

Interim report

Klarna Holding AB

(publ)

Organization number: 556676-2356
January - June 2025

Klarna

Table of contents

Report from the Board of Directors	3
Group company financials	7
Notes with accounting principles	15
Parent company financials	32

Report from the Board of Directors

Business overview

The Board of Directors and CEO of Klarna Holding AB (publ) hereby submits the report for the period January 1 – June 30, 2025. This report presents the financial statements for Klarna Holding AB (publ) and consolidated financial statements for the company and its subsidiaries. The report has been prepared in millions of Swedish kronor (SEK) unless otherwise stated.

Information about the business

Klarna Holding AB (publ)'s subsidiary, Klarna Bank AB (publ) is an authorized bank and is under the supervision of the Swedish Financial Supervisory Authority (Finansinspektionen).

Klarna is a technology company building the next-generation commerce network, with a mission to reimagine how consumers spend and save in their daily lives. We help people save time, money and reduce financial worry.

We have built one of the largest commerce networks in the world, measured by the number of consumers and merchants, serving approximately 111 million active Klarna consumers and 790,000 merchants in 26 countries as of June 30, 2025, and facilitating \$112 billion of GMV over the last twelve months.

Our flexible and personalized products, trusted consumer brand, global distribution and proprietary scalable infrastructure are the foundations enabling us to become our consumers' everyday spending and saving partner, available everywhere and for everything. Through our history, we have consistently innovated and challenged the status quo, evolving our network from a consumer-focused payments tool to a global commerce network that enables merchant success.

Business results

Net operating income

In H1-25, Klarna's GMV¹ grew by 17% year-over-year (YoY) after adjusting for the sale of KCO and the impact of foreign currency fluctuations². On a total basis, GMV increased to SEK 571b (H1-24: SEK 524b). Total net operating income increased 10% YoY to SEK 12.3b in H1-25 (H1-24: SEK 11.2b) as we accelerate commerce for merchants while helping consumers save time and money, and worry less about their finances.

Commission income, primarily the fees merchants pay Klarna to boost conversion, AOV³, and retention, increased 7% to SEK 10.3b (H1-24: SEK 9.6b). This is driven by higher consumer adoption and the expansion of global merchant partnerships, now exceeding 790k.

¹ GMV is the total monetary value of products and services sold through the Klarna network over a given period of time.

² Year-over-year like for like change is calculated by adjusting GMV for (1) the sale of KCO and (2) the impact of foreign currency fluctuations. The impact of foreign currency fluctuations is calculated by translating the reported amounts in the current period using the exchange rates in use during the comparative prior period.

³ "AOV" means average order value, measured by dividing our GMV for a period by the number of transactions conducted on our network in that period.

Interest income rose 20% YoY to SEK 4.1b (H1-24: 3.4b), driven by growth in our term loan product (Fair Financing) and higher returns on liquid assets held with other credit institutions. Interest expenses accounted for 19% of total operating expenses, decreasing slightly to SEK 2.0b at the end of the period (H1-24: SEK 2.1b). The decrease was driven lower interest rates offset with a rise in deposits from the public to SEK 134.5b (H1-24: SEK 106.8b), supported by strong consumer demand for savings accounts in Germany and Sweden.

Operating expenses

Total operating expenses before credit losses increased 13% to SEK 10.2b (H1-24: SEK 9.0b), primarily driven by higher share-based compensation expenses in H1-25 of SEK 798m (H1-24: SEK 147m) and fx fluctuations.

Credit losses as a percentage of GMV remained stable at less than a percent of GMV, rising from 0.46% to 0.57%. This increase reflects two key drivers: the rising share of the maturing US market, which grew from 18% to 20% of GMV YoY, and the expansion of Fair Financing, which increased from 5% to 8% of GMV. Fair Financing carries structurally higher take rates than Pay Later but also requires greater up-front provisioning. YoY, credit losses rose to SEK 3.2b (H1-24: SEK 2.4b). Credit losses in the income statement reflect provisions for future losses and realized losses associated with Klarna's operating activities during the period, including provision for credit losses, merchant counterparty losses, and other related credit losses.

Klarna Holding AB operating loss for the period was SEK (1.1)b (H1-24: SEK (0.3)b) increasing by SEK 0.8b. Net loss for the period was SEK (1.3)b (H1-24: SEK (0.3)b) driven by the increase in share-based compensation expenses and credit losses.

Balance sheet

Loans to the public at June 30, 2025, increased 7% YoY to SEK 100.1b (H1-24: SEK 94.0b) as a result of GMV growth across key markets. It's important to note this does not represent all loans originated in H1-25, this is because the average duration of our loans is approximately 40 days and 85% of our loans were three months or less in duration. Outstanding loans at June 30 represent only those loans yet to be repaid. This rapid turnover rate is a key factor in our efficient use of capital to generate revenues, ensuring an asset-light balance sheet, setting us apart from more traditional banks whose longer loan durations tie up capital for extended periods. It also allows us to quickly react to market changes. The CET1 ratio for Klarna Holding AB is 15.1% (H1-24: 14.9%).

Interactions with regulators

In the US, the Consumer Financial Protection Bureau's (CFPB) announced in May 2024 they were applying some credit card regulations to BNPL specifically relating to disputes, returns, and billing, but with the change in Administration, the CFPB announced in May this year to rescind the BNPL interpretive rule altogether stating that the rule "was procedurally defective and the interpretation included therein applied ill-fitting open-end credit regulations to BNPL products" - another recognition of the need for bespoke rules. Additionally, we engaged with Congressional leaders to highlight BNPL's positive impact on consumers and collaborated with New York State policymakers on BNPL state legislation currently examined by the New York Department of Financial Services.

In Sweden, we supported efforts to address consumer over-indebtedness by responding to public consultations on tapered interest deductions and licenses for fast-loan providers, as well as the transposition of the European rules on consumer credit (CCD2). These proposals aim to increase scrutiny on risky credit providers and provide a sensible framework for the consumer credit market, which Klarna supports. We hosted a roundtable discussion on overindebtedness during Almedalen Week, shared insights with the Swedish AI Commission to inform their final report to the government as well as engaged with various Ministries on competitiveness.

In the EU, we continue to work with national lawmakers and European institutions on the two-year transposition of the 2nd Consumer Credit Directive (CCD2), supporting its proportionate approach to BNPL. In Germany, this included ongoing dialogue with the newly elected Government. Klarna also engaged in various EU policy topics such as the Payment Services Directive 3, Payment Regulation 1, Financial Data Access initiative, Banking package, Securitisation proposals as well as discussions around Europe's competitiveness agenda.

In the UK, we prioritized BNPL regulation, engaging with stakeholders and supporting the Labour Government's October 2024 proposals. We provided detailed feedback through consultations and dialogue, culminating with HM Treasury's passage of BNPL regulation in July 2025 and handing over of powers to the Financial Conduct Authority (FCA) to regulate BNPL by July 2026. Additionally, we have responded to the Government's consultation on Phase 1 of the Consumer Credit Act (CCA) reform.

