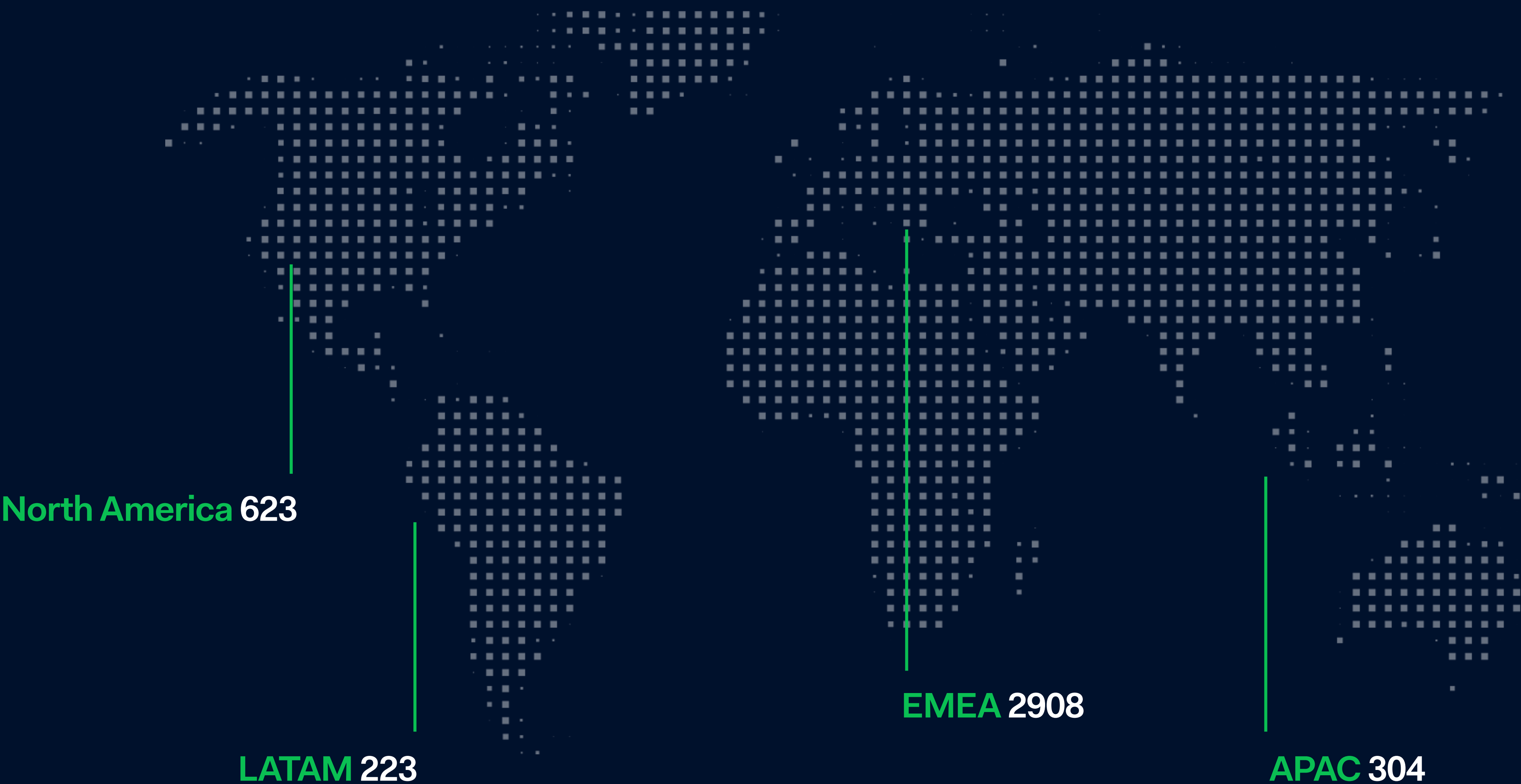
Global Team December 31, 2021

Total 2180



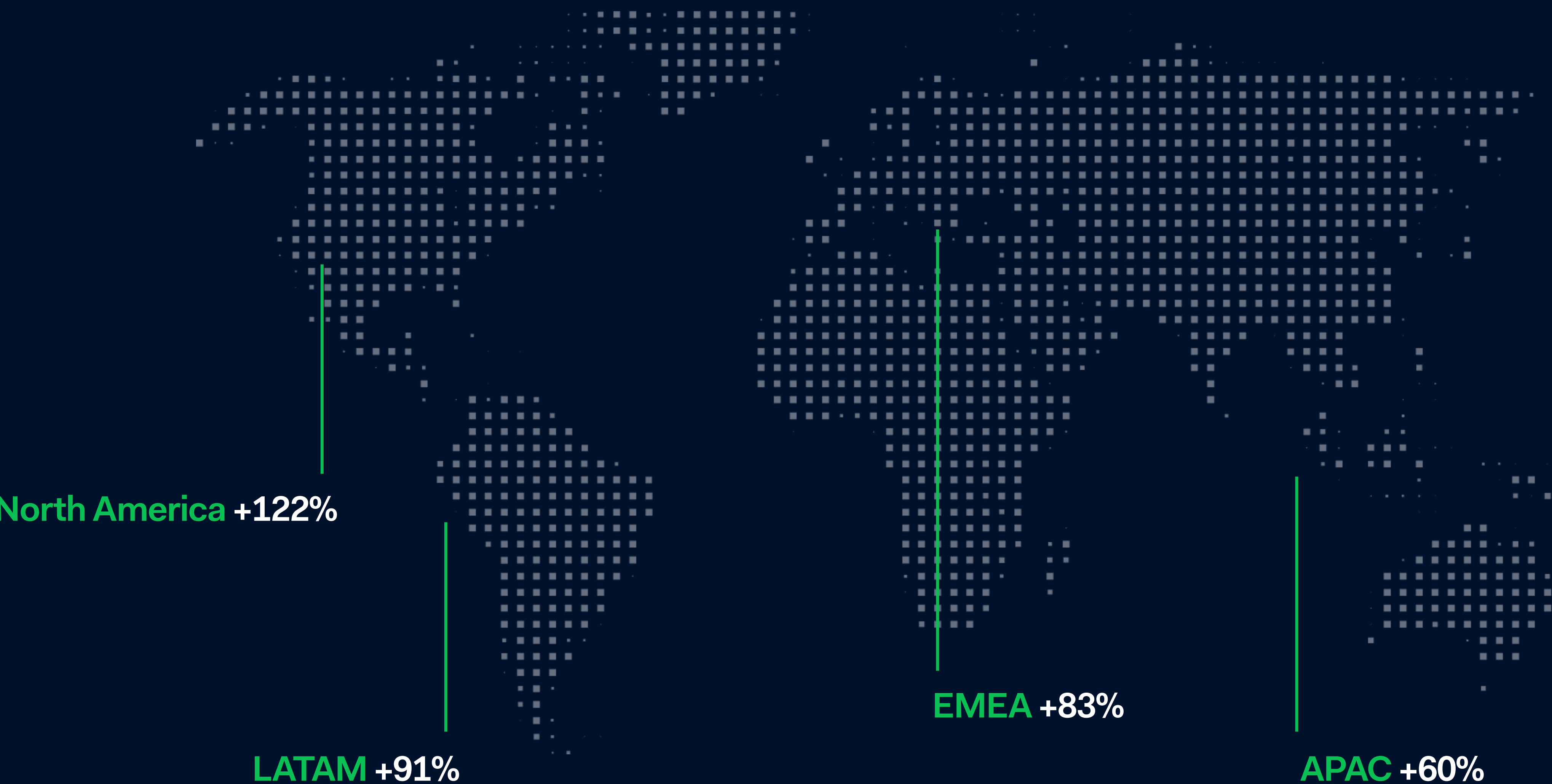
Global Team September 30, 2023

Total 4058



Global Team September 30, 2023

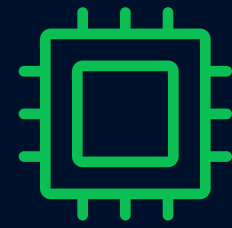
Total 4058



What's next?



