

Interim Financial Statements: 1 January 2018 - 30 September 2018

Klarna.[®]

Klarna Bank AB Group

Income Statement, Klarna Bank AB Group

Amounts in SEkk	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Interest income	1,451,667	1,117,702	1,591,013
Commission income	2,838,825	2,032,584	2,924,191
Other operating income	3,795	9,035	10,675
Total operating revenues	4,294,287	3,159,321	4,525,879
Interest expenses	-158,695	-93,541	-138,682
Commission expenses	-222,051	-137,403	-205,253
Net income from financial transactions	-17,384	-17,347	-23,899
General administrative expenses	-3,087,755	-2,032,774	-2,932,765
Depreciation, amortisation and impairment of intangible and tangible fixed assets	-117,283	-93,349	-200,575
Credit losses, net	-577,750	-296,620	-500,718
Total operating expenses	-4,180,918	-2,671,034	-4,001,892
Operating income	113,369	488,287	523,987
Income tax expense	-52,014	-138,798	-178,374
Net income for the period	61,355	349,489	345,613

Comments (January-September 2018 vs. January-September 2017):

- Volume growth for the period accelerated and now over 40 percent compared to last year. Both existing and newly onboarded merchants, and the realisation of a successful integration of BillPay, supported this continued strong trajectory, which is evident across key markets and notable in Germany and UK.
- Continuing growth of wide merchant base, now exceeding 100k live with Klarna.
- Total operating revenues continued to grow strongly at 36 percent compared to last year, driven by increased demand from merchants on core products such as Pay Later and increasing popularity of the Slice It product amongst consumers.
- Total operating expenses increased due to continued acceleration of strategic investments in business capabilities, product proposition and talent to support future business expansion and objectives. Core business focus is on driving growth, and an acceleration from initial investments is already starting to be realised.
- Increase in net credit losses were in part driven by a 49 percent growth in loans to the public and incremental provisioning resulting from IFRS 9.
- Net income for the period was recorded at SEK 61.4m.

Balance Sheet, Klarna Bank AB Group

Amounts in SEKk	2018-09-30	2017-12-31	2017-09-30
Assets			
Cash and cash equivalents	2,207,283	1,211,814	2,284,566
Chargeable central bank treasury bills	2,185,181	1,847,705	1,230,373
Loans to the public	16,087,761	13,874,164	10,833,208
Other shares and participations	28,027	-	-
Intangible assets	1,972,649	1,801,072	1,836,331
Tangible assets	49,257	61,844	60,769
Other assets	310,154	190,633	167,293
Total assets	22,840,312	18,987,232	16,412,540
Liabilities			
Liabilities to credit institutions	929,910	396,965	41,609
Deposits from the public	10,398,140	8,491,654	6,456,016
Debt securities in issue	1,996,464	1,995,036	1,994,565
Other liabilities	4,800,052	3,772,926	3,617,421
Subordinated liabilities	597,456	297,121	297,022
Total liabilities	18,722,022	14,953,702	12,406,633
Equity	4,118,290	4,033,530	4,005,907
Total liabilities and equity	22,840,312	18,987,232	16,412,540

Cash Flow Statement, Klarna Bank AB Group

Amounts in SEKk	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Cash flow from operating activities	781,609	-1,478,263	-2,599,802
Cash flow from investing activities	-230,937	-507,946	-561,029
Cash flow from financing activities	297,750	3,021,419	3,021,419
Cash flow for the period	848,422	1,035,210	-139,412
Cash and cash equivalents at the beginning of year	1,043,101	1,171,696	1,171,696
Cash flow for the period	848,422	1,035,210	-139,412
Exchange rate diff. in cash & cash equivalents	16,817	9,315	10,817
Cash and cash equivalents at the end of period	1,908,340	2,216,221	1,043,101
Cash and cash equivalents include the following items			
Cash in hand	100,037	40	36
Loans to credit institutions ¹	1,808,303	2,216,181	1,043,065
Cash and cash equivalents	1,908,340	2,216,221	1,043,101

¹ Adjusted for non-cash items in lending to credit institutions

Comments (January-September 2018):

- Cash flow from financing activities, SEK 297.8m, is due to an additional Tier 2 bond issued in July.