

Interim report

Klarna Holding AB (publ)

Organization number: 556676-2356
January - June 2026



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(Unaudited)

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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 – June 30, 2026. This report presents the separate financial statements for Klarna Holding AB (publ) (the company) and the consolidated financial statements of the company and its subsidiaries (collectively the Group). 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 (sv. Finansinspektionen).

Klarna is a global digital bank and flexible payments provider building the next-generation AI-powered commerce network, with a mission to reimagine how consumers spend and save in their daily lives. We help people save time, money and reduce financial worry.

We have built one of the largest commerce networks in the world, measured by the number of consumers and merchants, serving approximately 120 million active Klarna consumers and 1,208,000 merchants in 26 countries as of June 30, 2026, and facilitating \$141.7 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.

Significant risks and uncertainties

Klarna's business is subject to risks, including credit, market, liquidity, operational, ICT and security, and business risk. A description of these risks and how they are managed is set out in the Corporate Governance Report in the Group's Annual Report for the year ended December 31, 2025. No new categories of risks have arisen since that report.

Credit risk continues to reflect the ongoing shift in Klarna's business mix, with the expansion of Fair Financing both growing as a share of GMV, as described in the Business results section below. Klarna has also continued to expand its use of receivables funding and sale arrangements during the period, including upsizing of an existing US Fair Financing forward flow arrangement and a new forward flow arrangement for German Fair Financing receivables, both of which diversify Klarna's funding sources and transfer a portion of credit risk to third-party investors.

The macroeconomic and geopolitical environment remains uncertain, including ongoing geopolitical tensions in various regions and continued inflationary pressure in a number of markets. Klarna continues to monitor these developments closely and to manage its business, funding and liquidity position to mitigate their potential impact.

Business results

Net operating income

In H1-26, Klarna's GMV¹ grew by 24% year-over-year (YoY) to SEK 651b (H1-25: SEK 571b) as we continue to grow the Klarna network. Total net operating income increased 24% YoY to SEK 15.2b in H1-26 (H1-25: SEK 12.3b) as we accelerate commerce for merchants while helping consumers save time and money, and worry less about their finances.

Commission income, primarily the fees merchants pay Klarna to boost conversion, AOV², and retention, increased 9% to SEK 11.2b (H1-25: SEK 10.3b). This is driven by higher consumer adoption and the expansion of global merchant partnerships, now exceeding 1.2m.

Interest income rose 27% YoY to SEK 5.2b (H1-25: 4.1b), driven by growth in our term loan product (Fair Financing). Interest expenses accounted for 18% of total operating expenses, decreasing slightly to SEK 1.9b at the end of the period (H1-25: SEK 2.0b). The decrease was driven by a decrease in average deposits from the public. Deposits from the public at 30 June, 2026 is SEK 114.7b (FY25: SEK 121.8b).

Operating expenses

Total operating expenses before credit losses increased 8% to SEK 11.0b (H1-25: SEK 10.2b). We continue to grow Total net operating income faster than operating expenses, reflecting our ability to scale without directly correlated cost growth. This is supported by AI-enabled productivity gains and continued cost discipline across the business.

Credit losses as a percentage of GMV remained stable at less than a percent of GMV, decreasing from 0.57% in H1-25 to 0.54% in H1-26. This decrease reflects the continued maturation of the Fair Financing book, as well as the increasing share of off-balance sheet receivables, reducing the need to recognize provisions on balance sheet. YoY, credit losses rose to SEK 3.5b (H1-25: SEK 3.2b). Credit losses in the income statement reflect provisions for future losses and realized losses associated with Klarna's operating activities during the period, including provision for credit losses, merchant counterparty losses, and other related credit losses.

Klarna Holding AB operating profit (loss) for the period was SEK 4.2b (H1-25: SEK 2.1b) increasing by SEK 2.1b. Net profit (loss) for the period was SEK 0.4b (H1-25: SEK (1.3)b) driven by continued growth and margin expansion.

Balance sheet

Loans to the public at June 30, 2026 decreased 5% YTD to SEK 104.4b (FY25: SEK 109.7b) primarily as a result of the sale of Fair Financing receivables in H1-26. It's important to note this does not represent all loans originated in H1-26, this is because the average duration of our loans is approximately 40 days. Outstanding loans at June 30 represent only those loans yet to be repaid. This rapid turnover rate is a key factor in our efficient use of capital to generate revenues, ensuring an asset-light balance sheet, setting us apart from more traditional banks whose longer loan durations tie up capital for extended periods. It also allows us to quickly react to market changes. The CET1 ratio for Klarna Holding AB is 17.4% (H1-25: 15.1%).

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

² "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.

Interactions with regulators

In the US, we continued to monitor regulatory developments at both federal and state level. Following the Consumer Financial Protection Bureau's (CFPB) withdrawal of its interpretive rule on "buy now, pay later" (BNPL) and further changes to its supervisory priorities, in May 2026 we began engaging federal lawmakers in support of a BNPL-specific federal framework. In the absence of such a framework, regulatory activity has continued to shift to individual states, and during 2026 we engaged with lawmakers in New York, Ohio, California, Illinois and Washington as they passed or considered their own approaches to BNPL regulation.

In Sweden, we hosted Finansinspektionen (the Swedish Financial Supervisory Authority, SFSA) in November 2025 for our annual supervisory college, at which we provide our European and UK regulators with an update on our business. The college remains an important fixture in the calendar for maintaining alignment with our supervisory authorities. Our engagement with regulators and policymakers in Sweden during 2026 has focused largely on Sweden's implementation and transposition of the second Consumer Credit Directive (CCD2), including responding to consultations published by the Swedish government as it prepares for application of the new rules in November 2026.

In Germany, we engaged with national policymakers in January 2026 on CCD2 and the EU Payments Package, and continued our regular dialogue with the Federal Financial Supervisory Authority (BaFin).

In the Netherlands, we engaged with national policymakers and regulators on CCD2. In June 2026, we took part in a parliamentary roundtable on BNPL and the implementation of the EU consumer credit rulebook in the Netherlands, and we continued our open dialogue with the Dutch Authority for the Financial Markets (AFM).

In Ireland, we appeared before the Oireachtas Joint Committee on Finance on 8 July 2026 to discuss the consumer impact of BNPL.

At European level, we continued to engage with the European Commission on the ongoing transposition of CCD2 and the implementation of the third Capital Requirements Regulation (CRR3). We also met Members and staff of the European Parliament, together with officials from the Permanent Representations of several EU Member States, with a focus on CCD2, CRR3 and the proposed 28th regime.

In the UK, we maintained our regular day-to-day interaction with the Financial Conduct Authority (FCA), as is typical for any authorized payment institution and consumer credit firm. Alongside this, we engaged with and supported the FCA as it prepared for the implementation and go-live of BNPL regulation on 15 July 2026, and worked closely with the Financial Ombudsman Service (FOS) as it prepared to take BNPL into its jurisdiction. With the regime now in force, we will continue this close engagement with both the FCA and the FOS to support the successful delivery of the new rules. Separately, we continued our conversations with the Competition and Markets Authority (CMA) on its ongoing investigation into mobile operating systems, including how certain practices affect the openness and accessibility of mobile hardware – such as near-field communication (NFC) technology – for mobile payments and digital wallets.

