Annual report Klarna Holding AB (publ)

Organization number: 556676-2356
January - December 2025

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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 – December 31, 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 global digital bank and flexible payments provider building the next-generation AI-powered commerce network.Our mission is to reimagine how consumers spend and save in their daily lives. We help people save time, money and put them in control of their finances through AI-powered, transparent and flexible financial services.

We have built one of the largest commerce networks in the world, measured by the number of consumers and merchants, serving approximately 118 million active Klarna consumers and 966 thousand merchants in 26 countries as of December 31, 2025, and facilitating $128 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 FY25, Klarna's GMV[1] grew by 20% year-over-year (YoY) after adjusting for the sale of KCO and the impact of foreign currency fluctuations[2]. On a total basis, GMV increased to SEK 1,255b (FY24: SEK 1086b), as we accelerate commerce for merchants while helping consumers save time and money, and worry less about their finances. Total net operating income increased 10% YoY to SEK 28.1b in FY25 (FY24: SEK 25.7b), the FY24 base included a SEK 1.8b gain from the divestment of Klarna Checkout, which elevated prior year Total net operating income. Excluding this non-recurring item, underlying NOI growth was stronger and more closely aligned with GMV development.

Commission income, primarily the fees merchants pay Klarna to boost conversion, AOV[3], and retention, increased 8% to SEK 22.0b (FY24: SEK 20.3b). This is driven by higher consumer adoption and the expansion of global merchant partnerships, now exceeding 966k.

[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 29% YoY to SEK 9.2b (FY24: 7.2b), 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 4.0b at the end of the period (FY24: SEK 4.3b). The decrease was driven lower interest rates offset with a rise in deposits from the public to SEK 121.8b (FY24: SEK 106.8b), supported by strong consumer demand for savings accounts in Germany and Sweden.

Operating expenses

Total operating expenses before credit losses increased 4% to SEK 20.7b (FY24: SEK 19.8b), primarily driven by higher share-based compensation expenses in F25 of SEK 1,499m (FY24: SEK 901m) and fx fluctuations.

Credit losses as a percentage of GMV remained stable at less than a percent of GMV, rising from 0.49% to 0.63%. 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 9% 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 7.9b (FY24: SEK 5.4b). 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 consolidated Profit (loss) before taxes for the period was SEK (0.5)b (FY24: SEK 0.4b). Net profit (loss) for the period was SEK (1.3)b (FY24: SEK 0.3b) driven by the increase in share-based compensation expenses and credit losses.

Balance sheet

Loans to the public at December 31, 2025, increased 9% YoY to SEK 102.4b (FY24: 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 FY25, this is because the average duration of our loans is approximately 40 days and 84% of our loans were three months or less in duration. Outstanding loans at December 31, 2025 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 15.7% (FY24: 16.8%).

Branches abroad

Klarna Bank AB (publ) operates Klarna Bank AB Danish Branch, Klarna Bank AB French Branch, Klarna Bank AB Irish Branch, Klarna Bank AB German Branch, and Klarna Bank AB UK Branch.

Interactions with regulators

In the US, we closely monitored the impact of the new Administration on rules and regulations relevant to our sector. In March 2025, the CFPB[1] announced that it would not be pursuing its previously announced Interpretive Rule on "buy now, pay later." Following further changes to the CFPB's priorities at the Federal supervisory level, we have seen increased regulatory action from individual US states. As a result, we have been engaging proactively with lawmakers in states like New York and Ohio as they explore their own approach to regulation.

In Sweden, we supported the government's work on the transposition of the updated Consumer Credit Directive by responding to the public consultation and engaging in bilateral meetings with the Ministry of Justice. We hosted a roundtable discussion during Almedalen Week, and shared insights with relevant stakeholders on measures to combat over-indebtedness in Sweden. We continue to engage with the SFSA and other supervisory authorities as part of our ongoing regulatory dialogue.

In Germany, we engaged with national policymakers on topics such as the 2nd Consumer Credit Directive (CCD), the EU Payments Package, and amendments to the Federal Data Protection Act on credit scoring.

In the EU, we worked with national Member State lawmakers on the two-year transposition of the 2nd Consumer Credit Directive (CCD) to help ensure the future regulation of "buy now, pay later" was proportionate and in line with the framing passed down by Brussels. Klarna also responded to consultations on the EU Banking Package (Basel 3.1), Payment Services Directive 3, Payment Regulation 1, and Financial Data Access initiatives.

In the UK, we had extensive engagement with the Financial Conduct Authority (FCA) and their consultation on incoming "buy now, pay later" regulation. We also supported the Competition and Markets Authority in their studies into mobile platforms and digital wallets.

1 Consumer Financial Protection Bureau

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.
- On 30 July 2025, the EGM in Klarna Holding AB (publ) resolved to carry out a reduction of the share capital amounting to SEK 115,772 through cancellation of 1,062,743 shares. The share capital was thereafter, through a bonus issue, increased by SEK 115,859. Following the bonus issue the share capital amounted to SEK 3,455,668

- On September 10, 2025, Klarna Group plc completed its initial public offering ("IPO") of 5,000,000 ordinary shares, completed the sale of additional 29,311,274 ordinary shares from "selling shareholders" and on September 22, 2025, completed the sale of 5,146,691 of additional ordinary shares to the underwriters pursuant to their option to purchase additional shares, at an offering price of $40.00 per share. Klarna Group plc raised net proceeds of $169 million through the IPO, net of underwriting discounts and other offering costs of $22.41 million. Directly attributable transaction costs related to the issuance of new ordinary shares of $8.5 million were deducted from equity. These costs, primarily underwriting fees, were offset against the gross proceeds recognized in Additional paid in capital.
- On 15 September 2025, Klarna Holding AB (publ) resolved to carry out a directed issue of 289,747 new shares for a total amount of USD 140,000,000. Following the issue of new shares, the share capital amounted to SEK 3,488,328.
- On 15 September 2025, Klarna Holding AB (publ) subscribed for 1 newly issued share in Klarna Bank AB (publ) for a total amount of SEK 2,258,110,059 as part of an internal capital allocation.

Future development

Our mission is to reimagine how consumers spend and save in their daily lives. We help people save time, money and reduce financial worry. We envision a world where Klarna empowers everyone, everywhere, through seamless commerce experiences—as a personalized, trusted assistant making financial empowerment effortless. We will continue to invest in our products and services including the Klarna app, Card, bank accounts, open banking and our marketing services to create a strong platform for future growth.

Proposed treatment of unappropriated earnings

The Board and the CEO propose to the Annual General Meeting that the non-restricted equity of SEK 47,914,608,638 on Klarna Holding (publ)'s balance sheet at the disposal of the Annual General Meeting to be carried forward. A detailed proposed treatment of unappropriated earnings is shown in the parent company note 7.

Corporate Governance Report



Governance and oversight

About Klarna

Klarna Holding AB (corporate registration no. 556676-2356) is a Swedish public limited liability company. Its subsidiary, Klarna Bank AB, is licensed to carry out banking activities under the supervision of the Swedish Financial Supervisory Authority (SFSA). Klarna is categorized by the SFSA as a category 2 institution[1].

Klarna Bank AB provides its financial services in other EEA countries through passporting its license in accordance with EU directive 2013/36/EU and by establishing local branches. Klarna also offers its financial services outside the EEA through the establishment of local subsidiaries in certain jurisdictions. Klarna's corporate governance framework and approach apply to Klarna Holding AB, Klarna Bank AB and all branches and subsidiaries. Therefore, this report includes relevant information for both Klarna Holding AB and Klarna Bank AB.

Up until 23 May 2024, Klarna Holding AB was the ultimate parent company of the Klarna Group. Klarna Holding AB remains the parent entity of Klarna Bank AB. Since 23 May 2024, Klarna Group Plc serves as the ultimate parent company of the Klarna Group, which refers to the consolidated structure of Klarna's various entities, organized under different groups for financial and regulatory purposes and which includes Klarna Holding AB. For the purposes of this report, Klarna Holding AB and its subsidiaries are collectively referred to as the "Banking Group". Klarna Group Plc, as a UK based entity, is not required to be included in the scope of this specific Corporate Governance Report. As such, its mention is limited to essential instances for clarity and context.

The Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act (SFS 1995:1554). Klarna is not obliged to comply with and does not apply the Swedish Corporate Governance Code (SCGC) as its shares are not admitted to trading on a regulated market in Sweden.

When signing the annual accounts on February 26, 2026, the board of directors of Klarna Holding AB (the "Board") also approved the Corporate Governance Report.

Framework for corporate governance

External framework

In addition to general laws, regulations and industry practices, Klarna must also comply with the detailed regulations specific to banks and payment service providers. These include the Swedish Banking and Financing Business Act (SFS 2004:297) and regulations, rules and recommendations issued by the SFSA covering, among other things, capital and liquidity requirements as well as rules on internal governance and control. As Klarna has corporate bonds listed at Nasdaq Stockholm, Klarna is also subject to Nasdaq Stockholm's Rule Book for Issuers of Fixed Income Instruments.

Internal framework

To ensure compliance with applicable external regulations, Klarna operates an internal governance framework that integrates regulatory requirements relating to corporate governance.

[1] The categorization aims to reflect Klarna's systematic importance and is based on its size, complexity and scope of activities.

Of primary importance are the Rules of Procedure of the Board (which include how to address conflicts of interest for board members, and the instruction for the CEO). The Policy for Suitability, Training and Diversity of the Board, Management and Key Function Holders, and the Policy for Klarna Bank AB Board Committees and Designated Directors have been adopted by Klarna Bank AB's board of directors. The Policy for Klarna Bank AB Board Committees and Designated Directors includes instructions for the operation of the board's committees. In addition, Klarna's Code of Conduct establishes an ethical framework applicable to all members of governing bodies and employees.

Klarna has a framework of approved policies and instructions. These are important tools for the Board and the CEO in their governing and controlling roles, as well as defining the roles, requirements and expectations of the second and third lines of defense within risk ownership and all employees in the fulfillment of their roles. These policies include, for example, the Global AML & CTF Minimum Standards Policy, Compliance Policy, Conduct Risk Policy, Conflict of Interest Policy, Credit Policy, Data Privacy Policy, the Global Work Environment Policy, Remuneration Policy, and the Risk Policy.

These mechanisms, together with the articles of association, constitute the internal framework that regulates corporate governance at Klarna.

General meeting

The general meeting is Klarna's highest decision-making body, where shareholders exercise their voting rights. At the general meeting, decisions are taken regarding, among other things, the adoption of the annual report, the income statement and balance sheet, dividends, the election of the board of directors and auditors, and remuneration for board members and auditors

Voting rights
All shareholders registered in the Shareholders' Register and who have duly notified their attendance, have the right to participate in the General Meeting and to vote for the full number of shares held.

Mandate to repurchase and convey own shares
The annual general meeting in 2025 did not resolve to authorize the Board of Directors to acquire or convey the own shares in Klarna. Consequently, the board of directors does not currently have such an authorization.

Mandate to issue shares
On June 26, 2025, the Klarna Holding AB general meeting authorized the Board to issue new shares until the 2026 annual general meeting.

On September 18, 2025, the Klarna Bank AB general meeting authorized the Board to issue new shares until the 2026 annual general meeting. Any issuance by Klarna Bank AB is subject to applicable regulatory capital requirements.

Articles of association

The articles of association constitute the overarching set of rules for the company and are adopted by the shareholders at the general meeting. The Swedish Companies Act sets certain minimum requirements on what information they should contain. Amendments to the articles of association are resolved by the general meeting pursuant to Swedish law and, in the case of Klarna Bank AB, are subject to the approval of the Swedish Financial Supervisory Authority.

The articles of association are available at the Swedish Companies Registration Office and on Klarna's website at https://investors.klarna.com/resources/faq/default.aspx.

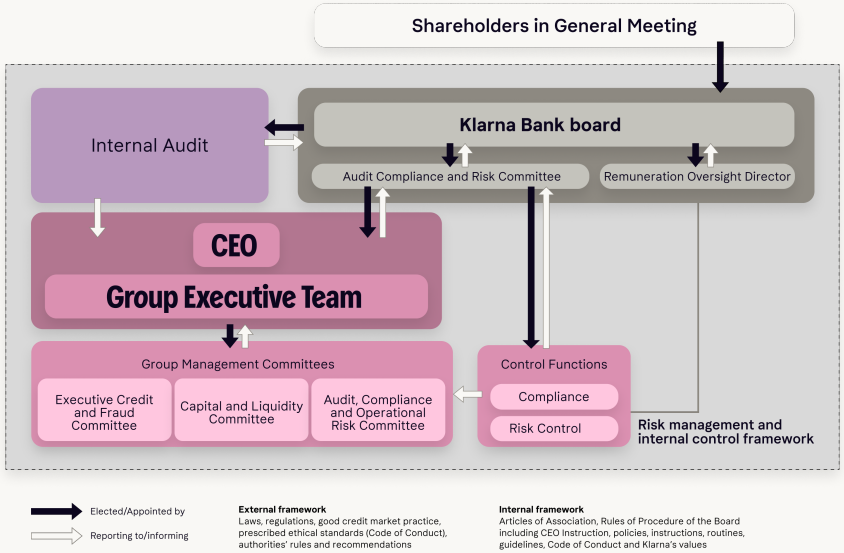
Klarna's qualified shareholders

Klarna Holding AB (publ) shareholders ≥10% (tbc) are as follows:

Shareholder	Shareholding	% of votes/ownership
Klarna Group Holdco Ltd	Direct	99.92%
Klarna Group Plc	Indirect	99.91%

Klarna Bank AB is 100% directly owned by Klarna Holding AB.

Klarna Bank AB operating entity corporate governance structure



Composition of administrative, management, and supervisory bodies

Klarna Bank AB

The governance structure of Klarna Bank AB is anchored by its Board of Directors, Group Management Team, Audit, Compliance & Risk Committee (ACRC), and the Remuneration Oversight Director. These bodies collectively ensure effective oversight and strategic direction, aligned with Klarna's commitment to sustainability, transparency, and long-term growth.

The board of directors

The Board is the highest decision-making body in Klarna's structure for management and control. The Board is responsible for the company's

strategy, organization and for the management of the company's operations. The Board also holds the ultimate responsibility for ensuring that Klarna's corporate governance arrangements meet expectations, and are implemented effectively throughout the organization.

The board members are elected by the shareholders at the annual general meeting for a one-year term of office extending through to the next annual general meeting. Klarna is not required to have a nomination committee and as such the Board has not adopted a nomination policy.

The Board has adopted rules of procedure that regulate the Board's role and ways of working. In addition, the board of Klarna Bank AB has adopted a *Policy for Klarna Bank AB Board Committees and Designated Directors*.

The Board has overall responsibility for the governance and oversight of the activities carried out within Klarna and has the following duties, among others:

- Deciding on the nature, direction and strategy of the business as well as the framework and objectives of the activities.
- Evaluating the effectiveness of operations in relation to the agreed strategy, framework and objectives on a regular basis.
- Ensuring that the business is organized in such a way that the accounting, treasury management and financial conditions in all other respects are controlled in a satisfactory manner and that the risks inherent in the business are identified, defined, measured, monitored and controlled in accordance with external and internal framework, including the articles of association. The Board is also responsible for setting Klarna's risk appetite and policies establishing the principles for risk management.
- Deciding on major acquisitions and divestments as well as other major investments.
- Selecting, monitoring and planning the succession of the board members.
- Appointment or dismissal of the CEO, the Chief Risk Officer, the Chief Compliance Officer and the Chief Information Security Officer.
- Deciding on appointment and dismissal of the Internal Auditor (outsourcing partner and/or individual).
- Deciding on remuneration of the CEO, the members of the CXO team, and the heads of the control functions (Risk Control and Compliance).

The Chairperson

The Chairperson of the Board organizes and leads the work of the Board. According to the Rules of Procedure of the Board, the Chairperson will maintain regular contact with the CEO, ensuring that the Board receives sufficient information and documentation to effectively assess Klarna's current position, financial plans, risks and risk management and future development, and deliberate with the CEO on strategic issues.

Chief Executive Officer

Klarna's Chief Executive Officer (CEO) is responsible for the day-to-day management of Klarna's activities in accordance with the external and internal frameworks. The CEO reports to the Board.

Klarna's CEO is also a board member and participates in all board meetings, except on matters in which the CEO has an interest that may be in conflict with the interests of Klarna, such as when the CEO's work is evaluated. Other members of the Group Management Team participate as required by invitation from the Board or CEO.

As part of the Rules of Procedure of the Board, the Board has adopted an instruction for the CEO's work and duties which also regulates the division of responsibilities and the interaction between the CEO and the Board. The CEO appoints the heads of corporate functions (CXOs). The Board appoints the heads of the control functions. The CEO is Sebastian Siemiatkowski.

Composition of the boards of directors

The board of directors of Klarna Holding AB, a non-listed holding company, consists of executive members:

- David Fock, Chief Product and Design Officer (Chair)
- Sebastian Siemiatkowski, CEO
- Camilla Giesecke, Chief Operating Officer

The board of directors for Klarna Bank AB, comprising both executive and non-executive members, is responsible for the oversight and governance of the company including strategic direction, organizational structure, and ensuring adherence to applicable regulatory and business conduct standards.

- Executive Members: 1
  - Sebastian Siemiatkowski, CEO
- Non-Executive Members: 3
  - Sarah Smith
  - Omid Kordestani
  - Roger W. Ferguson Jr.
- Total Members: 4

David Fock, Chairman of the Klarna Holding AB board, Chief Product and Design Officer
David Fock became a member and the Chairperson of the Klarna Holding AB board of directors in October 2024. He has served as Klarna's Chief Product and Design Officer since February 2015. Mr. Fock joined Klarna in August 2010 and prior to his current role held various positions in design and sales, most recently as Klarna's Vice President of Product, Commerce. Prior to that, from January 2008 to May 2010, Mr. Fock founded and operated HML Systems AB, an online retailer, and served as the Chief Executive Officer of Clarion Bilstereo AB, a distributor of electronic products, from January 2006 to December 2007.

Camilla Giesecke, Klarna Holding AB board member, Chief Operating Officer
Camilla Giesecke became a member of the Klarna Holding AB board of directors in October 2024. She has served as Klarna's Chief Operating Officer since August 2022. Ms. Giesecke joined Klarna in February 2017 and held various leadership positions prior to her current role, most recently as Klarna's Chief Expansion Officer. From August 2006 through January 2017, Ms. Giesecke served as an investment professional at Investor AB, a Swedish investment firm, and in various leadership roles at its portfolio companies, such as Permobil AB, a medical equipment manufacturer, and Saab AB, a Swedish aerospace and defense company. Prior to that, Ms. Giesecke worked as an M&A analyst at J.P. Morgan Chase & Co. in London, United Kingdom. She holds a M.Sc. in Economics and Business Administration from the Stockholm School of Economics.

Sebastian Siemiatkowski, Klarna Bank AB and Klarna Holding AB board member, CEO
Sebastian Siemiatkowski co-founded Klarna in 2005 and has served as a member of the board of directors and as Klarna’s Chief Executive Officer since February 2005. Under his leadership, Klarna has grown from a Stockholm-based startup into one of the world’s leading fintech companies, redefining the shopping and payments experience for millions of consumers and hundreds of thousands of merchants globally. Mr. Siemiatkowski has played a key role in shaping Klarna’s strategic vision, product innovation, and international expansion. Beyond Klarna, he served as an advisory board member of SSE Business Lab, the startup incubator of the Stockholm School of Economics, from May 2015 to June 2019. He is a frequent speaker on financial technology, entrepreneurship, and the future of commerce. Mr. Siemiatkowski holds an M.Sc. in Economics and Business from the Stockholm School of Economics.

Sarah Smith, Klarna Bank AB board member
Sarah Smith has served as a member of our board of directors since December 2020. She previously worked at The Goldman Sachs Group, Inc. ("Goldman Sachs"), a global financial firm. Ms. Smith joined Goldman Sachs in 1996 and was named a managing director in 1998 and a partner in 2002. During her tenure, Ms. Smith served as the controller and chief accounting officer of the firm until 2017 and subsequently as the chief compliance officer from 2017 to 2020. She then served as a senior advisor to Goldman Sachs from 2020 until her retirement in 2021. In addition to our board of directors, Ms. Smith has served as a member of the board of directors of Aon plc, a global insurance company, since April 2023, Via Transportation, Inc., a re-engineering public transit company, since June 2021 which has gone public in September 2025, and 98point6 Inc., a healthcare software company, from February 2021 to March 2024. She has also served as a member of the board of trustees of the Financial Accounting Foundation, the parent organization of the Financial Accounting Standards Board and the Governmental Accounting Standards Board, since January 2021 and until December 2025, and has served as a trustee of the Nuveen Churchill Private Capital Income Fund since April 2022. Ms. Smith holds a Dip. in Accounting from the City of London University and is a fellow of the Institute of Chartered Accountants in England and Wales.

Omid Kordestani, Klarna Bank AB board member
Omid R. Kordestani has served as a member of our board of directors since December 2020. He previously served as the executive chairman of Twitter, Inc. (now X Corp.), a social networking company, from October 2015 to June 2020, and as a member of its board of directors until October 2022. Prior to that, he worked in various leadership roles at Alphabet Inc., a multinational technology conglomerate, from May 1999 to April 2009 and then again from August 2014 to October 2015, most recently as Chief Business Officer. In addition to our board of directors, Mr. Kordestani has served as a member of the board of directors of Pearson plc, a learning company, since April 2022, and as its chairman since May 2022. He holds a B.S. from San Jose State University and an M.B.A. with a focus on Organizational Leadership from Stanford University.

Roger W. Ferguson, Jr., Chairman of the Klarna Bank AB board
Roger W. Ferguson, Jr. has served as a member of our board of directors since May 2021 and the Chairperson of our board of directors since September 2025. He has been a partner and the chief investment officer and chairman of the Investment Committee of Red Cell Partners, an incubation and venture capital enterprise focused on the healthcare and defense sectors, since August 2022. Mr. Ferguson served as the president and chief executive officer of TIAA, a financial services company, from April 2008 to April 2021. From 2006 to 2008, he served as the chairman of Swiss Re America Holding Corporation, head of financial services and a member of the executive committee of Swiss Re, a global reinsurance company. Prior to that, Mr. Ferguson was a member of the Board of Governors of the U.S. Federal Reserve System from 1997 to 2006 and served as its vice chairman from 1999 to 2006. He also worked as an associate and partner at McKinsey & Company, a global management consulting firm, from 1984 to 1997. Mr. Ferguson began his career as an attorney at the New York City office of Davis Polk & Wardwell LLP. In addition to our board of directors, Mr. Ferguson has served as a member of the boards of directors of Alphabet Inc., a multinational technology conglomerate, since June 2016, where he serves as chair of the audit committee, International Flavors & Fragrances, Inc., a creator of flavors and fragrances, since April 2010, where he serves as chair of the board of directors, and Corning Incorporated, a manufacturing company, since April 2021, where he serves as chair of the compensation committee. Mr. Ferguson currently serves on the boards of the Institute for Advanced Study and the Memorial Sloan Kettering Cancer Center. He is a fellow of the American Philosophical Society and the American Academy of

Arts & Sciences and is a member of the Smithsonian Institution's Board of Regents, the Economic Club of New York, the Council on Foreign Relations and the Group of Thirty. Mr. Ferguson holds a B.A. in Economics, a J.D., and a Ph.D. in Economics, all from Harvard University.

Board committees

The overall responsibility of the Board cannot be delegated. The Klarna Bank AB board of directors has established the Audit, Compliance & Risk Committee to assist the board in fulfilling the responsibilities outlined above. In addition, a Remuneration Oversight Director has been appointed, following the discontinuation of the former Remuneration Committee, to handle remuneration-related matters and report directly to the board. The duties of the committee and the Remuneration Oversight Director, as well as working procedures, are defined in the *Policy for Klarna Bank AB Board Committees and Designated Directors*. The committee regularly reports on its work to the Klarna Bank AB board of directors. Committee members are appointed by the Klarna Bank AB board of directors for a period of one year at a time.

Audit, Compliance & Risk Committee
The Audit, Compliance & Risk Committee (ACRC) is responsible for oversight and preparation of all matters related to audit (both internal and external), compliance, risk and financial reporting and related internal control arrangements. ACRC held 5 meetings in 2025 and provided regular updates to the Klarna Bank AB board of directors on matters pertaining to its responsibilities.

- Number of members at year-end 2025 : 3
  - Sarah Smith (Chair)
  - Roger W. Ferguson Jr. (appointed on September 18, 2024)
  - Omid Kordestani (appointed on October 2, 2025)
  - Lise Kaae (appointment ended on September 18, 2025)
- Total Members: 3

Remuneration Oversight Director
Following the discontinuation of the Remuneration Committee (RemCo), the board designated a Remuneration Oversight Director (ROD), responsible for preparing and presenting proposals to the Klarna Bank AB board of directors on remuneration matters. This duty includes proposals regarding Klarna's *Remuneration Policy* and remuneration to members of the Group Management Team. The Klarna Bank AB board of directors has adopted a Remuneration Policy which establishes standardized remuneration structures throughout the organization and is reviewed and, where necessary, revised at least annually.

The ROD conducts a competent and independent evaluation of the *Remuneration Policy* and Klarna's remuneration system, and presents it to the Klarna Bank AB board of directors on an annual basis. Remuneration-related matters within the ROD's responsibility are handled on an ongoing basis, with any formal decisions outside of the ROD's delegated authority reported to and documented by the Klarna Bank AB board of directors at the closest following board meeting. The ROD is Omid Kordestani.

Meetings and attendance

The table shows the number of meetings held in 2025 by the board of directors and its committee[2] as well as the attendance of the individual board members:

[2] The committee in the table is a committee of the Klarna Bank AB board of directors.

2025	Klarna Holding AB board of directors	Klarna Bank AB board of directors[3]	Audit Compliance and Risk Committee	Independence in relation to the company	Independence in relation to significant shareholders
Number of meetings	15	23	5		
(of which were held per capsulam)	13	19	0		
David Fock	15	-	-	No	No
Sebastian Siemiatkowski	15	22	-	No	No
Camilla Giesecke	15	-	-	No	No
Michael Moritz	-	15	-	Yes	Yes
Sarah Smith	-	25	5	Yes	Yes
Lise Kaae[4]	-	15	4	Yes	No
Andrew Reed	-	15	-	Yes	Yes[5]
Omid Kordestani[6]	-	23	1	Yes	Yes
Roger W. Ferguson Jr.	-	23	5	Yes	Yes

Group Management Team

The Group Management Team is responsible for matters of common concern across corporate functions, including strategic issues, business plans, financial forecasts, and reporting. Group Management Team meetings are held weekly or as convened by the CEO. CXO meetings are held monthly.

- Members of the Group Management Team:
  - Sebastian Siemiatkowski, Chief Executive Officer (CEO)
  - David Fock, Chief Product and Design Officer (CPDO)
  - Camilla Giesecke, Chief Operating Officer (COO)
  - Niclas Neglén, Chief Financial Officer (CFO)
  - David Sandström, Chief Marketing Officer (CMO)
  - Yaron Shaer, Chief Technology Officer (CTO)
  - David Sykes, Chief Commercial Officer (CCO)
  - Joachim Reuss, Chief Risk Officer (CRO)
  - Harjyot Lidher, Chief Information Security Officer (CISO)
  - Joseph Arnold, interim Chief Compliance Officer
  - Arvind Varadhan, Chief Credit Risk Officer
  - Boudien Moerman, Chief Legal Officer (CLO)
- Total Members: 12

Group management committees

The CEO is, besides the Group Management Team, supported by three separate committees for the purpose of managing operations. Reporting to the Group Management Committees occurs on a monthly basis.

Executive Credit and Fraud Committee, which is responsible for reviewing credit risk results and trends as well as steering the company's overall generation of credit risk.

[3] On September 18, 2025, the appointments of Michael Moritz, Lise Kaae, and Andrew Reed on the Klarna Bank AB board of directors ended. Each attended all Board meetings held during their respective tenures.

[4] Lise Kaae's appointment on the ACRC ended on September 18, 2025 and she has attended all ACRC meetings prior to the end of her appointment.

[5] Andrew Reed is a Managing Member in Sequoia Capital and serves as a board member of Klarna Group Plc. Sequoia Capital is a shareholder in Klarna Group Plc, a UK-based entity. Within the framework of the Swedish regulated Banking Group, Sequoia Capital is not regarded as a qualified shareholder; therefore, we have documented Andrew Reed's independence concerning significant shareholders.

[6] Omid Kordestani was appointed to the ACRC on October 2, 2025, and attended 1 meeting since his appointment.

Capital and Liquidity Committee, which is responsible for assessment and decision within the internal capital assessment process.

Audit, Compliance and Operational Risk Committee, which is responsible for providing oversight and supporting executive management for all audit, compliance and operational risk related matters, within the applicable governance and control frameworks.

Representation of employees and other workers

Klarna engages directly with its workforce and through workers' representatives to ensure a comprehensive understanding of employee needs and perspectives. Engagement occurs during onboarding, feedback sessions, and significant organizational changes. Additionally, continuous communication is fostered through management chats, business updates, and company wide All-Hands meetings, ensuring direct and transparent information flow between management and employees. Additionally, team and domain leads provide weekly updates on challenges and progress, enhancing the efficiency of information sharing. Klarna's Chief Operating Officer oversees all employee engagement processes, ensuring the integration of employee feedback into company strategies and operations.

Klarna currently has no representation of employees or other workers on the Board of Directors or ACRC. However, we are committed to ensuring diversity and non-discrimination within our workforce. Our policies and practices are designed to eliminate discrimination based on gender, race, color, ethnic or social origin, genetic features, religion or belief, membership of a national minority, property, birth, disability, age, or sexual orientation.

Regarding representation, Klarna has a Works Council for employees in Berlin, Germany, representing the local workforce. In Sweden, we joined the Employers of the Financial Sector on January 1, 2024, and entered into a Collective Bargaining Agreement (CBA) with Finansförbundet and Saco, highlighting our commitment to the best interests of our workforce. We also maintain CBAs in Finland, France, Italy, and Spain. While we collaborate with external unions, these representatives do not sit on our Board of Directors or ACRC.

Experience and training

Members of Klarna's administrative, management, and supervisory bodies are assessed for both theoretical and practical experience relevant to banking, financial markets, legal requirements, strategic planning, risk management, accounting, auditing, and other areas critical to Klarna's business. This assessment includes evaluating their past positions, length of service, and the complexity of businesses they have managed. Additionally, Klarna's leadership team brings extensive global experience, having worked with companies across various sectors and geographic locations worldwide, which strengthens Klarna's capacity to navigate diverse markets and regulatory landscapes.

To ensure that the board of directors, the CEO, and key function holders have the right skills, knowledge, and experience, the Board has adopted the *Policy for Suitability, Training and Diversity of the Board, Management and Key Function Holders*. This policy assesses the individual's experience and reputation to ensure they are a good fit for the company. It also evaluates their ability to commit the time and effort needed to perform their duties effectively.

The COO is responsible for the assessment at appointment of members of the Group Management Team (excluding the CEO) and key function holders and subsequently at least every two years, or sooner if events observed through ongoing monitoring suggest a review would

be prudent. When a new board member or a new CEO assumes their duties, they are also externally assessed by the Swedish Financial Supervisory Authority.

The CEO's performance and qualifications are evaluated in the same manner as board members. According to the Rules of Procedure of the Board, the Board ensures that the CEO fulfills their duties. The Board is responsible for appointing and retains the authority to dismiss the CEO.

The board of Klarna Bank AB sets an annual training plan, and the Compliance Function is responsible for its implementation. The training plan includes ongoing training on important topics for individual members and the board as a whole. This ensures that the board is continuously informed and updated on relevant matters that affect the company.

Diversity

Klarna recognizes that having a diverse board is crucial to ensuring that the board can perform its duties effectively and has the knowledge and experience needed to navigate the various social, business, and cultural conditions of the markets in which Klarna operates. The Policy for Suitability, Training and Diversity of the Board, Management and Key Function Holders emphasizes that all board assignments should be made based on merit, with the goal of maintaining and enhancing the board's overall effectiveness. In order to achieve this, Klarna seeks a wide range of qualifications and competencies, and places a strong emphasis on diversity in terms of age, gender, geographical background, and educational and professional experience. Klarna strives to ensure that board members complement each other to cover expertise vital for Klarna.

The board's gender diversity

Klarna Holding AB Board of Directors: 1 out of 3 members is female (33.3% female, 66.7% male).
Klarna Bank AB Board of Directors: 1 out of 4 members is female (25.0% female, 75.0% male).
Group Management Team: 2 out of 12 members are female (16.7% female, 83.3% male).
ACRC: 1 out of 3 members is female (approximately 33.3% female, 66.7% male).

Percentage of Independent Board Members
We maintain a balanced governance structure by ensuring a sufficient number of independent board members. Currently, 3 out of 4 Klarna Bank AB board members (75%) are independent in relation to the company and significant shareholders.

As a non-listed holding company, Klarna Holding AB is not an operating entity, and none of its 3 board members are independent in relation to the company.

Risk management, risk reporting, and control functions

Risk management is central to Klarna’s operating model and underpins all activities conducted throughout the organization. The purpose of risk management is to safeguard Klarna’s long-term viability, mitigate volatility in financial performance, enhance operational resilience and performance, and facilitate informed decision-making.

Klarna's risk management governance model encourages a risk-aware culture combined with control structures which are monitored and enforced by independent control functions. Key controls are documented and assessed on a regular basis, with assessments considering both effectiveness of design and operation. The risk strategy is a natural extension of the business model that focuses on identification, assessment, management and monitoring of the material risks that Klarna is exposed to.

Risk governance

Klarna operates a financial services industry-standard three lines of defense model for risk management and control. The model allocates responsibility for activities among teams or functions in three independent lines as outlined below:



The ultimate responsibility for risk management rests with the Board, which sets Klarna's risk appetite and policies establishing the principles for risk management. It also oversees and promotes a sound risk characterized by risk awareness and understanding across the organization to encourage informed decision-making. The board of Klarna Bank AB is supported by the Audit, Compliance, and Risk Committee (ACRC) in performing its duties regarding risk management.

The Group Management Team is responsible for implementing the risk strategy and is accountable for the management of risks within their respective areas of responsibility and for promoting a sound and effective risk culture across their teams and the Banking Group as a whole.

Business Line Management, in the **first line of defense**, are responsible for risks and their management within their respective area of responsibility. They are responsible for ensuring that the appropriate organization, procedures and support systems are implemented to ensure and maintain a sufficient system of internal controls.

The **second line of defense**, consisting of the functions Risk Control and Compliance, oversees risk. These control functions set the principles and framework for risk management, facilitate and challenge risk assessments, perform independent control testing, and report on adherence to risk appetites, limits and frameworks. The control functions are independent of business line management and report directly to the CEO. They also attend and report to the ACRC and the board of Klarna Bank AB.

Internal Audit, as the **third line of defense**, provides risk assurance through independent periodic reviews of governance structures and control systems. This includes regular evaluations of Klarna's risk management framework and an annual review of the second line of defense control functions. Internal Audit reports directly to the board

of Klarna Bank AB, offering reliable and objective assurance to both the board and the CEO on the effectiveness of controls, risk management, and governance processes.

The board of Klarna Bank AB has appointed a Head of Internal Audit and has adopted a *Policy on Group Internal Audit*. The Head of Internal Audit regularly reports audit results, identified risks, and improvement suggestions to the ACRC and the board of Klarna Bank AB. The Head of Internal Audit also informs the CEO, Group Management Team, and relevant departments of internal audit matters. The board of Klarna Bank AB annually approves a plan for internal audit work.

External audit
Klarna's external auditors are formally elected at the General Meeting on an annual basis in line with Swedish Company law. Ernst & Young AB was re-elected at the 2025 annual general meeting as external auditor for the period up to the 2026 annual general meeting.

The ACRC receives reports from the auditor, which include details of significant internal control matters that they have identified, and meets with the auditor on a regular basis.

The ACRC oversees appropriate procedures to maintain the independence of the external auditor. This includes Klarna's *Policy on Non-Audit Services Provided by External Auditors* which sets out those services that the auditor is permitted to provide and the requirements for pre-approval by ACRC in advance of provision of non-audit services.

Risk strategy and appetite

Klarna's risk strategy is set by the Board and outlines the nature of risks that the business is exposed to, its willingness to take these risks and how they are managed. It is formed through Klarna's business plan, established by the Group Management Team and approved by the Board; the *Risk Policy*, which forms the basis of Klarna's risk management framework; the *Credit Policy*, which sets out Klarna's credit strategy; and the Internal Capital and Liquidity Adequacy Assessment Process.

The risk appetite framework outlined in the *Risk Policy* reflects Klarna's willingness to take and limit risk. The appetite is set by the Board and reviewed and updated regularly, at least on an annual basis. This annual review is an integral part of the annual business planning process, ensuring alignment of the business strategy, planned business activities and Klarna's risk exposures.

The Board and Group Management Team also issue specific written policies and instructions for managing risks, which are complemented by detailed routine descriptions within the organization. The second line functions provide an independent assessment of Klarna's risk profile to the Group Management Team and the Klarna Bank AB board on at least a quarterly basis.

Risks

Klarna categorizes the key risks it is exposed to into six types. These categories are further refined and managed within the organization. These risk categories form the basis of how Klarna identifies, assesses, manages, and reports against risk.

Credit risk is defined as ***the risk of loss due to a counterparty failing to meet its contractual obligations or concentrations in exposures.***

Credit risk is fundamental to Klarna's mission of providing consumers a smooth payment experience, better financial management, and

supporting partners' growth. It is a risk that Klarna takes to achieve its business objectives.

Klarna ensures that the consumer credit portfolio is resilient to volatile economic conditions by offering short duration credits and low average order value. Klarna limits the concentration of non-performing loans and large single exposures in the consumer credit portfolio. This, together with the dispersion of millions of customers across multiple countries and continents and low average order value, ensures that the consumer portfolio is diversified. Klarna takes precautions to ensure that approved consumers have the ability to pay their obligations.

Exposures and losses stemming from partners, payment and bank counterparties are managed by limiting single exposures based on the risk class of the counterparty as well as the exposure concentration to individual partner segments. Exposures to partners are managed using mitigation tools to increase Klarna's collateral, such as payment delays, rolling reserves, insurance, and withholding payments.

Klarna uses financial guarantees to provide protection for part of its portfolio of consumer exposures. The guarantee can reduce the regulatory capital the bank is required to hold for unexpected losses and the guarantee is fully funded with eligible collateral.

Market risk is defined as ***the risk of movements in market prices impacting Klarna's earnings or capital position.***
Klarna does not actively take market risk but due to its multi-currency business and different durations of its assets and liabilities, market risk is an inherent risk of the business. Interest rate risk specifically arises via a mismatch of terms in assets and liabilities where duration of funding is longer than the duration of credits granted to consumers.

Klarna seeks to match lending in foreign currencies with a financial liability in the same currency. Any mismatches may be hedged to minimize the impact that changes in currency rates may have on Klarna's realized earnings. Similarly, Klarna seeks to match changes in interest rate on borrowings with interest rates on lending and, where needed, hedge mismatches.

Klarna does not have a trading book and does not invest in financial instruments other than for liquidity, interest rate, and currency risk management purposes. From time to time, Klarna makes strategic investments in other companies to accelerate innovation and/or expand and improve its product offering. Equity risk, the risk that the value of these investments may increase or decrease, is a natural consequence of this activity. The risk of losses arises due to the potential for adverse price changes of an investment. This exposure is limited through Board mandates.

Liquidity risk is defined as ***the risk of being unable to meet financial obligations as they fall due, or unable to fund operational needs without incurring unacceptable costs.***
Klarna is dependent upon the effective management of liquidity risk to realize the company's strategy. The risk of insufficient funding being available would have implications for future growth, the company's ability to meet financial obligations, and, in an extreme scenario, the breach of regulatory limits.

Klarna is primarily exposed to liquidity risk due to the potential for unexpected increased demand for credits. There is a risk that Klarna does not have a sufficient capacity to acquire additional funding at a reasonable cost in a timely manner or does not have sufficient levels of liquid assets to convert to cash during such times. Klarna therefore keeps sufficient levels of liquidity at hand at all times, ensuring that funds are available to support the business and that regulatory requirements are adhered to.

Klarna actively manages its liquidity risk exposure and sources of liquidity by calculating, forecasting, and managing the size of the High Quality Liquid Assets (HQLA) portfolio and the funding needs to ensure that Klarna always has the ability to fulfill its commitments as they fall due and meet regulatory requirements. Klarna invests in financial instruments for liquidity management purposes, primarily in high credit quality sovereign and municipal government securities.

Operational risk is defined as ***the risk of inadequate or failed processes, personnel, products or third parties.***
Operational risk exists across all of Klarna's business processes. The continued delivery of Klarna's services to customers (partners and consumers) relies on resilience and stability in how processes, personnel, products and third parties are managed. To manage these inherent risks, Klarna operates a robust operational risk management framework.

Klarna maintains an operational risk management framework as outlined in the Operational Risk Policy. This is supported by more detailed risk-specific approaches. On an annual basis, business-critical products and services are identified and a risk assessment completed, including review of internal controls and the identification of any additional mitigation activities required. This includes maintaining a business continuity plan to ensure continuation of services in the event of disruption.

To sustain operational delivery, in addition to business continuity arrangements, a mandatory incident management process provides a structured approach for continuous learning and improvement through analysis of past incidents.

A driver of operational risk is major change. Klarna operates a change management approval process (the NPA process) to ensure a sound understanding of the business change and capture associated risks. All major changes undergo a risk assessment led by the owner of the change to identify and assess the risks associated with the change, and to implement adequate controls and/or mitigation actions.

Klarna has zero tolerance for entering into or maintaining business relationships where there is knowledge or suspicion that Klarna's products or services are being used for money laundering or terrorist financing. In such cases, Klarna will immediately terminate the relationship and take appropriate action in accordance with regulatory requirements.

ICT and Security risk is defined as ***the risk of failures or breaches in information or communication systems including system outages, software failures, data breaches, physical security breaches or cyber-attacks.***
Klarna is subject to ICT and security risk as a consequence of its business and operational processes. This risk can occur in several ways that can impact one or more of the confidentiality, integrity or availability of data and systems, such as stemming from human actions, system or technology failures or processes not operating as expected, as well as adjusting to the continuously evolving cyber threat landscape.

Klarna uses many automated and standardized security measures in a layered approach to protect systems. To manage ICT and security risks, Klarna maintains a specific ICT management framework. This includes frequent IT security/vulnerability assessments and testing, ongoing system monitoring, software change management controls, strict access management controls and regular training, including security awareness training and exercises. ICT and security risk controls are tested and measured continuously.

Business risk is defined as ***the risk of suboptimal strategy selection or sustainability factors impacting the achievement of Klarna's business objectives or altering the long-term valuation or viability of the business.*** Klarna's strategy is delivered through its business plan, which enables an informed decision-making process for assessing business risks. The business plan defines Klarna's objectives and the steps needed to reach those objectives and is designed to be resilient to changes in external economic and competitive conditions. Klarna aims for a sustainable strategy and business model and therefore expects to achieve the business plan with minimal variation.

As a part of the business planning cycle, Klarna assesses the upside and downside risks of the plan and considers the impact of competitor and market conditions to test the plan's achievability under different circumstances. The achievement of the business plan is then reviewed monthly by the Group Management Team with updates on key financial and business metrics. Where Klarna sees opportunities or risks, it adjusts approaches as appropriate to preserve achievement of the plan.

Sustainability risks are identified through a periodic double materiality assessment to determine key prudential and non-prudential themes that could impact Klarna. For prudential regulation, sustainability risk, including ESG factors, is integrated into risk management practices such as the *Credit Policy* and stress testing scenarios. Non-prudential regulation involves collaboration across Klarna to assess external data and communications, including ESG and voluntary reporting initiatives. To deliver its sustainable, global growth strategy in an efficient way, Klarna starts small with lower risk products that it can quickly test, iterate and scale. Launches of new products or markets go through a structured assessment and decision-making process to ensure risks have been captured and appropriately managed.

Risk reporting

In the *Risk Policy,* the Board has established how and when it shall receive information about Klarna's risks and risk management. The periodic risk reporting in Klarna provides reliable, current, complete, and timely information, reflecting the nature of different risk types as well as market developments. The Board, the ACRC, the CEO, and the Group Management Team, as well as other functions that require such information, receive regular reports on the status of risks and risk management to ensure they are aware of material risks and control weaknesses.

Internal control and financial reporting

Klarna maintains risk management processes and internal controls relating to financial reporting which are designed to ensure the accuracy of financial records, the appropriate application of accounting policies, and compliance with relevant regulations, and provide management with accurate and timely financial information to support the Banking Group's performance and make informed decisions.

Insider administration

As Klarna's equity shares are not admitted to trading on a regulated market, Klarna's obligations under the EU Market Abuse Regulation No 596/2014 (MAR) relate only to its corporate bonds listed on Nasdaq Stockholm.

Insider administration is organized according to applicable EU and national laws and regulations. The Klarna Bank AB board has approved Banking Group-wide policies and instructions to provide clear

instructions for employees to ensure inside information is identified and handled appropriately.

Klarna does not maintain a permanent insider register under the EU Market Abuse Regulation No 596/2014 (MAR). Insiders are identified on a case-by-case basis whenever inside information is detected and are subsequently registered in a related insider register and notified of their insider status. All identified insiders are then prohibited from dealing in the financial instrument(s) to which the inside information relates until that information is made public or otherwise no longer deemed to be inside information, and the insider register is closed.

The responsibilities of Klarna's insider administration include evaluating whether information is inside information or not, training and providing information to employees who are exposed to inside information to make sure that they are aware of the restrictions and obligations placed on insiders, setting up and maintaining insider registers, as well as monitoring compliance with the insider rules. The rules are put in place to mitigate the risk of insider dealing and other forms of market abuse, and the overall responsibility for making sure that a high level of knowledge of and compliance with these rules is maintained lies with Klarna's Governance and Corporate Secretariat team, reporting to the Chief Legal Officer.

Klarna sustainability statement



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Disclosure requirements and incorporation by reference

The following tables list all of the ESRS disclosure requirements in ESRS 2 and the topical standards which are material to Klarna and which have guided the preparation of our sustainability statement.

The tables can be used to navigate to information relating to a specific disclosure requirement in the sustainability statement.

Cross-cutting standards

Disclosure requirement

Disclosure requirement		Section	Page
ESRS 2 - General disclosures			
BP-1	General basis for preparation of the sustainability statement	General basis for preparation Klarna's value chain	29, 39
BP-2	Disclosures in relation to specific circumstances	General basis for preparation Process to identify material impacts, risks, and opportunities	29, 41
GOV-1	The role of the administrative, management and supervisory bodies	Composition of administrative, management, and supervisory bodies	10
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Sustainability governance	108
GOV-3	Integration of sustainability-related performance in incentive scheme	Remuneration policies and incentive schemes	111
GOV-4	Statement on due diligence	Statement on due diligence	140
GOV–5	Business conduct policies and corporate culture	Risk management and internal controls over sustainability reporting	110
SBM-1	Strategy, business model and value chain (products, markets, customers)	Strategy, business model, and value chain	31
SBM-2	Interests and views of stakeholders	Interests and views of stakeholders	48
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Resilience of Klarna's strategy and business model	40
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Double materiality assessment (DMA)	41
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Enhancing sustainability disclosures and Double Materiality Assessment Process to identify material impacts, risks, and opportunities	31, 41

Environmental standards

Disclosure requirement

Disclosure requirement		Section	Page
ESRS E1 - Climate change			
E1-1	Transition plan for climate change mitigation	Klarna's climate change mitigation strategy Klarna's climate transition plan Progress against climate commitments	56, 57
ESRS 2 IRO 1	Description of the processes to identify and assess material impacts, risks and opportunities	Klarna's climate risk and resilience assessment	61
E1-2	Policies related to climate change mitigation and adaptation	Klarna's climate change mitigation strategy	56
E1-3	Actions and resources in relation to climate change policies	Klarna's climate transition plan Progress against climate commitments	56, 57

E1-4	Targets related to climate change mitigation and adaptation	Klarna's climate targets Progress against climate commitments	56, 57
E1-5	Energy consumption and mix	Klarna's energy consumption	55
E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	Klarna's carbon footprint	53
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Klarna's support for climate solutions Klarna's support of carbon dioxide removal	59, 59
E1-8	Internal carbon pricing	Klarna's internal carbon fee	58
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Klarna's climate risk and resilience assessment	61
EU Taxonomy statement	The EU Taxonomy statement details Klarna's alignment with sustainable economic activities	EU Taxonomy statement	139

Social standards

Disclosure requirement

Disclosure requirement		Section	Page
ESRS S1 - Own workforce			
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Our approach and policies Actions	73, 77
S1-1	Policies related to own workforce	Our approach and policies	73
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Own workforce engagement	75
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Own workforce complaints and remediation	76
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Own workforce engagement Actions	75, 77
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Actions Targets and metrics	77, 78
S1-6	Characteristics of the undertaking's employees	Characteristics of Klarna's employees	78
S1-7[7]	Characteristics of non-employee workers in the undertaking's own workforce	Omitted due to quick-fix	NA
S1-8[1]	Collective bargaining coverage and social dialogue	Collective bargaining coverage and social dialogue	80
S1-9	Diversity metrics	Targets and metrics	78
S1-10	Adequate wages	Remuneration and benefits	77
S1-11	Social protection	Actions	77
S1-12	Persons with disabilities	Omitted due to quick-fix	NA
S1-13[1]	Training and skills development metrics	Training and skills development	81
S1-14	Health and safety metrics	Health and safety	80
S1-15	Work-life balance metrics	Parental leave	81
S1-16	Compensation metrics (pay gap and total compensation)	Remuneration and benefits	77
S1-17	Incidents, complaints and severe human rights impacts	Incidents, complaints and severe human rights impacts	82
ESRS S2 - Workers in the value chain[8]			
ESRS 2 §17	Material matters and their interaction with strategy and business model	Our approach and policies	84

[7] In alignment with the European Commission's "quick fix" guidance and the phased implementation of the European Sustainability Reporting Standards (ESRS), limited omissions have been applied in specific sub-disclosure requirements where information is still being developed or enhanced.

[8] In FY 2025 Klarna is omitting full disclosures under ESRS S2, as enabled by the delegated act of the European Commission of 11 July 2025 amending Delegated Regulation (EU) 2023/2772, and making summary disclosures in line with ESRS 2 §17.

ESRS 2 §17	Policies related to material matters	Our approach and policies	84
ESRS 2 §17	Actions related to material matters	Actions	85
ESRS 2 §17	Targets and metrics related to material matters	Targets and metrics	87
ESRS S4 - Consumers and end-users[9]			
ESRS 2 §17	Material matters and their interaction with strategy and business model	Our approach and policies	89
ESRS 2 §17	Policies related to material matters	Our approach and policies	90
ESRS 2 §17	Actions related to material matters	Actions	90
ESRS 2 §17	Targets and metrics related to material matters	Targets and metrics	96

Governance standards

Disclosure requirement

Disclosure requirement		Section	Page
ESRS G1 - Business conduct			
G1-1	Business conduct policies and corporate culture	Governance of business conduct Business conduct and corporate culture	112, 114

Entity-specific disclosures

Disclosure requirement

Disclosure requirement		Section	Page
ES - Conscious shopping			
ESRS 2 SBM3	Material impacts, risks and opportunities and their interaction with strategy and business model	Conscious shopping	65
ESRS 2 SBM3	Policies related to material matters	Our approach and policies	67
ESRS 2 SBM3	Actions related to material matters	Actions	67
ESRS 2 SBM3	Targets and metrics related to material matters	Targets and metrics	68

Disclosure requirement		Section	Page
ES - Financial stability, literacy, and wellness			
ESRS 2 SBM3	Material impacts, risks and opportunities and their interaction with strategy and business model	Financial stability, literacy, and wellness	96
ESRS 2 SBM3	Policies related to material matters	Our approach and policies	98
ESRS 2 SBM3	Actions related to material matters	Actions	99
ESRS 2 SBM3	Targets and metrics related to material matters	Targets and metrics	101
ES - Corporate citizenship			
ESRS 2 SBM3	Material impacts, risks and opportunities and their interaction with strategy and business model	Corporate citizenship	102
ESRS 2 SBM3	Policies related to material matters	Our approach and policies	103
ESRS 2 SBM3	Actions related to material matters	Actions	104
ESRS 2 SBM3	Targets and metrics related to material matters	Targets and metrics	106

Disclosure requirement		Section	Page
ES - Anti-money laundering and countering terrorist financing			
ESRS 2 SBM3	Material impacts, risks and opportunities and their interaction with strategy and business model	Anti-money laundering & counter terrorist financing	117
ESRS 2 SBM3	Policies related to material matters	Our approach and policies	118
ESRS 2 SBM3	Actions related to material matters	Actions	119
ESRS 2 SBM3	Targets and metrics related to material matters	Targets and metrics	120

[9] In FY 2025 Klarna is omitting full disclosures under ESRS S4, as enabled by the delegated act of the European Commission of 11 July 2025 amending Delegated Regulation (EU) 2023/2772, and making summary disclosures in line with ESRS 2 §17.

Incorporation of ESRS requirements by reference
To enhance the readability of the sustainability statement, Klarna incorporates certain information by reference to another section of the Management Report. The table below provides a list of the disclosure requirements which are incorporated by reference:

ESRS	Disclosure requirement	Data points	Information	Section
2	SBM-1	40(a)(iii)	Revenue and sector alignment	Income Statement, Group
2	GOV-1	The role of the administrative, management and supervisory bodies	Composition of administrative, management, and supervisory bodies	Corporate Governance Report

Introduction

Sustainability statement for the financial year ended 31 December 2025

Klarna Holding AB (publ) presents this Sustainability Statement for the financial year ended 31 December 2025, in accordance with the EU Corporate Sustainability Reporting Directive (CSRD). The report has been prepared in alignment with and to ensure compliance with the European Sustainability Reporting Standards (ESRS), ensuring comprehensive and transparent disclosure of Klarna's environmental, social, and governance performance across all entities within the Group.

This reporting ensures our compliance with the Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL 1995:1559), Chapter 7, §2, in conjunction with the Annual Accounts Act (1995:1554), Chapters 6 and 7, which implement the EU Corporate Sustainability Reporting Directive (CSRD 2022/2464). The report is prepared in accordance with the European Sustainability Reporting Standards (ESRS) issued by the European Commission, ensuring transparency and consistency in Klarna's sustainability disclosures. Furthermore, our Sustainability Report integrates information consistent with other recognized frameworks, notably the voluntary disclosure recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD).

In this report, Klarna discloses its sustainability information in accordance with the European Sustainability Reporting Standards (ESRS), which form part of the EU Corporate Sustainability Reporting Directive (CSRD). Where relevant, additional context and supporting information are provided to enhance understanding of Klarna's environmental, social, and governance performance.

General basis for preparation

Our 2025 Sustainability Statement is prepared on a consolidated basis for Klarna Holding AB (publ) and all its subsidiaries, ensuring a comprehensive view of our ESG efforts across all operations and entities. The scope of consolidation for this Sustainability Statement aligns with that of our consolidated financial statements, providing stakeholders with a consistent and unified view of Klarna's operations.

The Sustainability Statement is prepared in accordance with the European Sustainability Reporting Standards (ESRS) issued by the European Commission, developed by the European Financial Reporting Advisory Group (EFRAG). All data points included in the environmental (E), social (S), and governance (G) sections have been assessed as material in line with Klarna's double materiality assessment (DMA),

ensuring compliance with the requirements of the Corporate Sustainability Reporting Directive (CSRD).

ESG disclosures across all entities
There are no subsidiary undertakings within Klarna Holding AB (publ) that are exempt from sustainability reporting under Articles 19a(9) or 29a(8) of Directive 2013/34/EU, as amended by the Corporate Sustainability Reporting Directive (CSRD 2022/2464). Therefore, all entities are fully included in Klarna's sustainability disclosures.

Klarna's materiality assessment extends to all relevant policies, actions, and targets across the Group, taking into account impacts, risks, and opportunities throughout Klarna's value chain. Detailed information on these aspects is provided in the corresponding sections of this report.