Slowing our hiring pace in H2 2023



Hiring focused on commercial
and tech hubs in 2024

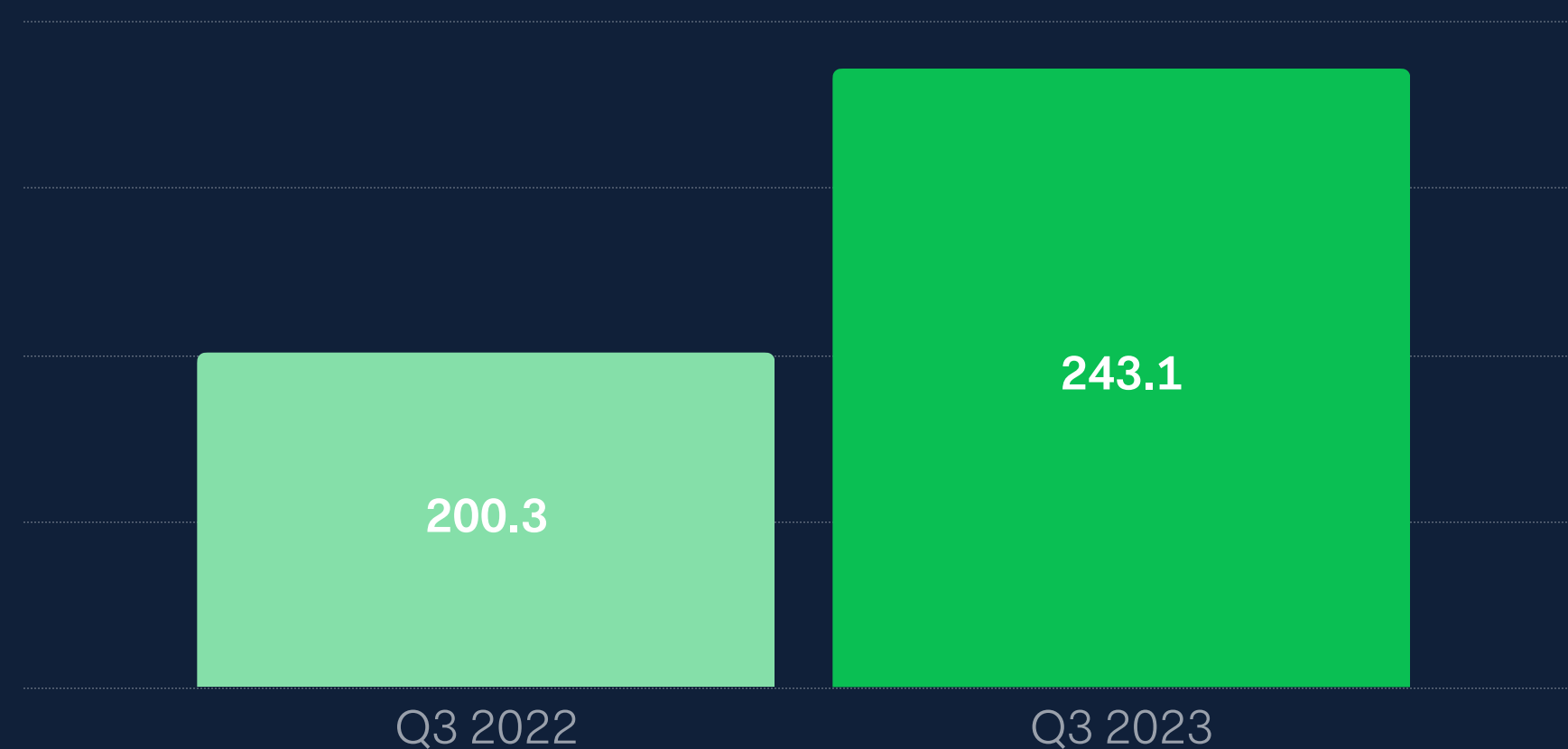


Lean but autonomous &
high-impact global team

Financials

Ethan Tandowsky, CFO

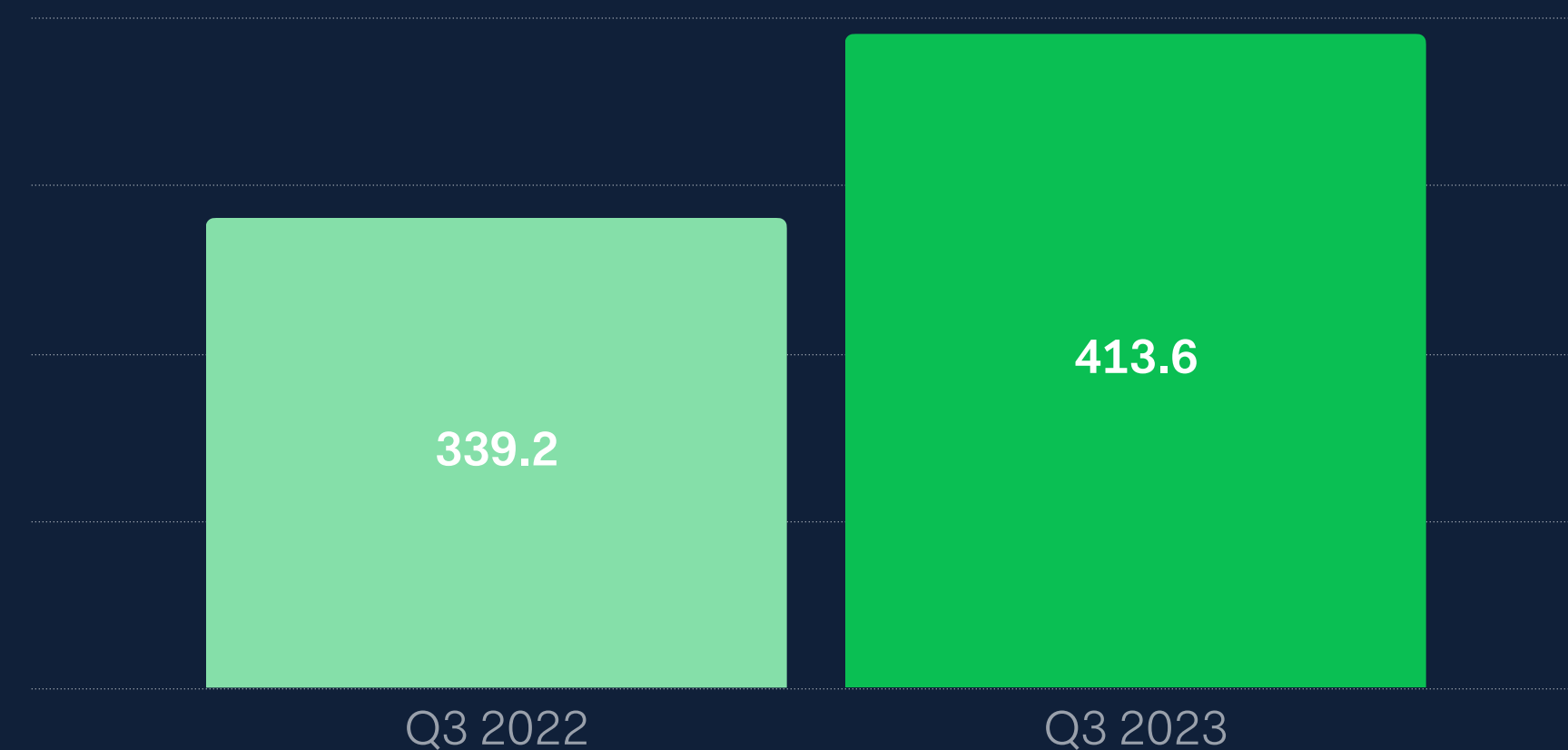
Q3 Business Update



Processed Volume

€243.1 BN

↗ +21% YoY



Net Revenue

€413.6 MN

↗ +22% YoY

Q3 Business Update

Pillar growth trends



Digital

€150.3 BN

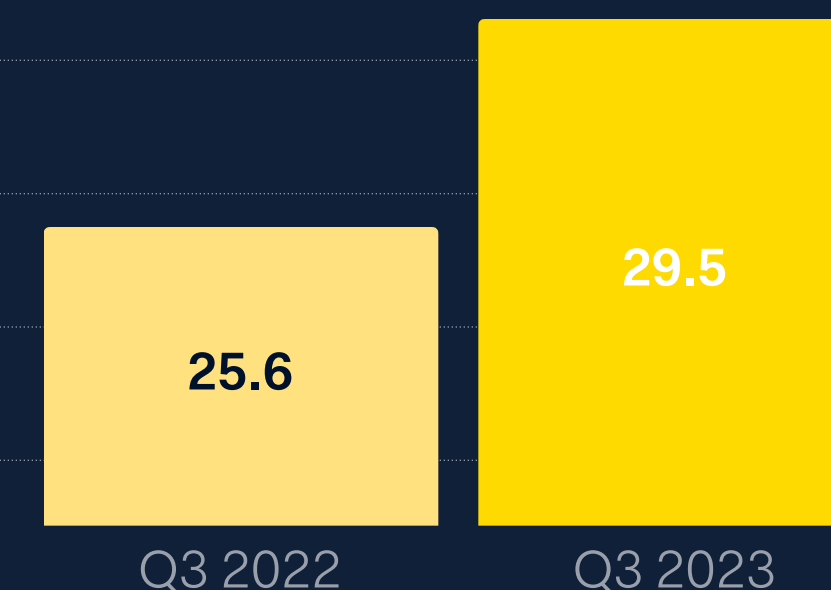
↗ +21% YoY



Unified Commerce

€63.3 BN

↗ +25% YoY



Platforms

€29.5 BN

