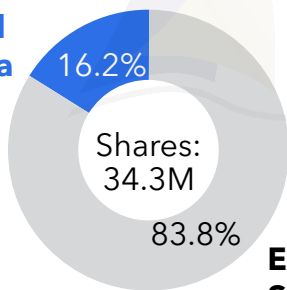


## 1 IPO Offering & Historic Valuation (in billions of \$)

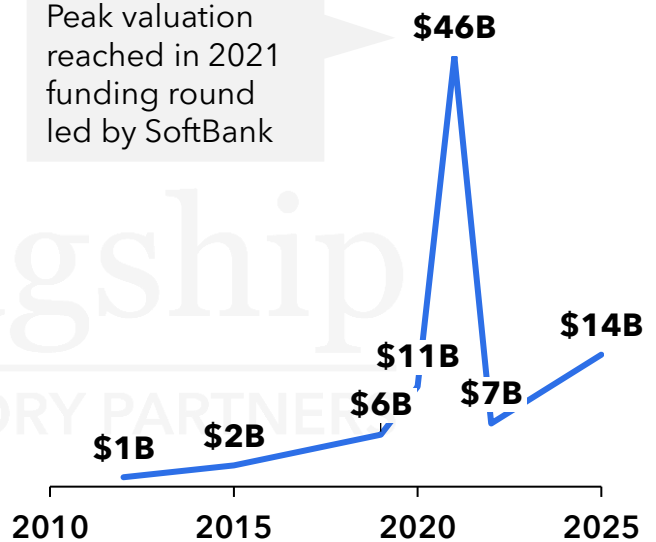
<b>NYSE</b>	Ticker: KLAR
<b>Shares</b>	34.3M shares at \$35-\$37
<b>Offering</b>	~\$1.27B at \$14B valuation
<b>Proceeds</b>	Gross ~\$200M, net ~\$169M
<b>P/S Ratio</b>	~5x

Peak valuation reached in 2021 funding round led by SoftBank

Offered by Klarna



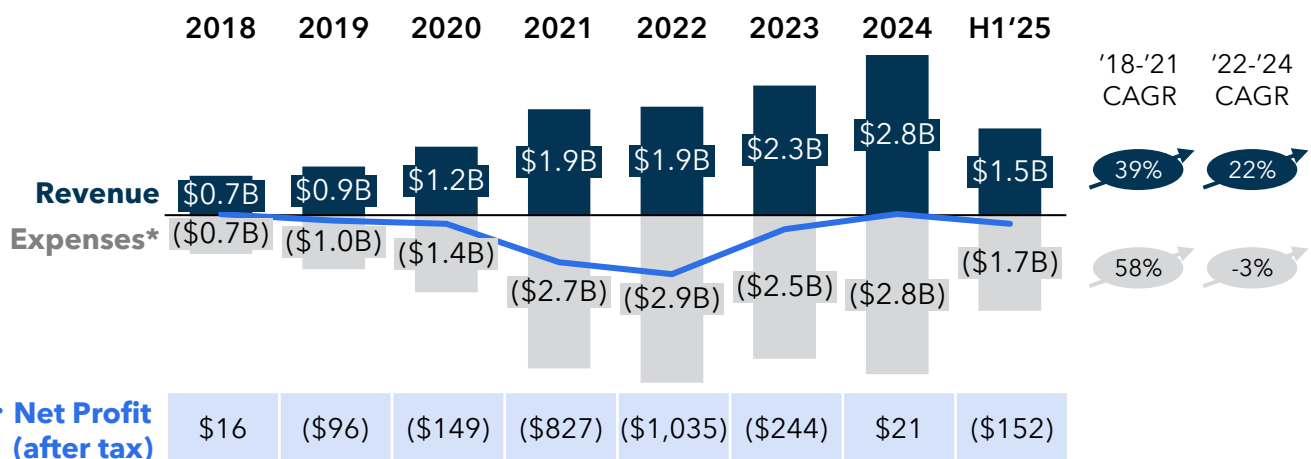
Existing Shareholders



Sources: Klarna SEC filing, Klarna, NYT, Sifted, Reuters, CNBC

## 2 Financial Performance

(net profit in millions of \$, revenue and expenses in billions of \$)