Comprehensive reporting on the value chain
Our Sustainability Statement extensively covers Klarna Holding AB's upstream and downstream value chain considerations, in accordance with ESRS 1, Section 5.1.

In line with Klarna's 2025 Double Materiality Assessment (DMA), the report considers the upstream impacts, risks, and opportunities associated with suppliers and workers in the value chain, as well as the downstream impacts, risks, and opportunities concerning consumers and commercial partners when disclosing information in this report. This comprehensive approach ensures that Klarna's sustainability disclosures address the most significant aspects of our value chain. Detailed information is provided in the value chain section of this report.

Commitment to full transparency
In preparing this report, Klarna Holding AB (publ) has not exercised the option to omit any specific information regarding intellectual property, know-how, or innovation results. Klarna aims to maintain transparency by providing relevant sustainability information regarding its 2025 operations.

Exemptions applied for undisclosed information
Klarna Holding AB (publ) is based in an EU Member State that permits certain exemptions from the disclosure of specific information under development or in the course of negotiation, in accordance with Article 19a(3)(b) of Directive 2013/34/EU, as amended by the Corporate Sustainability Reporting Directive (CSRD 2022/2464).

For this reporting period, Klarna has not applied any formal exemptions under Article 19a(3)(b). However, in alignment with the European Commission's "quick fix" guidance and the phased implementation of the European Sustainability Reporting Standards (ESRS), omissions have been applied in specific sub-disclosure requirements where information is still being developed or enhanced. These omissions relate to:

S1 – Own workforce: Sub-disclosures S1-7, S1-8, S1-12, and S1-13 are subject to omission in accordance with the Quick Fix phase-in provisions, which provide temporary reliefs while data collection and reporting processes are being refined.

S2 – Workers in the value chain, and S4 – Consumers and end-users: In FY 2025 Klarna is omitting full disclosures under ESRS S2 and S4, as enabled by the delegated act of the European Commission of 11 July 2025 amending Delegated Regulation (EU) 2023/2772, and making summary disclosures in line with ESRS 2 §17.

Klarna remains committed to progressively enhancing data coverage and disclosure quality in future reporting cycles. While certain data points are subject to temporary omissions under the Quick Fix phase-in provisions, these do not materially affect the presentation of Klarna's identified material impacts, risks, and opportunities. The Sustainability

Statement continues to provide a balanced and accurate view of Klarna's sustainability performance, strategy, and impacts.

Value chain estimations
Estimates have been used in the preparation of Klarna's greenhouse gas (GHG) emissions metrics, including upstream and downstream value chain data derived from indirect sources, as well as metrics on energy consumption in its operations, in accordance with ESRS E1 and the GHG Protocol standards. For further information on the basis for preparation and the resulting level of accuracy, refer to the section "GHG Emissions Calculation Methodology" which details Klarna's methodology for calculating GHG emissions and related energy consumption metrics.

Enhancing sustainability disclosures and double materiality assessment
Klarna has strengthened its methodology for identifying, assessing, and disclosing information related to material impacts, risks, and opportunities (IROs) in accordance with the ESRS under the CSRD. The broad stakeholder assessment conducted in 2024—engaging management, employees, consumers, commercial partners, and investors—provided the foundation for Klarna's Double Materiality Assessment (DMA). These insights were gathered through workshops, surveys, and consultations, ensuring a comprehensive understanding of stakeholder expectations and sustainability priorities.

In 2025, Klarna reviewed, updated, and aligned its DMA internally to reflect learnings from its first year of CSRD-aligned reporting. This process focused on refining the assessment of both financial materiality and impact materiality across key topics, ensuring consistency with Klarna's business strategy, risk management framework, and governance structures. The updated DMA incorporates internal validation and alignment across relevant functions, confirming the continued relevance of material topics such as climate adaptation, corporate culture, and consumer-related impacts, while integrating emerging entity-specific topics that reflect Klarna's evolving sustainability focus.

This revision of Klarna's DMA ensures continued regulatory compliance and strengthens transparency regarding material sustainability matters relevant to Klarna's operations and strategic ambitions. Further details on the DMA process are provided in the Double Materiality Assessment section of this report.

Documentation and ongoing commitment
The outcomes of Klarna's Double Materiality Assessment (DMA) process and subsequent materiality determinations are documented in line with the European Sustainability Reporting Standards (ESRS) to support a transparent and traceable disclosure process. Klarna remains committed to continuously monitoring and reviewing its identified impacts, risks, and opportunities (IROs) and will update its assessments as needed to reflect significant changes in its operations, business environment, or stakeholder expectations.

Strategy, business model, and value chain

Introduction

Klarna is a global digital bank and flexible payments provider, putting consumer needs at the heart of everything we do. With over 118m global active Klarna users and 3.4m transactions per day, Klarna's AI-powered payments and commerce network is empowering people to pay smarter with a mission to be available everywhere for everything. Consumers can pay with Klarna online, in-store and through Apple Pay

and Google Pay. More than 960k retailers trust Klarna's innovative solutions to drive growth and loyalty.

Our focus remains on delivering high-quality products that provide tangible value to both consumers and commercial partners within the Klarna ecosystem. We collaborate with some of the world's most prominent and trusted brands—including Nike, Walmart, IKEA, Airbnb, H&M, Sephora, Expedia Group, Macy's, eBay, and Uber—strengthening our role as a key growth partner for global retailers. This approach fuels compounding network effects, where more merchants attract more consumers, and more consumers drive growth for merchants across the ecosystem.

Klarna provides spending and saving tools that are affordable, accessible, and transparent. By supporting smart everyday money habits and discouraging predatory financial practices, Klarna continues to set the standard for ethical, consumer-first financial services that foster inclusion and empowerment. Klarna's sustainability features further help consumers make informed, responsible shopping decisions aligned with environmental and social priorities.

The Klarna app, now available in 26 markets, delivers a smarter end-to-end shopping experience. It allows consumers to manage transactions and payments, view spending insights, access personalized AI-powered recommendations, and compare prices across thousands of retailer websites. Key features include wish-lists, a digital loyalty card wallet, exclusive deals and price-drop notifications, AI-powered 24/7 customer support, delivery tracking, return reporting, and reselling options in selected markets.

The in-app shopping feature and browser extension make it possible to use Klarna's flexible payment methods almost everywhere—even with retailers not directly integrated with Klarna. Klarna is also increasingly present in physical stores through the Klarna Card and payment-terminal integrations, enabling consumers to use Klarna's payment options seamlessly across channels.

In 2025, Klarna continued to enhance its role as a global digital bank, expanding features such as Klarna Balance and the new Klarna Card, a debit-first card with credit available on request, designed to promote responsible and healthy spending habits. These innovations demonstrate Klarna's ongoing transformation into a trusted everyday financial partner while maintaining a strong foundation of technological innovation, responsible lending, and sustainable growth. On September 10, 2025, Klarna Group plc successfully completed its initial public offering on the New York Stock Exchange under the ticker "KLAR", marking a significant milestone in its evolution as a global technology-driven financial services company.

Klarna's offerings and markets

Klarna provides a comprehensive range of products and services aimed at enhancing the shopping, payment, and financial experience for consumers and retailers worldwide.

None of Klarna's proprietary products and services are subject to bans in any markets. Certain products and services, which may be offered through Klarna's merchant customers, may be subject to legal, regulatory, or sanctions-related restrictions in specific markets. Klarna complies with all applicable local laws and regulations, which may limit or prohibit the offering of such products or services in some jurisdictions through Klarna's environment. The company maintains and regularly updates internal lists of prohibited and restricted businesses, products, and services to ensure ongoing compliance with relevant requirements.

Products and services

Payments products

- **Flexible payment options:** One-click payments for online or in-store purchases with options to Pay in full, Pay later, or Financing.

Klarna app features

- **Financial management tools:** Overview of finances, spending insights, snooze-payment option, budgeting tools, and monthly spending breakdowns
- **Personalized shopping experience:** AI-powered recommendations, search and compare, wishlists, and a digital loyalty-card wallet.
- **AI Assistant and Copilot:**
    - Powered by OpenAI and expanded in 2025, Klarna's assistant handles customer-service interactions and supports free-text product search, price comparison, and delivery queries in real time.
    - In October 2025, Klarna entered a strategic AI partnership with Google Cloud, enhancing personalization, marketing performance, and predictive analytics across its global network.
- **Post-purchase services:** Delivery tracking, return reporting, and order-status updates.
- **Sustainability features:** Klarna also promotes circular consumption by enabling reselling through partnerships with eBay, Tradera, and Poshmark, and by offering second-hand options displayed alongside new products within the Klarna app experience, conscious-shopping filters for products and brands, and donation touchpoints supporting environmental causes.

Banking services

- **Klarna Card:**
    - The Klarna Card enables consumers to use Klarna's payment methods everywhere—virtually and physically—with real-time transfers, deposit functionality, and no annual fees.
    - In 2025, Klarna introduced a debit-first card across the US and Europe, combining immediate payment with flexible options such as Pay Later and Pay in 3, all managed seamlessly through the Klarna app. Designed to be debit by default, the Klarna Card encourages responsible spending habits by enabling consumers to spend the money they have, while still providing credit on request when needed. This approach combines the simplicity of debit with the flexibility of credit, supporting Klarna's broader goal of promoting financial wellbeing and sustainable consumption as part of its strategy to become a comprehensive everyday payment provider.
- **Klarna bank account:** A free account offering instant top-ups, real-time transfers, fixed-term deposits with competitive rates, no foreign transaction fees, and two free ATM withdrawals per month.
- **Klarna Balance and Cashback:** Enables consumers to store funds, receive refunds, and earn interest and cashback rewards directly in the Klarna Balance.
- **Flex and Fixed accounts:** Up to three sub-accounts for organizing savings goals.
- **Fixed accounts:** Sub-accounts for saving goals and fixed-term deposits with competitive interest rates.
- **Budgeting and categorization:** Tools for setting spending limits, viewing insights by category, and managing financial health within the app.

Retailer and partner services

- **Checkout solutions:**
    - **Express Checkout:** Enhances speed and reduces cart abandonment with pre-filled consumer information.
    - **Sign-in with Klarna:** Enables password-free login using Klarna accounts, streamlining signup and checkout with pre-filled details, tokenized payments, and personalized shopping insights. Compatible with global markets and major identity platforms, it boosts conversion and delivers a secure, seamless shopping experience.
- **Marketing and engagement:**
    - **Ads:** AI-driven tools that help retailers reach the right shoppers.
    - **Search:** Comparison shopping that drives qualified traffic to commercial partners.
    - **Affiliate and creator programs:** promoting retailer growth through cashback offers and influencer collaboration.

Technology and new services

- **Open banking platform:** Unlocks seamless access to a vast network of financial institutions, enabling cutting-edge fintech solutions such as Pay by Bank, verified mandates, personal finance management, and enhanced underwriting capabilities.
- **AI-powered commerce and risk platform:** Klarna's single cloud-native infrastructure processes over 3.4m transactions daily, supporting global expansion with real-time machine-learning decisioning.

Product and market changes in 2025

In 2025, Klarna continued to evolve its product ecosystem and market positioning, introducing new offerings and strategic partnerships to strengthen its role as a global, AI-driven financial technology platform.

Following the 2024 divestment of Klarna Checkout to a consortium of investors including BLQ Invest (now operating as Kustom), Klarna maintained its focus on scalable, Klarna-branded payment methods and deeper collaborations with payment service providers (PSPs).

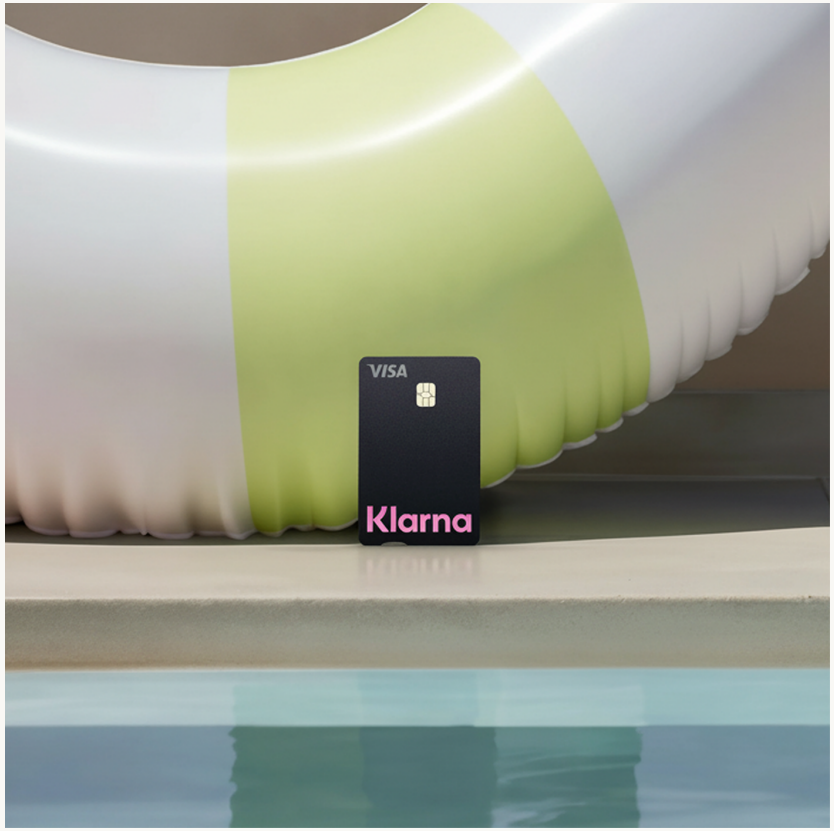
In 2025, Klarna expanded its product portfolio and market footprint through several key initiatives:

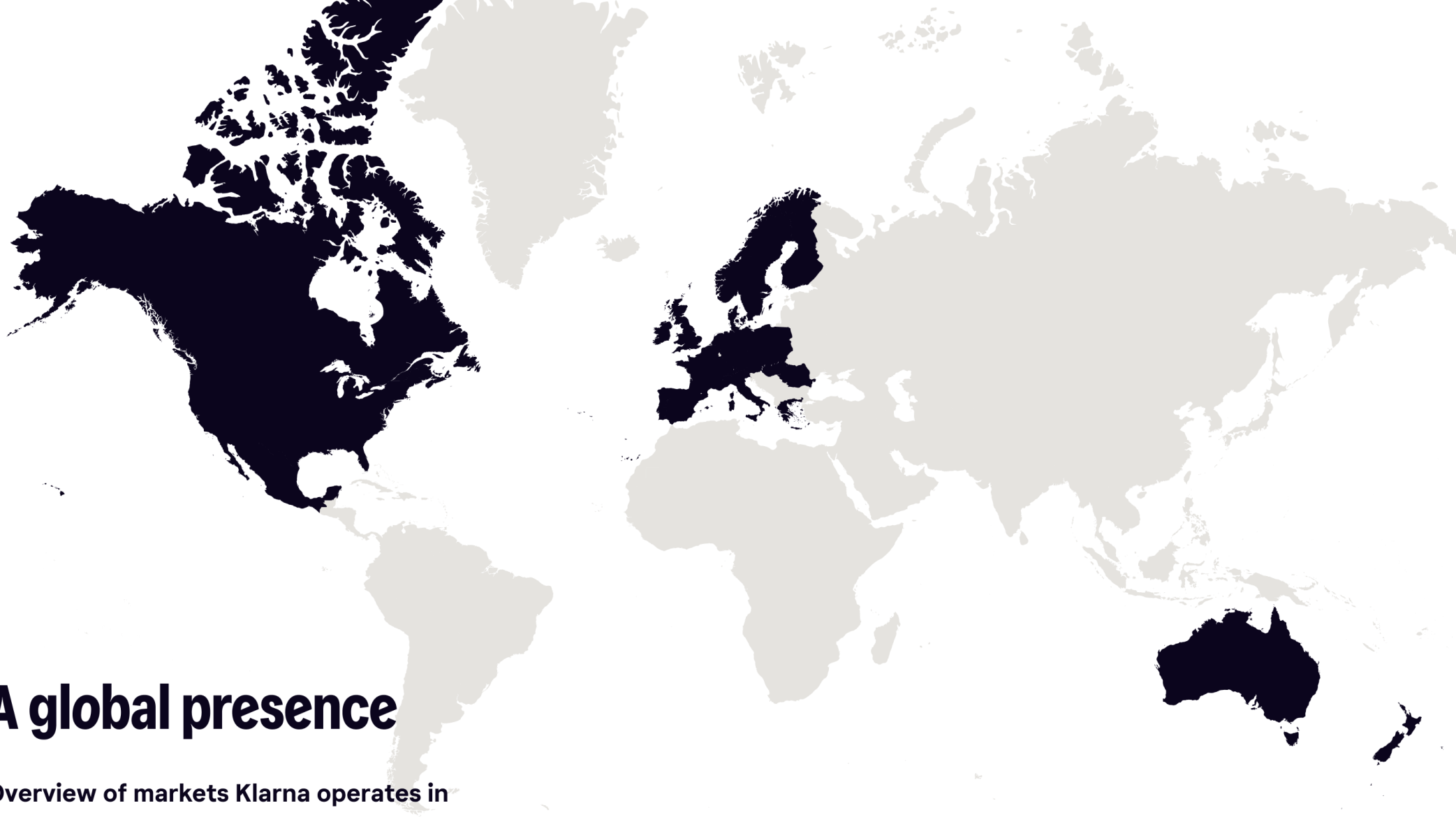
- **AI-driven partnerships:** Klarna deepened its collaboration with Google Cloud to enhance personalization, marketing efficiency, and product discovery through its AI-first technology stack.
- **Debit-first card rollout:** Klarna introduced its debit-first card across Europe, following a successful U.S. pilot. The new card combines debit functionality by default with Klarna's flexible payment options, enabling consumers to pay now or later directly through the Klarna app.
- **Klarna Balance and Cashback:** Expanded to 15 markets globally, allowing users to hold funds, earn interest, and receive real-time cashback rewards directly in their Klarna account.
- **Klarna Memberships:** Klarna continued development of its premium subscription model, Klarna Memberships, offering enhanced benefits such as exclusive discounts, faster refunds, and premium customer support. This initiative complements Klarna's loyalty and engagement strategy and is positioned under Klarna app features and consumer-facing services.
- **Financing expansion:** Klarna scaled its Financing product through its exclusive partnership with Walmart's OnePay platform in the United States, offering installment options of three to 36 months both online and in-store**.**
- **Resale partnerships:** Klarna strengthened its circular-economy initiatives through expanded reselling capabilities with eBay, Tradera, and Poshmark, enabling consumers to list and purchase second-hand products alongside new ones within the Klarna app.
- **Klarna Mobile:** Launched in June 2025, Klarna entered the telecommunications sector with Klarna Mobile, a subscription-based mobile service offering unlimited 5G data, voice, and text through eSIM activation. The service operates on the AT&T network in partnership with Gigs, fully managed via the Klarna app, marking Klarna's diversification beyond financial services into consumer connectivity.

Markets

Klarna collaborates with approximately 960k global commercial partners across 26 markets, serving more than 118m active consumers worldwide. Klarna continues to expand its network by partnering with leading global and regional brands, including Walmart, H&M, IKEA, Nike, Sephora, Uber, Airbnb, and Expedia Group.

This extensive ecosystem positions Klarna as one of the world's largest AI-driven commerce and financial technology platforms, connecting consumers and merchants through flexible payments, personalized shopping experiences, and integrated financial services that promote sustainable growth across markets.





A global presence

Overview of markets Klarna operates in

- Australia
- Austria
- Belgium
- Canada
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Mexico
- Netherlands
- New Zealand
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Spain
- Sweden
- Switzerland
- US
- United Kingdom

Klarna employees

Klarna has a total of 2,795 employees (excluding consultants), distributed across 26 countries. Detailed information on the basis of calculation and further workforce details can be found in the section Own workforce.

- Australia 7
- Austria 9
- Belgium 3
- Canada 14
- Czech Republic 2
- Denmark 33
- Finland 11
- France 24
- Germany 696
- Greece 4
- Ireland 8
- Italy 166
- Japan 2
- Mexico 1
- Netherlands 33
- New Zealand 1
- Norway 14
- Poland 45
- Portugal 8
- Romania 2
- Singapore 1
- Spain 75
- Sweden 1,269
- Switzerland 6
- United Kingdom 161
- United States of America 200

Revenue and sector alignment

Information on Klarna's revenue and sector alignment is disclosed in the Section Income Statement, Group of Klarna's 2025 Financial Statements.

Additional significant ESRS sectors

Klarna primarily operates in the fintech and payments sector, focusing on providing payment solutions and services to consumers and commercial partners.

Sector-specific activities

Klarna is not active in any of the following sectors: fossil fuels, chemical production, controversial weapons, and cultivation and production of tobacco.

Strategy and business model connection to sustainability

Klarna's strategy and business model integrate sustainability and long-term risk considerations across decision-making and operations. The 2025 Double Materiality Assessment identifies the environmental and social topics most relevant to Klarna's business and stakeholders. These factors are managed through the risk control framework as both risks and opportunities that influence the company's strategic objectives and operational resilience.

Elements of strategy affecting sustainability matters

The ongoing evaluation of sustainability factors, grounded in our DMA, focuses on understanding the sustainability impacts, risks, and opportunities that are essential to Klarna's business model and value chain. This approach is informed by insights on upcoming regulations and evolving economic and competitive landscapes, guiding adaptation of our strategy and operational adjustments related to ESG.

Reflection of stakeholder interests
Stakeholder input is fundamental to refining our ESG strategy. Through workshops and consultations, Klarna engages customers, investors, and employees to ensure the ESG strategy reflects their expectations and addresses pertinent issues. This input informs strategic direction, aligning Klarna's initiatives with stakeholder interests and fostering regular, structured dialogue.

Outcome of material impacts, risks, and opportunities assessment
The DMA helps us articulate and address the sustainability-related impacts, risks and opportunities most relevant to Klarna. Based on the 2025 DMA, Klarna's material subtopics include:

Material topics	
Climate change mitigation	Topical standard E1: Climate change
Energy	Topical standard E1: Climate change
Working conditions – own workforce	Topical standard S1: Own workforce
Equal treatment & opportunities for all – own workforce	Topical standard S1: Own workforce
Working conditions – workers in the value chain	Topical standard S2: Workers in the value chain
Information-related impact for consumers and end-users	Topical standard S4: Consumers and end users
Corporate culture and business conduct	Topical standard G1: Business conduct
Financial stability, literacy, and wellness	Entity-specific topic
Anti-money laundering, countering terrorist financing	Entity-specific topic
Conscious shopping	Entity-specific topic
Corporate citizenship	Entity-specific topic

Operationalizing DMA findings
The outcomes of our DMA have been embedded into Klarna's ESG risk routines and operational frameworks. By identifying material risks—such as potential climate transition risks and shifts in consumer behavior due to environmental awareness—Klarna has streamlined its strategies to address these risks effectively. These efforts are supported by updated risk monitoring systems aligned with current regulatory standards, allowing us to track progress and make proactive adjustments as needed.

Our governance structure ensures consistent oversight, providing monthly updates to senior management, quarterly risk reports, and annual strategic reviews. This approach keeps sustainability at the center of our business model and strategy development, ensuring we remain responsive to emerging ESG risks and regulatory requirements.

Sustainability goals and commitments

Klarna is committed to sustainability and integrating social and environmental considerations into our operations and product offerings. Our key focus is promoting the sustainability of our products and reducing the environmental impact of our operations and supply chain.

Klarna aims to track progress against its sustainability commitments and monitor the effectiveness of its actions related to different sustainability matters over time. Details regarding targets and metrics for different topics are provided in the respective sections of this sustainability statement.

Disclosures of policies, actions, and targets

Klarna applies a flexible and agile approach to sustainability management, integrating environmental and social considerations across its business strategy, operations, and product development. Sustainability topics are addressed through cross-functional collaboration and operational practices.

Policies: Klarna has a range of policies in place that support its sustainability objectives and responsible business conduct. While several material topics are covered by these policies, not every sustainability topic or commitment is formalized within a dedicated policy. Some related actions and objectives are embedded across existing policies and business areas. Further details on topic-specific policies are provided in the respective sections of this sustainability statement. Find all relevant policies within the Policy Overview.

Stakeholders across the business relevant to the scope of the policy are consulted and contribute to the development and update of the policy. Implementation of policies is monitored through relevant business functions. The most senior level of approval of each policy can be found in the Policy Overview.

Klarna's policies take third-party standards into account, where relevant. Where applicable, the specific standards for each policy can be found in the Policy Overview.

Actions: Klarna undertakes a range of actions to manage and improve performance across identified material topics. These actions are not structured as separate formal action plans with dedicated budgets as outlined by the ESRS, but are embedded within the scopes of work of various teams and functions and carried out as ongoing initiatives without narrowly defined timeframes. The focus is on ensuring progress toward sustainability commitments through coordinated initiatives, programs, and plans implemented in various teams across the organization.

Targets: Besides climate-related targets, Klarna does not manage all material sustainability matters by setting time-bound and/or quantitative targets. Progress is monitored through actions and quantitative indicators, focusing on measurable improvements as outlined through the metrics presented in the respective material impacts sections. As Klarna's sustainability framework matures, the company will continue to assess the need for further target formalization across additional topics.

Business operations

Klarna's climate targets have been independently validated by the Science Based Targets initiative (SBTi):

- Commit to reduce Scope 1 and 2 GHG emissions by 42% by 2030 from a 2022 base year.
- Commit to reduce Scope 3 GHG emissions by 25% by 2030 from a 2022 base year.
- Commit to reduce Scope 1, 2, and 3 GHG emissions by 90% by 2040 from a 2022 base year.
- Commit to reach net-zero GHG emissions across the value chain by 2040 from a 2022 base year.

Sustainability-related products and services for consumers

Klarna provides consumers with tools that promote conscious consumption, financial wellness, and circular shopping, helping users make responsible choices while maintaining financial control. These features are integrated throughout the Klarna app to combine sustainability awareness with personal finance management.

Personal finance management tools

- **Debit-first card**: Enables debit-before-credit payments, giving consumers instant, interest-free spending power with flexible options like Pay Later—seamlessly managed through the Klarna app.
- **Financial overview:** Provides a comprehensive view of transactions, spending, and assets across Klarna and linked external bank accounts.
- **External account connections:** Allow users to link external accounts and cards, consolidating balances, spending, and income in one interface for better visibility.
- **Balances:** Displays real-time account balances, including Klarna purchases, savings, cashback earnings, and connected external accounts.
- **Budgeting and goal-setting:** Enables users to set monthly budgets and savings targets with visual tracking of progress.

- **Spending and income tracking:** Automatically categorizes transactions and income streams, offering insights into spending patterns and cash flow trends.
- **Financial wellness guidance:** Introduced in 2025, Klarna's personalized insights and AI-driven reminders help users manage upcoming payments, avoid missed bills, and make informed credit decisions in line with responsible lending principles.

Conscious and circular shopping

- Conscious-shopping filters in the Klarna app and Search & Compare tool enable users to identify products and brands that meet recognized sustainability certifications or are classified as responsible brands.
- Klarna displays second-hand items alongside new products, giving consumers the ability to make more circular purchasing choices directly within the app experience.
- Through partnerships with leading resale platforms, Klarna makes it simple for users to resell pre-owned items, supporting extended product lifecycles and reducing waste.
- Klarna's brand-level sustainability information helps users identify companies that actively work to improve their impact on people, animals, and the planet.
- Klarna also integrates donation touchpoints within the app and checkout experience, enabling users to easily contribute to vetted environmental initiatives.

Sustainability-related products and services for commercial partners

Klarna supports commercial partners by offering insights into sustainability features for consumers and providing reports on sustainability issues. These tools can help partners to align with evolving consumer expectations around sustainability.

Stakeholder relationships

Klarna actively engages with a broad range of stakeholders to advance its sustainability goals and commitments. This includes:

- Maintaining continuous dialogue with consumers, commercial partners, employees, shareholders, suppliers, regulators, NGOs, and policymakers.
- Participating in industry-leading initiatives such as *Science Based Targets initiative (SBTi), The Carbon Removal Show Coalition, The Climate Pledge,* and the *Race to Zero* campaign, as well as being an active member of *Leaders for Climate Action*. These partnerships and interactions ensure Klarna remains at the forefront of collaborative efforts to address global sustainability challenges.

Assessment relative to sustainability-related goals

Klarna's sustainability-related goals are aligned with its product offerings and markets, meaning that sustainability considerations are embedded in the development of specific products and integrated into the work of operational teams across the business. Progress toward these goals is monitored through a comprehensive approach that includes annual carbon footprint calculations, application of an internal carbon fee, evaluation of sustainability initiatives, and regular reporting on progress. This performance is documented in the ESG reporting and reviewed by internal stakeholders. Continuous stakeholder engagement and independent external verification of the carbon footprint calculations ensure transparency and accountability.

Strategy elements impacting sustainability

Klarna's strategy for sustainability primarily involves leveraging technology and innovation to promote conscious consumer behavior and sustainable business practices within our operations.

The main challenges we face include:

- Continuously integrating sustainability into all aspects of our business and scaling our impact.
- Addressing challenges with suppliers and partners, as we do not have control over their sustainability performance.

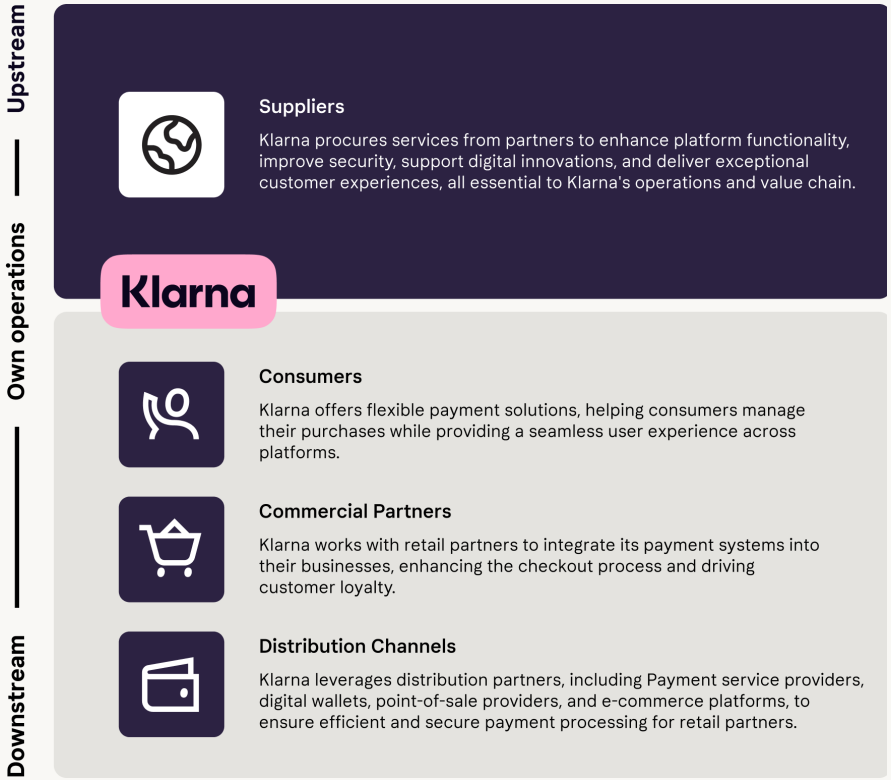
Our solutions include developing products and services that encourage responsible consumption, reducing the carbon footprint of our operations, and engaging with stakeholders on sustainability matters.

Klarna's value chain

Klarna's value chain encompasses several key actors and their relationships with the business are relevant for Klarna's sustainability strategy. Klarna works upstream with suppliers on environmental and

ethical practices, while partnering with technology providers to enhance platform capabilities and security. Downstream, Klarna empowers customers with payment solutions and sustainability features, enabling informed and responsible purchasing decisions. Collaborating with commercial partners, Klarna drives sustainability initiatives into offerings.

Value chain actors and relationships



Approach to gathering, developing, and securing inputs

- **Financial resources:** Secured through investments, partnerships, and revenue generated from our services.
- **Technology:** Development and maintenance of proprietary technology platforms to facilitate seamless transactions and enhance user experience.
- **Human capital:** Recruitment and retention of skilled professionals to drive innovation and operational efficiency.

Outputs and outcomes in terms of current and expected benefits

- **Customers:**
  - Offering fair, transparent, and financially sustainable payment solutions.
  - Enabling consumers to make more informed spending choices through features like sustainability search filters and circular shopping options.
- **Investors:**
  - Ensuring compliance with ESG regulations and demonstrating leadership in sustainability to build a reputable and recognized presence.
- **Other stakeholders:**
  - Engaging with employees regarding corporate culture and wellbeing.
  - Supporting local communities through partnerships with non-profit organizations, such as World Wildlife Fund and Cancerfonden.
  - Through its corporate citizenship and philanthropy programs, Klarna supports environmental initiatives by funding projects that restore natural habitats, promote biodiversity, and empower local communities to engage in sustainable practices.

Find an overview of all value chain related impacts, risks and opportunities in the table: Material sustainability-related impacts, risks and opportunities below.

Resilience of Klarna's strategy and business model

Klarna applies a comprehensive framework to assess its exposure to climate risks and opportunities and the resilience of its business model and strategy. This framework combines three principal tools: (1) annual GHG accounting, which measures Klarna’s emissions footprint and informs reduction initiatives; (2) a quantitative climate scenario analysis, which tests business resilience under multiple climate futures;

and (3) a qualitative climate risk assessment, which evaluates emerging transition and physical risk drivers.

As part of this framework, Klarna conducts an annual climate scenario analysis to assess the resilience of its business model and strategic positioning across different timeframes. This assessment forms part of Klarna's ongoing work to integrate climate-related risk management into its business strategy and prudential planning processes.

The scenario analysis evaluates how Klarna's strategy and operations would perform under different climate pathways, including varying temperature pathways and transition scenarios. The assessment leverages reference pathways from the Network for Greening the Financial System (NGFS), covering a range of temperature projections and other climate factors. The results indicate that Klarna's business model demonstrates strong strategic resilience across different climate scenarios. For more detailed information, please refer to the Climate Risk and Resilience Assessment section of this report.

While Klarna's current assessment has centered on climate and environmental risk, work is underway to broaden the framework to capture additional ESG dimensions over time.

The analysis conducted to date indicates that no sustainability-related impacts, risks, or opportunities (IROs) currently have a material effect on Klarna’s overall financial position or long-term business performance. This assessment was based on quantitative and qualitative evaluations of the identified material risks within the Double Materiality Assessment (DMA), including those that exceeded financial magnitude thresholds. While these risks were deemed financially significant at a topic level, their potential effects were assessed as not materially altering Klarna’s consolidated financial performance or stability at this stage.

Double materiality assessment

Process to identify material impacts, risks, and opportunities

Methodology

Klarna continued to apply the same Double Materiality Assessment (DMA) framework and methodology used in 2024, fully aligned with the European Sustainability Reporting Standards (ESRS). This methodology considers both the impacts of sustainability matters on Klarna’s operations and financial performance and Klarna’s own impacts on the economy, environment, and society.

The DMA is a structured and transparent process designed to ensure the accuracy and relevance of Klarna's materiality outcome. It is carried through discussions with internal experts and key members of Klarna's Group Management Team, using a systematic scoring and prioritization approach aligned with CSRD and ESRS requirements. Developed in 2024 in collaboration with external consultants, the methodology remains valid for 2025 and continues best practices.

The assessment process included several validation steps to ensure robustness and stakeholder engagement. Preliminary results were reviewed by internal and external experts and subsequently various stakeholders, including representatives from Klarna's Group Management Team to collect feedback and insights. This input was incorporated to refine the findings, which were then validated through targeted interviews with key stakeholders, ensuring the reliability and consistency of the final DMA results.

As part of the process, Klarna also determined information materiality to identify which data points and disclosures are relevant for inclusion in this sustainability statement. During the DMA workshops with

internal experts and key stakeholders, Klarna evaluated the significance, availability, and reliability of underlying data for each material topic. This approach ensured that the selected information and metrics reflect the most relevant and decision-useful insights, serving as the bridge between the DMA results and the disclosures presented in this statement.

As part of the process, Klarna also assessed information materiality to determine which data points and disclosures were most relevant for inclusion in this sustainability statement. During the DMA workshops with internal experts and key stakeholders, Klarna evaluated the relevance of the information for external stakeholders.

In 2025, Klarna refreshed the analysis to verify the ongoing relevance of the 2024 results through a series of internal stakeholder workshops and interviews conducted with representatives from core business functions. These sessions were designed to challenge, confirm, and update material topics based on organizational and market developments during the year.

As the 2024 assessment had been recently completed and remained relevant, Klarna determined that external stakeholder consultations were not required in 2025. The outcomes of the internal validation confirmed that all previously identified material topics remain applicable, with the addition of one new material topic: Corporate Citizenship. This new topic reflects Klarna’s expanding focus on its social and environmental contribution to local communities and broader society.

Stakeholder engagement
To ensure a diverse perspective, Klarna conducted workshops and ten interviews with selected stakeholder groups in 2024, including six external interviews with non-profit organizations, commercial partners, regulators, and investors, and four internal interviews with representatives from the Group Management Team, Public Affairs, Risk Control, and Consumer Insights teams. A questionnaire was also distributed to employees. This inclusive approach facilitated a comprehensive dialogue incorporating both external and internal insights.

In 2025, Klarna refreshed the analysis through internal stakeholder workshops and interviews.

Material topics identified
All material topics defined in 2024 have been revalidated through the 2025 refresh, confirming their continued relevance. The results also align with the earlier mention of Corporate Citizenship as a new entity-specific topic, ensuring consistency across Klarna's updated materiality profile.

The following material topics direct Klarna's sustainability focus, helping the organization identify opportunities and manage risks across its operations:

- E1 Climate change: Climate change mitigation
- E1 Climate change: Energy
- S1 Own workforce: Working conditions
- S1 Own workforce: Equal treatment and opportunities for all
- S2 Workers in the value chain: Working conditions
- S4 Consumers and end-users: Information-related impacts for consumers and end-users
- G1 Business conduct: Corporate culture

Entity-specific topics:
- Financial stability, literacy, and wellness
- Anti-money laundering and countering terrorist financing
- Conscious shopping
- Corporate citizenship

Klarna material topics

Environment

Climate change mitigation

Reducing greenhouse gas (GHG) emissions in Klarna's operations and value chain and contributing to the global transition to Net Zero.

Energy

Managing energy consumption and increasing the use of renewable energy across Klarna's operations.

Conscious shopping*

Empowering consumers to make informed and conscious purchasing decisions by providing sustainability insights on products and brands.

Governance

Corporate culture

Fostering a positive corporate culture that aligns with ethical business practices, integrity, and transparency.

Anti-money laundering and countering terrorist financing*

Ensuring compliance with global regulations on anti-money laundering, sanction policies and countering terrorist financing.

Social

Working conditions (own workforce)

Ensuring fair working conditions, health, and safety for Klarna employees.

Equal treatment & opportunities for all (own workforce)

Promoting diversity, inclusion, and equal opportunities within Klarna's workforce.

Working conditions (workers in the value chain)

Upholding fair labor practices and ensuring safe working conditions for employees within Klarna's supply chain.

Information-related impact for consumers and end-users

Managing and mitigating risks related to data privacy and ensuring the secure handling of consumer information.

Financial stability, literacy, and wellness*

Providing consumers with financial tools and resources to promote responsible spending and financial literacy.

Corporate citizenship*

Supporting community development, education, and environmental initiatives that create lasting social and ecological impact.

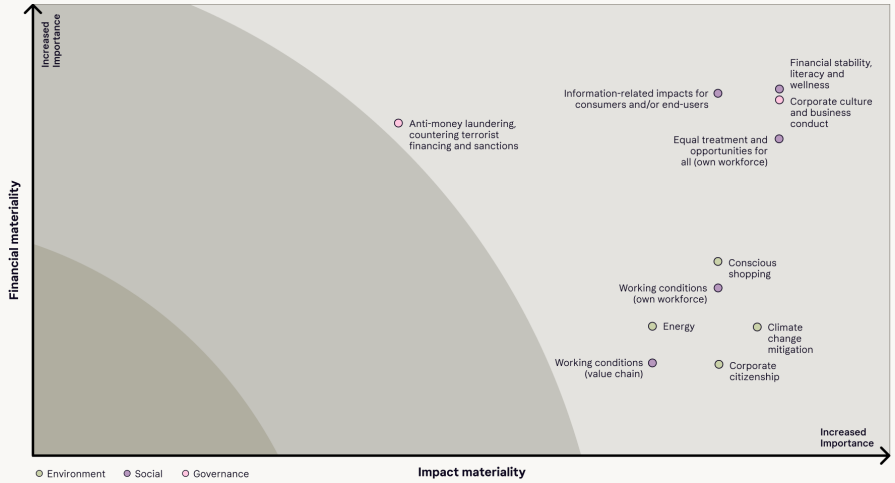
*Entity-specific

Continuous monitoring

The material topics are subject to ongoing monitoring and review to reflect any significant changes in Klarna's business operations, market conditions, regulatory environment, or stakeholder expectations.

Klarna materiality matrix

Klarna material topics, scored higher than 3.5.



Material sustainability-related impacts, risks and opportunities

Each material ESRS topic is presented in the tables below, specifying the sub-topics related to our material impacts, risks, and opportunities, such as climate change mitigation, climate change adaptation, and energy. Additionally, we indicate whether these impacts, risks, and opportunities are within our own operations or in our value chain (upstream and downstream) and whether the impacts are positive or negative. The tables also include brief descriptions of the material impacts, risks, and opportunities, along with the materiality score for each sub-topic. More information on our responses to these impacts, risks, and opportunities is provided in the topical sections under 'Environment', 'Social', and 'Governance', which also include detailed IRO descriptions for each topic.

Material sustainability-related impacts, risks, and opportunities

IRO Type	Description	Score
IRO ESRS E1 - Climate change		
Climate Change Mitigation		
• Positive Impact • Downstream • Medium-term • Actual	Klarna finances a portfolio of climate projects focused on maximizing overall climate impact.	4.00
• Negative impact • Own operations and upstream • Long-term • Actual	GHG emissions from Klarna's office operations and supply chain.	4.33
Energy		
• Negative impact • Upstream • Short- to medium-term • Actual	Energy consumption at data centers of Klarna's suppliers of cloud computing services.	3.67
IRO Entity Specific - Conscious shopping		
Conscious shopping		
• Positive impact • Own operations and downstream • Medium-term • Actual	Klarna provides consumers with sustainability tools enabling them to make more conscious and smart purchasing decisions which means more people engage in sustainable behavior.	4.00
• Positive impact • Downstream • Medium-term • Actual	Klarna enables circular shopping by providing a platform that promotes the reuse and resale of products. Through these features, more people participate in the circular economy, helping to extend product lifecycles, reduce waste.	4.00
IRO ESRS S1 - Own workforce		
Working conditions - own workforce		
• Positive impact • Own operations • Short - to medium-term • Actual	We cultivate a supportive workplace with fair compensation, flexible hours, and a focus on health, safety, and growth, empowering employees to thrive in a dynamic environment.	4.00
IRO ESRS S1 - Own workforce		
Equal opportunities - own workforce		
• Positive impact • Own operations • Short - to medium-term • Potential	Klarna actively hires to build a diverse workforce and is dedicated to fostering an inclusive work environment. We aim to create an environment where all our employees, from whatever backgrounds feel valued, and have opportunities to engage with diverse cultures broadening their horizons.	3.60
• Positive impact • Own operations • Short - to medium-term • Actual	Our employees have career progression opportunities through the availability of new opportunities offered, projects and training and development tools.	4.50
• Opportunity • Own operations • Short-term • Potential	The diversity of Klarna's workforce results in innovative thinking and approaches, driving business success.	3.60
IRO ESRS S2 - Workers in the value chain		
Working conditions - value chain		
• Negative impact • Upstream • Short - to medium -term • Potential	Klarna procures goods and services from suppliers or in their supply chains, who could engage workers that are subjected to excessive overtime, inadequate living wages, insufficient health and safety measures and no freedom of association.	3.67
IRO ESRS S4 - Consumers and end-users		
Information-related impacts for consumers and/or end-users		
• Positive impact • Own operations • Short-term • Actual	Klarna respects and empowers our consumers' privacy when they engage with our products and services.	4.00
• Negative impact • Own operations • Short-term • Potential	If incidents or data breaches occur that involve the release of sensitive or personal data of our customers, this could put in danger the anonymity and spending patterns of our customers, resulting in distress and harm.	3.90
• Risk • Downstream • Short-term • Actual	Cyber security incidents or data breaches could result in Klarna being fined by Regulators and would risk losing customer trust, and in turn suffer revenue losses.	4.00

• Risk • Downstream • Short- to medium-term • Actual	Consumers could be misled or confused by unclear or misleading marketing, messaging and consumer terms.	4.00
IRO Entity Specific - Financial stability, literacy, and wellness		
Financial stability, literacy, and wellness		
• Positive impact • Downstream • Short-term • Actual	By using Klarna's financial wellness tools, our customers are better in control of their finances which helps prevent getting into unmanageable levels of debt.	4.50
• Risk • Downstream • Medium-term • Potential	Extending credit to customers with limited repayment capacity could increase Klarna's risk of financial loss.	3.75
• Risk • Downstream • Short- to medium-term • Actual	Klarna's reputation could suffer due to negative media attention if it provides credit to consumers that are unable to make their repayments.	4.00
• Negative impact • Downstream • Short-term • Potential	If Klarna's underwriting process isn't diligent enough, this could cause vulnerable consumers to go into indebtedness.	3.90
IRO Entity Specific - Corporate citizenship		
• Positive impact • Upstream and downstream • Short- to medium-term • Actual	Through Klarna's Corporate Citizenship programs, the company actively contributes to strengthening local communities and protecting the environment. Initiatives under this umbrella create positive societal outcomes such as job creation, improved livelihoods, and greater access to skills and economic opportunities—especially in underserved regions. At the same time, Klarna's environmental partnerships and climate-focused funding efforts help safeguard nature and accelerate the development of climate and biodiversity solutions.	4.00
IRO ESRS G1 - Business conduct		
Corporate culture and business conduct		
• Positive impact • Own operations • Short -to medium-term • Potential	A healthy and ethical corporate culture has the potential to lead to happy, motivated and engaged Klarna employees and help drive the company towards shared goals.	4.50
• Opportunity • Upstream • Medium-term • Actual	Using AI presents an opportunity for Klarna to amplify the impact of individual contributors, foster a culture that embraces new technologies, enhance internal processes, and ultimately improve the customer experience.	4.00
• Risk • Own operations • Medium-term • Potential	Unethical or non compliant business practices could lead to legal or regulatory sanctions, loss of market trust, and reputational harm.	3.75
Protection of whistleblowers		
• Risk • Own operations • Medium-term • Potential	Inadequate whistleblower protection could discourage individuals from reporting concerns, increasing the risk of misconduct and non-compliance with laws or regulations.	3.75
IRO Entity Specific - Anti-money laundering & counter terrorist financing		
Anti-money laundering & counter terrorist financing		
• Risk • Own operations, Downstream and Upstream • Medium-term • Potential	Klarna and/or its payment services are used by criminals to launder money, evade sanctions, use Klarna to finance terrorist activity, and commit other financial crimes, resulting in loss of trust and reputation from partner banks or investors, potentially endangering essential business critical relationships or funding, loss of revenue for Klarna due to impacted trust by partner banks or investors, and potential fines issued by AML / CTF or sanctions regulators for breaching AML and sanctions laws due to lack in compliance and controls	3.75

Double materiality and impact assessment process

Klarna conducted a double materiality analysis in 2024 to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD). In 2024, Klarna refined its approach to identifying and assessing material sustainability impacts, risks, and opportunities

through the adoption of standardized methodologies and assumptions in line with the European Sustainability Reporting Standards (ESRS). Klarna collaborated with an external consulting company to manage the DMA process, alongside internal experts from the Sustainability team, ensuring a thorough and well-structured engagement. In 2025, Klarna refreshed the analysis internally through workshops and interviews with relevant functions across the business to validate that the results of the 2024 assessment remained accurate and reflective of current business developments.

Risk and opportunity assessment process

Klarna assesses the likelihood, magnitude, and nature of the effects of identified risks and opportunities as part of its Double Materiality Assessment (DMA), applying thresholds and criteria in line with the requirements set out in the ESRS.

The process incorporated the following:

- **Scoring system:** Klarna utilized scoring scales based on severity, scale, scope, irremediability, and financial magnitude to evaluate identified impacts, risks, and opportunities. This approach allowed for prioritization based on both impact and financial materiality criteria. The scoring system was adopted to quantify these considerations:
  - Severity (scale, scope, irremediability): Ranging from "1. Very low" for limited, easily remediable impacts to "5. Very high" for impacts that are global in scope and non-remediable or irreversible.
  - Magnitude: Assessed from "1. Very low" for minimal impact to "5. Very high" for profound impact levels.
  - Likelihood: Evaluated from "1. Very unlikely" (10% chance) to "5. Almost certain" (90% chance), allowing for a nuanced understanding of risk and opportunity likelihood.
  - To ensure a focused and strategic approach to sustainability, Klarna established a materiality threshold at a weighted score of 3.5 out of 5.
  - The assessment also linked identified impacts to related risks and opportunities, evaluating how each impact could lead to potential financial, operational, or reputational effects on Klarna.
- **Time horizons:** Klarna aligns with the ESRS definitions for short-, medium-, and long-term time horizons.[10] The time horizons are defined as follows:
  - Short-term: 0 to 1 years, corresponding to scenarios that are relatively easy to remedy in the short term.
  - Medium-term: 1 to 5 years, corresponding to scenarios that are difficult to remedy or address in the mid-term.
  - Long-term: Beyond 5 years, up to 20 years or more, particularly for impacts categorized as very difficult to remedy or irreversible.
- **Stakeholder engagement:** In 2024, Klarna engaged with a broad range of external and internal stakeholders, including management, employees, customers, investors, non-profit organizations, commercial partners, and regulators through workshops and interviews, ensuring diverse perspectives informed the materiality assessment. In 2025, Klarna conducted an internal refresh of the assessment, engaging key business functions and teams across the organization to validate and confirm that the material topics identified in 2024 remained accurate and relevant in light of business and strategic developments.
- **Documentation and data sources:** The DMA utilized inputs from internal documents, the expertise of Klarna employees, and external research. Stakeholder consultations played a critical role in identifying relevant impacts, risks, and opportunities, supplementing the data-driven approach.

Identification, assessment, and prioritization process of impacts

- **Focus on adverse impacts (risks):** Specific focus was placed on areas where there is a heightened risk of adverse impacts, such as financial loss, reputational damage, operational disruptions, breaches of regulations, loss of market share, and loss of consumer trust, particularly concerning Klarna's operations, supply chain, people, and the environment.
- **Comprehensive coverage:** The assessment considered impacts related to both direct operations and those stemming from business relationships, ensuring a holistic view of Klarna's sustainability stance.
- **Stakeholder and expert consultation:** In 2025, Klarna consulted internal expert teams and key functions across the business to verify and confirm that the material topics identified in 2024 remained accurate, relevant, and reflective of current operations and strategic priorities.
- **Prioritization**: Negative impacts were prioritized based on their severity and likelihood, using qualitative and quantitative thresholds as prescribed by ESRS 1 section 3.4. Similarly, positive impacts were evaluated based on their scale, scope, and likelihood to determine material topics for reporting.

[10] The definitions of time-horizons for the DMA differ from those relevant for the lifetime of Klarna's assets, strategic planning horizons and capital allocation plans, which tend to be shorter.

Management and integration of risks
Sustainability-related risks are embedded into Klarna's overall risk management framework, leveraging established risk-assessment tools to ensure a comprehensive understanding and management of potential threats and opportunities. Klarna has prioritized environmental risk as part of its ESG strategy, consistent with prudential expectations under the EBA guidelines on ESG risk management. Oversight of this integration is provided by the independent Risk Control function, which reviews and independently assess sustainability-related risks and reports its findings quarterly to the CRO and the Board.

This includes, for example, Climate Scenario Analysis to evaluate the business's resilience to climate-related risks and to inform Klarna's risk management, ICLAAP planning, and long-term strategy. ESG risk exposure is reported quarterly to the board of Klarna Bank AB, outputs from these assessments are incorporated into the overall risk taxonomy and discussed alongside other material risk categories.

Klarna undertakes specific risk reviews on material ESG topics, which are embedded in management and Board reporting. These reviews are supported by established metrics and indicators, ensuring that sustainability risks are regularly assessed and discussed alongside other key risk categories within Klarna's risk framework.

Integration of opportunities
The process for identifying, assessing, and managing sustainability-related opportunities is integrated into Klarna's Sustainability team's strategic planning and management practices. Various teams across Klarna recognize opportunities to influence product development, marketing strategies, and operational improvements. Examples include conscious shopping campaigns, aligning decarbonization with travel process adjustments, and developing consumer-facing features such as a resell function. Opportunities arise across the business and are included in the plans of individual teams' and domain'. Strategic meetings and workshops foster a culture of proactive engagement with sustainability opportunities, underscoring their relevance to Klarna's growth and success.

Input parameters
In conducting the Double Materiality Assessment, Klarna utilized a variety of input parameters, including:

- **Data sources:** Internal sustainability performance data, external sustainability indices, stakeholder survey responses, and industry benchmarks.
- **Scope of operations**: The DMA encompassed all aspects of Klarna's operations, from product development and supply chain management to customer engagement and corporate governance.
- **Detail in assumptions:** Assumptions regarding future trends in sustainability, potential regulatory changes, evolving consumer preferences, and technological advancements were based on a comprehensive analysis of available data, expert opinions, and stakeholder feedback.

Changes compared to previous reporting period
Compared to the previous reporting period, no major methodological changes were made to Klarna's materiality assessment process, as the 2024 framework remained aligned with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

In 2025, Klarna conducted an internal refresh of the assessment to validate the continued relevance of the 2024 results. The refresh confirmed that all material topics from 2024 remain valid, with the addition of one new material topic: Corporate citizenship, reflecting Klarna's growing focus on its social and environmental contribution to local communities and broader society.

Interests and views of stakeholders

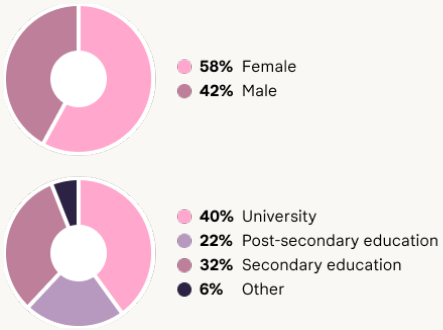
Stakeholder engagement
Klarna engages proactively with a diverse range of stakeholders, including policymakers, regulators, industry and trade bodies, and consumer groups. These engagements occur regularly and are both proactive and reactive, depending on the priority, event, and relevance of each stakeholder group. Klarna follows structured routines for these interactions, with specific processes in place for policy consultation responses, thought leadership initiatives, political stakeholder outreach, and regulatory engagements.

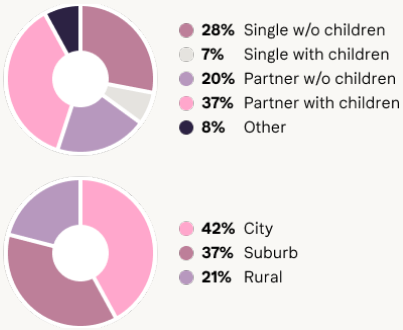
The primary purpose of these engagements is to build strong and trusted relationships, promote better consumer outcomes, drive policy and regulatory changes, and ensure that Klarna's positions are well-represented and understood by key stakeholders. Outcomes from these engagements are carefully considered by updating internal stakeholders, iterating responses based on feedback, and ensuring alignment with Klarna's strategic goals.