↗ +15% YoY*

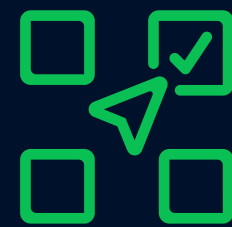
Excluding eBay, Platforms growth would have been +120%

Our growth drivers



Market Growth

Payments market growth is a good indicator of underlying customer growth



Share of Wallet Gain

Growth within our customers:
our land and expand strategy



New Sales

Limited impact on growth in year 1, but in year 2 stronger contribution as new customers ramp up

← Existing Customers →

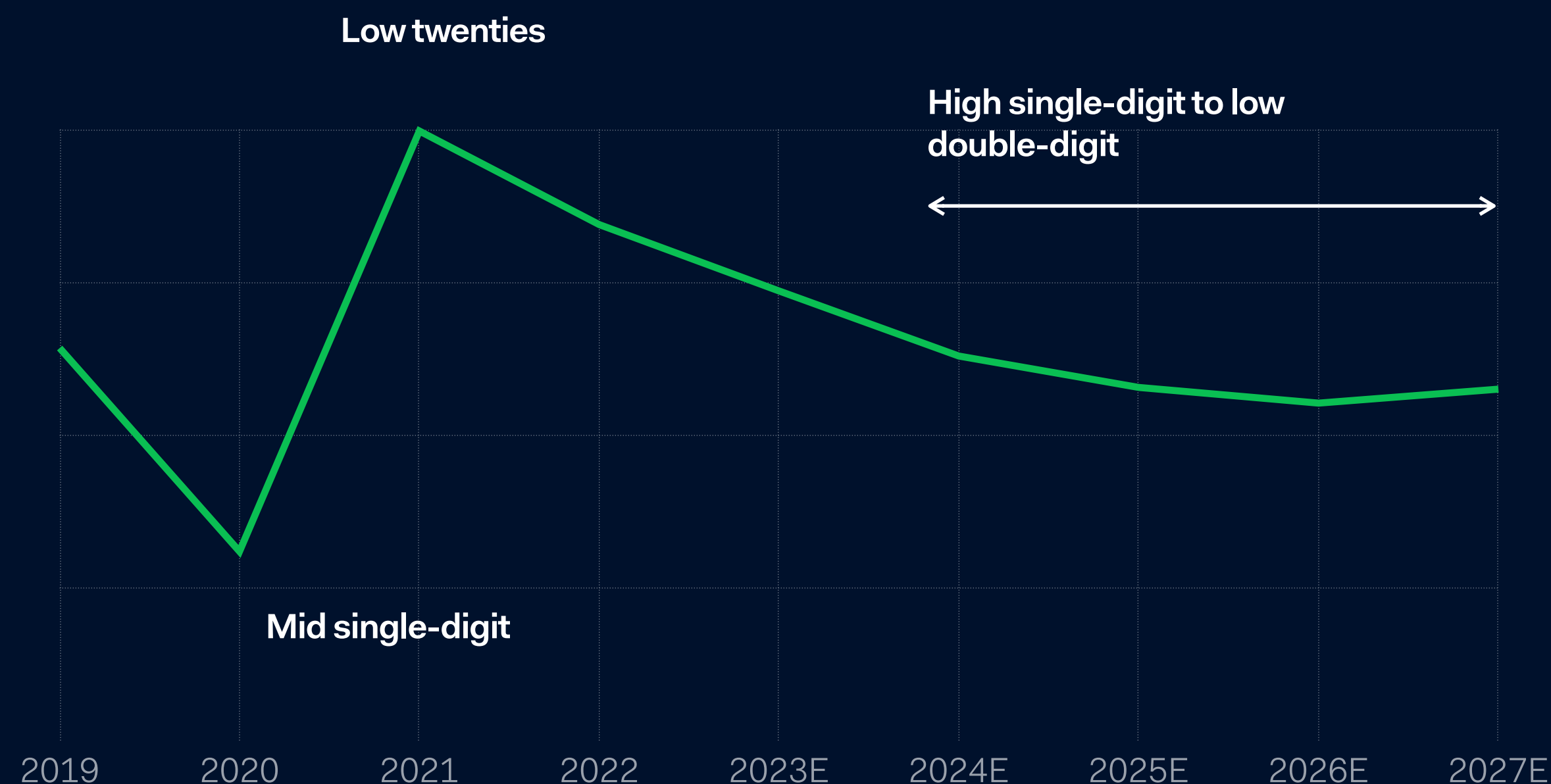
Our growth building blocks: Market volume growth

