

Klarna.

Third quarter results 2021.

Stockholm, Sweden
26 November 2021



Multi-market expansion of Shopping App, Browser Extension and Pay Now, and unparalleled retailer growth proposition drives significant consumer adoption, sales volume, and major brand partnerships.

Highlights

- Global Gross Merchandise Volume¹ Q3 YTD 2021 at USD 57.3bn² compared to USD 35.2bn³ YTD in 2020 driven by Klarna's growing global active consumer base and enhanced growth proposition for Klarna's 250,000+ retail partners.
- The US continues to be Klarna's fastest growing market with over 300% GMV growth YTD driven by 21m+ consumers. The Klarna app continues to resonate very strongly with US consumers - monthly active app users have increased 167% YoY and Klarna consistently ranks in the top 5 Shopping Apps downloaded across app stores⁴. The affiliate program continues to accelerate especially with a significant number of new global partners live, both in-store and online, including Bed Bath & Beyond, PetCo, JCPenney, Wayfair, Calvin Klein, Lululemon, and Footlocker.
- Klarna's ambitious global expansion means we now offer sustainable payments in 20 countries, scaling to 5 new markets in 2021 alone: France, New Zealand, Poland, Ireland, and Portugal.
- Net Operating Income YTD is USD 1.2bn² at Q3 2021 compared to USD 742m³ at Q3 2020
- Launch of the Shopping App, Pay Now, Express button, and Klarna Cards across markets are empowering new and existing consumers with options to shop and pay where and how they prefer with control, flexibility and convenience.

¹ Gross Merchandise Volume (GMV) is the value of products sold through the Klarna platform. GMV relates to Klarna Holding AB. All other figures relate to Klarna Bank AB.

² Klarna's results are reported in SEK. All percentages are calculated based on SEK. To arrive at USD values, average exchange rates over the period have been used. All percentages are calculated based on SEK. 1 USD equals approximately 8.5 SEK for Q1-Q3 2021.

³ Klarna's results are reported in SEK. To arrive at USD values, average exchange rates over the period have been used. 1 USD equals approximately 9.4 SEK for Q1-Q3 2020.

⁴ App downloads across stores, Similarweb, 2021

- Klarna continues to develop an unparalleled growth proposition for retailers across content creation partnerships, dynamic and search advertising, and virtual shopping; these services have been accelerated further through recent acquisitions.
- New global partnerships with Stripe and Billie deliver seamless integration for retailers to go live with Klarna within minutes and B2B payment services which are in high demand.

Strong product innovation and expansion in 2021

- All-in-one Klarna Shopping App is now live in 18 markets - delivering on the ambition to be ubiquitous across verticals, markets, and channels. The app empowers consumers to shop at any online store, unlock deals, manage sustainable payments, delivery tracking, with many more features to be launched imminently. The planned Klarna browser extension, powered by the acquisition of Piggy, will bring the same interest-free shopping experience of the app to the desktop, available at all online stores even if not integrated directly with Klarna. Together, these products are enabling consumers to shop and pay where they want, in a way they prefer, creating a superior experience and a transparent alternative to credit cards.
- Klarna's Pay Now is now also live in the US and UK, giving all consumers the choice to pay immediately in full in addition to flexible, interest-free payment options at all online stores.
- The Klarna Express button is now live across all European markets and the US, including most recently Macy's and Coach. This feature bridges the gap between speed and security, significantly streamlining the checkout experience for consumers.
- The Klarna Card will soon be available in the US and UK, building on very strong consumer adoption in Sweden and Germany, enabling further flexibility to pay anywhere, without incurring interest or being tied to revolving credit.
- In the Nordics, Klarna launched an industry-wide transparency initiative across the entire consumer credit market and implemented new product changes including improved payment reminders, elimination of fees, amended payment terms, and no endless revolving credit lines. In the UK, we have introduced enhanced affordability checks connected to our Open Banking capabilities and strengthened checkout language to drive transparency and control for consumers.

Retail partnerships powering mutual global growth

- Klarna continues to be the preferred global partner of retailers both online and in-store across verticals, most recently with brands such as Bed Bath & Beyond, Saks Fifth Avenue, PetCo, JCPenney, Office, Converse, Gamestop, Pandora, and Wix.com. The Beauty verticals have seen extremely strong growth with new or extended global partnerships with Charlotte Tilbury, Make-up Forever, Seed Beauty, Benefit, and Aesop. Additionally, a very significant number of global luxury brands and luxury marketplaces are now live with Klarna.
- Our partnership with H&M continues to scale at pace, now available in over 16 markets, including in France and in-store in Poland. Klarna's global in-store shopping offering continues to accelerate, resonating strongly with consumers and new markets going live including most recently Spain. In the

US, major in-store partnerships with shopping destination leaders Simon Malls, the largest operator in the market, and Macerich as well as new partners Under Armour, Lululemon, Ralph Lauren, Eddie Bauer, Tommy Hilfiger, and Calvin Klein. In-store campaigns with Bloomingdales, Foot Locker, and Tapestry brands are successfully driving consumer awareness and adoption, especially ahead of the busiest retail season.