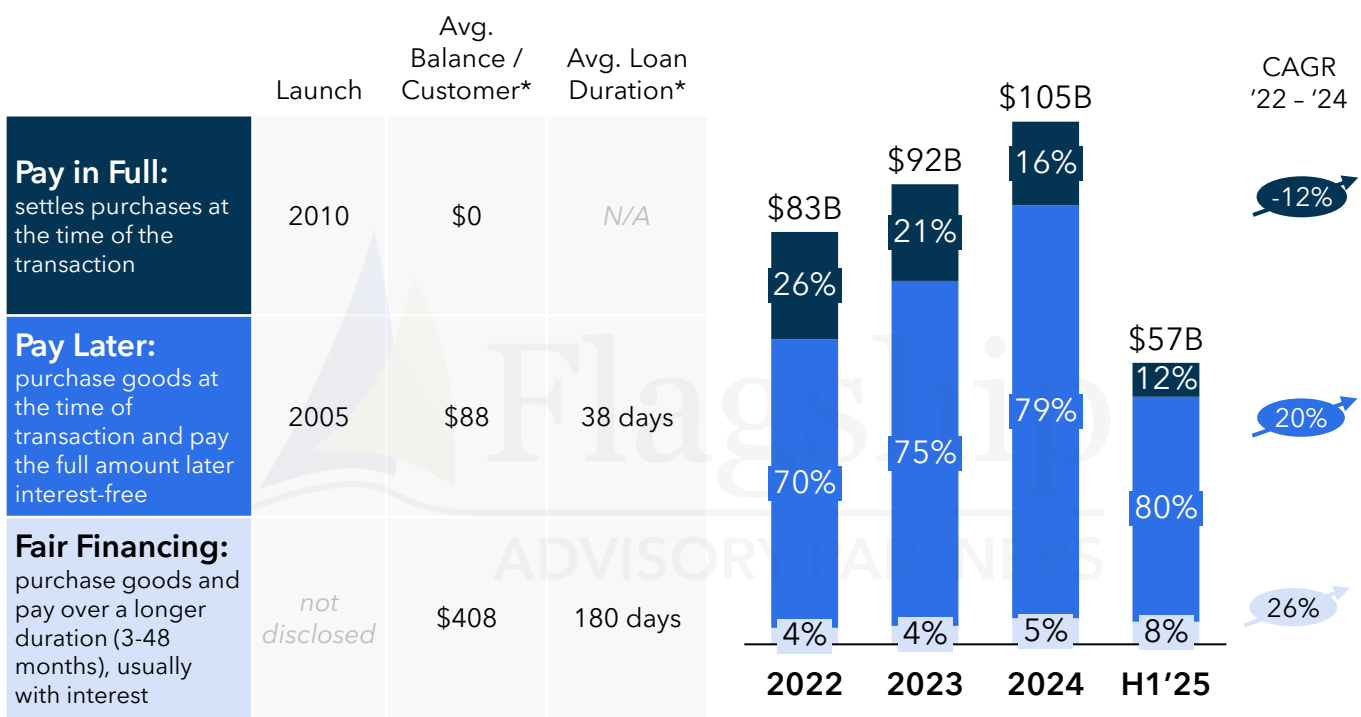
Note: \*expenses includes operating expenses, other expenses, and tax expenses; numbers reported prior to 2021 were converted from SEK to USD via average annual FX  
Sources: Klarna SEC filing & annual reports

- Klarna's accelerated expansion into the U.S. in 2019 drove growth, but eroded profitability
- Expense discipline, particularly reduced U.S. credit losses, has helped cut losses since 2022
- Klarna achieved net profitability in 2024 but reverted to a loss in H1 2025

