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KLARNA IPO REPORT

What? Where? When?

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KLARNA IPO

WHO ARE THEY? AND WHAT DO THEY DO?

Klarna was founded in 2005 in Stockholm, Sweden, where it still has its headquarters. The firm is a provider of buy now, pay later services, allowing users to spread the cost of purchases over time with multiple transactions.

The company has over 150 million active consumers across over 550,00 merchants in forty-five countries worldwide. Popular online retailers that offer Klarna as a payment method include H&M, Adidas, Sephora, IKEA and ASOS; and the company has also made its services available in physical stores as well as online.

EXPECTED IPO DATE

Klarna has filed initial public offering (IPO) documents in the US, including a “confidentially submitted” draft registration statement to the US Securities and Exchange Commission (SEC).

Reports are now citing April 2025 as the expected date for the IPO. The listing will likely value Klarna somewhere in the region of \$15 billion to \$20 billion, with the company planning to list once the SEC review has finished.

BUSINESS MODEL

Klarna offers buy now, pay later (BNPL) payment options for online and physical shop transactions across a wide range of mass retailers.

The BNPL company lets users split their payments over four equal interest-free instalments, to be paid every two weeks. Overdue payments will incur a late fee of either \$7 or 25% of the instalment amount (depending on which is less) at the 10-day mark. If still no payment is made, a user’s account will be paused.

Klarna also offers other payment plans, including an interest-free “Pay in 30” option. Instead of paying in four batches every two weeks, users can pay any time within 30 days after their purchases have shipped. This option allows online shoppers to exchange or return items before they have paid for it.



The platform also offers traditional loan options through select retailers at a repayment rate of up to 24.99% per annum for up to two years.

Klarna has been focused on expanding in the US over the past few years: in 2023, Klarna's customer base expanded by an impressive 32%, reaching over 37 million consumers in 2024.

The global subscription e-commerce market is thriving, fuelled by evolving consumer shopping preferences including the continued proliferation of online retail and mobile shopping.

Major investor Sequoia believes that "Klarna's business, its position in various markets and its popularity with consumers and merchants are all stronger than at any time since Sequoia first invested in 2010".

PROFITABILITY

Klarna recorded its first profitable month and quarter for four years in 2023, as well as its first full year of profit growth in the US. The company's revenue rose by 22% to \$217m, while losses came down from just under \$1 billion in 2022 to \$241 million in 2023.

In 2020, the company reported revenues of \$1.09 billion, a 40% increase from the previous year's figures. It was the first time that revenues crossed the billion-dollar mark. Losses also decreased across all major markets, which could be attributed to COVID-19's positive effect on the e-commerce sector.

VALUATION

In March 2021, Klarna raised \$1 billion during a funding round that valued the company at \$31 billion, at the time making it Europe's most valuable private fintech firm and startup.

Three months later, Klarna's valuation rose again to a high of \$45.6 billion after securing another \$639 million in a fundraising round led by SoftBank's Vision Fund 2. That deal caused Klarna's share price to reportedly turn seventy-five of its shareholding employees into paper millionaires.

In 2024, Bloomberg reported that Klarna was eyeing a \$20 billion IPO. However, you might expect the company to set a share price in line with big tech rivals to encourage buyers.



SUMMARY

- Klarna has filed initial public offering (IPO) documents in the US.
- The expected date is April 2025.
- The IPO will likely value Klarna somewhere in the region of \$15 billion to \$20 billion.
- This IPO is special because it is the first real test of sentiment for a large market launch since the Reddit IPO.
- Klarna offers buy now, pay later (BNPL) payment options for online and physical store transactions across a wide range of mass retailers.

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