Significant events during the period

- On March 23, 2026, the Group increased the size of an existing forward flow receivables sale arrangement with a third-party investor group from \$1.0 billion to \$2.0 billion. As part of the expanded arrangement, Klarna also committed to provide senior funding of up to \$400 million to the purchasing vehicle, on the same commercial terms as the other participating lenders in the facility.
- On June 23, 2026, the Group entered into a forward flow arrangement with a third-party investor group to sell specified pools of eligible German Fair Financing consumer receivables over a two-year period, with a total commitment of EUR 900 million. The arrangement commences on July 1, 2026 and therefore has no impact on the results for the six months ended June 30, 2026. During the same period, the Group completed the sale of its existing back-book of eligible German Fair Financing receivables to the same investor group, comprising receivables with a principal amount of USD 969 million (EUR 840 million), resulting in a gain on sale of USD 28 million.
- On June 17, 2026, Klarna Holding AB (publ) issued SEK 500 million of Additional Tier 1 capital instruments, on terms consistent with the Company's existing Additional Tier 1 instruments (perpetual, with discretionary and non-cumulative interest, and no scheduled redemption other than at Klarna's option or on liquidation).



Interim condensed consolidated financial statements

Five year summary, Group

Amounts in SEKm	Jan - Jun 2026	Jan - Jun 2025	Jan - Jun 2024	Jan - Jun 2023	Jan - Jun 2022
Income statement					
Total net operating income	15,218	12,312	11,155	9,181	7,511
Profit (loss) before taxes	697	(1,139)	(262)	(1,901)	(6,382)
Net profit (loss)	399	(1,283)	(333)	(2,090)	(6,422)
Balance sheet					
Loans to credit institutions	8,557	4,546	3,970	3,692	5,069
Total loans to the public	104,436	100,084	89,919	77,126	68,845
Other assets	60,114	78,367	61,332	41,410	39,012
Total assets	173,107	182,997	155,221	122,228	112,926
Liabilities to credit institutions	7,248	1,908	1,747	1,067	4,629
Deposits from the public	114,707	134,544	106,323	79,819	67,189
Other liabilities	26,623	22,856	23,394	18,472	21,592
Total equity	24,529	23,689	23,757	22,870	19,516
Total liabilities and equity	173,107	182,997	155,221	122,228	112,926
Key ratios and figures¹					
Return on equity	5.6 %	(1.9)%	(6.7)%	(28.3)%	(53.0)%
Return on assets	0.2 %	(0.4)%	(0.6)%	(5.2)%	(12.8)%
Debt/equity ratio	6.2	5.9	5.3	4.6	4.2
Equity/assets ratio	14.2%	12.9%	15.3%	18.7%	17.3%
Own funds (Total capital) ²	18,674	14,853	14,696	13,427	9,971
Capital requirement ²	6,784	6,076	6,029	5,409	5,027
Total capital ratio ²	22.0%	19.6%	19.5%	19.9%	15.9%
Average number of full-time equivalents	2,588	3,248	3,973	5,217	6,075

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.

Interim condensed consolidated statement of profit or loss

Amounts in SEKm	Note	Jan - Jun 2026	Jan - Jun 2025
Interest income	4	5,174	4,067
Interest expenses	5	(1,925)	(1,984)
Net interest income		3,249	2,083
Commission income	6	11,154	10,276
Commission expenses		(619)	(641)
Net result from financial transactions		(53)	(706)
Other operating income		1,487	1,300
Total net operating income		15,218	12,312
General administrative expenses		(10,724)	(9,444)
Depreciation, amortization and impairment of intangible and tangible assets		(269)	(764)
Operating expenses		(10,993)	(10,208)
Operating profit		4,225	2,104
Credit losses, net	7	(3,528)	(3,243)
Profit (loss) before taxes		697	(1,139)
Tax (expense) benefit		(298)	(144)
Net profit (loss)		399	(1,283)
Whereof attributable to:			
Shareholders of Klarna Holding AB (publ)		297	(1,428)
Non-controlling interests		12	3
Other equity holders		90	142
Total		399	(1,283)

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

Credit losses, net as a percentage of GMV was 0.54%. (H1 25: 0.57%).

Interim condensed consolidated statement of comprehensive income or loss

Amounts in SEKm	Jan - Jun 2026	Jan - Jun 2025
Net profit (loss)	399	(1,283)
Items that are or may be reclassified to the income statement:		
Exchange differences on translation of foreign operations	405	(656)
Reclassification of cumulative translation adjustments	—	(4)
Consumer receivables at fair value through OCI		
Net changes in fair value for the period	(105)	—
Changes in expected credit losses	639	—
Reclassification to the statement of profit or loss	(621)	—
Other comprehensive income (loss)	318	(660)
Total comprehensive income (loss)	717	(1,943)
Comprehensive income (loss) attributable to:		
Shareholders of Klarna Holding AB (publ)	615	(2,088)
Non-controlling interests	12	3
Other equity holders	90	142
Total	717	(1,943)

Interim condensed consolidated statement of financial position

Amounts in SEKm	Note	30 Jun 2026	31 Dec 2025
Assets			
Cash and balances with central banks		22,269	24,587
Treasury bills chargeable at central banks, etc.		20,857	17,564
Loans to credit institutions		8,557	7,755
Loans to the public at amortized cost	8	95,449	102,438
Loans to the public at fair value through other comprehensive income		6,996	3,553
Loans to the public at fair value through profit or loss		1,991	3,685
Bonds and other interest-bearing securities		3,483	554
Other shares and participations		60	76
Intangible assets		7,250	7,117
Tangible assets		329	549
Deferred tax assets		239	269
Other assets		4,547	3,200
Prepaid expenses and accrued income		1,080	1,042
Total assets		173,107	172,389
Liabilities			
Liabilities to credit institutions		7,248	6,930
Deposits from the public		114,707	121,797
Debt securities issued	9	6,725	3,772
Deferred tax liabilities		33	21
Other liabilities	10	14,187	11,454
Accrued expenses and prepaid income		3,782	3,422
Provisions		152	122
Subordinated liabilities		1,745	1,691
Total liabilities		148,578	149,209
Equity			
Share capital		3	3
Other capital contributed		46,271	46,271
Other reserves		639	321
Other equity instruments		2,000	1,500
Retained earnings		(25,094)	(23,891)
Net profit (loss)		399	(1,335)
Total equity attributable to parent		24,218	22,869
Non-controlling interests		311	311
Total equity		24,529	23,180
Total liabilities and equity		173,107	172,389

Loans to the public at amortized cost, at fair value through profit or loss, and at fair value through other comprehensive income represents only the amount of outstanding loans receivable, as at each period end, and is net of allowance for future credit losses (see Note 7 for breakdown) or fair value adjustments. This balance is only partially comparable to credit losses on the income statement as the income statement reports all activity during the period, while the balance sheet is a snapshot of lending outstanding as at the period end date.