3

## GMV Breakdown by Payment Options

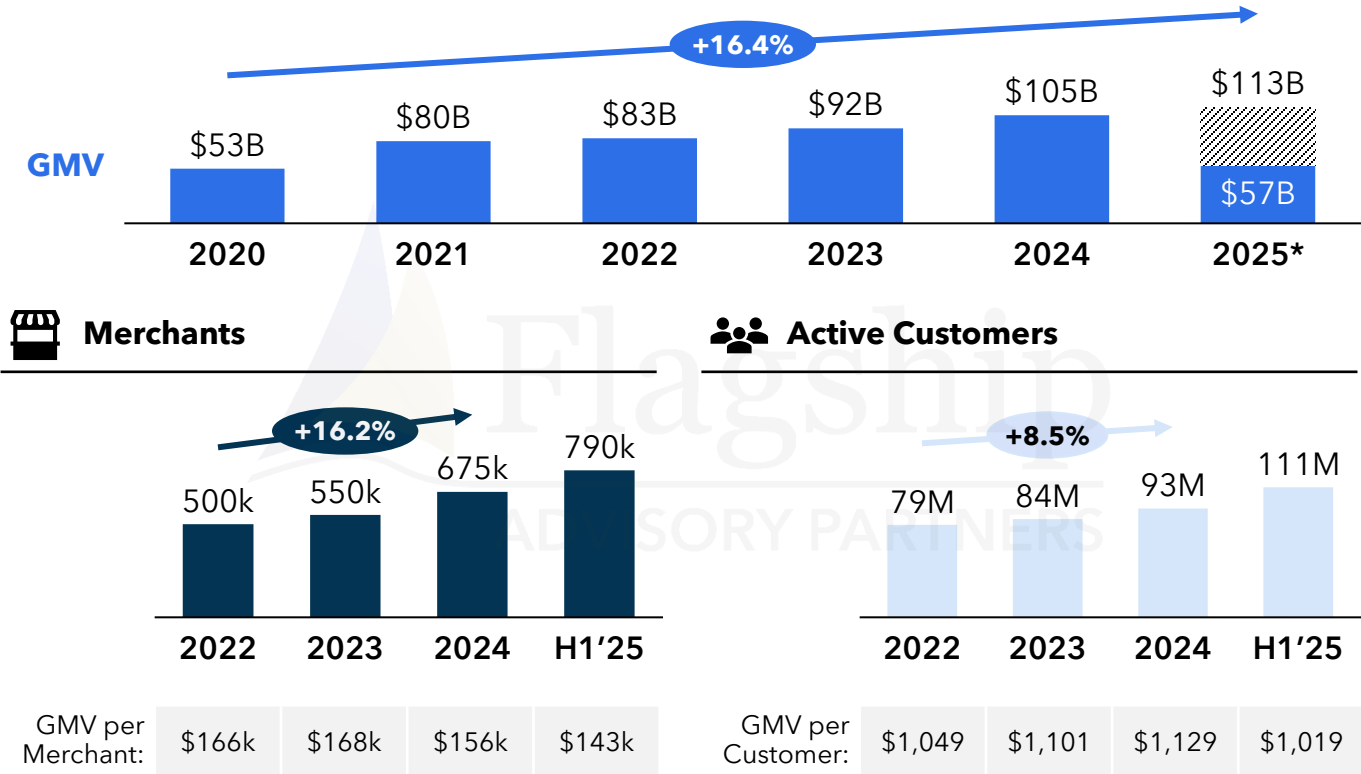
(% of GMV, GMV in billions of \$)



Note: \*LTM from June 30, 2025. GMV is defined as gross merchandise volume

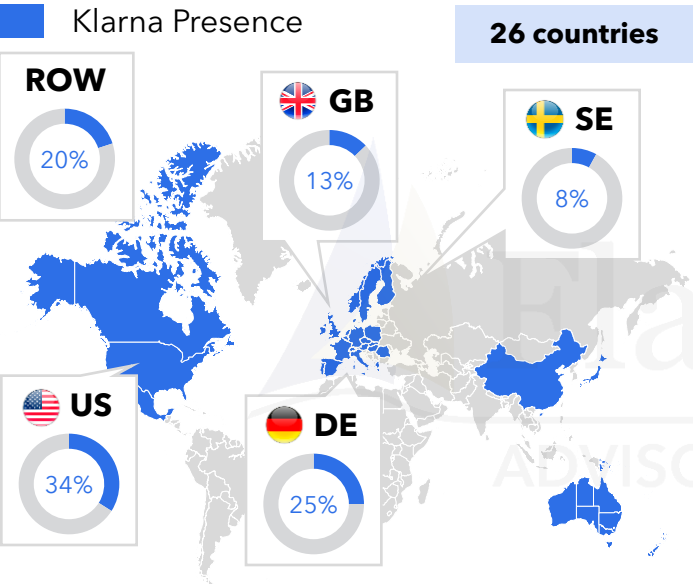
4

## Network Growth



5

Geographic Presence  
(% of revenue 6 months ended June 30, 2025)