Significant events during the period

- On June 11, 2025, under the Euro Medium Term Note Program (the "EMTN"), the Group issued SEK 1.5 billion of senior unsecured bonds. The notes were issued in two tranches of SEK 600 million and SEK 900 million, due in 2027 and 2028, respectively. The notes have floating coupon rates corresponding to the three-month STIBOR plus 1.6% per annum and 1.8% per annum, respectively. The notes are senior unsecured obligations of Klarna and rank equally in right of payment to all of Klarna's existing and future senior debt and senior in right of payment to all of Klarna's existing and future subordinated debt. The notes are accounted for at amortized cost and recognized within notes payable and other borrowings.
- In the three months ended June 30, 2025, Klarna conducted a thorough evaluation of its assets to improve operational efficiency. As a result of this, the Company made the decision to resize certain office spaces to better align with the current hybrid work model resulting in an impairment loss of SEK 210m, included within depreciation, amortization and impairment in the interim condensed consolidated statements of profit or loss.
- On June 24, 2025, Klarna Holding AB (publ) subscribed for 5,941,418 newly issued shares in Klarna Bank AB (publ) totaling SEK 3.0bn as part of an internal allocation of funds.

Group company financials

Five Year Summary, Group

Amounts in SEKm	Jan - Jun 2025	Jan - Jun 2024	Jan - Jun 2023	Jan - Jun 2022	Jan - Jun 2021
Income statement					
Total net operating income	12,312	11,155	9,181	7,511	6,424
Operating profit (loss)	(1,139)	(262)	(1,901)	(6,382)	(1,732)
Net loss	(1,283)	(333)	(2,090)	(6,422)	(1,384)
Balance sheet					
Loans to credit institutions	4,546	3,970	3,692	5,069	2,519
Loans to the public	100,084	89,919	77,126	68,845	49,057
Other assets	78,367	61,332	41,410	39,012	25,500
Total assets	182,997	155,221	122,228	112,926	77,076
Liabilities to credit institutions	1,908	1,747	1,067	4,629	1,828
Deposits from the public	134,544	106,323	79,819	67,189	35,983
Other liabilities	22,856	23,394	18,472	21,592	16,332
Total equity	23,689	23,757	22,870	19,516	22,933
Total liabilities and equity	182,997	155,221	122,228	112,926	77,076
Key ratios and figures¹					
Return on equity	(1.9)%	(6.7)%	(28.3)%	(53.0)%	(16.2)%
Return on assets	(0.4)%	(0.6)%	(5.2)%	(12.8)%	(3.4)%
Debt/equity ratio	5.9	5.3	4.6	4.2	3.5
Equity/assets ratio	12.9%	15.3%	18.7%	17.3%	29.8%
Own funds (Total capital) ²	14,853	14,696	13,427	9,971	20,657
Capital requirement ²	6,076	6,029	5,409	5,027	4,153
Total capital ratio ²	19.6%	19.5%	19.9%	15.9%	39.8%
Average number of full-time equivalents	3,248	3,973	5,217	6,075	4,122

¹ See "Definitions and Abbreviations" for definitions of how the ratios are calculated.

² Figures refer to Klarna Holding AB (publ) group. In accordance with the capital adequacy regulations, the regulated consolidated situation is made up of Klarna Holding AB (publ) and its subsidiaries. All subsidiaries are fully consolidated in the Group.

Income Statement, Group

Amounts in SEKm	Note	Jan - Jun 2025	Jan - Jun 2024
Interest income	4	4,067	3,377
Interest expenses	5	(1,984)	(2,143)
Net interest income		2,083	1,234
Commission income	6	10,276	9,571
Commission expenses		(641)	(552)
Net result from financial transactions		(706)	(147)
Other operating income		1,300	1,049
Total net operating income		12,312	11,155
General administrative expenses		(9,444)	(8,242)
Depreciation, amortization and impairment of intangible and tangible assets		(764)	(782)
Operating expenses		(10,208)	(9,024)
Operating profit		2,104	2,131
Credit losses, net	7	(3,243)	(2,393)
Profit (loss) before taxes		(1,139)	(262)
Tax (expense) benefit		(144)	(71)
Net loss		(1,283)	(333)
Whereof attributable to:			
Shareholders of Klarna Holding AB (publ)		(1,428)	(345)
Non-controlling interests		3	(66)
Other equity holders		142	78
Total		(1,283)	(333)

Unlike the balance sheet, which shows a snapshot of assets and liabilities at the end of each year, the credit losses in the income statement reflect provisions for future losses and realized losses associated with Klarna's operating activities during the year, including consumer credit losses, merchant counterparty losses, and other related credit losses.

Credit losses, net as a percentage of GMV was 0.57% (H1 24: 0.46%).

Statement of Comprehensive Income, Group

Amounts in SEKm	Jan - Jun 2025	Jan - Jun 2024
Net loss	(1,283)	(333)
Items that are or may be reclassified to the income statement:		
Exchange differences on translation of foreign operations	(656)	452
Reclassification of cumulative translation adjustments	(4)	2
Other comprehensive income (loss)	(660)	454
Total comprehensive income (loss)	(1,943)	121
Comprehensive income (loss) attributable to:		
Shareholders of Klarna Holding AB (publ)	(2,088)	109
Non-controlling interests	3	(66)
Other equity holders	142	78
Total	(1,943)	121

Balance Sheet, Group

Amounts in SEKm	Note	30 Jun 2025	31 Dec 2024
Assets			
Cash and balances with central banks		40,007	27,661
Treasury bills chargeable at central banks, etc.		21,797	7,415
Loans to credit institutions		4,546	7,752
Loans to the public	8	100,084	93,970
Bonds and other interest-bearing securities		802	118
Other shares and participations		135	172
Intangible assets		10,292	10,903
Tangible assets		607	936
Deferred tax assets		269	368
Other assets		3,665	1,830
Prepaid expenses and accrued income		793	1,169
Total assets		182,997	152,294
Liabilities			
Liabilities to credit institutions		1,908	1,452
Deposits from the public		134,544	106,787
Debt securities issued	9	3,247	1,648
Deferred tax liabilities		7	8
Other liabilities	10	14,695	11,325
Accrued expenses and prepaid income		3,107	4,123
Provisions		78	66
Subordinated liabilities		1,722	1,880
Total liabilities		159,308	127,289
Equity			
Share capital		3	3
Other capital contributed		46,385	42,329
Reserves		343	1,002
Other equity instruments		1,500	1,500
Retained earnings		(23,541)	(20,365)
Net profit (loss)		(1,283)	273
Total equity attributable to parent		23,407	24,742
Non-controlling interests		282	263
Total equity		23,689	25,005
Total liabilities and equity		182,997	152,294

Loans to the public represents only the amount of outstanding loans receivable, as at each year end, and is net of allowance for future credit losses (see Note 7 for breakdown). This balance is only partially comparable to credit losses on the income statement as the income statement reports all activity during the year, while the balance sheet is a snapshot of lending outstanding as at the year end date.