Stakeholder group	Way to engage interest groups
Consumers	● Customer satisfaction surveys ● Self-service portal and app ● Customer support ● Dispute management ● Social media ● Whistleblowing ● AI CEO Hotline
Commercial partners	● Customer satisfaction surveys ● Self-service portal ● Partner support
Employees	● Collective bargaining agreements (SE, ES, FI, IT, FR) ● Workers Council (DE) ● Work Environment Committee (SE) ● Employee engagement surveys ● Open Slack culture ● Performance and development dialogue ● Leadership program ● Klarna's Marketing Academy ● Annual kick-off and monthly All-hands staff meetings ● Internal events ● Whistleblowing
Shareholders/investors	● Personal meetings ● Answering investors' ESG questionnaires ● Results calls ● Newsletters
Suppliers	● Dialogue during the procurement process ● Whistleblowing
Regulators and supervisory authorities	● Supervisory review and evaluation process ● Regulatory reporting ● Ongoing discussions ● Answering inquiries
NGOs and consumer groups	● Community engagement activities ● Open dialogue
Tax authorities	● Tax returns ● Information exchange in relation to account holders ● Constructive engagement regarding tax law changes
Politicians / Policymakers	● Policy events ● Conference, hearings, & inquiry attendance ● Policy submissions ● Direct meetings ● Ongoing discussions ● Answering consultations

Understanding stakeholder interests and views
Through regular engagement and feedback mechanisms, Klarna gains valuable insights into the interests and views of its stakeholders. These insights vary across different stakeholder groups and are integrated into Klarna's strategy and business model by aligning policy positions, ensuring regulatory compliance, and informing strategic decision-making. This approach ensures that Klarna remains responsive to external influences and maintains a proactive stance in its policy and regulatory engagements.

Klarna consumers
Consumers are a key stakeholder group impacting Klarna's business model. Our consumers come from various demographic segments, including genders, income levels, educational backgrounds, and life stages. This diversity informs our strategy to create inclusive financial products that cater to a wide range of needs and preferences. By recognizing and valuing this diversity, Klarna ensures that our services are accessible and beneficial to all consumers, regardless of their background.





Consumers use Klarna for various reasons, primarily to save money through interest-free payment options and to gain more control over their finances. By providing transparent financial solutions and user-friendly products, Klarna empowers consumers to make informed financial decisions and manage their finances more effectively. By consistently prioritizing the interests, views, and rights of our consumers, we have built a loyal customer base that values our ethical approach to financial services.

Amendments to strategy and business model based on stakeholder interests
Recognizing the pivotal and evolving role of consumers, Klarna has made several strategic adjustments aimed at financially empowering users and aligning its services with changing consumer preferences. As consumer needs and expectations continue to evolve, Klarna's relationship with its consumers is also adapting — shifting from being primarily a payments provider to a broader financial partner focused on transparency, convenience, and responsible spending.

Emphasizing a seamless user journey, ethical advertising, and product innovation in personal finance management, Klarna continues to reduce unnecessary fees, offer Pay in full and interest-free options, and leverage AI to enhance consumer experience and trust.

Klarna has also focused on establishing itself as a retail expert by analyzing consumer data to develop a superior checkout experience and onboarding process. Recognizing the importance of consistent and clear messaging, Klarna works to avoid a fragmented customer experience by maintaining consistency across all touchpoints and channels. This involves leveraging the brand to fuel growth while adhering to consistent communication.

Looking ahead, Klarna plans to continue to redefine the way consumers shop and pay, developing local propositions that leverage local nuances while maintaining brand consistency. This approach aims to enhance consumer engagement and drive repeat usage. The focus on expanding AI capabilities positions Klarna to become a next-generation commerce network, including AI-driven shopping assistants, personal finance advisors, and enhanced support tools.

Communication with administrative, management, and supervisory bodies
Klarna ensures that its administrative, management, and supervisory bodies are informed about the views and interests of affected stakeholders through regular reporting and management updates coordinated by relevant functions. By keeping these bodies apprised of stakeholder feedback and expectations, Klarna aligns its strategic goals with stakeholder interests and strengthens its governance practices.



Environment



Environment

Climate change



Our approach to climate change

IRO type	Material impact, risk or opportunity
Climate change mitigation	
Positive Impact	Klarna finances a portfolio of climate projects focused on maximizing overall climate impact.
Negative impact	GHG emissions from Klarna's office operations and supply chain.
Energy	
Negative impact	Energy consumption at data centers of Klarna's suppliers of cloud computing services.

Climate change is one of the defining challenges of this century. Klarna recognizes its contribution to climate impacts and is committed to reducing its footprint while supporting practical solutions within and beyond its value chain.

Klarna's carbon footprint

Greenhouse gas emissions overview

Klarna’s carbon footprint is calculated annually, following the guidelines of the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. A detailed description of the calculation methodology can be found in the GHG Emissions Calculation Methodology section of the Annex.



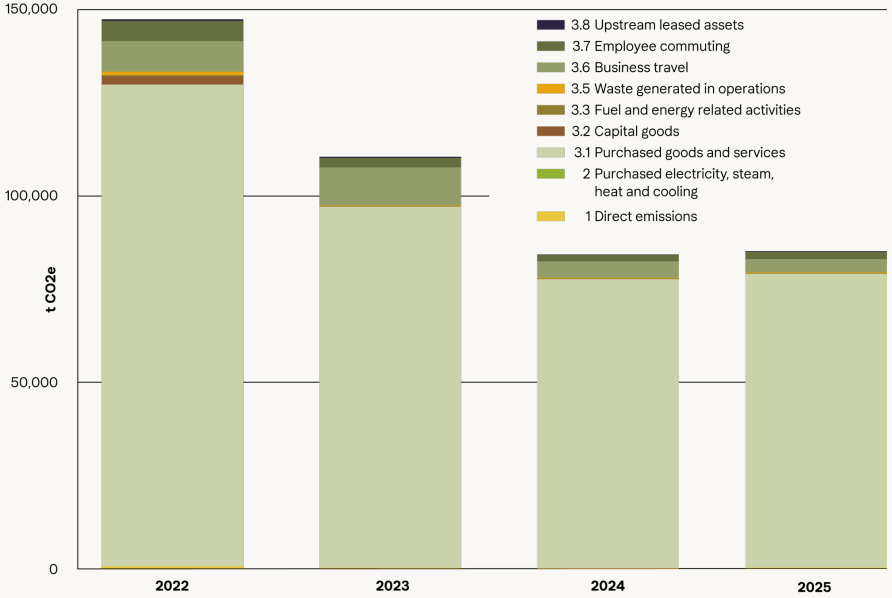
	Retrospective				Milestones and target years			
	2022	2024	2025	% 2025 / 2024	2025	2030	2040	Annual % target / Base year
1. Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO2e)	281	69	66	-5%		42%	90%	5%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%	0%	0%				
2. Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO2eq)	1,180	545[11]	584	7%				
Gross market-based Scope 2 GHG emissions (tCO2eq)	66	33[12]	35	7%		42%	90%	5%
3. Significant scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	146,927	83,672	84,454	1%		25%	90%	5%
3.1 Purchased goods and services	128,571	77,089	78,538	2%				
Cloud computing and data center services	*4,668*	*4,366*	*6,188*	*42%*				
3.2 Capital goods	2,471	24	8	-67%				
3.3 Fuel and energy related activities	445	179[13]	188	5%				
3.4 Upstream transport and distribution	-	-	-	–				
3.5 Waste generated in operations	718	101	201	99%				
3.6 Business travel	8,510	4,371	3,474	-21%				
3.7 Employee commuting	5,833	1,826	1,982	9%				
3.8 Upstream leased assets	379	82	62	-24%				
3.9 Downstream transport and distribution	-	-	-	–				
3.10 Processing of sold products	-	-	-	–				
3.11 Use of sold products	-	-	-	–				
3.12 End-of-life treatment of sold products	-	-	-	–				
3.13 Downstream leased assets	-	-	-	–				
3.14 Franchises	-	-	-	–				
3.15 Investments	-	-	-	–				
Total GHG emissions								
Total GHG emissions (location-based) (tCO2eq)	148,388	84,286	85,103	1%				
Total GHG emissions (market-based) (tCO2eq)	147,274	83,774	84,555	1%			90%	5%

[11] This figure has been restated to correct a calculation methodology error identified in the current reporting cycle. This ensures data comparability across periods.

[12] This figure has been restated to correct an input data error identified in the current reporting cycle. This ensures data comparability across periods.

[13] This figure has been restated to correct a calculation methodology error identified in the current reporting cycle. This ensures data comparability across periods.

Absolute GHG emissions over time



GHG emissions intensity

GHG intensity per net revenue[14]	2024	2025	% 2025/ 2024
Total GHG emissions (location-based) per net revenue (tCO2eq/million SEK)	3.3	3.0	-8%
Total GHG emissions (market-based) per net revenue (tCO2eq/million SEK)	3.3	3.0	-8%

Klarna's total GHG emissions across scopes 1, 2, and 3 increased marginally by 1% from 2024 to 2025, following two years of significant declines. The key driver was higher cloud computing-related emissions, reflecting the overall growth of Klarna's business. This increase was partially offset by continued operational efficiency gains, resulting in lower emissions from other purchased goods and services and business travel.

Klarna's energy consumption

Energy consumption and mix	2024	2025
Total energy consumption from fossil sources (MWh)	853	943
Total energy consumption from nuclear sources (MWh)	0	0
Total energy consumption from renewable sources (MWh)	2,204	2,239
Fuel consumption for renewable sources (MWh)	*6*	*6*
Consumption of purchased or acquired electricity from renewable sources (MWh)	*2,197*	*2,233*
Consumption of self-generated non-fuel renewable energy (MWh)	*0*	*0*
Total energy consumption (MWh)	3,057	3,182

[14] Revenue is defined as total net operating income in accordance with IFRS, excluding commission expense, interest expense, net result from financial transactions, and interest on liquidity assets not directly related to the core business. Interest on liquidity assets not directly related to the core business stems from loans to credit institutions and other interest income (Income Statement, Group).

Klarna's climate change mitigation strategy

At the heart of Klarna's climate change mitigation strategy are a) an ambitious target to reach net zero emissions across its value chain by 2040 and b) a commitment to take responsibility for those emissions it has not yet reduced by pricing them with an internal carbon fee and using the funds to support the solutions needed to reach global net zero.

Klarna's Climate Transition Plan outlines its policy and strategy for climate change mitigation, which closely aligns with best practice established in the WWF and BCG Blueprint for Action on Climate and Nature and the Science Based Targets initiative's Beyond Value Chain Mitigation Guidance, as well as renewable energy deployment. [15]

In addition, Klarna has included climate considerations into its Supplier Code of Conduct, encouraging suppliers to reduce their GHG emissions and overall environmental impact, as well as its Global Travel Policy, encouraging employees to choose lower carbon modes of transport.

The implementation of Klarna's climate strategy and policy is overseen by members of the Group Management Team, with role-specific accountabilities assigned to the Chief Financial Officer, Chief Risk Officer and Chief Marketing Officer.

Klarna's climate targets

Klarna's ambitious climate targets have been independently validated by the Science Based Targets initiative (SBTi) as aligned with a global temperature goal of 1.5°C. These targets form the cornerstone of its strategy to mitigate its contribution to climate change by reducing (GHG) emissions across its operations and value chain as well as neutralize residual emissions with durable carbon removal.

Klarna's climate targets[16] are:

- Reducing Scope 1 and 2 emissions by 42% by 2030, from a 2022 base year.
- Reducing Scope 3 emissions by 25% by 2030, from a 2022 base year.
- Reducing combined Scope 1, 2, and 3 emissions by 90% by 2040, from a 2022 base year.
- Achieving net-zero GHG emissions across the value chain by 2040, encompassing all Scope 1, 2, and 3 emissions.

Klarna's climate transition plan

To meet these commitments, Klarna is implementing ongoing strategic actions that collectively contribute to climate change mitigation in line with its targets:

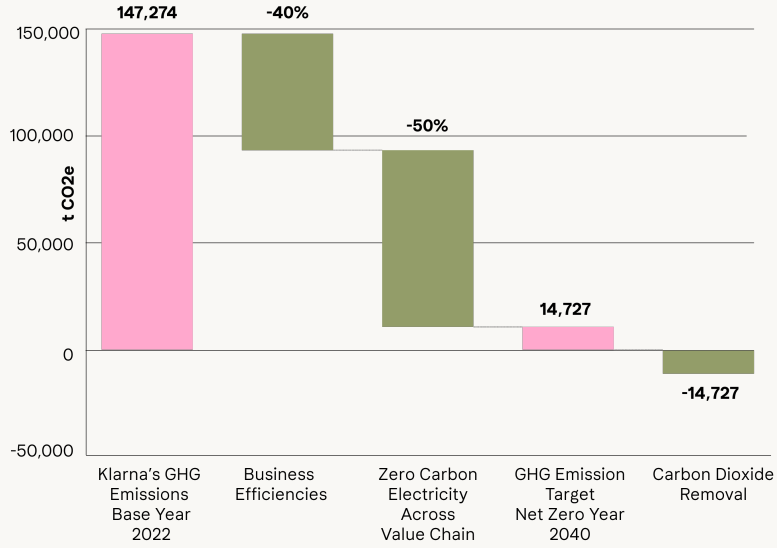
- Transition to 100% renewable electricity across Klarna's value chain
  - Continuing the use of 100% renewable electricity across all global Klarna offices, a level achieved in 2022 and maintained since.
  - Encouraging suppliers to measure and reduce their emissions, for instance by transitioning to 100% renewable electricity, principally through Klarna's Supplier Code of Conduct.

[15] Klarna does not have dedicated policies for climate change adaptation or energy energy efficiency in its operations since these have not been identified as material sustainability matters in its most recent DMA.
[16] Klarna's climate targets were developed in line with the Science Based Targets initiative's (SBTi) Corporate Net-Zero Standard Version 1.2. Due to this alignment with recognized standards, no additional stakeholder engagement was part of the target-setting process. The targets are based on cross-sector emission pathways and cover all of Klarna's operational activities and its entire upstream and downstream value chain as defined by the GHG Protocol. The targets are gross GHG emission reduction targets and include the seven greenhouse gasses covered by the Kyoto Protocol: Carbon dioxide (CO_2), Methane (CH_4), Nitrous oxide (N_2O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur hexafluoride (SF_6), Nitrogen trifluoride (NF_3). The targets cover Scope 2 emissions calculated using a market-based method. 2022 was chosen as a representative base year as the first year after the operational disruptions of the COVID-19 pandemic.

- Enhancing business efficiencies to reduce procurement of carbon-intensive goods and services
- Supporting the development of the carbon dioxide removal (CDR) industry by making catalytic CDR purchases via the Climate Transformation Fund

A high-level estimate of the respective contributions of these levers to Klarna's climate targets is provided in the figure below. Due to the relatively small contributions of scope 1 and 2 emissions to Klarna's total GHG emissions, contributions are not separately broken out by emission scope.

Contributors to climate transition



Klarna does not expect to have to adopt new technologies with the express purpose of meeting its climate targets. As of now, the planned mitigation actions are not expected to incur significant capital expenditures and are generally associated with cost savings rather than increased operational expenses. Expenses related to its climate mitigation plans are therefore not a material factor for Klarna's financial position over the short-, medium-, and long-term.

Since none of the strategic actions in Klarna's climate transition plan conflict with its core business model, no fundamental adjustments to the business model are expected to be necessary to align with a sustainable economy and the goal of limiting global warming to 1.5°C in line with the Paris Agreement. Consequently, Klarna's implementation of its climate transition plan is not expected to have material impacts on its employees.

Klarna does not have locked-in emissions from key assets or products, since neither our assets nor our products have significant emissions associated with them. Klarna is not expecting future business growth to jeopardize its ability to meet its climate commitments, as its GHG emissions are not closely linked to the volume of services it provides to customers. Klarna furthermore closely monitors aspects of its business that could potentially lead to significant increases in GHG emissions, such its broad adoption of artificial intelligence technology across business operations, to inform potentially future revisions of its climate change mitigation strategies.[17]

Progress against climate commitments

Progress against Klarna's climate commitments and actions is monitored annually through the calculation of Klarna's GHG emissions inventory. Targets and actions are reviewed regularly in line with broader assessments of Klarna's climate strategy.

[17] Klarna is subject to EU Paris-aligned Benchmarks as defined by Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Regulation), Articles 12.1 (d) to (g) and 12.2. Its related disclosure can be found in the Taxonomy Report section of the Annex.

Klarna has made significant progress against its climate commitments in recent years, primarily driven by business efficiencies and cost discipline that resulted in significantly reductions of procurement spend, the single largest contributor to Klarna's annual GHG emissions.

Commitment/action	Base year emissions (t CO2e)	2025 Emissions (t CO2e)	Progress against commitment/ action
Reducing Scope 1 and 2 emissions by 42% by 2030, from a 2022 base year.	347	101	Klarna has reduced its scope 1 and 2 emissions by -71% against its 2022 baseline and therefore fulfilled this commitment early.
Reducing Scope 3 emissions by 25% by 2030, from a 2022 base year.	146,927	84,454	Klarna has reduced its scope 3 emissions by -43% against its 2022 baseline and therefore fulfilled this commitment early.
Reducing combined Scope 1, 2, and 3 emissions by 90% by 2040, from a 2022 base year.	147,274	84,555	Klarna has reduced its combined scope 1, 2 and 3 emissions by -43% against its 2022 baseline and is therefore on track to meet this commitment.
Achieving net-zero GHG emissions across the value chain by 2040, encompassing all Scope 1, 2, and 3 emissions.	147,274	84,555	Klarna is making strong progress in reducing its value chain emissions and proactively supporting the scale-up of carbon removal solutions as a catalytic buyer of CDR credits.
Transition to 100% renewable electricity across Klarna's value chain			Klarna has purchased renewable electricity for 100% of its offices since 2022 and is encouraging the use of renewable electricity through its Supplier Code of Conduct.
Enhancing business efficiencies to reduce procurement of carbon-intensive goods and services			Klarna has reduced emissions from its supply chain (i.e. upstream scope 3 emissions) by -43% since 2022.
Supporting the development of the carbon dioxide removal (CDR) industry by making catalytic CDR purchases via the Climate Transformation Fund			Financed by a share of its internal carbon fee, Klarna has made pre-purchases of 26,939 tons of CDR from 40 CDR start-ups at a total cost of USD 4.3m since 2021.

Klarna's internal carbon fee

While Klarna is on its journey to reduce emissions to net zero by 2040, there will be GHG emissions that are yet to be reduced. Klarna is taking responsibility for these emissions and applies a voluntary internal carbon fee to its annual greenhouse gas (GHG) emissions. The internal carbon fee serves two main purposes in Klarna's climate strategy: a) incentivize reductions of Klarna's value chain emissions and b) raise funds to support innovative, impact-focused climate solutions needed to reach global net zero beyond Klarna's value chain.

The internal carbon fee is applied across all of Klarna's global GHG emissions, encompassing its entire Scope 1, Scope 2, and Scope 3 footprint. The tax rates are differentiated based on the source of emissions to reflect the varying levels of control Klarna has over each emission category and the shared responsibility for Scope 3 emissions across the value chain. The rates are established as follows:

- USD 200 per ton of CO_2e for Scope 1 and Scope 2 emissions.
- USD 100 per ton of CO_2e for Scope 3 emissions related to business travel (Category 3.6).
- USD 10 per ton of CO_2e for all other Scope 3 emissions.

These rates have been set following guidance from independent organizations, including Carbon Gap and the Science Based Targets

initiative. The headline rate of USD 200 per ton of CO_2e aligns with common estimates of the social cost of carbon. Klarna reviews these rates regularly against best practice benchmarks, e.g. raising the rate for Scope 1 & 2 emissions from USD 100 to USD 200 in 2024.

In 2025, Klarna's internal carbon fees amounted to USD 1.2m (SEK 11.0m), contributing to a total of USD 9.8m (SEK 91.6m) raised to support climate projects since 2020.

Klarna's support for climate solutions

Klarna uses the funds generated through its internal carbon fee to finance Beyond Value Chain Mitigation (BVCM). In this model, rather than focusing on "offsetting" its own emissions, Klarna uses the funds to finance a portfolio of climate projects focused on maximizing overall climate impact. As suggested by many experts, this approach is a much-needed evolution of the way companies have traditionally financed climate action and Klarna is amongst the first large businesses pioneering it worldwide.

Klarna finances climate projects via the Climate Transformation Fund (CTF). The CTF is a charitable fund, curated by our strategic sustainability partner Milkywire, that enables companies to fund impactful climate solutions to help reach global net zero. Established in 2021 with the collaboration and support from Klarna, the fund supports climate solutions across three impact pillars[18]: 1) nature protection and restoration, 2) decarbonization, and 3) carbon dioxide removal.

As of 2025, Klarna has contributed over USD 8.5m (SEK 79.5m) to the CTF, which has supported 67 projects globally.

Klarna's support of carbon dioxide removal

As part of its commitment to achieve net-zero greenhouse gas (GHG) emissions by 2040, Klarna will reduce at least 90% of its Scope 1, 2, and 3 emissions. To neutralize the remaining emissions, Klarna will purchase and cancel durable carbon dioxide removal (CDR) credits verified against recognized quality standards.

To support the growth of the nascent CDR industry, Klarna has been making pre-purchases from early stage CDR start-ups via the CTF since 2021. Klarna's goal with these purchases is to act as a catalytic early adopter of CDR, where a focus is on the long-term potential of the different CDR technologies supported. Accordingly, project selection is managed by the independent CDR experts of the CTF's Advisory Group.

Since 2021, Klarna has made pre-purchases of 26,939 tons of CDR from 40 CDR start-ups at a total cost of USD 4.3m (SEK 40.4m).

Projects supported by Klarna's contributions to the Climate Transformation Fund in 2025

Name	Description
Carbon removal	
ARBON CO_2 REMOVAL	Arbon develops humidity-swing Direct Air Capture using stable sorbents, lowering energy use and enabling efficient, scalable carbon removal.
Backwater	Backwater develops shallow-depth geological storage for dissolved CO_2, cutting transport and well costs while enabling local, low-cost carbon storage in new regions.

[18] Klarna does not receive any carbon credits from projects supported in pillars 1 and 2, but does purchase carbon credits from carbon dioxide removal suppliers supported in pillar 3, with these credits ultimately contributing to Klarna meeting its CDR milestone and neutralization targets.

Carbonsate	Carbonsate stores sun-dried invasive biomass underground in Namibia, ensuring long-term carbon stability while restoring biodiversity and supporting local communities.
FLUX	Flux pioneers Enhanced Rock Weathering in Africa, spreading crushed silicate rocks on farmland to remove CO_2, improve soil health, and boost yields for smallholder and commercial farmers.
InPlanet	InPlanet advances Enhanced Rock Weathering in Brazil's tropics, spreading silicate rock powder to capture carbon, restore soils, and improve agricultural productivity under ideal tropical conditions.
IHC INTERHOLCO	Interholco produces biochar from sawmill residues in the Republic of Congo, restoring degraded lands, storing carbon long term, and supporting certified, community-driven climate action.
Kairos Carbon	Kairos Carbon converts wet organic waste into CO_2 for geological storage using supercritical water oxidation, generating energy and neutralizing pollutants for scalable carbon removal.
Karbonetiq	Karbonetiq mineralizes CO_2 by carbonating alkaline industrial byproducts, creating low-cost, scalable carbon removal projects that turn waste into value and support decarbonization of heavy industry.
NEOCARBON	NeoCarbon integrates Direct Air Capture with low-grade industrial waste heat, cutting energy use and costs while enabling modular, scalable retrofits in existing facilities.
norma	Norma develops next-generation Direct Air Capture technology that reuses energy within the capture process, lowering costs and accelerating scalable, low-impact carbon removal.
planboo	Planboo and Carboneers produce biochar from agricultural residues in Ghana, cutting emissions, increasing farmer incomes, and ensuring transparent, verifiable carbon removal with digital monitoring.
PLANETEERS	Planeteers converts CO_2 from flue gases into ocean-stable bicarbonates using engineered enhanced weathering, enabling scalable, low-cost carbon removal and decarbonization across industries.
RELEAF EARTH	Releaf transforms nut shells into biochar in Nigeria, improving soils, creating jobs, and helping local food processors scale carbon removal while strengthening community resilience.

remove	Remove accelerates early-stage carbon removal startups, expanding into new regions to spark local innovation and grow global carbon removal markets.
Silicate	Silicate applies fast-dissolving carbonate minerals to improve soil health and store carbon as bicarbonate, advancing research on long-term carbon removal across US Midwest soils.
WasteX	WasteX converts agricultural waste into biochar through decentralized facilities in Indonesia, improving soil health, storing carbon, and creating scalable local climate and economic benefits.
ZeroEx	ZeroEx advances enhanced rock weathering in Europe with resin-based ion exchange systems that improve measurement accuracy, cut verification costs, and enable safe large-scale carbon removal.
Restoring and protecting nature	
ALIANZA CEIBO	The Ceibo Alliance is an Indigenous-led initiative across the Upper Amazon (Ecuador, Colombia, Peru) that protects rainforest territories by mapping and monitoring forests, supporting community patrols to detect threats in real time and using legal action to deter illegal encroachment and deforestation.
CLIMATE JUSTICE STANDARD	Kawsay Ñampi protects 142,500 hectares of rainforest in the Ecuadorian Amazon through indigenous governance, preventing deforestation, preserving biodiversity, and advancing community-led climate justice.
JUSTDIGGIT	Justdiggit and LEAD Foundation regreen Tanzania's Singida region by scaling Farmer Managed Natural Regeneration (FMNR/ Kisiki Hai), helping farmers protect and prune living tree stumps so they rapidly recover into mature trees that restore soil moisture, shade crops, and boost productivity while reducing deforestation.
Landesa	Landesa protects and restores mangroves in the Bay of Bengal and Southeast Asia by strengthening forest tenure rights for smallholders and advancing sustainable management, combining on-the-ground restoration with policy advocacy across six countries and ASEAN.
PLANT WITH PURPOSE	Plant With Purpose partners with rural communities to restore watersheds through reforestation and regenerative agriculture, improving yields, water quality and access, and food sovereignty through community-led so-called Purpose Groups.

Ulysses	Ulysses, in partnership with the University of Western Australia, restores seagrass meadows at scale using robotics for seed collection, planting, and monitoring—aiming to rebuild thousands of hectares while boosting blue carbon storage, biodiversity, and coastal resilience.
WARSI	WARSI supports Indigenous and local communities in Indonesia to secure community forestry licenses and manage forests sustainably, strengthening livelihoods while preventing deforestation from illegal logging and expanding extraction.
Decarbonization and advocacy	
Beyond Zero Emissions	Beyond Zero Emissions (BZE) develops net-zero pathways for Australia and makes the economic case for the green transition, with core support strengthening its research, advocacy, and organisational capacity.
CATF	Clean Air Task Force's Africa Energy & Climate Innovation Program accelerates a continent-scale clean energy transition by advancing systemic solutions like renewable grid integration and industrial decarbonization—supporting local needs, economic growth, and deep emissions cuts.
Clinton Health Access Initiative	CHAI helps transition hospitals in South Africa's Western Cape to renewable energy by unlocking procurement and financing pathways that overcome capacity and bureaucracy barriers, delivering major emissions reductions through health-sector expertise.
Crop Intellect	Crop Intellect reduces nitrous oxide emissions from agriculture with R-Leaf, a photocatalytic spray that breaks down N_2O on crop leaves, enabling large-scale, verifiable mitigation of this potent greenhouse gas.
Human Rights Watch	Human Rights Watch investigates and exposes how fossil fuels harm health and human rights, pushing governments and financiers to end support for new projects and accelerate a fair, rapid phase-out to limit climate impacts on communities.
Industrious Labs	Industrious Labs accelerates heavy-industry decarbonization by running targeted campaigns—especially in cement and primary aluminium—backed by data, movement building, and strategic communications to shift markets toward existing low-carbon technologies.
New Energy Nexus	New Energy Nexus (NEX) supports clean energy innovation in Indonesia by helping build policy and regulatory frameworks that enable clean energy startups to grow and scale.
OG	Opportunity Green drives policy reform to include international flights in the EU Emissions Trading System, closing a major climate gap and strengthening EU leadership on aviation decarbonization.
PxD Precision Development	PxD helps smallholder rice farmers in India optimize nitrogen use by scaling Leaf Color Charts alongside digital advisory, cutting fertilizer costs and nitrous oxide emissions with a pathway to wider government-led scale-up.

Find out more about the projects we are supporting here.

Klarna's climate risk and resilience assessment

Klarna is committed to gaining a comprehensive understanding of the climate risks and opportunities the company is exposed to. Klarna deploys three principal tools to assess climate risks and opportunities and the resilience of its business model and strategy against them: 1) annual GHG accounting, 2) a quantitative climate scenario analysis, and 3) a qualitative climate risk assessment.

Annual GHG accounting

Klarna measures its GHG emissions annually in line with the GHG Protocol, using Watershed's accounting platform to inform its climate strategy and risk assessments.[19] Klarna's GHG inventory is also the principal tool for the assessment of Klarna's climate impacts.

[19] Further details about Klarna's methodology for GHG accounting can be found in the GHG Emissions Calculation Methodology section of this report.

Klarna's overall emissions remain relatively low, reflecting its digital and asset-light business model and its lack of involvement in high-emitting sectors such as manufacturing or oil and gas. No future sources of significant GHG emissions have been identified.

Climate scenario analysis

Klarna conducted an updated climate scenario analysis in 2025 to evaluate the potential financial impacts of climate-related physical and transition risks across its most financially material markets: Germany, the United States, Sweden, and the United Kingdom under three distinct climate scenarios. The analysis, also assessed Klarna's exposure to high-carbon industries in these markets as a proxy for transition risks.

Evaluation of potential financial impacts

To evaluate the potential financial impacts of climate-related physical and transition risks, the analysis employed the Nationally Determined Contributions (NDCs), Delayed Transition, and Net Zero 2050 scenarios developed by the Network for Greening the Financial System (NGFS). These scenarios provide distinct pathways for understanding macroeconomic and policy outcomes , including GDP deviations, regulatory changes, and shifts in consumer behavior. Further details on the models are available through the NGFS Scenarios Portal. The analysis extends to 2034, covering near-, medium, and long-term time horizons.

The analysis applied Integrated Assessment Models (IAMs) such as GCAM, REMIND-MAGPIE, and MESSAGEix-GLOBIOM which are foundational tools within the NGFS framework. These models integrate physical climate data with economic variables to estimate the potential impacts of climate change under varying policy and transition scenarios.

- The NDCs scenario reflects governments' formally committed climate pledges, assuming progressive policy tightening in line with nationally determined contributions. It produces a moderate-transition pathway with steadily rising mitigation efforts.
- The Delayed Transition scenario reflects abrupt and reactive policy changes after 2030, highlighting risks from regulatory shocks and economic disruptions.
- The Net Zero 2050 scenario assumes a structured and proactive approach to achieving global net-zero emissions, illustrating the economic costs and benefits of early climate action.

These scenarios were selected to reflect a diverse range of plausible climate futures and to test the resilience of Klarna's business model to both transitional risks, and physical risks, including potential changes in regulation, consumer preferences, and the the frequency and severity of extreme weather events. The results were weighted according to Klarna's financial footprint in its most material markets, ensuring consistency with the company's business model and risk management framework.

This methodology enables the estimation of not only direct financial impacts, but also secondary effects such as shifts in market dynamics and consumer behavior, providing a comprehensive foundation for strategic planning and long-term resilience.

The analysis determined that the financial impacts of climate-related risks under all three scenarios were assessed as low, according to Klarna's internal risk scales. The Nationally Determined Contributions scenario, characterized by the formal committed policy pledges, indicated manageable reductions in transactional volumes with gradual economic impacts over time. The Delayed Transition scenario, reflecting abrupt policy shifts after 2030, suggested slightly smaller impacts on transactional volumes while emphasizing heightened risks from potential economic disruptions. The Net Zero 2050 scenario, representing a structured and proactive transition to a low-carbon economy, projected impacts reflecting the costs of early climate

action. Despite differences between the scenarios, the analysis concluded that exposure to physical and transition risks covered by the scenario analysis' methodology and drivers of underlying scenarios remains limited, with all projected impacts falling within the low-risk range.

Assessment of Klarna's exposure to high-carbon industries
The analysis also adapted the Paris Agreement Capital Transition Assessment (PACTA) methodology to assess the exposure of Klarna's business to carbon-intensive sectors as a proxy for exposure to potential regulatory and market shifts associated with decarbonization. Using PACTA, the analysis identified the relative contribution of the sectors Klarna has the most significant business volumes to the national GHG emissions of Klarna's most financially significant markets: Germany, the United States, Sweden, and the United Kingdom.

The results showed that the exposure of Klarna's business to carbon-intensive sectors remains minimal, with business activities concentrated in sectors with relatively low emissions profiles. Across all assessed markets, the categories representing the largest share of transactional volumes were found to contribute only marginally to national greenhouse gas emissions, reinforcing the company's limited transition-risk exposure and the resilience of its asset-light, digital business model.

Assumptions and limitations

Klarna's Climate Scenario Analysis (CSA) is a forward looking assessment tool used to explore how plausible climate and policy pathways may affect Klarna's business model. It is not a predictive forecast. The CSA does not aim to model precise outcomes but rather to evaluate resilience under defined macroeconomic assumptions.

The analysis is based on NGFS Phase 5 scenarios and integrates outputs from the three leading Integrated Assessment Models (IAMs), which differ in how they model physical and transition risks. Klarna applies a comparative approach to derive median, upper, and lower bound results, understanding that structural model uncertainty remains.

Key assumptions include:

- The use of GDP deviations as the primary transmission channel, consistent with Klarna's macro demand driven profile.
- The application of internal Klarna's GDP to volume elasticity calculations, which translates GDP changes into volume and revenue impacts.
- The use of an ad-hoc aggregated impact equation, which weights for physical risk, transition risk, consumption effects, and macroeconomic confidence, calibrated by market and scenario.

Given the long time horizon (2025–2035), uncertainties around policy timing, behavioral feedback loops, and extreme physical climate events are acknowledged but not modelled in full. Accordingly, the results should be interpreted as indicative and comparative, not as deterministic quantifications.

Qualitative review of climate risks and opportunities

Klarna conducts an annual internal review of climate risks that qualitatively evaluates climate-related risks and opportunities that may impact its business operations and strategy over the short, medium and long-term. Based on the conclusions of the 2025 review, the following risks were assessed in line with the framework developed by the Taskforce for Climate-related Financial Disclosures (TCFD).

Physical risks
Acute physical risks

The operations of Klarna's more than 960k commercial partners are directly reliant on globally distributed production and logistics infrastructure, creating exposure to disruptions from extreme weather events such as floods, hurricanes, or wildfires. These disruptions could affect each of their individual business and financial stability, which in turn may impact transaction volumes on Klarna's platform. However, due to the high diversification of Klarna's business across geographies, sectors, and commercial partners, the aggregate risk from acute weather events, even under high emission scenarios, has been assessed as low.

Chronic physical risks
Over time, chronic physical risks from climate-related events may present challenges for the material sourcing and operations of some of Klarna's commercial partners. However, based on Klarna's diversified business model, these risks are currently considered low for its business.

Transition risks
Policy and legal risks
Emerging climate-centric regulations, notably around emissions reporting and carbon pricing, present transition risks in the form of potential operational, compliance, and non-compliance costs. Adhering to new and evolving regulatory frameworks could result in increases in operational, administrative, and third-party advisory costs. Non-compliance may lead to legal and financial repercussions, including regulatory costs or litigation, as well as reputational damage.

Overall, the potential costs of policy and legal transition risks are assessed as low, given Klarna's digital business model, which entails limited direct emissions and minimal exposure to highly polluting sectors, as well as its robust governance and compliance controls. These risks are actively monitored and mitigated through Klarna's established ESG reporting processes, proactive regulatory engagement, and climate-action activities.

Market risks
In the context of climate transition, market risks refer to potential impacts arising from changes in consumer preferences and market demand linked to sustainability trends, rather than traditional financial market exposures. Klarna connects consumers and commercial partners to deliver a safe and superior commercial experience, specializing in payments, factoring, and consumer credits with low order values and short durations. Business volumes are therefore directly linked to consumer spending.

Increasing awareness of the climate impacts of goods and services may influence purchasing behavior, potentially lowering overall spending or shifting consumption toward products perceived as more sustainable. These potential market shifts create transition risks for Klarna, such as decreasing transaction volumes or reduced demand in product categories with high commercial significance but low sustainability perception.

These risks are considered low, given Klarna's proactive sustainability profile, which includes partnerships that promote responsible consumption and in-app functionalities that help users make more sustainable choices. Through these initiatives and the ongoing integration of sustainability into its product offering and brand strategy, Klarna is well positioned to adapt to and benefit from market shifts driven by the climate transition.

Reputational risks
Reputational risk may arise from Klarna's association with brands or commercial partners that are scrutinized for the climate impact of their business models, or from perceptions that Klarna indirectly contributes to such impacts through its services.

These risks are considered low, given Klarna's strong governance standards, proactive climate strategy, and transparent communication on sustainability performance. Klarna actively manages reputational exposure through robust partner due-diligence processes and by embedding sustainability principles into its partnerships and product development. In addition, Klarna promotes transparency and awareness among consumers through features such as the CO_2e Emissions Tracker in the Klarna app, which provides users with estimates of the carbon footprint of their purchases and advice on prolonging product life.

Climate-related opportunities

Climate leadership

Klarna's ambitious and innovative climate goals and strategies position it as a leader among peers, strengthening the brand in the eyes of customers, merchant partners, and other stakeholders, and providing a credible foundation for its sustainability features.

Climate stewardship

Klarna has an opportunity to establish itself as a go-to destination for environmentally conscious shoppers, for example by providing credible information about the sustainability aspects of goods and services or offering used and refurbished goods on the platforms. Building on existing offerings that highlight climate and sustainability-related performance of products and commercial partners, Klarna is well-positioned to capitalize on this growing market segment and actively pursues this opportunity with its evolving portfolio of sustainability information offerings.

Resilience of business model and strategy to climate risk

Based on the results of Klarna's climate scenario analysis and qualitative climate risk review, the company's business model is assessed as resilient to the impacts of climate change.

Klarna's operations are not dependent on physical assets that are vulnerable to climate events. While specific commercial partners may have operations or supply chains exposed to physical climate risks, these risks are effectively mitigated by the size and diversity of Klarna's commercial partner network, which makes the overall business structurally resilient to these risks.

Klarna has limited exposure to high-carbon industries and is not reliant on carbon-intensive operations. Consequently Klarna has low exposure to climate-related transition risks. In addition, Klarna takes proactive steps to further mitigate residual risks, including reducing value-chain emissions, providing consumers with tools to understand and manage the environmental impact of their purchases, and embedding climate considerations into risk management and strategic planning.

Taken together, these factors support the conclusion, based on best-available information, that Klarna's overall exposure to climate-related risk is low, according to the company's internal risk-impact assessment scale. Klarna will continue to monitor and update this assessment on an ongoing basis to reflect emerging data, regulatory developments, and potential changes in its risk profile.

Environment

Conscious shopping



Our approach and policies

IRO type	Material impact, risk or opportunity
Positive impact	Klarna provides consumers with sustainability tools enabling them to make more conscious and smart purchasing decisions which means more people engage in sustainable behaviour.
Positive impact	Klarna enables circular shopping by providing a platform that promotes the reuse and resale of products. Through these features, more people participate in the circular economy, helping to extend product lifecycles, reduce waste.

Klarna aims to increase awareness about the relationship between shopping habits and their impact on people and the environment by providing consumers with tools and information that support informed choices. Klarna promotes brands assessed by independent sustainability partners, provides information about third-party certifications for products, and facilitates the resale and reuse of items through integrated app features.

Klarna enables consumers to extend the use of products by offering options to resell items previously purchased through Klarna, to discover products from brands with recognized sustainability credentials, and to contribute to environmental projects through donation touchpoints integrated into the Klarna ecosystem. These initiatives form part of Klarna's ongoing efforts to incorporate environmental and social considerations into the shopping and payment experience.

By offering sustainability features such as search filters based on recognized certifications, brand-level sustainability information, and reselling options in partnership with leading marketplaces, and promoting circular economy practices, Klarna enhances its value proposition, differentiating itself in the competitive financial technology market while fostering consumer loyalty and engagement. The integration of sustainability features and consumer engagement tools into the app reflects our strategic commitment to embedding environmental considerations into the core user experience.

Klarna does not have any policies implemented regarding conscious shopping, however Klarna has implemented initiatives to promote conscious and circular shopping.

Actions

Klarna has introduced a variety of consumer-facing sustainability features and services, including:

Sustainability search filters

Klarna offers sustainability certification filters enabling consumers to identify products by third-party sustainability certifications such as Global Organic Textile Standard (GOTS), People for the Ethical Treatment of Animals (PETA), and Cradle to Cradle. This feature is available in our search and compare tool online and in the Klarna App.

Brand level sustainability information

Klarna showcases brands' sustainability efforts by integrating third-party sustainability ratings provided by Good On You.

Good On You ratings enable consumers to understand the impact of fashion brands on people, the planet, and animals, examining more than 1,000 data points to determine a brand's rating from 1 ("We Avoid") to 5 ("Great"). Good On You scores brands based on the brand's own external reporting, independent certifications, other standards-based systems (e.g., Fair Trade), and third-party reports and indices (e.g., the

Fashion Transparency Index). Brands rated 4 ("Good") or 5 ("Great") by Good On You are highlighted at various touchpoints in the Klarna App.

Resell

Klarna continues to develop its functionality that allows users to resell products directly from the Klarna App. After the 2023 introduction of the Resell with Tradera feature in Sweden, Klarna expanded this capability through the Resell with eBay integration, which launched in late 2024 across key markets. In 2025, Klarna further strengthened its commitment to circular practices through a new partnership with Poshmark, enabling consumers to list pre-owned items more easily through the resell feature.

These integrations make it simple for users to list items and complete resale transactions seamlessly on partner platforms, encouraging longer product use and reducing waste.

Second-hand next to new

Klarna introduced functionality that allows consumers to view pre-owned products alongside new items within the Klarna App. This update enables consumers to consider a broader range of purchase options and encourages more resource-efficient shopping behavior by making second-hand choices more visible and accessible within the shopping experience

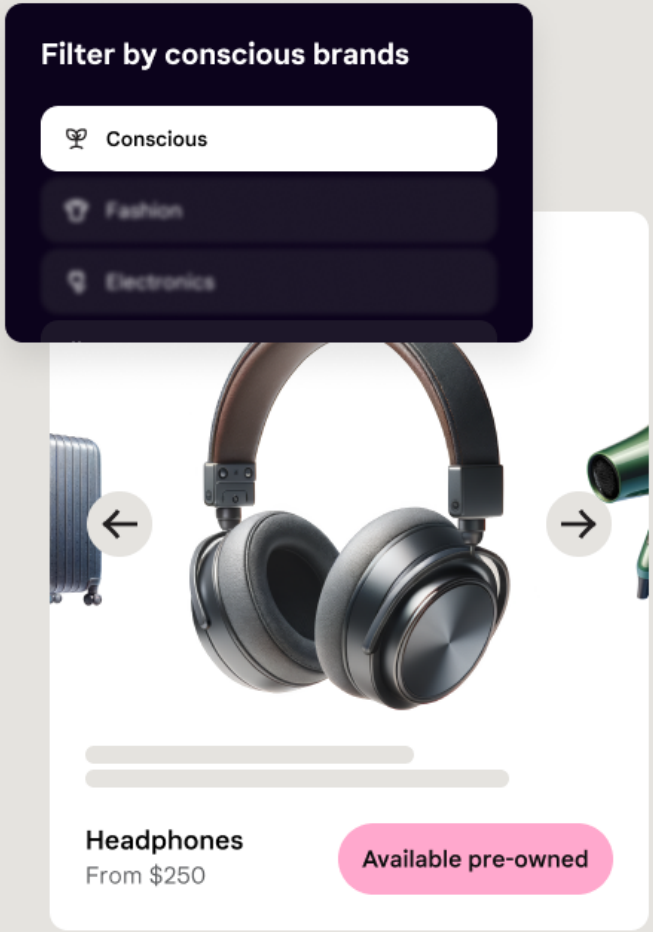
Donation touchpoints

Klarna maintains several donation touchpoints across its ecosystem, enabling consumers to contribute to environmental projects vetted through Milkywire, Klarna's strategic sustainability partner. These include the Top-up feature in the Klarna App, which allows users to add a $1 donation to their purchases, as well as other in-app opportunities to support causes connected to nature protection and climate action.

Through these features, Klarna provides transparent and accessible ways for consumers to participate in initiatives that have a measurable positive effect beyond individual transactions.

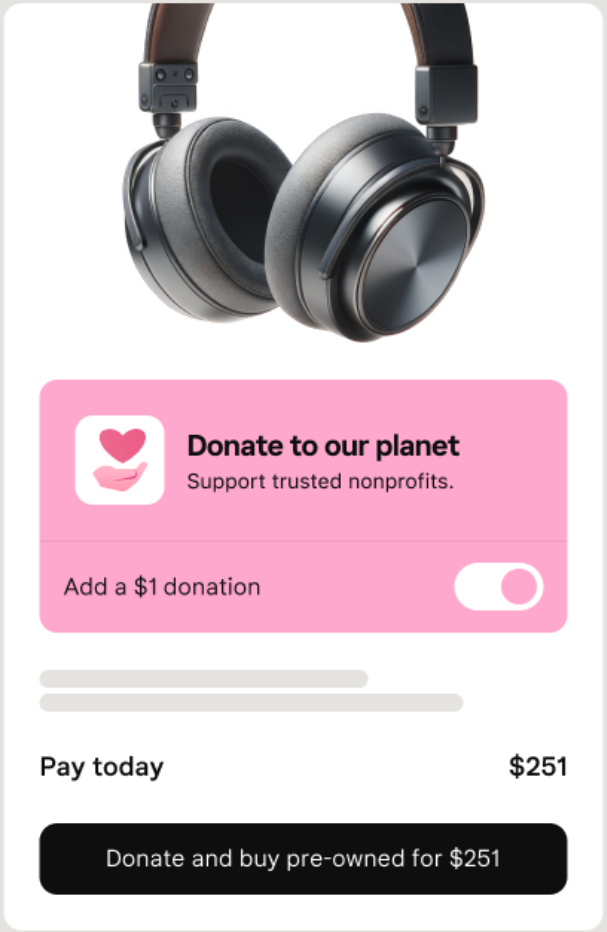


Conscious Shopping Journey



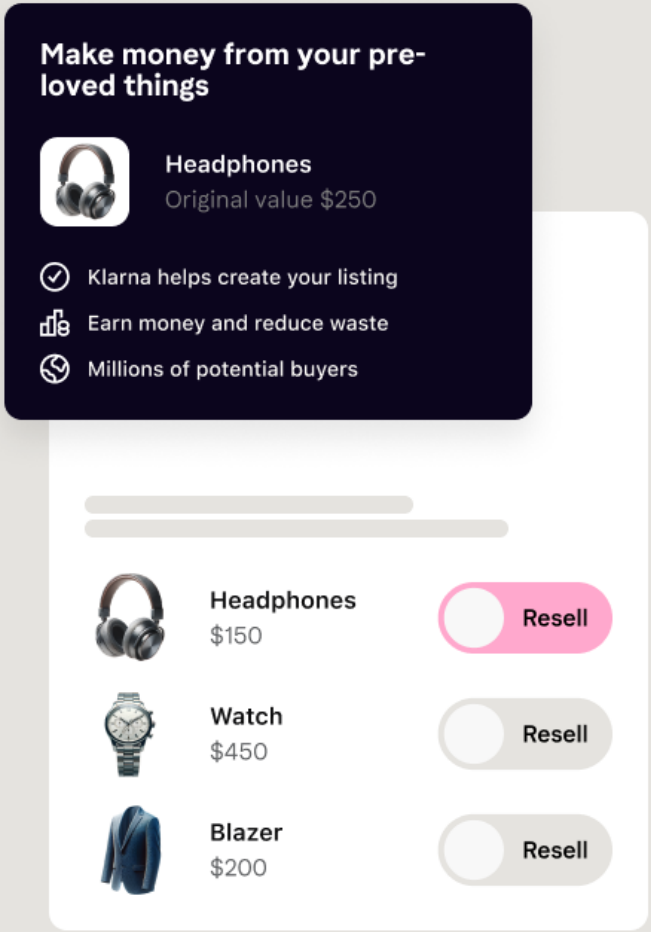
Pre-purchase

Discover conscious brands or find pre-owned products with Klarna.



During checkout

Add a $1 donation when paying with Klarna. Support non-profits while shopping.



Extend product life

Give your past purchases a second life, earn cash, and contribute to the circular economy by reselling with Klarna.

Targets and metrics

Klarna has not set any time-bound and outcome-oriented targets related to conscious shopping but tracks various metrics that indicate our progress in helping consumers make more conscious purchasing decisions.

Resell feature progress

Since the introduction of Klarna's resell functionality in 2023, adoption has continued to increase across markets. As of 2025, more than 1.5m items have been listed for resale through Klarna's integrated recommerce partnerships with Tradera, eBay, and Poshmark, demonstrating strong consumer interest in product reuse. On average, more than 140k listings are created each month, and user engagement data shows continued growth in the share of consumers interacting with resale options within the Klarna App.

Consumer donations

Since the launch in 2020, over 1m Klarna consumers have donated more than SEK 19m to planet health through our donation touchpoints. The donations have been distributed between different environmental funds including the Nature Transformation Fund and the Climate Transformation Fund.

In 2025, Klarna continued to see strong engagement through donation touchpoints in the Klarna App. A total of 400k consumers contributed more than SEK 5m to environmental projects vetted through Milkywire, supporting initiatives focused on nature protection, biodiversity, and climate action.



Social



Social

Own workforce



Our approach and policies

IRO Type	Material Impact, Risk or Opportunity
Working conditions	
Positive Impact	We cultivate a supportive workplace with fair compensation, flexible hours, and a focus on health, safety, and growth, empowering employees to thrive in a dynamic environment.
Equal opportunities	
Positive Impact	Klarna actively hires to build a diverse workforce and is dedicated to fostering an inclusive work environment. We aim to create an environment where all our employees, from whatever backgrounds feel valued, and have opportunities to engage with diverse cultures broadening their horizons.
Positive Impact	Our employees have career progression opportunities through the availability of new opportunities offered, projects and training and development tools.
Opportunity	The diversity of Klarna's workforce results in innovative thinking and approaches, driving business success.

At Klarna, employees are fundamental to our business and growth strategy. We place high priority on creating a supportive and inclusive environment for all team members. Our policies and practices are designed to comply with all applicable laws and regulations, fostering a workplace that values diversity, equity, and inclusion. Our commitments are outlined in the following policies:

- Global Work Environment Policy
- Remuneration Policy
- Code of Conduct
- Ethics Policy
- Anti-Discrimination Harassment & Bullying Policy
- Whistleblowing Policy
- Conflict of Interest Policy
- Modern Slavery and Human Trafficking Statement

While our policies and practices aim to foster a positive, inclusive, and compliant work environment, we acknowledge that workplace challenges can still arise, and we remain committed to continuously improving our practices and addressing any issues proactively.

Policies managing impacts on employees

Klarna is committed to fostering a safe, healthy, and equitable workplace for all employees. This commitment is grounded in a comprehensive set of global policies designed to manage impacts related to working conditions and equal opportunities, in alignment with international standards and local regulations. It is also embedded across Klarna's global policies, which define expectations for all employees and guide implementation across our workforce.

Klarna regularly reviews and updates internal policies, routines, and governance. For more detailed information on policies, please refer to the Policy Overview Table provided in the Appendix.

Employee considerations

Klarna considers the needs and perspectives of its employees when making strategic decisions. This includes regular feedback and engagement through open communication channels and opportunities for employees to share their ideas and insights. By supporting its people, Klarna fosters a workplace that promotes both long-term success and sustainability.

Klarna places a strong emphasis on integrating employee well-being and development into its overall business direction and strategy. By adopting a holistic approach, Klarna aligns its policies and initiatives with both employee needs and business goals. Several initiatives

support employee well-being and development, including wellness allowances, and mental health counseling to promote early support and healthy workplaces. This ensures employees remain engaged and aligned with the company's strategic objectives. AI is also a natural part of how Klarna works—supporting employees in day-to-day collaboration, problem-solving, and decision-making, and ensuring employees have access to the latest tools to work better and faster.

Klarna's operations impact all its workforce, including employees and consultants, with both groups having either permanent or fixed-term contracts. Permanent workers are employees with ongoing employment contracts with no predetermined end date and workers with consultant contracts with no end dates to their contracts. They are considered long-term workers and are integral to Klarna's workforce. Workers with fixed-term contracts have rights that are typically outlined in their employment contract which include access to benefits. All workers at Klarna receive fair treatment, safe working conditions, and the statutory benefits required by law.

Commitment to human rights

As a global company, Klarna acknowledges its clear responsibility to support governments and civil society groups in ensuring that human rights are upheld and respected in all the countries in which it operates. Klarna is committed to promoting and respecting human rights in alignment with the United Nations' Universal Declaration of Human Rights, the eight Core Conventions of the International Labour Organization, the United Nations' Guiding Principles on Business and Human Rights, and the Children's Rights and Business Principles. This includes non-discrimination, prohibition of child and forced labor, and safe and healthy working conditions. Equal opportunities and rights are offered to all employees, irrespective of national or ethnic origin, religion or belief, age, gender or gender identity or expression, sexual orientation, or disability. Klarna also complies with relevant national legislation in the countries where we operate, such as the UK's Modern Slavery Act 2015.

Preventing child and forced labor

Klarna conducts background checks on all employees before they join Klarna, including verifying their identity and ensuring they meet the minimum legal working age. Klarna complies with local legislation across all regions of operation. Due to the nature of the business, there is no direct risk of child labor or forced labor within Klarna's own operations.

Vulnerable employee group

Klarna regularly reviews its people practices through structured processes to ensure safe, fair, and inclusive working conditions. These reviews include regular assessments of People routines, employee engagement surveys through "Amplifier"—Klarna's AI-powered employee feedback tool—and actionable insights of people-related findings. Findings from these reviews inform action plans and continuous improvements to our People routines and programs, ensuring that potential risks, especially those related to people in vulnerable situations, are proactively identified and mitigated.

In the context of Klarna, no group of employees was identified to be particularly affected as part of the materiality assessment. Klarna has developed an understanding of the potential risks and impacts on all employees, regardless of their characteristics, working contexts, or activities, and found no particular group to be at significantly greater risk of harm.

Own workforce engagement

Klarna engages with its workforce directly and through workers' representatives to foster a comprehensive understanding of employee needs and perspectives. Engagement occurs at multiple stages, such as via our open communication channels, feedback, and demo sessions. Methods include frequent and open engagement in our channels used for daily communication, business updates, employee engagement surveys, and company meetings. These initiatives strengthen the bond and dialogue between Klarna's Group Management Team and employees while keeping the information flow as direct as possible.

All individuals and teams share weekly updates on challenges, deliverables, and reflections in open company channels to remove blockers, foster collaboration, and promote transparency across the business. This approach ensures all Klarna employees receive relevant updates from other teams and enhances overall efficiency while celebrating shared successes. Initiatives like the bi-weekly group-level "The Forge"[20] meetings, along with regular all-hands and demos within domains, showcase progress, challenges, and highlight achievements. In 2025, Klarna employees participated in 18 engaging sessions. In addition, every few years, "Smoooth Week"— Klarna's all-employee, in-person event—brings together colleagues from around the world for a week of collaboration, learning, and celebration.

The Chief Operating Officer oversees all employee-related matters, ensuring the implementation of these engagement processes and integrating the findings into Klarna's strategies and operations.

Klarna has a Workers' Council for its employees based in Berlin, consisting of local employees representing the Berlin-based workforce. We also have Collective Bargaining Agreements (CBAs) in Sweden, Finland, France, Italy, and Spain. In Sweden, Klarna Bank AB (publ) is a member of the Employers of the Financial Sector and has a collective bargaining agreement with Finansförbundet and the Swedish Confederation of Professional Associations (SACO).

Klarna remains committed to engaging with employees and their representatives to nurture a collaborative working environment. We continue to evaluate and enhance labor relations practices across all regions to effectively support our workforce.Employee engagement also extends to "Action Day", a weekly, company-wide session where employees can suggest improvements to any part of the business. Ideas raised gain high visibility and are reviewed directly by senior leaders, helping remove blockers and strengthen Klarna's culture of ownership, accountability, and transparency.

