



Klarna Q1-Q4 2020 Financial Report

February 25, 2020 - Today, Klarna Bank AB (publ) ("Klarna") publishes its Annual financial statement release for July – December 2020, and the full Q1-Q4 of 2020.

Our strong results for 2020 were driven by rapidly accelerating momentum in the US, entry into four new markets, and growing consumer and merchant preference for Klarna's elevated shopping experience and strong brand. New product launches including savings accounts in Sweden, current accounts in Germany and Klarna's Vibe loyalty program in the US and Australia enhanced consumer acquisition and retention, and drove adoption of the Klarna app to a record 18 million monthly global users¹.

Full year January to December 2020

Record gross merchandise volume with total net operating income breaking USD 1 billion

- Record Gross Merchandise Volume was achieved across the Klarna platform, up 46% to USD 53bn / SEK 484bn (2019: USD 35bn/SEK 332bn)² as Klarna continues to connect retailers with consumers for a superior shopping experience
- 40% increase in Total Net Operating Income to USD 1.087bn / SEK 10bn (2019: USD 753m / SEK 7.155bn), breaking the \$1 billion threshold for the first time.
- Strong capital position with CET1 Ratio at 29.5% (2019: 28.1%)
- Credit losses as a percentage of gross merchandise volume have fallen across all major markets as consumers adopt the benefits of pay later, and our risk models continue to mature.
- Klarna is well positioned to capture global growth in the retail market and continues to invest significantly in new market entries and expanded product offerings on that basis. Net profit was lower in line with expectations as operating expenses increased to deliver ambitious expansion by building significant scale in the US and other major markets, and launching our pay later offering in four new markets: Australia, Belgium, Spain and Italy. Four further market launches are planned for 2021.

Growing retailer and consumer connections globally, through one platform in 17 markets

- 87 million global active consumers chose Klarna as the preferred platform to shop, pay and bank in 2020. Consumers' demand for convenience, flexibility and products that serve them better continue to drive the global shift from credit to debit.

¹Global active monthly app users

² Klarna's results are reported in SEK. To arrive at USD values, the average exchange rates for 2019 and 2020 have been used. 1USD equals approximately 9.5SEK for full year 2019 and 9.2 SEK for full year 2020.

- With one platform and one recognisable brand in 17 markets, Klarna is now the global partner of choice for 250,000+ retailers.
- Klarna in-store is now live in 10 markets, enabling consumers to use Klarna everywhere while delivering a seamless multichannel experience for retailers. US consumers can now shop in over 60,000 physical stores, while in Australia, Klarna is available in any store through the app.
- As well as a superior online and in-store experience, Klarna makes new connections between consumers and retailers, and in December alone, Klarna delivered 22 million clicks to retailers in the US.
- We have also established a presence in China to support retail partners scaling to a global consumer base with Klarna.

Accelerated growth in the US

- Momentum in the US accelerated rapidly with a million consumers a month added during the key shopping period in Q4 2020, with 15 million consumers choosing to shop with Klarna by January 2021. Klarna is the partner of choice for 20 of the US top 100 retailers.
- At the close of Q4, Klarna was ranked in the Top 10 most downloaded shopping apps in US app stores for the entire period.
- Several renowned brands have joined Klarna's US retail network, including Macy's, Etsy, Sephora, Saks OFF 5TH, Lululemon, Bluemercury, Rebecca Minkoff and Pandora, bringing the total number of retail partners to more than 6,000.

Driving customer satisfaction in 2021 and beyond

- Consumer satisfaction is driving customer acquisition and retention, with US consumer NPS at 80+, well above financial services benchmark of +34³.
- **Vibe**, the first loyalty program of its kind in our industry, is now live in the US and Australia, and rewards consumers who pay for their goods on time. The program gained immediate traction, attracting one million members during the first three months. Vibe will expand to further markets in 2021.
- The global platform **KlarnaSense**, encouraging more mindful shopping, has resonated strongly with consumers and will be launched across markets in 2021.

Sebastian Siemiatkoski, Klarna co-founder and CEO commented: *"The last year has created unprecedented change in the global economy which has transformed how consumers bank, shop and pay. Klarna has adapted well, supporting retailers to move online at pace while continuing to provide consumers with superior shopping experiences and payment options that meet their evolving needs. 2020 has not slowed Klarna's progress: we scaled to four new markets, broadened our platform to an integrated banking offering in Sweden and Germany, and truly accelerated our growth in the US, where we added 1 million new consumers per month in the last quarter.*

³ Retently, 2020

"2021 is going to be another year of change as consumers will slowly return to stores expecting to see the flexibility they have become accustomed to reflected in the brick-and-mortar experience. Klarna will continue to innovate across channels, geographies and verticals to provide consumers with the transparency, control and flexibility they now demand from banking, shopping and payments, while supporting our partners in their growth ambitions."

The full report is available at www.klarna.com.

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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 includes payments, social shopping and personal finances. Over 250,000 retail partners including Macys, 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 ranked number five on the 2020 CNBC Disruptor 50 list, and is one of the most highly valued private fintechs globally with a valuation of \$10.65 billion. Klarna was founded in 2005, has over 3,500 employees and is active in 17 countries. Klarna has been backed by Sequoia Capital since 2010 and more recently, Dragoneer, Bestseller Group, Permira, Visa, Atomico, Ant Group and Silver Lake, HMI Capital, TCV amongst others. For more information, visit 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 February 25, 2021.