Second Quarter 2025 Results

Klarna

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790k
Merchants
↑**34%** Q2’25 YoY

111m
Active Klarna consumers
↑**31%** Q2’25 YoY

$31.2b
GMV
↑**19%** Q2’25 LfL

$823m
Revenue
↑**20%** Q2’25 LfL

$489m
Transaction margin dollars before provision for credit losses
↑**19%** Q2’25 LfL

$29m
Adjusted operating profit
Q2’25

“As we celebrate 20 years of Klarna, we’re hitting milestones I once only dreamt of; $823m in revenue, 111 million active Klarna consumers, 790,000 merchants, and $1 million in revenue per employee. The Klarna Card is becoming a preferred payment method across our most mature European markets, and we’re now rolling out an enhanced version in our largest market, the U.S. Strategic integrations with leading PSPs and our partnerships with some of the world’s largest merchants are expanding Klarna’s reach and accelerating our growth. At the same time, our growing consumer base remains healthy, with more customers paying on time than ever before.”

Sebastian Siemiatkowski, CEO and co-founder of Klarna

Letter from the CEO

In April this year Klarna turned 20 years old, and it's tempting to reflect. Some of the things we've accomplished in the first half of our twentieth year I could only have imagined a few years ago:

- We continue to see double digit growth, with revenues up 20% like-for-like (LfL) - reaping the benefits of an effective strategy and the compounding effects of our network.
- In the U.S., Klarna continued to deliver an increasingly strong performance: GMV up 37% year-over-year (YoY) in Q2'25, with growth accelerating to 41% in June 2025 YoY.
- We generated $823m in revenue in Q2'25 and $3b in the trailing twelve months.
- The number of consumers using Klarna grew by 26 million in the last 12 months to 111 million, boosted by successfully integrating Stocard users.
- Our merchant network grew by 202k to 790k, driven in part by our Stripe partnership. We're also preparing to go live with Nexi, Worldpay, and J.P. Morgan Payments, who process a combined annual transaction volume of $5 trillion.
- We continued onboarding some of the world's largest merchants. As announced earlier this year, we launched OnePay Later Powered by Klarna at Walmart, bringing installment loans to millions of U.S. consumers. OnePay Later Powered by Klarna is set to become the exclusive term financing option at Walmart once the rollout is complete. We also expanded our partnership with eBay to the U.S. following multiple successful launches in Europe.
- We've rolled out Klarna's full payment features to more merchants within our network, fueling growth in our Fair Financing volumes at 108% YoY.

Building the future of saving and spending

Early in Klarna's life, I emailed my co-founders asking: "What if we start competing with the banks for real and give them a hard time? Wouldn't that be amazing?" Now, 20 years later, we are and it is amazing. Klarna is helping consumers save time and money through products they love, for everyday use, grounded in trust and customer obsession.

We continue to expand into territory long dominated by traditional banks. Consumers are rejecting revolving debt and hidden fees, instead turning to transparent, flexible solutions. 98% of Klarna's transactions are interest-free, but we also see consumers seeking fair financing over time. This quarter, we expanded our full suite of products, including our term loan product 'Fair Financing' by an additional 55k merchants, bringing the total to 126k, and volume growth to 108% YoY.

In Q2'25, we enhanced the Klarna Card and began the U.S. rollout to deliver a smarter wallet experience, introducing features like real-time transfers and deposits. With acceptance at over 150 million merchants globally, the card places Klarna directly into consumers' pockets, both online and in-store. As the card becomes a primary payment method for more users, it represents a significant growth opportunity to deepen engagement and drive transaction frequency.

This upgrade builds on the success of our Balance and savings accounts, reflecting Klarna's growing role in our users' everyday financial lives.

State of the consumer

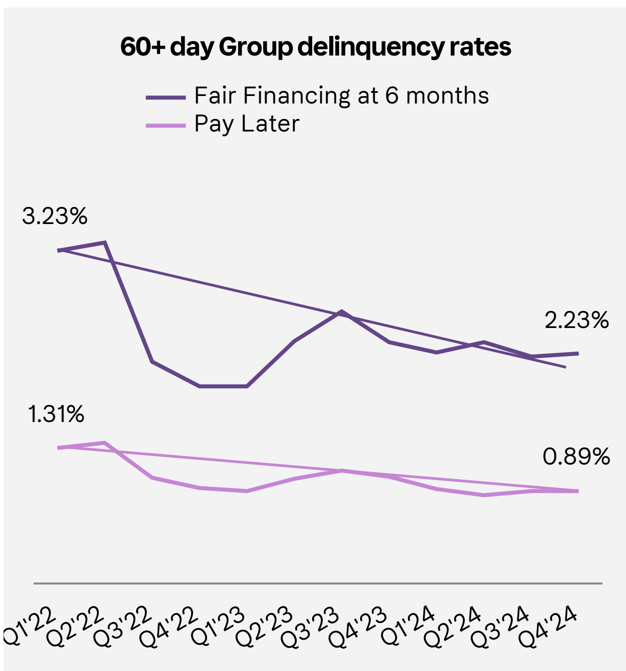
There is a lot of discussion around the state of the consumer, and I'm pleased to share that a record number of Klarna transactions have been paid on time or early in Q2'25 and that credit losses remain low at 0.56% of GMV. This is the result of disciplined underwriting and dynamic, real-time risk modeling.

The detailed reader will notice that in absolute terms 'provision for credit losses' are growing. This is expected as we increase provisions in line with building a profitable Fair Financing portfolio.

Let me explain: When Klarna issues Fair Financing loans that are paid back over a few months, we immediately set aside a small amount of money (so called provision for credit losses), for the unlikely event that the consumer does not pay us back.

At the same time we book the associated revenues for these Fair Financing loans over the life of the loan. Simply put, we provision upfront, but book revenue over time. This is standard for any financing business. With Fair Financing growing 108% YoY it's natural to see a corresponding increase in provisions.

It's important to clarify that a rise in Provision for credit losses in absolute terms does not mean more people are unable to pay us back. In fact, the opposite is true—Klarna's delinquency rates continue to fall.