Interim condensed consolidated statement of changes in equity

Amounts in SEKm	Share capital	Other capital contributed	Reserves	Other equity instruments	Retained earnings	Net result	Total equity excl. non-controlling interests	Non-controlling interests	Total equity
Balance as at January 1, 2026	3	46,271	321	1,500	(23,889)	(1,338)	22,869	311	23,180
Transfer of previous year's net loss	—	—	—	—	(1,338)	1,338	—	—	—
Net profit (loss)	—	—	—	—	(12)	399	387	12	399
Consumer receivables at fair value through OCI	—	—	(87)	—	(21)	—	(108)	—	(108)
Exchange differences on translation of foreign operations	—	—	405	—	—	—	405	—	405
Total comprehensive income	—	—	318	—	(33)	399	683	12	696
Shareholders contributions	—	—	—	—	136	—	136	—	136
Other equity instruments coupons paid	—	—	—	—	(90)	—	(90)	(12)	(102)
Share-based payments	—	—	—	—	120	—	120	—	120
Issuance of other equity instruments	—	—	—	500	—	—	500	—	500
Balance as at June 30, 2026	3	46,271	639	2,000	(25,094)	399	24,218	311	24,529

Amounts in SEKm	Share capital	Other capital contributed	Reserves	Other equity instruments	Retained earnings	Net result	Total equity excl. non-controlling interests	Non-controlling interests	Total equity
Balance as at January 1, 2025	3	42,329	1,002	1,500	(20,365)	273	24,742	263	25,005
Transfer of previous year's net loss	—	—	—	—	273	(273)	—	—	—
Net profit (loss)	—	—	—	—	—	(1,286)	(1,286)	3	(1,283)
Exchange differences on translation of foreign operations	—	—	(656)	—	—	—	(656)	—	(656)
Reclassification of cumulative translation adjustments	—	—	(4)	—	—	—	(4)	—	(4)
Total comprehensive income	—	—	(660)	—	—	(1,286)	(1,946)	3	(1,943)
New share issuance	—	3,823	—	—	(3,823)	—	—	—	—
Share warrants	—	(1)	—	—	—	—	(1)	—	(1)
Shareholders contributions	—	235	—	—	612	—	847	—	847
Other equity instruments coupons paid	—	—	—	—	(142)	—	(142)	37	(105)
Share-based payments	—	—	—	—	(113)	—	(113)	—	(113)
Changes in non-controlling interests	—	—	2	—	19	—	21	(21)	—
Balance as at June 30, 2025	3	46,386	344	1,500	(23,539)	(1,286)	23,408	282	23,690

Interim condensed consolidated statement of cash flows

Amounts in SEKm	Note	Jan - Jun 2026	Jan - Jun 2025
Operating activities			
Profit (loss) before taxes		697	(1,140)
Income taxes paid		(163)	(68)
Interest expenses paid		(2,031)	(2,024)
Interest income received		5,639	3,116
Adjustments for non-cash items in operating activities			
Depreciation, amortization and impairment		269	764
Share-based payments		566	797
Provisions excluding credit losses		25	1
Provision for credit losses		4,554	4,014
Net gains from divestment		—	(31)
Net losses from divestment of shares in equity investments		—	(59)
Financial items including fair value effects		77	(481)
Changes in the assets and liabilities of operating activities			
Change in Loans to the public at fair value through OCI		(2,896)	—
Change in Loans to the public at fair value through profit or loss		1,725	—
Change in loans to the public at amortized cost		(4,321)	(14,967)
Change in liabilities to credit institutions		340	527
Change in deposits from the public		(6,691)	31,025
Change in bonds and treasury bills with maturity > 90 days		(9,621)	—
Change in other assets and liabilities		503	(8,810)
Cash flow from operating activities		(11,329)	12,665
Investing activities			
Investments in intangible assets		(147)	(132)
Investments in tangible assets		(1)	(9)
Cash flow from investing activities		(148)	(141)
Financing activities			
New share issuance		—	3,000
Share warrants		—	(1)
Other equity instruments issued		500	—
Debt securities issued	9	3,652	1,900
Debt securities redeemed	9	(2,345)	(300)
Principal payments of lease liabilities		(94)	(126)
Shareholder contribution received		136	—
Cash flow from financing activities		1,850	4,473
Cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		34,833	35,720
Cash flow for the period		(9,628)	16,997
Exchange rate difference in cash and cash equivalents		536	(409)
Cash and cash equivalents at end of period		25,741	52,308
Cash and cash equivalents include the following items			
Cash held with central banks		21,366	39,472
Loans to credit institutions classified as cash and cash equivalents		4,376	2,836
Treasury bills classified as cash and cash equivalents		—	9,999
Cash and cash equivalents		25,741	52,308
Additional liquidity portfolio		22,213	12,335
Total cash and liquidity		47,954	64,642

Notes to the interim condensed consolidated financial statements



Note 1 Corporate information

Klarna Holding AB (publ), corp. ID 556676-2356, maintains its registered office in Stockholm at the address Sveavägen 46, 111 34 Stockholm, Sweden. The consolidated financial interim report per June 30, 2026 includes Klarna Holding AB (publ) along with its subsidiaries, collectively referred to as the Group in the financial statements. The Group's business is described in the Business overview.

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

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

Note 2 Accounting principles

1) Basis for the preparation of the reports

Group

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and has been prepared on a historical cost basis, except for equity investments, derivatives, loans to public at fair value through profit or 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 interim report in accordance with the Annual Accounts Act (ÅRL, 1995:1554). The accounting recommendation for legal entities RFR 2 amended by the Swedish Financial Reporting Board has also been applied.

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

The interim report should be read in conjunction with the annual report for 2025, as they do not include all the information and disclosures required in the annual report. Accounting principles and calculation methods applied in this interim report are consistent with those in the annual report for 2025. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

2) New and amended standards and interpretations

Standards and amendments effective for the period.

There were no new IFRS standards, amendments to standards or interpretations that became effective during the period that had a material effect on these interim condensed consolidated financial statements.

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 impacts of IFRS 18, which introduces three sets of new requirements relating to the structure of the income statement, management-defined performance measures and the aggregation and disaggregation of financial information.

3) Significant accounting judgements, estimates and assumptions

In preparing these interim financial statements, management has applied the same estimation techniques and methodologies for developing assumptions as those applied in the consolidated financial statements for the year ended December 31, 2025. While the valuation techniques and estimation methods remain unchanged, management reassesses the underlying assumptions and updates its estimates at each reporting date based on the latest available information. Such assessments are based on historical experience, current conditions and expectations of future events.

Note 3 Operating segments and income by geographical area

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

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

The following table presents geographic information related to revenue for Klarna’s single operating segment. Net operating income less net result from financial transactions are presented by major geographic regions based upon the billing address of the consumer. Interest income derived from the banking activities of the Group is based on the geographic location of the financial institution for which financial instruments have been purchased.