Statement of Changes in Equity, Group

Amounts in SEK	Share capital	Share premium reserve	Reserves	Other equity instruments	Retained earnings	Net result	Total equity excl. non-controlling interests	Non-controlling interests - Other capital contributions	Non-controlling interests	Total equity
Balance as at January 1, 2025	3	42,329	1,002	1,500	(20,365)	273	24,742	246	17	25,005
Transfer of previous year's net loss	–	–	–	–	273	(273)	–	–	–	–
Net profit (loss)	–	–	–	–	–	(1,286)	(1,286)	–	3	(1,283)
Exchange differences on translation of foreign operations	–	–	(656)	–	–	–	(656)	–	–	(656)
Reclassification of cumulative translation adjustments	–	–	(4)	–	–	–	(4)	–	–	(4)
Total comprehensive income	–	–	(660)	–	–	(1,286)	(1,946)	–	3	(1,943)
New share issuance	–	3,823	–	–	(3,823)	–	–	–	–	–
Share warrants	–	(1)	–	–	–	–	(1)	–	–	(1)
Shareholder contributions	–	235	–	–	612	–	847	–	–	847
Other equity instruments	–	–	–	–	(142)	–	(142)	37	–	(105)
Share-based payments	–	–	–	–	(113)	–	(113)	–	–	(113)
Changes in non-controlling interests	–	–	2	–	19	–	21	–	(21)	–
Balance as at June 30, 2025	3	46,386	344	1,500	(23,539)	(1,286)	23,408	283	(1)	23,690

Amounts in SEK	Share capital	Share premium reserve	Reserves	Other equity instruments	Retained earnings	Net result	Total equity excl. non-controlling interests	Non-controlling interests - Other capital contributions	Non-controlling interests	Total equity
Balance as at January 1, 2024	3	42,092	579	276	(18,380)	(2,539)	22,031	–	48	22,079
Transfer of previous year's net loss	–	–	–	–	(2,539)	2,539	–	–	–	–
Net profit (loss)	–	–	–	–	–	(267)	(267)	–	(66)	(333)
Exchange differences on translation of foreign	–	–	452	–	–	–	452	–	–	452
Reclassification of cumulative translation adjustments	–	–	2	–	–	–	2	–	–	2
Total comprehensive income	–	–	454	–	–	(267)	187	–	(66)	121
Share warrants ¹	–	6	–	–	–	–	6	–	–	6
Other equity instruments	–	–	–	1,500	(63)	–	1,437	(15)	–	1,422
Share-based payments	–	–	–	–	64	–	64	–	65	129
Changes in non-controlling interests	–	–	–	(276)	(9)	–	(285)	276	9	–
Balance as at June 30, 2024	3	42,098	1,033	1,500	(20,926)	(267)	23,440	260	57	23,757

¹RSU expenses, previously presented part of non-controlling interest, with an offsetting impact in non-controlling interest - profit for the period, have in 2024 changed presentation to share based payments. The change in presentation have had no impact on any opening or closing non-controlling interests.

Cash Flow Statement, Group

Amounts in SEKm	Note	Jan - Jun 2025	Jan - Jun 2024 ¹
Operating activities			
Loss before taxes		(1,140)	(262)
Income taxes paid		(68)	(143)
Interest expenses paid		(2,024)	(1,374)
Interest income received		3,116	2,922
Adjustments for non-cash items in operating activities			
Depreciation, amortization and impairment		764	782
Share-based payments		797	148
Provisions excluding credit losses		1	5
Provision for credit losses		4,014	3,210
Net gains from divestment		(31)	
Net losses from divestment of shares in equity investments		(59)	(9)
Financial items including fair value effects		(481)	(76)
Changes in the assets and liabilities of operating activities²			
Change in loans to the public		(14,967)	(9,151)
Change in liabilities to credit institutions		527	87
Change in deposits from the public		31,025	9,863
Change in other assets and liabilities		(8,810)	2,408
Cash flow from operating activities		12,664	8,410
Investing activities			
Investments in intangible assets		(132)	(248)
Investments in tangible assets		(9)	(1)
Sales of fixed assets		–	1
Divestment, net of cash disposed		–	10
Cash flow from investing activities		(141)	(238)
Financing activities			
New share issuance		3,000	–
Share warrants		(1)	6
Other equity instruments issued		–	1,500
Subordinated debt issued		–	1,061
Debt securities issued	9	1,900	2,080
Debt securities redeemed	9	(300)	(1,014)
Principal payments of lease liabilities		(126)	(147)
Cash flow from financing activities		4,473	3,486
Cash flow for the year		16,996	11,658
Cash and cash equivalents at the beginning of the year		35,720	24,170
Cash flow for the year		16,997	11,660
Exchange rate difference in cash and cash equivalents		(409)	458
Cash and cash equivalents at the end of the year		52,308	36,288
Cash and cash equivalents include the following items			
Cash held with central banks		39,472	30,668
Loans to credit institutions classified as cash and cash equivalents		2,836	2,120
Treasury bills classified as cash and cash equivalents		9,999	3,499
Cash and cash equivalents		52,308	36,288
Additional liquidity portfolio		12,335	9,926
Total cash and liquidity		64,643	46,214

¹ Specific lines within operating and financing activities have been represented as a result of showing a more granular breakdown of the cash flows for the periods.

² Changes in assets and liabilities of operating activities are included within the cash flow statement based on the average exchange rate translation, and are therefore not a reflection of the balance sheet movements which reflect the exchange rate at each period end.

Notes with accounting principles

Note 1 Corporate information

Klarna Holding AB (publ), corp. ID 556676-2356, maintains its registered office in Stockholm at the address Sveavägen 46, 111 34 Stockholm, Sweden. The consolidated financial interim report per June 30, 2025 includes Klarna Holding AB (publ) along with its subsidiaries, collectively referred to as the Group in the financial statements. The Group's business is described in the Business overview.

In this report, the parent company refers to Klarna Holding AB (publ) and group refers to Klarna Holding AB (publ) including its subsidiaries.

The parent company of Klarna Holding AB (publ) is Klarna Group Holdco Ltd, Corp. ID 146108, which has its registered office in Jersey at the address 47 Esplanade, St. Helier, Jersey, JE1 OBD, Jersey. The ultimate parent company of Klarna Holding AB (publ) is Klarna Group plc, Corp. ID 14467769, that has its registered office at 10 York Road, London, England, SE1 7ND.

Note 2 Accounting principles

1) Basis for the preparation of the reports

Group

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and has been prepared on a historical cost basis, except for shares and participations, receivables held for trading, derivatives and convertible notes which have been measured at fair value, and lease liabilities, which are measured at present value. In addition, the Swedish Financial Supervisory Authority regulations (FFFS 2008:25), the Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL, 1995:1559) and the recommendation RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board have been applied.

Parent Company

The Parent Company, Klarna Holding AB (publ), prepares the interim report in accordance with the Annual Accounts Act (ÅRL, 1995:1554). The accounting recommendation for legal entities RFR 2 amended by the Swedish Financial Reporting Board has also been applied.

The financial statements are prepared on the basis that it will continue to operate as a going concern. All amounts in the notes to the financial statements are stated in millions of Swedish kronor ("SEK"), unless otherwise stated.

The interim report should be read in conjunction with the annual report for 2024, as they do not include all the information and disclosures required in the annual report. Accounting principles and calculation methods applied in this interim report are consistent with those in the annual report for 2024. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

Group reorganization

On May 23, 2024, Klarna Holding AB (publ) completed a reorganization which resulted in Klarna Group plc becoming the new ultimate parent company of the Group. Through a series of share for share exchange steps, the shareholders of Klarna Holding AB (publ) exchanged their shares for an equal number of shares in Klarna Group plc. As a result of the corporate reorganization, Klarna Group plc became the ultimate holding company. There was no change in the legal ownership of any of the assets of Klarna Holding AB (publ), nor any change in the controlling ownership of existing shares or securities of Klarna Holding AB (publ) or Klarna Group plc as a result of the reorganization. The accounting predecessor of Klarna Group plc is Klarna Holding AB (publ).

2) New and amended standards and interpretations

Standards and amendments effective for the year

No significant new IFRS standards, amendments, or interpretations applicable to the Group became effective during the period.

3) Significant accounting judgements, estimates and assumptions

In preparing the interim report, the significant judgments, estimates and assumptions made by management in applying the Group's accounting policies were the same as those applied to the annual report for 2024. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events.

