



28 JANUARY, 2021

N26 2019/2020 Results and Company Outlook

- With strong investments in accelerating growth, scaling operations and deepening product infrastructure in 2019, N26 is now well established for long term growth
- In 2020, N26 continued to focus on expanding its customer base while optimising losses as it strives towards profitable growth
- N26 grew its customer base by over 2 million in 12 months, strengthening its position as the leading digital bank in Europe
- N26 prepares to expand beyond its subscription, core banking and payments business to new services in 2021, increasing its bandwidth of banking revenue streams
- 200 new hires are on the company's roadmap for 2021 to develop new product and service innovations

LETTER FROM N26 FOUNDERS:

2021, while challenging during the pandemic, marks a very significant year at N26 as we celebrate the 6th anniversary of our young and vibrant company and continue to significantly strengthen our three pillars of success: our team, our vision and our customer experience. When we launched our product back in 2015 with our first handful of employees, we started out with a product that underpinned the needs of a millennial customer base in Germany alone. Since, we have become an international force for change in the banking industry thanks to our stronghold of 1,500 immensely talented employees. Our team is the reason we have amplified our vision to meet the needs of customers across all ages, and driven the expansion of N26 to 25 countries across Europe and the US. Today, as we announce 7 million customers, we are incredibly proud of our short yet bold history and the foundations we have grown in Berlin, along with our international and aspirational team.

We chose to share this update on our strategic performance to give more transparency and context on our results for financial year 2019, where our business stands today, and our plans for the future. Our business model enabled us to continue to grow at pace and in a highly sustainable manner while strengthening our digital value proposition and relevance in a challenging economic environment.

2019 - INVESTING IN EXPANSION

In 2019, we achieved significant revenue growth based on the strong performance of our subscription business and payments revenues. Our operating losses widened due to heavy investment in our team and international expansion, including our entry into the US market, laying important foundations for us to scale for future growth.

Our gross revenues amounted to almost EUR 100 million in 2019, which translated into net commission income (driven mainly by subscription revenues and the provision of payment transaction services) which increased by 244%, amounting to EUR 47.5 million. We

significantly bolstered our net interest income by 82% to EUR 9.3 million, with the expansion of treasury activities and credit-based products and services.

We pursued significant investments in the growth of our banking experience, team and operations, driving net losses of EUR 165 million in our core continental Europe markets. This saw us welcome millions of new customers, triple our global staff strength from 500 to 1,500, open a new tech hub in Vienna and expand our offices in Berlin and Barcelona. Besides our investments into our European Markets, we invested about EUR 25 million in our US market entry and about EUR 26.9 million into the expansion of our business in the UK.

2020 AND BEYOND - WORKING TOWARDS PROFITABLE GROWTH

2020 was a vastly different year from 2019 for any digital finance business, presenting new challenges amid the pandemic. However, thanks to our agile digital business model, continued top-line growth and consistent optimisations in operating costs, N26 was able to strengthen its market position in a world where digital banking is needed now more than ever.

In 2020, we raised further capital, taking our total funding to over EUR 800 million, amid a global pandemic. This was a testament to N26's investors' confidence.

While continuing to increase our revenues, we also strengthened our operational efficiencies, allowing us to consolidate our losses over the period of the pandemic, with our core Europe business accounting for around EUR 110 million net losses in 2020 (-33%). We continued to make significant investment in growth, scaling our customer base to 7 million. We achieved this by continuing our efforts in customer acquisition with optimised marketing spend and in deepening engagement with existing customers through product innovation.

As a result, we have seen our transaction volume at an all time high, reaching over EUR 5.5 billion, monthly. Hence, we decided to strengthen our focus on adding new digital products focused on everyday banking for our customers.

Since the pandemic hit, N26 has focused on accelerating our innovation pipeline to keep pace with customers' changing needs. At a time where digital banking has become even more relevant than before, we extended our card portfolio and broadened our premium subscription offering.

At the height of the pandemic, we also introduced Instant Banking features so customers can add a digital card to their mobile wallet and start using their new digital account immediately while waiting for their physical card to arrive - for branchless, paperless account opening. In addition, we introduced a new Round-Ups feature, which automatically rounds up each purchase to the nearest Euro and sets it aside in Spaces, making saving during the crisis effortless and simple. Most recently, N26 extended its travel insurance cover with Allianz to cover pandemic-related claims.

We will continue this focus in 2021 with exciting elements on our product roadmap including virtual cards, Advanced Statistics, additional local payment options and enhancements to Spaces which will become fully functional sub-accounts with an independent IBAN.

In addition, we will further invest into growing our team in 2021 with a strong focus on increasing the size of our product and tech organisation, globally.

We are preparing to expand beyond our subscription, core banking and payments business to offer new services in 2021, increasing our range of banking revenue streams. This includes building out a seamless connection to the financial ecosystem from within the N26 banking experience, offered through the new N26 Marketplace.

Lastly, to further enhance customer trust, we will continue to invest heavily in optimising Customer Operations by strengthening the quality of our customer service with specialist training, developing our chatbot Neon's capabilities and implementing self-service features within the app.

IN CLOSING

Now more than ever, digitalisation is fundamental to Europe's future, and an important part of our lives today. To keep pace with customers' changing needs, companies need to be focused on dynamic customer innovation both large and small, which is why we will release updates on our app every three weeks with additional game changing features and functionalities.

N26's pioneering role in setting a standard for innovation in a heavily regulated industry is clear, made possible thanks to the strength of our tenured leadership team, diverse workforce of over 80 nationalities, and commitment to deepening our investment in Europe and beyond. We have proven our deep commitment, especially during the crisis, to delivering innovation and opportunity across Europe, while extending our footprint abroad.

2021 will be an immensely exciting year for our company as we continue on our path towards growth, and accelerate innovative products and services to our customer base. We remain as committed as ever to our global vision to build a bank 100 million people love to use and we use this vision as a filter to our decisions as a business. We ultimately aim to embody a new definition of banking globally and to cement our role in modern culture.

Valentin Stalf & Maximilian Tayenthal

Founders of N26 GmbH

About N26

N26 is building the first mobile bank the world loves to use. Valentin Stalf and Maximilian Tayenthal founded N26 in 2013 and launched the initial product in early 2015. Today N26 has more than 7 million customers in 25 markets. The company employs more than 1.500 employees across 8 office locations: Berlin, Barcelona, Madrid, Milan, Paris, Vienna, New York and São Paulo. With a full European banking license, state-of-the-art technology and no branch network, N26 has redesigned banking for the 21st century and is available on Android, iOS, and desktop. N26 has raised close to EUR 800 million from the world's most established investors, including Insight Venture Partners, GIC, Tencent, Allianz X, Peter Thiel's Valar Ventures, Li Ka-Shing's Horizons Ventures, Earlybird Venture Capital, Greyhound Capital, Battery Ventures, in addition to members of the Zalando management board, and Redalpine Ventures. N26 currently operates in: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland and the US, where it operates via its wholly-owned subsidiary, N26 Inc., based in New York. Banking services in the US are offered by N26 Inc. in partnership with Axos® Bank, Member FDIC.

Website: n26.com | Twitter: [@n26](https://twitter.com/n26) | Facebook: facebook.com/n26 | YouTube: youtube.com/n26bank

N26 Press Contact
press@n26.com