

Hero Towers Ltd

Filleted Financial Statements
for the Year Ended 31 December 2022

Hero Towers Ltd

Contents

Company Information	<u>1</u>
Balance Sheet	<u>2</u>
Notes to the Financial Statements	<u>3 to 9</u>

Hero Towers Ltd

Company Information

Director	D Sandstrom
Registered office	Aviation House, Kingsway, Holborn, London WC2B 6NH
Auditors	Thomas Alexander & Co Limited 590 Green Lanes Palmers Green London N13 5RY

Hero Towers Ltd

(Registration number: 09570325)
Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	<u>4</u>	-	47,391
Investments	<u>5</u>	-	760
		<u>-</u>	<u>48,151</u>
Current assets			
Debtors	<u>6</u>	99,334,645	1,838,908
Cash at bank and in hand		<u>1,293,412</u>	<u>1,951,998</u>
		100,628,057	3,790,906
Creditors: Amounts falling due within one year	<u>7</u>	-	(5,089,390)
Net current assets/(liabilities)		<u>100,628,057</u>	<u>(1,298,484)</u>
Net assets/(liabilities)		<u>100,628,057</u>	<u>(1,250,333)</u>
Capital and reserves			
Share premium reserve		18,946,217	18,946,217
Retained earnings		<u>81,681,840</u>	<u>(20,196,550)</u>
Shareholders' funds/(deficit)		<u>100,628,057</u>	<u>(1,250,333)</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime. As permitted by section 444 (5A) of the Companies Act 2006, the director has not delivered to the registrar a copy of the Profit and Loss Account.

Approved and authorised by the director on 7 September 2023

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D Sandstrom
Director

Hero Towers Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in UK.

The address of its registered office is:

Aviation House,
Kingsway, Holborn,
London
WC2B 6NH
United Kingdom

These financial statements were authorised for issue by the director on 7 September 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Group accounts not prepared

The company has taken advantage of the exemptions in section 398 and section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Going concern

The financial statements have been prepared on a going concern basis, the validity of which is dependent upon the continuing support of the parent company Klarna Bank AB (publ).

Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 8 September 2023 was A Odysseos, who signed for and on behalf of Thomas Alexander & Co Limited.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Hero Towers Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures, fittings & equipment	3 years straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Hero Towers Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Share based payments

The company operated an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In the prior year the existing plan was discontinued upon acquisition of the company by Klarna Bank AB (publ). All vested options outstanding were exercised immediately prior to the acquisition, resulting in an accelerated expense during the year. The exercise proceeds received net of any directly attributable transaction costs were credited to share capital (nominal value) and share premium when the options were exercised.

3 Staff numbers

The average number of persons employed by the company (including the director) during the year, was 1 (2021 - 61).

Hero Towers Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

4 Tangible assets

	Furniture, fittings and equipment £	Total £
Cost or valuation		
At 1 January 2022	124,129	124,129
Disposals	(124,129)	(124,129)
At 31 December 2022	-	-
Depreciation		
At 1 January 2022	76,738	76,738
Charge for the year	47,391	47,391
Eliminated on disposal	(124,129)	(124,129)
At 31 December 2022	-	-
Carrying amount		
At 31 December 2022	-	-
At 31 December 2021	47,391	47,391

5 Investments

	2022 £	2021 £
Investments in subsidiaries	-	760
Subsidiaries		£
Cost or valuation		
At 1 January 2022		760
Disposals		(760)
At 31 December 2022		-
Carrying amount		
At 31 December 2022		-
At 31 December 2021		760

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Hero Towers Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
HeroTechnologies Inc	251 Little Falls Drive, Wilmington, New Castle, 19808, Delaware, USA	Common stock	0%	100%

On 1 July 2022 the company disposed of its entire interest in Hero Technologies Inc., comprising of 1,000 shares of common stock to Klarna Inc., a fellow group company.

6 Debtors

Current	Note	2022	2021
		£	£
Trade debtors		-	1,237,517
Amounts owed by group undertakings and undertakings in which the company has a participating interest	9	99,308,184	-
Prepayments		-	36,033
Other debtors		2,145	107,751
Corporation tax receivable		24,316	457,607
		<u>99,334,645</u>	<u>1,838,908</u>

Hero Towers Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

7 Creditors

Creditors: amounts falling due within one year

	Note	2022 £	2021 £
Due within one year			
Trade creditors		-	309,859
Amounts owed to group undertakings and undertakings in which the company has a participating interest	9	-	973,967
Taxation and social security		-	332,806
Accruals and deferred income		-	2,976,548
Other creditors		-	496,210
		-	5,089,390

8 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £0.0000001 each	614,567	0.0614567	614,567	0.0614567

9 Related party transactions

Included in debtors is an amount of £99,308,184 owed from Klarna Bank AB UK Branch, a UK branch of Klarna Bank AB (publ), the parent company. During the year the company was charged an amount of £3,299,511 from Klarna Bank AB UK Branch which represented a recharge of payroll costs. During the year the company also charged interest of £2,488,959 to Klarna Bank AB UK Branch in respect of the intercompany loan.

Included in creditors is an amount of £Nil (2021: £973,967) owed to Hero Technologies Inc, a former wholly owned subsidiary of the company. During the year the company was charged an amount of £1,399,657 (2021: £3,449,394 from Hero Technologies Inc, which represented a recharge of costs and general overhead expenses.

Hero Towers Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

10 Parent and ultimate parent undertaking

The company's ultimate and immediate parent company is Klarna Bank AB (publ), a company incorporated in Sweden. The consolidated financial statements of Klarna Bank AB (publ) are available to the public and may be obtained from <https://klarna.com/international/>.

11 APB Ethical Standards relevant circumstances

In common with many businesses of our size and nature we use our auditors to prepare and submit tax returns to the tax authorities and to assist with the preparation of the financial statements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.