4) Reclassifications of comparatives

During the period ended 31 December 2024, Klarna refined revenue recognition policies relating to specific items within commission income and interest income and reclassified the June 30, 2024 presentation accordingly:

- Certain administrative fees earned were reclassified to interest income from commission income. The fees reclassified for the period ended June 30, 2024 amounted to SEK566m.
- Certain fees paid to merchants, for their role as intermediary in arranging a consumer financing facility, were reclassified as a reduction of interest income from commission expense. The fees reclassified for the period ended June 30, 2024 amounted to SEK59m.

Note 3 Operating segments and income by geographical area

Klarna determines operating segments based on how our Chief Operating Decision Maker ("CODM") manages the business, makes operating decisions around the allocation of resources, and evaluates Klarna's operating performance.

Klarna's CODM role is fulfilled by the executive officers as a group, who collaboratively assess financial performance and make resource allocation decisions on a consolidated basis. Klarna operates as one operating segment and has one reportable segment.

Geographic information

Net operating income less net result from financial transactions are presented by major geographic regions based upon the billing address of the consumer. Interest income derived from the banking activities of the Group is based on the geographic location of the financial institution for which financial instruments have been purchased.

Group	Jan - Jun 2025	Jan - Jun 2024
United States	4,588	3,483
Germany	3,175	3,095
Sweden	1,090	1,161
United Kingdom	1,674	1,312
Other countries	2,490	2,251
Total net operating income less net result from financial transactions	13,017	11,302¹

Total net operating income is net of commission expense, interest expense and net result from financial transactions. These items impact larger markets proportionally more and thus comparing growth in total net operating income may not accurately reflect underlying market growth.

No individual country within other countries contributed more than 10% of revenues.

The following table presents Klarna's net operating income, less net result from financial transactions disaggregated by category:

Group	Jan - Jun 2025	Jan - Jun 2024
Income from merchants and partners	9,094	8,325
Consumer income	1,779	1,732
Net interest income	2,083	1,234
Other income	61	11
Total net operating income less net result from financial transactions	13,017	11,302

Income from merchants and partners

Income from merchants and partners consists of merchant revenue and advertising revenue, which are presented as commission income and other operating income, net of commission expenses which amounted to SEK641m (SEK552m). Merchant revenue refers to fees paid by Klarna's merchants, generated when consumers transact on our network. It includes merchant fees, interchange revenue and fees for settling disputes. Advertising revenue is earned from merchants who place advertisements on Klarna's network, including sponsored search, affiliate programs and brand ads.

¹ 2024 net operating income includes SEK 462m of revenue from the KCO business which was sold in Q4 2024.

Klarna's non-current assets, comprised of tangible, intangible assets, and other assets that are expected to be recovered more than twelve months after the reporting period:

Group	Jan - Jun 2025	Jan - Jun 2024
Non-current assets		
Sweden	12,287	7,736
Germany	1,893	2,317
United Kingdom	1,883	1,605
United States	1,032	1,363
Other countries	2,048	1,757
Total non-current assets	19,143	14,778

No individual country within other countries made up more than 10% of non-current assets.

Note 4 Interest income

	Jan - Jun 2025	Jan - Jun 2024
Loans to the public ¹	3,387	2,591
Loans to credit institutions	448	634
Group companies	12	–
Other interest income	220	152
Total	4,067	3,377

Interest income includes the interest consumers pay to spread the cost of transactions over longer time with one of the Group's fairer financing products or when they delay the settlement of transactions with the Group's payment flexibility feature. The group also recognize interest income related to incremental fees earned from certain merchants for the provision of interest-free promotional loans to their consumers.

Note 5 Interest expenses

	Jan - Jun 2025	Jan - Jun 2024
Deposits from the public	(1,636)	(1,746)
Interest-bearing securities and chargeable treasury bills etc.	(107)	(104)
Liabilities to credit institutions	(108)	(91)
Debt securities issued	(40)	(21)
Subordinated liabilities	(92)	(71)
Other interest expenses	(1)	(110)
Total	(1,984)	(2,143)

¹ Items within loans to the public have been reclassified as detailed in Note 2.

Note 6 Commission income

	Jan - Jun 2025	Jan - Jun 2024
Merchant	8,359	7,717
Consumer ¹	1,781	1,766
Other	136	88
Total	10,276	9,571

Note 7 Credit losses, net

Loan losses divided by class	Jan - Jun 2025	Jan - Jun 2024
Loans to credit institutions		
Increase in provisions	(4)	(45)
Assets repaid	5	47
Total	1	2
Loans to the public		
Realized loan losses, net of recoveries	(1,231)	(2,651)
Amounts written off	771	2,626
Increase in provisions	(8,019)	(6,795)
Assets repaid	5,250	4,393
Total	(3,229)	(2,427)
Financial guarantees and commitments		
Increase in provisions	(22)	(32)
Assets repaid	7	64
Total	(15)	32
Total credit losses, net	(3,243)	(2,393)

Unlike the balance sheet, which shows a snapshot of assets and liabilities at the end of each year, the credit losses in the income statement reflect provisions for future losses and realized losses associated with Klarna's operating activities during the year, including consumer credit losses, merchant counterparty losses, and other related credit losses.

Credit losses, net as a percentage of GMV was 0.57% (H124 0.46%).

¹ Items within commission income have been reclassified as detailed in Note 2.

Note 8 Loans to the public

	30 Jun 2025	31 Dec 2024
Loans to the public	104,136	97,829
Allowance for credit losses	(4,052)	(3,859)
Total	100,084	93,970

Loans to the public of SEK 100.1b as at Jun 30, 2025 (94.0b as at Dec 31, 2024) are loans still owed. This balance is only partially comparable to credit losses on the income statement as the income statement reports all activity during the year, while the balance sheet is a snapshot of lending outstanding as at each period end.

Note 9 Debt securities issued

	30 Jun 2025	31 Dec 2024
Senior unsecured bonds	2,999	1,499
Commercial papers	248	149
Total	3,247	1,648

On June 11, 2025, under the Euro Medium Term Note Program (the "EMTN"), the Group issued SEK 1.5 billion of senior unsecured bonds. The notes were issued in two tranches of SEK 600 million and SEK 900 million, due in 2027 and 2028, respectively. The notes have floating coupon rates corresponding to the three-month STIBOR plus 1.6% per annum and 1.8% per annum, respectively.

For the fair value amounts, see Note 12.

Note 10 Other liabilities

	30 Jun 2025	31 Dec 2024
Liabilities to group companies	858	33
Accounts payable	327	366
Personnel related taxes	131	177
Current tax liabilities	119	123
Merchant liabilities	11,112	7,676
Derivatives	38	675
Lease liabilities	828	957
Commercial agreement liabilities	327	363
Other liabilities	955	954
Total	14,695	11,325

Note 11 Pledged assets and contingent liabilities

	30 Jun 2025	31 Dec 2024
Pledged assets		
<i>Assets pledged for own liabilities</i>		
Pledged treasury bills chargeable at central banks, etc., and pledged bonds and other interest-bearing securities	16	17
<i>Other pledged assets</i>	126	36
Total	142	53
Contingent liabilities and commitments		
<i>Commitments</i>		
Commitments for loan funding	29,509	18,256
Consumer refund commitment	9,687	8,574
Total	39,196	26,830

Note 12 Fair value of financial assets and liabilities

The following table shows the Group's financial assets and liabilities measured at fair value on a recurring basis and identifies which of the three valuation levels the assets and liabilities have been classified into as of June 30, 2025 and December 31, 2024. For description of the fair value levels, see Note 2. No transfers between levels have been made during 2025 or 2024.