Klarna assesses the effectiveness of its employee engagement through regular surveys and feedback mechanisms. We've created an interactive and nuanced approach to measuring engagement through "Amplifier", which involves a 25-minute dialogue entailing several open-ended and scaling questions, with the strong focus to pose follow-up questions based on the employee's preliminary responses. This conversational format paves the way for a more organic disclosure of employees' thoughts, which promising a more authentic understanding of their needs, motivations, and concerns. The goal is to look beyond numerical scores and explore the nuances of employee engagement that drive meaningful organizational improvements.

[20] The Forge is Klarna's bi-weekly "variety" style stream hosted by the CEO, Sebastian Siemiatkowski, alongside a rotating guest member of the Group Management Team. It serves as a dynamic platform to communicate significant updates, highlight various business areas, and discuss pressing challenges, aiming to enhance internal transparency, facilitate knowledge sharing, and foster a cohesive corporate culture among Klarna employees.

In 2025, we focused on the following topics in the Amplifier employee engagement survey:

- Overall experience at Klarna
- Team experience
- Klarna's product and future

In the table below, we have displayed the engagement scores extracted from Amplifier alongside the scores from last year's survey. Through this evolved approach, we aspire to maintain an environment where employees feel heard and motivated, propelling a culture of continuous improvement and high engagement across the company. Training and awareness programs on diversity and unconscious bias are implemented to foster an inclusive culture. These initiatives help Klarna create a more inclusive and supportive work environment for everyone.

Employee engagement survey	2025	2024
Employees who took the annual employee engagement survey	86 %	84 %
Overall satisfaction score from employee engagement survey	78 %	77 %

Own workforce complaints and remediation

Klarna has implemented measures to address and remedy human resource incidents and grievances for employees, embedded within various policies and routines to ensure compliance and promote a safe and ethical working environment. These routines are designed to support and enhance employee well-being both during and after any incident. Prioritizing collaboration between employees, leadership, and the People Advisory team, Klarna also partners with external health providers to ensure professional support throughout recovery and a potential work reintegration.

Employees at Klarna have access to multiple established channels to raise concerns:

- **Internal reporting systems**: Employees can report issues through workflows where there are confidential options to the People Advisory team.
- **Direct communication:** Concerns can be raised directly with People Advisory or leads.
- **Whistleblowing tool:** Anonymous reporting is facilitated through the whistleblowing tool, which encrypts all reports and restricts access to the Whistleblowing Committee.

Klarna actively promotes the availability and importance of these channels through regular communication, training sessions and informational materials. To address any concerns related to working conditions or unfair treatment, Klarna encourages employees to report grievances through designated channels such as the whistleblowing tool, direct communication with HR representatives, People Advisory, and Compliance where relevant.

Reported concerns are reviewed by the Whistleblowing Committee and other relevant channels following the procedures outlined in the Whistleblowing Routine or the Anti-Discrimination Harassment & Bullying Policy. When a negative incident is raised, a structured response process involving the Whistleblowing Committee and HR representatives ensures appropriate actions are taken. Regular updates and relevant statistics on cases are shared with senior executives where appropriate. Confidentiality and anonymity are maintained through encryption and restricted access protocols within the whistleblowing tool.

To safeguard individuals who report incidents of discrimination, harassment, or other irregularities, Klarna enforces a strict non-

retaliation clause as part of its Whistleblowing Policy. The policy protects employees from any form of retaliation or adverse treatment and all cases are investigated by the People Advisory team confidently and promptly, with appropriate disciplinary actions taken as necessary.

All records of grievances and their outcomes are maintained and tracked. However, Klarna currently does not have a formal process in place to assess the effectiveness of these channels for employees to raise complaints.

To ensure the workforce is aware of and trusts these policies, Klarna conducts regular training and communication initiatives. Employees are informed about these policies during onboarding and through mandatory annual compliance training. Additionally, engagement surveys offer employees the opportunity to raise concerns and serve as a barometer of employee awareness and confidence in raising concerns.

Actions

Klarna is committed to creating and maintaining a healthy, safe, and inclusive work environment for its global workforce. Actions include:

Global, flexible work environment

- Klarna promotes awareness and best practices around workplace health and safety across all markets to foster a proactive and supportive work environment.
- Offering flexible working hours to accommodate different lifestyles and personal commitments.

Remuneration and benefits

- Klarna offers a mix of cash and equity-based compensation, along with benefits such as insurance, pension contributions, health insurance, parental leave, and wellness benefits. These packages are tailored to meet business and local market needs.
- All Klarna employees are covered by KlarnaRise, our global program for evaluating performance, contributions, and compensation. This ensures equal opportunities and fair compensation across the organization.
- Klarna ensures that all employees receive fair and adequate compensation in accordance with local country legislation. Our Remuneration Policy supports balanced and equitable compensation practices across the company. To uphold these standards, we conduct annual analyses to identify and address any disparities in remuneration. This proactive approach ensures that all employees are rewarded with competitive wages that reflect their skills and contributions. The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees is 467 in 2025.
- The effectiveness of KlarnaRise is reviewed on an ongoing basis using data to understand its impact, including voluntary attrition, time in role, time to promotion, and trends in compensation over time.

Diversity and inclusion

- Provide and enforce the Anti-Discrimination Harassment & Bullying Policy to protect employees from discrimination based on ethnic origin, color, sex, sexual orientation, gender identity, disability, age, religion, and national origin.
- Provide annual training for Klarna employees and mandatory work environment and labor law training for team leads in specific locations to ensure they uphold these standards within their teams.
- Maintain a whistleblowing tool for confidential reporting of discrimination concerns.

Health insurance and sick leave

- Klarna offers sick leave and health insurance benefits to cover medical expenses and income during periods of illness. Recognizing that healthcare systems vary by country, Klarna provides different health and sickness policies and benefits depending on location.
- In markets where local authority policies are in place, we adhere to or enhance these provisions to ensure our employees receive optimal support.

Unemployment

- Such protections are covered under national laws and Klarna provides disability insurance for employees.

Employment injury and acquired disability insurance

- Klarna provides disability insurance for employees, offering optional insurance per market if a contributor either has a disability or one develops whilst working with us.
- In markets such as the United Kingdom, this is a mandatory policy that all employees have as standard, covering them from a set period in time in the event of

a critical illness. Some markets are covered by local authority policies, in which case we will either adhere to it, or enhance it where possible

- In the United States, we provide specialized employment insurance to support employees who suffer injury or illness directly related to their job. Worker's compensation ensures that affected employees receive cash benefits and access to essential medical treatment, helping them recover and maintain financial stability during their recovery.

Parental leave policies

- Klarna has parental leave policies available to all parents at Klarna, reflecting our belief that parenthood should not negatively impact one's career or salary. We aim to ensure that no one is financially disadvantaged when taking parental leave by including them in salary reviews and promotion cycles during their absence. Recognizing that returning to work can be daunting, especially in a fast-paced environment, we have implemented support mechanisms to ease the transition back to work.
- For example, in the United States, we provide a child support subsidy, reimbursing up to USD 250 (SEK 2,365) per month for six months on childcare expenses such as daycare.

Retirement

- Klarna provides pension and insurance benefits, with all employees insured according to country-specific terms, laws, and common practices. Pension schemes with employer-based top-ups are available in the majority of locations, or social-based pension plans where applicable.
- These provisions ensure that our employees are supported in their long-term financial planning and retirement.

Health and safety

- Klarna has established health and safety guidelines that outline measures to prevent workplace accidents and ensure the safety and well-being of employees. These include locally adapted health and safety training available through internal programs in several countries, covering local rules and routines. Each Klarna office has appropriate plans in place for emergencies, and local safety through systematic fire prevention management. Employees receive training on health and safety practices, including first aid and Cardiopulmonary Resuscitation (CPR) training, how to identify and report hazards, responding to emergencies, systematic fire prevention management and annual evacuation training.
- We offer various health benefits such as wellness allowances, flexible working hours, parental benefits, and health and rehabilitation insurance to support a healthy lifestyle for all employees.
- A centralized way of reporting is used to track and manage both physical security incidents and employee-related incidents. This systematic approach ensures that any workplace accidents or security issues are promptly identified, reported, and addressed, thereby maintaining a safe and secure work environment for all employees. The People Advisory team monitors and governs health and safety policies, holding direct responsibility for their creation and regular review.

Monitoring and assessment

- Engagement surveys serve and feedback in our open communication channels serve as our primary tools to regularly track and assess the effectiveness of our actions and initiatives in delivering outcomes for our workforce. The surveys help us understand employee needs and adjust strategies accordingly.

Dedicated teams and support structures

- Klarna has dedicated teams in place to advance our efforts in creating a healthy, safe, and inclusive work environment. Our People Advisory and Payroll & Benefits teams are responsible for implementing and overseeing various initiatives, including wellness programs, work policies, health benefits, and safety training.

Targets and metrics

Klarna is actively addressing material impacts, risks, and opportunities related to our workforce, particularly concerning compensation. Klarna is committed to ensuring that all employees are compensated equitably based on their roles, responsibilities, and location. Klarna has not set any time-bound and outcome-oriented targets related to other impacts on our own workforce.

Characteristics of Klarna's employees

Employee metrics

The metrics reported are calculated using headcount as of the end of the reporting year of 2025, as well as the average number of employees over the year, unless otherwise stated. No estimations have been made. As of December 31, 2025, Klarna employed a total of 3,149

individuals, including 354 consultants. On average over 2025, 3,336 employees were employed by Klarna (including 309 consultants).

Number of employees[21]

	2025		2024	
	Number of employees	Avg number of employees	Number of employees	Avg number of employees
Total employees (incl. consultants)	**3,149**	**3,336**	**3,841**	**4,216**
Employees (excl. consultants)	2,795	3,027	3,422	3,809
Consultants	354	309	419	407

Breakdown of employees (excl. consultants) by gender

	2025	2024
Gender[22]	**Number of employees**	**Number of employees**
Male	1,701	2,149
Female	988	1,266
Other	12	3
Not disclosed (ND)	94	4
Total	**2,795**	**3,422**

Breakdown of employees (excl. consultants) by contract type, broken down by gender

	2025				
Gender	**Female**	**Male**	**Other**	**ND**	**Total**
Number of employees	**988**	**1,701**	**12**	**94**	**2,795**
Number of permanent employees	988	1,701	12	94	2,795
Number of temporary employees	0	0	0	0	0
Number of non-guaranteed hours employees	0	0	0	0	0

Breakdown of employees (excl. consultants) by country where Klarna has at least 50 employees or those where employees represent at least 10% of the total workforce in 2025

	2025	2024
Country	**Number of employees**	**Number of employees**
Sweden	1,269	1,550
Germany	696	876

Diversity metrics (absolute)

	2025					2024				
	Female	**Male**	**Other**	**ND**	**Total**	**Female**	**Male**	**Other**	**ND**	**Total**
Employees by level	#	#	#	#	#	#	#	#	#	#
Group Management Team[23]	1	9	0	0	10	2	10	0	0	12
Manager[24]	222	493	4	13	732	356	676	0	0	1,032
Non-Manager	765	1,199	8	81	2,053	908	1,463	3	4	2,378

[21] The number of average employees (excl. consultants) corresponds to the number of average FTEs disclosed in the Five Year Summary, Group and Note 11 of the financial statements.
[22] The difference in gender split over the years can be explained by the increasing percentage of engineers as part of our workforce.
[23] Two members of the Group Management Team are formally employed by a parent entity of Klarna Holding AB and therefore not reflected in this data.
[24] Manager: All on a leading position (either AL, AGL, DL, CL, CGL, CO excl. Group Management Team) Non-Manager: All that are not on any leading position

Total Employees	**988**	**1,701**	**12**	**94**	**2,795**	**1,266**	**2,149**	**3**	**4**	**3,422**
	Female	**Male**	**Other**	**ND**	**Total**	**Female**	**Male**	**Other**	**ND**	**Total**
Employees by age	#	#	#	#	#	#	#	#	#	#
<=30	183	262	2	27	474	326	447	0	2	775
31-50	800	1,391	10	67	2,268	934	1,655	3	2	2,594
>50	5	48	0	0	53	6	47	0	0	53
Total Employees	**988**	**1,701**	**12**	**94**	**2,795**	**1,266**	**2,149**	**3**	**4**	**3,422**

Diversity metrics (percentage)

	2025					**2024**				
	Female	**Male**	**Other**	**ND**	**Total**	**Female**	**Male**	**Other**	**ND**	**Total**
Employees by level	%	%	%	%	%	%	%	%	%	%
Group Management Team	0.1	0.5	0.0	0.0	0.4	0.2	0.5	0.0	0.0	0.4
Manager	22.5	29.0	33.3	13.8	26.2	28.1	31.5	0.0	0.0	30.2
Non-Manager	77.4	70.5	66.7	86.2	73.5	71.7	68.1	100.0	100.0	69.5
Total Employees	100	100	100	100	100	100	100	100	100	100

Employees by age	%	%	%	%	%	%	%	%	%	%
<=30	18.5	15.4	16.7	28.7	17.0	25.8	20.8	0.0	50.0	22.6
31-50	81.0	81.8	83.3	71.3	81.1	73.8	77.0	100.0	50.0	75.8
>50	0.5	2.8	0.0	0.0	1.9	0.5	2.2	0.0	0.0	1.5
Total Employees	100	100	100	100	100	100	100	100	100	100

Employee turnover

In 2025, a total of 740 employees departed from Klarna. This represents a turnover rate of 22%, calculated based on the 3,367 employees at the beginning of the year.

Breakdown of employees leaving Klarna in 2025

	2025
Employees leaving Klarna	**740**
Employees at start of the year	3,367
Turnover rate	22 %

Health and safety

In 2025, 100% of Klarna's workforce was covered by the company's comprehensive health and safety framework. There were no fatalities as a result of work-related injuries or work-related ill health during the reporting period. Klarna recorded 6 work-related accidents, all of which were thoroughly investigated and addressed in accordance with established safety protocols. This corresponds to a work-related accidents rate of 1.2. The number of days lost due to work-related accidents is not tracked, based on the nature of our operations.
Due to various local legislations and data-protection restrictions, Klarna does not collect information on the medical causes of employee sick leave. As a result, it is not possible to identify whether any cases of ill health were work-related. Accordingly, zero work-related ill health cases are reported for the period.

Collective bargaining coverage and social dialogue

At the end of 2025, 52% of Klarna's total employees are covered by CBAs. Within the European Economic Area (EEA), Klarna Holding's subsidiary entities have established CBAs in Finland, France, Italy, Spain, and Sweden. In the EEA, 60% of employees are under the coverage of CBAs.

Breakdown of employees covered by a CBA and workers' council by country in 2025

	2025		
	Collective Bargaining Coverage		Social dialogue
Coverage Rate	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl)
0 -19 %	Germany		
20 -39 %			
40 -59 %			
60 -79 %			Germany
80 -100 %	Sweden		

Training and skills development

Performance and development

Performance reviews at Klarna are conducted through a model known as KlarnaRise. This model encompasses performance, contribution, and compensation reviews. The process occurs once a year, and all employees are included.

Throughout the year, there are multiple ways in which an employee can understand their performance and work on their development. All employees have a lead that supports them and helps the employee to develop and deliver. Employees are also encouraged to provide and ask each other feedback throughout the year. Self-assessment is a continuous process where employees can make use of internal tools such as different ways of giving and receiving feedback and personal logs to evaluate their performance and development.

Training

At Klarna, we believe hands-on experiences are the most effective way to learn, which is why we closely integrate them with opportunities for internal mobility to move to a new team. Due to the nature of Klarna's operations, all employees are required to complete mandatory yearly trainings, such as compliance training. Beyond this, Klarna actively fosters learning and skills development among its employees. Internal training sessions and demos hosted by teams are frequently organized to showcase work, share knowledge, and encourage cross-team collaboration. The Klarna knowledge base "Wiki" houses all information about Klarna in one accessible location, enabling everyone to access and contribute to a collective knowledge base.

Klarna helps employees build practical skills in artificial intelligence, automation, and data-driven work. Through hands-on sessions and internal demos, teams learn how to use AI tools like coding assistants and prompt libraries to boost creativity and productivity. Dedicated "AI super-users" and experts offer ongoing support to ensure employees can apply these tools responsibly in their daily work.

Parental leave

At Klarna, all employees are entitled to take family-related leave. This commitment reflects Klarna's dedication to supporting the well-being of its own workforce. During 2025, 652 employees took family-related caregiving leave, which is 22% of the average number of employees in 2025. The metric is calculated based on the average number of employees during 2025, rather than the headcount at the end of the year, acknowledging that employees who have left Klarna could have utilized parental leave during their tenure.

Employees who took family-related leave

	2025				
	Female	Male	Other	ND	Total
Average total employees	1,084	1,854	13	76	3,027
Of which took family-related leave	305	347	0	0	652
Share %	28 %	19 %	0 %	0 %	22 %

Gender pay gap and equal opportunity initiatives

Klarna acknowledges the importance of transparency in addressing the gender pay gap within our own workforce. We recognize that women are traditionally underrepresented in the technology and finance sectors, contributing to an industry-wide gender pay gap. Klarna is committed to addressing this challenge by implementing actions and initiatives aimed at promoting equal opportunities within our organization.

To reduce the gender pay gap and associated risks, Klarna's long-term compensation strategy includes standardizing salaries through fixed compensation groups. These groups equate pay for employees with similar job levels, skills, and locations, ensuring fairness and consistency. Compensation groups are published internally, allowing employees to access and understand the structure. This approach reinforces our commitment to equal pay for equal work and supports a clearer understanding of pay equity within Klarna.

Average pay gap[25]

	2025	2024
Global[26]	6 %	8 %

[25] Weighted (avg gross total comp of male-avg gross total comp of female)/avg gross total comp of male
[26] The data reflects total compensation (annual base salary + fixed equity

Incidents, complaints and severe human rights impacts

In 2025, no cases of harassment, bullying, or discrimination were raised within Klarna's own workforce. These cases can be reported via an internal confidential workflow in Slack. Consequently, Klarna has received no fines as a result of such incidents and complaints.

There were no incidents of severe human rights violations connected to Klarna's workforce in the reporting period, including no cases of non-respect for the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises. Accordingly, Klarna incurred no fines, penalties, or compensation for damages.

Social

Workers in the value chain



Our approach and polices

IRO type	Material impact, risk or opportunity
Negative impact	Klarna procures goods and services from suppliers or in their supply chains, who could engage workers that are subjected to excessive overtime, inadequate living wages, insufficient health and safety measures and no freedom of association.

Klarna is committed to ensuring that human rights are respected and upheld across its operations, including workers in the value chain. Klarna adheres to the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, which encompasses non-discrimination, the prohibition of child and forced labor, and safe and healthy working conditions. This commitment is reinforced by Klarna's internal policies and procedures, which aim to protect workers and ensure full adherence to human rights standards. Klarna recognizes the importance of understanding the conditions and needs of workers within its value chain. To support this, Klarna engages with suppliers through structured dialogues, particularly during the procurement phase, creating a collaborative setting that encourages open communication about workplace standards and practices.

The impacts on value chain workers differ based on their relationship with Klarna's business and operational model. There are two primary groups: 1) outsourced customer service workers, and 2) workers employed by other Klarna suppliers.

Respecting human rights in the value chain

Human rights are fundamental rights inherent to all individuals, forming the foundations for freedom, justice, and peace. They apply equally and universally across all countries, irrespective of the legal framework.

Klarna complies with all relevant international and local legal obligations in the countries where it operates. Klarna works to protect human rights within its own operations and value chain through internal policies and procedures regarding the treatment of employees, as detailed under the section own workforce. Additionally, Klarna ensures compliance from both partners and suppliers to uphold these standards.

Value chain workers who can be materially impacted are defined as:

- **Outsourced customer service workers:** These are individuals who are not part of Klarna's workforce but are directly influenced by our business model and decisions, such as customer service personnel. Klarna has strategically chosen to outsource its customer service operations to enhance efficiency and provide high-quality support to its global customer base. The outsourcing partners are required to meet Klarna's rigorous standards for customer care, data security, and compliance with relevant regulations.
- **Workers employed by other Klarna suppliers:** These individuals are indirectly influenced by Klarna's operational model through the procurement of goods and services. Engaging with suppliers who lack strong human rights policies may negatively impact the well-being of supply chain workers.

Klarna's materiality assessment identified no value chain worker group as disproportionately affected. Potential risks and impacts were assessed across all workers and contexts, with no group found at greater risk of harm.

Risk of child labor

Given the nature of Klarna's supply chain, the risk of child labor being used in its direct supply chain is extremely low. This is due to the nature of its operations as a digital bank and payments provider, which does not involve labor-intensive industries, and its reliance on service-

based suppliers like IT and consulting, where child labor risks are minimal.

Policies managing impacts on value chain workers

Klarna maintains a comprehensive set of policies and processes to manage impacts related to workers in our value chain, specifically focusing on suppliers' workers and outsourced customer service providers. Our commitment is reflected in key documents that address issues around the working conditions of workers in our supply chain, including:

- Supplier Code of Conduct
- Modern Slavery and Human Trafficking Statement
- Whistleblowing Policy

For more detailed information on this topic, please refer to the Policies overview table provided in the appendix.

Measures for identifying human rights violations

Klarna's whistleblowing tool, WhistleB, is open to all third parties as outlined in our Whistleblowing Policy. It provides a secure way to identify and report potential complaints or human rights violations. Additionally, outsourced customer service providers are required to maintain their own whistleblowing policies, which are reviewed during annual site audits. These audits also assess the staff's awareness of these solutions.

Actions

Klarna seeks to ensure suppliers acknowledge and adhere to the Supplier Code of Conduct when entering into new agreements or renewing existing ones by including it in Klarna's standard contract templates, and requires them to sign it when they operate from high-risk countries.

Modern slavery risks, due to Klarna's business model, are primarily associated with Klarna's indirect supply chain. While these risks are currently assessed to be low, Klarna remains focused on enhancing its processes to promptly identify and mitigate any potential risk exposure.

Klarna is committed to promote ethical labor practices and maintain proactive engagement with suppliers. As a part of this commitment, Klarna has developed risk assessments, including:

- **Modern slavery risk assessment:** Examines the inherent risk of modern slavery using publicly available sources, including information from the Global Slavery Index, the U.S. Bureau of International Labor Affairs List of Goods Produced by Child Labor or Forced Labor, and guidelines from organizations like the Walk Free Foundation, International Labour Organization, Anti-Slavery International, and Anti-Slavery Australia.
- **Suppler human rights risks assessment:** In 2025, Klarna adopted an annual human rights risk assessment of suppliers operating in high and very high-risk countries. This process entails a deeper assessment of these suppliers' human rights practices and alignment with Klarna's standards. The results are shared with the procurement team and relevant contract owners to inform sourcing decisions and strengthen due diligence in supplier management.

The inherent risk score encourages contract owners to engage with relevant Klarna teams to assess the risks and determine whether further due diligence and monitoring is required.

For outsourced customer service providers, which are strategic for Klarna's operations and may pose higher risks, Klarna has developed instructions aimed at assessing risk exposure promptly. These controls integrate the latest regulatory requirements, and Klarna also performs annual site audits to ensure service providers adhere to Klarna's standards. Our engagement includes virtual meetings, site controls, meetings with workers' councils or union representatives, reviewing key performance indicators, and maintaining open communication channels.

Value chain workers engagement

Klarna adopts a risk and influence-based approach in engaging with workers within our value chain.

Outsourced customer service providers
We maintain a direct engagement process with our outsourced customer service providers and their employees to ensure compliance with our standards and to foster a transparent relationship. Our engagement includes:

- **Weekly virtual business reviews:** Conducted with managers and team leads to review key performance indicators (KPIs).
- **Annual site visits:** At least once a year, we visit provider sites to assess the work environment, safety, security, CSAT results, and adherence to our standards, including the Supplier Code of Conduct, modern slavery prevention, whistleblowing policies, and working hours.
- **Engagement with workers' councils or union representatives:** Where applicable, we interact directly with these representatives to gain insights into employee relations and working conditions.
- **Anonymous online surveys:** Deployed to receive honest feedback from agents on workplace environment, whistleblowing policies, wellness programs, and discrimination.
- **Supplier Slack channels:** Used for real-time discussions and feedback with supplier leadership.

These processes ensure ongoing compliance and reinforce a transparent and supportive relationship with customer service employees.

Other suppliers
We do not directly engage with the workers or representatives of Klarna's goods and services suppliers. In accordance with Klarna's Supplier Escalation Routine, the respective contract owners are responsible for ensuring adherence to our policies and processes within supplier relationships. Any breaches of contract, such as material violations of the Supplier Code of Conduct, are escalated internally, ultimately to the responsible member of the Group Management Team.

Klarna supports engagement effectiveness for workers in the value chain through tools such as engagement surveys, whistleblowing channels, and direct interactions with key outsourced partners, while a dedicated formal process to assess effectiveness does not yet apply across all suppliers.

Value chain workers complaints and remediation

Klarna acknowledges the importance of addressing unethical, illegal, or improper conduct within its value chain, particularly concerning working conditions. While Klarna does not maintain a separate, formalised remediation framework for value-chain workers, relevant cases are handled through existing processes and evaluated on a case-by-case basis.

For outsourced customer service providers, Klarna requires them to provide whistleblowing channels to their employees. Klarna reviews these suppliers' whistleblowing policies as part of annual site audits, which also assess employees' awareness of these solutions. This

process involves conducting anonymous surveys to determine if employees are aware of their company's policy and understand how to use it. Additionally, Klarna covers whistleblowing channels during interviews with agents as part of these audits.

However, Klarna does not maintain a dedicated formal process for evaluating supplier follow-up actions related to these channels.

In line with the overall risk and influence-based approach taken across all worker-related issues in the value chain, Klarna continues to monitor and evaluate its practices to uphold ethical conduct and safeguard the well-being of all individuals connected to its operations.

Grievance mechanisms

Klarna provides suppliers and their workers with designated channels, including the independently-run whistleblowing tool, to report grievances related to working conditions or unfair treatment. This ensures a safe and confidential way for concerns to be raised and addressed promptly.

Targets and metrics

Klarna recognizes the importance of managing impacts on workers throughout its value chain and has established policies and processes to address working conditions among supply chain partners. However, Klarna has not set any time-bound and outcome-oriented targets related to these impacts. Klarna continues to develop its approach to measuring and monitoring supplier practices and aims to establish metrics that enable more consistent tracking to further mitigate negative impacts on workers in the value chain.



Social

Consumers and end-users



Our approach and policies

IRO Type	Material impact, risk or opportunity
Positive impact	Klarna respects and empowers our consumers' privacy when they engage with our products and services.
Negative impact	If incidents or data breaches occur that involve the release of sensitive or personal data of our customers, this could put in danger the anonymity and spending patterns of our customers, resulting in distress and harm.
Risk	Cyber security incidents or data breaches could result in Klarna being fined by Regulators and would risk losing customer trust, and in turn suffer revenue losses.
Risk	Consumers could be misled or confused by unclear or misleading marketing, messaging and consumer terms.

Klarna's strategy and business model are deeply informed by the interests, views, and rights of our consumers. By embracing user diversity, promoting financial responsibility, addressing pain points with existing financial services, and respecting consumer rights—including those related to data privacy—we have built a trusted and inclusive global digital bank and payments network. This approach not only drives our growth but also ensures that we remain aligned with the needs and values of our diverse customer base. Through continuous product development, consumer research, respect for consumer rights, and a focus on financial stability and inclusion, Klarna is committed to delivering exceptional value and fostering long-term relationships with our users.

When conducting the Double Materiality Analysis (DMA), every consumer group that engages with or uses any of Klarna's products or services were considered. The material impacts identified in the DMA are relevant to all of Klarna's consumers. Klarna recognizes "vulnerable consumers" as part of our consumer segment, which includes providing tailored support and ensuring that employees are trained to recognize and assist vulnerable consumers appropriately. Read more about how we support vulnerable consumers in the section Financial stability, literacy and wellness.

Policies managing impacts on consumers and end-users

Klarna maintains a comprehensive set of policies and processes to manage impacts related to consumers and end-users, with a strong focus on data protection, transparency, and ethical conduct. These policies ensure that Klarna's services uphold customer trust, privacy, and fair treatment throughout the user journey.

Our commitment is reflected in key documents addressing consumer rights, data privacy, information security, and responsible communication, including:

- Data Privacy Policy
- Information Security Policy
- Information Security Routine
- Consumer Marketing Policy
- Vulnerable Consumer Policy
- Complaints Policy
- Code of Conduct
- Ethics Policy

For more detailed information on this topic, please refer to the Policies overview table provided in the appendix.

Respect for consumers' human rights

Klarna's commitment to respecting the human rights of our consumers is reflected in our efforts to provide fair, transparent, and accessible financial products. We recognize that financial exploitation and exclusion intersect with human rights issues, and we strive to offer solutions that promote financial inclusion and empowerment. Read

more about Klarna's commitment to empower our consumers' personal finance management, including the protection of vulnerable consumers, in the section Financial stability, literacy and wellness.

Although these policies do not explicitly address human rights — given these are not typically a subject of concern for Klarna's relationship with customers — they broadly ensure that consumer interests are respected and upheld.

Klarna's governing documentation related to consumers and end-users is in broad alignment with internationally recognized instruments, such as the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises. The principles and practices outlined in our policies reflect a commitment to ethical business conduct, consumer protection, and data privacy, which are consistent with the spirit of these international instruments.

Klarna has not been aware of instances of non-respect of the UN Guiding Principles on Business and Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, or the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises that involve consumers and end-users reported in Klarna's downstream value chain.

Actions

Process to address material negative impacts

Klarna's structured approach to managing negative impacts on consumers involves systematic identification, targeted actions, and robust remedy processes. By leveraging comprehensive documentation, root cause analysis, and collaboration with regulatory bodies, we ensure that issues are addressed promptly and effectively, fostering trust and satisfaction among our users.

Identification of appropriate action

Klarna identifies the need for action in relation to particular, actual, or potential negative impacts on consumers and end-users through its comprehensive complaints handling process, which includes:

- **Systematic documentation:** All complaints are recorded and archived in the Service Center Portal, ensuring traceability and enabling follow-up.
- **Root cause analysis:** Each complaint is classified to determine its primary cause, allowing for the identification of systemic issues.
- **Trend analysis**: Complaints are analyzed to identify trends, unexpected increases or decreases in numbers, and prevalent root causes.
- **Monthly reports:** Klarna compiles monthly reports containing data and analysis of complaints to ensure recurring or systemic problems are identified and resolved.

Remediation, redress, and compensation

When Klarna identifies that it has caused or contributed to a material negative impact on a consumer, we employ a formalized routine for remediation, redress, and compensation to put customers back into the position they were in before any error from Klarna caused them difficulty. Remedies may include monetary compensation, refunds, write-offs, corrective actions, or other measures aimed at resolving issues and restoring fairness. Key aspects include:

- **Clear procedures and guidelines:** Employees handling complaints have access to up-to-date procedures and guidelines to support the complaint handling process.
- **Service level agreements (SLAs)**: SLAs are tracked to ensure timely responses and resolutions. The aim is to resolve the vast majority complaints within seven days. High-priority complaints are assessed and acknowledged within one hour, with a goal to resolve within 72 hours.

- **Consumer Ombudsman:** For EU markets, we appoint a Consumer Ombudsman to whom dissatisfied consumers can be referred. Similar roles exist in other markets, such as the Klarna Complaints Adjudicator in the UK.
- **Internal and external escalation:** If a complaint cannot be resolved satisfactorily, consumers are informed of how to escalate the case internally or externally, including to relevant alternative dispute resolution bodies.
- **Regular training:** Employees receive mandatory, certified training on complaint handling, including annual refreshers to ensure compliance with regulations and internal processes.
- **Monthly and annual reports:** Klarna compiles monthly and annual reports on complaints, ensuring continuous improvement and compliance with regulatory requirements.

We assess the effectiveness of the remedies provided through follow-up routines, including quality assurance and monitoring of consumer feedback. This approach enables us to identify and address recurring or systemic problems, as well as potential legal, conduct, and operational risks.

Actions taken to address consumer interests

User-focused products

When developing products, Klarna applies a consumer-centric approach. We provide insights to consumers about their payment patterns and facilitate responsible financial management through tools such as our budgeting features. Additionally, we offer flexibility and choice in payments, empowering consumers to manage their finances effectively. When introducing new products, a thorough New Product Assessment (NPA) risk analysis is undertaken, where the impact on consumers is a key consideration.

Clear and ethical marketing and communication

To ensure that our marketing, messaging, and communications are not misleading or unclear, we have implemented comprehensive guidelines and compliance processes:

- **Compliance with laws and regulations:** We adhere to various consumer protection laws that prohibit deceptive or misleading advertising in every region where we operate, governing all marketing activities regardless of content.
- **Rigorous review processes:** Our routines and policies ensure that marketing materials undergo a thorough review for clarity and compliance with legal and regulatory requirements before publication. This includes fact-based representations and clear, prominent, and accurate descriptions of costs, benefits, and other material terms. We conduct periodic audits and monitoring to ensure ongoing compliance.
- **Training and education:** We provide specific compliance training for our employees on this topic.
- **Wikipink**: Currently available in Denmark, Norway, Netherlands, the United States, and the United Kingdom, the Wikipink website publishes key metrics about Klarna's payment and credit products to foster transparency, including reminder fee structure, the reminder flow, how Klarna generates revenue, the dunning flow, credit checks, and similar statistics.

Data privacy

Regarding the positive impact of Klarna's commitment to respecting and empowering consumer privacy, this is achieved through the development of data use policies that comply with global privacy laws, clear communication of the intended uses of customer data, easy access to data privacy support, and active response to consumer feedback on data privacy.

In 2025, Klarna continued to advance its data privacy initiatives, building on its previous successes, including:

- **Expanding testing resources:** Enhanced our privacy testing capabilities by increasing resources and focusing on risk-based testing and reviews of critical privacy topics, ensuring robust protection for our customers.
- **Investing in governance tools:** To maintain consistent quality oversight, we introduced new governance tools that improve our ability to manage and monitor privacy-related processes effectively.
- **Streamlining privacy governance: C**onsolidated our privacy governance into a single, dedicated team for more coherent and effective implementation of our privacy policies.
- **Proactive regulatory monitoring:** Proactively monitored the evolving regulatory landscape in the US and swiftly updated our policies to reflect new regulations.
- **Data-driven governance:** Continued our journey towards a data-driven approach to governance, facilitating informed decisions that benefit our customers.

To positively contribute to improved social outcomes for consumers and end-users, we simplified our privacy policy to be clear and easy to understand. We regularly update consumers on any changes to how their data is used, providing summaries and visual aids to help consumers quickly grasp key points.

We have developed tools that allow consumers to easily manage their privacy settings and control their personal data. These tools also facilitate requests for access to, correction of, or deletion of their data in compliance with GDPR and other privacy regulations.

We track and assess the effectiveness of our actions by conducting regular data privacy audits, consumer satisfaction surveys, and monitoring compliance with our training programs.

In 2025, Klarna did not experience any major data breaches or cybersecurity incidents. No such events were reported to supervisory authorities or covered by external media.

Cybersecurity

Klarna protects consumers' personal and financial information through a robust cybersecurity framework aligned with recognized industry standards. Led by the Chief Information Security Officer, Klarna's cybersecurity framework oversees risk management and coordinates across technology, risk, and compliance teams, including:

- **Proactive monitoring:** Klarna has robust processes in place to detect and respond to emerging cyberattacks, risks, and threats, including 24/7 monitoring and alerting to identify and respond to security incidents.
- **Cyber threat intelligence:** Klarna leverages threat intelligence from both internal and external sources such as financial services intelligence sharing organizations, and global threat intelligence feeds to enhance situational awareness and early detection of potential threats.
- Klarna actively contributes to industry intelligence-sharing forums, fostering collaboration across the financial sector to strengthen collective defenses against emerging cyber risks.
- **Incident management:** Klarna maintains a formal Incident Management Framework, supported by Incident response policies and playbooks. A team of Cybersecurity Senior Leads team oversees all aspects of major incidents, focusing on threat identification, containment, and mitigation to protect Klarna infrastructure and data.
- All incidents are investigated, documented, classified, and remediated with appropriate countermeasures.
- Klarna periodically reviews and updates cybersecurity policies and procedures, leveraging lessons learned to strengthen its defenses.
- **Independent assurance:** To validate the effectiveness of its security controls, Klarna undergoes independent external and internal audits, and assessments, including PCI DSS, SOC 2 Type 2 examinations, and regular third-party penetration testing.
- **Employee training:** All Klarna employees are required to complete an annual security awareness training. As of the reporting period, 96% of employees have completed the training.[27]
- **Customer awareness:** Klarna invests in ongoing consumer education on fraud and scams, helping users identify, avoid and report common threats.
- **Secure product development:** Klarna adopts a Secure Software Development Life Cycle (SSDLC) across all its products and services integrating security at every stage.
- Our software development lifecycle incorporates continuous testing, independent audits, and resilience assessments to ensure products perform securely under all conditions.
- Klarna operates a public Vulnerability Disclosure Program, inviting security researchers to responsibly report potential software vulnerabilities through our website so they can be promptly assessed and resolved.
- **Supplier security:** Klarna applies the same strict security standards to partners and suppliers as it does to its own internal systems. All third-party suppliers undergo comprehensive due diligence covering information security and compliance before onboarding.
- **Continuous improvements and initiatives:** Klarna strengthens its cybersecurity posture by pursuing initiatives that enable full visibility across its environments, ensuring comprehensive endpoint protection, and maintaining well-defined processes for incident detection, management, and reporting.
- Klarna leverages AI and advanced automation to enhance threat management, streamline operations, and reduce security risks.

[27] Excluding employees on long term leave

Customer engagement

Consumer perspectives are integral to Klarna's business model and strategy in managing actual and potential impacts. Klarna collects insights from consumers through a variety of channels, ensuring that their voices guide operational decisions, influence product design, and enhance overall customer experience.

Consumer surveys related to customer support
Klarna collects customer feedback via a survey following their interactions with our first-line support through both phone and chat channels. These surveys focus on two key performance indicators: Contact Resolution (CR) and Customer Satisfaction (CSAT). CR assesses whether the customer's reason for contact was effectively resolved, while CSAT measures the customer's satisfaction with the support they received.

Klarna embeds customer feedback into everyday operations through a company-wide Actionable Improvements framework. Each insight defines a clear problem, proposed solution, accountable owner, and success evidence, ensuring that customer-driven improvements are transparent, traceable, and measurable. All employees are encouraged and empowered to identify and document opportunities for improvement based on real interactions, data, or observations.

In 2025, Klarna launched the AI CEO Hotline —an interactive AI modeled on Klarna's CEO's insights and experiences— enabling consumers to share feedback and suggestions in natural, real-time conversations. Each interaction generates an instant transcript and summary, analyzed by large language models to identify key themes and recommended actions. This innovation shortens feedback loops from months to minutes, ensuring that consumer perspectives directly inform product development and strategic decisions.

Consumer research and insights
The Competitive and Consumer Insights team engages with consumers, commercial partners, and Klarna employees using a combination of qualitative and quantitative methods. Through usability tests, concept tests, user interviews, diary studies, surveys, UX audits, and card sorting, the team supports iterative design processes and identifies unmet user needs. Findings from these activities are leveraged to improve product design, address immediate concerns, and ensure products meet user expectations and requirements. These findings are shared internally through the Actionable Improvements framework to efficiently drive change.

Grievance mechanism and remedy

We value all communication from our customers and categorize incoming cases into feedback, standard complaints, and regulatory-defined complaints. All complaints are addressed in a timely, non-discriminatory, diligent, and non-arbitrary manner.

Complaints handling process
Consumers can submit complaints through various channels, including calls, letters, emails, social media, and chats. Uncomplicated cases of a less complex nature can be addressed by our first-line service teams, while more complex or serious cases are handled by the appropriate specialist complaints team. Market-specific public information is available on each country’s Klarna.com website, providing clear guidance on how consumers can contact us with their concerns. This ensures that consumers are informed about their rights and the processes available to them.

For Nordic and European Union (EU) markets, Klarna appoints a Consumer Ombudsman to whom dissatisfied consumers can be

referred. In other markets similar roles may exist, such as the Klarna Complaints Adjudicator in the UK. Additionally, there is market-specific public information tailored to each market on the respective Klarna.com website.

Effectiveness of engagement is assessed through:

- **Root cause analysis:** Classifying each complaint to determine primary causes and identify systemic issues.
- **Trend analysis:** Monitoring complaints to identify trends and significant changes in numbers.
- **Reporting:** Compiling monthly and annual reports reviewed by senior management and relevant stakeholders.
- **Compliance review:** Conducted by the Compliance team, including liaison with regulatory authorities as necessary.

Support for communication channels by business relationships
Our business relationships with customer service agencies and suppliers of customer service tools are governed by contractual agreements that require the availability of channels (service or tools) for consumers to raise concerns or needs.

Tracking and monitoring of issues
Klarna compiles internal monthly and yearly reports covering data, trends, improvements, and challenges. The effectiveness of our channels is ensured through regular reviews, customer satisfaction surveys, and stakeholder feedback. We actively involve stakeholders in the evaluation and improvement of these channels to maintain their effectiveness and user-friendliness.

Ensuring consumer awareness and accessibility to customer service
Klarna employs several strategies to ensure that consumers and end-users are aware of and trust the channels and processes available for raising concerns at any point in the consumer journey.

Information on how to raise a concern is readily available via the consumer's market-specific website and within the customer-facing Klarna app. Consumers are guided through the process of reaching out to customer service and, if necessary, raising a complaint, with clear instructions provided if they remain dissatisfied with our handling of their concern.

Our agents are equipped to record all information relating to a complaint during the initial contact and, where possible, aim to provide an immediate resolution. Internal resources provide stakeholders within Klarna with accessible and comprehensive information, advice, and expertise on the complaints process. This openness extends to our interactions with regulators and authorized bodies.

Klarna offers customer support, including the opportunity to raise complaints, through an AI-powered assistant designed to support customers with a variety of tasks. It is available 24/7 in more than 25 markets and supports over 35 languages. Consumers can contact Klarna at their convenience, engaging with the assistant in a flexible chatting environment. If it cannot resolve an issue, customers can request to talk to a human agent directly or can request a callback via the Klarna website.

Specific support for vulnerable consumers
In regard to vulnerable consumers, Klarna's Vulnerable Consumer Policy encourages extra care to be taken in regard to vulnerability when engaging with customers. Staff adapt communication methods to suit individual circumstances, ensuring clarity and understanding. Tailored support is offered, such as payment holidays, repayment plans, and waiving fees, with routines in place to allow agents the discretion to write off balances when warranted by the consumer's vulnerability. Additionally, in the UK, information about free debt advice bodies and other support services is provided to consumers. Regular reviews are conducted to identify areas for improvement and ensure effective support, while vendor quality assurance teams evaluate cases to ensure that support is fair and appropriate.

Specific handling of data privacy concerns
Klarna provides multiple channels for consumers to raise concerns or needs related to data privacy, including phone and email support, as well as online portals for submitting requests or complaints. Our detailed privacy notices inform consumers about their rights and how their personal data is processed, including contact information for any data-related concerns or requests. We actively track, handle, and manage data privacy feedback from consumers through a comprehensive Complaint Reporting Routine.

Klarna upholds robust incident management and reporting processes to handle situations where we have caused or contributed to a material negative impact on consumers' data privacy. In the event of a personal data breach, we assess whether the breach poses a risk to data subjects' privacy. If so, we are required to report the breach to the Data Protection Authority within 72 hours of becoming aware of it.

We document the handling of every personal data breach in a manner that allows the Data Protection Authority to determine if we have made correct assessments in reporting and have taken all appropriate measures to limit, remedy, and prevent future breaches. The effectiveness of the remedies provided is assessed through follow-up reviews and stakeholder feedback to ensure that measures taken are sufficient and appropriate.

Specific handling of cybersecurity concerns
Klarna has procedures in place for the identification, collection, acquisition, and preservation of evidence related to security events, which is crucial for any legal or regulatory follow-up actions.

Activities are undertaken to restore the affected environment to functional operation, which may involve rebuilding systems, updating software, installing patches, modifying access controls, and changing configurations as needed. Clear and prompt communication with internal and external stakeholders, including regulators, is maintained throughout the incident management process. All our cybersecurity practices and incident responses comply with legal, regulatory, and industry standards to minimize legal risks and penalties.

Non-retaliation
Klarna upholds a strict non-retaliation policy to protect anyone, including consumers, who act as whistleblowers. If someone wishes to raise a concern about their interaction with Klarna, they can use Klarna's whistleblowing tool, which allows the option for anonymous reporting and is managed by an independent external party to ensure confidentiality and security. As per our global Anti-Discrimination, Harassment, and Bullying Policy, no one should at any time feel a risk of retaliation, discrimination, or disciplinary actions for reporting such actions, nor be treated less favorably because they have reported on, given evidence of, or complained about the behavior of someone who has harassed or discriminated against them.

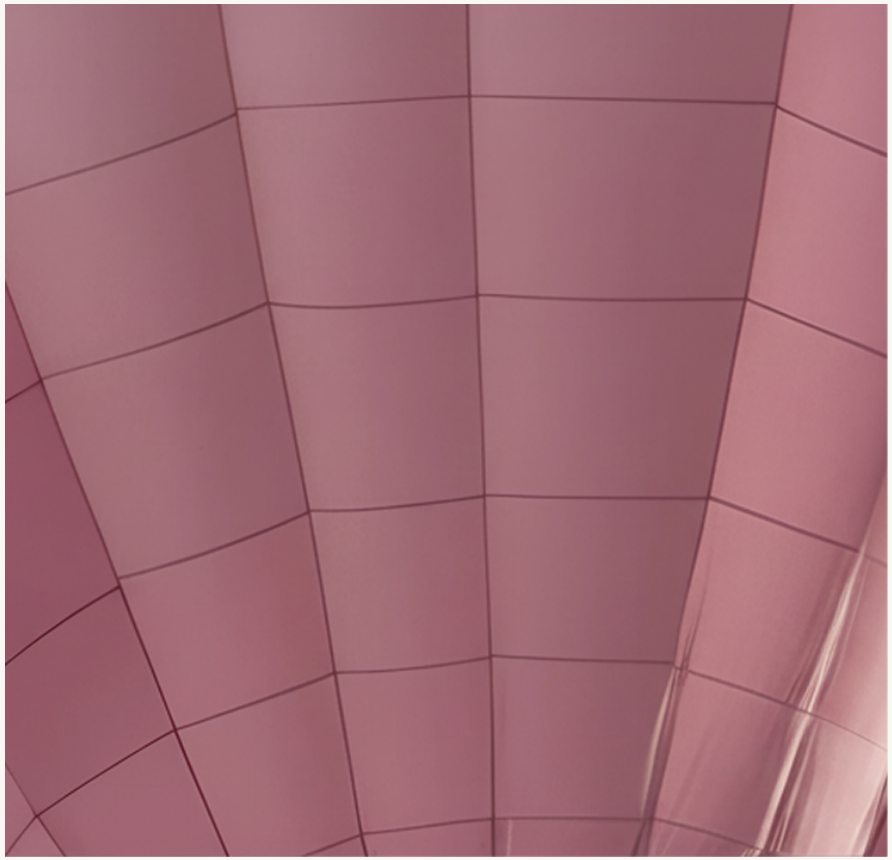
Targets and metrics

Klarna has established comprehensive policies and processes to manage its impacts on consumers and end-users. While Klarna tracks various metrics to monitor these impacts, it has not yet set time-bound and outcome-oriented targets related to them.

Metrics tracked regarding material impacts, risks, and opportunities:

- **Data privacy and information security complaints:** Klarna monitors the number of complaints or requests received from consumers, Klarna employees, and regulators concerning data privacy—including right to be forgotten requests—and information security. Any significant changes in complaint patterns are subject to further investigation.
- **Consumer contacts related to data privacy:** Instances of consumer contacts regarding data privacy and right to be forgotten requests are systematically tracked to ensure compliance and address any concerns promptly.
- **Marketing complaints**: Klarna tracks the number of consumer complaints received in regard to marketing practices. Significant changes in complaint patterns are thoroughly investigated.

Furthermore, Klarna's second and third lines of defense conducts regular audits of our marketing activities.



Social

Financial stability, literacy and wellness



Our approach and policies

IRO type	Material impact, risk or opportunity
Positive impact	By using Klarna's financial wellness tools, our customers are better in control of their finances which helps prevent getting into unmanageable levels of debt.
Risk	Extending credit to customers with limited repayment capacity could increase Klarna's risk of financial loss.
Risk	Klarna's reputation could suffer due to negative media attention if it provides credit to consumers that are unable to make their repayments.
Negative impact	If Klarna's underwriting process isn't diligent enough, this could cause vulnerable consumers to go into indebtedness.

Klarna is committed to empower consumers to take control of their finances by offering fair and flexible payment options, as well as tools that promote smart spending habits. Financial stability, literacy, and wellness are central components of our business model and consumer engagement strategy, reflecting our mission to help people spend their money in a smarter way.

Our approach to personal finance management is directly linked to our real-time underwriting process, product design, and risk management. These areas are essential in mitigating risks such as over-indebtedness and reputational harm. The negative impact also relates directly to the real-time underwriting process—a key aspect of our business model—where insufficient diligence could lead to over-indebtedness of vulnerable consumers. The positive impact of offering personal finance tools is strategically aligned with our long-term goal of promoting responsible financial behavior, which is part of Klarna's commitment to enhancing customer financial health. Both impacts inform Klarna's strategic focus on responsible lending and product innovation, ensuring we mitigate risks while providing financial inclusion.

Our services include detailed spending and savings overviews, in-app budgeting tools, automatic discounts at checkout, purchase power visibility, and an AI-powered, unbiased search tool that helps consumers make informed decisions and find the best products at the best prices. These offerings allow customers to choose flexible payment options, such as delaying payment or spreading the cost interest-free over a short period, supporting responsible financial behavior. Through these tools, Klarna enables consumers to maximize the value of every dollar and foster sustainable spending habits.

Vulnerable consumers

To address the risks and negative impact related to consumers' personal finance management, Klarna has established the Vulnerable Consumer Policy, which is central to our commitment to treat vulnerable consumers fairly and respectfully.

For more detailed information on this topic, please refer to the Policies overview table provided in the appendix.

Definition and identification

Klarna defines vulnerable consumers following the definition of the UK Financial Conduct Authority (FCA): "Someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care."

Klarna's approach to assessing which consumers and end-users may be at greater risk of harm involves a combination of defined criteria for identifying vulnerable consumers, relying on both trained employee judgment and, when necessary and available, supporting evidence. Employees are trained to use their discretion and common sense to recognize signs of vulnerability during interactions with consumers. While some cases may require supporting evidence, such as medical

documentation, Klarna prioritizes providing support based on the consumer's reported circumstances and observed behavior. By understanding the factors that contribute to vulnerability and emphasizing the importance of recognizing different types of vulnerability, Klarna ensures that vulnerable consumers are identified and managed in a fair and respectful manner. This comprehensive training and support enables employees to offer appropriate assistance tailored to the individual needs of consumers.

Several factors may indicate a consumer's vulnerability:

- **Health:** Conditions or illnesses that affect the ability to carry out day-to-day tasks.
- **Life events:** Major life events such as bereavement or relationship breakdown.
- **Resilience:** Low ability to withstand financial or emotional shocks.
- **Capability:** Low knowledge of financial matters or low confidence in managing money.

These factors are not definitive or exhaustive but help Klarna understand the circumstances or situations, both permanent and transient, that can indicate potential vulnerability.

Actions

Klarna has implemented a range of initiatives to support personal finance management, many of which were launched in previous years and continued throughout 2025.

Developing and implementing consumer products

The Klarna app provides consumers with tools to understand their spending habits and manage budgets. It offers a set of tools that gives them transparency and control over their personal finances:

- **Budgeting:** Allows consumers to set and track monthly spending limits. Available globally.
- **Categorization:** Automatically categorizes transactions to show consumers what they are spending money on. Available globally.
- **Monthly spending breakdown**
  - **Money out:** Enables consumers to track and compare spending over time with interactive bar charts. Available globally.
  - **Money in:** Tracks incoming transactions over time, useful for users who have connected external accounts. Available in Austria, Belgium, Germany, Finland, France, United Kingdom, Netherlands, and Sweden.
- **Connected accounts:** Allows consumers to link external bank accounts to see all balances and transactions in one place. Available in Austria, Belgium, France, Germany, Netherlands, Sweden, Finland and the UK.
- **Credit opt-out:** An in-app tool that enables consumers to 'switch off' Klarna's credit products without losing access to shopping features or 'Pay in full', providing more control over how and when they access credit. Available in the UK and NL.
- **Personalized plans**: Klarna's personalized plans provide users with clear, tailored payment options upfront, promoting informed and confident financial decisions. Available in the US.
- **Klarna Balance**: Consumers can access savings accounts with competitive interest rates in select markets (Sweden, Germany, Austria, Netherlands, Finland, France, Belgium, Spain, Ireland, Italy, Portugal). Features like "Flex Accounts" allow users to set savings goals and automate deposits through rituals like "Goal Getter" (a set amount deposited to the account on a weekly basis) and "Roundup" (rounds up each card payment to the nearest euro and deposits the excess change into the account).
- **Digital inclusion and accessibility:** Klarna designs every product to be accessible by default, embedding inclusive design principles from the start. All core shopping flows meet WCAG 2.2 standards, with accessibility integrated into design sprints, with live testing, semantic markup, and regular audits ensuring Klarna stays usable for everyone.

Personal finance management initiatives

Sustainable payments research project

In partnership with the Sustainable Finance Lab in Sweden, Klarna is conducting research to improve understanding of the Swedish consumer credit market and propose solutions to existing problems, aiming to contribute to a more sustainable credit market.

Internal routines and practices

Financial Hardship Routine
Aligning with the Vulnerable Consumer Policy, this Financial Hardship Routine sets out processes for recognizing signs of financial difficulty and offering support measures such as extended repayment plans or temporary pauses or referral for debt management plans and financial counseling.

Transparency in advertising
In alignment with Klarna's Consumer Marketing Policy and related governing documents, Klarna aims to ensure that all of its advertising is clear, truthful, and transparent to not mislead customers. In some markets, like the UK, Klarna is required to disclose the potential risks of its financial products prominently in its advertising.

Spending capacity based on repayment behavior
Klarna's transactional underwriting approach is tailored for increased financial flexibility while encouraging responsible spending for each unique consumer. Klarna assesses repayment risk in real time for every purchase. New customers start with lower spending capacity, which can increase over time with demonstrated on-time repayment behavior. This approach encourages responsible spending and minimizes consumer debt accumulation.

Every purchase made with Klarna involves a payment commitment and an individual credit assessment. Unlike credit cards, which approve a single credit line and allow spending against a limit, Klarna evaluates each transaction separately. Traditional credit cards companies often permit minimum payments and revolving balances, while Klarna offers fixed installments that must be repaid in full within a set period. This approach prevents long-term debt and provides Klarna with valuable repayment data to refine credit models and make responsible lending decisions Unlike traditional credit, our business model relies on people paying us back on time and in full with products that are designed to encourage responsible spending.

Remedies for material impacts
Through the Vulnerable Consumer Policy and associated forbearance routines, Klarna can pause payments for over-indebted customers, allow extended repayment terms, or, in circumstances where the customer's situation is unlikely to improve, agree to write off the debt.

Klarna affordability guidelines
For longer-duration credit products, in addition to a creditworthiness assessment, Klarna performs rigorous affordability assessments to validate customers' overall financial health and prevent over-indebtedness. This includes verifying that a customer's disposable income can cover additional long-term debt.

Roles and responsibilities

- **Employee training:** Klarna provides tailored support and annual training to employees for handling vulnerable consumers. This training equips staff with the skills and knowledge needed to identify and support vulnerable consumers appropriately. In addition, the People Advisory team provides support to employees who interact regularly with vulnerable consumers.
- **Monitoring and support:** Each business area within Klarna is responsible for monitoring and assisting vulnerable consumers in their day-to-day operations. This includes obtaining and recording explicit consent from consumers and providing tailored support applicable to their situation and circumstances.
- **Development of products and services:** In the development and design of products and services, Klarna considers implementing product features or services that could support the needs of vulnerable consumers.
- **Evaluation:** Klarna ensures that vulnerable consumers are treated in a fair and appropriate manner that meets their needs by implementing appropriate processes at key points in the customer journey to identify instances where the needs of vulnerable consumers are not met, and by regularly reviewing management information regarding outcomes for vulnerable consumers. Analyzing management information is important to understand whether the needs of vulnerable consumers are met and to ensure the effectiveness of the vulnerable consumer process.