60+ day Group delinquency rates
Delinquency rates represent the % of our balance that is being paid late, a leading indicator of our consumers' ability to repay and we track it closely.

Pay Later (BNPL): Klarna's global delinquency rate on BNPL loans dropped to 0.89% in Q2 2025. This is a 14 bps improvement from 1.03% in Q2 2024—underscoring the continued strength and responsible usage of our short-term credit products.

Fair Financing: Delinquencies on Klarna's Fair Financing product fell slightly to 2.23% in Q2 2025, from 2.34% a year prior. Used for higher-value purchases generally over 6–12 months, especially in categories like homeware and appliances, this product naturally sees higher delinquencies than BNPL. Klarna's levels are still below those of credit cards and continue to show stable, healthy performance as we scale it across new verticals.

Customer obsession, redefined

For 20 years we've said we're customer-focused, but in the beginning of this year we reinvented that term.

I, along with the rest of the management team, senior leaders and other parts of the org, listen to customer recordings, join customer calls, review feedback, and iterate with our product teams every week. We also launched an AI hotline where my avatar gathers feedback at scale (+1 424 667 5385, call me!). This deep integration of customer feedback and AI has made us better at fixing what matters.

The results speak for themselves. Klarna is generating $1.0m in revenue per employee[1] — up from $0.4m just two years ago.

Thank you for your continued support and belief in our mission.

Sebastian Siemiatkowski
CEO and Co-founder of Klarna

[1] As of July 2025.

Letter from the CFO

Klarna's momentum is accelerating as we unlock new levers of scale across our global network. We are capitalizing on strategic partnerships with the world's largest PSPs and merchants, while driving platform growth and product adoption across our ecosystem—from Klarna Card to Fair Financing. This is driving deeper engagement within our consumer base, which is continuously reinforcing the foundation for higher ARPAC and improved operational profitability.

Compounding network effect accelerating growth

GMV growth accelerated consistently throughout the second quarter, improving sequentially each month. Year-over-year growth rose from 13% LfL in Q1'25 to 19% in Q2'25, reaching 24% in June 2025.

In the U.S., our largest market, GMV growth continues to accelerate, reaching 37% in Q2'25 and 41% in June 2025. But this momentum isn't limited to the US. We're seeing strong LfL growth across markets, with Sweden, our most mature market, up 16%, the UK up 38%, and Southern Europe up 74%. This is proof of how our global expansion strategy continues to amplify network effects worldwide.

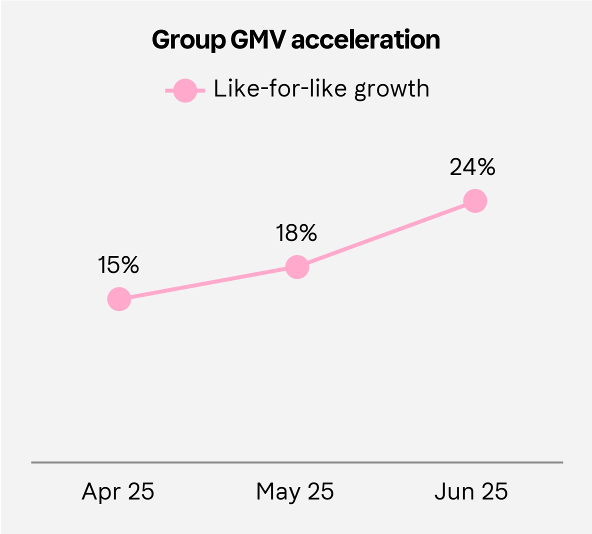
With the addition of eBay U.S, following multiple successful launches in Europe, and the recent launch of OnePay Later Powered by Klarna at Walmart, Klarna is now partnered with 4 of the top 5 U.S. eTailers, supporting both consumer acquisition and engagement.

We added 202k merchants over the past year as Klarna expands into new categories and segments, supported by our deepening integration with Stripe, which is driving strong merchant growth. In the coming quarters, our footprint will increase further as Nexi, Worldpay, and J.P. Morgan Payments begin rolling out Klarna, unlocking access to thousands of merchants globally.

Klarna's impact is clear - eBay noted in Q2 that:
"Klarna's U.S. launch has surpassed our initial expectations in terms of incremental GMV and new and reactivated buyers.

The average order value is approximately 3 times the U.S. marketplace average, with strong adoption in P&A, fashion, and electronics.

Klarna is also helping us attract a younger demographic, with roughly 50% of sales coming from Gen Z and millennial buyers and a higher mix of female shoppers."



Our full suite of payment products—Pay in Full, Pay Later, and Fair Financing—is now enabled by default across more merchants, driving deeper consumer engagement throughout the network. The share of merchants offering Fair Financing has more than doubled since Q2'23, supporting 108% GMV growth in Q2'25, accelerating to 124% in June 2025.

The Klarna Card has also delivered strong performance, growing 42% YoY, accounting for over 10% of transactions, as consumers increasingly turn to Klarna to support flexible payments both online and in-store. In the U.S., the card is in trial with 5m consumers on the waitlist, as we gather feedback ahead of a broader rollout in the U.S. and Europe later this year.

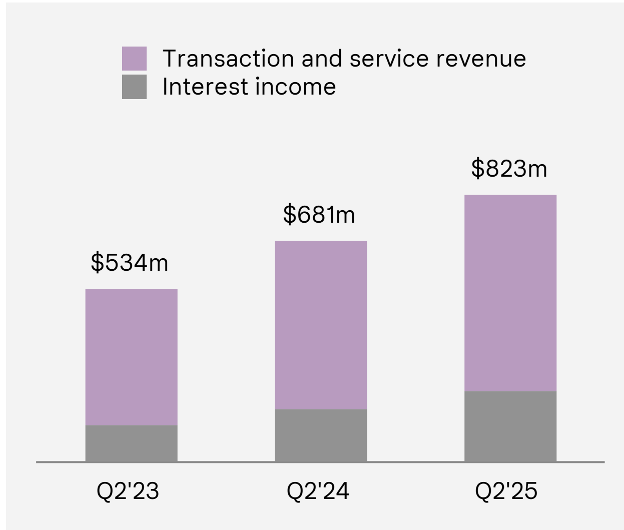
We've successfully integrated Stocard into the Klarna brand, supporting a 26m YoY increase in new active consumers and expanding our reach to a valuable new cohort—further supporting our ability to drive MAU growth and future monetization.