Group	Level 1	Level 2	Level 3	Total
June 30, 2025				
Assets				
Other shares and participations	–	–	135	135
Other assets (derivatives)	–	949	–	949
Other assets (receivables held for trading)	–	–	85	85
Assets Total	–	949	220	1,169
Liabilities				
Other liabilities (derivatives)	–	38	–	38
Liabilities Total	–	38	–	38

Group	Level 1	Level 2	Level 3	Total
31 Dec 2024				
Assets				
Other shares and participations	–	–	172	172
Other assets (derivatives)	–	112	–	112
Other assets (receivables held for trading)	–	–	24	24
Total	–	112	196	308
Liabilities				
Other liabilities (derivatives)	–	675	–	675
Total	–	675	–	675

The Group's methodology to measure fair value of these financial assets and liabilities is presented below.

Derivatives

Derivatives fair value is estimated using third-party pricing models, which contain input parameters based on readily observable market data sources when available.

Other shares and participations

The fair value for other shares and participations is based on quoted market prices where available or valuation techniques using unobservable data.

Other shares and participations comprise investments in listed and unlisted companies. Other shares and participations fair value is based on quoted market prices where available or valuation techniques using unobservable data. Level 3 Other shares and participations represented investment in unlisted shares for which limited information was available. For these unlisted shares, the fair value is generally estimated based on cost basis unless there is an observable indicator of a difference in cost and fair value.

Other assets

Receivables held for trading refer to unsold receivables intended for offloading as part of the forward flow transaction. Fair value is estimated using a discounted cash flow model. Significant assumptions used in the valuation of the receivables held for sale include repayment rates, discount rates and loss rates.

Movements in Level 3

The following tables show a reconciliation of the opening and closing balances of Level 3 financial assets and liabilities which are recorded at fair value.

Group	Financial assets		Financial liabilities
	Other shares and participations	Other Assets	Debt securities issued
Balance as at Jan 1, 2024	265	—	—
Gain/loss in income statement	(113)	(315)	—
<i>of which: realized gain/loss</i>	(113)	(315)	—
Receivables originated as held for sale	—	34,473	—
Receivables held for sale sold to third parties	—	(34,135)	—
Impact of foreign exchange movements	21	1	—
Balance as at Dec 31, 2024	173	24	—
Gain/loss in income statement	(13)	(445)	—
<i>of which: realized gain/loss</i>	(13)	(445)	—
Receivables originated as held for sale	—	54,157	—
Receivables held for sale sold to third parties	—	(53,733)	—
Impairment	—	—	—
Impact of foreign exchange movements	(24)	83	—
Balance as at June 30, 2025	135	85	—

Fair value gains and losses recognized in the income statement are included in net result from financial transactions.

The Group uses a range of unobservable inputs and valuation techniques such as the current interest rate, equity markets, expected future cash flows and options models to determine the fair value of Level 3 financial instruments.

Financial assets and liabilities measured at amortized cost

The following tables show the fair value of financial instruments carried at amortized cost. They do not include financial assets and financial liabilities not measured at fair value if the carrying amount approximates fair value, which includes: cash and cash equivalents, loans to credit institutions (included in debt securities), loans to credit institutions, loans to the public, other assets, prepaid expenses and accrued income, liabilities to credit institutions, other liabilities and accrued expenses and prepaid income.

Group	Carrying amount	Level 1	Level 2	Level 3	Fair value
June 30, 2025					
Assets					
Treasury bills chargeable at central banks, etc.	21,797	21,827	–	–	21,827
Bonds and other interest-bearing securities	802	802	–	–	802
Total	22,599	22,629	–	–	22,629
Liabilities					
Deposits from the public	134,544	–	135,782	–	135,782
Debt securities in issue	3,247	–	3,257	–	3,257
Subordinated liabilities	1,722	–	1,800	–	1,800
Total	139,513	–	140,839	–	140,839

Group	Carrying amount	Level 1	Level 2	Level 3	Fair value
31 Dec 2024					
Assets					
Treasury bills chargeable at central banks, etc.	7,415	7,365	–	–	7,365
Bonds and other interest-bearing securities	118	117	–	–	117
Total	7,533	7,482	–	–	7,482
Liabilities					
Deposits from the public	106,787	–	108,573	–	108,573
Debt securities in issue	1,648	–	1,652	–	1,652
Subordinated liabilities	1,880	–	1,931	–	1,931
Total	110,316	–	112,155	–	112,155

Treasury bills chargeable at central banks, etc. Bonds and other interest-bearing securities, and repurchase agreements within Liabilities to credit institutions are valued in terms of the active market prices.

The calculation of fair value of deposits from the public is based on Level 2 input using observable market data. Consumer deposits are grouped into maturity buckets and thereafter the net present value is calculated based on the remaining maturity and the corresponding interest rate.

Note 13 Information on related parties

The following are defined as related parties, as defined by IAS 24 "Related Party Disclosures": shareholders in Klarna with significant influence, board members of Klarna, key management personnel, as well as close family members of and companies significantly influenced by such board members or key management personnel.

Milkywire was founded in 2018 by Nina Siemiatkowski, who is the spouse of Sebastian Siemiatkowski, our Co-Founder and Chief Executive Officer. Klarna paid Milkywire AB SEK 18m in 2024 and SEK 8m through the first two quarters of 2025 for sustainability-related services.

Additionally, the Company donated SEK 41m in 2024 and SEK 7m through the first two quarters of 2025 to the WRLD Foundation, where Nina Siemiatkowski serves as a board member. These arrangements were approved by the board, excluding the Chief Executive Officer.

On March 4, 2025, the board of directors of Klarna Group plc approved the grant of options to acquire 8,834,736 of our ordinary shares in Klarna Group plc and the issuance of 216,468, gross of withhold to cover tax, of our ordinary shares of Klarna Group plc directly to members of the Company's management team. Additionally, the board of directors granted options to acquire 17,505,672 of Class C shares in Klarna Group plc to Mr. Siemiatkowski and amended the terms of options previously granted to Mr. Siemiatkowski to allow for such options to be exercised into 2,941,236 Class C shares (or 1,470,618 ordinary shares in Klarna Group plc).

Intragroup services are handled in accordance with the internationally recognized arm's length principle, meaning that Klarna Holding AB (publ) and its subsidiaries are remunerated or pay for intragroup services in a manner corresponding to market terms. Below table summarizes transactions with group companies with entities above Klarna Holding AB, that are not eliminated.

Related parties by type	30 Jun 2025	30 Jun 2024
<i>Related parties - revenues and expenses</i>		
Interest income	12	—
Services purchased	(119)	—
<i>Related parties - assets and liabilities</i>		
Loan receivables	522	1
Other receivables	30	—
Other liabilities	858	—

Note 14 Structured entities

UK Forward flow securitization

During the year ended December 2024, the Group entered into a forward flow arrangement involving the sale of U.K. Pay Later receivables to an external securitization vehicle financed by the issuance of senior and junior notes to third parties. The following table shows the carrying amount of Klarna's recorded interest in its consolidated balance sheet, and represents the maximum exposure to risk due to the exposures in the unconsolidated structured entity.

