

Klarna interim report January - June 2020.

Stockholm, August 27, 2020 - Today, Klarna Bank AB (publ), a leading global payments and shopping provider, has released its interim report for January - June 2020. The uniqueness of Klarna's consumer offering, providing a healthier, simpler and smarter alternative to credit cards, continues to drive consumer adoption and loyalty to us and our retailers globally. This is further boosted by our strong brand as well as our multiple services to smoothen the shopping experience - online and in store.

Highlights

- Klarna has seen accelerated growth and demand from retailers and consumers despite taking precautionary measures during the first half of 2020 due to Covid-19, including adjusting our credit policies globally.
- The accelerated retailer and consumer demand supports the strong **growth in gross merchandise volume and total net operating income of 44% and 36%** respectively YoY. Gross merchandise volume now amounts to USD 22bn and total net operating income is USD 466m.
- We have added more than **35,000 retailers** to our already strong global retailer base of more than 200,000, or approximately **200 new per day**, and we look forward to many going live very shortly for the peak shopping season.
- Across markets consumers continue to choose Klarna's innovative experience when shopping. We have added almost **14 million consumers**, with especially strong growth in the US and UK where the **number of consumers has grown with close to 550% and 120%** respectively compared to the same period last year.
- The number of **monthly active app users has increased by almost 2x to 12 million**, compared to the same period last year. We currently see approximately **45,000 app installs every day globally**, which is **3x as fast** compared to the same period last year.
- Our balance sheet strength, combined with current all time high US consumer credit quality indicators and continued focus on optimising an elevated shopping experience for consumers, ensures that Klarna is well positioned to meet the growing demand.

A preferred growth partner for our retail partners

- Many retailers have recently expedited the development of their online offering as this has become the key engagement channel, and the investments we have made to create an

elevated shopping experience have supported this demand. New retailers include **Sephora, Groupon, SHEIN, Nixon, Charlotte Tilbury, Vans, The North Face, Ted Baker, Timberland, Ralph Lauren, Club Monaco, Anine Bing, Domino's Pizza, NTRWK, Finish Line, Aéropostale, Nautica and Fender** and thousands more across verticals and markets. They join other **global brands like ASOS, H&M, Gymshark, IKEA, Farfetch, Cult Beauty, Dyson, JD Sports, Acne Studios, Peloton, Bose, Missguided, Samsung, Sonos, Beauty Bay, AliExpress, Abercrombie & Fitch, Lenovo, APC, Agent Provocateur, Overstock, Good American and Michael Kors.**

- Klarna is the 'pay later' partner of choice for the top 100 highest grossing merchants in the US.
- We are driving millions of referrals and traffic each month from owned channels to our retailers as consumers are actively seeking out merchants where they can shop with Klarna, and since January we have enabled more than **40 million clicks to retail partners.**
- Klarna's **In-store** proposition is now live in ten markets and is resonating strongly with both retailers and consumers, especially as it enables contactless payment options which provide customers the safety and security they seek. Despite the obvious challenges of Covid-19, volumes have **grown more than 75%** compared to the same period last year across more than **13,000 stores.**
- The acquisition of SMB retailers continues at a fast pace supported by our automatic onboarding solution. The number of new **SMB retailers has increased by 32%** compared to the same period last year.
- On average **1 million transactions** are processed a day on the Klarna platform.

Continued consumer growth

- Our direct to consumer offering available in the Klarna app in US, Australia and Sweden allows consumers to shop at any retailer, and helps retailers and brands to be discovered, continues to grow in popularity. The service has resonated especially well in the US, where **monthly active users have increased by 4x**, boosting the consumer acquisition rate and transaction volume. Since the launch in summer 2019, Klarna has been the fastest growing player in the US payment sector **outpacing our closest competitors with almost 1,5 million more app installs.**
- **The US** continues to grow at a rapid pace, and so far almost **9 million consumers** have used our services. Consumers are shifting away from credit cards as the offerings are not aligned with consumers' needs or interests and this is where we can provide a healthier, more intuitive and smarter alternative. **The Klarna app currently has 1.2 million monthly active users.**

- The strong growth and traction of the pay later offering in **the UK** continues. About **9.5 million consumers** have used Klarna's payment services, and the inflow of new consumers since April has averaged more than **95,000 on a weekly basis**. The average aged consumer is **33 years old**.
- The **Klarna card** is currently available in Sweden and Germany and has with its smart, flexible and rewarding features including no fees, no added FX cost, instant purchase notifications and the possibility to pay with your phone continued to gain traction among consumers. Compared to the same period last year, the number of **issued cards to new users have doubled** and **volumes have increased by more than 250%**.
- In line with Klarna's consumer friendly strategy and ambition to decrease revenues related to late fees, app features that truly help consumers keep track of their purchases and pay on time are continuously developed and proven successful as share of late fee revenues continue to decrease.

New product and market launches

- We launched **Vibe, the first global buy now, pay later shopper loyalty program** developed with direct input from consumers. The no-fee program rewards consumers who pay on time, so as to encourage responsible spending and is available to consumers in the US, and will be available in Germany, Australia, Sweden and the UK. This is the next phase in Klarna's efforts to evolve the shopping experience to deliver inspiration, convenience and even more value through curated rewards and benefits. During the first few weeks we had more than **500 users enrolling** per week from a limited base as the program is not rolled out to all US users yet.
- We have expanded our banking offering by launching our own **savings accounts** with competitive rates in Sweden, which have seen immediate traction. We have also partnered with Raisin to further strengthen our presence on the German deposit market.
- The demand for a better way to shop and pay is growing rapidly across markets which is why we have launched in **Australia, Belgium and Spain** and seen immediate traction during the period. We are also seeing increased traction in **Canada** where we in partnership with PayBright have launched several new retailers including Sephora, Boohoo, Groupe Dynamite and TaylorMade.

The full report and the Business Update Presentation for January - June 2020 are available [here](#).

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About Klarna

We make shopping smooth. With Klarna consumers can buy now and pay later, so they can get what they need today. Klarna's offering to consumers and retailers include payments, social shopping, and personal finances. Over 200,000 merchants, including H&M, IKEA, Expedia Group, Samsung, ASOS, Peloton, Abercrombie & Fitch, Nike and AliExpress have enabled Klarna's innovative shopping experience online and in-store. Klarna is the most highly valued private fintech in Europe with a valuation of \$5.5bn and one of the largest private fintechs globally. Klarna was founded in 2005, has over 3,000 employees and is active in 17 countries. Klarna has been backed by Sequoia Capital since 2010 and more recently, Dragonner, Bestseller Group, Permira, Commonwealth Bank of Australia, Blackrock Holdings and Visa. For more information, visit www.klarna.com.

This information is information that Klarna Bank AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on August 27, 2020.