Group	Jan - Jun 2026	Jan - Jun 2025
United States	5,701	4,588
Germany	3,284	3,175
United Kingdom	1,835	1,674
Other countries	4,451	3,580
Total net operating income less net result from financial transactions	15,271	13,017

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.

During the the six months ended June 30, 2026 and 2025, no individual country within other countries contributed more than 10% of revenues.

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

Group	Jan - Jun 2026	Jan - Jun 2025
Income from merchants and partners	10,040	9,094
Consumer income	1,976	1,779
Net interest income	3,249	2,083
Other income	6	61
Total net operating income less net result from financial transactions	15,271	13,017

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 SEK619m (SEK641m). 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.

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

Group	Jan - Jun 2026	Jan - Jun 2025
Non-current assets		
Sweden	10,064	12,287
Germany	1,019	1,893
United States	2,102	1,032
United Kingdom	1,735	1,883
Other countries	3,170	2,048
Total non-current assets	18,090	19,143

During the the six months ended June 30, 2026 and 2025, no individual country within other countries made up more than 10% of non-current assets.

Note 4 Interest income

	Jan - Jun 2026	Jan - Jun 2025
Loans to the public	4,492	3,387
Loans to credit institutions	335	448
Group companies	87	12
Other interest income	260	220
Total	5,174	4,067

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.

Fair Financing includes interest income of SEK659 million attributable to Loans to the public originated and measured at fair value through OCI during 2026.

Note 5 Interest expenses

	Jan - Jun 2026	Jan - Jun 2025
Deposits from the public	(1,389)	(1,636)
Interest-bearing securities and chargeable treasury bills etc.	(104)	(107)
Liabilities to credit institutions	(229)	(108)
Debt securities issued	(74)	(40)
Subordinated liabilities	(86)	(92)
Other interest expenses	(43)	(1)
Total	(1,925)	(1,984)

Note 6 Commission income

	Jan - Jun 2026	Jan - Jun 2025
Merchant	8,631	8,359
Consumer	1,965	1,781
Other	558	136
Total	11,154	10,276

Note 7 Credit losses, net

Loan losses divided by class	Jan - Jun 2026	Jan - Jun 2025
Loans to credit institutions		
Increase in provisions	—	(4)
Assets repaid	—	5
Total	—	1
Loans to the public		
Realized loan losses, net of recoveries	(3,148)	(1,231)
Amounts written off	2,797	771
Increase in provisions	(8,633)	(8,019)
Assets repaid	5,480	5,250
Total	(3,504)	(3,229)
Financial guarantees and commitments		
Increase in provisions	(27)	(22)
Assets repaid	3	7
Total	(24)	(15)
Total credit losses, net	(3,528)	(3,243)

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

Credit losses, net as a percentage of GMV was 0.54% (H125 0.57%).

Note 8 Loans to the public at amortized cost

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. 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 14), 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.

The below tables summarize consumer receivables at amortized cost for the periods ended June 30, 2026 and December 31, 2025.

	30 Jun 2026	31 Dec 2025
Loans to the public	99,670	107,188
Allowance for credit losses	(4,220)	(4,750)
Total	95,450	102,438

Loans to the public at amortized cost of SEK 95.5b as at Jun 30, 2026 (102.4b as at Dec 31, 2025) 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 period, while the balance sheet is a snapshot of lending outstanding as at each period end.

Klarna assigns outstanding loans to one of three stages based on repayment performance to measure the allowance for credit losses of consumer receivables. The below tables reconcile the Group's classification of Loans to the public by stage for the opening and closing balances:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Gross carrying amount as at January 1, 2025	90,796	4,038	1,709	1,285	97,829
New assets originated or purchased	1,344,365	1,636	295	14,947	1,361,242
Assets repaid	(1,304,509)	(14,013)	(2,479)	(15,221)	(1,336,221)
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)	(7,607)
Other adjustments ¹	(7,260)	(345)	(188)	(263)	(8,056)
Gross carrying amount as at December 31, 2025	99,635	4,409	2,502	641	107,188
New assets originated or purchased	592,680	697	334	5,078	598,790
Assets repaid ¹	(590,889)	(7,079)	(1,626)	(5,013)	(604,608)
Transfers to stage 1	2,390	(2,341)	(49)	—	—
Transfers to stage 2	(12,703)	12,782	(80)	—	—
Transfers to stage 3	(155)	(5,096)	5,252	—	—
Amounts written off	(260)	(180)	(4,058)	(45)	(4,544)
Other adjustments	2,668	130	81	(36)	2,843
Gross carrying amount as at June 30, 2026	93,366	3,322	2,356	625	99,670

¹ Assets repaid includes the sale of an existing portfolio of Fair Financing receivables within the period

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Allowance as at January 1, 2025	(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)
New assets originated or purchased	(2,756)	(186)	(45)	(32)	(3,019)
Assets repaid	3,395	986	1,047	51	5,480
Transfers to stage 1	(267)	237	30	—	—
Transfers to stage 2	1,399	(1,446)	47	—	—
Transfers to stage 3	15	2,762	(2,777)	—	—
Impact on ECL from change in credit risk	(1,257)	(2,290)	(879)	(27)	(4,453)
Changes to models and inputs used for ECL calculations	1	(128)	5	—	(122)
Amounts written off	47	81	2,649	19	2,797
Other adjustments	(45)	(49)	(62)	3	(153)
Allowance as at June 30, 2026	(1,303)	(1,036)	(1,686)	(195)	(4,220)

Note 9 Debt securities issued

	30 Jun 2026	31 Dec 2025
Senior unsecured bonds	3,881	3,000
Credit linked notes	1,669	—
Commercial papers	894	772
Certificates of Deposit	280	—
Total	6,725	3,772

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.

On April 10, 2026, under the Medium Term Note Program (the “MTN”), the Group issued SEK 0.3 billion of senior unsecured bonds due in 2028. The notes have floating coupon rates corresponding to the three-month STIBOR plus 1.7% per annum.

On May 15, 2026, under the MTN, the Group issued SEK 0.3 billion of senior unsecured bonds due in 2029. The notes have floating coupon rates corresponding to the three-month STIBOR plus 1.675% per annum.

On June 15, 2026, under the MTN, the Group issued SEK 1.3 billion of senior unsecured bonds due in 2029. The notes have floating coupon rates corresponding to the three-month STIBOR plus 1.5% per annum.

Credit linked notes ("CLNs") were issued in connection with the synthetic securitization transaction described in Note 14 , and are pledged as collateral, and as at June 30, 2026 SEK 1,669 million was outstanding.

For the fair value amounts, see Note 12.

Note 10 Other liabilities

	30 Jun 2026	31 Dec 2025
Merchant liabilities	9,090	6,778
Liabilities to group companies	1,693	1,044
Lease liabilities	630	739
Commercial agreement liabilities	332	371
Accounts payable	445	350
Derivatives	705	117
Current tax liabilities	191	116
Personnel related taxes	92	114
Other liabilities	1,009	1,825
Total	14,187	11,454

Note 11 Pledged assets and contingent liabilities

	30 Jun 2026	31 Dec 2025
Pledged assets		
<i>Assets pledged for own liabilities</i>		
Pledged Loans to the public and credit institutions	22,094	21,351
Pledged treasury bills chargeable at central banks, etc., and pledged bonds and other interest-bearing securities	1,697	16
Other pledged assets	–	122
Total	23,791	21,490
Contingent liabilities and commitments		
<i>Commitments</i>		
Commitments for loan funding	38,171	36,485
Total	38,171	36,485

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 2026 and 2025.