Sources: Klarna website and SEC filing

6

Klarna's Push for AI

**Automate customer support:**  
69% of chats resolved by AI in ~2 minutes

**Improves merchant conversion:** AI-powered personalized shopping feeds

**Enhance credit underwriting:** supplements underwriting models

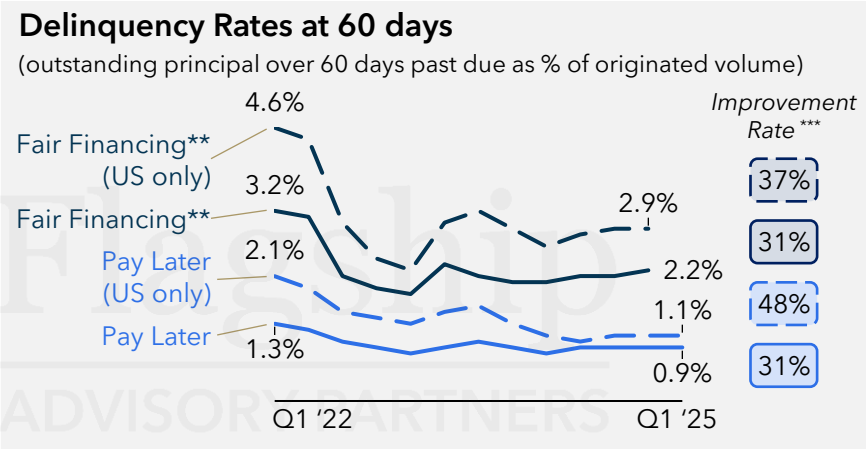
**Increase productivity:** used in engineering, operations and marketing teams

Sources: Klarna SEC filing

7

Credit Quality Indicators

<b>0.52%</b> credit losses as % of GMV	<b>2x</b> more accurate credit models*
<b>99%</b> of consumer loans were paid on time (LTM ended June 30 '25)	<b>95%</b> of lending by utilizing deposits (licensed bank in EEA)
<b>\$80</b> average balance per active customer	<b>40 days</b> average loan duration



Note: \* In comparison to VantageScore 4.0 in US and Schufa in DE; \*\*Fair financing delinquency rates are at 6 months; \*\*\* Improvement rates are Q1 '22 to Q4 '24 for Fair Financing and Q1 '25 for Pay Later  
Sources: Klarna SEC filing

General Commentary & Highlights

- **U.S. Listing:** Klarna's choice of New York underscores the U.S. as a destination for fintech IPOs (vs. current HQ in Stockholm)
- **Fintech Signal:** The deal will serve as a test case for investor appetite toward late-stage fintech listings and credit/lending businesses after a muted IPO cycle despite macroeconomic challenges
- **AI Narrative:** Klarna's heavy emphasis on AI may appeal to tech-focused investors, though its durability as a competitive moat remains unproven with recent drawbacks (e.g., due to declining service quality and customer dissatisfaction, Klarna has started to rehire human agents again)
- **Reduced Credit Risk:** Overall delinquency rates have improved by about one-third since Q1 '22
- **Return to Profitability:** Klarna narrowed losses through lower credit losses and efficiency, achieving a 2024 profit but returning to losses in H1 2025
- **BNPL Implications:** Klarna's IPO can be a strong indicator of market sentiment towards BNPL

# NAVIGATING FINTECH INNOVATION

Flagship Advisory Partners is a boutique strategy and M&A advisory firm focused on payments and fintech. We serve clients globally and have a team of 50+ professionals who have a unique depth of knowledge in payments and fintech.



For any questions, please do not hesitate to contact the author(s):

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