	30 Jun 2025	31 Dec 2024
Receivables held for sale (within other assets)	85	24
Pledged assets (within bonds and other interest bearing securities)	16	17
Total assets	102	41
Payable to SPV (within other liabilities)	245	161
Total liabilities	245	161

Note 15 Capital adequacy and leverage ratio

Capital adequacy regulations

Capital adequacy refers to the ability of an institution's Own Funds to cover the risk it is exposed to. Within the EU the capital adequacy requirements are contained in the Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR), both implemented in 2014. These regulations are based on the global capital adequacy standards Basel II and III, and define minimum requirements for total own funds in relation to risk-weighted exposure amounts (Pillar I), rules for the Internal Capital Adequacy Process and Internal Liquidity Adequacy Assessment Process "ICLAAP" as well as the Supervisory Review and Evaluation Process "SREP" (Pillar II), and rules for disclosures on risk, capital adequacy among others. (Pillar III).

The information about capital adequacy in this document is based on the Swedish Financial Supervisory Authority regulations (FFFS 2008:25 and FFFS 2014:12). Other disclosures required under Pillar III as well as the Capital adequacy reports are published on Klarna's homepage www.klarna.com

Common Equity Tier 1 capital

Klarna Holding AB (publ) reported a CET1 capital amount of SEK 11,482m as of June 30, 2025 (SEK 12,970m).

During 2025, Common Equity Tier 1 for the consolidated situation of Klarna Holding AB (publ) decreased by (SEK 1,487m). The decline was primarily driven by 2025 losses (SEK -1,559m).

Additional Tier 1 capital

On March 25, 2022 Klarna Bank AB (publ) issued SEK 276m Additional Tier 1 capital instruments. The instruments have a floating coupon rate corresponding to STIBOR 3M plus 7% per annum. The securities were offered to a limited number of large Nordic investors and the first call date is March 25, 2027.

On February 1, 2024 Klarna Holding AB (publ) issued SEK 1.5bn Additional Tier 1 capital instruments. The instruments have a floating coupon rate corresponding to STIBOR 3M plus 9.5% per annum. The securities were offered to a number of large Nordic investors and the first call date is February 1, 2029.

Subordinated liabilities

On May 16, 2023, Klarna Holding AB (publ) issued SEK 500m subordinated notes due 2033. The notes have a floating coupon rate corresponding to STIBOR 3M plus 7.5% per annum. The notes were allocated to a limited number of large Nordic investors and the first call date is May 16, 2028.

On August 16, 2023, Klarna Holding AB (publ) issued SEK 250m subordinated notes due 2033. The notes have a floating coupon rate corresponding to STIBOR 3M plus 7.5% per annum. The notes were allocated to a limited number of large Nordic investors and the first call date is August 16, 2028.

On April 19, 2024, Klarna Holding AB (publ) issued USD 100m subordinated notes due 2034. The notes have a floating coupon rate corresponding to SOFR (Index) plus 7% per annum. The notes were allocated to a limited number of large international investors and the first call date is April 19, 2029.

The three subordinated notes are eligible for inclusion as Tier 2 capital in accordance with current regulations.

Consolidated situation and methods for calculating minimum requirements

In accordance with capital adequacy regulations, the regulated consolidated situation is made up of Klarna Holding AB (publ) (Klarna Bank AB (publ)'s parent company) and its subsidiaries. All subsidiaries are fully consolidated in the Group. Klarna Bank AB (publ) is a registered bank under the supervision of the Swedish Financial Supervisory Authority (Finansinspektionen). Klarna Bank AB (publ) uses the standardized method for calculating the minimum capital requirements for credit, as well as market risk, and the alternative standardized approach for operational risk regarding Klarna Bank AB (publ) and its consolidated situation. The approval for calculating minimum capital requirement for operational risk using the alternative standardized approach was granted by the Finansinspektionen in December 2019.

Pillar II Requirements and Guidance

Pillar II requirements cover risks that are not or are insufficiently covered by Pillar I and are determined by the Swedish Financial Supervisory Authority (SFSA) as the result of its periodic Supervisory Risk Evaluation Process (SREP). From October 1, 2024, Klarna Group's Pillar II requirements were 1.47% of the risk exposure amount and Klarna Bank AB's Pillar II requirements were 1.74% of the risk exposure amount. Pillar II Guidance is the level of capital that the SFSA assesses to be a suitable level for each bank to hold to cover, for example, risks or aspects of risks and manage future stressed situations. From October 1, 2024, Klarna's Pillar II Guidance amount is set to 3.5% of the risk exposure amount.

The Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process (Pillar II)

The objective of the Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process (ICLAAP) is to ensure that Klarna clearly and correctly identifies, assesses and manages all risk to which it is exposed. The process considers the financial resources required to cover such risk, and to ensure that Klarna has access to sufficient capital and liquidity to support its business strategy over the coming planning horizon with regards to different market conditions. The main governing document for the ICLAAP is the ICLAAP policy. In this document, Klarna's board defines the responsibilities, processes and rules of the ICLAAP. The ICLAAP report is updated at least yearly.

The internally assessed capital requirement is based on the minimum capital requirement under Pillar I, the capital requirement for risks managed under Pillar II and the combined buffer requirements. The internally assessed capital required as per June 2025 amounts to SEK 12,371m (SEK 11,857m) for Klarna Bank AB (publ) and SEK 9,788m (SEK 9,715m) for the consolidated situation. Klarna thereby has sufficient capital to cover for required capital under Pillar I and Pillar II, including combined buffer requirements.

Capital Buffer Requirements

As at June 30, 2025, Klarna was subject to a Capital conservation buffer of 2.5% and to a Countercyclical capital buffer of 0.92% of the risk exposure amount for the consolidated situation, and 1.01% of the risk exposure amount for Klarna Bank AB.

Capital adequacy disclosure

Capital adequacy disclosures in accordance with the requirements in Commission Implementing Regulation (EU) No 2021/637 and the Swedish Financial Supervisory Authority (Finansinspektionen) requirements FFFS 2014:12 can be found in Klarna's Capital adequacy reports.

IFRS 9 transitional adjustments

From January 1, 2018, Klarna applied the transitional rules in accordance with article 473a of the European Union regulation no 575/2013 in order to phase in the effect on the capital when applying IFRS 9. The capital adequacy calculations are adjusted with one dynamic and two static amounts over a period spanning 5 years.

As of January 1, 2025, the phase in is complete, and Klarna's IFRS 9 components will be zero onwards.

Excess subsidiary capital deduction

In accordance with Article 85 and 87 of CRR Klarna Bank AB (publ)'s Tier 1 and Tier 2 capital can only be included in the capital base of Klarna Holding Group with the share required to cover the minimum capital requirements of Klarna Bank AB (publ). As of June 30, 2025, an amount of SEK 149m Additional Tier 1 capital instruments issued by Klarna Bank AB (publ) were included in the Own funds of Klarna Holding AB (publ) consolidated.