Contingent liabilities

In the ordinary course of business, the Group is involved in various proceedings and inquiries, which may include legal, arbitration, dispute, administrative, and regulatory matters. Where an outflow is not considered probable, no provision is recognized. The assessment of whether a present obligation exists involves significant judgment

Were future obligations to arise in respect of such matters pending, possible outcomes could aggregate to a range of SEK 974 million to SEK 1.9 billion. This range reflects, among other things,

the nature, uncertainty and current status of these ongoing matters, being an aggregate across such matters taken as a whole and not an estimate of any individual matter.

FTC Inquiry

The Group has been subject to an ongoing inquiry by the U.S. Federal Trade Commission ("FTC") in relation to the Group's Buyer Protection Policy, and in August 2026, received a draft complaint from the FTC in respect of this matter. The Group does not agree with the positions set out by the FTC staff and is in the early stages of discussions to explore resolution. The matter remains in preliminary stage and is included in the contingent liabilities described above

Note 12 Fair value of financial assets and liabilities

The following table shows the Group's financial assets and liabilities measured at fair value on a recurring basis and identifies which of the three valuation levels the assets and liabilities have been classified into as of June 30, 2026 and December 31, 2025. No transfers between levels have been made during 2026 or 2025.

Group				
June 30, 2026	Level 1	Level 2	Level 3	Total
Assets				
Equity investments	–	–	60	60
Derivatives	–	141	–	141
Loans to the public at fair value through profit or loss	–	–	1,991	1,991
Loans to the public at fair value through OCI	–	–	6,996	6,996
Assets Total	–	141	9,046	9,187
Liabilities				
Derivatives	–	705	–	705
Liabilities Total	–	705	–	705

Group				
31 Dec 2025	Level 1	Level 2	Level 3	Total
Assets				
Equity investments	–	–	76	76
Derivatives	–	197	–	197
Loans to the public at fair value through profit or loss	–	–	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

Movements in Level 3

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

Group	Financial assets		
	Equity investments	Loans to the public at fair value through profit or loss ¹	Loans to the public at fair value through OCI
Balance as at Dec 31, 2025	76	3,685	3,553
Gain/loss in income statement	(16)	(891)	-
of which: unrealized gain/loss	(16)	(61)	-
of which: realized gain/loss	-	(830)	-
Total gain/(loss) recognized in OCI	-	-	(533)
Receivables originated as held for sale	-	112,291	24,127
Receivables sold to third parties ²	-	(105,479)	(16,555)
Consumer receivable settlements	-	(7,615)	(3,596)
Balance as at June 30, 2026	60	1,991	6,996

¹ Fair value gains and losses on Pay Later loans sold and held for sale recognized in the statement of profit or loss are included in funding costs.

² Loans to the public at fair value through profit or loss or at fair value through OCI sold during the six months ended June 30, 2026 totalled SEK 128,472 million in accordance with the table above. In addition, Klarna sold consumer receivables measured at amortized cost of SEK 14,406 million in the same period (see note 8). Together, total Fair Financing receivables sold were SEK 31,834 million and Pay Later receivables sold were SEK 111,044 million in the six months ended June 30, 2026; of which SEK 11,723 million and SEK 54,010 million, respectively, in the first quarter of 2026 and SEK 20,111 million and SEK 57,034 million, respectively, in the second quarter of 2026.

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					
June 30, 2026	Carrying amount	Level 1	Level 2	Level 3	Fair value
Assets					
Treasury bills chargeable at central banks, etc.	20,857	20,819	-	-	20,819
Bonds and other interest-bearing securities	3,483	3,477	-	-	3,477
Assets Total	24,340	24,296	-	-	24,296
Liabilities					
Deposits from the public	114,707	-	114,531	-	114,531
Debt securities in issue	6,725	-	4,803	-	4,803
Subordinated liabilities	1,745	-	2,010	-	2,010
Liabilities Total	123,176	-	121,343	-	121,343

Group					
31 Dec 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

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

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

Note 13 Information on related parties

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 SEK 2.5 million through the first two quarters of 2026 for sustainability-related services. Separately, Klarna transferred to Milkywire an additional SEK 5 million in 2025 for the purchase of carbon credits on Klarna's behalf; these amounts were paid in full to the third-party providers and Milkywire did not retain any margin on these transactions. No carbon credit purchases were made in the six months ended June 30, 2026.

Additionally, the Company made charitable contributions of SEK 22m in 2025 to the WRLD Foundation, where Nina Siemiatkowski serves as a board member. No contributions were made in the six months ended June 30, 2026. These arrangements were approved by the board, excluding the Chief Executive Officer.

During the six months ended June 30, 2026, the Board of Directors approved the grant of 402,394 options to acquire ordinary shares in the ultimate parent company, Klarna Group plc, and the issuance of 319,416, gross of shares withheld to cover tax, of ordinary shares directly to members of the Company's management team. Additionally, the Board of Directors granted 2,795,264 Class C share options to Mr. Siemiatkowski, which were fully vested on the grant date. See Note 16 for additional details regarding these awards.

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 (publ), that are not eliminated.

Related parties - revenues and expenses	30 Jun 2026	30 Jun 2025
Interest income	87	12
Interest expenses	(12)	-
Services purchased	(113)	(119)

Related parties - assets and liabilities	30 Jun 2026	31 Dec 2025
Loan receivables	2,612	2,396
Other receivables	610	181
Other liabilities	1,695	1,044

Note 14 Structured entities

Klarna enters into arrangements with structured entities, and consolidates such entities where it has power over key activities and exposure and ability to influence its own returns, and does not consolidate such entities where those conditions are not met. Klarna's consolidated structured entities comprise a warehouse financing facility and an employee benefit trust. Klarna also enters into arrangements with unconsolidated structured entities through synthetic securitizations, under which credit risk on pools of consumer receivables is transferred without derecognition, and forward flow arrangements, under which specified pools of consumer receivables are transferred to securitization vehicles ("SPV") and derecognized.

In March 2026, Klarna increased one of its existing forward flow arrangements from SEK 9.7 billion to SEK 19.5 billion, with an unconsolidated SPV, to which specified pools of eligible U.S. Fair Financing consumer receivables will be transferred. Klarna derecognize these receivables upon transferring the contractual rights to the cash flows and substantially all associated risks and rewards. The agreements are fixed-term, with commitment periods ranging from one to three years, during which Klarna sells eligible receivables shortly after origination. The purchasing counterparty is committed to purchase all eligible receivables offered up to its commitment amount of SEK 19.5 billion. Klarna committed to provide senior funding of up to SEK 3.9 billion in connection with the arrangement. The funding is secured by the receivables pool and the lender tranche benefits from subordination of the investor tranche, whereby the first losses of up to SEK 3.0 billion will be borne by the purchasing counterparty. As of June 30, 2026, SEK 2.7 billion of senior funding had been extended to the purchasing counterparty and recognized as loans to structured entities under Loans to the public in the consolidated balance sheet (see Note 8). In connection with increasing this arrangement, Klarna sold an existing pool of U.S. Fair Financing receivables totalling SEK 4.8 billion in the three month ended March 31, 2026. These receivables sold were previously held at amortized cost.