- Klarna's enhanced growth proposition, building on existing capabilities and strengthened by acquisitions, enables retailers to create instantly shoppable content, launch dynamic and search advertising campaigns, in-app sponsored placements, tailored content-creation partnerships, and virtual shopping. The proposed acquisition of PriceRunner will add rich product discovery, product reviews, and price comparisons to our global offering, delivering enhanced services to consumers and enabling retailers to compete and unlock growth.
- Klarna's global affiliate program is in a high-growth phase and now affiliates 45 of the US National Retail Federation's Top 100 Retailers.
- Klarna onboarded 25,000 small businesses globally through its own strong pipeline and existing partnerships in Q3. Our global strategic partnership with Stripe is now live, allowing millions more retailers to activate Klarna in their checkout within minutes and provide sustainable credit and payment options for consumers globally.
- Klarna is also the world's first payment provider to offer a comprehensive range of BNPL payment methods for both consumers and businesses through its partnership with Billie. Retailers will be able to switch on flexible payments for businesses through their existing Klarna integration from early 2022 as the service rolls out across Europe.

Sustainability

- Klarna's most in-depth and transparent Climate Report to date details Klarna's impact on people and planet, and its USD 1 million investment into innovators such as [Heirloom](#) and [Climeworks](#) as part of Klarna's [Give One](#) initiative.
- Klarna donated USD 4.5m in free services to US Small and Medium-sized Businesses (SMBs) and GBP 3m to UK SMBs to support their post-pandemic recovery, including fee-free payment services and marketing exposure across Klarna's ecosystem to help them return to growth.

Income Statement, Klarna Bank AB Group

Amounts in SEkk	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
Interest income	2,928,013	2,398,492	3,264,747
Interest expenses	-574,147	-434,638	-601,096
Net interest income	2,353,866	1,963,854	2,663,651
Commission income	7,801,990	5,248,423	7,672,573
Commission expenses	-512,462	-372,901	-574,101
Net result from financial transactions	-259,465	51,633	92,140
Other operating income	380,260	80,150	145,841
Total net operating income	9,764,189	6,971,159	10,000,104
General administrative expenses	-9,501,559	-5,874,126	-8,680,168
Depreciation, amortization and impairment of intangible and tangible assets	-447,006	-289,314	-418,249
Total operating expenses before credit losses	-9,948,565	-6,163,440	-9,098,417
Operating result before credit losses, net	-184,376	807,719	901,687
Credit losses, net	-2,947,227	-1,608,636	-2,530,814
Operating result	-3,131,603	-800,917	-1,629,127
Income tax	605,802	180,373	253,318
Net result for the period	-2,525,801	-620,544	-1,375,809

Balance Sheet, Klarna Bank AB Group

Amounts in SEkk	30 Sep 2021	31 Dec 2020	30 Sep 2020
Assets			
Cash and balances with central banks	10,694,389	5,014,210	4,869,682
Treasury bills chargeable at central banks, etc.	13,795,235	5,219,426	8,677,133
Loans to credit institutions	2,772,858	2,614,447	2,233,987
Loans to the public	51,883,634	41,717,591	35,130,547
Bonds and other interest-bearing securities	1,291,540	1,609,770	1,966,349
Other shares and participations	972,513	20,081	20,081
Intangible assets	5,545,280	2,449,280	2,354,089
Tangible assets	1,449,236	1,003,664	1,081,566
Deferred tax assets	1,451,061	643,879	508,588
Other assets	1,960,302	1,140,244	985,649
Prepaid expenses and accrued income	501,296	362,662	235,825
Total assets	92,317,344	61,795,254	58,063,496
Liabilities			
Liabilities to credit institutions	895,796	2,414,897	406,262
Deposits from the public	45,016,732	30,834,677	30,194,561
Debt securities issued	8,088,619	4,182,723	3,152,121
Deferred tax liabilities	160,198	75,998	80,413
Other liabilities	18,962,527	15,797,011	16,643,589
Accrued expenses and prepaid income	1,859,762	1,423,335	1,162,200
Provisions	132,365	143,530	140,561
Subordinated liabilities	301,014	599,120	598,981
Total liabilities	75,417,013	55,471,291	52,378,688
Equity			
Share capital	58,369	52,869	52,752
Other capital contributed	20,299,929	7,305,180	5,805,140
Reserves	170,269	109,325	237,440
Additional Tier 1 instruments	250,000	250,000	250,000
Retained earnings	-1,352,435	-17,602	-39,980
Net result for the period	-2,525,801	-1,375,809	-620,544
Total equity	16,900,331	6,323,963	5,684,808
Total liabilities and equity	92,317,344	61,795,254	58,063,496

Cash Flow Statement, condensed, Klarna Bank AB Group

Amounts in SEKk	Jan - Sep 2021	Jan - Sep 2020	Jan - Dec 2020
Cash flow from operating activities ¹	-5,886,312	6,853,307	7,584,612
Cash flow from investing activities	-4,439,598	-238,540	-470,796
Cash flow from financing activities	16,398,415	-1,536,745	-1,551,419
Cash flow for the period	6,072,505	5,078,022	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	6,072,505	5,078,022	5,562,397
Exchange rate diff. in cash and cash equivalents	101,476	-1,718	-265,939
Cash and cash equivalents at the end of the period	13,088,447	6,694,312	6,914,466
Cash and cash equivalents include the following items			
Cash and balances with central banks	10,694,389	4,869,682	5,014,210
Loans to credit institutions ²	2,394,058	1,824,630	1,900,256
Cash and cash equivalents	13,088,447	6,694,312	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.