Increasing scale

Revenue reached $3b in the last 12 months, with $823m generated in Q2’25— up 25% YoY, supported by a 5 p.p tailwind from FX. On a like-for-like basis, revenue grew 20%, an acceleration of 5 p.p compared to the prior quarter.

Klarna’s U.S. momentum continues to accelerate. In Q2’25, revenue grew 38% LfL, an increase on Q1’25 of 5 p.p reflecting both our growing consumer and merchant base, driving deeper product adoption.

Transaction and service revenue increased 17% LfL, growing 4 p.p faster than the previous quarter. Interest income grew 28% LfL, accelerating by 9 p.p compared to Q1'25, as a result of the adoption of Fair Financing, with GMV growing at 108% in Q2’25.



15%→20%

Revenue like-for-like growth acceleration from Q1’25 to Q2’25

33%→38%

U.S. revenue like-for-like growth acceleration from Q1’25 to Q2’25

Transaction margin dollars before provision for credit losses grew 19% LfL, in-line with volume growth. This is a strong outcome considering the increasing mix of the U.S. which carries higher payment and processing fees.

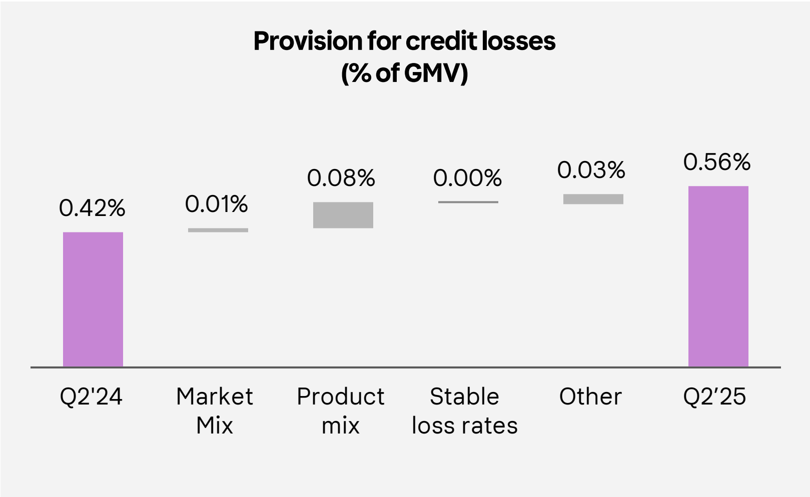
Our deposit focused funding strategy continued to deliver a low cost of funds at 0.47% of GMV. Klarna’s savings product continues to resonate strongly with consumers as deposits grew from $9.5b at December 2024 to $14.0b by June 2025.

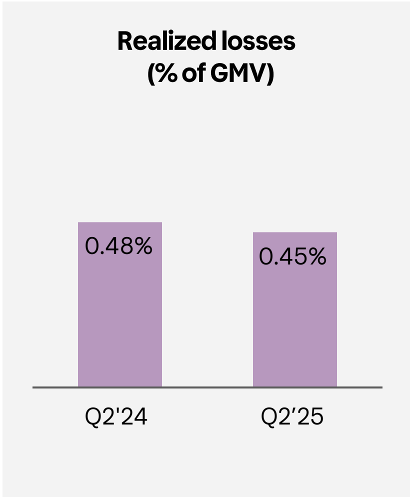
We’ve also made significant progress in diversifying funding sources. Year-to-date, we’ve raised $157m through senior unsecured bonds, and launched a forward flow agreement for our U.S. Pay Later loans —building on the success of our UK transaction in 2024. This forward flow agreement enables up to $26b of capital-efficient originations over the life of the deal. We also executed a warehouse facility with a total funding capacity of up to $1.6b.

As Sebastian highlighted in his letter, eagle-eyed readers will notice that our absolute Provision for credit losses is rising. This is expected and reflects our strategy to build a larger profitable Fair Financing portfolio, which requires forward-looking provisioning whilst revenue is booked over time.

In Q2'25, Provision for credit losses rose to 0.56% of GMV (Q2'24: 0.42%). This increase reflects two key drivers: the rising share of the maturing U.S. market, which grew from 18% to 20% of total GMV, and the expansion of Fair Financing, which increased from 5% to 8% of total GMV. Fair Financing carries structurally higher take rates than Pay Later but also requires greater up-front provisioning.

Realized losses as a percentage of GMV[2] were 0.45% in Q2'25, a 3 bps improvement from the 0.48% reported in Q2'24. This shows that the increase in absolute Provisions for credit losses was not due to higher realized losses, but rather a result of increased provisioning.

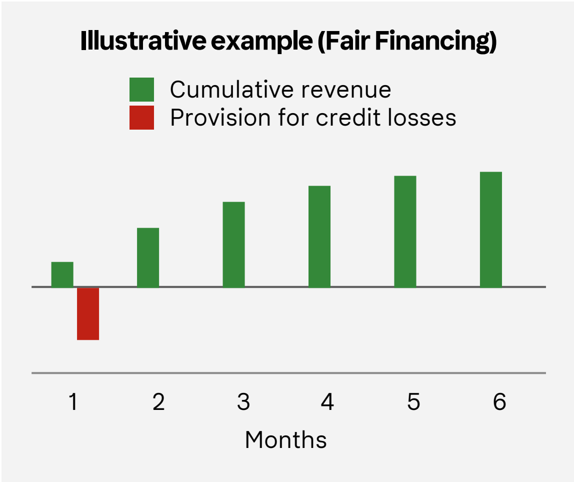




The increase in Provision for credit losses is primarily driven by the growth of Fair Financing. Per accounting rules, Klarna books provisions for credit losses upfront, while revenues are recognized over the life of the loan.