Capital adequacy information	Consolidated situation		Klarna Bank AB (publ)	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
Own funds, total risk exposure amount and total leverage ratio exposure				
Common Equity Tier 1 capital	11,482	12,970	18,625	17,214
Tier 1 capital	13,131	14,623	18,901	17,490
Own funds	14,853	16,503	18,901	17,490
Total risk exposure amount	75,951	77,022	93,336	91,239
Total leverage ratio exposure	177,680	147,422	188,204	157,152
Capital adequacy analysis				
Common Equity Tier 1 capital ratio	15.1 %	16.8 %	20.0 %	18.9 %
Tier 1 capital ratio	17.3 %	19.0 %	20.3 %	19.2 %
Total capital ratio	19.6 %	21.4 %	20.3 %	19.2 %
Leverage ratio	7.4 %	9.9 %	10.0 %	11.1 %
Requirements				
Overall capital requirement (OCR) ratio	12.6 %	12.6 %	12.7 %	12.8 %
of which: Pillar II requirement	1.2 %	1.2 %	1.2 %	1.2 %
of which: capital conservation buffer requirement	2.5 %	2.5 %	2.5 %	2.5 %
of which: countercyclical buffer requirement	0.9 %	1.0 %	1.0 %	1.0 %
CET1 available after meeting the total SREP own funds requirements (%)	10.0 %	11.7 %	14.8 %	13.7 %
OCR and Pillar II Guidance (P2G)	16.1 %	16.1 %	12.7 %	12.8 %
of which: P2G	3.5 %	3.5 %	– %	– %
Exposure amounts for credit risk according to the standardized approach				
Credit risk including counterparty credit risk	153,020	123,404	160,622	130,011
of which: central governments or central banks	50,566	31,630	50,357	31,399
of which: regional governments or local authorities	6,352	945	6,352	945
of which: public sector entities	707	637	707	637
of which: multilateral development banks	1,983	1,783	1,983	1,783
of which: international organizations	2,704	712	2,704	712
of which: institutions	5,410	8,662	3,017	5,829
of which: corporates	9,258	7,488	23,765	22,855
of which: retail	72,392	67,358	57,811	51,323
of which: exposures in default	491	544	534	494
of which: covered bonds	553	118	553	118
of which: equity	135	172	10,991	11,508
of which: other items	2,469	3,355	1,848	2,408
Total exposure amount	153,020	123,404	160,622	130,011
Risk exposure amounts according to the standardized approach				
Credit risk including counterparty credit risk	62,155	64,363	76,695	77,034
of which: institutions	1,082	1,732	603	1,166
of which: corporates	9,074	7,153	23,586	22,536
of which: retail	48,212	50,518	38,696	38,492
of which: exposures in default	521	609	692	616
of which: covered bonds	55	12	55	12
of which: equity	338	431	11,186	11,767
of which: other items	2,873	3,908	1,877	2,445
Securitization positions	1,999	1,967	1,999	1,967
Market risk	6,347	5,260	8,530	6,144
of which: foreign exchange risk	6,347	5,260	8,530	6,144
Operational risk	5,308	5,308	5,970	5,970
Credit valuation adjustments	142	124	142	124
Total risk exposure amount	75,951	77,022	93,336	91,239

	Consolidated situation		Klarna Bank AB (publ)	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
Total minimum capital requirements				
Credit risk including counterparty credit risk	4,972	5,149	6,136	6,163
of which: institutions	87	139	48	93
of which: corporates	726	572	1,887	1,803
of which: retail	3,856	4,041	3,096	3,079
of which: exposures in default	42	49	55	49
of which: covered bonds	4	1	4	1
of which: equity	27	34	895	941
of which: other items	230	313	151	197
Securitization positions	160	157	160	157
Market risk	508	421	682	492
of which: foreign exchange risk	508	421	682	492
Operational risk	425	425	478	478
Credit valuation adjustments	11	10	11	10
Total minimum capital requirement	6,076	6,162	7,467	7,300
Own funds disclosure				
Common Equity Tier 1 capital: instruments and reserves				
Capital instruments and the related share premium accounts	42,330	42,305	43,687	40,689
Retained earnings	(20,092)	(20,919)	(22,879)	(21,312)
Accumulated other comprehensive income (and other reserves)	955	1,525	1,133	649
Common Equity Tier 1 capital before regulatory adjustments	23,193	22,911	21,941	20,026
Common Equity Tier 1 capital: regulatory adjustments				
Additional value adjustments	(1)	(1)	(1)	(1)
Intangible assets (net of related tax liability)	(9,846)	(10,031)	(1,088)	(1,225)
Profit/losses for the current financial year	(1,286)	273	(1,721)	(1,335)
IFRS 9 transitional adjustments to CET1 Capital	—	291	—	222
Deferred tax assets rely on future profitability	—	—	—	—
Securitization positions alternatively subject to a 1250% risk weight	(506)	(473)	(506)	(473)
Other CET1 capital deduction	(72)	—	—	—
Total regulatory adjustments to Common Equity Tier 1 (CET1) capital	(11,711)	(9,941)	(3,316)	(2,812)
Common Equity Tier 1 (CET1) capital	11,482	12,970	18,625	17,214
Additional Tier 1 (AT1) capital instruments				
Capital instruments and the related share premium accounts	1,500	1,500	276	276
of which: classified as equity under applicable accounting standards	1,500	1,500	276	276
Qualifying Tier 1 capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	149	153	—	—
Total Additional Tier 1 (AT1) capital instruments	1,649	1,653	276	276
Tier 1 capital	13,131	14,623	18,901	17,490
Tier 2 (T2) capital instruments				
Capital instruments and the related share premium accounts	1,722	1,880	—	—
Qualifying own funds instruments included in consolidated T2 issued by subsidiaries and held by third party	—	—	—	—
Total Tier 2 (T2) capital instruments	1,722	1,880	—	—
Own funds	14,853	16,503	18,901	17,490

Note 16 Divestitures

In October 2024, Klarna completed the sale of its Klarna Checkout (“KCO”) business, as disclosed in the 2024 Annual Report. The transaction had no accounting impact in the first six month of 2025. The sale continues to impact year-over-year comparability of certain metrics such as GMV and net operating income.

Note 17 Significant events after the end of the reporting period

The Group has evaluated all events that have occurred subsequent to June 30, 2025, through the date that the interim condensed consolidated financial statements were approved on August 13, 2025. No significant events have occurred during the subsequent period.

Parent company financials

Income Statement, Parent Company

Amounts in SEKm	Note	Jan - Jun 2025	Jan - Jun 2024
Administrative expenses		(15)	(31)
Operating loss		(15)	(31)
Income from financial items			
Other interest income and similar items		67	294
Financial expenses		(92)	(71)
Net result from financial transactions		4	(2)
Total income from financial items		(21)	221
Profit after financial items		(36)	190
Tax (expense) benefit		–	–
Net profit (loss)		(36)	190

Statement of Comprehensive Income, Parent Company

Amounts in SEKm	Jan - Jun 2025	Jan - Jun 2024
Net profit (loss)	(36)	190
Total comprehensive income for the year	(36)	190

Balance Sheet, Parent Company

Amounts in SEKm	Note	30 Jun 2025	31 Dec 2024
Assets			
Financial non-current assets			
Shares and participations in group companies	1	48,540	41,482
Receivables	2	1,603	5,184
Total financial non-current assets		50,143	46,666
Current assets			
Receivables	2	7	1
Cash and bank balances		1	1
Total current assets		9	2
Total assets		50,152	46,668
Equity			
Share capital		3	3
Share premium reserve		46,386	42,329
Other equity instruments		1,500	1,500
Retained earnings		461	691
Net profit		(36)	139
Total equity		48,314	44,662
Liabilities			
Current liabilities			
Subordinated liabilities		1,722	1,880
Other liabilities		47	49
Accrued expenses		69	76
Total current liabilities		1,838	2,005
Total equity and liabilities		50,152	46,668

Statement of Changes in Equity, Parent Company

Amounts in SEKm	Restricted equity		Non-restricted equity			Total equity
	Share capital	Share premium reserve	Other equity instruments	Retained earnings	Net result	
Balance as at January 1, 2025	3	42,329	1,500	691	139	44,662
Transfer of previous year's net profit	–	–	–	139	(139)	–
<i>Net profit (loss)</i>					(36)	(36)
Total comprehensive loss for the period	–	–	–	–	(36)	(36)
New share issuance	–	3,823	–	–	–	3,823
Share warrants	–	(1)	–	–	–	(1)
Share-based payments	–	–	–	(277)	–	(277)
Shareholders contribution	–	235	–	–	–	235
Other equity instruments issued	–	–	–	(92)	–	(92)
Balance as at June 30, 2025	3	46,386	1,500	461	(36)	48,314