High single to low
double-digit



Market Volume
Growth

We expect our market to grow in **high single to low double-digit range in the medium term**



- On a volume basis, we expect our market to grow high single to low double-digit in the coming years
- COVID significantly impacted market growth before rebounding in 2021
- Market growth rate has evolved as we diversified our end-markets, as well as increased POS share of volume

Our growth building blocks: **Share of wallet gains**

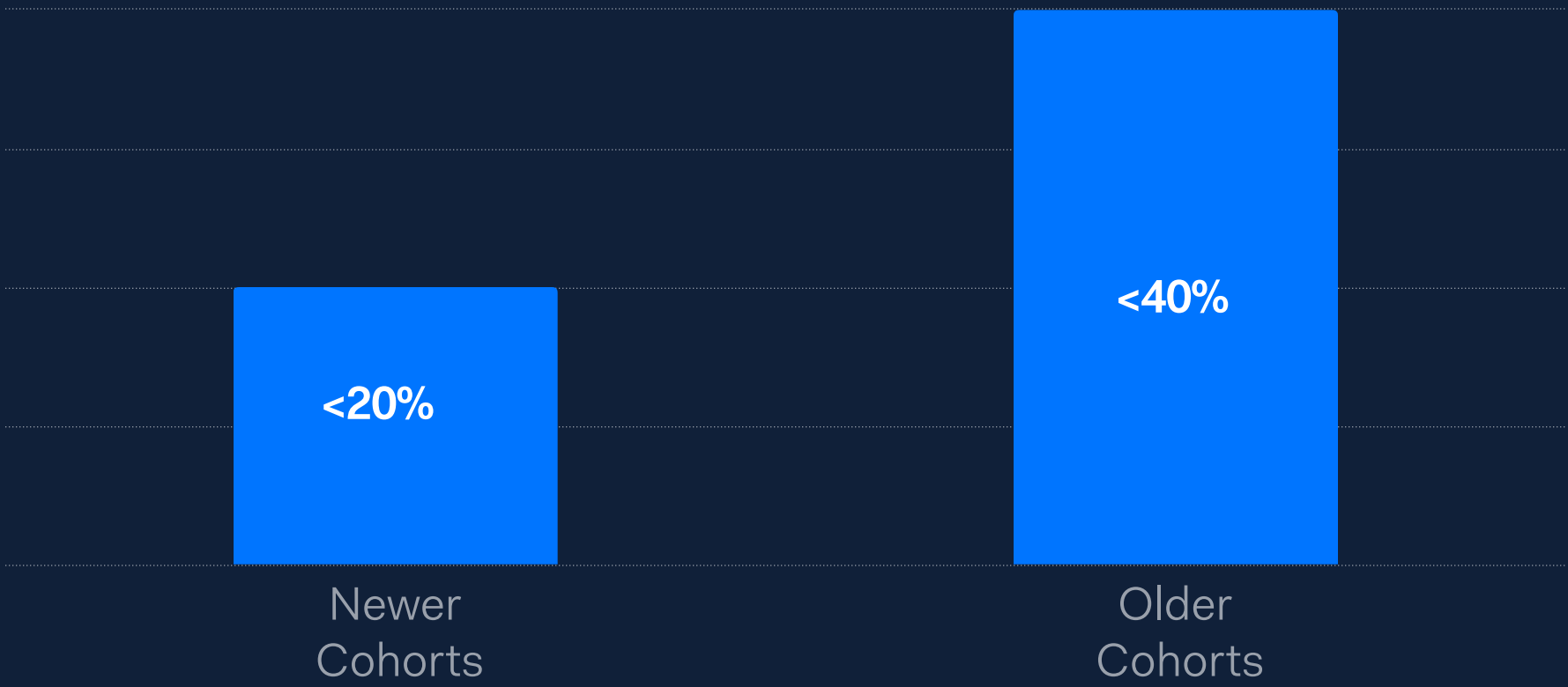


We have continued to grow with our existing customer base across cohorts

Processed Volume, € BN



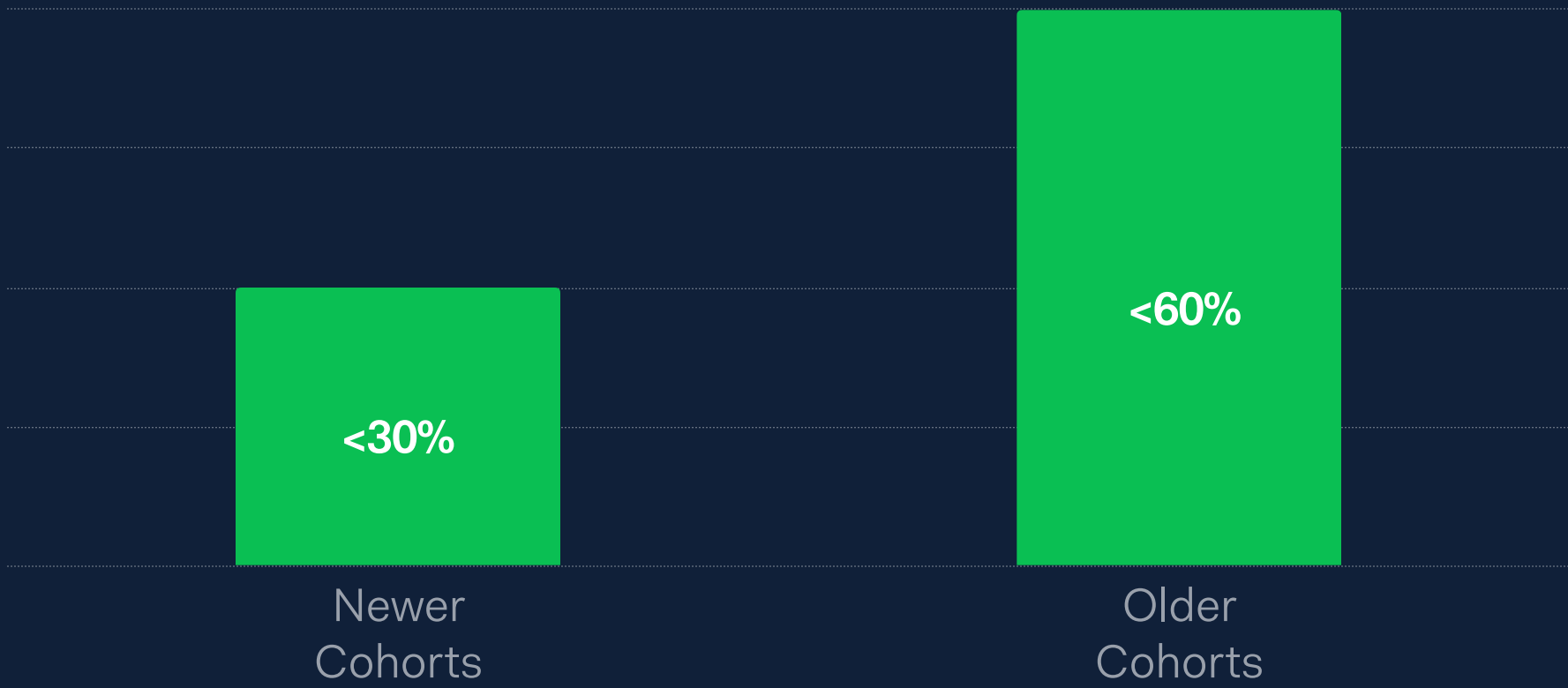
Significant runway remaining within our Digital and Unified Commerce customer base