This effect is amplified as we accelerate Fair Financing volumes, since these loans typically have durations of 6–12 months, compared to Pay Later products, which generally span only 30–60 days.

As financing volumes continue to scale, this accounting treatment creates a near-term negative impact on transaction margins, which are then expected to become accretive to absolute transaction margin dollars over the medium term.



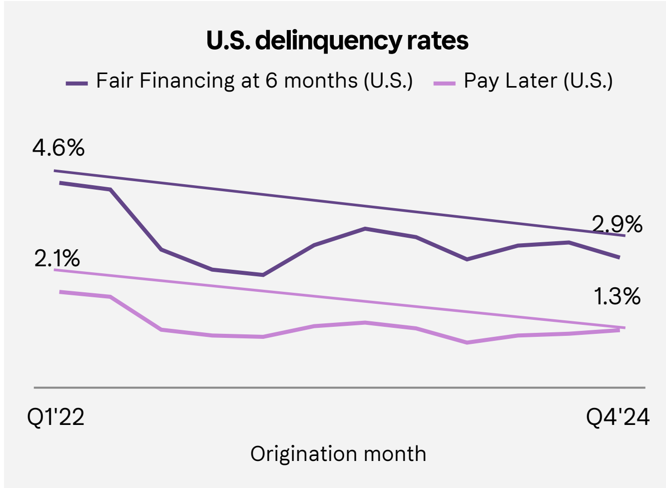
[2] The actual losses incurred from defaulted loans, net of recoveries, expressed as a % of GMV during the reporting period.

U.S. deep dive: improving delinquencies and charge-offs

In the U.S., our largest market by revenue, we're seeing the following developments in delinquencies and charge-offs.

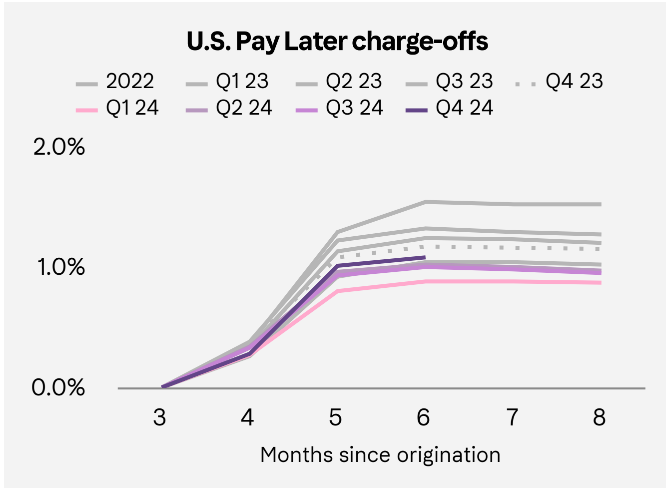
60+ day U.S. delinquency rates [3]

60+ day delinquencies for our most recent Fair Financing cohorts fell 46 bps YoY to 2.9%. Delinquencies for our most recent Pay Later cohorts remain stable at 1.3%, 3 bps lower than the same cohort last year.



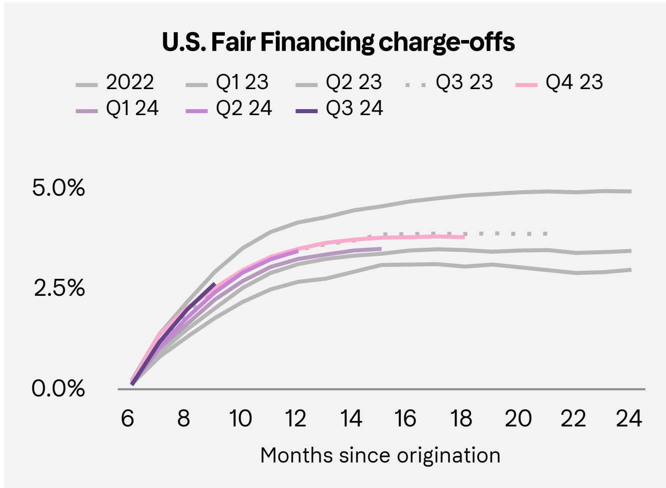
Cumulative net charge-offs by origination vintage[4]: U.S. Pay Later

Recent U.S. Pay Later loan cohorts are performing stronger than last year, with net charge-off rates remaining at 1.0% of GMV, declining 7 bps YoY for the latest cohort.



Cumulative net charge-offs by origination vintage: US Fair Financing

U.S. Fair Financing net charge-offs as a percentage of cohort GMV remain stable at approximately 3.5%, consistent with historical performance.



[3] 60-day past due figures include delinquencies across all processed volume, regardless of whether the exposure is held on Klarna's balance sheet.

[4] Charge-off graphs reflect losses and volumes retained on Klarna's U.S. balance sheet.

Operating leverage and AI-driven efficiencies

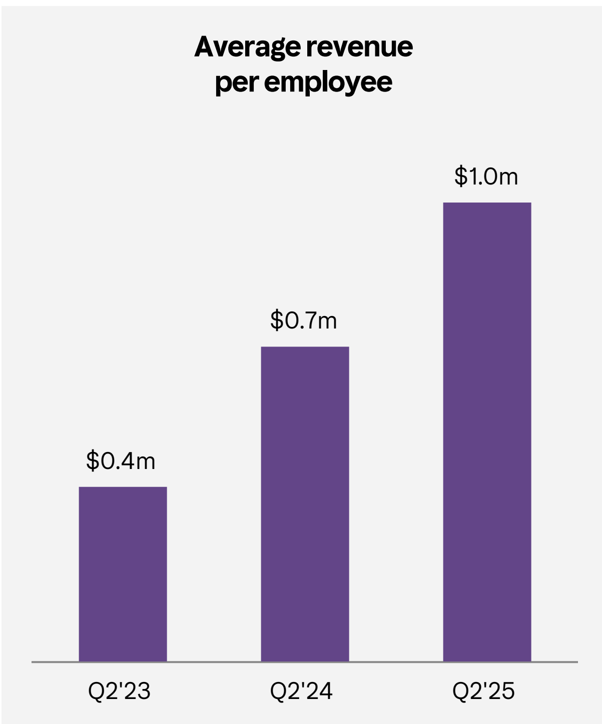
Klarna delivered its fifth consecutive quarter of operational profitability, with adjusted operating profit reaching $29m, up $26m compared to the prior quarter.