In addition, in March 2026, Klarna entered into a synthetic securitization transaction, where it economically transferred a portion of credit risk for certain pools of consumer receivables (the "referenced pools"), which remains on Klarna's balance sheet, with the primary objective of lowering the regulatory capital risk weights of the underlying assets. Credit risk for each referenced pool is separated into three tranches: junior, mezzanine, and senior. Klarna retains the risk for the junior and senior tranches and transfers the risk for the mezzanine tranche to investors through issuing EUR 150 million of CLNs to external investors. The total consumer receivables pool committed under the transaction is EUR 1.5 billion. As at June 30, 2026, credit-linked notes at a carrying amount of SEK 1.7 billion had been issued under the transaction, and recognized under Debt securities in issue (see Note 9).

Further, in June 2026, Klarna entered into a new forward flow arrangement with an unconsolidated structured entity, to which specified pools of eligible German Fair Financing consumer receivables are transferred shortly after origination. Klarna derecognize the receivables transferred upon transferring the contractual rights to their cash flows and

substantially all the associated risks and rewards, and retains no equity, subordinated, residual or risk-retention interest in the structure. The arrangement is fixed-term, comprising an initial sale of an existing portfolio during the period and a 24-month forward-flow arrangement commencing July 1, 2026, during which the purchasing counterparty is committed to purchase all eligible receivables offered up to its commitment amount of EUR 900 million. The first losses on the transferred receivables are borne by the purchasing counterparty's through their subordinated position. Klarna continues to service the receivables for a market-rate fee. In connection with entering into this arrangement, Klarna sold an existing pool of Fair Financing receivables totalling SEK 9.4 billion in the three months ended June 30, 2026 (see Note 12). These receivables sold were previously held at amortized cost.

The above arrangements, comprising initial sales of the existing portfolios at amortized cost and forward flow agreements at fair value through other comprehensive income, were among the receivable sales contributing to the gain on sale of consumer receivables of SEK 1.2 billion recognized for the six months ended June 30, 2026. There were no comparable gains in the six months ended June 30, 2025. The gain on sale of these receivables are recognized within Net result from financial transactions in the consolidated statement of profit or loss.

The following table shows the carrying amount of Klarna's recorded interest in its consolidated balance sheet as of June 30, 2026 and December 31, 2025, 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.

	30 Jun 2026	31 Dec 2025
Loans to the public at fair value through profit or loss	1,991	3,685
Loans to the public at fair value through OCI	6,996	3,553
Loans to structured entities	2,714	—
Receivables from SPV	1,652	—
Pledged assets (within bonds and other interest bearing securities)	17	16
Total assets	13,370	7,254
Payable to SPV (within other liabilities)	233	402
Total liabilities	233	402

During the six months ended June 30, 2026 and full year 2025, Klarna originated consumer receivables totalling SEK 143.2 billion and SEK 19.5 billion, respectively, classified at fair value through profit or loss or fair value through other comprehensive income.

Following the transfer of consumer receivables Klarna typically continues to service the sold receivables on behalf of the SPVs for a servicing fee. The Company earned servicing income of SEK 139.9 million and SEK 36.9 million in the six months ended June 30, 2026 and 2025, 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 June 30, 2026 and December 31, 2025, an aggregated balance of SEK 38.0 billion and SEK 28.6 billion, respectively, in sold receivables was recognized by the unconsolidated SPVs.

Note 15 Capital adequacy and leverage ratio

Capital adequacy regulations

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

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

Common Equity Tier 1 capital

Klarna Holding AB (publ) reported a CET1 capital amount of SEK 14,768m as of June 30, 2026 (SEK 14,574m, as of December 2025).

During 2026, Common Equity Tier 1 for the consolidated situation of Klarna Holding AB (publ) remained stable with an increase of (SEK 194m).

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.

On June 17, 2026 Klarna Holding AB (publ) issued SEK 500m Additional Tier 1 capital instruments. The instruments have a floating coupon rate corresponding to STIBOR 3M plus 4.35% per annum. The securities were offered to a number of large Nordic investors and the first call date is June 17, 2031.

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 June 2026 amounts to SEK 11,965m (SEK 12,477m) for Klarna Bank AB (publ) and SEK 10,609m (SEK 11,455m) for the consolidated situation. Klarna thereby has sufficient capital to cover for required capital under Pillar I and Pillar II, including combined buffer requirements.

Capital Buffer Requirements

As at June 30, 2026, Klarna was subject to a Capital conservation buffer of 2.5% and to a Countercyclical capital buffer of 1.0% of the risk exposure amount for the consolidated situation, and 1.0% 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.

Excess subsidiary capital deduction

In accordance with Article 85 and 87 of CRR Klarna Bank AB (publ)'s Tier 1 and Tier 2 capital can only be included in the capital base of Klarna Holding Group with the share required to cover the minimum capital requirements of Klarna Bank AB (publ). As of June 30, 2026, an amount of SEK 162m Additional Tier 1 capital instruments issued by Klarna Bank AB (publ) were included in the Own funds of Klarna Holding AB (publ) consolidated.