Estimated current share of wallet

Digital

Significant opportunity within our existing customer base to be captured through executing on pillar strategy



Estimated current share of wallet

Unified Commerce

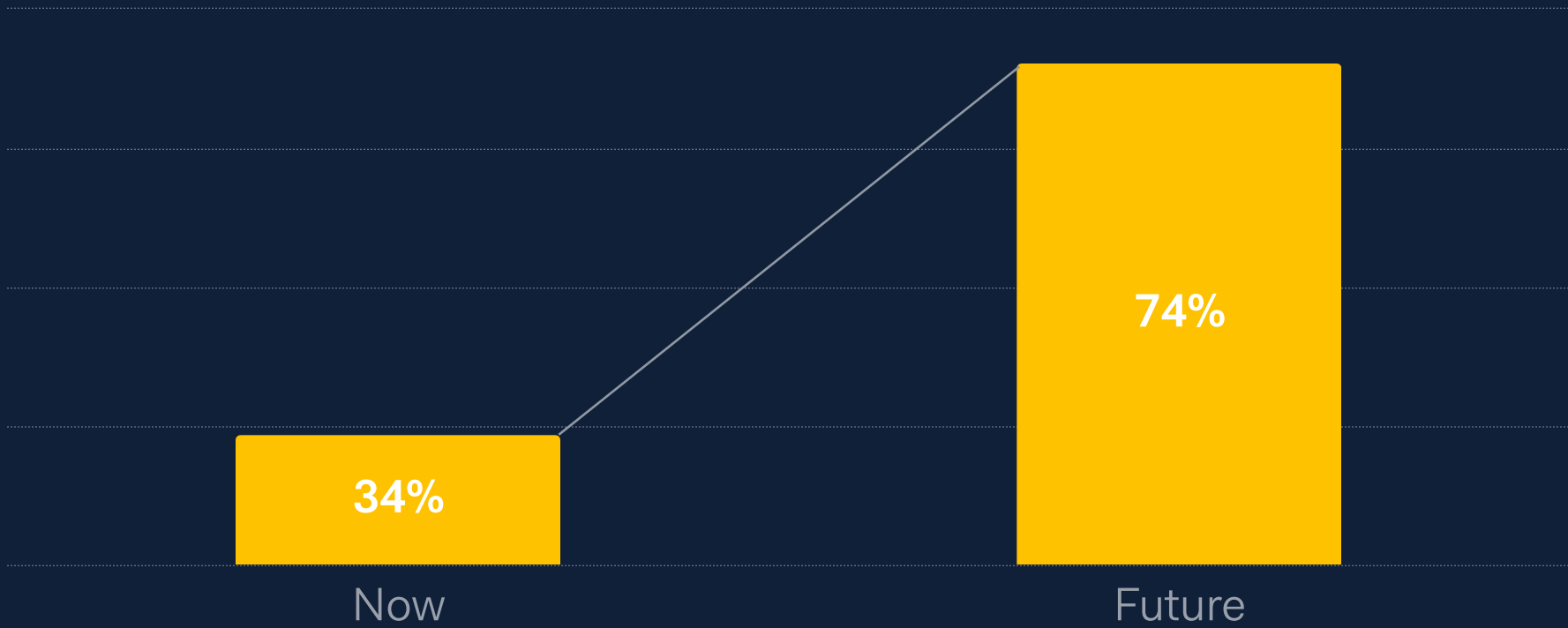
Higher share of wallet in Unified Commerce due to nature of in-person payments business

In Platforms, we are just getting started – there is a significant growth opportunity in increasing payment attachment rates

