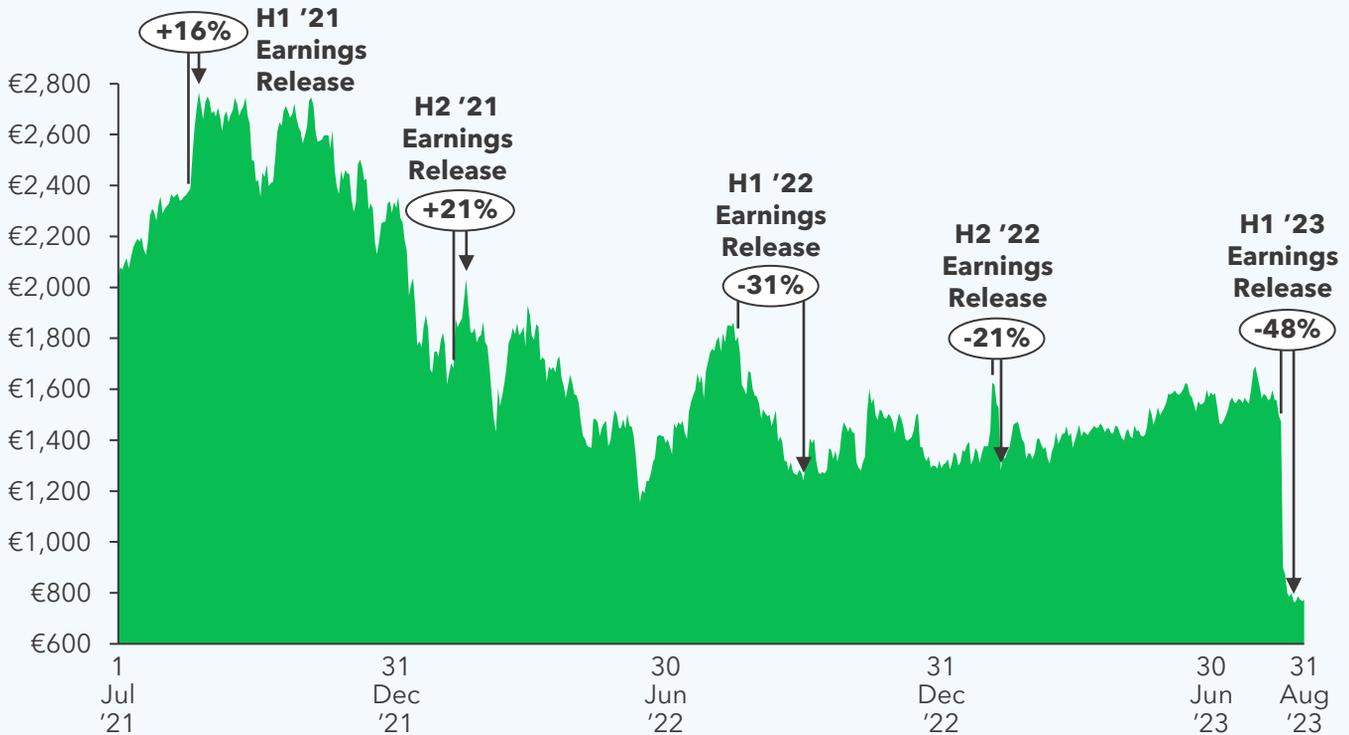


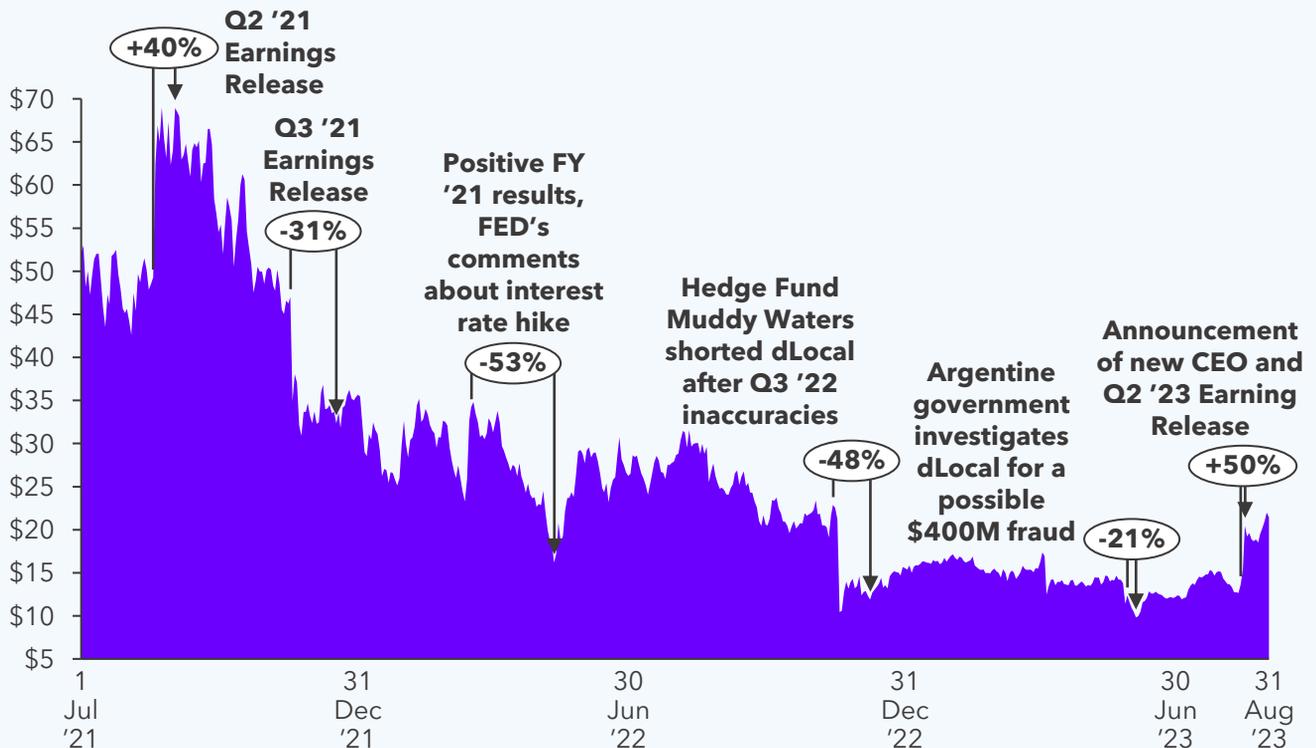
Lessons Learned: **adyen** & **d.local** Share Performance

1 **adyen** STOCK PRICE (in €; from 1st July 2021 to 31st August 2023)



Sources: Yahoo Finance, Reuters, Flagship Advisory Partners analysis © 2023 Flagship Advisory Partners

2 **d.local** STOCK PRICE (in \$; from 1st July 2021 to 31st August 2023)