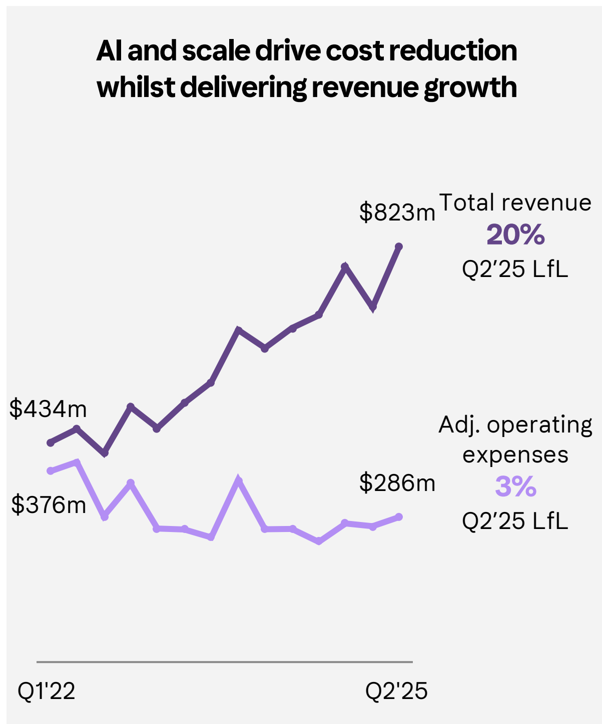
AI adoption continues to deliver significant, tangible results. As a result of this strategy average revenue per employee[5] reached $1.0m, up 46% YoY in Q2'25.

Adjusted operating expenses increased 9%, including a 6 p.p FX impact reflecting our European centralized cost base.

On a like-for-like basis, Adjusted operating expenses grew just 3% while revenue grew 20%. As a result, adjusted operating expenses as a percentage of revenue fell from 40% to 35%, underscoring our ability to scale efficiently.

Net loss was $(53)m, which includes a one-time lease restructuring charge of $24m to reduce our office footprint to reflect our current needs, which generates an ongoing cost saving. Additionally, we recorded share-based compensation expenses of $26m related to employee and partner incentives. This compares to a net loss of $(99)m in Q1'25, a $46m sequential improvement.





Looking ahead

Our growth continues to accelerate, driven by major merchants joining our network, default PSP integrations, and an increase in product availability driving strong consumer engagement. In the coming quarters, we expect to go live with three additional default PSP integrations and continue rolling out our partnership with Walmart through OnePay.

Niclas Neglen
Chief Financial Officer
Klarna

[5] Average revenue per employee is defined as the trailing twelve months total revenue adjusted for the sale of Klarna Checkout divided by the period end number of employees. As of July 2025.

Compounding growth

All numbers and metrics presented below are adjusted for the sale of Klarna Checkout (KCO)[6]

Amounts in USDm	Q2'25	Q2'24
Transaction and service revenue	$604	$497
Interest income	219	164
Total revenue	**823**	**661**
Processing and servicing costs	(187)	(144)
Provision for credit losses *	(174)	(106)
Funding costs	(147)	(120)
Transaction costs	**(508)**	**(370)**
Transaction margin dollars	**315**	**291**
Technology and product development	(93)	(81)
Sales and marketing	(83)	(77)
Customer service and operations	(48)	(47)
General and administrative (G&A)	(62)	(58)
Adjusted operating expenses	**(286)**	**(263)**
Adjusted operating profit	**29**	**28**
- Depreciation, amortization and impairments	(27)	(38)
- Share-based payments	(26)	(9)
- Restructuring and other	(21)	(3)
Operating loss	**(46)**	**(21)**
Other income (expense)	–	2
Loss before income tax	**(46)**	**(19)**
Income tax	(7)	1
Net loss	**(53)**	**(18)**

Key Metrics	Q2'25	Q2'24
GMV ($b)	31.2	25.0
Active Klarna consumers (m)	111	85
Merchants (k)	790	588
Average revenue per active consumer ($)	27	29
Revenue take rate	2.64%	2.64%
Provision for credit losses (% of GMV)	0.56%	0.42%

*Unlike the balance sheet, which shows a snapshot of assets and liabilities as at each period end, Provision for credit losses in the income statement reflect provisions for potential future losses and realized losses associated with all lending activities during the period.

[6] Transaction margin dollars, Adjusted operating expenses and Adjusted operating profit (loss) are non-IFRS measures. For more information, refer to the section "Non-IFRS measures and reconciliations."

Definitions

Like-for-like (LfL) growth
Year-over-year change on a like-for-like basis is calculated by adjusting the relevant metric for (1) the sale of Klarna Checkout (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.

Active Klarna consumers
Consumers who have made a purchase or a payment using a Klarna-branded product or logged into the Klarna app within the past 12 months, calculated as of the end of that 12-month period.

New merchants
Refers to the net new number of merchants onboarded year-over-year. Merchants means the businesses that offer their goods and services to consumers on our network. The number of merchants presented refers to the number of unique combinations of brands (e.g., H&M) available on our network and the markets where such brands are available (e.g., Sweden).

Gross merchandise volume (GMV)
The total monetary value of all completed purchases on our network in that period, excluding any additional fees and any subsequent actions (such as returns, settlements and disputes).

Take rate
Total revenue as a percentage of GMV.

Average revenue per active consumer (ARPAC)
Our total revenue for the trailing twelve months, divided by the number of active Klarna consumers over that period.

Average revenue per employee
Average revenue per employee is defined as the trailing twelve months total revenue adjusted for the sale of Klarna Checkout divided by the period end number of employees.

Transaction margin dollars
Transaction margin dollars as total revenue less total transaction costs, which consist of processing and servicing costs, provision for credit losses and funding costs.

Transaction margin dollars before Provision for credit losses
Transaction margin dollars as total revenue less processing and servicing costs and funding costs.