<20%

Platforms

Current estimated share of wallet within existing Platform customers

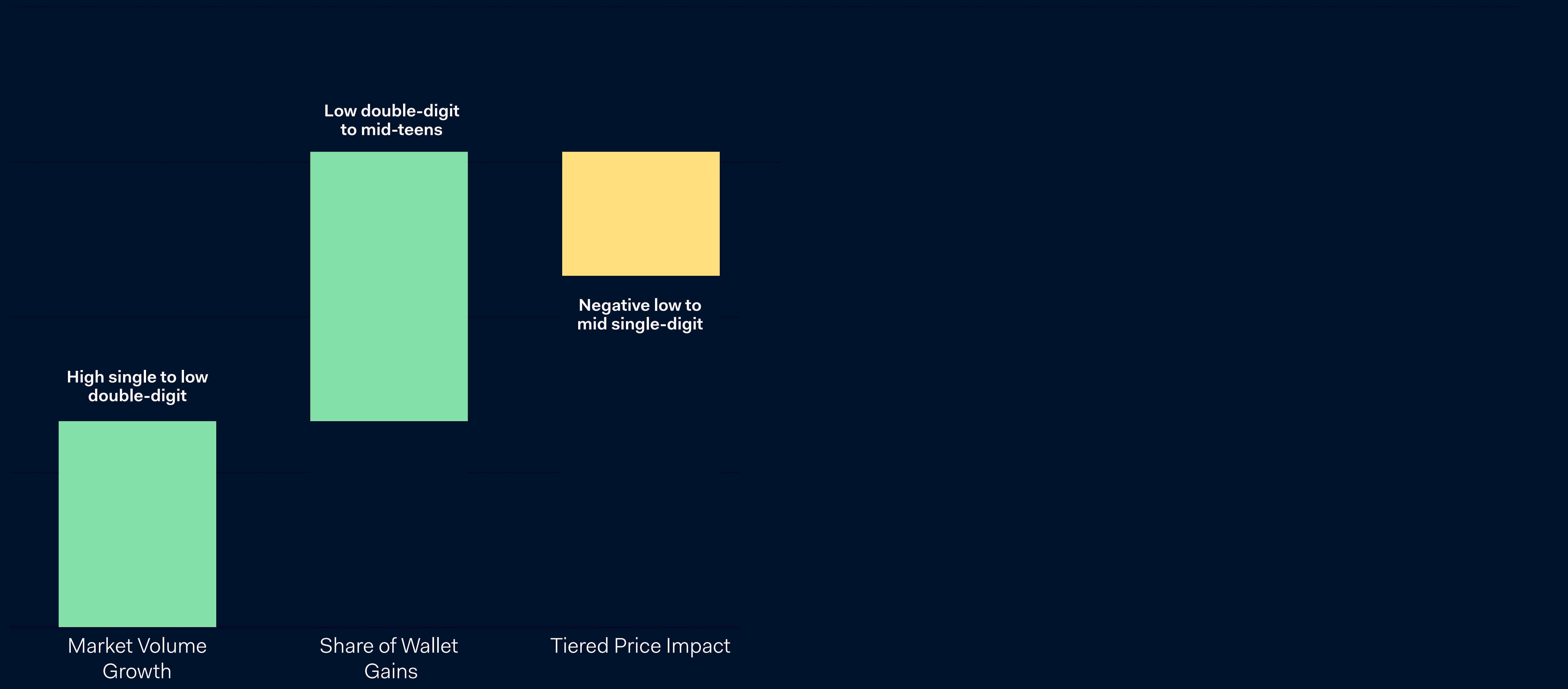


% of SMB respondents who currently use and consider using platform payments offering