Capital adequacy information	Consolidated situation		Klarna Bank AB (publ)	
	30 Jun 2026	31 Dec 2025	30 Jun 2026	31 Dec 2025
Own funds, total risk exposure amount and total leverage ratio exposure				
Common Equity Tier 1 capital	14,768	14,574	16,754	16,963
Tier 1 capital	16,930	16,241	17,030	17,239
Own funds	18,674	17,932	17,030	17,239
Total risk exposure amount	84,787	92,654	93,156	97,865
Total leverage ratio exposure	175,493	172,344	180,973	175,042
Capital adequacy analysis				
Common Equity Tier 1 capital ratio	17.4 %	15.7 %	18.0 %	17.3 %
Tier 1 capital ratio	20.0 %	17.5 %	18.3 %	17.6 %
Total capital ratio	22.0 %	19.4 %	18.3 %	17.6 %
Leverage ratio	9.6 %	9.4 %	9.4 %	9.8 %
Requirements				
Overall capital requirement (OCR) ratio	12.5 %	12.5 %	13.0 %	12.9 %
of which: Pillar II requirement	1.1 %	1.1 %	1.4 %	1.4 %
of which: capital conservation buffer requirement	2.5 %	2.5 %	2.5 %	2.5 %
of which: countercyclical buffer requirement	1.0 %	0.9 %	1.0 %	1.0 %
CET1 available after meeting the total SREP own funds requirements (%)	12.3 %	10.6 %	12.7 %	12.0 %
OCR and Pillar II Guidance (P2G)	17.5 %	17.5 %	13.0 %	12.9 %
of which: P2G	5.0 %	5.0 %	— %	— %
Exposure amounts for credit risk according to the standardized approach				
Credit risk including counterparty credit risk	152,033	157,813	152,355	155,809
of which: central governments or central banks	24,194	30,116	24,028	29,934
of which: regional governments or local authorities	10,958	5,364	10,958	5,364
of which: public sector entities	4,042	1,903	4,042	1,903
of which: multilateral development banks	2,524	2,818	2,524	2,818
of which: international organizations	3,332	2,480	3,332	2,480
of which: institutions	9,502	8,767	7,850	5,755
of which: corporates	12,105	9,889	22,182	20,234
of which: retail	79,629	92,209	67,117	78,213
of which: exposures in default	640	857	524	829
of which: covered bonds	1,373	554	1,373	554
of which: equity	60	76	5,619	5,834
of which: other items	3,674	2,780	2,806	1,891
Total exposure amount	152,033	157,813	152,355	155,809
Risk exposure amounts according to the standardized approach				
Credit risk including counterparty credit risk	70,575	77,955	77,657	82,370
of which: institutions	1,660	1,753	1,329	1,151
of which: corporates	11,416	9,766	21,495	20,114
of which: retail	52,594	62,045	43,954	52,240
of which: exposures in default	640	962	524	910
of which: covered bonds	137	55	137	55
of which: equity	95	191	7,321	5,941
of which: other items	4,033	3,183	2,897	1,959
Securitization positions	2,033	994	2,906	1,902
Market risk	4,856	6,365	4,988	5,971
of which: foreign exchange risk	4,856	6,364	4,988	5,971
Operational risk	7,151	7,151	7,433	7,433
Credit valuation adjustments	172	189	172	189
Total risk exposure amount	84,787	92,654	93,156	97,865

	Consolidated situation		Klarna Bank AB (publ)	
	30 Jun 2026	31 Dec 2025	30 Jun 2026	31 Dec 2025
Total minimum capital requirements				
Credit risk including counterparty credit risk	5,646	6,236	6,213	6,590
of which: institutions	133	140	106	92
of which: corporates	913	781	1,720	1,609
of which: retail	4,207	4,964	3,516	4,179
of which: exposures in default	51	77	42	73
of which: covered bonds	11	4	11	4
of which: equity	8	15	586	475
of which: other items	323	255	232	158
Securitization positions	163	80	232	152
Market risk	389	509	399	478
of which: foreign exchange risk	389	509	399	478
Operational risk	572	572	595	595
Credit valuation adjustments	14	15	14	15
Total minimum capital requirement	6,784	7,412	7,453	7,830
Own funds disclosure				
Common Equity Tier 1 capital: instruments and reserves				
Capital instruments and the related share premium accounts	42,215	42,257	45,947	45,947
Retained earnings	(25,227)	(20,092)	(29,009)	(22,878)
Accumulated other comprehensive income (and other reserves)	4,831	577	1,053	(1,701)
Common Equity Tier 1 capital before regulatory adjustments	21,819	22,742	17,991	21,368
Common Equity Tier 1 capital: regulatory adjustments				
Additional value adjustments	(10)	(8)	(8)	(4)
Intangible assets (net of related tax liability)	(6,767)	(6,638)	(832)	(935)
Losses for the financial period	—	(1,338)	(177)	(3,336)
Deferred tax assets relying on future profitability	—	—	—	—
Securitization positions alternatively subject to a 1250% risk weight	(220)	(130)	(220)	(130)
Other CET1 capital deduction	(54)	(54)	—	—
Total regulatory adjustments to Common Equity Tier 1 (CET1) capital	(7,051)	(8,168)	(1,237)	(4,405)
Common Equity Tier 1 (CET1) capital	14,768	14,574	16,754	16,963
Additional Tier 1 (AT1) capital instruments				
Capital instruments and the related share premium accounts	2,000	1,500	276	276
of which: classified as equity under applicable accounting standards	2,000	1,500	276	276
Qualifying Tier 1 capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	162	167	—	—
Total Additional Tier 1 (AT1) capital instruments	2,162	1,667	276	276
Tier 1 capital	16,930	16,241	17,030	17,239
Tier 2 (T2) capital instruments				
Capital instruments and the related share premium accounts	1,744	1,691	—	—
Qualifying own funds instruments included in consolidated T2 issued by subsidiaries and held by third party	—	—	—	—
Total Tier 2 (T2) capital instruments	1,744	1,691	—	—
Own funds	18,674	17,932	17,030	17,239

Note 16 Share-based payments

This note provides an overview of the various share-based payment costs recognized during the periods and additional information on the different equity-based programs.

In certain jurisdictions, Klarna Group awards 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 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.

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 following table presents share-based payment costs, inclusive of social security charges, recognized in the six months ended June 30, 2026 and 2025:

	Jan - Jun 2026	Jan - Jun 2025
Employee restricted stock unit program	(254)	(323)
Share warrants and stock options	(279)	(474)
Direct share issuance	(34)	—
Share-based payment costs	(566)	(797)
Less: amounts recognized as reduction of commission income	—	(7)
Share-based payment expense	(566)	(804)

There were no share-based payment expenses recognized in the separate financial statements of the parent company during 2025 or 2026.

In the six months ended June 30, 2026:

- 444,832 RSUs were awarded to employees, which are issuable into ordinary shares of Klarna Group plc upon vesting. The weighted average fair value at grant was \$14.9, determined based on the fair value of the ordinary shares on the grant date. The RSUs generally vest over a four-year staggered vesting schedule, with 25% of the shares vesting each year. If the participant leaves Klarna, unvested RSUs are forfeited.
- 437,166 ordinary shares were granted to employees, including executive officers, of which 220,094 were withheld to cover statutory tax withholding obligations resulting in a net issuance of 217,072 ordinary shares. 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 value of the ordinary shares granted was \$15.3.
- 2,795,264 C Class options, with two options entitling the recipient to acquire either one ordinary share or two C Class shares in Klarna Group plc, at the agreed strike price, were granted to Sebastian Siemiatkowski, our Co-Founder and Chief Executive Officer. These awards were fully vested on the grant date.
- 402,394 options to acquire one ordinary share in Klarna Group plc, at the agreed strike price, were granted to two executive officers. These awards were fully vested on the grant date.

Klarna uses the Black-Scholes model when calculating the fair value of share warrants and options granted, including share options to acquire C Class shares. The inputs used within the model for the share warrants and options granted during the six months ended June 30, 2026 were:

	Jan - Jun 2026
Expected volatility (%)	42%
Risk-free interest rate (%)	3.8% - 4.1%
Expected term (years)	2.5 - 3.0
Weighted average share price for instruments issued by Klarna Group plc (in USD)	15.1

Note 17 Significant events after the end of the reporting period

The Group has evaluated all events that have occurred subsequent to June 30, 2026, through the date that the interim condensed consolidated financial statements were approved on August 18, 2026.