Provision for credit losses (% of GMV)
Provision for credit losses divided by GMV.

Adjusted operating profit
Adjusted operating profit is defined as operating profit (loss) excluding (i) depreciation, amortization and impairments, (ii) share-based payments expense, (iii) severance-related restructuring costs and expenses related to preparation for an initial public offering.

Non-IFRS measures & reconciliations

We use certain non-IFRS financial measures to supplement our consolidated financial statements, which are presented in accordance with IFRS. These non-IFRS financial measures include Transaction margin dollars, Transaction margin, Adjusted operating profit and Adjusted operating margin. We use these non-IFRS financial measures to facilitate the review of our operational performance and as a basis for strategic planning. We also present period-over-period changes in certain metrics on like-for-like (LfL) basis, which is calculated by adjusting the metric 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.

Transaction margin dollars and Transaction margin are key performance measures used by our management to measure our ability to attain efficiency and scale and to grow these metrics over time. They measure our success in growing revenue while effectively managing our processing and servicing costs, provision for credit losses and funding costs.

In addition, by excluding certain items that are nonrecurring or not reflective of the performance of our normal course of business, we believe that Adjusted operating profit and Adjusted operating margin provide meaningful supplemental information regarding our performance. Accordingly, we believe that these non-IFRS financial measures are useful to investors and others because they allow investors to supplement their understanding of our financial trends and evaluate our ongoing and future performance in the same manner as management. However, there are several limitations related to the use of non-IFRS financial measures as they reflect the exercise of judgment by our management about which expenses are excluded or included in determining these non-IFRS measures. These non-IFRS measures should be considered in addition to, not as a substitute for or in isolation from, our financial results prepared in accordance with IFRS. Other companies, including companies in our industry, may calculate these non-IFRS (or similar non-GAAP) financial measures differently or not at all, which reduces their usefulness as comparative measures.

Transaction margin dollars is defined as total revenue less total transaction costs, consisting of processing and servicing, provision for credit losses and funding costs. Transaction margin is calculated by dividing Transaction margin dollars by our total revenue. Adjusted operating profit is defined as operating profit (loss) excluding (i) depreciation, amortization and impairments, (ii) share-based payments expense, (iii) severance-related restructuring costs and (iv) expenses related to the preparation of the initial public offering (IPO). Adjusted operating margin is defined as Adjusted operating profit divided by our total revenue. Depreciation, amortization and impairments below include amounts recorded within Technology and product development expenses in our consolidated statements of profit and loss. We consider the exclusion of certain nonrecurring or noncash items in calculating Adjusted operating profit , Adjusted operating margin and Adjusted non-transaction-related operating expenses to provide a useful measure for investors and others to evaluate our operating results and expenses in the same manner as management.

Revenue, Transaction costs and adjusted operating expenses for the three months ended 30 June 2025 have been adjusted to reflect the divestment of KCO completed 31st October 2024.

Financials and Key Metrics adjusted for the divestment of Klarna Checkout and FX impact

Statement of profit or loss			KCO impact		Adjusted for KCO divestment		Like-for-Like[7]	
Amounts in USDm	**Q2'25**	**Q2'24**	**Q2'25**	**Q2'24**	**Q2'25**	**Q2'24**	**Q2'25**	**Q2'24**
Transaction and service revenue	$604	$518		$(21)	$604	$497	$582	$497
Interest income	219	164		—	219	164	210	164
Total revenue	**823**	**682**	**—**	**(21)**	**823**	**661**	**792**	**661**
Processing and servicing	(187)	(148)		4	(187)	(144)	(182)	(144)
Provision for credit losses	(174)	(106)		—	(174)	(106)	(170)	(106)
Funding costs	(147)	(120)		—	(147)	(120)	(140)	(120)
Transaction costs	**(508)**	**(374)**	**—**	**4**	**(508)**	**(370)**	**(492)**	**(370)**
Transaction margin dollars	**315**	**308**	**—**	**(17)**	**315**	**291**	**300**	**291**
Technology and product development	(93)	(81)			(93)	(81)	(88)	(81)
Sales and marketing	(83)	(77)			(83)	(77)	(80)	(77)
Customer service and operations	(48)	(47)			(48)	(47)	(45)	(47)
General and administrative (G&A)	(62)	(58)			(62)	(58)	(58)	(58)
Adjusted operating expenses	**(286)**	**(263)**	**—**	**—**	**(286)**	**(263)**	**(271)**	**(263)**
Adjusted operating profit	**29**	**45**	**—**	**(17)**	**29**	**28**	**29**	**28**
- Depreciation, amortization and impairments	(27)	(38)			(27)	(38)		
- Share-based payments	(26)	(9)			(26)	(9)		
- Restructuring and other	(21)	(3)			(21)	(3)		
Operating loss	**(46)**	**(4)**	**—**	**(17)**	**(46)**	**(21)**		
Other income (expense)	—	2			—	2		
Loss before income tax	**(46)**	**(2)**	**—**	**(17)**	**(46)**	**(19)**		
Income tax	(7)	1			(7)	1		
Net loss	**(53)**	**(1)**	**—**	**(17)**	**(53)**	**(18)**		
Key Metrics	**Q2'25**	**Q2'24**	**Q2'25**	**Q2'24**	**Q2'25**	**Q2'24**	**Q2'25**	**Q2'24**
GMV ($b)	31.2	25.8	—	0.8	31.2	25.0	29.7	25.0
Consumers (m)	111	85			111	85	111	85
Merchants (k)	790	588			790	588	790	588
Average revenue per active consumer ($)	27	30			27	29	27	29
Revenue take rate	2.64%	2.64%			2.64%	2.64%	2.66%	2.64%
Provision for credit losses (% of GMV)	0.56%	0.41%			0.56%	0.42%	0.57%	0.42%

As a global business, FX fluctuations can impact our results. To better reflect underlying trends, we present like-for-like figures that exclude both KCO and FX effects. In Q2-25, total revenue excluding KCO grew 25%. 5 p.p of this growth was driven by changes in FX rates, which equates to 20% like-for-like growth. Adjusted Operating Expenses on the other hand grew by 9% at the headline level, but only 3% on a like-for-like basis, meaning that 6 p.p. of the increase in Q2-25 was due to FX.