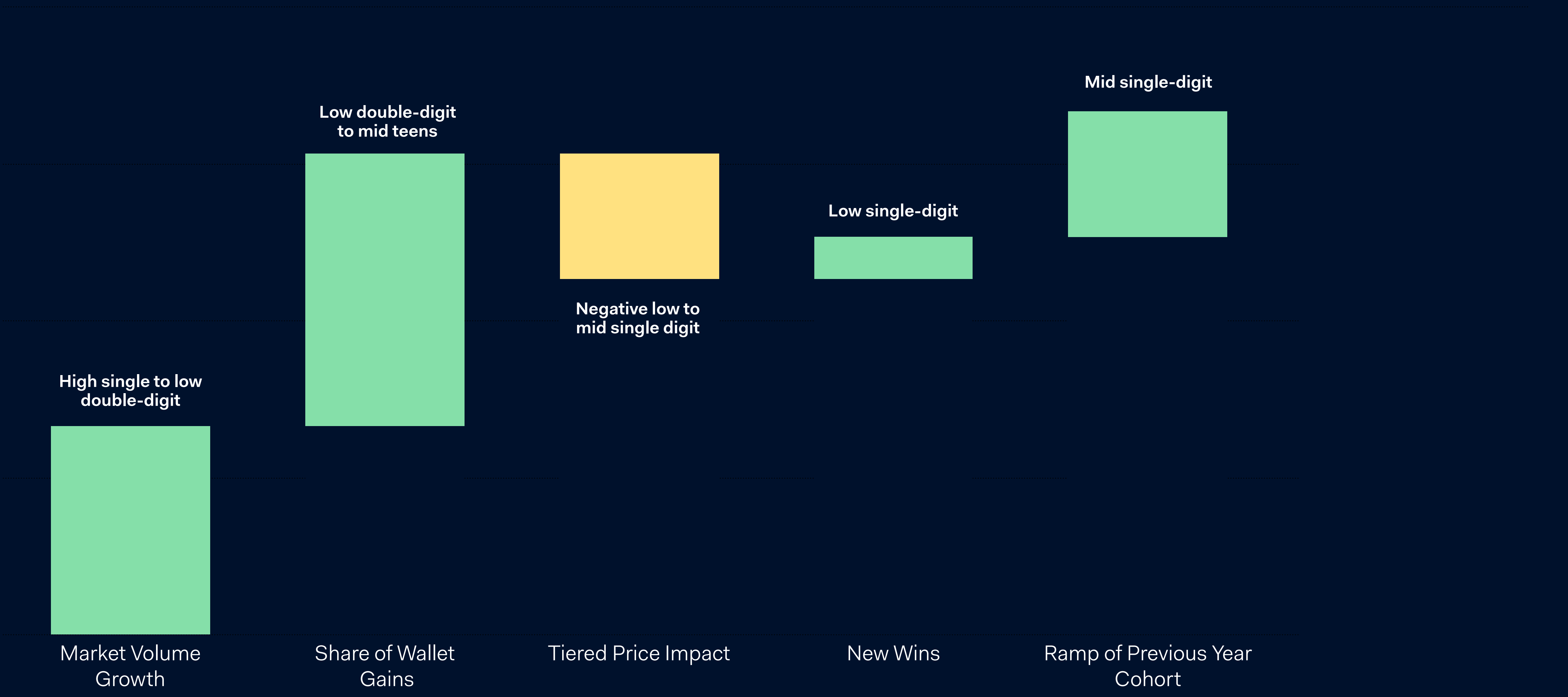
Platforms

Organic growth potential strong as Platforms increase payment attachment rates

Our growth building blocks: Tiered price impact

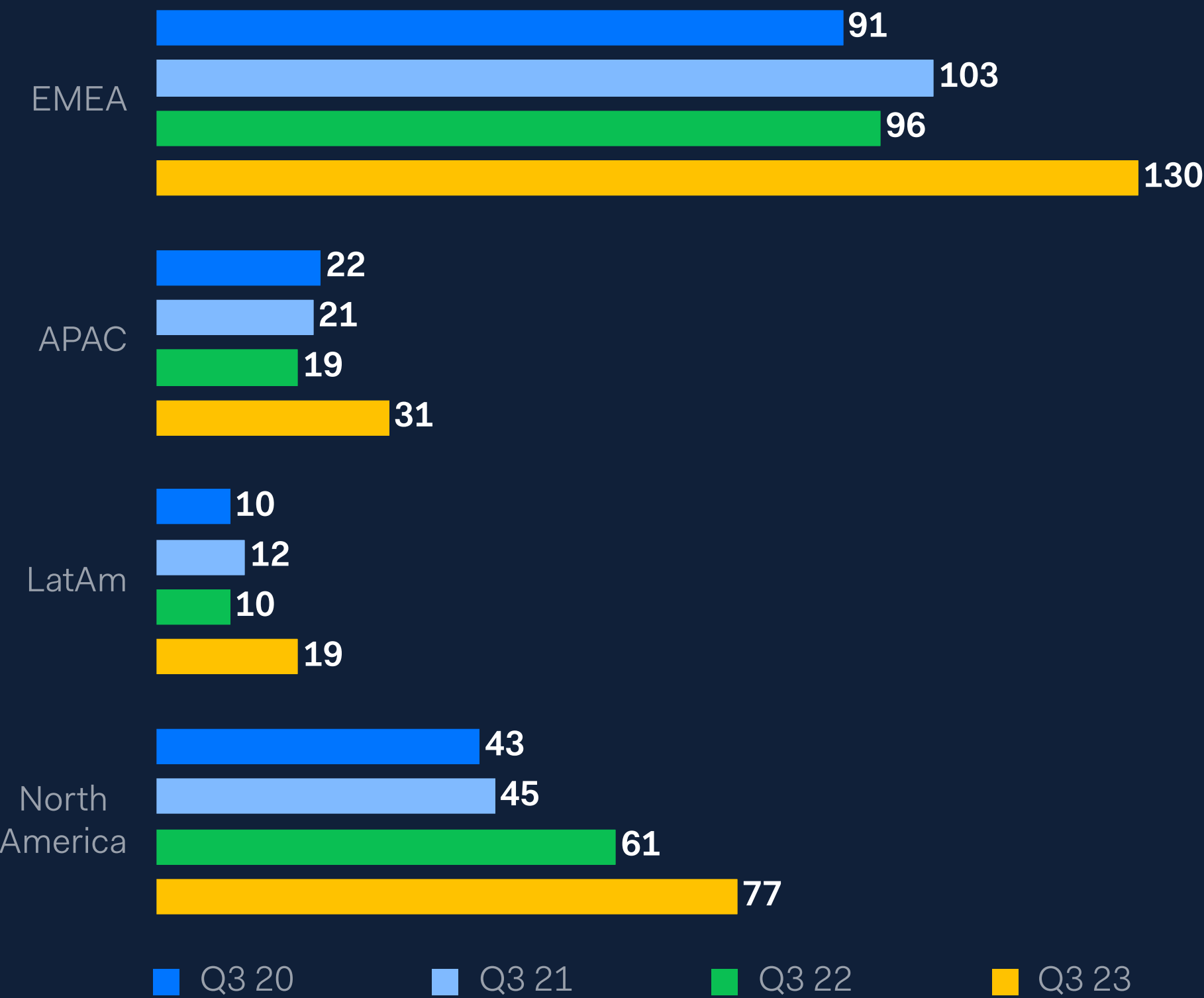


Our growth building blocks: **New sales and ramp of previous year cohort**

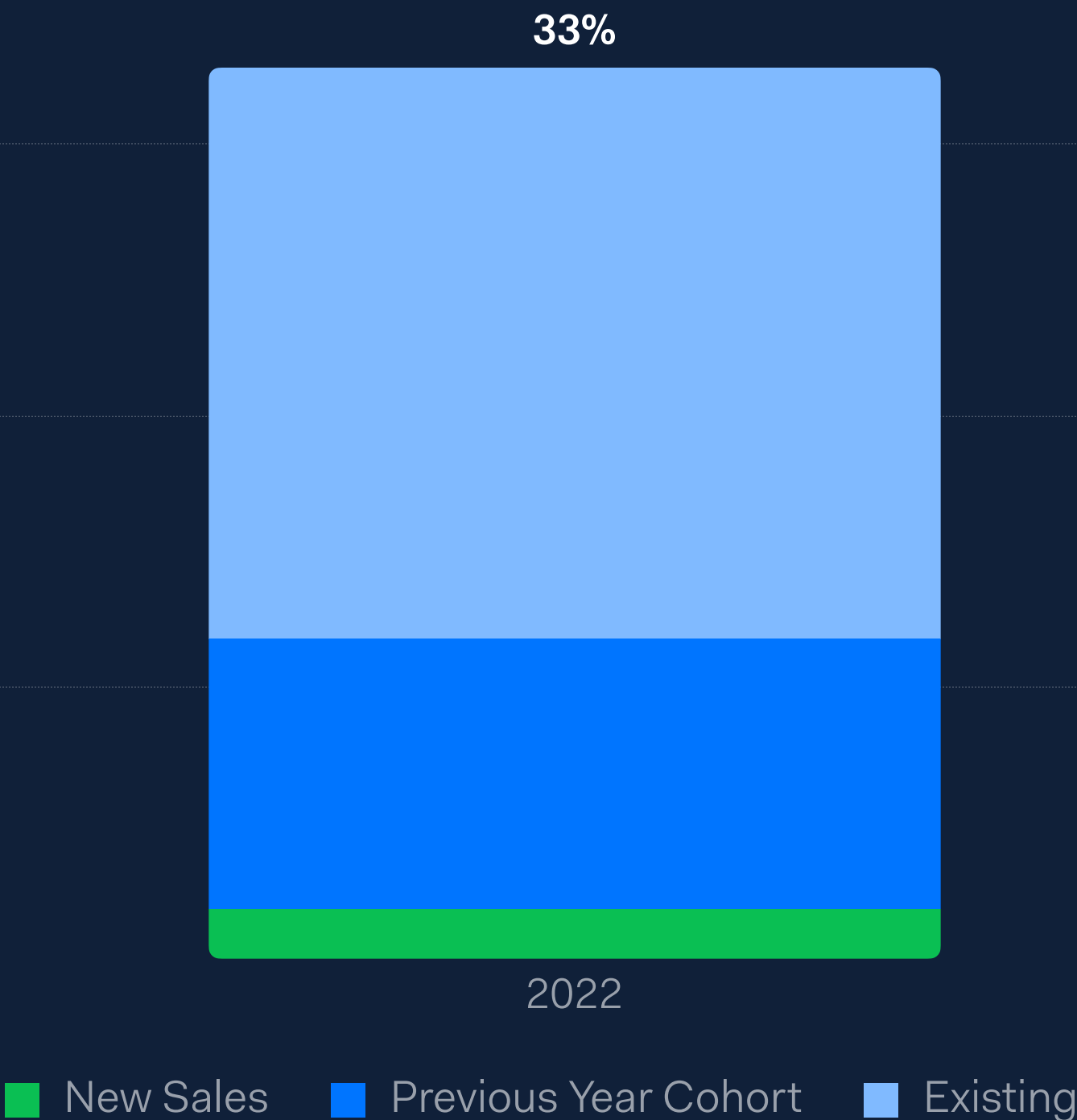


Following a few years at a lower pace of growth, sales hiring has accelerated in 2023

