

Klarna.

First Quarter Results 2021

Stockholm, Sweden
28 May 2021



Consumers choosing to shop, pay and bank on Klarna's intuitive platform drives growth across all markets and another record month of global GMV in March. US growth across key metrics illustrates the strength of Klarna's scalable model.

- Global GMV of USD 18.9bn¹/SEK 157bn (2020: USD 9.9bn/SEK 97bn) was driven by growth in all markets and exceptional momentum in the US.
- With over 90 million global active users and 2 million transactions a day, Klarna is meeting the changing demands of consumers who want to shop, pay and bank on one intuitive platform and with one trusted brand. March 2021 represented yet another record month for global volumes with USD 6.9bn/SEK 57.6bn of purchases made through the Klarna platform.
- US consumers using Klarna more than doubled yoy, to 17m in April 2021
- Klarna is now live with 24 of the top 100 US retailers, more than any of its competitors, illustrating our position as the global shopping partner of choice.
- US app downloads increased 125% YoY², propelling record GMV through the Klarna US app in March 2021.
- Klarna's customer obsession drives greater engagement and loyalty with global downloads of the app more than twice that of Klarna's closest competitor³.
- The attractiveness of Klarna's two-sided model drove an increase in global monthly active app users of 71% compared to Q1 2020⁴, evidence that consumers are demanding a better way to shop, pay and bank.
- Klarna continues to actively manage down credit losses.

¹ Klarna's results are reported in SEK. To arrive at USD values, the average exchange rates for January to March 2021 have been used. 1USD equals approximately 8.39SEK. For 2020, 1 USD equals approximately 9.7 SEK for the first three months 2020.

² AppAnnie, 2021

³ AppAnnie, 2021

⁴ Monthly active users defined as unique users logged into the Klarna app once in a calendar month

Operating highlights

- During the period Klarna signed major retailers and brands, including Bluemercury (US), Telfar (US), and Kenzo (global), as well as almost 6,000 SMBs globally through its own onboarding pipeline.
- In March, Klarna launched its enhanced global marketing services which provides retailers with unique, value-additive services while creating an improved shopping experience for consumers. The acquisition of US-based company Toplooks, development of in-app sponsored ad placements, and continued expansion of its affiliate program ensures Klarna continues to help retailers grow their customer base and provide consumers with inspiring and shoppable content.
- In the US, Klarna's successful consumer campaigns 'Four Quarter-Sized Cowboys', launched as an ad spot during the Super Bowl, and The Studio by Klarna x Haus Labs with Lady Gaga raised consumer awareness and acquisition, taking US consumers to over 17 million.
- Klarna's loyalty program, Vibe, continues to grow at pace by adding value for consumers and retailers: over 1.5 million consumers joined since launch in September 2020, with the US adding almost half a million members in Q1 2021.
- Added functionality in the Klarna app has driven dwell time and product perusal, with items added to wish lists (soon to be Collections) reaching an all-time high in the US during Q1.
- The Klarna card - which has all the convenience of a traditional card but with Klarna's flexible payment alternatives and intuitive platform - has continued to attract consumers who want to use Klarna everywhere, with 70% YoY growth in card volumes.
- German consumers are the first to experience the power of Klarna's integrated shopping, cards, and banking on one app with the launch of current accounts.

Global expansion

- In March, Klarna completed a USD 1 billion funding round to accelerate international expansion and further capture global retail growth. The round closed at a post-money valuation of USD 31 billion.
- Plans to launch in new markets in 2021 are well advanced, with Klarna going live in New Zealand in May and further key markets to be announced shortly.
- In March, Klarna expanded its Open Banking solution to eight more countries: Portugal, Denmark, Luxembourg, Ireland, Croatia, Estonia, Lithuania, and Latvia. With the largest open banking network in Europe, Klarna covers more than 6,000 banks across 24 countries, empowering consumers to harness the potential of their financial data and engage with their finances in a more meaningful way.

Sustainability

- We're committed to driving positive change for people and the planet. We want to become part of the solution when it comes to global challenges such as financial anxiety, inequality, and the deteriorating health of the planet. During the quarter, Klarna outlined its new ESG strategy focusing on three pillars: planet health, diversity and inclusion, and financial wellness.
- Klarna has also set new carbon emissions targets as part of its [Give One](#) program, focused on creating positive environmental impacts:

- By 2030, the company aims to reduce company emissions by 50%.
- From 2021, Klarna will make annual financial contributions to high-impact climate projects through an internal carbon tax⁵.

Regulation

- In January, Klarna welcomed the recommendations from the Woolard Review into change and innovation in the UK's unsecured credit market. Klarna was fully engaged in the review process and continues to work together with the FCA, HM Government, and the wider sector to build a modern regulatory and supervisory framework that delivers the best outcomes for UK consumers.