Amounts in SEKm	Restricted equity		Non-restricted equity			Total equity
	Share capital	Share premium reserve	Other equity instruments	Retained earnings	Net result	
Balance as at January 1, 2024	3	42,092	–	266	182	42,543
Transfer of previous year's net profit	–	–	–	182	(182)	–
<i>Net profit (loss)</i>					190	190
Total comprehensive income for the period	–	–	–	–	190	190
Share warrants	–	6	–	–	–	6
Share-based payments	–	–	–	51	–	51
Restricted stock units	–	–	–	2	–	2
Other equity instruments issued	–	–	1,500	(63)	–	1,437
Balance as at June 30, 2024	3	42,098	1,500	438	190	44,229

Share capital: 31,720,787 shares as at June 30, 2025 (30,334,909 June 30, 2024), quota value 0.1 (0.1).

Cash Flow Statement, Parent Company

Amounts in SEKm	Note	Jan - Jun 2025	Jan - Jun 2024
Operating activities			
Loss before taxes		(15)	(31)
Adjustments for non-cash items in operating activities	1		
Financial items, net		(267)	184
Share-based payments		–	2
Changes in the assets and liabilities of operating activities	1		
Change in other assets and liabilities		4,343	2,627
Cash flow from operating activities		4,061	2,782
Investing activities			
Investments in subsidiaries	8	(7,058)	(5,337)
Cash flow from investing activities		(7,058)	(5,337)
Financing activities			
New share issuance		3,000	–
Share warrants		(1)	6
Other equity instruments issued		–	1,500
Other equity instruments redeemed		–	–
Subordinated debt issued		–	1,061
Cash flow from financing activities		2,999	2,567
Cash flow for the year		1	12
Cash and cash equivalents at the beginning of the year		1	–
Cash flow for the year		1	12
Cash and cash equivalents at the end of the year		1	12
Cash and cash equivalents include the following items			
Cash and bank balances		1	12
Cash and cash equivalents		1	12

Notes, Parent Company

The Group Notes 1-3 apply to the Parent Company as well, with the exception that the Parent Company has chosen not to adopt IFRS 9 "Financial instruments" which is in accordance with the Swedish accounting recommendation, RFR 2, amended by the Swedish Financial Reporting Board.

Note 1 Shares and participations in group companies

			30 Jun 2025	31 Dec 2024
Participations in group companies			48,540	41,482
Group companies	No. of shares	Share as at 2025.06	Book value	Book value
Klarna Bank AB (publ), Sweden, Corp. ID 556737-0431	241,030,590	100%	48,540,331,537	38,855,916,940
Klarna Midco AB, Sweden, Corp. ID 559146-5132	–	0%		871,647,616
Larkan Holding AB, Sweden, Corp. ID 559262-3119	–	0%		510,500
Larkan III AB (publ), Sweden, Corp. ID 559405-6060	–	0%		675,000
Larkan IV AB (publ), Sweden, Corp. ID 559405-6177	–	0%		68,450
Larkan V AB, Sweden, Corp. ID 559405-5138	–	0%		96,100
Larkan VI AB, Sweden, Corp. ID 559419-2618	–	0%		38,190
Larkan VII AB, Sweden, Corp. ID 559433-3030	–	0%		30,000
Larkan VIII AB, Sweden, Corp. ID 559433-3022	–	0%		30,000
Larkan IX AB, Sweden, Corp. ID 559443-0448	–	0%		51,900
Larkan X AB, Sweden, Corp. ID 559456-1556	–	0%		41,300
Larkan XI AB, Sweden, Corp. ID 559456-1564	–	0%		1,752,953,439
Total			48,540,331,537	41,482,059,435

During the first six months of 2025, Klarna Holding AB (publ) increased its investment in Klarna Bank AB (publ) and reduced its holding in Klarna Midco AB, Larkan Holding AB, Larkan X and Larkan XI AB through an internal restructuring. The Klarna Group operates according to a centralized business model where Klarna Bank AB (publ), being the owner of the majority of the Group's assets, risks as well as the strategic and key value driving functions, is the principal (central entrepreneur) of the Group.

Note 2 Receivables

	30 Jun 2025	31 Dec 2024
Non-current		
Receivables from group companies	1,603	5,184
Total	1,603	5,184
Current		
Prepaid exp and accrued income group companies	1	1
Other receivables	1	–
Prepaid expenses	5	–
Total	7	1
Total receivables	1,610	5,185

CEO' affirmation

The CEO certifies that this interim report provides a fair overview of the Parent Company's and the Group's operation, their financial position and results, and describes material risks and uncertainties that the Parent company and other companies in the Group are facing.

Stockholm, August 13, 2025

Sebastian Siemiatkowski

CEO

Definitions and Abbreviations

Capital requirement

Total assets and off-balance sheet items, risk-weighted according to the capital adequacy rules for credit and market risk. The operational risks are measured and added as risk exposure amount.

Common Equity Tier 1 capital

Common Equity Tier 1 (CET1) capital is the highest quality regulatory capital as it absorbs losses as soon as they happen. It includes equity excluding proposed dividend, deferred taxes and intangible assets and certain other regulatory adjustments defined in Regulation (EU) No 575/2013 (CRR) and EU 241/2014.

CET1 ratio

A core measure of a bank's financial strength. This is calculated by dividing CET1 by risk exposure amounts (REAs). The higher the ratio the more reserves a bank has.

Consumer

An individual or company using our services.

Debt/equity ratio*

Average liabilities adjusted for untaxed reserves in relation to average equity adjusted for untaxed reserves. The calculation of average liabilities and average equity is based on opening and closing balances for the reporting period.

Equity/assets ratio*

Equity adjusted for untaxed reserves as a percentage of total assets at the end of the reporting period.

Gross Merchandise Volume

Value of products sold through Klarna platform.

Own funds (Total capital)

The sum of Tier 1 capital and Tier 2 capital.

Return on assets*

Net result for the last 12 months as a percentage of average total assets. The calculation of average total assets is based on opening and closing balances for the last 12 months.

Return on equity*

Operating result for the last 12 months as a percentage of average equity adjusted for untaxed reserves. The calculation of average equity is based on opening and closing balances for the last 12 months.

Restricted Stock Units

Klarna's Restricted Stock Unit Program for employees, implemented in 2020.

Risk Exposure Amount (REAs)

Risk Exposure Amount refers to the total exposure of a bank, financial institution, or any other regulated entity to potential losses. It is the sum of credit risk, operational risk, market risk and the risk of a credit valuation adjustment.

Tier 1 capital

The sum of Common Equity Tier 1 capital and Additional Tier 1 capital.

Tier 2 capital

Subordinated liabilities, which are eligible for inclusion in the total capital.

Total capital ratio

Total capital as a percentage of risk exposure amounts.

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

Klarna Holding AB, corporate identity number 556676-2356

Introduction

We have reviewed the interim consolidated financial statements for Klarna Holding AB as of June 30, 2025 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34, the Annual Accounts Act for Credit Institutions and Securities Companies and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies regarding the Group, and in accordance with the Annual Accounts Act regarding the Parent Company.

Stockholm, August 13, 2025

Ernst & Young AB

Hamish Mabon

Authorized Public Accountant