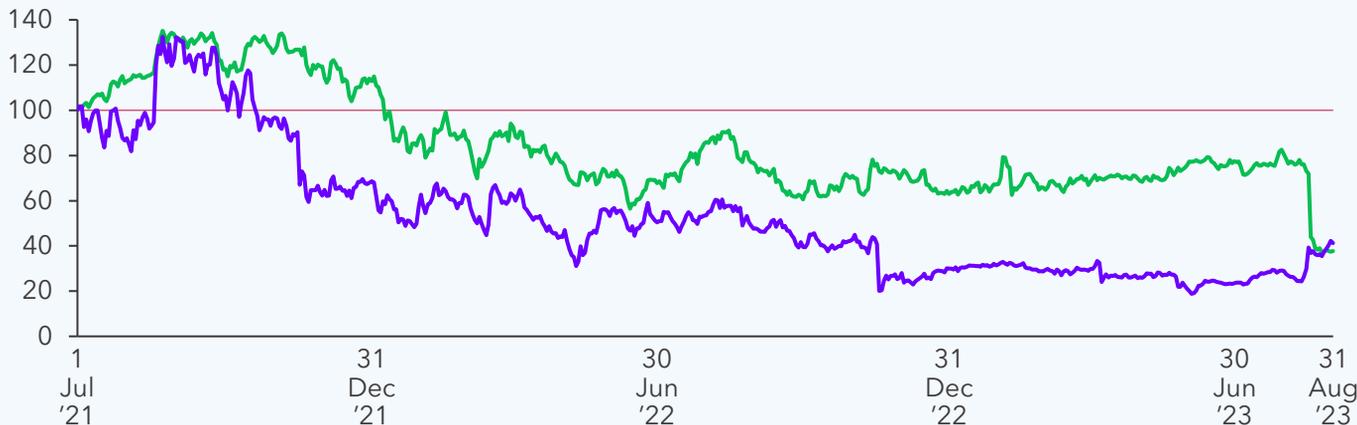


Sources: Yahoo Finance, Reuters, Flagship Advisory Partners analysis © 2023 Flagship Advisory Partners

Lessons Learned: **adyen & d.local** Share Performance

3 **adyen & d.local** STOCK PRICE INDEX

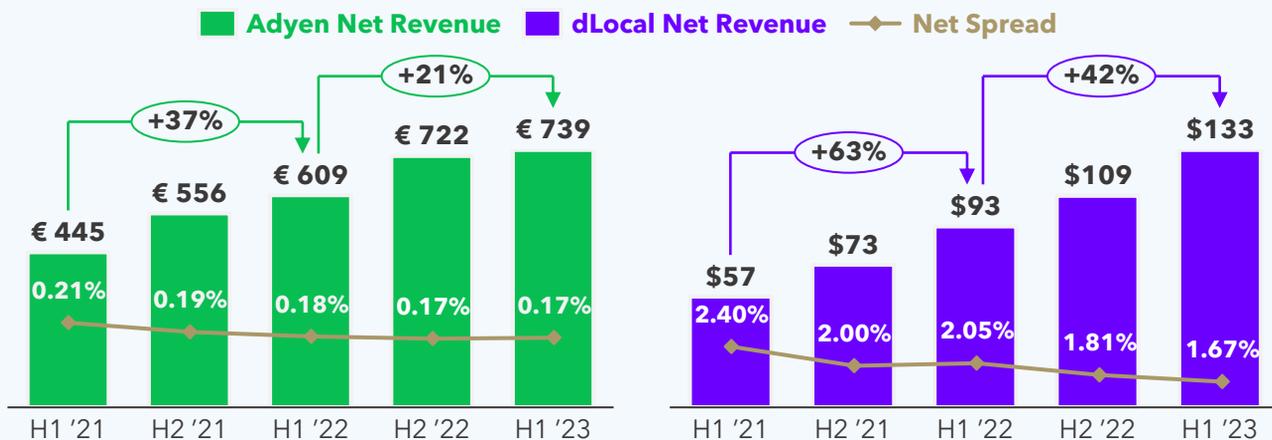
(1st July 2021 = 100; from 1st July 2021 to 31st August 2023)



Sources: Yahoo Finance, Reuters, Flagship Advisory Partners analysis © 2023 Flagship Advisory Partners