In addition to the specific consideration for vulnerable consumers, Klarna confirms the age of all consumers using any payment service to ensure compliance with applicable age-limit restrictions.

Finally, Klarna gives special consideration to the needs of vulnerable consumers during product and service development, with rigorous change management processes aligning with Klarna's vision on responsible lending. Periodic reviews are also conducted to ensure products and services continue to meet the needs of vulnerable consumers.

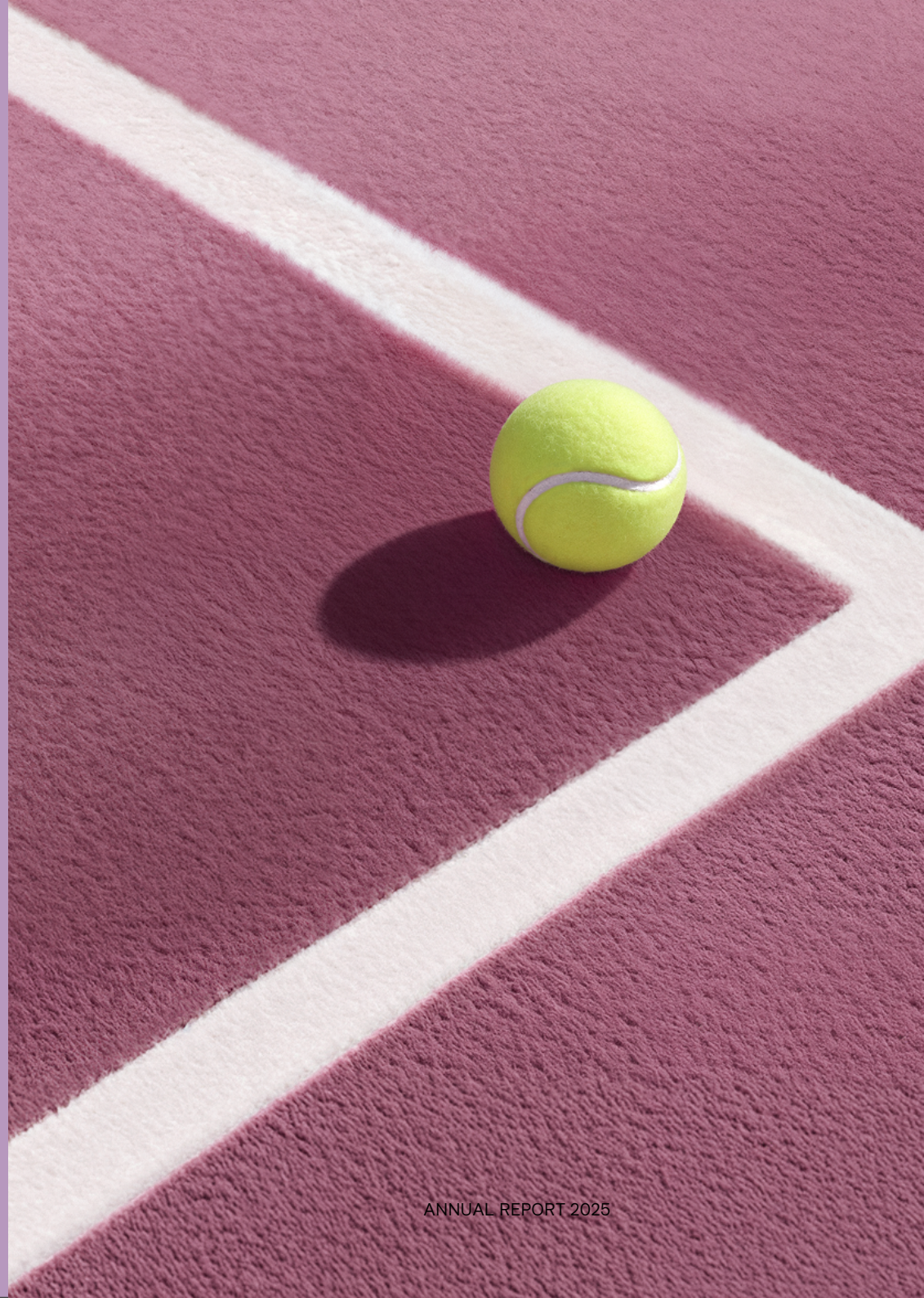
Targets and metrics

While Klarna has not set specific external targets or metrics related to personal finance management, we continue to monitor progress internally to ensure that our initiatives effectively support consumers in managing their personal finances.



Social

Corporate citizenship



Our approach and policies

IRO type	Material impact, risk or opportunity
Positive impact	Through Klarna's Corporate Citizenship programs, the company actively contributes to strengthening local communities and protecting the environment. Initiatives under this umbrella create positive societal outcomes such as job creation, improved livelihoods, and greater access to skills and economic opportunities—especially in underserved regions. At the same time, Klarna's environmental partnerships and climate-focused funding efforts help safeguard nature and accelerate the development of climate and biodiversity solutions.

Klarna's Corporate Citizenship strategy reflects its conviction that economic growth, technological innovation, and social responsibility must evolve together. By combining philanthropy, partnerships, and responsible AI innovation, Klarna contributes to a more equitable and sustainable global society.

Corporate Citizenship is an entity-specific topic under Klarna's ESG framework and complements the company's environmental and social disclosures aligned with the European Sustainability Reporting Standards (ESRS). Klarna's approach extends beyond compliance—focusing on tangible outcomes that enhance community resilience, drive nature restoration, and strengthen inclusion.

Key focus areas include:

- **Philanthropy and donations:** supporting nature restoration and climate solutions through the Nature Transformation Fund (NTF).
- **Community engagement:** partnering with organizations to promote equality, well-being, and resilience in local communities.
- **Responsible innovation:** applying AI and digital expertise to address global challenges, such as climate adaptation through the AI for Climate Resilience Program.

Corporate donations and charitable contributions are embedded within Klarna's internal governance framework and guided by the company's Ethics Policy and Code of Conduct:

- **Ethics Policy:**
  - Charitable donations are permitted where the recipient's mission and activities align with Klarna's ethical principles and standards.
  - Political neutrality is maintained at all times—Klarna does not support or contribute to any political party or movement.
  - Reporting and compliance provisions require that all charitable donations adhere to Klarna's ethical standards, with any suspected breaches reported through the Whistleblowing channel.
- **Code of Conduct:**
  - Reaffirms that charitable donations must reflect Klarna's values and ethical commitments.
  - Political donations are prohibited to preserve neutrality and ensure Klarna's independence from political influence.

These policies ensure that all donations—whether charitable or community-focused—are managed responsibly, transparently, and in accordance with Klarna's ethical and compliance principles.

Klarna does not have any formal policies implemented specifically regarding Corporate Citizenship. However, Klarna has implemented initiatives and programs that contribute to positive social and environmental impact through community engagement, strategic partnerships, and philanthropic activities.

Actions

Philanthropy and donations

Klarna's corporate philanthropy demonstrates its commitment to preserving nature and supporting global environmental and social initiatives.

The Nature Transformation Fund (NTF), an evolution of Klarna's 2021 Give One initiative, channels resources to impactful, nature-positive projects around the world. The NTF's portfolio includes initiatives that restore degraded ecosystems, promote biodiversity, and strengthen community-led conservation programs. By focusing on systemic environmental change and policy-driven impact, the fund creates long-term benefits for both people and nature.

Through Klarna's collaboration with Milkywire, consumers can also take part in environmental giving directly within the Klarna App. Donation touchpoints are embedded throughout the user journey—allowing shoppers to contribute easily to climate and nature projects vetted for transparency and measurable outcomes. This integration makes sustainable giving accessible to millions of users globally.

Responsible innovation — AI for Climate Resilience Program

In 2025, Klarna launched the AI for Climate Resilience Program, a pioneering initiative that leverages artificial intelligence to accelerate climate adaptation and strengthen resilience in vulnerable regions. The program extends Klarna's expertise in AI beyond commerce—demonstrating how technology can serve as a catalyst for social and environmental progress.

Through financial support, mentorship, and technical collaboration, the program empowers nonprofits and social enterprises to develop scalable, data-driven solutions for climate resilience. Each participating organization receives funding and 18 months of tailored support to help move from pilot to proven impact.

Following a global call for proposals, the program attracted over 1,200 applications from innovators across 60 countries, particularly from East and West Africa, India, and Latin America. Selected projects include AI-driven systems for flood prediction, sustainable agriculture, and public health resilience—illustrating the wide-ranging potential of responsible technology to protect communities on the climate frontlines.

Delivered in collaboration with Milkywire and advised by experts from the Stockholm Resilience Centre and the Global Centre on AI Governance, the program exemplifies Klarna's commitment to using technology for good.

Projects supported by Klarna's AI for Climate Resilience Program in 2025

Name	Description
AI for Climate Resilience Program	
SEEDS	SEEDS uses AI and satellite data to verify disaster losses quickly so affected families can receive faster and fairer relief.
	Acres of Ice uses AI to turn excess winter water into man-made glaciers, securing life-sustaining irrigation for mountain farmers as the climate warms

GeoTek	Geotek Water Solutions Ltd. harnesses AI to uncover and monitor hidden water sources in drought-prone areas, giving vulnerable communities the tools to secure clean water for the future.
	Self-Employed Women's Association, IFPRI, and Gram Vaanj empower women workers with an AI-powered advisor that delivers life-saving, local weather insights directly to their phones—helping them stay safe, sustain their livelihoods, and lead climate resilience in their communities.
sakawarga	Sakawarga Foundation uses an AI "resilience coach" to train villages in disaster preparedness—training people through local-language chats on any phone.
	GainForest e.V. uses AI to help Indigenous forest guardians map and monitor biodiversity, strengthening local conservation efforts.

AI for good and capacity building

Building on years of contributing to climate and biodiversity organizations through the Nature Transformation Fund (NTF) and Climate Transformation Fund (CTF), Klarna is supporting selected organizations to participate in AI for Earth, an AI skills-building accelerator led by the Climate Collective. The 12-week training, set to start early November, will include around 15 organizations and focus on helping nonprofits adopt generative AI tools to enhance their environmental and social impact. The program combines online workshops, study sessions, and guest lectures, drawing on the Climate Collective's experience in training over 1,000 participants. This collaboration strengthens Klarna's commitment to empowering nonprofit partners and extends the impact of its philanthropic initiatives by enabling access to emerging digital tools. This initiative further bridges Klarna's philanthropic programs with its technological expertise, fostering long-term capacity within the nonprofit ecosystem.

In September 2025, Klarna also joined and supported the AI Explorers Summit during New York Climate Week, co-hosted by Climate Collective, Conservation International, and UNDP. The event brought together leaders from the climate and technology sectors to explore the responsible use of AI for environmental and social outcomes. Klarna's participation reinforced its commitment to advancing human-centered, transparent, and inclusive approaches to artificial intelligence in addressing global sustainability challenges.

Community engagement

Klarna's dedication to building resilient and inclusive communities is reflected in its long-term partnerships and local engagement programs. Klarna partners with Cancerfonden, Barncancerfonden, and the World Wide Fund for Nature (WWF) to support initiatives that advance health, medical research, and environmental conservation. Through these partnerships, Klarna helps raise awareness, mobilize resources, and strengthen community engagement around key societal and environmental issues. These collaborations demonstrate Klarna's ongoing commitment to promoting social well-being and contributing to a healthier planet and society.

Sustainability partnerships

Klarna's commitment to sustainability extends through active participation in global networks and alliances dedicated to accelerating climate action. As a member of the Science Based Targets initiative (SBTi), The Climate Pledge, the Race to Zero campaign, the Leaders for Climate Action network, and the Carbon Removal Show Coalition, Klarna collaborates with other forward-thinking organizations to advance collective climate goals and promote transparent, science-based action. These partnerships reinforce Klarna's commitment to

driving systemic change and contribute to building a more resilient and responsible global economy.

Klarna's corporate citizenship initiatives demonstrate how a technology-driven financial institution can advance global sustainability goals through collective action, local partnerships, and responsible innovation.

Targets and metrics

Klarna has not set any time-bound or outcome-oriented targets related to corporate citizenship, but conducts continuous evaluation of its partnerships and initiatives to ensure they create meaningful social and environmental value and align with Klarna's broader sustainability commitments. Klarna also tracks the outcomes and impact of its corporate citizenship programs together with the respective nonprofit partners and reports these results regularly through dedicated publications, such as the progress reports of the Nature Transformation Fund.

Since its launch in 2021, Klarna's Nature Transformation Fund (NTF) has become a key way for Klarna to support global conservation and biodiversity protection. By 2025, Klarna has contributed USD 16.3 million (154.2 million SEK) to more than 65 projects across 38 countries.

These projects protect both land and ocean ecosystems, promote biodiversity, uphold Indigenous rights, and drive policy change—while empowering local communities to lead conservation and restoration efforts. Through the NTF, Klarna helps advance the Global Biodiversity Targets and build a more resilient, sustainable planet.

Impact highlights since 2021[28]:

- Over 5 million hectares of land and oceans have gained stronger protection through better territorial governance and sustainable resource management, supported by partners including Amazon Frontlines, Fundación Gaia Amazonas, Rwanda Wildlife Conservation Association, Rights and Resources, Re:wild and Blue Alliance.
- Over 9,000 hectares of degraded land have been put under restoration through initiatives like Acción Andina, One Tree Planted, and Buglife, helping to regenerate ecosystems and strengthen biodiversity.
- Over 9 million trees have been planted since 2022, most of them across the Andes region through the Earthshot Prize-winning initiative Acción Andina.
- Over 3,500 people in Kenya have been trained and empowered to manage marine resources more sustainably through CORDIO EA. Activities include fish catch monitoring, coral reef assessments, and policy dialogues to strengthen marine ecosystem protection.

[28] This list does not aim to cover all results projects supported through Klarna's Nature Transformation Fund since 2021, but serves as an illustrative selection of results achieved by organizations supported. Klarna has contributed to these outcomes alongside other funders.

Governance

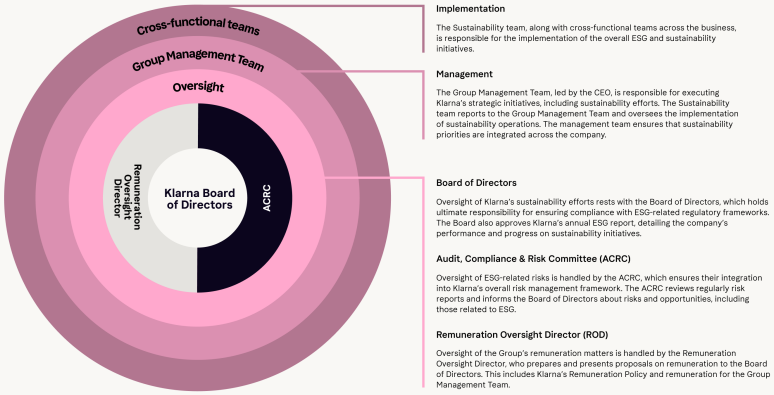


Governance

Sustainability governance



Sustainability governance



Klarna's governance structure ensures an integrated approach to managing ESG impacts, risks, and opportunities, with clear roles and responsibilities defined across different levels of the organization. Further information about Klarna's overall governance can be found in the Corporate Governance Report.

The board of Klarna Bank AB and senior management receive quarterly updates on significant sustainability-related developments regarding material impacts, risks, opportunities, and the effectiveness of related strategies, policies, actions, and due diligence processes. These updates include information on the execution and outcomes of policies, actions, metrics, and targets. The flow of information is facilitated through internal mechanisms, including reports prepared by Klarna's independent Risk Control function, the sustainability director, and the Chief Marketing Officer CMO, underscoring the commitment to oversight on Environmental, Social, and Governance (ESG) factors.

Additionally, the CFO ensures communicating relevant financial and non-financial impacts, risks and opportunities to the Board.

Material impacts, risks, and opportunities addressed

During the reporting period, Klarna's administrative, management, and supervisory bodies addressed topics identified in the updated Double Materiality Assessment (DMA). The ACRC reviewed sustainability-related topics in four of its meetings in Q1, Q2, Q3 and Q4 in 2025, as part of the quarterly risk reports. The Board addressed sustainability-related topics at its meetings in Q1 and Q4, 2025. No trade-offs between sustainability and general business strategy have been identified.

Management roles

Specific management-level positions report to respective members of the Group Management Team, ensuring a clear line of communication regarding ESG matters:

- **Chief Marketing Officer:** Holds overarching accountability for sustainability programs, including impacts, risks, and opportunities.
- **Chief Operating Officer:** Holds overarching accountability for people-related impacts, risks, and opportunities.
- **Chief Financial Officer:** Holds overarching accountability for governance-related impacts, risks, and opportunities.
- **Chief Risk Officer:** Holds overarching independent accountability for overseeing business risk, including sustainability risk, impacts, and opportunities.
- **Chief Compliance Officer:** Holds overarching independent accountability for ensuring business compliance, including impacts, risks, and opportunities.
- **Chief Information Security Officer:** Holds overarching accountability for information and data security, including impacts, risks, and opportunities.
- **Director of Sustainability:** Directly responsible for delivering Klarna's environmental programs and overseeing impacts, risks, and opportunities, reporting to the Chief Marketing Officer.

Reporting lines
Management-level positions tasked with day-to-day management of ESG impacts, risks, and opportunities report to their respective Group Management Team members, who in turn report to the CEO. The Group Management Team, including the CEO, reports to the Board, ensuring integrated oversight of ESG risks, impacts, and opportunities.

Target setting and monitoring
Targets related to material ESG impacts, risks, and opportunities are owned by the respective teams and reviewed annually. The Board oversees these targets through the approval of Klarna's ESG reporting, which outlines strategy, objectives, and progress. The ACRC assists the Klarna Bank AB board by providing detailed quarterly reports on ESG risks and achievements, enabling the board to oversee progress towards sustainability objectives.

Sustainability-related expertise
Klarna recognizes the importance of equipping its administrative, management, and supervisory bodies with the necessary skills and expertise to oversee sustainability-related matters effectively.

- **Group Management Team:** The Sustainability team provides regular updates to members of the Group Management Team, enhancing their understanding of ESG issues, impacts, risks, and opportunities.
- **Audit, Compliance & Risk Committee:** Quarterly risk reports provided by the Risk Control team to the ACRC offer an overview of continuous ESG risk monitoring. Detailed deep dives included in these reports strengthen the Klarna Bank AB board's insights into the current ESG risk landscape for both Klarna and the industry.

While the management and supervisory bodies do not formally assess the availability of sustainability expertise directly, relevant skills are evaluated through the hiring process by the sustainability lead and hiring manager. The team independently accesses training and consults with external experts, ensuring that their expertise remains aligned with Klarna's evolving sustainability priorities, regulatory expectations and strategic objectives.

Risk management and internal controls over sustainability reporting

Klarna maintains robust risk management and internal control processes to ensure transparency, compliance, and accuracy in sustainability reporting. The ESG reporting is reviewed by relevant stakeholders, Group Management, and ultimately approved by the Klarna Holding AB Board of Directors.

During 2025, Klarna prioritized six reviews based on its latest ESG risk assessment, which led to collaboration across 12 stakeholder discussions focused on validating key ESG risks, mitigation measures, and monitoring activities. This targeted approach ensured that Klarna’s most material ESG risks remain well-managed and aligned within the company's risk framework, maintaining oversight and continuity ahead of the next assessment cycle.

Potential inaccuracies in sustainability reporting
Risk description: Inaccuracies or gaps in sustainability reporting could undermine Klarna's credibility and stakeholder trust, suggesting a lack of transparency or insufficient oversight of sustainability information.

Mitigation: Klarna maintains a structured reporting framework to ensure comprehensive and accurate disclosure disclosures. This includes strong validation and assurance processes, cross-functional data reviews, and regular stakeholder engagement to confirm the reliability and consistency of reported information.

Use of estimations
Risk description: Reliance on estimations in sustainability reporting may affect the accuracy and reliability of disclosures, potentially leading to misinterpretation or misleading conclusions.

Mitigation: Strengthen reporting processes by leveraging recognized data sources and methodologies. Improve data accuracy by strengthening data collection processes, including the use of sources recognized globally by regulatory authorities.

Integration into internal functions and processes

Findings from Klarna's ESG risk reviews related to reporting are integrated into Klarna's risk monitoring system, informing relevant internal functions and decision-making processes. Klarna's integration actions include:

- **Data validation:** Relevant Departments, including Finance, Operations, and risk control, review and validate sustainability data to ensure accuracy, completeness, and consistency with Klarna's reporting standards.
- **Stakeholder engagement:** Klarna maintains open communication with internal and external stakeholders to promptly address data-related queries and enhance transparency throughout the reporting process.
- **Risk incorporation:** Identified ESG-related risks are integrated into the ESG reporting development process, which undergoes multiple levels of review to ensure accuracy and alignment with governance expectations:
  - Stakeholder Review: Initial content review by stakeholders.
  - Group Management Team Review: Ensuring alignment with strategic objectives.
  - External Audit: Independent validation of the report content.

Remuneration policies and incentive schemes

As of the current reporting period, Klarna does not have specific incentive schemes or remuneration policies directly linked to sustainability matters for members of the administrative, management, and supervisory bodies. Existing incentive structures are designed to reward general performance, focusing on broader Group objectives and individual contributions to overall success.

Targets and metrics

Klarna has not set any time-bound or outcome-oriented targets related to business conduct.

Employee training and awareness

All employees play a crucial role in Klarna being a good corporate citizen by creating trust with stakeholders and complying with laws and regulations. Employees must complete mandatory compliance training (e-learning), which requires annual recertification. The training covers topics including the Code of Conduct, whistleblowing, conflicts of interest, sanctions, anti-money laundering, and counter-terrorist financing. Additional tailored training is provided based on roles and responsibilities, or market requirements – for example, in the United Kingdom, employees undertake mandatory Conduct Rules training.

Compliance training	2025
Completion rate of mandatory online compliance training	98%[29]

[29] Excluding employees on long term leave

Governance

Business conduct



Governance of business conduct

Conduct risk management
The board of directors is ultimately responsible for the conduct risk management framework at Klarna Bank AB. This includes understanding the nature and level of conduct risk, ensuring appropriate controls and instructions are in place to mitigate these risks, and confirming that Klarna Bank AB operates within the board-agreed risk appetite.

Conduct risk is defined and divided into two categories in Klarna Bank AB's Conduct Risk Policy:

- **Conduct reputational risk:** Actions or inactions by Klarna or associated parties that fail to meet ethical, integrity, or societal expectations, potentially harming Klarna's reputation.
- **Customer outcome risk:** Actions or inactions by Klarna that lead to customer harm, such as misleading communications and marketing, or products or services designed, operated, or used in ways that result in poor customer outcomes.

The Chief Executive Officer (CEO) plays a crucial role in ensuring the company's adherence to business conduct standards. The CEO is responsible for implementing the organizational structure, instructions, and routines necessary to comply with the *Conduct Risk Policy*. This includes setting the tone for the culture and conduct of all staff in the organization and championing the requirements of the policy.

Ethical standards and principles
The Klarna Bank AB board of directors is responsible for establishing and defining Klarna Bank AB's ethical principles and standards. It approves the Ethics Policy on an annual basis and regularly evaluates its effectiveness and suitability. The Ethics Policy outlines the requirements for contributors' conduct, including conduct towards consumers, conduct towards partners, modern slavery, conflicts of interest, privacy and data protection, political engagement, and charitable donations. The Ethics Policy is also shared externally with vendors.

Internal fraud risk management
The Klarna Bank AB board of directors is responsible for understanding the nature and level of internal fraud risk, ensuring appropriate internal fraud risk controls and instructions are in place to mitigate these risks, and ensuring that Klarna Bank AB operates within established guidelines and expectations.

Oversight of consumer credit lending
The Klarna Bank AB board of directors maintains awareness and oversight of the key requirements of consumer credit lending laws across the markets where Klarna Bank AB operates. This is crucial to ensure a fair, responsible, and transparent lending process, safeguarding the interests of both Klarna and consumers.

Our approach and policies

IRO type	Material impact, risk or opportunity
Positive impact	A healthy and ethical corporate culture has the potential to lead to happy, motivated and engaged Klarna employees and help drive the company towards shared goals.
Opportunity	Using AI presents an opportunity for Klarna to amplify the impact of individual contributors, foster a culture that embraces new technologies, enhance internal processes, and ultimately improve the customer experience.
Risk	Unethical or non compliant business practices could lead to legal or regulatory sanctions, loss of market trust, and reputational harm.
Risk	Inadequate whistleblower protection could discourage individuals from reporting concerns, increasing the risk of misconduct and non-compliance with laws or regulations.

When assessing material impacts, risks, and opportunities related to business conduct, Klarna considers factors such as where it operates, how its business functions, the nature of the financial industry, and its business relationships.

Klarna is committed to upholding the highest standards of ethical conduct and fostering a corporate culture that emphasizes customer focus, innovation, and inclusivity. Klarna's approach to business conduct is grounded in comprehensive policies and frameworks that guide Klarna's operations globally, ensuring compliance with legal standards and the protection of customer interests, including:

- Ethics Policy
- Code of Conduct
- Global Work Environment Policy
- Conduct Risk Policy
- Whistleblowing Policy
- Internal Governance and Control Policy

Actions

Corporate culture

Klarna’s culture is built on integrity, inclusivity and a commitment to our contributors, consumers and merchants. Klarna takes pride in our diverse team of employees who are located in offices across three continents.
Klarna strives to unlock the full potential of its employees to drive the company’s success. Key attributes of working at Klarna include:

- **Supportive team dynamics**: A positive and collaborative work environment is promoted.
- **Trust and freedom:** Employees are trusted to take ownership, supported by Klarna’s operating model and ways of working.
- **Impactful work**: Meaningful contributions are encouraged, and employees are supported in embracing challenging tasks for professional growth.
- **Recognition and appreciation:** Employee contributions are valued through recognition, awards, and competitive compensation.
- **Supportive leadership:** Constructive feedback and clear expectations on development are provided.
- **Clear organizational goals**: An environment of open dialogue, transparency, and alignment with company objectives is maintained.

Klarna’s culture is foundational to Klarna's success, driven by ethical values, inclusivity and employee well-being. Klarna fosters a supportive environment such that Klarna's employees thrive and significantly contribute to the company's achievements.

Operating model

Klarna's operating model is designed to foster agility, innovation, and a customer-centric approach. Klarna's employees are organized in cross-functional teams and groups, based on problem spaces, comprising members from diverse competences who take full accountability for their business areas. Key elements include:

- **Cross-functional problem spaces.** To enable accountability and ownership and prevent silos, Klarna organizes around problems it solves for its customers.
- **Alignment and autonomy**: Teams adhere to Klarna's established practices and ways of working, ensuring a consistent rhythm across the organization. This enhances collaboration and decision-making at the team level.
- **Leadership**: Leads are members of the team, and everyone, including leads, contributes directly to the team's work. This promotes and ensures deep knowledge at the team level.
- **Flexibility**: Employees can move between teams into new problem spaces, ensuring flexibility on the Line of Accountability while maintaining more stability through the Line of Competence.

Employee engagement

Klarna cultivates a culture that strives for everyone to feel connected and valued, supported by open communication, ample learning and development opportunities, and continuous evaluation of its ways of working. The cornerstones for employee engagement are customer obsession, the operating model, and a focus on innovation guided by ethical integrity. Read more about employee engagement in the Own workforce section.

Reporting and escalation mechanisms

Klarna has established mechanisms for identifying, reporting, and investigating concerns about unlawful behavior or behavior that contradicts its Ethics Policy, Code of Conduct, or other internal rules.

Employees are encouraged to discuss suspected unethical or unlawful behavior in confidence with their Lead, People Advisory, or Compliance, or report it through Klarna's anonymous whistleblowing system. The Whistleblowing Policy provides additional guidance on the use of this channel.

When a conduct matter arises, the issue should be handled individually, on a case-by-case basis, to determine the most suitable course of action. The internal process for escalation may involve People Advisory, the Accountable Lead, Domain Lead, and the relevant member of the Group Management Team. If a decision cannot be made at a lower level, the case is escalated accordingly.

A potential breach of the Ethics Policy must be reported to the CEO and the Chief Compliance Officer. If the breach potentially constitutes a crime, the CEO is responsible for investigating and taking appropriate measures, such as reporting to the authorities. The Chief Compliance Officer reports material breaches to the CEO and the Board, including the actions taken and any preventive measures proposed.

Klarna's Service Desk portal and Slack workflows are accessible to all employees for reporting incidents, including corruption and bribery incidents, with support from the People Advisory team. The third-party whistleblowing system, WhistleB, is accessible to internal as well as external stakeholders.

Anti-bribery and corruption

Klarna has procedures to investigate business conduct incidents, including incidents of corruption and bribery, promptly, independently, and objectively. Klarna has a zero-tolerance approach towards bribery and corruption. The Anti-Bribery and Corruption Routine provides comprehensive guidelines for maintaining high ethical standards and avoiding any activities involving bribery or corruption, in ensuring ethical conduct and compliance with laws such as the UK Bribery Act, US FCPA, and Sweden’s Anti-Corruption Code. It regulates the giving and receiving of benefits like gifts or entertainment, prohibiting any exchange for influence or unfair advantage and enforcing stricter rules with public officials.

Klarna has identified specific functions with elevated exposure to bribery and corruption risks. These include merchant-facing commercial teams, procurement and supplier management, market-expansion and licensing functions, People Advisory (hiring and employment processes), teams with interactions involving public officials, and product/transaction-risk functions. The higher exposure is driven by touchpoints with external stakeholders, onboarding and due diligence responsibilities, interaction with high-risk jurisdictions, and scenarios where undue influence or conflicts of interest may arise. Targeted controls, enhanced due diligence, and risk-based oversight

are applied to these areas as part of Klarna's ABC compliance framework.

All benefits and gifts must be documented in accordance with the Conflict of Interest Policy and routine. All decisions related to benefits are then logged.

Employees are encouraged to anonymously report suspicions or attempts at bribery and corruption, or breaches of any external or internal rules, through the whistleblowing system as outlined in the Whistleblowing Policy.

Upon submission via the Whistleblowing tool, the Whistleblowing Committee is notified, and a Case Officer is promptly appointed to assess the case. Investigations are conducted independently by the Case Officer, who gathers necessary evidence and maintains strict confidentiality throughout the process. The Chief Compliance Officer oversees the investigation process and reports the outcome to the Audit, Compliance, and Risk Committee.

In case of a breach of the Anti-Bribery and Corruption Instruction, the employee risks criminal liability according to local anti-bribery legislation and labor-law related measures taken by Klarna, such as formal warnings or dismissal.



Governance

Anti-money laundering & counter terrorist financing



Our approach and policies

IRO type	Material impact, risk or opportunity
Risk	Klarna and/or its payment services are used by criminals to launder money, evade sanctions, use Klarna to finance terrorist activity, and commit other financial crimes, resulting in loss of trust and reputation from partner banks or investors, potentially endangering essential business critical relationships or funding, loss of revenue for Klarna due to impacted trust by partner banks or investors, and potential fines issued by AML / CTF or sanctions regulators for breaching AML and sanctions laws due to lack in compliance and controls

While Klarna primarily handles low-value transactions, its services can still be misused by criminals. Klarna is committed to assisting in the fight against money laundering and terrorist financing by taking a proactive approach to Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) risk management.

Klarna has implemented a comprehensive AML and CTF program with the clear aim of preventing, detecting, and mitigating inherent and residual money laundering and terrorist financing risks in line with applicable regulatory provisions. As part of this program, Klarna has numerous transaction monitoring rules in place to screen for misuse of products through scenarios such as structuring, unusual payment patterns to high-risk commercial partners, the purchase of terrorist goods and unusual high spending.

Klarna's primary services are payment services, factoring and consumer credit with low average value and short durations. All credit is linked to specific purchases of goods and services. In the context of AML and CTF, Klarna does not:

- Offer private wealth management to ultra high net worth individuals
- Consumer bank product offerings are standard current and savings accounts limited to Klarna's main markets
- Offer precious metals.
- Offer corporate banking.
- Have an investment banking arm or offer trading products like securities or enable commodity sales.
- Offer products and services that are inherently higher risk, such as traditional trade financing (Letters of Credit) or money remittance (e.g., Western Union).
- Accept cash.
- Operate ATMs.
- Operate branches or subsidiaries for customers to walk in.

Group-wide standards and policies

Klarna Bank AB (publ) sets out the group-wide minimum standards for AML and CTF across the Klarna corporate group, which includes all branches and subsidiaries in all jurisdictions. Klarna has established a global AML and CTF program that applies a coherent approach across geographies and subsidiaries. Most AML and CTF relevant processes are centrally governed for all branches and subsidiaries, including Know Your Customer (KYC) processes and transaction monitoring.

To set a common standard of compliance with regulatory requirements and market expectations, Klarna has created a set of binding governing documents: the Anti-Financial Crime Policy and AML & CTF Minimum Standards Policy to cover its AML risks, and its Global Sanctions Policy and Global Sanctions Minimum Standards to cover its sanctions risks. Local adjustments due to local regulations and varying product offerings are, where needed, detailed in local governing documents.

Klarna Inc., through which Klarna's US products are offered, is a US-registered Money Services Business. As part of Klarna's global AML program, Klarna Inc. has its own BSA/AML Officer appointed and maintains its own US-specific AML policies including the US Bank Secrecy Act and Anti-Money Laundering Policy, which also includes its OFAC Sanctions Compliance Program in line with applicable US

regulations and also incorporate the group-wide minimum standards that are passed down through Klarna Bank AB.

Correlation between fraud prevention and AML & CTF

In the context of financial crime, Klarna's AML & CTF Framework is in the process of being consolidated with Klarna's consumer and merchant fraud processes. Teams working with fraud prevention involve monitoring activities and controls across the entire consumer journey, including account creation, transaction placement, and post-purchase activities. This comprehensive approach ensures that fraud risk exposure is minimized and that there is a robust system in place to detect and prevent fraud, which inherently includes AML and CTF considerations. For commercial partners, the fraud reviews are incorporated in the onboarding set of checks and are a contributing factor in the AML processes at the onboarding and on an ongoing basis.

Actions

The proper functioning of the AML and CTF framework is monitored through quality assurance by the first-line functions and regular compliance testing. All observations and findings, including key metrics on the performance of the program, are reported to the AML Steering Committee. Klarna applies a zero-tolerance view to overdue findings.

Klarna takes several actions as part of AML controls and due diligence measures as mandated by law and the governing documents to ensure compliance and mitigate risks associated with money laundering activities. The below listed actions cover all activities of the Klarna corporate group. They apply primarily to the commercial partners and distribution partners integrating with Klarna's payment and shopping services and involve customers, employees, and regulatory authorities.

Overarching measures

- **Up-to-Date governing documents:** Klarna annually updates and secures senior management approval for governing documents, ensuring that policies remain current and effective.
- **Business-Wide risk assessment:** As a cornerstone of our AML program, Klarna conducts an annual assessment to identify and evaluate AML and CTF risks, assess the existing control environment, and issue recommendations for improvement, prioritizing their implementation.
- **Jurisdiction risk list:** Klarna has established, and regularly updates, its jurisdictional risk appetite for the group and sets group-wide standards to prohibit business activities in certain jurisdictions.
- **Model risk management:** Klarna has a dedicated process to evaluate, validate, and ensure the quality of models used for AML purposes, such as customer risk scoring and transaction monitoring, to detect and address possible errors before implementation.
- **New markets and New Product Approval process:** This process ensures that money laundering, sanctions, and terrorist financing risks are assessed and mitigated for the launching of new markets, products and services.
- **Know your customer and customer due diligence measures:** Klarna applies Know Your Customer and Customer Due Diligence measures, including Enhanced Due Diligence where required and Ongoing Due Diligence to ensure that customer information is kept current throughout the entire customer lifecycle for its customers.
- **Internal reporting:** Klarna conducts ongoing monitoring and tracking of AML and CTF activities, including key performance indicators (KPIs) and key risk indicators (KRIs), by the senior management member responsible for AML, to ensure the right priorities and allocation of sufficient resources. The CEO and the board of Klarna Bank AB receive a quarterly Compliance report.
- **Whistleblowing:** Klarna maintains a system that allows employees to anonymously report suspected violations of AML and CTF rules without fear of threats, retaliation, or other hostile acts.
- **External reporting:** Klarna submits periodic AML, CTF, and sanctions reports to local regulators where applicable.
- **Transaction monitoring and suspicious activity reporting:** Klarna monitors all customer transactions for deviating or potentially suspicious activity and files reports with the competent authorities in Klarna's markets where suspicious activity has been identified. Employees are prohibited from "tipping off" any person that might prejudice an existing or potential future investigation. Klarna is committed to cooperating with all competent authorities to prevent AML and CTF.

- **Termination of customer relationships:** Klarna terminates relationships where a customer may be outside of Klarna's risk appetite or where it is not possible to fulfill Klarna's customer due diligence obligations.
- **Third-Party reliance and outsourcing:** Klarna has defined clear guidelines for outsourcing and third-party reliance, assesses potential money laundering and terrorist financing risks associated with these relationships, and implements control measures.
- **Record retention:** Klarna retains documentation of AML and CTF measures and all AML-relevant customer documents throughout the business relationship and for at least five years after its conclusion.
- **Independent review of the AML Program:** Klarna ensures a regular independent review of the AML program by an independent third party, such as Internal Audit, on a risk-based approach, typically conducted annually.
- **Quality control framework:** Klarna regularly evaluates whether AML processes are functioning as intended and in accordance with group minimum requirements.

Employee-related measures

- **Suitability and reliability:** As part of the interview process, Klarna ensures all employees are reliable and have suitable backgrounds, competence, experience, skills, language.
- **Training:** Klarna provides annual mandatory compliance training and ongoing programs to ensure employees can detect and handle suspected money laundering and terrorist financing.
- **Protection:** Klarna has implemented measures to protect employees from threats, retaliation, harassment, discriminatory employment actions, or any other hostile actions related to fulfilling their AML and CTF duties, such as having reported suspected money laundering or terrorist financing activity.

Targets and metrics

Klarna has not set any time-bound or outcome-oriented targets related to AML and CTF. However, Klarna maintains a robust AML and CTF program that meets the legal requirements in all applicable markets. Nevertheless, the group is committed to continuously improving the AML and CTF program and reacting swiftly to new risks or money laundering and terrorist financing typologies. Areas of improvement identified during internal quality controls, Compliance findings, regulatory inspections, or audits are prioritized and addressed promptly.



Appendices



Data points that derive from other EU legislation

The table below includes all of the data points that derive from other EU legislation as listed in ESRS 2 appendix B, indicating where the data points can be found in our report and which data points are assessed as 'Not material'.

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Section
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 [27], Annex II		Corporate Governance Report
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Corporate Governance Report
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Corporate Governance Report
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 [28] Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Revenue and sector alignment
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Revenue and sector alignment
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 [29], Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Revenue and sector alignment

ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Revenue and sector alignment
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Klarna's climate transition plan
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Klarna's climate transition plan
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Klarna's climate targets
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Not relevant
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Klarna's energy consumption
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Not relevant
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Greenhouse gas emissions overview
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Greenhouse gas emissions overview

ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Klarna's support of carbon dioxide removal
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Climate scenario analysis
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book - Climate change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral			Not material
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Climate-related opportunities
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not material
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material

ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1	Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1	Not material
ESRS E3-4 Total water consumption in m ^{3} per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1	Not material
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1	Not material
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1	Not material
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1	Not material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1	Not material
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1	Not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1	Not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1	Not material
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1	Not material
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I	Preventing child and forced labor
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I	Preventing child and forced labor

ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I		Commitment to human rights
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21		Delegated Regulation (EU) 2020/1816, Annex II	Our approach and policies
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I		Our approach and policies
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I		Our approach and policies
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I		Own workforce complaints and remediation
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II	Health and safety measures
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I		Health and safety measures
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II	Gender pay gap and equal opportunity initiatives
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I		Remuneration and benefits
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I		Incidents, complaints and severe human rights impacts
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	Incidents, complaints and severe human rights impacts

ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I		Our approach and policies
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1		Our approach and policies
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1		Our approach and policies
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	Our approach and policies
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19		Delegated Regulation (EU) 2020/1816, Annex II	Our approach and policies
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1		Respecting human rights in the value chain
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1		Not relevant
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	Not relevant
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1		Not relevant
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1		Our approach and policies

ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	Instances of non-respect
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1		Not relevant
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1		Not relevant
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1		Reporting and escalation mechanism
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II)	Not material
ESRS G1-4 Standards of anti- corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1		Not material

Alignment with TCFD recommendations

Theme	Recommended disclosures	Report section	Report sub-section	Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities	Governance and oversight	Sustainability due diligence and oversight	140
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Governance and oversight	Risk management and internal controls over sustainability	110
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Climate change	Klarna's climate risk and resilience assessment	61
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Climate change	Klarna's climate risk and resilience assessment	61
	c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2 °C or lower scenario	Climate change	Resilience of business model and strategy to climate risk	40
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks	Climate change	Klarna's climate risk and resilience assessment	61
	b) Describe the organization's processes for managing climate-related risks	Governance and oversight	Risk management and internal controls over sustainability	110
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Governance and oversight	Risk management and internal controls over sustainability	110
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Climate change	Klarna's climate risk and resilience assessment	61
	b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks	Climate change	Klarna's carbon footprint	53
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Climate change	Klarna's climate targets	56

Policy overview

All policies are accessible to employees on Klarna's Wiki. Policies relevant to external stakeholders are publicly available on Klarna.com.

Topic	Policy	Signed off by	Summary
Gov	Anti-Bribery and Corruption Routine	Chief Operating Officer	Klarna's Anti-Bribery and Corruption Routine upholds a zero-tolerance stance toward bribery and corruption, ensuring ethical conduct and compliance with laws such as the UK Bribery Act, US FCPA, and Sweden's Anti-Corruption Code. It regulates the giving and receiving of benefits like gifts or entertainment, prohibiting any exchange for influence or unfair advantage and enforcing stricter rules with public officials. All benefits must be appropriate, documented, and approved, with prohibited actions—including cash, loans, or personal services—subject to disciplinary or legal action. In line with Klarna's Conflict of Interest Policy, reporting of conflicts or suspicions is encouraged through Klarna's confidential WhistleB tool to maintain transparency and accountability.
S1	Anti-Discrimination Harassment & Bullying Policy	People Domain	Klarna maintains a zero-tolerance stance toward discrimination, harassment, and bullying of any kind. The Anti-Discrimination, Harassment, and Bullying Instruction is designed to ensure a respectful, inclusive, and safe working environment for all and provides detailed guidelines on inappropriate conduct and procedures for addressing such behavior.
Anti-money laundering and Counter Terrorist Financing	Anti-Financial Crime Policy	Board of Directors	Klarna's Anti-Financial Crime Policy is a global policy aimed at preventing, identifying, and reporting money laundering and terrorist financing. The policy outlines Klarna's AML program and approach to risk. It enforces zero tolerance for illegal activities, requires Know Your Customer measures, and continuous monitoring and reporting of suspicious activities to Financial Intelligence Units (FIUs). It protects whistleblowers while ensuring data privacy.
Anti-money laundering and Counter Terrorist Financing	AML & CTF Minimum Standards Policy	Compliance Domain	Klarna's Anti-Money Laundering & Counter Terrorist Financing (AML & CTF) Policy is a global policy aimed at preventing, identifying, and reporting money laundering and terrorist financing. The policy outlines Klarna's AML program and approach to risk. It enforces zero tolerance for illegal activities, requires Know Your Customer measures, and continuous monitoring and reporting of suspicious activities to Financial Intelligence Units (FIUs). It protects whistleblowers while ensuring data privacy.
Anti-money laundering and Counter Terrorist Financing	BSA/AML (Bank and MTL) Policy	Board of Directors	Klarna's BSA/AML (Bank Secrecy Act/Anti-Money Laundering) Policy applies specifically to Klarna Inc.'s operations in the United States and ensures compliance with U.S. laws, such as the Bank Secrecy Act and relevant regulations under the Office of Foreign Assets Control. It includes key components like the Customer Identification Program (CIP) and "Know Your Customer" (KYC) procedures, transaction monitoring, Suspicious Activity Reporting (SAR), OFAC/Sanctions requirements such as rejection/blocking report requirements, and recordkeeping, among others.
E1	Climate Transition Plan	Chief Financial Officer	Klarna's Climate Transition Plan outlines the company's approach to addressing climate change across its operations and beyond. This document, applying to Klarna and its subsidiaries, details measures to limit Klarna's carbon footprint, including reducing emissions, applying an internal carbon tax, and investing in climate projects through the Climate Transformation Fund. Review and approval of Klarna's recently updated Climate Transition Plan by its Board is targeted for 2026.

G1, S1, S4	Code of Conduct	Chief Executive Officer	Klarna's Code of Conduct is a set of guidelines and values that shape the behavior of Klarna employees, individuals representing Klarna companies, members of the board of directors, and consultants. It serves as a guide to relationships with each other, customers, partners, and other stakeholders, aiming to promote good business relations and ethical actions.
S4	Complaints Policy	Chief Product & Design Officer	The Complaints Policy outlines a structured process for handling complaints across all markets, ensuring compliance with local and global regulations such as SFSA, EBA, BaFin, and ASIC guidelines. It covers both consumer and business complaints, ensuring that our handling process is compliant with regulatory requirements.
Gov	Compliance Policy	Board of Directors	Klarna's Compliance Policy establishes the principles for ensuring compliance with global legislation and internal rules across all operations. It mandates a compliance culture integrated at all business levels, focusing on roles, responsibilities, compliance programs, and reporting. The Policy applies globally to all contributors and group entities and is based on diverse legislation and requirements including the GDPR, Banking Act, and FCA Handbook.
G1	Conduct Risk Policy	Board of Directors	The Conduct Risk Policy ensures ethical practices, compliance with legal standards, and the safeguarding of customer interests across all Klarna group operations. This policy provides a structured approach for managing, monitoring, and upholding conduct standards, mitigating risks related to conduct, reputation, and customer outcomes.
G1	Conflict of Interest Policy	Board of Directors	Klarna's Conflict of Interest Policy is designed to effectively identify and manage potential and actual conflicts of interest across its global operations – to safeguard the interests of Klarna, its customers and other stakeholders. It applies to all operations and legal entities within Klarna, including employees, consultants, and Board members.
S4	Consumer Marketing Policy	Chief Marketing Officer	Klarna's Consumer Marketing Policy provides a global framework for marketing activities, ensuring compliance with laws, regulations, and internal requirements. The policy outlines the roles and responsibilities of internal and external stakeholders, including managers, employees and agencies working on our behalf, in our marketing activities. It emphasizes compliance with consumer protection, finance, and data privacy laws, ensuring transparency, fairness, and accountability in marketing practices.
Gov	Credit Policy	Board of Directors	Klarna's Credit Policy provides a comprehensive framework for managing credit risks across all operations, legal entities, and individuals. The policy emphasizes the identification, control, monitoring, and management of credit risks in compliance with the Swedish Banking and Financing Business Act and local market practices, upholding ethical standards and best practices. It includes processes for risk identification, credit origination, monitoring, and ESG considerations.
S4	Data Privacy Policy	Board of Directors	Klarna's Data Privacy Policy, effective globally, outlines our internal approach to data privacy, ensuring compliance with applicable laws and respecting privacy expectations. The policy emphasizes principles such as compliance with data protection regulations, proactivity, transparency in communicating data handling practices, and accountability in handling personal data.
G1, S1, S4	Ethics Policy	Board of Directors	Klarna's Ethics Policy guides the ethical conduct of all employees, board of directors members, and consultants globally. It incorporates laws like the Dodd-Frank Act and the UK Modern Slavery Act 2015, to ensure business integrity and compliance with ethical standards. The policy covers areas such as: employee conduct, consumer relations, partner conduct, conflict of interest and data privacy. It provides specific instructions for escalating ethical issues and includes a Modern Slavery and Human Trafficking Statement to emphasize transparency and zero tolerance for modern slavery in business operations and supply chains.

Financial stability, literacy, and wellness	Financial Hardship Routine	Routines do not require the most senior level of approval, they only require review and sign-off by the relevant process owner or functional lead	Klarna's Financial Hardship (FH) Routine sets the group-wide framework for identifying, assessing, and supporting customers in financial difficulty. The Routine outlines how customers apply via app or agent flow, undergo an affordability assessment (income/expenses), and receive structured outcomes: repayment plans (typically 3–36 months), a legacy/mid-term solution for incompatible products, or a limited Settlement Pause. The routine also defines payment allocation, communications and dunning, and plan termination paths that may lead to debt collection, while embedding safeguards to reduce misuse (e.g., expense caps, edit limits, eligibility and SP limits) and outlining agent responsibilities and planned enhancements (e.g., Open Banking verification).
E1	Global Travel Policy	People Domain	Klarna's Global Travel Policy sets out guidelines for business travel, focusing on efficiency, cost control, and legal compliance. The policy ensures that all travel is necessary and conducted with consideration for both environmental impact and financial responsibility. All business trips must be booked at least 21 days in advance, and accommodation costs are covered only from Sunday to Friday unless specific exceptions are approved. Compliance with the policy is mandatory for all employees, and support is available for emergencies, travel changes, and exception requests through designated channels.
S1	Global Work Environment Policy	Chief Operating Officer	Klarna's Global Work Environment Policy is a comprehensive framework designed to foster a safe, inclusive, and supportive workplace for all contributors. The policy emphasizes well-being, compliance with applicable regulations, and shared responsibility for maintaining a positive work environment. It applies globally across all Klarna operations, including employees, consultants, and board members.
Gov	Group Internal Audit Policy	Board of Directors	Policy on Group Internal Audit establishes the responsibilities and independence of the internal audit function, ensuring compliance with SFSA, EBA guidelines, and local regulations.
S4	Information Security Policy	Board of Directors	Klarna's Information Security Policy is a comprehensive document that outlines our commitment to protecting the confidentiality, integrity, authenticity, and availability of information. It applies to all Klarna group entities and staff, emphasizing information security as critical to our business success and legal compliance. The policy establishes an Information Security Management System (ISMS) to manage risks and ensure sustainable growth.
S4	Information Security Routine	Engineering Assurance Team	Klarna's Information Security Routine defines the core capabilities, processes, and controls that make up our Information Security Management System (ISMS). It applies across all Klarna group entities, staff, and systems, ensuring that information security requirements are embedded into day-to-day operations. The routine establishes how Klarna identifies, implements, and monitors ICT and security controls, covering areas such as secure development, incident management, risk assessment, compliance, and supplier security.
G1	Policy on Internal Governance and Control	Board of Directors	Our Policy on Internal Governance and Control provides a comprehensive framework to manage operations, risks, and compliance across Klarna Bank AB and its subsidiaries. It defines the roles and responsibilities of the Board of Directors, CEO, and various committees to ensure effective internal governance. The policy aligns with the European Banking Authority Guidelines on Internal Governance (EBA/GL/2021/05) and other regulatory requirements, emphasizing risk management, compliance, and outsourcing.
Gov	Policy for Klarna Bank AB Board Committees and Designated Directors	Board of Directors	Klarna's Policy for Klarna Bank AB Board Committees and Designated Directors outlines the structure, responsibilities, and governance processes for the Audit, Compliance and Risk Committee (ACRC) and the Remuneration Oversight Director (ROD). It details procedures for committee appointments, decision-making, reporting, and maintaining documentation, highlighting a commitment to transparency and governance excellence.
S2	Modern Slavery and Human Trafficking Statement	Board of Directors	Klarna's MSA statement emphasizes its zero-tolerance policy for modern slavery and outlines its commitment to ethical and responsible business practices. It aims to ensure that neither modern slavery nor human trafficking occurs within its operations or supply chains.

Gov	Non-Audit Services Provided by External Auditors Policy	Board of Directors	The Policy on Non-Audit Services Provided by External Auditors ensures compliance with EU audit reform. It defines prohibited services, permitted non-audit services, and the approval process to maintain auditor independence and regulatory compliance.
Gov	Operational Risk Policy	Board of Directors	Klarna's Operational Risk Policy provides a global framework for managing and reporting operational risks, ensuring alignment with risk appetite and regulatory requirements. The policy employs a three lines of defense model involving Business Line Management, Risk Control and Compliance, and Internal Audit, and includes processes for risk assessment, internal controls, incident management, and business continuity.
S1	Remuneration Policy	Board of Directors	Klarna's Remuneration Policy outlines a balanced and differentiated remuneration structure that supports the ability to attract and retain talent, promotes equal and fair treatment, and ensures compliance with existing regulations. The policy addresses negative impacts and risks related to working conditions and applies to all employees globally.
Gov	Risk Policy	Board of Directors	Klarna's Risk Policy outlines the framework for identifying, assessing, and managing risks across the organization to support sustainable growth and regulatory compliance. The policy applies to all operations within Klarna, emphasizing alignment with local laws while establishing a three lines of defense model for risk governance.
Anti-money laundering and Counter Terrorist Financing	Sanctions Policy	Board of Directors	Klarna’s Global Sanctions Policy outlines Klarna’s Sanctions program and sets standards and procedures to ensure Klarna and its employees conduct business in accordance with applicable sanctions laws and regulations, to help mitigate potential regulatory and reputational risks associated with potential sanctions violations.
Anti-money laundering and Counter Terrorist Financing	Sanctions Policy: Minimum Standards	Chief Product & Design Officer	Klarna’s Global Sanctions Policy: Minimum Standards sets out group-wide requirements for managing and mitigating sanctions risk. It defines Klarna’s Sanctions Compliance Program, detailing governance, responsibilities, screening controls, and reporting obligations to ensure compliance with UN, EU, US (OFAC), and UK sanctions regulations across all Klarna entities and activities.
G1	Suitability, Training and Diversity of the Board, Management and Key Function Holders Policy	Chief Operating Officer	Klarna's Policy for Suitability, Training, and Diversity of the Board, Management, and Key Function Holders ensures the ongoing suitability and diversity of its governance bodies, enhancing overall governance and market integrity. The policy applies to Klarna and its subsidiaries.
S2	Supplier Code of Conduct	Chief Financial Officer	Klarna's Supplier Code of Conduct sets clear ethical and legal standards for all suppliers working with the company, promoting integrity, transparency, and strict compliance with laws and regulations. Applicable globally, the Code is a default contractual requirement for all suppliers when using our contract template. Its purpose is to create a foundation for ethical collaboration, clarify supplier responsibilities, and align business practices with Klarna’s values and legal obligations, promoting lawful, professional, and fair practices that integrate respect for human rights, business ethics, and the environment, including strict prohibitions on human trafficking, forced labor, and child labor.
S2	Supplier Escalation Routine	Routines do not require the most senior level of approval, they only require review and sign-off by the relevant process owner or functional lead	Klarna’s Supplier Escalation Routine provides a clear and structured process for addressing issues with third-party suppliers to safeguard operational continuity and maintain strong, accountable relationships. It applies to all Klarna employees involved in managing supplier interactions and ensures that concerns are identified, documented, and escalated through the appropriate internal and external channels, supporting timely, consistent, and transparent resolution of supplier-related issues, reinforcing Klarna’s commitment to reliable service delivery and responsible supplier governance.

