



Klarna announces \$460M equity raise to further support massive US growth

New York, United States – August 6, 2019. Klarna, the leading global disruptor of payments and banking, and provider of smooth retail services, is pleased to announce it has raised \$460 million in an equity funding round, at a post money valuation of \$5.5 billion. This new valuation ranks Klarna as the largest private fintech in Europe and as one of the largest private fintechs globally.

This funding will help Klarna to continue its rapid rise in the US market, where it is currently growing at an annual rate of 6 million new US consumers. The uniqueness of Klarna's consumer offering, providing a healthier, simpler and smarter alternative to credit cards, with the addition of multiple services to smoothen the shopping experience, online and offline, is clearly resonating with the US consumer. This is as consumers are turning away from revolving credit lines towards alternative and more flexible financing alternatives. Most importantly, Klarna's recently launched shopping app which allows its users to shop with Klarna at any store or brand online has been received very positively, with now more than 50% of the app users purchasing each week.

Klarna has also seen a surge in merchant demand for its services. Klarna is now powering over 3000 merchants in the US - including rue21, ASOS, Lulus, Toms, Superdry, Sonos and Acne Studios - and helping them increase new consumer acquisition, average order value and retention. The business results are strong, with merchants who are offering 'Pay in 4' reporting a 68% increase in average order value, a 44% increase in conversion compared to cards and 21% higher purchase frequency. Global brands H&M, Abercrombie & Fitch and Boohoo Group will soon go live with Klarna and there are currently more than a 1000 merchants integrating with Klarna with a combined volume of \$10bn. The momentum of acquisition continues and in July a record number of new merchants signed with Klarna in the US.

Klarna's footprint continues to grow, now serving over 60 million consumers, 130,000 merchants partners, 1 million transactions daily and is in sight of a \$1 billion annual revenue. We are therefore delighted to announce that with the participation of the Commonwealth Bank of Australia, Australia's largest retail and commercial bank, in the equity round, we have also agreed to establish an exclusive partnership for the Australian and New Zealand markets.

The funding round was led by Dragoneer Investment Group, a leading San Francisco based growth-oriented investor. Other investors in the round include Commonwealth Bank of Australia, HMI Capital LLC, Merian Chrysalis Investment Company Limited, Första AP-Fonden (AP1), IPGL, IVP and funds and accounts managed by BlackRock. This investment follows a funding round in April of this year that closed above the company's \$100 million target, driven by strong demand from Klarna's existing investor base.

Sebastian Siemiatkowski, co-founder and CEO of Klarna: *"This is a decisive time in the history of retail banking. Finally, transparency, technology and creativity will serve the consumer, and there will be no more room for unimaginative products, non-transparent terms of use or lack of genuine care of ones customers. We, all 2500 of us at Klarna, are humbled and honoured, and now also further empowered, to play a role in this improvement of an industry for the benefit of the consumer, worldwide and in the US in particular."*

Marc Stad, Founding Partner at Dragoneer: *"Our strategy is to partner with a small number of disruptive, growth companies that are highly differentiated and run by world-class management teams. Sebastian and the Klarna team have built an exceptional payments business with a global footprint, operating in a huge addressable market with strong tailwinds."*

Richard Watts, Merian Chrysalis Investment Company: *“Klarna has built a highly-impressive, digital payment ecosystem, trusted by both retailers and consumers. By simplifying and improving the flexibility of the payments process, retail partners working with Klarna have seen considerable improvement in customer engagement and sales. Klarna is one of Europe’s great fintech success stories and the company continues to develop truly innovative payment solutions. This latest funding round will enable the company to execute on its ambitious international growth plans.”*

Numis acted as exclusive financial advisor and placement agent to Klarna.

About Klarna

Klarna is leading global payments providers and fully licensed bank, which wants to revolutionise the payment experience for shoppers and merchants alike. Founded in Stockholm, Sweden, in 2005, we give online consumers the option to pay now, pay later or over time – offering a simple, safe and smooth checkout experience. Klarna now works with 130,000 merchants including *H&M, Adidas, IKEA, Expedia Group, ASOS, Peloton, Abercrombie & Fitch, Michael Kors, Nike, AliExpress, Superdry, Sephora, Spotify, Wayfair, Gymshark, Samsung, Zara, Topshop, The Hut Group, Steve Madden, Boozt, Daniel Wellington, Bugaboo, Rue21, TOMS, Sonos, Agent Provocateur, Lufthansa, ETSY, ACNE Studios, Daniel Wellington, KLM, Turkish Airlines* and many more. Klarna has 2,500 employees and is active in 14 countries. Klarna has been backed by Sequoia Capital since 2010 and more recently, Bestseller Group, Permira, Visa and Atomico.

About Dragoneer Investment Group

Dragoneer is a San Francisco-based, growth-oriented investment firm with over \$7 billion in long-duration capital from many of the world’s leading endowments, foundations, sovereign wealth funds, and family offices. Dragoneer has a history of partnering with management teams growing exceptional companies characterized by sustainable differentiation and superior economic models. The firm’s track record includes public and private investments across industries and geographies, with a particular focus on technology-enabled businesses. Dragoneer has been an investor in companies such as Airbnb, AmWins, Appfolio, PointClickCare, ServiceNow, Slack, Spotify, Square, Twilio, Uber, and others.

About Commonwealth Bank of Australia

The Commonwealth Bank (ASX:CBA) is one of Australia’s leading providers of personal banking, business and institutional banking and share broking services. With 17.4 million customers and a history spanning more than a century, the Group’s purpose is to improve the financial wellbeing of its customers and communities. The Commonwealth Bank is Australia’s leader in digital banking and maintains the largest branch network across the country. Headquartered in Sydney, Australia the Bank operates brands including Bankwest in Australia and ASB in New Zealand. For more information on Commonwealth Bank, visit www.commbank.com.au.

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