Sales FTE by Region



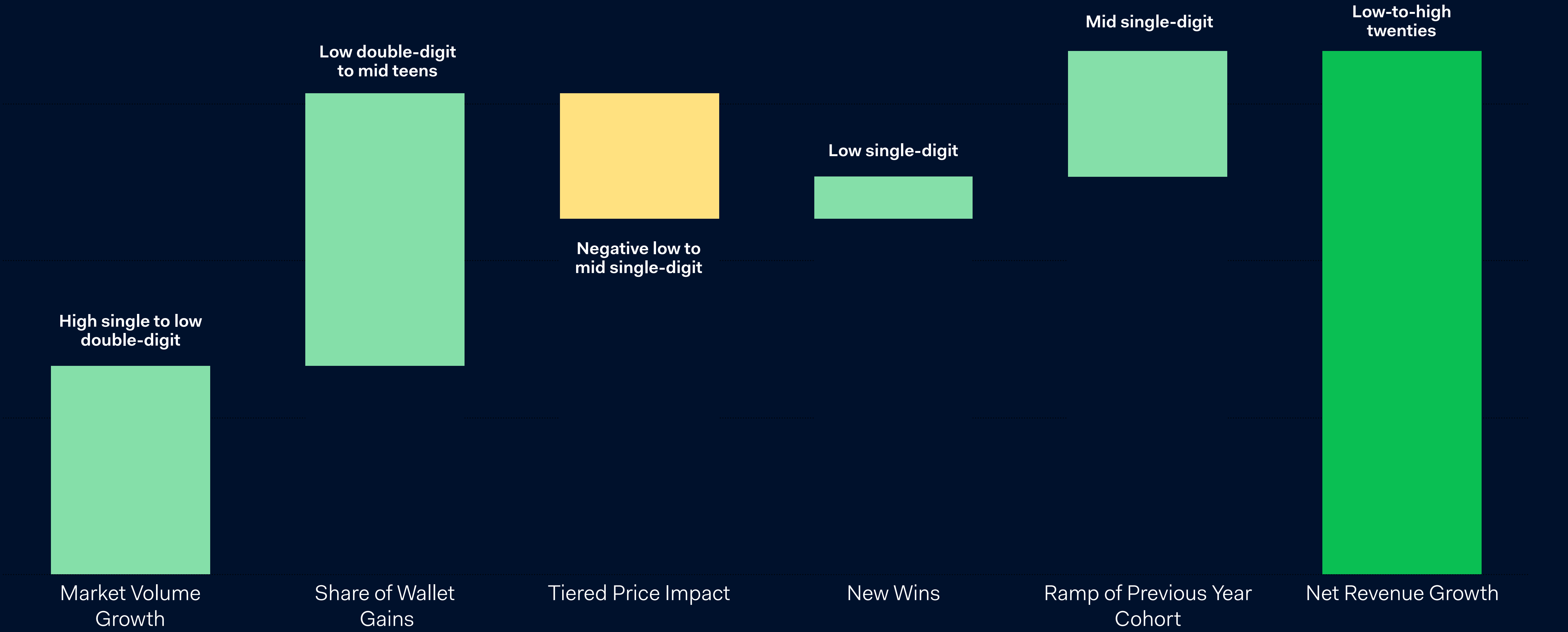
New sales have bigger impact in second year and beyond



Pillar building blocks

Pillar	Market Growth Relative to Adyen Overall Growth	Wallet Share Potential	New Win Potential
Digital	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
UC	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Platforms	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>

Putting this together, we continue to expect strong net revenue growth in the medium term



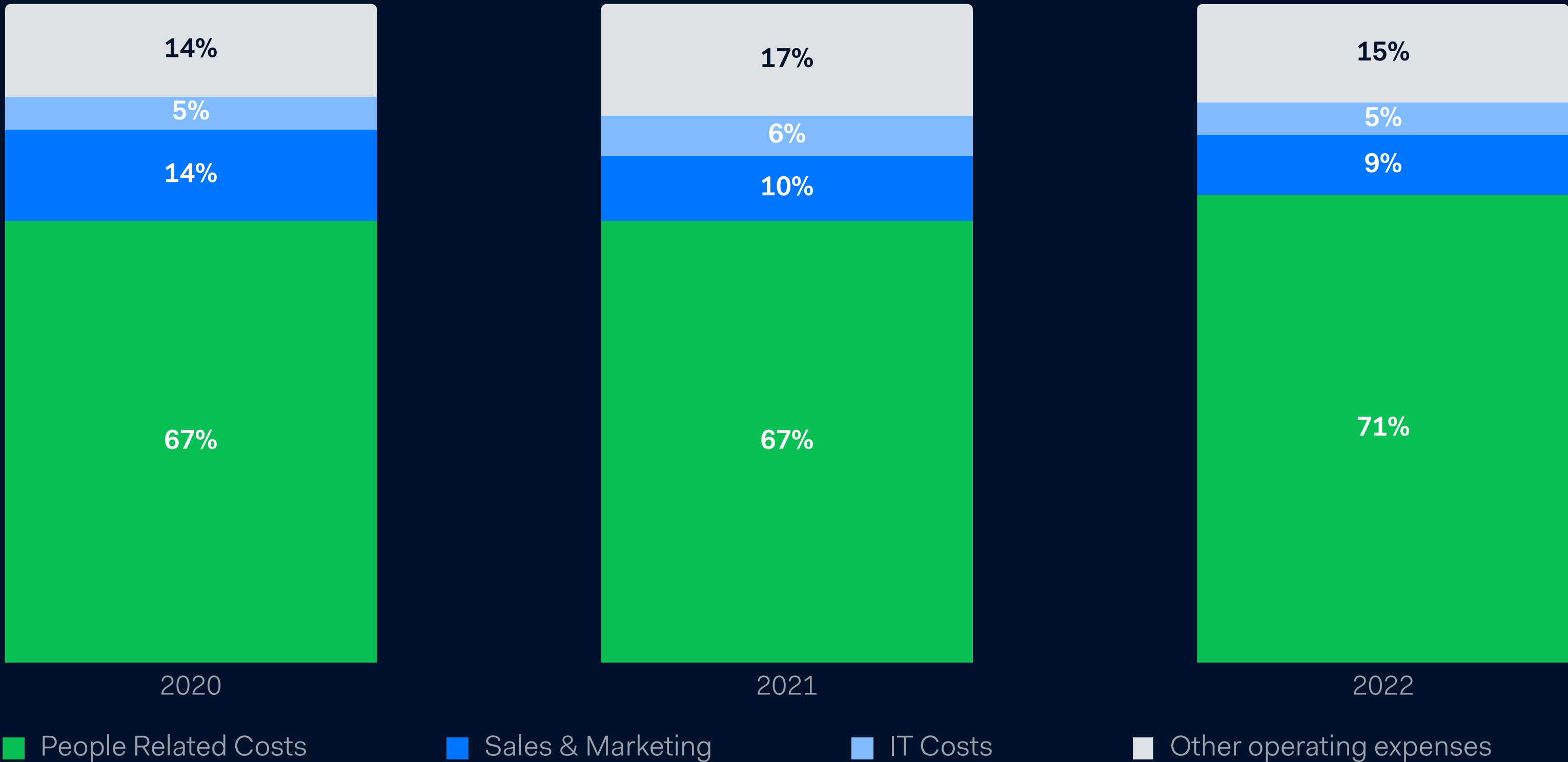
We expect to benefit from inherent operating leverage as hiring slows in 2024, leading to EBITDA margin expansion

Highly scalable with limited marginal cost - benefits of single platform

Main operating expenses tied to people

Platform developed entirely in-house, limited requirement for investment in maintenance or internal integrations

Operating expenses by nature as % of OpEx



People related costs includes wages & salaries, social security, pension costs, travel and other staff expenses.
OpEx excludes Depreciation & Amortization

Financial Objectives

Net Revenue Growth

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

EBITDA Margin

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

Capital Expenditure

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

Capital Allocation Policy

Use of cash: Adyen has not paid any dividends since its founding, according to its policy. We maintain this approach

Adyen has an **A- S&P credit rating**, which is critical for customers when assessing where they bank

We continue to see **significant investment opportunities** drive long-term commercial success

Risk and liquidity requirements will become more relevant as we **diversify our product offering beyond payments**



Q & A

adyen

Thank you

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