Financial stability, literacy and wellness	Vulnerable Consumer Policy	Chief Product & Design Officer	Klarna's Vulnerable Consumer Policy is designed to ensure that employees approach and handle vulnerable consumers in accordance with both internal and external rules. The policy applies globally to all parts of our operations and businesses that deal with vulnerable consumers. It defines the role and main responsibilities of how Klarna should handle vulnerable consumers, emphasizing the importance of treating all consumers in a clear, fair, and respectful manner, with specific attention given to those defined as vulnerable.
G1, S1, S2, S4	Whistleblowing Policy	Board of Directors	The Whistleblowing Policy provides a clear framework for reporting and addressing unethical, illegal, or improper conduct within Klarna. Its purpose is to encourage reporting, protect whistleblowers, promote a culture of integrity, detect and prevent misconduct, ensure compliance with relevant laws and regulations, and strengthen trust within the organization. The policy applies to any person connected to Klarna, including employees, consultants, outsourcing partners, suppliers, and potential employees.
S1	Whistleblowing Routine		Klarna’s Whistleblowing Routine enables employees, contractors, and stakeholders to confidentially report misconduct or unethical behavior in good faith. It ensures transparency, fairness, and protection from retaliation, with cases handled confidentially by the Whistleblowing Committee under the Chief Compliance Officer’s oversight. The routine outlines how concerns are received, investigated, and escalated. It reinforces Klarna’s commitment to integrity and compliance by ensuring all reports are addressed independently and in accordance with ethical and legal standards.

GHG emissions calculation methodology

Klarna calculates its greenhouse gas (GHG) emissions for all Klarna group entities using an operational control approach in line with the GHG Protocol Accounting and Reporting Corporate Standard. This ensures that Klarna accounts for all emission sources over which it has operational control. Klarna calculates its full value chain GHG emissions —including Scope 1, Scope 2, and Scope 3—in accordance with GHG Protocol guidance. Our GHG inventory covers all relevant emissions categories without applying exclusion thresholds. Klarna receives annual external verification for our adherence to GHG Protocol standards through third-party validation of our calculations for Scope 1, Scope 2, and Scope 3.1 emissions.

The following calculation approach has been applied to the different GHG emissions scopes and categories:

Scope 1 emissions

For leased offices other than those in Stockholm and Berlin, where direct data may not be available, Klarna estimates direct emissions from stationary combustion using secondary activity data. Benchmarks for fuel consumption per floor area by building type and fuel type breakdown are sourced from the Building Performance Database. Estimated consumption data is then multiplied by relevant CO_2e emission factors for each fuel type, using US EPA and DEFRA emission factors.

Refrigerant leakage is estimated based on building floor area, utilizing the EPA HFC Accounting Tool. Refrigerant quantities are multiplied by their 100-year Global Warming Potential (GWP) as specified by the Intergovernmental Panel on Climate Change (IPCC).

This estimation approach covers Klarna's own operations. While this represents a conservative method—considering Klarna's offices are generally new or refurbished with above-average energy efficiency—it ensures a sufficient level of accuracy. Klarna plans to include additional offices in its primary data collection processes. Ongoing consolidation of leased offices will organically reduce the number of offices requiring estimated fuel consumption.

Scope 2 emissions

Emissions related to electricity consumption at Klarna-leased offices other than those in Stockholm and Berlin are estimated using benchmarks for electricity consumption per floor area. Consumption data is multiplied by relevant location-based CO_2e emission factors for electricity generation.

For market-based electricity, emissions are calculated similarly but also consider renewable electricity purchases and clean energy programs. Purchased heat, steam, or cooling emissions are accounted for in Scope 2, consistent with GHG Protocol guidance. These emissions are estimated using benchmarks for district heating and cooling consumption per floor area by country, multiplied by relevant CO_2e emission factors.

This estimation covers Klarna's own operations. Despite the conservative nature of using building sector averages, given Klarna's energy-efficient office spaces, this approach ensures sufficient accuracy. Klarna plans to include additional offices in its primary data collection and anticipates reductions in estimated consumption due to office consolidation.

Klarna procures 100% of its electricity at leased offices via green electricity tariffs.

Scope 3 emissions

Klarna calculates its Scope 3 emissions based on a combination of primary and secondary data. In 2025, 16% of its reported Scope 3 emissions were calculated based on primary, i.e. supplier-specific, data.

Purchased goods and services
Klarna calculates emissions for most purchased goods and services using Watershed's Comprehensive Environmental Data Archive (CEDA) database or the EPA's Environmentally Extended Economic Input-Output (EEIO) emission factors, applied to annual supplier and procurement spend data. Spend is aggregated by accounting category and mapped to the most accurate EEIO category. Inflation or deflation adjustments convert emission factors to the US dollar value for the year of the activity, using industry-level price index data from the US Bureau of Economic Analysis.

Select vendor spends are mapped to those vendors' unique revenue intensity estimates when available and reported to CDP. Total spend is multiplied by EPA emission factors or vendor-specific factors to calculate CO_2e emissions. To prevent double counting, supplier spend data accounted for under other scopes is excluded from this analysis. For cloud computing emissions, Klarna uses cloud usage data or spend data to estimate electricity consumed and calculate emissions by applying regional factors. Klarna also estimates indirect emissions associated with cloud vendors.

This estimation covers upstream value chain emissions. While accuracy levels vary—with EEIO estimates offering lower accuracy—supplier-specific estimates and cloud computing emissions provide sufficient accuracy. Klarna will continue to incorporate more supplier-specific data as suppliers publicly report GHG emissions.

Capital goods
Klarna calculates emissions for capital goods using CEDA or EEIO emission factors applied to annual spend data, adjusted for inflation or deflation. This estimation covers upstream emissions, and Klarna plans to improve data accuracy by increasing the inclusion of supplier-specific data as it becomes available.

Fuel-and-energy-related activities
Klarna estimates emissions in this category for three components:

1. **Transmission and Distribution Losses:** Electricity lost during transmission and distribution is estimated using regional grid loss rates from eGRID and Ecoinvent, applying the correct electricity emission factors.
2. **Natural Gas Leakage**: Fugitive emissions are evaluated using a Tier 1 approach based on data from the 2019 Refinement to the 2006 IPCC Guidelines, covering exploration, production, processing, and transmission stages.
3. **Upstream Well-to-Tank Emissions:** Emissions for stationary combustion and electricity transmission and distribution losses are estimated using DEFRA emission factors.

These estimations cover upstream emissions and are considered robust. Klarna has no current plans to improve data quality in this category, as it reflects common industry practice and Klarna's ability to reduce these emissions is limited beyond reducing energy consumption.

Waste generated in operations
Klarna estimates waste emissions by evaluating the number of employees working from each office location, assuming this matches the number commuting daily. Using the CalRecycle benchmarks, Klarna

estimates waste produced per employee per day. Emissions are calculated for landfill and recycling using emission factors from DEFRA and the USEPA.

This estimation covers downstream emissions and is considered sufficiently robust. Klarna has no plans to improve data quality for this category.

Business travel
Klarna estimates emissions from business travel for flights, hotels, and other travel types as follows:

- **Flights:** Distance traveled is calculated using flight routes, and emissions are calculated using DEFRA emission factors grouped by flight category (long haul, medium haul, short haul). When data is unavailable, spend data is used with EEIO emission factors.
- **Hotels:** The number of nights stayed is calculated using check-in and check-out dates, applying country-specific emission factors from DEFRA. If data is unavailable, spend data is used with EEIO emission factors.
- **Other Travel:** Emissions are calculated using CEDA or EEIO emission factors applied to annual spend data.

This estimation covers upstream emissions and is considered robust. Klarna has no plans to improve data quality for this category.

Employee commuting
Emissions from employee commuting are estimated for both commuting and remote work:

- **Commute:** We estimate the number of commuting employees by location and apply office occupancy statistics. Remote employees are excluded. Average commute mix and distance for each location are estimated using government data (e.g., US Census Bureau, Eurostat). Miles traveled by car, public transit, walking, and biking are calculated and multiplied by the emissions factor for each method. Emission factors from the EPA are used for cars and public transit; walking and biking are assumed to have zero emissions.
- **Remote Work:** Energy use for home offices is estimated assuming 150 square feet per home office. Benchmarks for residential electricity and natural gas consumption per square foot are sourced from the Department of Energy's Building Performance Database. Energy usage is adjusted to reflect increased use during working hours and multiplied by regional emissions factors.

This estimation covers upstream emissions and is considered sufficiently robust. We have no plans to improve data quality for this category.

Upstream leased assets
For co-working spaces where energy consumption data is unavailable, we estimate emissions using square footage and activity-based emission factors for electricity and natural gas. Emissions are calculated based on assumed activity, following a market-based approach for Scope 2 emissions where relevant data is available. This estimation covers upstream emissions and is considered robust. We have no plans to improve data quality for this category.

End-of-life treatment of sold products
Klarna issues and ships physical debit and credit cards to consumers. The cards as well as the associated packaging have a minor climate impact at their end of life. The associated GHG emissions are less than 5 tons of CO2e per year, i.e. less than 0.005% of Klarna's annual value chain footprint. Klarna therefore categorizes these emissions as not material, in line with the GHG Protocol standards. Klarna calculates and monitors the development of these emissions as part of its annual GHG calculation.

Categories not relevant to Klarna

Due to the nature of our business, the following Scope 3 categories are not relevant:

- **Upstream Transportation and Distribution**: Not relevant as Klarna has virtually no physical goods in its supply chain.

- **Downstream Transportation and Distribution:** Not applicable since Klarna does not ship physical products.
- **Processing of Sold Products:** Not applicable as Klarna sells no products requiring processing.
- **Use of Sold Products:** Not applicable since Klarna does not sell products or services with emissions in their use phase.
- **Downstream Leased Assets:** Not relevant as Klarna does not lease any assets downstream.
- **Franchises:** Not applicable since we Klarna has no franchises.
- **Investments:** Not relevant as Klarna has no investments as defined by the GHG Protocol standard.

Furthermore, Klarna does not have biogenic emissions to report across Scopes 1, 2 and 3.

EU Taxonomy statement

No activities are claimed as being associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852 (Taxonomy Regulation).

Statement on due diligence

Sustainability due diligence and oversight

Klarna's approach to sustainability due diligence builds on the following core elements:

Core elements of due diligence		Paragraphs in the Sustainability Report	ESRS section	Page
a)	**Embedding due diligence in governance, strategy and business model**	Klarna's approach to sustainability due diligence builds on its Double Materiality Assessment (DMA). It includes the continuous assessment of impacts, risks and opportunities (IROs). Various teams across Klarna that work on aspects of ESG address the identified IROs. The Klarna Bank AB board receives updates about the risks and progress of actions concerning IROs in the quarterly risk report provided to the ACRC.	GOV-2	110
b)	**Engaging with affected stakeholders in all key steps of the due diligence**	Klarna engages directly with stakeholders like customers through surveys, with suppliers through supplier channels and with employees through engagement surveys, training and internal management updates. These engagements help to ensure that stakeholders' perspectives inform the business' due diligence efforts. Additionally, employees, through the Whistleblowing tool, can raise concerns about human rights issues.	SBM-2	48
c)	**Identifying and assessing adverse impacts**	Klarna mitigates adverse impacts through mechanisms such as its Supplier Code of Conduct and the Whistleblowing tool. Klarna identifies and monitors adverse impacts by conducting third-party due diligence and site audits for suppliers in parts of the value chain, particularly focusing on human rights and labor issues.	SBM-3	40
d)	**Taking actions to address those adverse impacts**	Klarna takes corrective actions on adverse impact case by case through audits, third-party due diligence, and enforcement of its Supplier Code of Conduct, Modern Slavery Act, Ethics Policy and Whistleblowing tool.	S4 S2	90, 85
e)	**Tracking the effectiveness of these efforts and communicating**	Klarna monitors its progress through quarterly updates to the ACRC, internal audits, and customer feedback mechanisms. The effectiveness of due diligence efforts is communicated annually in ESG reports.	GOV-5	112

Group company financials

Five Year Summary, Group

Amounts in SEKm	Jan - Dec 2025	Jan - Dec 2024	Jan - Dec 2023	Jan - Dec 2022	Jan - Dec 2021
Income statement					
Total net operating income	28,106	25,662	20,629	16,703	13,948
Profit (loss) before taxes	(482)	416	(3,204)	(10,474)	(6,595)
Net profit (loss)	(1,335)	273	(2,539)	(10,440)	(7,123)
Balance sheet					
Loans to credit institutions	7,755	7,752	4,502	3,818	5,048
Loans to the public	102,438	93,970	86,108	73,983	62,085
Other assets	62,196	50,572	47,326	47,424	39,729
Total assets	**172,389**	**152,294**	**137,936**	**125,225**	**106,862**
Liabilities to credit institutions	6,930	1,452	1,636	2,829	713
Deposits from the public	121,797	106,787	97,096	81,470	59,672
Other liabilities	20,482	19,050	17,125	16,730	21,957
Total equity	23,180	25,005	22,079	24,196	24,520
Total liabilities and equity	**172,389**	**152,294**	**137,936**	**125,225**	**106,862**
Key ratios and figures[1]					
Return on equity	(2.0)%	1.8 %	(13.8)%	(43.0)%	(33.9)%
Return on assets	(0.8)%	0.2 %	(1.9)%	(9.0)%	(8.4)%
Debt/equity ratio	5.7	5.2	4.7	3.8	3.3
Equity/assets ratio	13.4%	16.4%	16.0%	19.3%	22.9%
Own funds (Total capital)[2]	17,932	16,503	12,560	15,548	19,855
Capital requirement[2]	7,412	6,162	5,743	5,487	4,947
Total capital ratio[2]	19.4%	21.4%	17.5%	22.7%	32.1%
Average number of full-time equivalents	3,028	3,778	4,972	6,011	4,789

[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	2025	2024
Interest income	5	9,198	7,153
Interest expenses	6 , 7	(4,038)	(4,302)
Net interest income		**5,160**	**2,851**
Commission income	8	21,966	20,342
Commission expenses	9	(1,368)	(1,202)
Net result from financial transactions	10	(1,563)	(773)
Other operating income		3,911	4,444
Total net operating income		**28,106**	**25,662**
General administrative expenses	7 , 11 , 12	(19,587)	(17,848)
Depreciation, amortization and impairment of intangible and tangible assets	7 , 13	(1,132)	(1,996)
Operating expenses		**(20,719)**	**(19,844)**
Operating profit		**7,387**	**5,818**
Credit losses, net	14	(7,869)	(5,402)
Profit (loss) before taxes		**(482)**	**416**
Tax (expense) benefit	15	(853)	(143)
Net profit (loss)		**(1,335)**	**273**
Whereof attributable to:			
Shareholders of Klarna Holding AB (publ)		(1,546)	78
Non-controlling interests		(28)	30
Other equity holders		239	165
Total		**(1,335)**	**273**

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 0.63% (FY24: 0.49%).

Statement of Comprehensive Income, Group

Amounts in SEKm	2025	2024
Net profit (loss)	(1,335)	273
Items that are or may be reclassified to the income statement:		
Foreign currency translation differences		
Exchange differences on translation of foreign operations	(792)	608
Reclassification of cumulative translation adjustments	2	(183)
Consumer receivables at fair value through OCI		
Net changes in fair value for the year	97	–
Changes in expected credit losses	245	–
Reclassification to the statement of profit and loss	(234)	–
Other comprehensive income (loss)	**(682)**	**425**
Total comprehensive income (loss)	**(2,017)**	**698**
Comprehensive income (loss) attributable to:		
Shareholders of Klarna Holding AB (publ)	(2,228)	503
Non-controlling interests	(28)	30
Other equity holders	239	165
Total	**(2,017)**	**698**

Balance Sheet, Group

Amounts in SEKm	Note	31 Dec 2025	31 Dec 2024
Assets			
Cash and balances with central banks		24,587	27,661
Treasury bills chargeable at central banks, etc.	17	17,564	7,415
Loans to credit institutions	18	7,755	7,752
Loans to the public	19	102,438	93,970
Loans to the public at fair value through other comprehensive income		3,553	–
Loans to the public at fair value through profit and loss		3,685	24
Bonds and other interest-bearing securities	20	554	118
Other shares and participations		76	172
Intangible assets	21	7,117	10,903
Tangible assets	7 , 22	549	936
Deferred tax assets	15	269	368
Other assets	23	3,200	1,806
Prepaid expenses and accrued income	25	1,042	1,169
Total assets		**172,389**	**152,294**
Liabilities			
Liabilities to credit institutions	26	6,930	1,452
Deposits from the public	27	121,797	106,787
Debt securities issued	28	3,772	1,648
Deferred tax liabilities	15	21	8
Other liabilities	29	11,454	11,325
Accrued expenses and prepaid income	30	3,422	4,123
Provisions	31	122	66
Subordinated liabilities	32	1,691	1,880
Total liabilities		**149,209**	**127,289**
Equity			
Share capital		3	3
Other capital contributed		46,271	42,329
Other reserves		321	1,002
Other equity instruments		1,500	1,500
Retained earnings		(23,891)	(20,365)
Net profit (loss)		(1,335)	273
Total equity attributable to parent		**22,869**	**24,742**
Non-controlling interests		311	263
Total equity		**23,180**	**25,005**
Total liabilities and equity		**172,389**	**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 14 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 SEKm	Share capital	Other capital contributed	Other equity instruments	Reserves	Retained earnings	Net result	Total equity excl. non-controlling interests	Non-controlling interests - other equity instruments	Non-controlling interests	Total equity
Balance as at January 1, 2024	**3**	**42,092**	**276**	**578**	**(18,382)**	**(2,536)**	**22,031**	**–**	**48**	**22,079**
Transfer of previous year's net loss	–	–	–	–	(2,536)	2,536	–	–	–	–
Net profit (loss)						273	273	–	–	273
Exchange differences on translation of foreign operations	–	–	–	607	–	–	607	–	1	608
Reclassification of cumulative translation adjustments	–	–	–	(183)	–	–	(183)	–	–	(183)
Total comprehensive income	**–**	**–**	**–**	**424**	**–**	**273**	**697**	**–**	**–**	**698**
New share issuance	–	232	–	–	–	–	232	–	–	232
Share warrants	–	5	–	–	–	–	5	–	–	5
Other equity instruments[1]	–	–	1,500	–	(165)	–	1,335	(30)	–	1,305
Share-based payments[2]	–	–	–	–	701	–	701	–	–	701
Changes in non-controlling interests	–	–	(276)	–	17	–	(258)	276	(32)	(15)
Balance as at December 31, 2024	**3**	**42,329**	**1,500**	**1,002**	**(20,365)**	**273**	**24,742**	**246**	**17**	**25,005**
Transfer of previous year's net loss	–	–	–	–	273	(273)	–	–	–	–
Net profit (loss)					–	(1,338)	(1,338)	–	3	(1,335)
Consumer receivables at fair value through OCI	–	–	–	108	30	–	138	–	–	138
Exchange differences on translation of foreign operations	–	–	–	(792)	–	–	(792)	–	–	(792)
Reclassification of cumulative translation adjustments	–	–	–	2	(68)	–	(66)	–	–	(66)
Total comprehensive income	**–**	**–**	**–**	**(682)**	**(41)**	**(1,338)**	**(2,061)**	**–**	**3**	**(2,055)**
New share issuance	–	1,391	–	–	–	–	1,391	–	–	1,391
Internal restructuring	–	3,825	–	–	(3,825)	–	–	–	–	–
Share redemption	–	(1,466)	–	–	–	–	(1,466)	–	–	(1,466)
Share warrants	–	(42)	–	–	–	–	(42)	–	–	(42)
Shareholder contributions	–	235	–	–	752	–	987	–	–	987
Other equity instruments coupons paid[1]	–	–		–	(239)	–	(239)	30	–	(209)
Share-based payments	–	–	–	–	(429)	–	(429)	–	–	(429)
Changes in non-controlling interests	–	–	–	2	(17)	–	(15)	–	15	–
Balance as at December 31, 2025	**3**	**46,271**	**1,500**	**321**	**(23,889)**	**(1,338)**	**22,869**	**276**	**35**	**23,180**

[1] Amounts in other equity instruments column consist of issued instruments, while amounts in retained earnings column consist of interest and cost of issuance of these issued instruments. Equity instruments issued in Klarna Bank AB have been presented as non-controlling interests.
[2] RSU 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 - Dec 2025	Jan - Dec 2024
Operating activities			
Profit (Loss) before taxes		(482)	416
Income taxes paid		(227)	(161)
Interest expenses paid		(3,944)	(3,438)
Interest income received		9,498	6,155
Adjustments for non-cash items in operating activities			
Depreciation, amortization and impairment	7, 13	1,132	1,996
Share-based payments		1,436	901
Provisions excluding credit losses		1	6
Provision for credit losses		7,704	7,077
Net gains from divestment		(1,499)	(1,998)
Net losses from divestment of shares in equity investments		–	82
Financial items including fair value effects		635	(3,020)
Changes in the assets and liabilities of operating activities[1]			
Change in Loans to the public at fair value through OCI		(3,553)	
Change in Loans to the public at fair value through P&L		(3,897)	(23)
Change in loans to the public		(28,019)	(13,524)
Change in liabilities to credit institutions		143	(224)
Change in deposits from the public		22,018	8,632
Change in bonds and treasury bills with maturity > 90 days		(9,003)	3,024
Change in other assets and liabilities		1,047	(201)
Cash flow from operating activities		**(7,010)**	**5,700**
Investing activities			
Investments in intangible assets	21	(272)	(467)
Investments in tangible assets	22	(30)	(10)
Divestment, net of cash disposed		(260)	1,987
Sale of equity investments		–	221
Cash flow from investing activities		**(562)**	**1,731**
Financing activities			
New share issuance		1,393	–
Share warrants		(2)	5
Other equity instruments issued		–	1,500
Subordinated debt issued	32	–	1,103
Debt securities issued	28	8,440	2,789
Debt securities redeemed	28	(800)	(1,787)
Principal payments of lease liabilities	7	(192)	(265)
Cash flow from financing activities		**8,839**	**3,345**
Cash flow for the year		**1,267**	**10,776**
Cash and cash equivalents at the beginning of the year		**35,720**	**24,170**
Cash flow for the year		1,267	10,776
Exchange rate difference in cash and cash equivalents		(2,154)	775
Cash and cash equivalents at the end of the year		**34,833**	**35,721**
Cash and cash equivalents include the following items			
Cash held with central banks		23,731	27,193
Loans to credit institutions classified as cash and cash equivalents		6,104	5,529
Treasury bills classified as cash and cash equivalents		4,998	2,998
Cash and cash equivalents		**34,833**	**35,720**
Additional liquidity portfolio		13,120	4,535
Total cash and liquidity		**47,953**	**40,255**

[1] 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 report per December 31, 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 0BD, 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.

The consolidated financial statements and the Annual Report for Klarna Holding AB (publ) for the financial year 2025 were approved by the Board of Directors and the Chief Executive Officer (CEO) on February 27, 2026. They will ultimately be adopted by Klarna Holding AB (publ)'s Annual General Meeting.

Group reorganization

Prior to a group reorganization on May 23, 2024, Klarna Holding AB (publ) was the ultimate parent company of the Group for which consolidated financial statements were produced. On May 23, 2024, the Group 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 previous shareholders of Klarna Holding AB (publ) exchanged their shares for shares in Klarna Group plc.

Following this reorganization, the immediate parent company of Klarna Holding AB (publ) is Klarna Group Holdco Ltd, an entity incorporated in Jersey and UK tax resident. There was no change in the legal ownership of any of the assets of Klarna Holding AB (publ) nor any change in the ultimate beneficial ownership of Klarna Holding AB (publ) or Klarna Group plc.

Klarna Holding AB (publ) continues to prepare consolidated financial statements. The group reorganization had no impact on the consolidated statement of financial position, consolidated income statement, and consolidated cash flow statement of Klarna Holding AB (publ).

Note 2 Accounting principles

1) Basis for the preparation of the reports

Group

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and have been prepared on a historical cost basis, except for equity investments, derivatives, loans to the public at fair value through profit and loss or at fair value through other comprehensive income, 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 annual accounts 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 Group's accounting principles are also applicable for the Parent Company unless otherwise described in this note or the notes for the parent.

The preparation of reports in accordance with IFRS requires the use of a number of estimates for accounting purposes. The areas which involve a high degree of assessment or complexity and which are of considerable importance for the annual accounts are presented in section the section below Significant accounting judgments, estimates and assumptions.

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 consolidated financial statements are stated in millions of Swedish kronor ("SEK"), unless otherwise stated.

2) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent company and its subsidiaries as at December 31, 2025. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consolidated subsidiaries of Klarna are consolidated as from the date when control is transferred to Klarna and deconsolidated from the date that control ceases. All intercompany accounts and transactions between members of the Group have been eliminated on consolidation.

3) 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.

New standards and amendments issued but not yet effective

In April 2024, the IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements" that replaces IAS 1 "Presentation of Financial Statements". IFRS 18 introduces new requirements for information presented in the primary financial statements and disclosed in the notes. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, but earlier adoption is permitted. The Group is currently evaluating the impact of this standard.

In May 2024, the IASB issued amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures", clarifying recognition and derecognition principles and introducing an exception for the early derecognition of certain financial liabilities settled electronically. The amendments also provide guidance on assessing contractual cash flow characteristics and introduce new disclosure requirements. These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier adoption permitted. The Group is currently evaluating their impact.

The Group has not early adopted any issued standards, interpretations, or amendments that are not yet effective.

4) Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures. On an ongoing basis, Klarna evaluates the estimates, including those related to provisions for credit losses, revenue recognition, income taxes, the evaluation for impairment of intangible assets and goodwill, securitization, leases, divestitures and share-based compensation, including the fair value of restricted share units, options and warrants issued. Klarna bases the estimates on historical experience and various other assumptions which Klarna believes to be reasonable under the circumstances. Actual results could materially differ from these estimates.

Macroeconomic and geopolitical developments may adversely impact consumer spending, merchant performance and counterparty creditworthiness. These conditions may introduce additional uncertainties that can affect the global economy and, consequently, the Group's operations. These factors are considered into credit loss estimates and other significant accounting estimates.

5) Foreign currency translation

Presentation currency and functional currency

The financial statements are prepared in SEK. Each entity within the Group uses the currency of its primary economic environment as its functional currency. For Klarna Holding AB (publ), the functional currency is the Swedish Krona (SEK).

The assets and liabilities of the Group and its subsidiaries are translated from the functional currency of the operations to SEK using the exchange rates at the reporting date. The revenues and expenses are translated to SEK using the average exchange rates, which approximate the exchange rates at the date of the transaction. All resulting foreign exchange differences are recognized in other comprehensive income (loss) and included in foreign exchange translation reserve in equity.

Foreign currency transactions

Transactions denominated in currencies other than the functional currency of the respective entity are translated into the functional currency at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are remeasured using the exchange rates prevailing at the end of the reporting period. Any foreign exchange gains or losses arising from the remeasurement of these monetary assets and liabilities are recognized in net result from financial transactions in the consolidated statement of profit or loss.

6) Cash and balances with central banks

Cash comprises legal tender and bank notes in local and foreign currencies. Balances with central banks consist of deposits in accounts with central banks under government authority where the following conditions are fulfilled:

- The central bank is domiciled, and
- The balance is readily available at any time.

7) Treasury bills chargeable at central banks

Treasury bills chargeable at central banks are classified as financial assets measured at amortized cost. These assets have a maturity of both greater than three months, and less. Treasury bills with a maturity less than three months is classified as cash and cash equivalents in the cash flow statement. Interest is recognized as interest income in the income statement.

8) Loans to credit institutions

Loans to credit institutions consist of loans and advances to credit institutions in local and foreign currencies, cash collateral for securities borrowing and other lending arrangements with banks and financial institutions. Balances relating to banks are classified as cash and cash equivalents in the cash flow statement.

9) Loans to the public

Lending to the public cover loans and advances to customers that are not credit institutions. Klarna's lending to the public can be divided into two categories;

Consumer receivables, representing unsecured amounts due from consumers that elect to pay over time either through Pay Later or Fair Financing options as well as receivables related to other consumer fees as discussed in the Group´s revenue recognition accounting principles. Pay Later consumer receivables arise from transactions that enable consumers to purchase goods or services at the time of the transaction and defer payment to a later date or in short-term installments (e.g., Pay in 30, Pay in 3, Pay in 4). Fair Financing consumer receivables arise from transactions that enable consumers to pay for purchases over a longer-term installment plan, typically ranging from three to 48 months.

Consumer receivables that Klarna has the objective of holding to collect contractual cash flows are measured at amortized cost, including outstanding principal balances, accrued interest and net of allowances for expected credit losses.

Consumer receivables which are managed within a business model whose objective is to originate and sell or within a hold-to-collect-and-sell business model are measured either at fair value through profit or loss (“FVTPL”) or fair value through OCI (“FVOCI”) and presented separately on the consolidated balance sheet.

The other category relates to receivables from payment solution providers (“PSPs”), amounts due from merchants for services and receivables from third-party debt collection agencies. These are reported at amortized cost net of an allowance for expected credit losses.

10) Allowance for expected credit losses

Klarna estimates allowances for expected credit losses (“ECL”) for treasury bills chargeable at central banks and loans to the public. The ECL allowance is based on either 12-month expected credit losses (“12m ECL”) or on lifetime expected credit losses (“Lifetime ECL”). The ECL allowance is based on the latter if the simplified approach, as defined by IFRS 9, is applicable or if there has been a significant increase in credit risk since initial recognition.

Lifetime ECL and 12m ECL are calculated on a collective basis at an asset class level. The asset class is defined by shared credit risk characteristics, which are generally by market and geography.

Treasury bills chargeable at central banks

Klarna invests in treasury bills issued by central banks, loans to highly rated financial institutions and bonds issued by highly rated government entities. The credit rating status of issuing entities is monitored throughout the investment holding period. The high credit quality of the issuers results in a low probability of default, loss given default and exposure at default resulting in an immaterial ECL estimate for these assets.

Loans to the public

Consumer receivables

To measure the ECL for consumer receivables, the Group assigns outstanding loans to one of three stages with the stage corresponding to the individual loan’s estimated repayment performance. The estimated repayment performance is informed by the Group’s records, including the customer’s history

with Klarna and purchase behavior from active Klarna consumers, merchant data, credit bureau reports and open banking data. Klarna defines the stages as follows:

Stage 1: New loan origination that is not credit impaired at origination. A loan remains in stage 1 unless there is a significant increase in credit risk ("SICR"), such as when a loan becomes 30 days or more past due or if the consumer has other loans that are in stage 2 or 3. While a consumer could have a loan that did not experience SICR, if they have a loan in stage 2 or 3, Klarna applies a more prudent approach to all loans for the consumer as part of its risk management practices. A loan may also be transferred back to stage 1 if credit risk has significantly improved and it is not delinquent 30 or more days. For stage 1 loans, the allowance is calculated based on 12-month ECL.

Stage 2: Loan with an observed significant increase in credit risk since origination. Klarna defines significant increase in credit risk as a loan with an outstanding balance more than 30 days overdue. The allowance for these loans is calculated based on Lifetime ECL. Stage 2 also includes loans that are reclassified from stage 3 because they are no longer considered credit impaired.

Stage 3: Loan considered credit impaired. A loan is defined as credit impaired if it is 90 days past due or is classified as fraudulent. The allowance for stage 3 loans is calculated based on lifetime ECL. A loan may be reclassified from stage 3 if it is no longer considered credit impaired.

PSP receivables, merchant receivables and receivables from third-party debt collection agencies

Klarna estimates credit losses using the lifetime ECL model. Each counterparty is subject to a credit risk assessment at onboarding and periodically throughout its relationship with Klarna. Based on the credit risk assessment, a counterparty is assigned a risk classification that correlates to a probability of default. For higher risk counterparties, Klarna extends settlement windows for payments to the counterparties to serve as collateral for their non-performance if a consumer returns products.

When a this category of receivable is determined to be uncollectible, the gross amount is written off through the allowance for expected credit losses in the credit losses, net on the income statement. Recoveries of the receivables that were previously written off are recognized when received in the credit losses, net in the income statement.

See more information in Note 14 on credit losses, net and Note 19 for loans to the public.

Significant inputs

Klarna utilizes a series of models to calculate allowance estimates, which depend on certain significant inputs.

Definition of default:

An asset is considered to be in default when it is 90 days or more past due on any payments, has entered debt collection or is classified as fraudulent.

Probability of Default (PD):

Historical balances as well as the proportion of those balances that have defaulted over time are used as a basis to determine the PD. This approach provides values for 12-month and lifetime PDs applied over different vintages for different countries and for days since origination. In cases where the maturity of the loans is very short (i.e., less than 12 months), which is common for Klarna's products, the 12-month PD and lifetime PD have equal values.

Loss Given Default (LGD):

LGD is the magnitude of the likely loss if there is a default. The LGD is dependent on geographical region, days past due, and, in some cases, recoveries from the sale of non-performing portfolios. The loss given default is calculated using the historical balances over different vintages as a basis. Furthermore, the LGD component is determined based on days past due.

Exposure at default (EAD):

EAD represents the estimate of the exposure at a future default date, taking into account expected changes in the exposure as of each reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.

Measurement of ECL:

Expected credit loss estimates are based on these key inputs: PD, LGD and the EAD, which are derived from internal statistics and other external data. PD and LGD estimates are an accumulation of segmentation, such as product and geography, within each asset class, which are used to calculate the ECL on a collective basis. For unsecured assets, there is no collateral factored into the ECL calculations. For quantitative information on the reported ECL amounts see Note 19.

Write-off of financial assets

Loans to the public are written off when either the entire outstanding amount or a proportion thereof are considered uncollectible, which is generally when an outstanding balance is 180 days past due. For loans to the public, Klarna monitors significant counterparty relationships for current information and events to assess if there is a risk the counterparty is experiencing financial difficulty or is in breach of contract.

If a loan or receivable is determined to be uncollectible, the gross amount will be charged off through the allowance for expected credit losses. Charged-off balances may still be subject to enforcement activities to attempt to recover the amounts due. When enforcement activities are exhausted or the loan or receivable is sold to an external party, the loan or receivable is formally written off in Klarna's systems.

For information on the written-off loans to the public, including those subject to enforcement activities, see Note 19.

Sale of uncollectible consumer receivables:

Klarna enters into agreements to sell certain uncollectible receivables to debt collection agencies to maximize recovery and manage credit risk. These uncollectible receivables are sold on a non-recourse basis, with the Group transferring substantially all risks and rewards of ownership to the debt collection agencies meeting the derecognition criteria on the date of sale. When a receivable is deemed to be uncollectible it is written down to the recoverable amount.

Recoveries

Recoveries for consumer receivables that were previously written off are recognized when received in net credit losses in the income statement.

11) Commitments

Klarna enters into certain arrangements that create commitments to purchase certain consumer loans originated by partner banks in the United States ("Loan funding commitments"). Upon purchase of these consumer loans, Klarna recognizes them on the consolidated balance sheet. Klarna may also provide consumers with committed credit limits or other committed financing arrangements. Amounts drawn under these commitments are recognized on the consolidated balance sheet. Amounts committed under these arrangements that are not yet recognized are disclosed in Note 33.

12) Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights may relate to administrative tasks only, with the relevant activities of the entity being directed by means of contractual arrangements. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

Klarna consolidates such structured entities when we determine that we control the structured entity in accordance with IFRS 10. In the case of structured entities, this determination involves judgment, particularly as voting rights are often not the determining factor in decisions over the relevant activities. This judgment involves assessing the purpose and design of the entity, and whether we have power over the relevant activities and exposure, or rights, to variable returns, and the ability to use its power over the investee to affect the amount of the returns. In determining this, we also assess whether we are acting as a principal or as an agent on behalf of others.

Warehouse financing facility and synthetic securitizations

Klarna enters into transactions with securitization vehicles ("SPVs"), where it economically transfers a portion of credit risk for certain pools of loans to the public receivables (the "Referenced Pools") with the primary objective to lower the regulatory capital risk weights of the underlying assets.

In certain transactions, Klarna enters into synthetic securitizations with unconsolidated SPVs. in which credit risk for each Referenced Pool is separated into three tranches: junior, mezzanine and senior. In these structures, Klarna retains the junior and senior tranches and transfers the credit risk associated with the mezzanine tranche to an unconsolidated SPV, which issues credit-linked notes ("CLNs) to investors. Klarna pays a fee to the SPVs for the transfer of credit risk, which is recognized as incurred in net result from financial transactions, see Note 10. This fee provides for a guarantee from the SPV to reimburse the Company for any credit losses incurred within transfers of the credit risk associated with the mezzanine tranche.

In other transactions, Klarna enters into arrangements with consolidated SPVs, typically through warehouse financing facilities with an institutional lender, as the funder, and Klarna Bank AB, a subsidiary of Klarna Holding AB, as the borrower. In these structures, the SPV issues CLNs to the funder and advances the proceeds to Klarna, which in turn pledges Referenced Pools as collateral. Credit risk for the Reference Pool is separated into two tranches: a junior tranche retained by Klarna and a senior tranche transferred to the funder through the consolidated SPV. The CLNs are recognized within liabilities to credit institutions and are classified and measured at amortized cost using the effective interest method. Interest and senior expenses related to the facility are recognized within Interest expenses and commission expense, respectively.

In both structures, Klarna retains the contractual rights to the cash flows and substantially all of the associated risks and rewards of ownership and, accordingly, the receivables are not derecognized and continue to be recognized in the statement of financial position.

Should the Company experience credit losses exceeding the retained tranche and fall within the transferred tranche, it would be entitled to recoveries consistent with that contractual reimbursement right. The Company's estimated credit losses for the Reference Pools was below the contractual range of the transferred tranches for the periods presented. Accordingly, no claims have been made against the SPVs in respect of the reporting periods.

Forward flow securitization

Klarna enters into forward flow loan sale arrangements with unconsolidated SPVs whereby specified pools of loans to the public receivables ("Eligible Receivables") are transferred to the SPVs.

Klarna classifies the Eligible Receivables into either fair value through OCI ("FVOCI"), or fair value through profit or loss ("FVTPL") on the basis of both (a) Klarna's business model for managing the assets, and (b) the contractual cash flow characteristics of the financial assets.

Eligible Receivables classified and measured at FVOCI are subsequently remeasured at fair value and changes therein are recognized in other comprehensive income, except for interest income, impairment, and foreign exchange, until the assets are sold. Interest income is recognized using the effective interest method, in the same manner as for financial assets measured at amortized cost, until derecognition requirements are met. Eligible Receivables classified and measured at FVTPL are subsequently remeasured at fair value and changes therein are recognized in the statements of profit or loss.

Expected credit losses ("ECL") on Eligible Receivables measured at FVOCI do not reduce the carrying amount of the financial assets, which remain at fair value. Instead, an amount equal to the loss allowance that would arise if the assets were measured at amortized cost is recognized in other comprehensive income as an accumulated impairment amount, with a corresponding charge to profit or loss.

Klarna derecognizes receivables upon transferring the contractual rights to the cash flows and substantially all associated risks and rewards. The transfers are deemed to occur on the sale date, at which point, the derecognition criteria are satisfied.

Upon disposal of Eligible Receivables measured at FVOCI, the cumulative gains or losses previously recognized in other comprehensive income, including the accumulated impairment amount are reclassified from other comprehensive income to the statements of profit or loss. Upon disposal of Eligible Receivables measured at FVTPL, gains and losses are recognized in the statements of profit or loss.

Gains and losses from disposals of Fair Financing receivables and Pay Later receivables are recognized within revenue as Gain on sale of consumer receivables, and losses from disposals of Pay Later receivables are recognized within Funding costs, reflecting the nature and underlying characteristics of the sold eligible receivables.

Klarna may continue to service certain sold receivables on behalf of the SPVs in exchange for receiving a servicing income from providing professional services such as cash flow collection and credit risk management in the event of customer defaults. We recognize this servicing fee within Other operating income. The servicing fee is typically calculated daily by applying a fixed percentage to the outstanding loan principal balance. The servicing fee represents a fair market fee, and no servicing asset or liability is recognized in the financial statements.

13) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which Klarna has access at that date.

When available, Klarna measures fair value using the quoted price in an active market. If a quoted price in an active market is not available, the Group uses valuation methods that maximize the use of relevant observable inputs and minimize the use of unobservable inputs to determine fair value.

The fair value of a financial instrument on initial recognition is generally best evidenced by its transaction price (i.e., the fair value of consideration paid or received). If Klarna determines that the transaction price differs from the fair value and the fair value is not evidenced by a quoted price in an active market for an identical asset or liability nor based on a valuation method where unobservable inputs are considered to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in the income statement on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is settled.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1

Level 1 in the fair value hierarchy consists of assets and liabilities where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities.

Level 2

Level 2 consists of assets and liabilities where the significant inputs used for valuation are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads.

Level 3

Level 3 includes estimated values based on assumptions and assessments where one or more significant inputs are not based on observable market information.

Klarna recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

14) Repurchase agreements

Repurchase agreement liabilities are used to obtain liquidity and fluctuate over time based on many factors, including market conditions, loans to the public and deposits growth and balance sheet management activities.

Treasury bills chargeable at central banks and bonds and other interest-bearing securities are sold under agreements to repurchase at a specified future date are not derecognized from the balance sheet as Klarna retains substantially all of the risks and rewards of ownership. Assets under repurchase agreements are transferred to the counterparty and the counterparty has the right to sell or re-pledge the assets. Such securities are kept on the balance sheet and pledged as collateral when the securities have been transferred and cash consideration has been received. Payment received is recognized under liabilities to credit institutions. The difference between the sale and repurchase price is accrued over the life of the agreement using the effective interest rate and recognized within net result from financial transactions.

15) Derivative instruments and hedge accounting

Derivative instruments are reported in the balance sheet on their trade date and are measured at fair value, both initially and in subsequent periods. Derivative instruments are presented as other assets or other liabilities. Changes in the fair value of derivative instruments are included in the income statement in the item net result from financial transactions.

The Group uses hedge accounting for fair value hedges to manage the interest rate risk of liabilities.

Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in net result from financial transactions, together with any changes in the fair value of the hedged liability that are attributable to the hedged risk. Any residual mismatch between the hedging instrument and the hedged item is recognized as ineffective.

When hedging interest rate risk, any interest accrued or paid on both the hedging derivative and the hedged item is reported in interest expense. If the hedge no longer meets the criteria for hedge accounting the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to the income statement over the period for which the item was hedged. If the hedged item is sold or repaid, the unamortized fair value adjustment is recognized immediately in net results from financial transactions.

16) Borrowing

Financial liabilities with regard to borrowing are categorized as liabilities which are initially recorded at fair value, net of transaction costs incurred and then at amortized cost and with application of the effective interest method. This category comprises liabilities to credit institutions, deposits from the public, debt securities in issue and subordinated liabilities. Where a borrowing is in a qualifying fair value hedge relationship, its carrying value is adjusted for changes in fair value attributable to the hedged risk.

Klarna offers certain deposits from the public arrangements under which funds are held on behalf of consumers by third-party financial institutions. Under these arrangements, consumer deposit balances that are not controlled by Klarna are not recognized in the consolidated balance sheet.

Payables to merchants are recorded within other liabilities in the balance sheet. Payables to merchants arise when Klarna facilitates payment transactions for merchants and holds the corresponding funds on their behalf. The settlement cycle is dependent on the counterparty, but is usually within a few working days of the transaction. As a result, Klarna records a liability towards the merchant, representing the money owed to them. Payables to merchants are recognized at amortized cost. On settlement, the Group derecognizes these amounts from the balance sheet.

17) Leasing

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The length of a lease term includes options to extend or terminate the lease when it is reasonably certain that the Group will exercise those options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. For most leases, Klarna has judged that the lease term does not include additional periods after the initial period.

A right-of-use asset and a lease liability are recognized at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial costs, incentive payments, restoration costs and lease payments before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the remaining lease payments that are not paid at the commencement date. As most leases do not provide an implicit interest rate, the Group uses the incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments.

The lease liability is remeasured when there is any change in future lease payments arising, for example, from a change in an index, assessment or estimations on the usage of extension, termination or purchase options or the amount expected to be payable under a residual value guarantee. If a remeasurement of the lease liability occurs, a corresponding adjustment to the carrying amount of the right-of-use asset is made. Lease payments included in the measurement of the lease liability are fixed payments, variable lease payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option, if applicable. The Group excludes payments for related services and other components of a lease. Klarna presents right-of-use assets in property and equipment and lease liabilities in other liabilities in the balance sheet.

Klarna has elected not to recognize right-of-use assets and liabilities for short-term leases and leases of low-value assets, mainly consisting of IT equipment and short-term rental of offices. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

18) Business combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the identifiable net assets acquired is recognized as goodwill. Acquisition-related costs, other than those incurred for the issuance of debt or equity instruments, are charged to the consolidated income statement as they are incurred.

19) Divestitures

Non-current assets or disposal groups are classified as held for sale when their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use. The classification is made when the asset or disposal group is available for immediate sale in its present condition, and the sale is highly probable within one year. Upon such classification, the assets or disposal group is measured at the lower of their carrying amount and fair value less costs to sell.

The gain or loss on divestment is determined as the difference between the consideration received, net of transaction costs, and the carrying value of the net assets disposed of. The gain or loss is recognized within other income or general and administrative expenses in the income statement. Where goodwill has been allocated to the disposed operation, typically measured based on the relative values of the disposed operation, such goodwill is included in the carrying amount of the operation when determining the gain or loss on disposal.

An operation is classified as discontinued when it represents a separate major line of business or geographical area of operations that either has been disposed of or is classified as held for sale. Refer to Note 39 for further details.

For foreign operations, cumulative foreign currency translation differences previously recognized in other comprehensive income are reclassified to the income statement upon divestment. This reclassification is included as part of the gain or loss on disposal.

20) Intangible assets

Goodwill

Goodwill represents the excess of consideration paid over the fair value of the identifiable net assets acquired in a business combination. Goodwill is not amortized but is reviewed for impairment annually and more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Impairment of goodwill is not reversed. The Group monitors goodwill for impairment considerations at the operating segment level. In the event of a disposal that qualifies as a business, or where there is a significant organization of the business, goodwill is allocated based upon relative fair values.

Trademarks, tradenames, licenses and other customer-related intangible assets

Identifiable intangible assets following business combinations include trademarks, tradenames, licenses, developed technology and customer relationships. Acquired intangible assets are recorded at fair value on the date of acquisition and amortized over their estimated useful lives, generally 3-20 years. The Group reviews the carrying amounts of intangible assets for impairment at the asset group level whenever events or changes in circumstances indicate that the carrying amount of the asset group may not be recoverable.

Capitalized development costs and licenses

Costs associated with IT systems and software, whether developed internally or acquired, are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the intangible asset so that the asset will be available for use or sale;
- Adequate resources are available to complete the development;
- There is an intention to complete and use the intangible asset for the provision of services;
- Use of the intangible asset will generate probable future economic benefits; and
- Expenditures attributable to the intangible asset can be measured reliably.

Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable capitalized development costs and licenses (generally, 3-5 years) and reported within depreciation, amortization and impairments in the income statement. Costs related to development activities that do not satisfy the above criteria, including for maintenance, are expensed as incurred.

Impairment

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually. This is tested by estimating the recoverable amount, which is the higher of the fair value less costs to sell and the value in use. If the recoverable amount is lower than the carrying amount, the asset is written down. See Note 21 for further information on the measurement of goodwill and significant assumptions used in the annual impairment test.

Intangible assets with finite useful lives undergo impairment testing whenever events or changes in circumstances suggest that the carrying amount might not be recoverable.

21) Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and impairment. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets, generally, applying the following useful lives to each tangible asset class:

Asset class	Useful life
Equipment, tools, and fixtures and fittings	5 years
Computers and other machinery	3 years
Leasehold improvements	The shorter of lease term and useful life

If there is an indication that the recoverable value is less than the carrying amount, an impairment review is completed and any impairment loss is recognized within depreciation, amortization and impairments in the income statement. The cost and accumulated depreciation for an tangible asset that is sold, retired or otherwise disposed of are derecognized and the resulting gains or losses are recorded in the income statement.

22) Revenue recognition

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. The product offerings from which revenues are recognized do not differ in any significant way between geographical markets. Revenue at Klarna relates to interest income, commission income and other operating income which is defined below.

Interest income

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.

Interest income on financial assets measured at amortized cost, and certain fees charged for payment flexibility features, are recognized in the income statement using the effective interest method.

Interest income also includes interest from treasury bills issued by central banks. See Note 5.

From time to time, Klarna may enter into contracts with merchants for which Klarna pay a fee for their role as intermediary in arranging a consumer financing facility. Klarna recognize such fees as a reduction of interest income.

Commission income

Revenues for different types of services are reported as commission income or commission expenses.

Merchant revenue

Merchant revenue refers to fees paid by the merchants, generated when consumers transact on Klarna's network. It includes merchant fees, interchange revenue and fees for settling disputes. Merchant revenue is derived from the volume of transactions Klarna process multiplied by the fees charged, which vary among the Group's geographies. The pricing is a combination of value-based and fixed pricing, charged either ad valorem (proportional to the estimated value of goods and services purchased on Klarna's network) or fixed fees on each transaction, or a mix of both. Where consumers return merchandise or goods and merchants process a refund, merchant fees charged for the original transaction are not returned to the merchant.

The Group's contracts with merchants consist of a master agreement including terms, conditions and pricing. Klarna is not obligated to perform under the contract until a transaction occurs and thus each transaction represents a separate performance obligation to the merchant as the customer. The Group's service offering comprises a single performance obligation to merchants to facilitate transactions with consumers. The transaction price is recognized at the point in time when the merchant successfully confirms the transaction, which is when the terms of the contract are fulfilled. The Group provide a reduction of merchant fees to certain merchants based on performance measures, including volume of processed transactions. Such fee rebates are recorded as a reduction of merchant revenue. Klarna also enter into contracts with certain merchants to expand the user base and market presence, and for brand promotion through co-marketing activities, as detailed in section Promotional and marketing arrangements below.

Consumer revenue

Consumer revenue refers to revenue that the Group earn from consumer fees, primarily consisting of certain administrative fees, including reminder fees and fees for issuing one-time cards. Consumers may be charged a fee, being a fixed amount that constitutes the transaction price and recognized at the point in time that the consumer is charged. This fee income is earned in relation to the Company’s ordinary activities.

Consumer service revenue also includes subscription revenue. Subscription revenue represents monthly subscription fees related to a single performance obligation for a bundle of services and are recognized over the subscription period as those services are provided.

Distribution partner referral arrangements

Klarna enter into contracts with third-party partners to distribute Klarna's payment solutions to the merchants. For these contracts, the Group evaluate who the customer is and if Klarna is acting as the principal or agent in the specific arrangement. Generally, the Group's customer is considered to be the merchant and Klarna is considered to be the principal in these arrangements, while third-party partners are determined to be an agent in the transaction. The Group recognize incremental costs of obtaining a contract in accordance with IFRS 15 “Revenue from Contract with Customers” for the commission paid to these third party partners. These expenses are classified within commission expenses in the income statement.

Promotional and marketing arrangements

Klarna also enter into contracts with certain merchants and other partners to expand the Group's user base and market presence, and for brand promotion through co-marketing activities, in which Klarna provides cash, share warrants, or both as consideration. The Group evaluate if the consideration payable is in exchange for a distinct good or service. Where Klarna conclude that the payment is for a distinct good or service, it is recognized as general administrative expenses. If a payment is assessed to be other than for a distinct good or service, it is recognized as a reduction to the transaction price. The Group recognize the expense of such services as incurred. When the consideration represents a payment

against which economic benefits are expected to be realized over a future period, the Group recognize a commercial agreement asset. These assets are amortized over the period of the contract for when the services are expected to be provided, which is typically between 3-5 years.

Klarna also offers promotions to consumers, including cashback, with the purpose of acquiring new consumers, promoting the Klarna brand, the use of the Klarna app and payment options. These promotions typically represent a reduction on the total amount collected from consumers. Where Klarna assess that there is no explicit or implicit expectation for promotions to be provided, Klarna recognize these within sales and marketing expenses. Where Klarna assess that there is an expectation, the cost of the promotion is recognized as a reduction in the revenue earned from the transaction, with any excess of the cost of the promotion above the revenue recognized within general administrative expenses.

Other operating income

Advertising revenue is earned from merchants who place advertisements on Klarna's network, including sponsored search, affiliate programs and brand ads. Klarna enter into contracts for advertising either directly with merchants or through other third parties. The transaction price is determined based on the advertising model, with fees that may be fixed or variable, typically based on the number of impressions delivered or actions taken by users, such as clicks or purchases. Revenue from impression-based ads is recognized in the period when an ad is displayed to users. For action-based ads, revenue is generally recognized at a point in time, when a specified action, such as a click or purchase, occurs.

The Group´s contracts for advertising services are separate from other merchant contracts and include a single performance obligation. For advertising revenue generated through other third parties, the Group recognize revenue on a gross basis if Klarna is the principal and on a net basis if Klarna is the agent. This assessment is based on whether Klarna control the service before it is delivered to the customer.

23) Interest expenses

Interest expenses are the costs associated with funding Klarna's consumer financing solutions and include interest that Klarna pay on the deposits from the public, calculated using the effective interest method, and fair value adjustments on receivables held for trading in connection with forward flow agreements.

24) Commission expenses

Expenses for different types of services are reported as commission expenses, such as partner commissions. Partner commission is an expense Klarna has towards its distribution partners, the expense is dependent on the specific contract.

25) Net result from financial transactions

The net result from financial transactions comprises the net profit or loss on the trading or disposal of financial instruments, value changes of financial instruments that are measured at fair value through profit or loss, net profit or loss on currency exchange activities or other recognized changes in the value of assets or liabilities, to the extent they can be attributed to exchange rate changes and other financial income and expenses not directly attributable to a financial instrument.

26) Credit losses, net

Impairment losses from loans to the public are reported as credit losses, net.

Credit losses, net for the period consist of realized credit losses, recovered amounts from debt sales and provisions for credit losses for granted credit with a deduction for the reversal of provisions for credit losses made previously. Realized credit losses are losses whose amount is, for example, determined via bankruptcy, a composition arrangement, a statement by an enforcement authority or the sale of receivables.

27) Income taxes

Income taxes consist of current tax and deferred tax. Income taxes are reported directly in the income statement except when the underlying transaction is reported directly against equity or other comprehensive income, in which case also the accompanying tax is reported in equity or other comprehensive income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax is reported according to the balance sheet method for all temporary differences between an asset's or a liability's tax base and its carrying amount in the balance sheet. Deferred tax assets are reported for deductible temporary differences to the extent it is probable that the taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group assesses on an ongoing basis as well as at the end of the year the possibility of recognizing deferred tax assets related to tax losses carried-forward. Deferred tax assets attributable to tax losses carried forward are reported only if it is probable that they will be used towards taxable profits in the foreseeable future. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the probability of taxable profits being available in the future and the quantum of taxable profits that are forecasted to arise. These judgments include management's expectations of the growth of profit before tax in different jurisdictions, forecasted revenues and expenses, and the timing of the reversal of taxable temporary differences.

Uncertain tax positions are measured on an ongoing basis and the method is determined by taking all known facts and circumstances into account.

28) Share-based payments

Klarna offers equity-based programs to employees and certain third-party contributors, including merchants, partners and service providers.

Employee Restricted Share Unit Program and Individual Contributor Share Warrants and Share options

The Group grants share-based awards in the form of restricted share units ("RSUs"), share warrants and options, to certain individual contributors, including employees, executive officers and directors.

Restricted share units ("RSU") granted to employees vest on a graded vesting schedule over a four years period. The share warrants are subject to graded vesting over a term of typically four to five years. These arrangements are equity-settled and are accounted for as equity-settled share-based payments.

For share warrants granted to certain individual contributors, including employees as well as executive officers and directors, the services rendered are measured with reference to the grant-date fair value of the equity instruments using a Black-Scholes model. The cost of the share-based payments granted to employees is recognized over the vesting period, which represents the period the service conditions are fulfilled.

The Group also grants ordinary shares through direct share issuances to employees, executive officers and directors. The shares are accounted for as equity-settled share-based payments. Typically there are no vesting conditions or restrictions placed on the awards and, accordingly, the related share-based compensation expense, based on the grant-date fair value of the awards, is recognized immediately.

The share-based payment expenses related to awards granted to individual contributors, including employees, executive officers and directors are recognized under general administrative expenses in the income statement. The employment vesting condition is a non-market based condition and a forfeiture estimate is factored into the assumption of how many equity instruments are expected to vest.

Any related social security charges relating to share-based payments are recognized as an expense during the corresponding period based on the fair value that serves as the basis for a payment of social security charges. The expense is presented under general administrative expenses in the income statement. In many jurisdictions, tax authorities levy taxes on share-based compensation transactions with employees that give rise to a personal tax liability for the employee. In some cases, Klarna is required to withhold the tax due and to settle it with the tax authority on behalf of the employees. To fulfill this obligation, the terms of Klarna's restricted share unit arrangements permit the Group to withhold the number of shares that are equal to the monetary value of the employee's tax.