Events after the period

- In April, Klarna repurchased SEK 516 million of denominated senior unsecured floating rate bonds issued in 2019 as part of its prudent approach to balance sheet management.

⁵ Internal carbon tax set at USD 100/tonne for all scope 1, 2 and travel emissions (remaining scope 3 emissions set at USD 10/tonne).

Income Statement, Klarna Bank AB Group

Amounts in SEKk	Jan - Mar 2021	Jan - Mar 2020	Jan - Dec 2020
Interest income calculated according to the effective interest rate method	901,890	789,383	3,264,747
Interest expenses	-179,874	-128,422	-601,096
Net interest income	722,016	660,961	2,663,651
Commission income	2,497,754	1,572,413	7,672,573
Commission expenses	-183,319	-117,195	-574,101
Net result from financial transactions	-195,905	-59,105	92,140
Other operating income	111,361	22,901	145,841
Total net operating income	2,951,907	2,079,975	10,000,104
General administrative expenses	-2,828,251	-1,903,144	-8,680,168
Depreciation, amortization and impairment of intangible and tangible assets	-135,368	-85,747	-418,249
Total operating expenses before credit losses	-2,963,619	-1,988,891	-9,098,417
Operating profit before credit losses, net	-11,712	91,084	901,687
Credit losses, net	-784,653	-691,754	-2,530,814
Operating profit	-796,365	-600,670	-1,629,127
Income tax	146,260	141,010	253,318
Net result for the period	-650,105	-459,660	-1,375,809

Balance Sheet, Klarna Bank AB Group

Amounts in SEk	31 Mar 2021	31 Dec 2020	31 Mar 2020
Assets			
Cash and balances with central banks	12,772,296	5,014,210	428,133
Treasury bills chargeable at central banks, etc.	9,168,959	5,219,426	5,382,929
Loans to credit institutions	2,560,508	2,614,447	2,754,798
Loans to the public	45,114,538	41,717,591	28,981,899
Bonds and other interest-bearing securities	1,455,219	1,609,770	2,808,813
Other shares and participations	895,861	20,081	20,852
Intangible assets	2,572,452	2,449,280	2,311,017
Tangible assets	1,383,932	1,003,664	939,529
Deferred tax assets	881,546	643,879	311,509
Other assets	1,036,546	1,140,244	894,700
Prepaid expenses and accrued income	399,385	362,662	226,424
Total assets	78,241,242	61,795,254	45,060,603
Liabilities			
Liabilities to credit institutions	662,104	2,414,897	533,679
Deposits from the public	38,242,635	30,834,677	20,840,663
Debt securities in issue	4,531,006	4,182,723	6,149,742
Deferred tax liabilities	75,799	75,998	83,797
Other liabilities	21,553,282	15,797,011	10,669,409
Accrued expenses and prepaid income	1,677,276	1,423,335	926,704
Provisions	129,308	143,530	318,723
Subordinated liabilities	599,180	599,120	598,636
Total liabilities	67,470,590	55,471,291	40,121,353
Equity			
Share capital	57,115	52,869	52,752
Other capital contributed	12,302,533	7,305,180	4,805,140
Reserves	193,515	109,325	332,986
Additional Tier 1 instruments	250,000	250,000	250,000
Retained earnings	-1,382,406	-17,602	-41,968
Net result for the period	-650,105	-1,375,809	-459,660
Total equity	10,770,652	6,323,963	4,939,250
Total liabilities and equity	78,241,242	61,795,254	45,060,603

Cash Flow Statement, condensed, Klarna Bank AB Group

Amounts in SEKk	Jan - Mar 2021	Jan - Mar 2020	Jan - Dec 2020
Cash flow from operating activities ¹	3,604,436	708,028	7,584,612
Cash flow from investing activities	-1,208,834	-112,882	-470,796
Cash flow from financing activities	5,251,605	559,212	-1,551,419
Cash flow for the period	7,647,207	1,154,358	5,562,397
Cash and cash equivalents at the beginning of the period	6,914,466	1,618,008	1,618,008
Cash flow for the period	7,647,207	1,154,358	5,562,397
Exchange rate diff. in cash and cash equivalents	157,267	48,372	-265,939
Cash and cash equivalents at the end of the period	14,718,940	2,820,738	6,914,466
Cash and cash equivalents include the following items			
Cash and balances with central banks	12,772,296	428,133	5,014,210
Loans to credit institutions ²	1,946,644	2,392,605	1,900,256
Cash and cash equivalents	14,718,940	2,820,738	6,914,466

¹ Cash flow from operating activities includes interest payments received and interest expenses paid.

² Adjusted for non-cash items such as money in transfer.