[7] Like-for-like (LfL) year-over-year growth is calculated by adjusting for (1) the sale of Klarna Checkout (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. Very small variances may occur between like-for-like figures and reported numbers excluding KCO due to differences in FX translation methodologies, such as the use of daily rates in actual reporting versus monthly average rates in FX-neutral calculations.

Reconciliation of Operating loss to Transaction margin dollars

Amounts in USDm	Q2'25	Q2'24
Operating loss	**$(46)**	**$(4)**
Technology and product development	120	103
Sales and marketing costs	93	78
Customer service and operations	51	48
General and administrative (G&A)	65	64
Depreciation, amortization (excl. software) and impairments	32	19
Transaction Margin Dollars	**315**	**308**

Reconciliation of Operating expenses to Adjusted operating expenses[8]

Q2'24	Operating expenses	Restructuring and other	Share-based payments	Depreciation and amortization	Adjusted operating expenses
Technology and product development	$(103)		$(3)	$(19)	$(81)
Sales and marketing costs	(78)		(1)		(77)
Customer service and operations	(48)		(1)		(47)
General and administrative (G&A)	(64)	(3)	(4)		(58)
Depreciation, amortization (excl. software) and impairments	(19)			(19)	
Total	**(312)**	**(3)**	**(9)**	**(38)**	**(263)**

Q2'25	Operating expenses	Restructuring and other	Share-based payments	Depreciation and amortization	Adjusted operating expenses
Technology and product development	$(120)		$(8)	$(19)	$(93)
Sales and marketing costs	(93)		(10)		(83)
Customer service and operations	(51)		(3)		(48)
General and administrative (G&A)	(65)	2	(5)		(62)
Depreciation, amortization (excl. software) and impairments	(32)	(24)		(8)	
Total	**(361)**	**(21)**	**(26)**	**(27)**	**(286)**

[8] Rounding effects may be present in this table.

Interim Consolidated Statements of Profit or Loss for the Three and Six Months Ended June 30, 2025 and 2024 (Unaudited)

Amounts in USD millions, except share and per share amounts	Note	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Transaction and service revenue		604	518	$ 1,123	$ 1,004
Interest income		219	164	401	321
Total revenue	3	**823**	**682**	**1,524**	**1,325**
Processing and servicing costs		(187)	(148)	(351)	(284)
Provision for credit losses[9]		(174)	(106)	(310)	(223)
Funding costs	13	(147)	(120)	(277)	(233)
Technology and product development		(120)	(103)	(235)	(202)
Sales and marketing		(93)	(78)	(184)	(157)
Customer service and operations		(51)	(48)	(102)	(105)
General and administrative		(65)	(64)	(159)	(115)
Depreciation, amortization and impairments		(32)	(19)	(42)	(38)
Operating expenses		**(869)**	**(686)**	**(1,660)**	**(1,357)**
Operating loss		**(46)**	**(4)**	**(136)**	**(32)**
Other income (expense)		—	2	(2)	5
Loss before taxes		**(46)**	**(2)**	**(138)**	**(27)**
Tax (expense) benefit		(7)	1	(14)	(4)
Net loss		**(53)**	**(1)**	**(152)**	**(31)**
Whereof attributable to:					
Shareholders of Klarna Group plc		(52)	(7)	(153)	(38)
Non-controlling interests		(1)	1	1	1
Other equity holders		—	5	—	6
Total		**(53)**	**(1)**	**(152)**	**(31)**
shareholders of Klarna Group plc					
Basic	18	$ (0.14)	$ (0.02)	$ (0.42)	$ (0.11)
Diluted	18	$ (0.14)	$ (0.02)	$ (0.42)	$ (0.11)

Unlike the balance sheet, which shows a snapshot of assets and liabilities as at each period end, Provision for credit losses in the income statement reflect provisions for future losses and realized losses associated with all lending activities during the period.

[9] The line item "Consumer credit losses" has been renamed to "Provision for credit losses" within the interim consolidated statements of profit or loss. This change was made to enhance consistency with industry peers and improve clarity of presentation. The change in line item name represents a presentation change only, with no impact on the amounts previously reported or the underlying accounting policies. The change has been applied consistently to all periods presented.

Interim Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2025 and 2024 (Unaudited)

Amounts in USD millions, except share and per share amounts	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Net loss	**(53)**	**(1)**	**(152)**	**(31)**
Items that are or may be reclassified to the statement of profit or loss:				
Exchange differences on translation of foreign operations	98	12	295	(76)
Other comprehensive income (loss) for the year	**98**	**12**	**295**	**(76)**
Total comprehensive income (loss)	**45**	**11**	**143**	**(107)**
Comprehensive income (loss) attributable to:				
Shareholders of Klarna Group plc	46	5	142	(114)
Non-controlling interests	(1)	1	1	1
Other equity holders	—	5	—	6
Total comprehensive income (loss)	**45**	**11**	**143**	**(107)**

Interim Consolidated Balance Sheets for the Periods Ended June 30, 2025 and December 31, 2024 (Unaudited)

Amounts in USD millions, except share and per share amounts	Note	June 30, 2025	December 31, 2024
Assets			
Cash and cash equivalents	4	5,504	3,243
Debt securities	7	1,381	454
Consumer receivables	5	9,950	8,141
Settlement and trade receivables	6	699	493
Property and equipment	8	64	85
Goodwill		680	613
Intangible assets		402	376
Deferred tax assets		28	33
Other assets	9	481	366
Total Assets		**19,189**	**13,804**
Liabilities			
Accounts payable and accrued expenses		547	572
Consumer deposits		13,970	9,510
Payables to merchants		1,168	696
Notes payable and other borrowings	10	727	513
Deferred tax liabilities		1	1
Other liabilities	11	266	255
Total Liabilities		**16,679**	**11,547**
Equity			
Share capital	16	–	–
Additional paid in capital		4,805	4,646
Other equity instruments		–	–
Reserves		(184)	(479)
Accumulated deficit		(2,283)	(2,081)
Total equity excluding non-controlling interests		**2,338**	**2,086**
Non-controlling interests		172	171
Total equity		**2,510**	**2,257**
Total equity and liabilities		**19,189**	**13,804**

Consumer receivables represents only the amount of outstanding loans receivable, as at each period end, and is net of allowance for future credit losses. This balance is only partially comparable to Provision for credit losses on the income statement as the income statement reports all activity during the period, while the balance sheet is a snapshot of lending outstanding as at the period end date.