Partner Share Warrants

Klarna has granted share warrants to certain partners, including merchants and other service providers, in return for services. Share-based payments to partners are generally measured at the fair value of the goods or services received, and measured at the time when such goods and services are received. If the fair value of goods and services cannot be reliably measured, the fair value of the equity instruments is used. The Group recognize commercial agreement assets where the consideration paid represents a future economic benefit, and these assets are amortized over the relevant performance period within the commercial agreement, and recognized within general administrative expenses where the payment is in exchange for a distinct service, or as a reduction to transaction prices if in exchange for no distinct service.

Further information relating to share-based payment transactions is presented in Note 35.

29) Provisions

The Group recognizes provisions for present obligations arising for past events when payment of the obligations is probable and can be reliably estimated. Provisions primarily consists of consumer refund commitment, and pending legal and tax litigation.

Klarna operates in a regulatory and legal environment that, by nature, involves an element of litigation risk inherent to its operations and from time to time Klarna may be party to litigation, arbitration and regulatory investigations and proceedings arising during the ordinary course of business. When Klarna can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, a provision is recorded. Given the subjectivity and uncertainty of determining the probability and amount, a number of factors are assessed, including legal advice, the stage of the matter and historical evidence from similar incidents. Judgment is required in concluding such assessments.

30) Employee Benefits

Employee benefits include all forms of consideration provided by the Group in exchange for services rendered by employees, including post-employment pension plans. The Group's pension plans are defined contribution plans, which means that contributions are made to an independent legal entity according to a fixed pension plan. These contributions are recognized as personnel costs in the period they apply to. After the contributions are made, the Group has no legal or other obligations.

31) Group contribution

Group contribution is recognized in the parent company according to its financial nature. Group contribution received from a subsidiary is reported according to the same principles as dividend received. For parent companies this means that group contribution received is reported as revenue in the income statement. Group contribution paid by a parent company to a subsidiary is to be reported as increased participation in the group company. For subsidiaries that pay or receive group contribution, this is to be reported together with the accompanying tax in equity among retained earnings.

Note 3 Risk management

Klarna's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to comply with regulatory capital requirements.

Regulatory requirements

Within the Group, Klarna Holding AB and its subsidiary, Klarna Bank AB, are subject to the regulatory capital requirements imposed by the SFSA. The regulatory capital framework requires Klarna to maintain a minimum level of capital to cover its operational, credit, and market risks. Klarna's regulatory capital is composed of Tier 1 and Tier 2 capital, which include common equity, retained earnings, and subordinated debt.

Capital adequacy

Klarna monitors its capital adequacy ratio and Internal Capital and Liquidity Adequacy Assessment Process ("ICLAAP") in accordance with the regulatory definition of these measures. As of December 31, 2025 and December 31, 2024, respectively, Klarna was in compliance with these requirements. More information regarding capital adequacy is disclosed in Note 38.

Capital structure

Klarna's capital structure is regularly reviewed by the board of directors. The review involves assessing the cost of capital and ensuring compliance with regulatory capital requirements. The key components of Klarna's capital structure include:

Equity: Common shares, additional paid-in capital, and retained earnings.

Debt: Debt obligations, including subordinated debt.

Risk descriptions

The Group categorizes the key risks it is exposed to in the sections below. These risk categories form the basis of how Klarna identifies, assesses, manages and monitors risk.

Credit risk

Definition

Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations or concentrations in exposure. To manage the Group's credit risk, cash and securities held are placed with financial institutions that management believes are of high credit quality, and the quality of the Group's lending is closely monitored through our underwriting process. Klarna makes real-time underwriting decisions for each transaction, leveraging its records, including the customer's history with Klarna and purchase behavior from active Klarna consumers, merchant data, credit reports and open banking data to understand the financial position of the consumer at that point in time. For further details on credit risk, refer to Note 2.

Risk Measurement and Exposure

Credit risk	**31 Dec 2025**	**31 Dec 2024**
Loan receivables, gross	115,590	106,446
Allowance for credit losses	(4,751)	(3,859)
Loan receivables, net carrying amount	**110,839**	**102,587**
of which: Loans to credit institutions	7,755	7,752
of which: Loans to the public	102,438	93,970
of which: Accrued income	646	865

See more information of stage allocation and movements in Loans to the public in Note 19.

Credit quality of debt securities	**31 Dec 2025**	**31 Dec 2024**
Treasury bills chargeable at central banks, etc., and bonds and other interest-bearing securities		
AAA	11,930	6,650
AA+	1,245	101
AA	555	–
AA-	4,288	782
Unrated bonds	100	–
Total	**18,119**	**7,533**

Market Risk

Definition

Market risk is the risk of movements in market prices impacting Klarna's earnings or capital position.

Risk Measurement and Exposure

Currency exposure[1]

The table below shows the net average currency exposure and the effects of a 10% change in foreign exchange rates on the exposure of the group as of the end of the period.

	EUR	**USD**	**GBP**	**Other**	**Total exposure**
December 31, 2025					
Net average currency exposure	107	216	53	121	**497**
Effect of 10% change	(11)	(22)	(5)	(12)	**(50)**
December 31, 2024					
Net average currency exposure	189	145	107	229	**670**
Effect of 10% change	(19)	(14)	(11)	(23)	**(67)**

Interest rate risk exposure[1]

As a bank, Klarna is required to monitor exposures toward interest rate risks using the Economic Value of Equity (EVE) approach according to the relevant EU regulations, EBA guidelines and SFSA methodologies. The EVE approach measures interest rate driven changes to the net present value of future cash flows generated by balance sheet items. The change to EVE is measured using various interest rate scenarios and including parallel shifts.

[1] The amounts are presented in SEKm.

The table below shows the change in the EVE after applying a parallel shift to the yield curve.

	SEK	EUR	USD	GBP	Other	Total Exposure
December 31, 2025						
-200 bps parallel shift in interest rates	94	(258)	115	58	9	**18**
+200 bps parallel shift in interest rates	(93)	242	(105)	(54)	(9)	**(19)**
December 31, 2024						
-200 bps parallel shift in interest rates	43	(376)	29	70	–	**(233)**
+200 bps parallel shift in interest rates	(42)	350	(26)	(65)	–	**217**

Liquidity Risk

Definition

The risk of the Group being unable to meet its financial obligations, as they fall due, or unable to fund its operational needs without incurring unacceptable costs.

Risk Measurement and Exposure

The Group complies with all liquidity regulatory requirements, including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and monitoring and management of Klarna's liquidity survival horizon.

Funding obligations

Below table summarizes the undiscounted contractual cash flows related to financial liabilities. Interest is included in the amounts disclosed to contractual maturity date.

Dec 31, 2025	Payable on demand	up to 3 months	>3 to 12 months	>1-5 years	>5 years	Total
Financial liabilities						
Liabilities to credit institutions	828	493	884	5,426	–	7,631
Deposits from the public	37,058	19,254	47,699	21,129	–	125,140
Debt securities in issue	–	753	1,366	1,815	–	3,934
Other liabilities	2,315	7,673	285	491	47	10,811
of which: relates to lease liabilities	–	*60*	*178*	*500*	*47*	*785*
Accrued expenses	3	2,732	479	160	8	3,382
Subordinated liabilities	–	–	–	–	1,691	1,691
Total	**40,204**	**30,905**	**50,713**	**29,021**	**1,746**	**152,589**

Dec 31, 2024	Payable on demand	up to 3 months	>3 to 12 months	>1-5 years	>5 years	Total
Financial liabilities						
Liabilities to credit institutions	–	524	951	–	–	1,475
Deposits from the public	28,527	22,137	35,950	23,256	–	109,870
Debt securities in issue	–	168	56	1,554	–	1,778
Other liabilities	–	9,749	316	740	98	10,903
of which: relates to lease liabilities	–	*66*	*185*	*677*	*98*	*1,026*
Accrued expenses	–	2,875	630	545	–	4,050
Subordinated liabilities	–	53	158	849	2,707	3,767
Total	**28,527**	**35,506**	**38,061**	**26,944**	**2,805**	**131,843**

The Group's commitments for loan funding are disclosed in Note 33.

Operational Risk

Definition

The risk of inadequate or failed processes, personnel, products or third parties.

Risk Measurement and Exposure

Risks are assessed by impact and likelihood that together generate a risk level. Impact is evaluated through; financial, operational, regulatory, reputational, internal and strategic aspects. The risk exposure is monitored frequently, and reported to Executive Management and the Board at least quarterly, in addition to the risk appetite escalation process.

ICT and Security Risk

Definition

The risk of failures or breaches in information or communication systems including system outages, software failures, data breaches, physical security breaches or cyber-attacks.

Risk Measurement and Exposure

Risks are assessed by impact and the likelihood that together generate the risk level. Impact is evaluated through: financial, operational, regulatory, reputational, internal and strategic aspects, as well as confidentiality, integrity and availability loss. The risk exposure is monitored frequently and reported to Executive Management and the Board at least quarterly in addition to the risk appetite escalation process.

Business Risk

Definition

The risk of suboptimal strategy selection or sustainability factors impacting the achievement of Klarna's business objectives or altering the long term valuation or viability of the business.

Risk Measurement and Exposure

New Business plans are developed and reviewed yearly. Achievement against the plan is reviewed monthly by the group management team, via detailed updates on key financial and business metrics.

Note 4 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 cash and liquidity management is based on the geographic location of the financial institution for which financial instruments have been purchased.

Group	Jan - Dec 2025	Jan - Dec 2024
United States	10,249	7,869
Germany	6,763	6,498
United Kingdom	3,734	3,245
Sweden	3,423	4,065
Other countries	5,499	4,759
Total net operating income less net result from financial transactions	**29,668**	**26,436**

2024 net operating income allocated to Sweden includes the recognized gain from sale of KCO of SEK 1,810m, see Note 39.

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 - Dec 2025	Jan - Dec 2024
Income from merchants and partners	18,953	17,944
Consumer income	3,888	3,633
Net interest income	5,160	2,851
Other income	1,667	2,008
Total net operating income less net result from financial transactions	**29,668**	**26,436**

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 SEK1,368m (SEK1,202m). 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.

Consumer service revenue

Consumer service revenue refers to revenue we earn from consumer fees, primarily consisting of certain administrative fees, including reminder fees of SEK 2,558 million and SEK 2,687 million in 2025 and 2024, respectively, and other administrative fees, such as fees for issuing one-time cards.

Consumer service revenue also includes subscription revenue of SEK 279 million and SEK 67 million in 2025 and 2024, respectively.

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 - Dec 2025	Jan - Dec 2024
Non-current assets		
Sweden	7,482	4,502
Germany	1,855	2,117
United Kingdom	1,930	1,843
United States	1,010	1,112
Other countries	3,376	3,665
Total non-current assets	**15,653**	**13,239**

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

Note 5 Interest income

	Jan - Dec 2025	Jan - Dec 2024
Loans to the public	7,813	5,629
Loans to credit institutions	835	1,201
Group companies	71	4
Other interest income	478	319
Total	**9,198**	**7,153**

Interest income includes interest earned when consumers choose to spread the cost of transactions over time through one of our interest-bearing financing products or to delay the cost of transactions with our payment flexibility features, such as “snooze.” We also recognize interest income related to incremental fees earned from certain merchants for providing interest-free promotional loans to their consumers. Interest income also includes interest from Loans to credit institutions. See Note 18.

Fair Financing includes interest income of SEK188 million attributable to Loans to the public originated and measured at fair value through OCI during 2025.

Note 6 Interest expenses

	Jan - Dec 2025	Jan - Dec 2024
Deposits from the public	(3,230)	(3,624)
Interest-bearing securities and chargeable treasury bills etc.	(187)	(199)
Liabilities to credit institutions	(293)	(182)
Debt securities issued	(109)	(70)
Subordinated liabilities	(183)	(180)
Other interest expenses	(37)	(47)
Total	**(4,038)**	**(4,302)**

Note 7 Leases

Klarna’s leases are primarily comprised of office facilities and IT office equipment with various expiration dates through December 2031. We have the option to renew or extend our leases, and certain agreements also provide the option to terminate with prior written notice. As of December 31, 2025 and

December 31, 2024, we have not included these provisions in determining the lease term, as it is not reasonably certain that these options will be exercised.

During 2025 and 2024, Klarna recognized impairment loss of SEK 110m and SEK 58m respectively, related to the early termination of certain lease agreements for office space. Refer to Note 22 for additional information regarding right-of-use assets.

The following table presents lease expenses and expenses for short-term and low-value leases recognized in 2025, and 2024:

	Jan - Dec 2025	Jan - Dec 2024
Depreciation of right-of-use assets	(147)	(174)
Impairments of right-of-use assets	(110)	(58)
Interest expense for lease liabilities	(23)	(30)
Total right-of-use lease cost	**(280)**	**(262)**
Expenses relating to short-term leases	(87)	(109)
Expenses relating to low-value assets	(2)	(5)
Income of sub-leasing right-of-use assets	9	6
Total short-term and low value leases	**(80)**	**(108)**

Note 8 Commission income

	Jan - Dec 2025	Jan - Dec 2024
Merchant	17,818	16,578
Consumer	3,609	3,566
Other	539	198
Total	**21,966**	**20,342**

Note 9 Commission expenses

	Jan - Dec 2025	Jan - Dec 2024
Commission to partners	(1,069)	(860)
Other commissions	(299)	(342)
Total	**(1,368)**	**(1,202)**

Note 10 Net result from financial transactions

	2025	2024
Realized and unrealized movements in exchange rates	(62)	(58)
Gain on sale of Loans to the public	682	–
Fair value adjustment on loans sold and held for sale	(1,573)	(315)
Gains from financial instruments	168	35
Losses from financial instruments	(698)	(460)
Realized and unrealized gains (losses) on shares held in listed and unlisted companies	(80)	25
Total	**(1,563)**	**(773)**

Gain on sale of loans to the public relates to disposal of Fair Financing receivables, of which SEK234 million was reclassified from other comprehensive income during 2025.

Fair value adjustment on loans sold and held for sale relates to Pay Later receivables sold to SPVs that were initially measured at FVTPL.

As of December 31, 2025, Klarna Bank AB (publ) had entered into derivatives with the gross nominal amount of SEK 76,369m (81,511m), see Note 24.

Note 11 Employees and personnel costs

Average number of full-time equivalents	2025		2024	
	Total	whereof women	Total	whereof women
Sweden	1,383	517	1,727	683
Germany	771	226	957	293
United States of America	212	117	292	162
United Kingdom	175	81	242	111
Italy	163	26	176	34
Spain	83	29	103	38
Netherlands	42	13	57	26
Poland	40	11	40	13
Denmark	31	12	33	12
France	26	9	26	12
Canada	15	6	27	8
Norway	15	8	19	10
Austria	10	5	11	6
Finland	10	4	12	6
Australia	9	4	14	7
Ireland	9	4	15	6
Portugal	9	3	8	2
Switzerland	6	3	3	2
Greece	5	2	4	1
Belgium	3	1	3	–
Czech Republic	2	–	1	–
Japan	2	–	2	–
Mexico	2	1	2	–
New Zealand	2	–	2	–
Romania	2	2	1	1
Singapore	1	–	–	–
Total	**3,028**	**1,084**	**3,778**	**1,434**

Salaries, other remuneration, social security and pension expenses	2025	2024
Salaries and other remuneration attributable to:		
Board and CEO	(605)	(282)
Other employees	(3,199)	(3,788)
Total salaries and other remuneration	**(3,804)**	**(4,070)**
Statutory and contractual social security expenses	(977)	(1,165)
of which: pension expenses	(236)	(260)
Total salaries, other remuneration, social security and pension expenses	**(4,781)**	**(5,235)**

Board members and senior management	31 Dec 2025		31 Dec 2024	
	Number at closing day	whereof women	Number at closing day	whereof women
Board members and Group CEO	3	33%	3	33%
Other members of group management team	9	22%	9	11%

Certain employees in senior management of Klarna Holding AB and its subsidiaries are employed by Klarna Group Holdco Ltd, the parent company of Klarna Holding AB. As the substance of the arrangement is that these persons constitute management also of Klarna Holding AB, their remuneration is included in this report as members of management although their remuneration is accounted for in other group companies.

2025 Salaries and other remuneration to the board and senior management	Cash based compensation		Equity based compensation		Other benefits	Pension expenses	Total
	Fixed	Variable	Fixed [1]	Variable			
David Fock	(12.0)	(1.9)	(26.8)	(39.8)	(0.2)	(1.4)	(82.1)
Camilla Giesecke	(12.0)	(0.6)	(26.8)	(39.8)	(0.5)	(1.4)	(81.1)
Sebastian Siemiatkowski	(32.0)	(3.0)	(186.0)	(219.0)	(0.7)	(1.4)	(442.1)
Other members of group management team (11)	(69.6)	(3.7)	(110.0)	(171.7)	(4.0)	(3.9)	(362.9)
Total	**(125.6)**	**(9.2)**	**(349.6)**	**(470.3)**	**(5.4)**	**(8.1)**	**(968.2)**

Equity compensation awarded to Mr. Siemiatkowski in 2025, as approved by the Remuneration and Nomination Committee, includes 17,505,672 Class C share options, vesting in equal annual installments over a four-year period. Two Class C share options entitle the recipient to either one ordinary share or two Class C shares, at Mr. Siemiatkowski's election. The weighted average exercise price, expressed as the equivalent of one ordinary share, is $91.8. Equity compensation awarded to other members of group management team included 8,834,736 of share options in the ultimate parent company, Klarna Group plc, vesting over a four year period with a weighted average exercise price of $104. These exercise prices represent a significant premium to the initial public offering price of $40.00 per ordinary share. Accordingly, as of the date of this report, these options are substantially out of the money and no value is realizable unless and until the ordinary share price exceeds the exercise price, at which point the interests of the board and the senior management team would be directly aligned with those of shareholders who have similarly benefited from such share price appreciation.

The equity compensation amounts reported in the Summary Remuneration Table above reflect the grant-date fair value of these awards as calculated in accordance with IFRS 2 and do not represent cash compensation paid to, or value currently received by, the board and senior management team.

Mr. Siemiatkowski's acquisition of Class C shares upon exercise of these options is subject to an annual limit of 1.5% of the number of issued and outstanding ordinary shares on the last day of the preceding fiscal year, and total voting rights attributable to all outstanding Class C shares may not at any time exceed 15% of total voting rights outstanding immediately prior to the Company's initial public offering.

On October 17, 2024, Klarna Holding AB (publ) restructured its board to reflect its internal subsidiary role within Klarna Group plc, the main holding company since May 2024. David Fock was appointed Chairperson, joining Camilla Giesecke and Sebastian Siemiatkowski.

[1] As part of the Group efforts to align compensation with global standards and peers, the Group introduced a new incentive scheme granting options to certain individual contributors, including employees, executive officers, and directors.

2024 Salaries and other remuneration to the board and senior management	Cash based compensation		Equity based compensation		Other benefits	Pension expenses	Total
	Fixed	Variable	Fixed	Variable			
Michael J. Moritz	–	–	–	–	–	–	–
Roger W. Ferguson, Jr.	(1.5)	–	–	(1.7)	–	–	(3.2)
Lise Kaae	–	–	–	–	–	–	–
Omid R. Kordestani	(1.6)	–	–	(1.5)	–	–	(3.1)
Andrew Reed	–	–	–	–	–	–	–
Sarah Smith	(2.1)	–	–	(1.6)	–	–	(3.7)
David Fock	(2.8)	(0.9)	(4.5)	(0.6)	–	(0.1)	(8.9)
Camilla Giesecke	(2.4)	–	(4.5)	(0.4)	–	(0.1)	(7.4)
Matthew Miller	–	–	–	–	–	–	–
Mikael Walther	–	–	–	–	–	–	–
Sebastian Siemiatkowski	(32.0)	(5.0)	(186.0)	(28.8)	(3.2)	(0.8)	(255.8)
Other members of group management team (11)	(92.9)	(8.1)	(145.9)	(146.5)	(4.7)	(10.1)	(408.2)
Total	**(135.3)**	**(14.0)**	**(340.9)**	**(181.1)**	**(7.9)**	**(11.1)**	**(690.3)**

Remuneration

The rules on remuneration are found in the Swedish Banking and Financing Act (2004:297) and the Swedish Financial Supervisory Authority's regulations (FFFS 2011:1 and FFFS 2020:30) regarding remuneration systems in credit institutions, securities companies and fund management companies licensed to conduct discretionary portfolio management (below "the remuneration rules").

In accordance with part eight of regulation (EU) No 575/2013, commonly referred to as the Capital Requirements Regulation (CRR), and the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2014:12) regarding the disclosure of information on capital adequacy and risk management (below "disclosure rules"), the Group shall at least annually in its annual report and on its website give information on its Remuneration Policy and remuneration systems.

The information below follows the provisions of the disclosure rules.

Remuneration program

The Group has a remuneration structure that recognizes the importance of well-balanced but differentiated remuneration structures, based on business and local market needs, as well as the importance of being consistent with and promoting sound and efficient risk management not encouraging excessive risk-taking and short-term profits or counteracting the Group's long term interests.

The aim with the remuneration structure is to both support the ability to attract and retain talents in every position as well as support equal and fair treatment, but also to ensure that remuneration in the Group is aligned with efficient risk management and compliant with existing regulations.

Remuneration, nomination and governance committee

The Board of Directors has established a remuneration, nomination and governance committee, which supports the board of directors in establishing and reviewing the compensation and benefits strategy and guidelines as well as in preparing the proposals to the annual general meeting of shareholders regarding the compensation of the members of the Group´s board of directors and the Group´s executive officers. The committee may submit proposals to the board of directors on other compensation-related matters. The remuneration, nomination and governance committee consists of three members.

Remuneration policy and risk analysis

The Board has adopted a Remuneration Policy that is designed to be compatible with and promote sound and effective risk management, avoid exaggerated risk-taking and be in line with the Group's long-term interests. The Remuneration Policy shall be revised when it is necessary, at least annually.

The Remuneration Policy, remuneration system and list of those staff members whose professional activities have a material impact on the Group's risk profile (Identified staff) are assessed annually. The assessment includes an analysis of all key risks the Group is or might be exposed to, including the risks associated with its Remuneration Policy and remuneration structure. In general, the Group's remuneration system involves low risk compared with large banks and other credit institutions with comprehensive trading and other businesses covered by the remuneration rules. The risk cycle in the Group's credit business is assessed to be short, which means that any risks materialize within a few months.

Remuneration structure

The Group applies the following general principles on remuneration:

- remuneration shall be set on an individual basis, based on experience, competence and performance
- remuneration shall not be discriminating
- remuneration shall be competitive, but not counterproductive to the Group's long term goals and ability to operate successfully throughout a full economic cycle.

The remuneration structure within the Group comprises fixed remuneration and variable remuneration. As stipulated in the remuneration rules, the Group ensures that the fixed and variable components are appropriately balanced by ensuring that the fixed remuneration represents a sufficiently large proportion of the employee's total remuneration allowing the Group the possibility to pay no variable remuneration. This means that the Group can decide that the variable remuneration, including deferred payment, can be canceled in part or in whole under certain circumstances, as described below.

Variable remuneration shall amount to a maximum 100% of an employee's total fixed remuneration for Identified staff and 200% of an employee's total fixed remuneration for other employees, unless otherwise decided by the Board of Directors in exceptional cases.

Variable remuneration should not only take into consideration the employee's and his/her team's result but preferably also the Group's total result as well as qualitative criteria such as the employee's compliance with internal rules. It should be based on results that are adjusted for current and future risks. The Group shall ensure that it is entitled to unilaterally decrease or withdraw all or parts of the variable remuneration if the criteria are not met or if the Group's financial situation deteriorates substantially.

If an Identified staff member receives variable remuneration exceeding the amount stipulated in the remuneration rules such remuneration would be subject to deferral and retention.

Executive Officer Agreements

The Group have entered into written employment agreements with each of the Group´s executive officers. These agreements generally provide for notice periods of 12 months (although some include a shorter notice period or no notice period) for termination of the agreement by Klarna or by the relevant executive officer, generally during which time the executive officer will continue to receive base salary and benefits. These agreements also contain customary provisions regarding non-competition, non-solicitation, non-disparagement, confidentiality of information and/or assignment of inventions. However, the non-competition and non-solicitation provisions may be unenforceable or otherwise limited under applicable law.

Remuneration to Group management team and Identified staff

Total remuneration awarded and paid to the group management team of 13 persons[1] (12) amounts to SEK 1294.7m (729.4m) and for Identified staff, 23 persons[1] (58), this sum amounts to SEK 74.5m (189.9m), which aggregates to SEK 1369.2m (919.2m). Variable remuneration accounts for SEK 815.2m (620.6m) of the group management team figure related to 13 (11) of its members and SEK 37.1m (90.4m) of the Identified staff figure, related to 23 (58) beneficiaries.

The tables below present both variable remuneration awarded and paid:

2025	Value of variable remuneration			Number of beneficiaries		
Type of variable remuneration	Group management team	Identified staff	Total	Group management team	Identified staff	Total
Paid as one off cash payments (relating to referral bonuses / gratuities / sales commission)	(9.2)	(0.1)	(9.3)	6	1	7
Paid in the form of shares, share-related instruments, financial instruments or non-cash benefits	(335.0)	(18.0)	(353.0)	13	21	36
Deferred remuneration awarded	(471.0)	(19.0)	(490.0)	11	16	27
Total	**(815.2)**	**(37.1)**	**(852.3)**	**13**	**23**	**36**

During 2025, eight employees have been remunerated more than EUR 1m (one between EUR 1m and EUR 1.5m, and seven over EUR 2.5m).

2024	Value of variable remuneration			Number of beneficiaries		
Type of variable remuneration	Group management team	Identified staff	Total	Group management team	Identified staff	Total
Paid as one off cash payments (relating to referral bonuses / gratuities / sales commission)	(11.5)	(1.4)	(12.9)	4	9	13
Paid in the form of shares, share-related instruments, financial instruments or non-cash benefits	(543.6)	(37.3)	(580.9)	11	58	69
Deferred remuneration awarded	(65.5)	(50.2)	(115.7)	11	50	61
Severance payments paid	—	(1.5)	(1.5)	—	2	2
Total	**(620.6)**	**(90.4)**	**(711.0)**	**11**	**58**	**69**

During 2024, eight employees have been remunerated more than EUR 1m (six between EUR 1m and EUR 1.5m, one between EUR 1.5m and EUR 2m, one between 2m and EUR 2.5m).

As at December 2025, total outstanding deferred remuneration[2] to the Group management team of 13 persons[3] (12) amounts to SEK 57.4m (314.1m) and for Identified staff, 21 persons (53), this sum amounts to SEK 25m (72.6m), which aggregates to SEK 82.4m (386.7m).

[1] The number within parentheses refers to the number of positions that have received salaries and remuneration during the year, and not necessarily to the number of individuals.
[2] There has been no risk adjustment reduction made to deferred remuneration awards during 2025 or 2024.
[3] The number within parentheses refers to the number of positions that have received salaries and remuneration during the year, and not necessarily to the number of individuals.

Note 12 Fees and reimbursement of expenses for auditors

	Jan - Dec 2025	Jan - Dec 2024
EY		
Audit engagement	(19)	(22)
Audit related services	(1)	(2)
Total	**(20)**	**(24)**

Note 13 Depreciation, amortization and impairment of intangible and tangible assets

	2025	2024
Amortization and depreciation		
Intangible assets	(768)	(1,166)
Tangible assets	(182)	(261)
Total	**(949)**	**(1,427)**
Impairment		
Intangible assets	(16)	(511)
Tangible assets	(167)	(58)
Total	**(183)**	**(569)**
Total depreciation, amortization and impairment of intangible and tangible assets	**(1,132)**	**(1,996)**

Note 14 Credit losses, net

Loan losses divided by class	Jan - Dec 2025	Jan - Dec 2024
Loans to credit institutions		
Increase in provisions	(4)	(49)
Assets repaid	5	53
Total	**1**	**4**
Loans to the public		
Realized loan losses, net of recoveries	(5,960)	(5,298)
Amounts written off	4,850	4,502
Increase in provisions	(16,484)	(14,754)
Assets repaid	9,725	10,109
Total	**(7,869)**	**(5,441)**
Financial guarantees and commitments		
Increase in provisions	(31)	(67)
Assets repaid	30	102
Total	**(1)**	**35**
Total credit losses, net	**(7,869)**	**(5,402)**

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 0.63% (FY24: 0.49%).

Note 15 Income taxes

Income tax (expense) benefit	2025	2024
Current tax		
Tax expense for the year	(286)	(197)
Adjustment of tax attributable to previous years	(13)	(6)
Total	**(299)**	**(202)**
Deferred tax		
Deferred tax	(554)	59
Total	**(554)**	**59**
Income tax (expense) benefit	**(853)**	**(143)**

Effective tax rate	2025	2024
Profit (loss) before tax	**(482)**	**416**
Income tax calculated in accordance with national tax rates applicable in each country	57	(91)
Non-taxable revenues	178	29
Non-deductible expenses	(613)	(391)
Taxable income not booked in profit or loss	(126)	(17)
Deductible expenses not booked in profit or loss	140	112
Unrecognized taxable losses	(504)	129
Effect of change in tax rate	9	17
Profit carried forward recognized this year	38	64
Adjustments of tax attributable to previous years	(33)	5
Tax (expense) benefit	**(853)**	**(143)**
Effective tax rate	**176.8%**	**(34.2)%**

Deferred taxes	2025	2024
Deferred tax asset	269	368
Deferred tax liability	(21)	(8)
Total	**248**	**360**
Comprising:		
Losses carried forward	172	609
Allowance for credit losses	107	210
Intangible assets	(221)	(625)
Other	190	166
Total	**248**	**360**

Deferred tax assets attributable to carryforward of unused tax losses or other deductible temporary differences are recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized.

During 2025, deferred tax assets and liabilities have been recognized resulting in a SEK (554)m (59m) tax benefit in the income statement. Deferred tax assets have been recognized where the recognition criteria are met, of which SEK 38m (64m) is in respect of tax losses. The gross deferred tax assets and liabilities have been set off on the balance sheet to the extent the requirements for netting are met.

Tax losses carried forward in the Group for which tax assets are not recognized in the balance sheet amount to SEK 19,579m (14,820m) gross. Other deductible temporary differences which have not been recognized amount to SEK 761m (1,458m) gross. Deferred tax assets have not been recognized in respect of these temporary differences as they have not been assessed as likely to offset taxable profits elsewhere in the Group under the IAS 12 recognition criteria.

The Group has applied the exception, mandated by an amendment to IAS 12, to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The following table illustrates in respect of what item, deferred tax assets have not been recognized:

Tax attributes not represented by a deferred tax asset - Jan - Dec 2025	Tax losses		Deductible temporary differences	
	Gross amount	Tax effect	Gross amount	Tax effect
Klarna Bank AB SE	17,175	3,538	614	127
Klarna Holding AB	9	2	–	–
Klarna MAS AB	53	11	–	–
Klarna Bank AB German Branch	2,073	630	142	43
Stocard GmbH	51	16	2	1
Klarna Commercial Consulting (Shanghai) Co., Ltd.	–	–	–	–
Klarna Japan KK	7	2	–	–
Klarna Australia Pty Ltd	187	56	–	–
Klarna New Zealand Limited	26	7	3	1
Unrecognized deferred tax assets as at December 31, 2025	**19,579**	**4,262**	**761**	**171**

Tax attributes not represented by a deferred tax asset - Jan - Dec 2024	Tax losses		Deductible temporary differences	
	Gross amount	Tax effect	Gross amount	Tax effect
Klarna Bank AB	12,766	2,630	405	84
Klarna Bank AB, German branch	1,527	464	–	–
Klarna Australia Pty Ltd.	327	98	–	–
PriceRunner International AB	53	11	–	–
Klarna Germany Holding GmbH	49	15	–	–
Klarna MAS AB	45	9	–	–
Klarna New Zealand Limited	35	10	–	–
Klarna Japan KK	13	4	–	–
Klarna Midco AB	4	1	–	–
Larkan AB	1	–	–	–
Klarna Holding AB	1	–	–	–
Klarna Inc.	–	–	1,052	268
Unrecognized deferred tax assets as at December 31, 2024	**14,820**	**3,242**	**1,458**	**351**

Note 16 Net result from categories of financial instruments

	2025	2024
Financial instruments mandatory measured at fair value through profit or loss	(592)	(1,610)
Financial assets measured at amortized cost	23,396	22,136
Financial liabilities measured at amortized cost	(5,500)	(5,575)
Currency exchange gain	(721)	842
Total	**16,583**	**15,793**

Note 17 Treasury bills chargeable at central banks, etc.

	31 Dec 2025	31 Dec 2024
Municipalities and other public bodies	12,565	4,302
Central banks	4,999	2,998
State and sovereigns	—	115
Total	**17,564**	**7,415**
By currency		
- in EUR	8,688	1,966
- in SEK	8,505	5,285
- in USD	371	164
Total	**17,564**	**7,415**

Note 18 Loans to credit institutions

	31 Dec 2025	31 Dec 2024
Loans to credit institutions	7,755	7,752
By currency		
- in USD	4,445	4,656
- in EUR	1,124	1,309
- in GBP	982	775
- in SEK	231	451
- in CHF	153	94
- in other currencies	820	467
Total	**7,755**	**7,752**

Note 19 Loans to the public

Loans to the public represent financial assets arising from the Company's payment and financing products, including amounts due from consumers and payment solution providers. These balances consist of outstanding principal, unamortized deferred origination costs, and accrued interest.

Loans to the public, except for those managed within a business model whose objective is to originate and sell or within a hold-to-collect-and-sell business model (see Note 37), are measured at amortized cost. Such receivables are initially recognized at fair value and subsequently measured at amortized cost less allowances for expected credit losses.

	31 Dec 2025	31 Dec 2024
Loans to the public	107,188	97,829
Allowance for credit losses	(4,750)	(3,859)
Total	**102,438**	**93,970**

Loans to the public of SEK 102.4b as at December 31, 2025 (94.0 as at December 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.

The below tables show month over month movements.

	Stage 1	Stage 2	Stage 3	POCI	Simplified approach	Total
Gross carrying amount as at January 1, 2024	**81,742**	**5,214**	**1,507**	**1**	**1,138**	**89,602**
New assets originated or purchased	1,273,155	1,720	194	1	27,412	1,302,482
Assets repaid	(1,243,142)	(18,290)	(2,561)	–	(26,272)	(1,290,265)
Transfers to stage 1	8,623	(8,447)	(176)	–	–	–
Transfers to stage 2	(32,413)	32,553	(140)	–	–	–
Transfers to stage 3	(206)	(8,280)	8,486	–	–	–
Amounts written off	(255)	(401)	(4,245)	(1)	(396)	(5,298)
Proceeds received from the sale of consumer receivables	(32)	(210)	(1,432)	–	–	(1,674)
Other adjustments1	3,323	179	76	(1)	(597)	2,981
Gross carrying amount as at December 31, 2024	**90,796**	**4,038**	**1,709**	**–**	**1,285**	**97,829**
New assets originated or purchased	1,344,365	1,636	295	–	14,947	1,361,243
Assets repaid[1]	(1,304,509)	(14,013)	(2,479)	–	(15,221)	(1,336,222)
Transfers to stage 1	6,277	(6,166)	(111)	–	–	–
Transfers to stage 2	(28,787)	28,945	(158)	–	–	–
Transfers to stage 3	(663)	(9,170)	9,833	–	–	–
Amounts written off	(584)	(516)	(6,399)	–	(107)	(7,606)
Other adjustments	(7,260)	(345)	(188)	–	(263)	(8,056)
Gross carrying amount as at December 31, 2025	**99,635**	**4,409**	**2,502**	**–**	**641**	**107,188**

[1] Assets repaid includes the sale of an existing portfolio of Fair Financing receivables within the period

	Stage 1	Stage 2	Stage 3	POCI	Simplified approach	Total
Allowance as at January 1, 2024	**(1,276)**	**(952)**	**(913)**	**—**	**(353)**	**(3,494)**
New assets originated or purchased	(5,861)	(272)	(158)	—	(5)	**(6,296)**
Assets repaid	6,500	1,820	1,717	—	72	**10,109**
Transfers to stage 1	(570)	460	110	—	—	**—**
Transfers to stage 2	1,877	(1,952)	75	—	—	**—**
Transfers to stage 3	20	4,251	(4,271)	—	—	**—**
Impact on ECL from change in credit risk	(2,277)	(4,427)	(1,507)	—	(246)	**(8,457)**
Amounts written off	44	215	3,861	—	382	**4,502**
Other adjustments	(62)	(64)	(56)	—	(39)	**(222)**
Allowance as at December 31, 2024	**(1,605)**	**(921)**	**(1,142)**	**—**	**(189)**	**(3,858)**
New assets originated or purchased	(6,833)	(378)	(179)	—	(58)	**(7,448)**
Assets repaid	6,683	1,868	1,643	—	46	**10,240**
Transfers to stage 1	(558)	479	79	—	—	**—**
Transfers to stage 2	2,709	(2,798)	89	—	—	**—**
Transfers to stage 3	25	5,124	(5,149)	—	—	**—**
Impact on ECL from change in credit risk	(2,511)	(4,662)	(1,620)	—	(127)	**(8,920)**
Changes to models and inputs used for ECL calculations	(4)	(96)	(16)	—	—	**(116)**
Amounts written off	75	238	4,438	—	99	**4,850**
Other adjustments	184	142	157	—	19	**502**
Allowance as at December 31, 2025	**(1,835)**	**(1,004)**	**(1,700)**	**—**	**(210)**	**(4,750)**

Note 20 Bonds and other interest-bearing securities

	31 Dec 2025	31 Dec 2024
Issued by other borrowers	554	118
Total	**554**	**118**
- in EUR	538	—
- in GBP	16	17
- in SEK	—	101

Note 21 Intangible assets

	Goodwill	Trademarks, tradenames & Licenses	Capitalized development costs	Other intangible assets	Total
Purchase value					
January 1, 2024	**6,831**	**1,282**	**4,701**	**3,142**	**15,956**
Additions	—	—	462	5	467
Sales/disposals	(215)	(5)	(225)	(57)	(502)
Currency translation difference	282	4	28	78	392
December 31, 2024	**6,898**	**1,281**	**4,966**	**3,168**	**16,313**
Additions	—	—	268	4	272
Sales/disposals	(333)	(1,085)	(797)	(1,705)	(3,920)
Reclassification	—	—	—	(1)	(1)
Currency translation difference	(471)	(7)	(30)	(141)	(649)
December 31, 2025	**6,094**	**189**	**4,407**	**1,325**	**12,015**
Amortization					
January 1, 2024	**—**	**(206)**	**(2,268)**	**(953)**	**(3,427)**
Amortization for the year	—	(143)	(746)	(277)	(1,166)
Sales/disposals	—	5	102	31	138
Currency translation difference	—	(1)	(17)	(51)	(69)
December 31, 2024	**—**	**(345)**	**(2,929)**	**(1,250)**	**(4,524)**
Amortization for the year	—	(36)	(626)	(106)	(768)
Sales/disposals	—	276	546	291	1,113
Currency translation difference	—	2	23	105	130
December 31, 2025	**—**	**(103)**	**(2,986)**	**(960)**	**(4,049)**
Impairment					
January 1, 2024	**(130)**	**(83)**	**(256)**	**(10)**	**(479)**
Impairment for the year	(4)	—	(370)	(137)	(511)
Sales/disposals	4	—	114	11	129
Currency translation difference	(10)	(3)	(7)	(5)	(25)
December 31, 2024	**(140)**	**(86)**	**(519)**	**(141)**	**(886)**
Impairment for the year	—	—	(16)	—	(16)
Reclassifications	—	—	14	(14)	—
Currency translation difference	22	6	4	21	53
December 31, 2025	**(118)**	**(80)**	**(517)**	**(134)**	**(849)**
Carrying amount as at December 31, 2024	**6,758**	**850**	**1,518**	**1,777**	**10,903**
Carrying amount as at December 31, 2025	**5,976**	**6**	**904**	**231**	**7,117**

Impairment testing of Goodwill and Intangible assets

The Group conducted its annual goodwill impairment test as of October 1, 2025. No impairment losses were identified, as the recoverable amount, measured as value in use, exceeded the carrying amount.

The impairment test is performed at the operating segment level, which is the lowest level at which goodwill is monitored and assessed for internal management purposes, by comparing the carrying amount of the net assets, including goodwill, with the recoverable amount.

In 2025 and 2024, the Group assessed impairment by calculating value in use, based on estimated future financials from the operating segment. The Group uses a two-year forecast based on its business plan which is extrapolated out to a five-year timeframe. Cash flows beyond the five-year period are determined using an estimated terminal growth rate of 3.5% . Key assumptions and inputs include discount rate, growth rate and profitability. The discount rate used in 2025 and 2024 was 11.2% and 12.5%, respectively.

On October 1, 2024, the Group completed the divestment of its Klarna Checkout (“KCO”) operation to a consortium of investors, to which goodwill of SEK 211m was allocated using a relative value approach. See Note 39.

Note 22 Tangible assets

	Leasehold improvements	Equipment	Right-of-use assets	Total
Purchase value				
January 1, 2024	**152**	**606**	**2,269**	**3,027**
Additions	—	10	—	10
Sales/disposals	(11)	(39)	(332)	(382)
Revaluations	—	—	(14)	(14)
Currency translation difference	6	10	52	68
December 31, 2024	**147**	**587**	**1,975**	**2,709**
Additions	—	30	—	30
Sales/disposals	—	(22)	(65)	(87)
Revaluations	—	(2)	(31)	(33)
Currency translation difference	(9)	(15)	(39)	(63)
December 31, 2025	**138**	**578**	**1,840**	**2,556**
Depreciation				
January 1, 2024	**(96)**	**(395)**	**(959)**	**(1,450)**
Depreciation for the year	(9)	(79)	(173)	(261)
Sales/disposals	11	37	289	337
Currency translation difference	(4)	(8)	(13)	(25)
December 31, 2024	**(98)**	**(445)**	**(856)**	**(1,399)**
Depreciation for the year	(5)	(30)	(147)	(182)
Sales/disposals	—	10	65	75
Currency translation difference	6	14	15	35
December 31, 2025	**(97)**	**(451)**	**(923)**	**(1,471)**
Impairment				
January 1, 2024	**(2)**	**(40)**	**(307)**	**(349)**
Impairment for the year	—	—	(58)	(58)
Sales/disposals	—	—	29	29
Currency translation difference	—	(1)	5	*4*
December 31, 2024	**(2)**	**(41)**	**(331)**	**(374)**
Impairment for the year	(34)	(23)	(110)	(167)
Reclassifications	(3)	3	—	—
Currency translation difference	1	1	3	5
December 31, 2025	**(38)**	**(60)**	**(438)**	**(536)**
Carrying amount as at December 31, 2024	**47**	**101**	**788**	**936**
Carrying amount as at December 31, 2025	**3**	**67**	**479**	**549**

Note 23 Other assets

	31 Dec 2025	31 Dec 2024
Receivables to group companies	112	5
Current tax assets	165	242
VAT receivables	371	405
Derivatives	197	113
Commercial agreement assets	1,513	760
Deposits	46	47
Other receivables	796	234
Total	**3,200**	**1,806**

During 2025, the ultimate parent, Klarna Group plc granted warrants to certain partners in relation to the commercial agreements, where Klarna Holding AB, or its subsidiaries receive services in exchange, of which we recognized SEK 786 million under commercial assets related to the fair market value of the service to be amortized over the period of the agreement over which the related services are expected to be received. As of December 31, 2025, SEK 694 million of this balance was outstanding under commercial agreement assets.

For more information on derivatives, see Note 24.

Note 24 Derivatives

The Group enters into derivative financial instruments to manage its interest rate and foreign exchange risk. Derivative instruments are initially and subsequently measured at fair value with changes to fair value recognized immediately within net result from financial transactions in the consolidated statement income statement. When the fair value of derivative instruments is positive, they are carried as assets and carried as liabilities when their fair value is negative.

31 Dec 2025

	Fair value		Nominal amount
Derivatives designated in a hedged relationship	**Positive**	**Negative**	
Interest rate swaps	14	(8)	26,541
Total	**14**	**(8)**	**26,541**

	Fair value		Nominal amount
Derivatives not designated in a hedged relationship	**Positive**	**Negative**	
Currency forwards	182	(109)	49,828
Total	**182**	**(109)**	**49,828**

31 Dec 2024

	Fair value		Nominal amount
Derivatives designated in a hedged relationship	**Positive**	**Negative**	
Interest rate swaps	47	(15)	41,954
Total	**47**	**(15)**	**41,954**

	Fair value		Nominal amount
Derivatives not designated in a hedged relationship	**Positive**	**Negative**	
Currency forwards	65	(660)	39,557
Total	**65**	**(660)**	**39,557**

Foreign exchange derivatives

Foreign exchange derivatives are not designated in a hedge accounting relationship and had contractual maturities within six months of December 31, 2025 and four months of December 31, 2024, respectively.

Derivatives designated in a hedge relationship

Fair value hedges

The Group holds short and medium term deposits from the public which are subject to changes in fair value due to fluctuations in the underlying interest rate benchmark, which is typically the most significant component of the overall fair value change. These short and medium term deposits are the hedged item. The Group uses interest rate swaps as the hedging instrument to reduce the impact of fair value changes in the hedged item due to changes in the underlying interest rate benchmark.

For hedges of interest rate risk, ineffectiveness arises due to mismatches of critical terms and / or the use of different curves to discount the hedged item and instrument, for example, a mismatch between the reset frequency of the swap and the benchmark frequency.

Fair value hedges: Hedging instrument and ineffectiveness	Nominal amount	Carrying amount		Change in fair value used to calculate hedge ineffectiveness	Ineffectiveness recognized in Net result from financial transactions
		Positive	Negative		
31 Dec 2025					
Interest rate risk	26,541	14	(8)	75	53
Total	**26,541**	**14**	**(8)**	**75**	**53**
31 Dec 2024					
Interest rate risk	41,954	47	(15)	(53)	(4)
Total	**41,954**	**47**	**(15)**	**(53)**	**(4)**

Fair value hedges: Designated hedged item	31 Dec 2025	31 Dec 2024
Deposits from the public	26,541	41,954
Of which: the accumulated amount of fair value adjustment	*(5)*	*65*

Fair value hedges: Profile of the timing of the nominal amount of the hedge instrument	Maturity 2025			Maturity 2024		
	Within 3 months	> 3 months and < 12 months	> 12 months	Within 3 months	> 3 months and < 12 months	> 12 months
Interest rate risk	8,268	14,333	3,939	9,183	22,053	10,717
Average fixed interest rate	2.2%	1.9%	1.9%	3.5%	2.8%	2.2%

Note 25 Prepaid expenses and accrued income

	31 Dec 2025	31 Dec 2024
Accrued transaction-related income	310	507
Accrued interest to group companies	69	2
Prepaid licenses	137	112
Other accrued income	268	355
Prepaid marketing	22	23
Other prepaid expenses	236	170
Total	**1,042**	**1,169**

Note 26 Liabilities to credit institutions

	31 Dec 2025	31 Dec 2024
Liabilities to credit institutions	6,930	1,452
By currency		
- in EUR	5,475	–
- in NOK	873	928
- in USD	540	524
- in SEK	42	–
Total	**6,930**	**1,452**

During 2025 Klarna entered into warehouse financing facility where the SPV issued credit-linked notes ("CLNs") of SEK5.4 billion, to Klarna, see Note 37 for more details.

For maturity analysis of financial liabilities, see Note 3 .

Note 27 Deposits from the public

	31 Dec 2025	31 Dec 2024
Deposits from the public	**121,797**	**106,787**
of which: fair value adjustment for hedged risk	(5)	65
By currency		
- in EUR	115,017	97,071
- in SEK	6,081	8,604
- in USD	233	426
- in other currencies	465	686
Total	**121,797**	**106,787**

For maturity analysis of financial liabilities, see Note 3.

Note 28 Debt securities issued

	Jan - Dec 2025	Jan - Dec 2024
Senior unsecured bonds	3,000	1,499
Commercial papers	772	149
Total	**3,772**	**1,648**

During 2024, a total of SEK 364m of notes matured and SEK 84m were repurchased from loans issued under the Medium Term Notes program. In 2024, an aggregate of SEK 8m of notes issued under the program were repurchased.

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 34.

Note 29 Other liabilities

	31 Dec 2025	31 Dec 2024
Merchant liabilities	6,778	7,676
Liabilities to group companies	1,044	33
Lease liabilities	739	957
Commercial agreement liabilities	371	341
Accounts payable	350	366
Derivatives	117	675
Current tax liabilities	116	123
Personnel related taxes	114	177
Other liabilities	1,825	977
Total	**11,454**	**11,325**

For more information on derivatives, see Note 24. For more information on leases, see Note 7. For maturity analysis for financial liabilities, see Note 3.

Note 30 Accrued expenses and prepaid income

	31 Dec 2025	31 Dec 2024
Accrued interest costs	1,277	1,338
Other accrued expenses and prepaid income	859	711
Accrued outsourced and IT costs	348	342
Accrued personal and consultant related costs	339	498
Accrued commission costs	329	308
Accrued marketing costs	126	198
Other accrued expenses group companies	—	117
Accrued expenses for fines	—	500
Accrued scoring and distribution costs	144	111
Total	**3,422**	**4,123**

For maturity analysis for financial liabilities, see Note 3.

Note 31 Provisions

The Group recognizes provisions for present obligations arising from past events when payment of the obligations is probable and can be reliably estimated. Provisions primarily consist of consumer refund commitment, and pending legal and tax litigation. Changes in provisions were immaterial in 2025 and 2024.

Klarna offers a Buyer Protection Policy, pursuant to which the Group reimburses consumers in certain circumstances, including where a merchant does not adequately resolve a purchase return for purchases made using a Klarna payment method. The Group recognizes a provision for the expected unrecovered portion of such reimbursements. The total gross transaction value covered by the Buyer Protection Policy as at December 31, 2025 and 2024 was SEK 8,186m and 8,574m, respectively, which, while not representing a liability, contingent liability, or commitment, represents the underlying exposure used in measuring the related provision.

	Pensions and other post-employment obligations	Pending legal issues and tax litigations	Other provisions	Total
Provisions as at January 1, 2024	**13**	**7**	**1**	**21**
New provisions	6	1	–	7
Amounts used	(2)	(8)	–	(10)
Provisions as at December 31, 2024	**17**	**–**	**1**	**18**
New provisions	–	–	–	**–**
Amounts used	(1)	–	–	**(1)**
Provisions as at December 31, 2025	**16**	**–**	**1**	**17**

Provisions for financial guarantees and commitments	Pensions and other post-employment obligations Stage 1	Pending legal issues and tax litigations Stage 2	Other provisions Stage 3	Total
Provisions as at January 1, 2024	**102**	**5**	**–**	**107**
New provisions	61	3	3	67
Reversed provisions	(44)	(3)	(3)	(50)
Transfers to stage 1	4	(3)	(1)	–
Transfers to stage 2	–	–	–	–
Transfers to stage 3	–	–	–	–
Impact on year end ECL from change in credit risk	(51)	(1)	1	(51)
Divestitures	(26)	–	–	(26)
Other adjustments	1	–	–	1
Provisions as at December 31, 2024	**47**	**1**	**–**	**48**
New provisions	86	3	1	89
Reversed provisions	(32)	(2)	(2)	(36)
Transfers to stage 1	–	–	–	–
Transfers to stage 2	–	–	–	–
Transfers to stage 3	–	–	–	–
Impact on year end ECL from change in credit risk	2	1	1	4
Provisions as at December 31, 2025	**103**	**3**	**–**	**105**

Note 32 Subordinated liabilities

	31 Dec 2025	31 Dec 2024
Subordinated note, nominal value	1,671	1,853
Transaction expenses	29	(10)
Accrued interest	(9)	37
Total	**1,691**	**1,880**

Subordinated liabilities consist of Tier 2 securities ("Tier 2 Notes" or "Subordinated liabilities") which are floating rate subordinated securities with a fixed redemption date. The securities rank senior in right of payment to any liabilities or capital instruments of the issuer which constitute CET1 capital or Additional Tier 1 capital and junior in right of payment to all of depositors, any unsubordinated creditors or any subordinated creditors of the issuer whose rights are expressed to rank in priority to the noteholders by statute or regulation. The securities rank pari passu with any liabilities or capital instruments of the issuer which constitute Tier 2 capital and any other liabilities or capital instruments that rank, or are expressed to rank, equally with the securities. As of December 31, 2025, all outstanding Tier 2 securities were issued by Klarna Holding AB.

The Tier 2 Notes bear a variable rate of interest consisting of a reference rate plus a margin ranging from 7.0% to 7.5% until the redemption date. Interest on the securities is due and payable on a quarterly basis. The securities are redeemable by the Company at any time during the initial call period, which is the fifth anniversary from the initiation issue date, or at any interest payment date falling after the initial call period, subject to permission from the SFSA. The Company is required to redeem all outstanding Tier 2 Notes on the final redemption date, as specified in the terms of the applicable agreement.

The Tier 2 Notes were determined to be liability classified under IAS 32 "Financial Instruments: Presentation" and are initially recorded at fair value based upon proceeds received, net of issuance costs and subsequently accounted for at amortized cost with interest expense recognized within interest expense in the consolidated income statement

On April 19, 2024, Klarna Holding AB (publ) issued USD 100m of subordinated notes due 2034. The notes have a floating coupon rate corresponding to SOFR 3M plus 7% per annum. The interest is paid on a quarterly basis. The notes were issued as a private placement and has a first call date of August 16, 2028.

For maturity analysis of financial liabilities, see Note 3.

Note 33 Pledged assets and contingent liabilities

Pledged assets

The Group pledges certain assets to be used as collateral to secure specific financial obligations. The pledged assets include certain consumer receivables, other receivables, treasury bills and other interest-bearing securities. These assets are subject to claims by creditors in the event of default on the associated liabilities. The following table provides details of the Group's pledged assets.

Assets pledged for own liabilities consists of consumer receivables which have been used to secure the borrowings under the warehouse financing facility.

	31 Dec 2025	31 Dec 2024
Pledged assets		
Assets pledged for own liabilities		
Pledged Loans to the Public	21,351	
Pledged treasury bills chargeable at central banks, etc., and pledged bonds and other interest-bearing securities	16	17
Other pledged assets	122	36
Total	**21,490**	**53**
Commitments		
Commitments		
Commitments for loan funding	36,485	18,256
Total	**36,485**	**18,256**

Commitment to fund loans as at December 31, 2025 amounted to SEK 36,485m (18,256m). The Group's commitments for loan funding increased in 2025 compared with 2024, reflecting continued growth in the Norwegian market. In Norway, regulation requires the Group to set and communicate an individual credit limit to each customer. The undrawn portion of the approved limit constitutes a loan commitment.

The Company's commitments were primarily classified as Stage 1 with immaterial impacts to provisions as of December 31, 2025 and 2024. Refer to Note 31 for further details on the Company's provisions.

Note 34 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 December 31, 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 December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
Equity investments	–	–	76	76
Derivatives	–	197	–	197
Loans to the public at fair value through P&L	–	–	3,685	3,685
Loans to the public at fair value through OCI	–	–	3,553	3,553
Assets Total	**–**	**197**	**7,314**	**7,511**
Liabilities				
Derivatives	–	117	–	117
Liabilities Total	**–**	**117**	**–**	**117**

Group December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Equity investments	—	—	172	172
Derivatives	—	112	—	112
Loans to the public at fair value through P&L	—	—	24	24
Assets Total	**—**	**112**	**196**	**308**
Liabilities				
Derivatives	—	675	—	675
Liabilities 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.

Equity investments

Equity investments comprise investments in listed and unlisted companies. Equity investments fair value is based on quoted market prices where available or valuation techniques using unobservable data. Level 3 equity investments represented investment in unlisted shares for which limited information was available. For these unlisted shares, the fair value is generally estimated using business enterprise values based on market transactions or by applying market multiples to the projected financial performance of the investments. The significant inputs to estimate fair value include the identification of peer groups, discount rates and revenue projections.