4 **adyen & d.local** NET REVENUE & GROSS PROFIT MARGIN

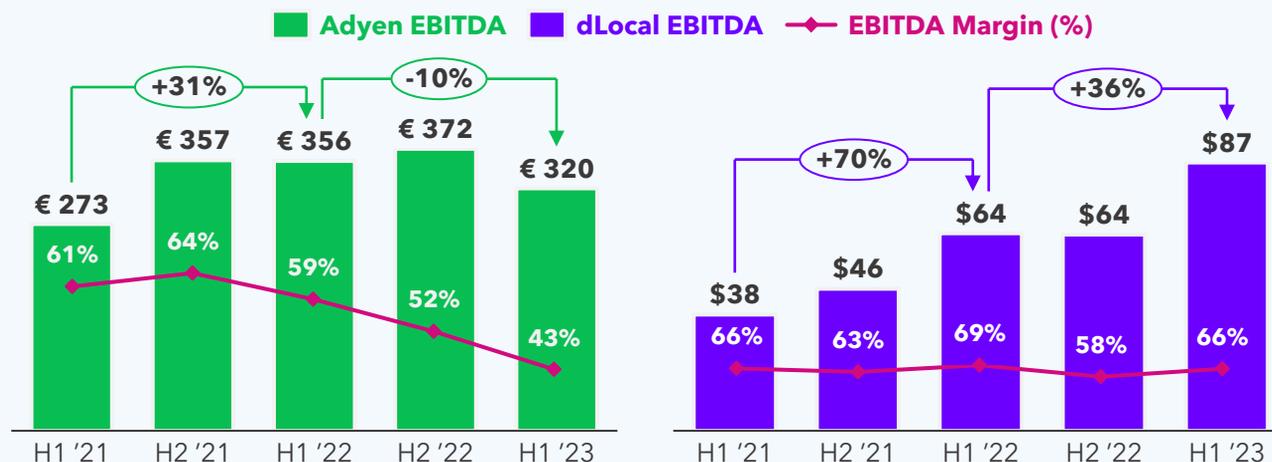
(in € and \$ Mil., H1 2021 - H1 2023)



Sources: Adyen and Dlocal quarterly and semestral reports, Flagship Advisory Partners analysis © 2023 Flagship Advisory Partners

5 **adyen & d.local** EBITDA & EBITDA MARGIN

(in € and \$ Mil., H1 2021 - H1 2023)



Sources: Yahoo Finance, Reuters, Flagship Advisory Partners analysis © 2023 Flagship Advisory Partners

Lessons Learned: **adyen** & **d.local** Share Performance

6 FLAGSHIP COMMENTARY & HIGHLIGHTS

- The recent public equity experiences of Adyen and dLocal highlight the increased importance of investor relations and communications in fintech.
- The share prices of both companies have fallen sharply from their peaks (-75% for Adyen and -70% for dLocal as of today). Part of this fall is consistent with the entire fintech industry, but Adyen and dLocal share price declines are more extreme as the result of what we see as lackluster investor communications.
- Adyen's share price struggles are the result of missed earnings expectations. Growth headwinds resulting from market maturity and price competition played a role. Still, poor communication on expenses and EBITDA margins were clearly a self-inflicted wound that compounded the slowing growth. Adyen's OPEX rose 110% from H2 2021 to 1H 2023 vs. net revenue growth of 33%. From their share price peak on 24 August 2021, EBITDA margins fell from 64% to 43% in their most recently announced half-year.
- dLocal shares entered the market in July '21 with high valuation expectations (\$10.4B at IPO). Following a peak in August '21, shares fell -70% as of today. Much of this share price decline was also a general pullback in e-commerce stocks, but dLocal also underperformed its peers based on a series of adverse news events and changing shareholder expectations, specifically:
 - Q4'21 share pressure was partly driven by disappointment from a sharp slowdown in growth (from 186% to 123% from Q2 to Q3 '21) and margins (44% adj EBITDA margin in Q2'21 vs. 38% in Q3'21). Pressure on both topline growth has continued, although dLocal's EBITDA margin performance remains impressive overall.
 - Shares dropped 51% intraday following the release of a short-seller report from Muddy Waters. The company was surprisingly passive in responding to a report that we found lacked understanding of the business (16 Nov 2022).
 - Shares dropped 17% intraday following the announcement of the Argentina government launching an investigation of Dlocal for potential fraud (26 March 2023).
- dLocal shares bounced back more recently, however, following more favorable investor communications, including the announcement of a new CEO on 15 August 2023 (after which the shares climbed almost 40%)
- The overall lesson learned from recent Adyen and dLocal share performance is that the role of investor relations has never been more critical for listed fintech companies. Surprises in today's public equity markets are severely punished. The days of easily beating expectations in fintech are over.
- Fintech companies, notably higher growth companies, must focus more on communicating a longer-term path on revenue growth and EBITDA margins in an increasingly mature industry.