

Sezzle and Klarna close out 2023 with strong growth and a focus on subscriptions

Article

The news: Buy now, pay later (BNPL) fintechs **Sezzle** and **Klarna** ended 2023 with sales growth and progress toward long-term profitability, according to their most recent financial

statements.

Sezzle

- The company's underlying merchant sales (UMS) **shot up 33% year over year (YoY)** in Q4 2023, per its earnings presentation—compared with a 19% YoY decline a year ago.
- Annual **net income totaled \$71 million**, compared with a \$38.1 million loss in 2022.
- Sezzle forecasts that annual net income will total \$20.0 million in 2024.

Klarna

- The company's gross merchandise volume **increased 17% YoY** in 2023. This is a deceleration from 22% YoY growth last year, per its annual report.
- **Total net operating income in 2023 increased 23% YoY** to SEK 20.6 billion (about \$1.99 billion).

Earnings highlights:

Sezzle's subscription model has been a success.

- Sezzle launched **Sezzle Premium** in June 2022 and expanded the program into Sezzle Anywhere in June 2023.
- **The two programs totaled 307,000 subscribers at the end of Q4 2023**, compared with just 119,000 at the end of 2022.
- The subscription programs are boosting customer engagement: **Subscribers made purchases 2.2 times more frequently than non-subscribers.**
- And they're helping Sezzle push further into stores: **One-third of Anywhere orders were made in-store. Twenty-two percent of Anywhere purchases were made at discount and specialty stores; 15% were made at grocery stores; and 9% were at restaurants.**

Klarna preps for an IPO after releasing its own subscription service.

- Klarna rolled out Klarna Plus to US customers in January as part of its profitability push before going public.
- Its IPO could occur as early as Q3 2024, according to reports from Bloomberg. In addition to a US listing, Klarna is also considering a UK listing.

- The BNPL company is seeking a **valuation of around \$20 billion**, per Bloomberg. This is up considerably from its \$6.7 billion valuation in 2022—though nowhere near its record \$45.6 billion valuation.

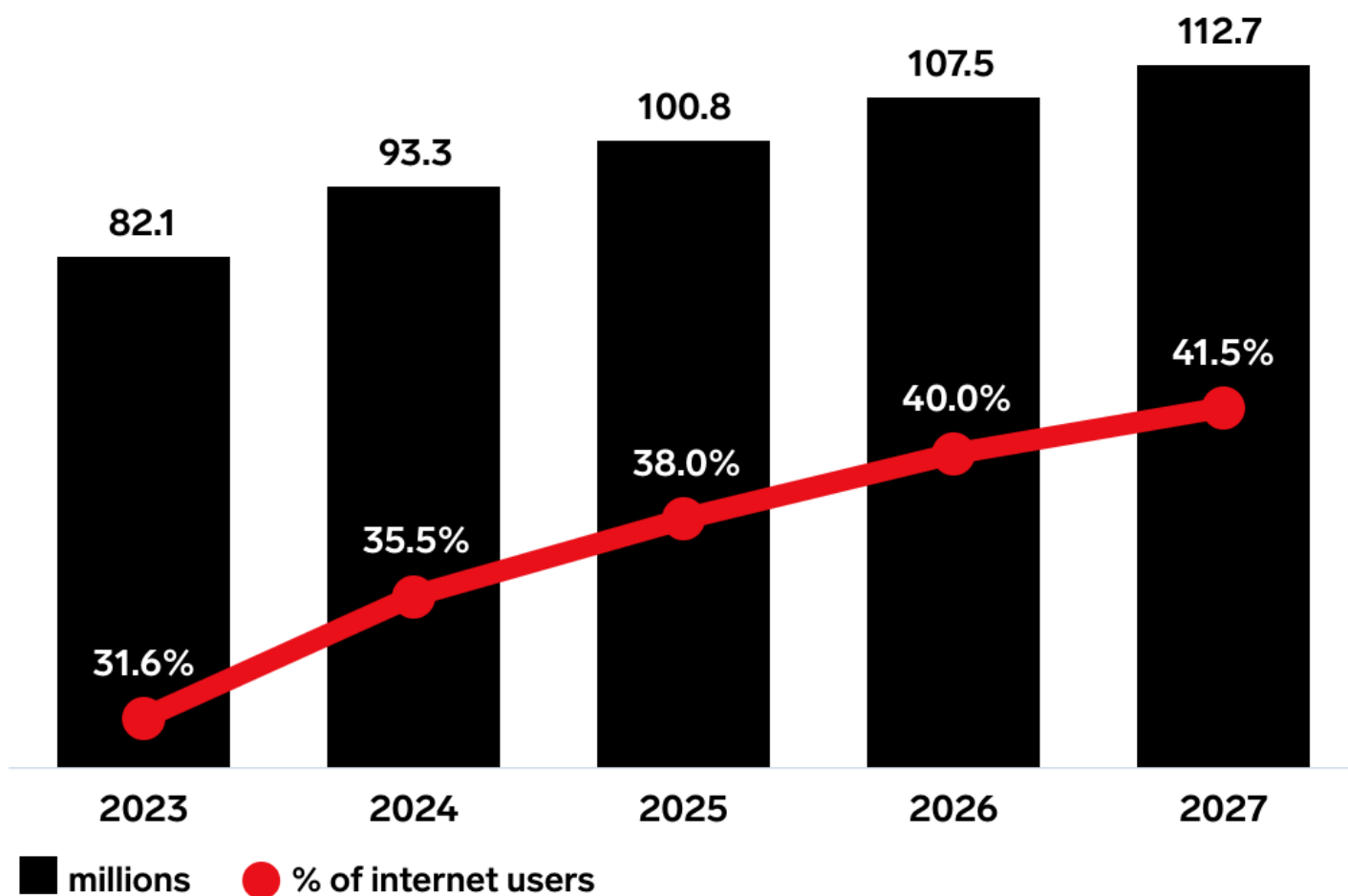
The takeaway: The BNPL industry is leaning into subscription models.

Subscriptions can boost customer engagement, increase sales, and bring in a consistent revenue stream. This is especially important for BNPL fintechs as they search for long-term profitability in a historically low-margin business.

Dig deeper: Check out our BNPL forecast for more information on where we think BNPL growth is headed in the US.

Buy Now, Pay Later Service Users

US, 2023-2027



Note: ages 14+; internet users who have accessed a buy now, pay later account digitally and have made a payment toward a purchase at least once during the calendar year; includes purchases of goods and services

Source: Insider Intelligence | eMarketer, June 2023

Insider Intelligence | eMarketer

This article originally appeared in Insider Intelligence's Payments Innovation Briefing—a three-times-weekly recap of top stories reshaping the payments industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.

- Are you a client? [Click here to subscribe.](#)

- *Want to learn more about how you can benefit from our expert analysis? [Click here.](#)*