Loans to the public at fair value through profit and loss or at fair value through other comprehensive income

Loans to the public at fair value through profit and loss refers to specified pools of eligible loans to the public receivables which are managed within a business model whose objective is to originate and sell, as part of the Company's forward flow transaction. See Note 37.

Loans to the public at fair value through other comprehensive income refers to specified pools of eligible loans to the public receivables which are managed within a hold-to-collect-and-sell business model, under which cash flows are realized through both the collection of contractual principal and interest and the sale of receivables, as part of the Company's forward flow transaction. See Note 37.

Fair value is determined using a discounted cash flow methodology that projects expected contractual cash flows over the remaining life of the instruments. Expected cash flows are adjusted for significant unobservable inputs, including a weighted-average lifetime probability of default, conditional loss given default, and prepayment rates reflecting an average modeled probability, based on portfolio-level assumptions applied at the reporting date. The adjusted cash flows are discounted using observable zero-coupon rates, plus a portfolio-specific credit spread applied as a constant margin over the risk-free curve. The probability of default, loss given default, prepayment assumptions and discount margin represent significant unobservable inputs, and accordingly the fair value measurements are classified within Level 3 of the fair value hierarchy.

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	Equity investments	Financial assets Loans to the public at fair value through P&L	Loans to the public at fair value through OCI
Balance as at Jan 1, 2024	**265**	**–**	**–**
Gain/loss in income statement	(113)	(315)	–
of which: unrealized gain/loss	–	–	–
of which: realized gain/loss	*(113)*	*(315)*	–
Receivables originated as held for sale	–	34,473	–
Receivables 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	(63)	(1,573)	342
of which: unrealized gain/loss	(63)	–	108
of which: realized gain/loss	–	(1,573)	234
Receivables originated as held for sale	–	158,821	10,661
Receivables sold to third parties	–	(153,588)	(4,325)
Settlements	–		(3,091)
Impact of foreign exchange movements	(33)	–	(33)
Balance as at December 31, 2025[1]	**76**	**3,685**	**3,553**

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 December 31, 2025	Carrying amount	Level 1	Level 2	Level 3	Fair value
Assets					
Treasury bills chargeable at central banks, etc.	17,564	17,571	–	–	17,571
Bonds and other interest-bearing securities	554	552	–	–	552
Assets Total	**18,119**	**18,123**	**–**	**–**	**18,123**
Liabilities					
Deposits from the public	121,797	–	121,411	–	121,411
Debt securities in issue	3,772	–	3,793	–	3,793
Subordinated liabilities	1,691	–	1,896	–	1,896
Liabilities Total	**127,260**	**–**	**127,100**	**–**	**127,100**

[1] For information on the gain (loss) on the sale of loans to the public see note 37

Group December 31, 2024	Carrying amount	Level 1	Level 2	Level 3	Fair value
Assets					
Treasury bills chargeable at central banks, etc.	7,415	7,365	—	—	7,365
Bonds and other interest-bearing securities	118	117	—	—	117
Assets 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
Liabilities 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 35 Share-based payments

This note provides an overview of the various share-based payment costs during the periods and additional information on the different equity-based programs.

In certain jurisdictions, Klarna Group award restricted share units, share warrants, and share options to certain individual contributors, including employees as well as executive officers and directors. Such awards have been issued by both the ultimate parent, Klarna Group plc, Klarna Holding AB and certain other entities (Klarna Midco AB, Larkan Holding AB, Larkan Holding AB, and Larkan III AB through to Larkan XI AB, collectively, the “Incentive vehicles”) within the ultimate Klarna Group.

During the first quarter 2025, Klarna completed a legal entity restructuring pursuant to which the incentive vehicles were transferred from the consolidated group of Klarna Holding AB to the ultimate parent company, Klarna Group plc. As a result of this restructuring, Klarna Holding AB ceased to control the incentive vehicles and the related share-based payment awards program, from the date of transfer, and such entities are no longer included in the consolidated financial statements of Klarna Holding AB from the date of transfer.

Notwithstanding the above, certain employees of Klarna Holding AB and its subsidiaries continue to participate in these share-based payment arrangements. Where equity instruments of Klarna Group plc, or other group entities outside the consolidated group of Klarna Holding AB, are granted to employees of Klarna Holding AB or its subsidiaries, Klarna Holding AB recognizes the expense for services received as an equity-settled share-based payment transaction in its consolidated financial statements.

The increase in share-based payment costs in 2025 compared to prior periods principally reflects the establishment of the Company's equity compensation programs at the Klarna Group plc level in connection with the Company's initial public offering, and the grant of share warrants to partners in exchange for consumer acquisition services. The expense recognized during the year is based on grant-date fair values and fair value of services received, in accordance with IFRS 2, for awards that are

subject to multi-year vesting schedules and exercise prices that may significantly exceed the current share price.

The following table presents share-based payment costs, inclusive of social security charges, recognized in 2025 and 2024 in the consolidated statements of profit or loss:

	2025	2024
Employee restricted stock unit program	(676)	(411)
Business acquisition related awards	–	(13)
Share warrants and stock options	(760)	(439)
Direct share issuance	(73)	(52)
Share-based payment costs	**(1,509)**	**(916)**
Less: amounts recognized as reduction of commission income	10	14
Share-based payment expense	**(1,499)**	**(901)**

The table below includes additional details regarding RSUs, share warrants and options, issued by Klarna Group plc, and is inclusive, but is not limited to, of awards employees in Klarna Holding AB and it's consolidated subsidiaries, as of, and for the year ended, December 31, 2025.

The increase in instruments outstanding during 2025 reflects the establishment of the Company's post-IPO equity incentive framework, including the Omnibus Incentive Plan, the Klarna Group plc RSU Program, and the C Share Awards Plan. The Class C share options column relates exclusively to awards granted to Mr. Siemiatkowski.:

	Klarna Group plc RSU program		Share warrants and options issued by Klarna Group plc		Share options to acquire C Class shares issued by Klarna Group plc	
	Number	Weighted average fair value at grant	Number	Weighted average exercise price[1]	Number[2]	Weighted average exercise price
December 31, 2023	**–**	**$ –**	**–**	**$ –**	**–**	**$ –**
Granted during the year	–	–	6,100,140	46.0	–	–
Exercised during the year	–	–	–	–	–	–
Forfeited during the year	–	–	–	–	–	–
December 31, 2024	**–**	**$ –**	**6,100,140**	**$ 46.0**	**–**	**$ –**
Granted during the year	1,026,951	34.2	24,909,751	57.0	17,505,672	45.9
Exercised during the year	–	–	-2,400,000	–	–	–
Amended during the year[3]	–	–	-1,477,164	38.2	2,941,236	19.1
Forfeited during the year	(28,044)	34.0	–	–	–	–
December 31, 2025	**998,907**	**$ 34.2**	**27,132,727**	**$ 60.6**	**20,446,908**	**$ 42.0**

[1] Due to intention of shares to be exchanged, for illustrative purposes, the weighted average is presented in USD as disclosed in Klarna Group plc's financial statement

[2] Two Class C share options entitle the recipient to acquire, at the recipient's election, either one ordinary share or two Class C shares on exercise. Weighted average exercise prices for Class C share options are expressed per Class C share; the equivalent exercise price expressed per ordinary share is double the figures shown. All Class C share options outstanding as of December 31, 2025 were granted exclusively to Mr. Siemiatkowski under the C Share Awards Plan.

[3] In 2025, the terms of 1,477,164 share options originally granted to Mr. Siemiatkowski in the fourth quarter of 2024 were amended to allow such options to be exercised into 2,941,236 Class C shares (or 1,470,618 ordinary shares), reflecting the conversion ratio under which two Class C share options correspond to one ordinary share. The amendment did not reduce the exercise price of the underlying award; the weighted average exercise price of $19.1 per Class C share shown above is equivalent to $38.2 per ordinary share, consistent with the original grant terms. The modification did not result in an incremental share-based payment charge.

The table below includes additional details regarding RSUs and share warrants, issued by a subsidiary of Klarna Group plc, and is inclusive, but is not limited to, of awards employees in Klarna Holding AB and it's consolidated subsidiaries, as of, and for the year ended, December 31, 2025:

	Legacy RSU program		Share warrants issued by a subsidiary of Klarna Group plc	
	Number	Weighted average fair value at grant[1]	Number	Weighted average exercise price[2]
December 31, 2023	**10,208,104**	**$ 4.9**	**2,552,243**	**$ 538.0**
Granted during the year	22,659,832	4.4	360,590	515
Released during the year	(3,164,977)	5.3	—	—
Exercised during the year	—	—	(126,580)	162
Forfeited during the year	(3,291,313)	4.7	-278,719	505.0
December 31, 2024	**26,411,646**	**$ 4.5**	**2,507,534**	**$ 543.0**
Granted during the year	123,335	10.1	—	—
Released during the year	(8,225,629)	5.3	—	—
Exercised during the year	—	—	(90,000)	231.0
Repurchased during the year	—	—	(105,646)	441.0
Amended during the year	—	—	—	—
Forfeited during the year	(3,712,137)	5.0	(84,367)	631.0
December 31, 2025	**14,597,215**	**$ 5.1**	**2,227,521**	**$ 605.0**
Equivalent of Klarna Group plc Shares	**3,649,304**	**$ 20.4**	**26,730,252**	**$ 50.4**

Employee Restricted Share Unit Programs

The Group operates two Restricted Share Unit programs: the Legacy RSU Program and Klarna Group plc RSU Program.

The Legacy RSU Program was implemented in 2020. It is available to certain employees as well as certain third-party contributors. Each participant is granted a set number of Legacy RSUs on the grant date, which generally vest over a four years graded vesting schedule, with 25% of the total shares vesting each year. Upon vesting, one Legacy RSU entitles the holder to receive one share in a subsidiary, reflected as non-controlling interest in the consolidated financial statements. If the participant leaves Klarna, unvested RSUs are forfeited. It is intended that at a future date shareholders will have the opportunity to exchange their subsidiary company shares for Klarna Group plc shares. The number of Klarna Group plc shares to be exchanged is dependent upon the value of Klarna Group at the time of the exchange. If an exchange between subsidiary share and Klarna Group plc share would have taken place as at the end of 2025, 2024 and 2023, the exchange yield would have been 0.25, 0.25 and 0.24 shares of Klarna Group plc share for one subsidiary share, respectively.

The number of equivalent Klarna Group plc shares is presented as if the Legacy RSUs program issued by a subsidiary of Klarna Group plc had been exchanged into Klarna Group plc ordinary shares as of the reporting date. If exchanged, the number of shares exchanged is dependent on the value of Klarna Group plc at the time of exchange.

In 2025, a new RSU Program (the “Klarna Group plc RSUs”) was established as a separate share-based payment program. Each participant is granted a set number of Klarna Group RSUs on the grant date,

[1] Due to intention of shares to be exchanged, for illustrative purposes, the FV at grant is presented in USD as disclosed in Klarna Group plc's financial statement

[2] Due to intention of shares to be exchanged, for illustrative purposes, the weighted average exercise price presented in USD as disclosed in Klarna Group plc's financial statement

which generally vest over a four-year staggered vesting schedule, with 25% of the total shares vesting each year. Upon vesting, one Klarna Group plc RSU entitles the holder to receive one ordinary share in Klarna Group plc. If the participant leaves Klarna, unvested RSUs are forfeited.

The number of shares distributed to employees under both the Legacy RSU Program and the Klarna Group plc RSU Program is approved by the board of directors of Klarna, and accounted for as equity-settled share-based payments. The share-based compensation expense is based on the grant-date fair value of the awards and recognized over the vesting period, in line with the graded vesting method. The fair value of both RSU Programs is determined with reference to the Klarna Group plc share price.

Upon vesting, in accordance with certain countries' tax laws, we are required to withhold an amount to settle the employee's tax associated with a share-based payment and transfer that amount in cash to taxing authorities on the employee's behalf. Such amounts are withheld from our employees in accordance with applicable laws, either through deduction of salary or withholding a number of vested shares.

Share Warrants and Share Options

In certain jurisdictions, the Group offers share warrants and options to certain individual contributors, including employees as well as executive officers and directors. Prior to 2024, these were awarded in the form of share warrants issued by a subsidiary of Klarna Group plc. In 2024, the Group also began granting share options to acquire ordinary shares of Klarna Group plc ("Ordinary share options"), and in 2025 options to acquire Class C shares ("Class C share options") were granted.

The warrants and options are subject to graded vesting over a term of typically four to five years. The awards are accounted for as equity-settled share-based payments, with the fair value determined at the grant date and expensed over the vesting period, based on the Group's estimate of the number of awards that will eventually vest.

The Group has issued share warrants and options by both Klarna Group plc and subsidiaries of Klarna Group plc. Each share warrant issued by a subsidiary of Klarna Group plc entitles the recipient to purchase one ordinary share in Klarna Holding AB (publ) or a subsidiary at the agreed strike price. We anticipate periodically facilitating the exchange of subsidiary shares acquired upon exercise of such warrants into ordinary shares of Klarna Group plc. If exchanged, the number of shares exchanged is dependent on the value of Klarna Group plc at the time of exchange. If such an exchange would have taken place at the end of 2025, 2024 and 2023, the exchange yield would have been 12, 12 and 12 shares for one subsidiary share, respectively. The number of equivalent Klarna Group plc shares is presented as if the share warrants issued by a subsidiary of Klarna Group plc had been exchanged into Klarna Group plc ordinary shares as of the reporting date. Each ordinary share option or warrant issued by Klarna Group plc entitles the recipient to purchase one ordinary share in Klarna Group plc at the agreed strike price, while two C Class share options entitles the recipient to either one ordinary share or two Class C shares.

In 2025, the board of directors of the ultimate parent company, acting on the recommendation of the Remuneration and Nomination Committee, approved the grant of options to acquire 8,834,736 ordinary shares to members of the Company's management team at a weighted average exercise price of $104 per share. Additionally, the Remuneration and Nomination Committee granted options to acquire 17,505,672 Class C shares to Mr. Siemiatkowski at a weighted average exercise price, expressed as the equivalent of one ordinary share, of $91.8. The Committee also amended the terms of options granted to Mr. Siemiatkowski in the fourth quarter of 2024 to allow for such options to be exercised into 2,941,236 Class C shares (or 1,470,618 ordinary shares); this amendment did not reduce the exercise price of the underlying award. As of the date of this report, all of these options remain substantially out of the money. Mr. Siemiatkowski may elect to acquire, in his discretion, either ordinary shares or Class C shares upon the exercise of such Class C options.

Certain warrants have been acquired by employees in exchange for a cash payment of the fair market value at grant date. Since preemption rights related to these awards transfer over a specified period they are accounted for as equity-settled share-based payments; however, no associated expense is recognized.

Klarna has granted share warrants to selected partners, including merchants and other service providers, in return for services. In 2025 and 2024, we entered into commercial agreements with certain partners under which we granted warrants in exchange for consumer acquisition services to expand our user base, which we determined to be distinct. These arrangements are equity-settled and are accounted for as equity-settled share-based payments.

In 2025, we entered into commercial agreements with certain partners under which we granted 15,740,059 warrants, each warrant to acquire one ordinary share in Klarna Group plc, in exchange for consumer acquisition services to expand our user base and brand awareness. We determined the fair value of such services to be SEK 2.1 b comprising consumer acquisition of SEK 463 m and brand awareness of SEK 1.7 b, using the direct method, and recognized such costs as share-based payments expense, included in sales and marketing, over the expected performance period within the commercial agreement. During 2025, 3,910,393 warrants vested, of which 2,400,000 warrants were exercised. The underlying services are expected to be provided over the five-year term of the agreement. We recognized an expense of SEK 250 m related to the fair value of the services in 2025, deferring SEK 694 m of expense to be recognized over the period of the agreement when the services are expected to be provided.

In 2024, 1,299,360 warrants were granted, each warrant to acquire one ordinary share in Klarna Group plc, under such arrangements, in exchange for consumer acquisition services to expand our user base and brand awareness. We determined the fair value of the services to be SEK 166 m, using the direct method for customer acquisition costs and this is recognized as share-based payments expense, included in sales and marketing, over the relevant performance period within the commercial agreement.

We have also granted warrants to certain merchants for non-distinct services and the costs related to these warrants are recognized as a reduction of revenue.

In 2025, following the legal restructuring of the incentive vehicles, the Company, through its indirectly wholly owned subsidiary, Klarna Bank AB, repurchased an aggregate of 105,646 warrants to acquire Klarna Holding AB's ordinary shares (such warrants, "KHAB warrants"), which were issued prior to our corporate reorganization at various times under our legacy equity incentive schemes. The repurchase price for the KHAB warrants was SEK 161 m, based on the initial public offering price of $40.00 per ordinary share of the ultimate parent, Klarna Group plc, being the fair value of the equity instrument at the date of repurchase. All KHAB warrants repurchased were fully vested at the repurchase date, except 538 warrants, for which an accelerated expense of less than SEK 0.3 m was recognized at the repurchase date.

As at December 31, 2025, following the legal entity restructuring, the repurchase and the exercise discussed above, there were no outstanding share-based payment awards programs included with Klarna Holding ABs consolidated financial statements.

For warrants issued by a subsidiary of Klarna Group plc, the range of exercise prices for warrants outstanding as of December 31, 2025, 2024, and 2023 is between $0.10 and $1,508. The weighted average remaining contractual life is 1.9 years, 2.7 years and 3.5 years as of December 31, 2025, 2024, and 2023 respectively. The number of exercisable warrants was 40,000, and 51,500 as of December 31 2024 and 2023, respectively, and there is no new exercisable warrant of this category in 2025.

For warrants issued by Klarna Group plc, the range of exercise prices for warrants outstanding as of December 31, 2025 and 2024 is between $34 and $51. The weighted average remaining contractual life is

4.2 years and 3 years as of December 31, 2025 and 2024, respectively. The number of exercisable warrants and options is 2,145,590 and 1,299,360 as of December 31, 2025 and 2024, respectively.

For options issued by Klarna Group plc, the range of exercise prices for options outstanding as of December 31, 2025 and 2024 is between $38 and $114. The weighted average remaining contractual life for share options was 3.4 years and 3.6 years as of December 31, 2025 and 2024, respectively. The number of exercisable share options was 2,935,177 and 1,460,856 as of December 31, 2025 and 2024, respectively.

For C Class options issued by Klarna Group plc, the range of exercise prices for C Class options outstanding as of December 31, 2025 is between $19 and $57. The weighted average remaining contractual life is 3.7 years as of December 31, 2025. The number of exercisable C Class options is 9,523,581 as of December 31, 2025. There were no C Class options outstanding prior to the year ended December 31, 2025.

Klarna uses the Black-Sholes model when calculating the fair value of share warrants and options granted to individual contributors, as well as certain partners when the fair value of goods and services cannot be reliably measured. The Company does not anticipate paying any cash dividends in the near future and, therefore, uses an expected dividend yield of zero in the option valuation model. The expected volatility is determined taking into consideration the historical volatility of the Company's common share and the historical volatility of comparable public companies. The risk-free rate for instruments issued by subsidiary of Klarna Group plc is based on Swedish Central Bank (Sw. Sveriges Riksbank) bonds. The risk free-rate rate for instruments issued by Klarna Group plc is based on U.S. treasury bonds.. The inputs used within the model for the share warrants and options granted were:

	Share warrants and share options		
	2025	2024	2023
Expected volatility (%)	37% - 38%	37%	35% - 37%
Risk-free interest rate (%)	3.6% - 4.4%	2.0% - 2.8%	2.6% - 3.3%
Expected term (years)	4.5 - 5.5	2.9 - 4.5	2.8 - 5.3
Weighted average share price for instruments issued by subsidiary of Klarna Group plc (in USD)[1]	N/A	337	216
Weighted average share price for instruments issued by Klarna Group plc (in USD)	40.26	34	N/A

The weighted average fair value of warrants issued by a subsidiary of Klarna Group plc granted during 2024 and 2023 was $17 and $16. The weighted average fair value of options issued by Klarna Group plc granted during 2025 and 2024 was $53 and $9. The weighted average fair value of C Class Options issued by Klarna Group plc granted during 2025 was $29.

Equity-Related Instruments Granted in Connection with Business Acquisitions

The Group issued equity in Klarna Holding AB (publ) to acquired employees in relation to several business acquisitions in 2020, 2021 and 2022. The equity grant included a four-year vesting period and is accounted for as equity-settled share-based compensation and recognized as a post-business combination expense. When employees exited the Company during the periods, the future personnel costs associated with the unvested equity were expensed in the statement of profit or loss on the last day of employment. The instruments have been measured based on the fair market value of the underlying ordinary shares at the date of grant.

In connection with the reorganization completed in May 2024, pursuant to which Klarna Group plc became the ultimate parent company of the Group, all remaining unvested equity-related instruments

[1] Due to intention of shares to be exchanged, for illustrative purposes, the weighted average exercise price presented in USD as disclosed in Klarna Group plc's financial statement

under this program were accelerated and expensed, resulting in the release of 329,484 shares during 2024 at a weighted-average grant-date fair value of $51 per share. As of December 31, 2024, there were no shares outstanding under this program.

Employee Equity Program

The Group had a restricted share award program in which some employees acquired restricted shares in a group subsidiary entity that retains an ownership interest in Klarna Bank AB (publ), which became fully vested in 2023. The restricted share awards were accounted for as an equity-settled share-based payment. The restricted shares were acquired by employees in exchange for a cash payment at fair market value, measured at the grant date, and therefore no associated expense was recognized. Upon vesting, participants retained ordinary shares in one of our subsidiaries holding an ownership interest in Klarna Bank AB (publ), reflected as non-controlling interest in the consolidated financial statements. The number of ordinary shares held in the group subsidiary entity as of December 31, 2024 and 2023 was 28,762 and 31,122, respectively. In 2024 and 2023, 2,347 and 10,693 shares held by former employees were exchanged for shares in Klarna Holding AB (publ), respectively. In connection with the legal entity restructuring, and Klarna Holding AB ceasing control over the related subsidiary, the non-controlling interest in the consolidated financial statements related to the 28,762 shares held by participants was derecognized.

Direct Share Issuance

During 2025 and 2024, the Group granted 150,760 and 216,468 ordinary shares in Klarna Group plc, respectively, to certain employees, including executive officers and Board of Directors. The shares were accounted for as equity-settled share-based payments. There were no vesting conditions or restrictions placed on the awards and, accordingly, the related share-based compensation expense, based on the grant-date fair value of the awards, was recognized immediately. The weighted average fair values of the ordinary shares granted were $34 and $34, in 2025 and 2024, respectively.

Note 36 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

In 2021, following a competitive selection process, Klarna engaged Milkywire AB ("Milkywire") to provide sustainability related services, including the sourcing, vetting and monitoring of climate and nature initiatives, as well as the facilitation of carbon credit purchases from third-party providers on Klarna's behalf. 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 8 million in 2025 and SEK6 million in 2024 for sustainability-related services. Separately, Klarna transferred to Milkywire an additional SEK 5 million in 2025 and SEK 12 million in 2024 for the purchase of carbon credits on Klarna's behalf; these amounts were paid in full by Milkywire to the third-party providers of the carbon credits and Milkywire did not retain any margin on these transactions.

The engagement of Milkywire, including the fees paid, was approved by the board of directors with Mr. Siemiatkowski recusing himself from the related deliberations and approval, in accordance with the Company's conflicts of interest policies. The board believes the fees paid to Milkywire reflect competitive rates for the services provided.

WRLD Foundation

The Company made charitable contributions of SEK22m in 2025 and SEK41m i in 2024to the WRLD Foundation, a registered nonprofit organisation in the United States and Sweden. Nina Siemiatkowski is a board member of the WRLD Foundation. The WRLD Foundation distributes all contributions received from Klarna to underlying recipient organisations that have been sourced and vetted by Milkywire as part of Klarna's planet health initiative; the identity of all recipient organisations has been reported to Klarna. These contributions were approved by the board of directors, with Mr. Siemiatkowski recusing himself from the related deliberations and approval.

Compensation to the board of directors and senior management

In December 2024, the Group granted 216,468 ordinary shares and 400,065 share options to certain members of senior management. The shares were granted by the board of directors of Klarna Group plc and were accounted for as equity-settled share-based payments.

During 2025, the Group granted 108,960 ordinary shares and 8,834,736 share options to certain members of senior management in the ultimate parent, Klarna Group plc a weighted average exercise price of $104 per share. Additionally, the Remuneration and Nomination Committee granted options to acquire 17,505,672 Class C shares to Mr. Siemiatkowski at a weighted average exercise price, expressed as the equivalent of one ordinary share, of $91.8. The Committee also amended the terms of options granted to Mr. Siemiatkowski in the fourth quarter of 2024 to allow for such options to be exercised into 2,941,236 Class C shares (or 1,470,618 ordinary shares). ; this amendment did not reduce the exercise price of the underlying award. As of the date of this report, all of these options remain substantially out of the money. Mr. Siemiatkowski may elect to acquire, in his discretion, either ordinary shares or Class C shares upon the exercise of such Class C options.

During 2025, the Company, through its indirectly wholly owned subsidiary, Klarna Bank AB, repurchased an aggregate of 105,646 warrants to acquire Klarna Holding AB's ordinary shares as detailed in Note 35 – Share-Based Payments. Of the total repurchased warrants, 1,458 were held by members of the Company's management team.

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	31 Dec 2025	31 Dec 2024
Related parties - revenues and expenses		
Interest income	71	4
Services purchased	(240)	(188)
Related parties - assets and liabilities		
Loan receivables	2,396	232
Other receivables	181	6
Other liabilities	1,044	149

Note 37 Structured entities

Klarna enters into arrangements with structured entities, and consolidates such entities where it has power over the activities of those entities and its exposure to and ability to influence its own returns, and does not consolidate them otherwise.

Consolidated structured entities

Warehouse financing facility

During 2025 Klarna entered into a warehouse financing facility with an institutional lender, as the funder, and Klarna Bank AB, a subsidiary of Klarna Holding AB, as the borrower, under which the consolidated SPV issues credit-linked notes ("CLNs") to the funder and advances the proceeds to Klarna, which in turn pledges specified pools of consumer receivables as collateral, see Note 33. Credit risk for the Reference Pool is separated into two tranches: a junior tranche retained by Klarna and a senior tranche transferred to the funder through the consolidated SPV. The CLNs are recognized within Liabilities to credit institutions, see Note 26, and are classified and measured at amortized cost using the effective interest method. Interest and senior expenses related to the facility are recognized within net result from financial transactions.

Employee benefit trust

Klarna has established an employee benefit trust to facilitate and meet obligations to employees in relation to share-based remuneration arrangements.

Unconsolidated structured entities

Synthetic securitizations

Klarna enters into synthetic securitization transactions with unconsolidated SPVs, where it economically transfers a portion of credit risk for certain pools of consumer receivables (the "referenced pools") with the primary objective to lower the regulatory capital risk weights of the underlying assets. Credit risk for each referenced pool is separated into three tranches: junior, mezzanine and senior. The Company retains the risk for the junior and senior tranches and transfers risk for the mezzanine tranche to the SPV. The SPV then issues credit-linked notes to investors.

While Klarna pays a fee, recognized as incurred in net result from financial transactions, Klarna is not exposed to variability in the returns of the SPVs involved in the synthetic securitization transactions. The premiums paid by Klarna are structured to mitigate, rather than introduce, variability of returns within the reference portfolio. Furthermore, Klarna is not considered the sponsor of the SPVs, as their management and operations are exclusively conducted by independent external service providers.

The Company incurred fees of SEK299 million and SEK342 million for 2025 and 2024, respectively, in connection with such transactions. The total consumer receivable pool was SEK12 billion and SEK23 billion as of December 31, 2025 and 2024 respectively.

Forward flow securitizations

Klarna entered into forward flow loan sale arrangements with unconsolidated SPVs whereby specified pools of eligible Loans to the public receivables were transferred to the SPVs. Klarna derecognized these receivables upon transferring the contractual rights to the cash flows and substantially all associated risks and rewards.

These agreements are fixed-term in nature, with commitment periods ranging from two to three years, during which Klarna sells eligible receivables shortly after origination. The purchasing counterparty is committed to purchase all eligible loans offered up to its commitment amount, which varies between approximately SEK6.8 billion and SEK9.0 billion measured by the outstanding balance of purchased receivables.

The following table shows the carrying amount of Klarna's recorded interest in its consolidated balance sheet as at December 31, 2025 and 2024, and represented the maximum exposure to risk associated with its interest in the unconsolidated structured entities. The maximum exposure reflects the total potential loss the Group could incur from its involvement, regardless of the likelihood of that loss being incurred.

	31 Dec 2025	31 Dec 2024
Loans to the public at fair value through P&L	3,685	24
Loans to the public at fair value through OCI	3,553	–
Pledged assets (within bonds and other interest bearing securities)	16	17
Total assets	**7,254**	**41**
Payable to SPV (within other liabilities)	402	161
Total liabilities	**402**	**161**

The total Loans to the public originated at fair value through profit and loss or at fair value through OCI during 2025 totaled SEK169 billion, of which SEK7.2 billion was unsold as of December 31, 2025. During 2024, SEK34 billion was originated, of which SEK24 million was unsold as of December 31, 2024.

In certain cases, Klarna transferred Loans to the public receivables but continued to service the sold receivables on behalf of the SPVs for a servicing fee. The Company earned servicing income of SEK 117 million and SEK 16.6 million for 2025 and 2024, respectively, recognized within Other operating income related to derecognized receivables. The servicing fees were commensurate with market rates and did not expose Klarna to credit losses beyond its contractual entitlements. The servicing arrangement did not constitute a form of retained interest that precluded derecognition.

As of December 31, 2025 and 2024, an aggregated balance of SEK26.5 billion and SEK9.6 billion , respectively, in sold receivables was recognized by the unconsolidated SPVs.

In addition, we may experience a loss due to future repurchase obligations resulting from breaches in representations and warranties in our securitization and third-party sale agreements. This amount was not material as of December 31, 2025 and 2024.

Note 38 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 14,574m as of Dec 31, 2025 (SEK 12,970m).

During 2025, Common Equity Tier 1 for the consolidated situation of Klarna Holding AB (publ) increased by SEK 1,604m. The increase was mainly from a reduction in intangible assets of 3,378m, offset by negative net profit of 1,338m.

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 September 30, 2025, Klarna Group’s Pillar II requirements were 1.07% of the risk exposure amount and Klarna Bank AB's Pillar II requirements were 1.43% 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 September 30, 2025, Klarna’s Pillar II Guidance amount is set to 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 December 2025 amounts to SEK 12,633m (SEK 11,857m) for Klarna Bank AB (publ) and SEK 11,598m (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 December 31, 2025, Klarna was subject to a Capital conservation buffer of 2.5% and to a Countercyclical capital buffer of 0.95% of the risk exposure amount for the consolidated situation, and 0.98% 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 December 31, 2025, an amount of SEK 167m 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)	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Own funds, total risk exposure amount and total leverage ratio exposure				
Common Equity Tier 1 capital	14,574	12,970	16,963	17,214
Tier 1 capital	16,241	14,623	17,239	17,490
Own funds	17,932	16,503	17,239	17,490
Total risk exposure amount	92,654	77,022	97,865	91,952
Total leverage ratio exposure	172,344	147,422	175,042	157,866
Capital adequacy analysis				
Common Equity Tier 1 capital ratio	15.7 %	16.8 %	17.3 %	18.7 %
Tier 1 capital ratio	17.5 %	19.0 %	17.6 %	19.0 %
Total capital ratio	19.4 %	21.4 %	17.6 %	19.0 %
Leverage ratio	9.4 %	9.9 %	9.8 %	11.1 %
Requirements				
Overall capital requirement (OCR) ratio	12.5 %	12.6 %	12.9 %	12.9 %
of which: Pillar II requirement	1.1 %	1.2 %	1.4 %	1.4 %
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 (%)	10.6 %	11.7 %	12.0 %	13.6 %
OCR and Pillar II Guidance (P2G)	17.5 %	16.1 %	12.9 %	12.9 %
of which: P2G	5.0 %	3.5 %	— %	— %
Exposure amounts for credit risk according to the standardized approach				
Credit risk including counterparty credit risk	157,813	123,404	155,809	130,725
of which: central governments or central banks	30,116	31,630	29,934	31,399
of which: regional governments or local authorities	5,364	945	5,364	945
of which: public sector entities	1,903	637	1,903	637
of which: multilateral development banks	2,818	1,783	2,818	1,783
of which: international organizations	2,480	712	2,480	712
of which: institutions	8,767	8,662	5,755	5,829
of which: corporates	9,889	7,488	20,234	22,855
of which: retail	92,209	67,358	78,213	51,323
of which: exposures in default	857	544	829	494
of which: covered bonds	554	118	554	118
of which: equity	76	172	5,834	11,508
of which: other items	2,780	3,355	1,891	3,122
Total exposure amount	**157,813**	**123,404**	**155,809**	**130,725**
Risk exposure amounts according to the standardized approach				
Credit risk including counterparty credit risk	77,955	64,363	82,370	77,748
of which: institutions	1,753	1,732	1,151	1,166
of which: corporates	9,766	7,153	20,114	22,536
of which: retail	62,045	50,518	52,240	38,492
of which: exposures in default	962	609	910	616
of which: covered bonds	55	12	55	12
of which: equity	191	431	5,941	11,767
of which: other items	3,183	3,908	1,959	3,159
Securitization positions	994	1,967	1,902	1,967
Market risk	6,365	5,260	5,971	6,144
of which: foreign exchange risk	6,364	5,260	5,971	6,144
Operational risk	7,151	5,308	7,433	5,970
Credit valuation adjustments	189	124	189	124
Total risk exposure amount	**92,654**	**77,022**	**97,865**	**91,952**

	Consolidated situation		Klarna Bank AB (publ)	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Total minimum capital requirements				
Credit risk including counterparty credit risk	6,236	5,149	6,590	6,219
of which: institutions	140	139	92	93
of which: corporates	781	572	1,609	1,803
of which: retail	4,964	4,041	4,179	3,079
of which: exposures in default	77	49	73	49
of which: covered bonds	4	1	4	1
of which: equity	15	34	475	941
of which: other items	255	313	158	253
Securitization positions	80	157	152	157
Market risk	509	421	478	492
of which: foreign exchange risk	509	421	478	492
Operational risk	572	425	595	478
Credit valuation adjustments	15	10	15	10
Total minimum capital requirement	**7,412**	**6,162**	**7,830**	**7,356**
Own funds disclosure				
Common Equity Tier 1 capital: instruments and reserves				
Capital instruments and the related share premium accounts	42,257	42,305	45,947	40,689
Retained earnings	(20,092)	(20,919)	(22,878)	(21,312)
Accumulated other comprehensive income (and other reserves)	577	1,525	(1,701)	649
Common Equity Tier 1 capital before regulatory adjustments	**22,742**	**22,911**	**21,368**	**20,026**
Common Equity Tier 1 capital: regulatory adjustments				
Additional value adjustments	(8)	(1)	(4)	(1)
Intangible assets (net of related tax liability)	(6,638)	(10,031)	(935)	(1,225)
Profit/losses for the current financial year	(1,338)	273	(3,336)	(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	(130)	(473)	(130)	(473)
Other CET1 capital deduction	(54)			
Total regulatory adjustments to Common Equity Tier 1 (CET1) capital	**(8,168)**	**(9,941)**	**(4,405)**	**(2,812)**
Common Equity Tier 1 (CET1) capital	**14,574**	**12,970**	**16,963**	**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	167	153		
Total Additional Tier 1 (AT1) capital instruments	**1,667**	**1,653**	**276**	**276**
Tier 1 capital	**16,241**	**14,623**	**17,239**	**17,490**
Tier 2 (T2) capital instruments				
Capital instruments and the related share premium accounts	1,691	1,880	—	—
Total Tier 2 (T2) capital instruments	**1,691**	**1,880**	**—**	**—**
Own funds	**17,932**	**16,503**	**17,239**	**17,490**

Note 39 Divestitures

Divestment of incentive vehicles

During the first quarter 2025, Klarna completed a legal entity restructuring pursuant to which the Klarna Midco AB, Larkan Holding AB, Larkan Holding AB, and Larkan III AB through to Larkan XI AB (collectively, the “Incentive vehicles”) were transferred from the consolidated group of Klarna Holding AB to the ultimate parent company, Klarna Group plc. As a result of these transactions, control of the subsidiaries was lost, including related share-based payment awards program issued by such subsidiaries, and its assets and liabilities were derecognized, including non-controlling interest in the consolidated financial statements.

Divestment of Klarna Technologies Group AB

In September 2025, the Group divested its entire interest in its indirect subsidiary, Klarna Technologies Group AB, which was held through Klarna Bank AB (publ). An interest of 35.6% was sold to Klarna Group HoldCo Ltd in exchange for a loan receivable of SEK 2,250m, resulting in a gain of SEK 1,440m, recognized within Other operating income in the Group’s income statement. The remaining 64.4% interest was transferred to Klarna Group Holdco Ltd through a share redemption. 1,062,743 of the Company's own shares held by Klarna Group Holdco Ltd were redeemed in exchange for this interest. The sale and share redemption were executed concurrently.

As a result of these transactions, control of the indirect subsidiary was transferred and its assets and liabilities were derecognized from the Group's balance sheet. The net assets disposed of primarily comprised intangible assets of SEK 2,807m, of which SEK 332m related to goodwill allocated using a relative value method, and a deferred tax liability of SEK 493m.

Divestment of Klarna Checkout ("KCO")

On October 1, 2024, the Group completed the divestment of its Klarna Checkout (“KCO”) operation to a consortium of investors. This transaction allows Klarna to focus on its flexible payment methods and partner more closely with payment service providers.

KCO was a shopping solution that provided consumers and merchants with a personalized shopping experience. KCO provided several different payment options as well as Klarna’s proprietary products and other offerings from, or supported by, third-party payment option providers. KCO had approximately 24,000 merchants.

The Group received cash proceeds of SEK 2,065m and recognized a net gain of SEK 1,810m within other operating income in the income statement as a result of the sale in the fourth quarter of 2024.

In addition further cash proceeds up to a maximum of SEK 300m may be receivable contingent upon KCO’s operation achieving certain performance criteria in 2026 and 2027. At the time of the sale and through December 31, 2025, Klarna had not recognized any additional consideration.

	1 Oct 2024
Consideration received or receivable:	
Cash	2,065
Fair value of contingent consideration receivable	–
Less: Transaction costs	(41)
Total disposal consideration	**2,024**
Carrying amount of net assets sold	(213)
Gain on sale before income tax	**1,810**
Income tax expense on gain	–
Gain on sale after income tax	**1,810**

The carrying amounts of net assets sold primarily consisted of goodwill of SEK 211m was allocated to KCO using a relative value approach, merchant receivables of SEK 23m, loans to credit institutions of SEK 108m, merchant liabilities of SEK 598m and provision and other accrued expenses related to payment fees, payroll, social charges among others of SEK 55m. In connection with the disposal the former eliminate intercompany receivables became external, impacting the consolidated financial net assets by SEK 501m.

Klarna determined that the operation of its KCO part of the business did not meet the criteria to be classified as discontinued operations under IFRS as it is not a major business line or a geographic area of operations and KCOs operations or cash flows have historically not been clearly distinguishable.

Note 40 Significant events after the end of the reporting period

The Group has evaluated all events that have occurred subsequent to December 31, 2025, through the date that the consolidated financial statements were approved on February 27, 2026. No significant events have occurred during the subsequent period.

Parent company financials

Income Statement, Parent Company

Amounts in SEKm	Note	2025	2024
Administrative expenses		(26)	(112)
Operating loss		**(26)**	**(112)**
Income from financial items			
Other interest income and similar items		82	448
Financial expenses		(183)	(181)
Net result from financial transactions		(1)	(5)
Total income from financial items		**(102)**	**262**
Profit after financial items		**(128)**	**150**
Dividend income		2,974	–
Tax (expense) benefit		–	(11)
Net profit (loss)		**2,846**	**139**

Statement of Comprehensive Income, Parent Company

Amounts in SEKm	2025	2024
Net profit (loss)	2,846	139
Total comprehensive income for the year	**2,846**	**139**

Balance Sheet, Parent Company

Amounts in SEKm	Note	31 Dec 2025	31 Dec 2024
Assets			
Financial non-current assets			
Shares and participations in group companies	8	50,798	41,482
Receivables	9	511	5,184
Total financial non-current assets		**51,309**	**46,666**
Current assets			
Receivables	9	7	1
Cash and bank balances		1	1
Total current assets		**8**	**2**
Total assets		**51,317**	**46,668**
Equity			
Share capital		3	3
Share premium reserve		44,763	42,329
Other equity instruments		1,500	1,500
Retained earnings		306	691
Net profit		2,846	139
Total equity		**49,418**	**44,662**
Liabilities			
Current liabilities			
Subordinated liabilities		1,691	1,880
Other liabilities		138	49
Accrued expenses		70	76
Total current liabilities		**1,899**	**2,005**
Total equity and liabilities		**51,317**	**46,668**

Statement of Changes in Equity, Parent Company

Amounts in SEKm	Restricted equity	Non-restricted equity				
	Share capital	Share premium reserve	Other equity instruments	Retained earnings	Net result	Total equity
Balance as at January 1, 2024	**3**	**42,092**	**—**	**266**	**182**	**42,543**
Reclassification	—	—	—	—	—	—
Transfer of previous year's net profit	—	—	—	182	(182)	—
Net profit					139	139
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**139**	**139**
New share issuance	—	232	—	—	—	232
Share warrants	—	5	—	—	—	5
Share-based payments	—	—	—	405	—	405
Restricted stock units	—	—	—	4	—	4
Other equity instruments issued	—	—	1,500	(165)	—	1,335
Balance as at December 31, 2024	**3**	**42,329**	**1,500**	**691**	**139**	**44,662**
Transfer of previous year's net profit	—	—	—	139	(139)	—
Net profit					2,846	2,846
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**2,846**	**2,846**
New share issuance	—	2,242	—	—	—	2,243
Share warrants	—	(42)	—	—	—	(42)
Share-based payments	—	—	—	(342)	—	(342)
Restricted stock units	—	—	—	—	—	—
Shareholders contribution	—	235	—	—	—	235
Other equity instruments coupons paid	—	—		(182)	—	(182)
Balance as at December 31, 2025	**3**	**44,763**	**1,500**	**306**	**2,846**	**49,418**

Share capital: 30,947,791 shares as at December 31, 2025 30,468,092 December 31, 2024), quota value 0.1 (0.1).

Cash Flow Statement, Parent Company

Amounts in SEKm	Note	Jan - Dec 2025	Jan - Dec 2024
Operating activities			
Profit (Loss) before taxes		(26)	(112)
Adjustments for non-cash items in operating activities			
Financial items, net		(190)	124
Share-based payments		–	4
Changes in the assets and liabilities of operating activities			
Change in other assets and liabilities		4,083	2,714
Cash flow from operating activities		**3,867**	**2,730**
Investing activities			
Investments in subsidiaries		(5,258)	(5,337)
Cash flow from investing activities		**(5,258)**	**(5,337)**
Financing activities			
New share issuance		1,393	–
Share warrants		(2)	5
Other equity instruments issued		–	1,500
Subordinated debt issued		–	1,103
Cash flow from financing activities		**1,391**	**2,608**
Cash flow for the year		**–**	**1**
Cash and cash equivalents at the beginning of the year		1	–
Cash flow for the year		–	1
Cash and cash equivalents at the end of the year		**1**	**1**
Cash and cash equivalents include the following items			
Cash and bank balances		1	1
Cash and cash equivalents		**1**	**1**

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 4 Employees and personnel costs

Salaries, other remuneration, social security and pension expenses	2025	2024
Board and CEO	–	(118)
Total salaries and other remuneration	**–**	**(118)**

Klarna Holding AB (publ) has no employees. The remuneration to the board of directors and the CEO is accounted for in Klarna Bank AB. For further information regarding salaries and other remuneration to the board and senior management see Note 11, employees and personnel costs.

Note 5 Expenses by expense type

	Jan - Dec 2025	Jan - Dec 2024
Audit fees to Ernst & Young AB	(2)	–
Other costs	(24)	(112)
Total	**(26)**	**(112)**

Note 6 Income tax expense

Income tax expense	2025	2024
Current tax		
Tax expense for the year	–	–
Adjustment of tax attributable to previous years	–	(8)
Total	**–**	**(8)**
Deferred tax		
Deferred tax	–	(3)
Total	–	(3)
Reported income tax	**–**	**(11)**

The effective tax on income deviates from the nominal tax rate due to the following items:

Effective tax rate	2025	2024
Income before tax	**2,846**	**150**
Income tax calculated in accordance with national tax rate	(586)	(31)
Non-deductible revenues	613	–
Non-deductible expenses	(25)	–
Deductible expenses not booked in profit or loss	–	21
Losses carried forward used this financial year	–	10
Adjustments of tax attributable to previous years	–	(8)
Other	(2)	(3)
Reported tax expense	**–**	**(11)**
Effective tax rate	**– %**	**(7.5)%**

Tax losses carried forward for the parent, Klarna Holding AB, for which tax assets are not recognized in the balance sheet is SEK 9m (SEK 1m) gross, with a calculated tax effect of SEK 2m (0m).

Note 7 Proposed treatment of unappropriated earnings

The Board and the CEO propose to the Annual General Meeting that the non-restricted equity of SEK 47,914,608,638 on Klarna Holding AB (publ)´s balance sheet at the disposal of the Annual General Meeting to be carried forward.

Retained earnings	45,069,033,693
Net profit for the year	2,845,574,945
Total	**47,914,608,638**

Note 8 Shares and participations in group companies

	31 Dec 2025	31 Dec 2024
Participations in group companies	**50,798**	41,482

Group companies	No. of shares	Share as at 2025.12	Book value	Book value
Klarna Bank AB (publ), Sweden, Corp. ID 556737-0431	246,972,008	100 %	50,798	38,856
Klarna Midco AB, Sweden, Corp. ID 559146-5132	–	– %	–	871
Larkan Holding AB, Sweden, Corp. ID 559262-3119	–	– %	–	1,753
Larkan III AB (publ), Sweden, Corp. ID 559405-6060	–	– %	–	1
Larkan IV AB (publ), Sweden, Corp. ID 559405-6177	–	– %	–	1
Larkan V AB, Sweden, Corp. ID 559405-5138	–	– %	–	–
Larkan VI AB, Sweden, Corp. ID 559419-2618	–	– %	–	–
Larkan VII AB, Sweden, Corp. ID 559433-3030	–	– %	–	–
Larkan VIII AB, Sweden, Corp. ID 559433-3022	–	– %	–	–
Larkan IX AB, Sweden, Corp. ID 559443-0448	–	– %	–	–
Larkan X AB, Sweden, Corp. ID 559456-1556	–	– %	–	–
Larkan XI AB, Sweden, Corp. ID 559456-1564	–	– %	–	–
Total			**50,798**	**41,482**

During 2025, Klarna Holding AB (publ) increased its investment in Klarna Bank AB (publ) and reduced it's 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 9 Receivables

	31 Dec 2025	31 Dec 2024
Non-current		
Receivables from group companies	511	5,184
Total	**511**	**5,184**
Current		
Prepaid exp and accrued income group companies	6	1
Other receivables	1	–
Total	**7**	**1**
Total receivables	**518**	**5,185**

Note 10 Accrued expenses

	31 Dec 2025	31 Dec 2024
Accrued expenses for consultants	**70**	76
Total	**70**	**76**

Note 11 Contingent liabilities

The subsidiary Klarna Bank AB (publ) continually pledges parts of its receivables as collateral for liabilities to credit institutions which provides security for the Group's credit facilities. The credit liability amounts to SEK 0m (0m) as at December 31, 2025. Klarna Holding AB (publ) acts as a guarantor for Klarna Bank AB (publ)'s outstanding liability regarding this credit facility.

Note 12 Information on related parties

The following are defined as related parties: all companies within the Klarna Group Plc Group, shareholders in Klarna Group Plc with significant influence, board members of Klarna Group Plc, Klarna Holding AB (publ) and Klarna Bank AB (publ), key management personnel, as well as close family members of and companies significantly influenced by such board members or key management personnel.

During the year, there have been normal business transactions between companies in the Group and agreed remuneration has been paid to the CEO, Board of Directors and other senior management personnel. The following transactions have taken place with related parties:

Related parties by type	31 Dec 2025	31 Dec 2024
Related parties - revenues and expenses		
Interest income	82	448
Related parties - assets and liabilities		
Loan receivables	511	5,184
Other receivables	1	1
Other liabilities	114	47

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.

For information about transactions with the board of directors, CEO and senior management, see Note 4.

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.

Board of Directors' and the CEO's affirmation

The Board of Directors and CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS/IAS) referred to in the European parliament and the councils' regulation (EC) 1606/2002, from July 19, 2002, on the application of International Accounting Standards. They give a true and fair view of the Parent Company's and the Group's financial position and result. It is further assured that the report of the Board of Directors gives a true and fair overview of the development of the Parent Company's and Group's business activities, financial position and results of operations as well as describes the material risks and uncertainties that the Parent Company and its subsidiaries are facing. The Board of Directors and the CEO also certify that the consolidated accounts and the annual accounts have been prepared in accordance with the European Sustainability Reporting Standards (ESRS).

Contents of the annual report were finalized on February 27, 2026.

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David Fock

Chairman of the Board

Stockholm, Sweden, February 27, 2026

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Camilla Giesecke

Board member

Stockholm, Sweden, February 27, 2026

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Sebastian Siemiatkowski

CEO and Board member

Stockholm, Sweden, February 27, 2026

Our auditors report was issued on 27 February 2026. Our limited assurance report on the statutory sustainability report was issued on 27 February 2026

Our audit report was submitted on February 27, 2026

Ernst & Young AB

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Hamish Mabon

Authorized Public Accountant

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's report

To the general meeting of the shareholders of Klarna Holding AB, corporate identity number 556676-2356

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Klarna Holding AB for the year 2025 except for the corporate governance report on pages 7-23 and the statutory sustainability report on pages 24-140.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 7-23 and the statutory sustainability report on pages 24-140. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Allowance for credit losses

Description	How our audit addressed this key audit matter
As described in Notes 2 and 19 to the consolidated financial statements, the Company recorded consumer receivables of SEK 107,2 billion net of allowances for expected credit losses of SEK 4,8 billion. Allowances for expected credit losses ("ECL") are based on individual loan's estimated loan repayment performance and the evaluation of accumulated credit risk by product, geography, and days past due. The probability of default, magnitude of estimated loss, and expected changes in exposure are derived from historical internal and external data. Auditing the Company's allowance for ECL was complex due to the estimation uncertainty in loan repayment performance, accumulated credit risk assumptions, the highly automated nature of the Company's consumer receivable process, and the complexity of the models and assumptions used to calculate ECL.	To test the Company's allowance for ECL our audit procedures included, among others, testing inputs and assumptions noted in the description used in management's model calculations including but not limited to, days past due, historical loan repayment performance and probability of default. With the support of our internal specialists, we performed procedures on certain models used to determine the allowance for ECL, including, new model implementation testing, assessment of model performance, and sensitivity analyses. We evaluated the Company's validation procedures over a sample of models and assessed the potential impact of future economic conditions and the application of historical internal and external data by comparing realized losses to previous estimates made by management.

Merchant fees

Description	How our audit addressed this key audit matter
As disclosed in Note 2 and 4 to the consolidated financial statements, merchant fees are derived from the volume of consumer transactions processed and a combination of value-based and fixed pricing. The transaction price is recognized at the point in time when the merchant successfully confirms the transaction, which is when the terms of the contract are fulfilled. A reduction of merchant fees to certain merchants is provided based on performance measures, including volume of processed transactions. Auditing merchant fees was complex due to the judgment required to assess management's accounting for key terms and conditions within certain merchant contracts.	Our audit procedures to test the Company's merchant fees included among others, on a sample basis, reviewing and evaluating merchant contracts, including those with performance measures. We tested transactions with value-based or fixed pricing terms and recalculated merchant fees by comparing rates within contracts to transaction data. We tested occurrence and evaluated completeness by reviewing consumer transaction evidence and comparing merchant fee amounts to subsequent cash settlements.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 24-140. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU, and the Annual Accounts Act for Credit Institutions. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Klarna Holding AB for the year 2025 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 7-23 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Hamngatan 26, 111 47 Stockholm, was appointed auditor of Klarna Holding AB by the general meeting of the shareholders on the June 30, 2025, and has been the company's auditor since the May 26, 2016.

Our auditors report was issued on 27 February 2026.

Stockholm February 27, 2026

Ernst & Young AB

Hamish Mabon

Authorized Public Accountant

Auditor's limited assurance report on Klarna Holding AB's (publ) sustainability statement

This is the translation of the auditor's report in Swedish.

To the General Meeting of the shareholders of Klarna Holding AB (publ), corporate identity number 556676-2356

Conclusion

We have conducted a limited assurance engagement of the sustainability statement prepared by Klarna Holding AB (publ) (the company) for the financial year 2025. The sustainability statement is included on pages 24-140 of this document.

Based on our limited assurance engagement as described in the section Auditor's Responsibility, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects, prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies with reference to the Swedish Annual Accounts Act, which includes:

- Whether the sustainability statement meets the requirements of ESRS;
- Whether the process carried out by the company to identify reported sustainability information has been conducted as described in the sustainability statement; and
- Compliance with the reporting requirements in Article 8 of the EU's Green Taxonomy Regulation.

Basis for Conclusion

We have conducted the limited assurance engagement in accordance with FAR's recommendation RevR 19 – Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. Our responsibility under this recommendation is described in more detail in the section Auditor's Responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Information than the sustainability statement

This document also contains other information than the sustainability statement, found on pages 1-23, 141-232 with the exception of the information referenced within the incorporation by reference table page 28 and 225-232. The Board of Directors and the Managing Director are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information, and we do not express any conclusion with assurance regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The sustainability statement for the previous financial year 2024 has not been subject to a limited assurance engagement according to RevR 19 Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. Therefore, no limited assurance engagement of comparative figures in the sustainability statement for 2025 has been performed.

Responsibilities of the Board of directors and Managing Director

The Board of Directors, and the Managing Director, are responsible for the preparation of sustainability statement in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion whether the sustainability statement is prepared in accordance with Chapter 6, Sections 12–12 f of the Swedish Annual Accounts Act based on our limited assurance engagement.

The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement, and manage a quality management system including guidelines or procedures regarding compliance with ethical requirements, standards of professional practice, and applicable laws and regulations.

We are independent of Klarna Holding AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities according to these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability information. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Managing Director prepares the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

The review procedures primarily include:

- Our review procedures regarding the sustainability statement included, but were not limited to the following:

- Through inquiries, obtaining a general understanding of the internal control environment, reporting processes, and information systems relevant to the preparation of the information in the sustainability statement;
- Evaluating whether information identified as material through the process the company has undertaken to identify the content of the sustainability statement is also included;
- Evaluating whether the structure and presentation of the sustainability statements are consistent with the requirements of ESRS;
- Conducting inquiries with relevant personnel and analytical review procedures regarding selected disclosures in the sustainability statements; and
- Performing substantive review procedures of selected disclosures in the sustainability statements;
- Obtain, through inquiries and analytical review procedures, support for the methods used for preparing material estimates and forward-looking information and on how these methods were applied;

Our review procedures regarding the process the company have undertaken to identify sustainability information to report included, but were not limited to the following:

- Obtaining an understanding of the process by conducting inquiries to understand the sources of the information used by management (e.g., stakeholder dialogues, business plans, and strategy documents);
- Review the company's internal documents of its process; and
- Evaluate whether the information obtained from our review of the process implemented by the company is consistent with the description of the process on page 41 of the sustainability report.

Inherent limitations

In reporting forward-looking information in accordance with ESRS, the board and management of Klarna Holding AB (publ) must prepare forward-looking information based on specified assumptions about events that may occur in the future and possible future activities of Klarna Holding AB (publ). Actual outcomes are likely to differ as expected events often do not occur as anticipated.

Our limited assurance report on the statutory sustainability report was issued on 27 February 2026

Stockholm, February 27, 2026

Ernst & Young AB

Hamish Mabon

Authorized Public Accountant