Interim Consolidated Statements of Shareholders' Equity for the Periods Ended June 30, 2025 and 2024 (Unaudited)

Amounts in USD millions, except share and per share amounts	Share capital	Additional paid in capital	Reserves	Other equity instruments	Accumulated deficit	Equity excluding non-controlling interests	Non-controlling interests	Total equity
Balance as of January 1, 2025	**–**	**4,646**	**(479)**	**–**	**(2,081)**	**2,086**	**171**	**2,257**
Net loss	–	–	–	–	(99)	**(99)**	–	**(99)**
Exchange differences on translating foreign currencies	–	–	197	–	–	**197**	–	**197**
New share issue	–	8	–	–	–	**8**	–	**8**
Share-based payments	–	–	–	–	43	**43**	–	**43**
Tax effects on share based payments		–	–	–	(47)	**(47)**	–	**(47)**
Changes in non-controlling interests	–	–	–	–	(18)	**(18)**	2	**(16)**
Balance as of March 31, 2025	**–**	**4,654**	**(282)**	**–**	**(2,202)**	**2,170**	**173**	**2,343**
Net loss	–	–	–	–	(53)	**(53)**	–	**(53)**
Exchange differences on translating foreign currencies	–	–	98	–	–	**98**	–	**98**
New share issue	–	151	–	–	(66)[10]	**85**	–	**85**
Share-based payments	–	–	–	–	18	**18**	–	**18**
Tax effects on share based payments	–	–	–	–	20	**20**	–	**20**
Changes in non-controlling interests	–	–	–	–	–	–	(1)	**(1)**
Balance as of June 30, 2025	**–**	**4,805**	**(184)**	**–**	**(2,283)**	**2,338**	**172**	**2,510**

[10] In April 2025, the non-controlling interest related to the Employee Equity Program in a Klarna Group subsidiary was exchanged for 1,948,166 ordinary shares in Klarna Group plc. The $66 million associated with this transaction reflects the elimination of the intra-group investment, reclassified within equity and offset against Additional paid-in capital. There was no impact on total shareholders' equity or net income.

Amounts in USD millions, except share and per share amounts	Share capital	Additional paid in capital	Reserves	Other equity instruments	Accumulated deficit	Equity excluding non-controlling interests	Non-controlling interests	Total equity
Balance as of January 1, 2024	**—**	**4,625**	**(311)**	**37**	**(2,159)**	**2,192**	**5**	**2,197**
Net loss	—	—	—	—	(30)	**(30)**	—	**(30)**
Exchange differences on translating foreign currencies	—		(88)			**(88)**	—	**(88)**
Share-based payments	—				5	**5**		**5**
Issuance of other equity instruments	—			145	(1)	**144**		**144**
Balance as of March 31, 2024	**—**	**4,625**	**(399)**	**182**	**(2,185)**	**2,223**	**5**	**2,228**
Net loss	—	—	—	—	(2)	**(2)**	1	**(1)**
Exchange differences on translating foreign currencies	—	—	12	—	—	**12**	—	**12**
New share issuance	—	—	—	—	—	**—**	—	**—**
Share-based payments	—	—	—	—	8	**8**	—	**8**
Issuance of other equity instruments, net of redemptions	—	—	—	—	—	**—**	—	**—**
Changes in non-controlling interests	—	—	—	(182)[11]	(8)	**(190)**	180	**(10)**
Balance as of June 30, 2024	**—**	**4,625**	**(387)**	**—**	**(2,187)**	**2,051**	**186**	**2,237**

[11] Following the Group's corporate reorganization in May 2024, AT1 securities are considered non-controlling interests as they are issued by subsidiaries of Klarna Group plc.

Interim Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2025 and 2024 (Unaudited)

	Six Months Ended	
	June 30, 2025	June 30, 2024
Operating activities		
Loss before taxes	(138)	(27)
Income taxes paid	(36)	(14)
Interest expense paid	(212)	(130)
Interest income received	326	277
Adjustments for non-cash items in operating activities		
Depreciation, amortization and impairment	77	74
Share-based payments	85	14
Provision for credit losses	398	307
Net losses from divestment of shares in equity investments	–	(1)
Financial items including fair value effects	(50)	(166)
Changes in the assets and liabilities of operating activities		
Change in consumer receivables	(1,485)	(550)
Change in settlement and trade receivables	(178)	45
Change in notes payable and other borrowings	(9)	13
Change in consumer deposits	3,155	696
Change in other assets and liabilities	(399)	287
Cash flow from operating activities	**1,534**	**825**
Investing activities		
Investments in intangible assets	(13)	(23)
Investments in property and equipment	(1)	–
Cash flow from investing activities	**(14)**	**(23)**
Financing activities		
New share warrants	–	1
Other equity instruments issued	–	142
Subordinated debt issued	197	100
Subordinated debt redeemed	(30)	–
Notes payable and other borrowings issued	–	202
Notes payable and other borrowings redeemed	–	(101)
Principal payments of lease liabilities	(13)	(20)
Cash flow from financing activities	**154**	**324**
Cash flow for the period	**1,674**	**1,126**
Cash and cash equivalents at the beginning of the period	**3,243**	**2,391**
Cash flow for the period	1,674	1,126
Exchange rate difference in cash and cash equivalents	587	(98)
Cash and cash equivalents at the end of the period	**5,504**	**3,419**

As a bank, cash flows from operating activities primarily represent the net flows of money coming in and going out from the bank's consumer lending and retail deposit activities. It's not a reflection of the bank's net operating result for the period.