On July 16, 2026, Klarna completed a SEK 5.0 billion significant risk transfer with an external investor under a three-year agreement. Under the transaction, a portion of the credit risk on a reference portfolio of consumer receivables was transferred to the investor, reducing the regulatory capital requirements on those assets. The receivables remain recognized on Klarna's balance sheet. As the transaction completed after June 30, 2026, it had no impact on these financial statements.

In July 2026, subsequent to the reporting date, Klarna commenced a consumer device financing program in the United States with Apple, under which consumers may lease eligible consumer electronics devices over terms ranging from 12 to 36 months. Klarna is responsible for credit decisioning, financing and payment servicing and earns a fee from the retail partner. The program had no effect on the interim condensed consolidated financial statements for the six months then ended.

No other significant events have occurred during the subsequent period.

**Interim condensed
parent company
financial statements**



Interim condensed parent company statement of profit or loss

Amounts in SEKm	Jan - Jun 2026	Jan - Jun 2025
Other external expenses	53	(15)
Operating profit (loss)	53	(15)
Income from financial items		
Other interest income and similar items	7	67
Financial expenses	(86)	(92)
Net result from financial transactions	(9)	4
Total income from financial items	(88)	(21)
Profit after financial items	(35)	(36)
Tax (expense) benefit	—	—
Net profit (loss)	(35)	(36)

Interim condensed parent company statement of comprehensive income

Amounts in SEKm	Jan - Jun 2026	Jan - Jun 2025
Net profit (loss)	(35)	(36)
Total comprehensive income for the period	(35)	(36)

Interim condensed parent company statement of financial position

Amounts in SEKm	Note	30 Jun 2026	31 Dec 2025
Assets			
Financial non-current assets			
Shares and participations in group companies	4	50,798	50,798
Receivables	5	903	511
Total financial non-current assets		51,702	51,309
Current assets			
Receivables	5	33	7
Cash and bank balances		—	1
Total current assets		33	8
Total assets		51,735	51,317
Equity			
Share capital		3	3
Share premium reserve		44,763	44,763
Other equity instruments		2,000	1,500
Retained earnings		3,062	306
Net profit		(35)	2,846
Total equity		49,794	49,418
Liabilities			
Current liabilities			
Subordinated liabilities		1,745	1,691
Other liabilities		175	138
Accrued expenses		16	70
Liabilities to credit institutions		5	—
Total current liabilities		1,941	1,899
Total equity and liabilities		51,735	51,317

Interim condensed parent company statement of changes in equity

Amounts in SEKm	Restricted equity	Non-restricted equity				Total equity
	Share capital	Other capital contributed	Other equity instruments	Retained earnings	Net result	
Balance as at January 1, 2026	3	44,763	1,500	306	2,846	49,418
Transfer of previous year's net loss	—	—	—	2,846	(2,846)	—
Net profit (loss)	—	—	—	—	(35)	(35)
Total comprehensive income	—	—	—	—	(35)	(35)
Other equity instruments coupons paid	—	—	—	(90)	—	(90)
Issuance of other equity instruments	—	—	500	—	—	500
Balance as at June 30, 2026	3	44,763	2,000	3,062	(35)	49,794

Amounts in SEKm	Restricted equity	Non-restricted equity				Total equity
	Share capital	Other capital contributed	Other equity instruments	Retained earnings	Net result	
Balance as at January 1, 2025	3	42,329	1,500	691	139	44,662
Transfer of previous year's net loss	—	—	—	139	(139)	—
Net profit (loss)	—	—	—	—	(36)	(36)
Total comprehensive income	—	—	—	—	(36)	(36)
New share issuance	—	3,823	—	—	—	3,823
Share warrants	—	(1)	—	—	—	(1)
Shareholders contributions	—	235	—	—	—	235
Other equity instruments coupons paid	—	—	—	(92)	—	(92)
Share-based payments	—	—	—	(277)	—	(277)
Balance as at June 30, 2025	3	46,386	1,500	461	(36)	48,314

Share capital: 34,595,453 shares as at June 30, 2026 (31,720,787 June 30, 2025), quota value 0.1 (0.1).

Interim condensed parent company statement of cash flows

Amounts in SEKm	Jan - Jun 2026	Jan - Jun 2025
Operating activities		
Profit (loss) before taxes	(35)	(15)
Interest expenses paid	(85)	—
Adjustments for non-cash items in operating activities		
Financial items including fair value effects	(35)	(267)
Change in other assets and liabilities	(351)	4,343
Cash flow from operating activities	(506)	4,061
Investments in subsidiaries	—	(7,058)
Cash flow from investing activities	—	(7,058)
New share issuance	—	3,000
Share warrants	—	(1)
Other equity instruments issued	500	—
Cash flow from financing activities	500	2,999
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	1	1
Cash flow for the period	(6)	1
Cash and cash equivalents at end of period	(5)	1
Cash and cash equivalents include the following items		
Cash held with central banks	(5)	1
Cash and cash equivalents	(5)	1

Notes to the interim condensed parent company financial statements

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 Shares and participations in group companies

			30 Jun 2026	31 Dec 2025
Participations in group companies			50,798	50,798
Group companies	No. of shares	Share as at 2026.06	Book value	Book value
Klarna Bank AB (publ), Sweden, Corp. ID 556737-0431	246,972,009	100 %	50,798	50,798
Total			50,798	50,798

Note 5 Receivables

	30 Jun 2026	31 Dec 2025
Non-current		
Receivables from group companies	903	511
Total	903	511
Current		
Prepaid exp and accrued income group companies	1	6
Other receivables	1	1
Prepaid expenses	5	-
Trade receivables, group companies	2	-
Swaps receivable, group companies	24	-
Total	33	7
Total receivables	936	518

CEO' affirmation

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

Stockholm, August 18, 2026

Sebastian Siemiatkowski

CEO

Definitions and Abbreviations

Capital requirement

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

Common Equity Tier 1 capital

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

CET1 ratio

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

Consumer

An individual or company using our services.

Debt/equity ratio*

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

Equity/assets ratio*

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

Gross Merchandise Volume (GMV)

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 (RSU)

Klarna's Restricted Stock Unit Program for employees.

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.



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Auditor's report on the review of the condensed interim financial information (interim report)

To the Board of Directors of Klarna Holding AB (publ), corporate identity number 556676-2356

Introduction

We have performed a review of the condensed interim financial information (interim report) of Klarna Holding AB (publ) as of June 30, 2026 and the six-month period then ended. The Board of Directors and the Managing Director are responsible for preparing and presenting this interim report in accordance with IAS 34, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and Scope of the Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, performing analytical procedures, and performing other review procedures. A review is different in focus and significantly less in scope than an audit in accordance with ISA and generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would be aware of all significant matters that would have been identified in an audit. Therefore, the conclusion expressed in a review does not provide the assurance that a conclusion expressed in an audit does.

Conclusion

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

Stockholm, date according to electronic signature

BDO MÄLARDALEN AB

Per Fridolin
Authorized Public Accountant