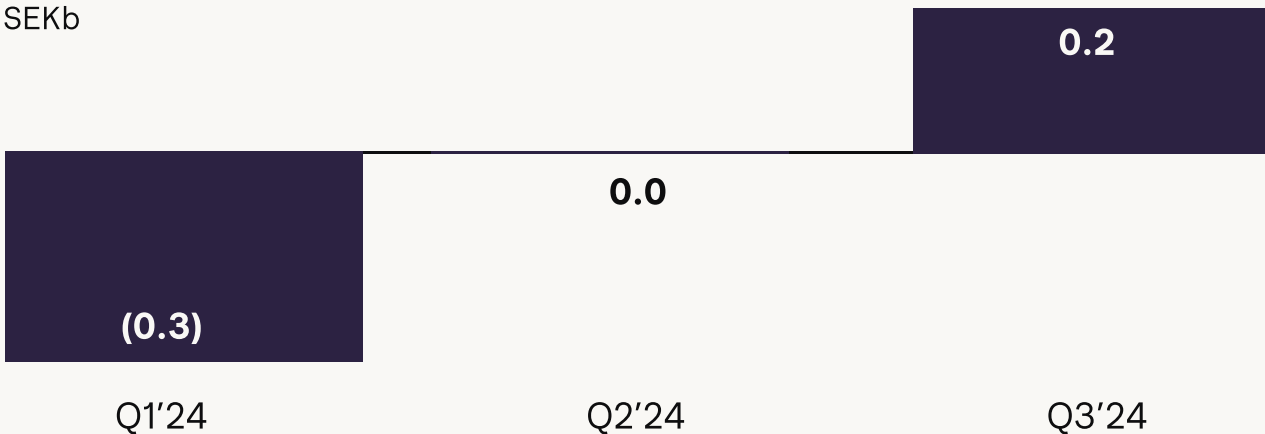


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January to September 2024 Results

Net income (loss)

SEKb



The information is presented for Klarna Holding AB (publ), if not otherwise stated.

/// We're back in familiar territory: profit and growth, just like the old days. With our exciting new collaborations with Worldpay, Apple Pay, Google Pay and Adyen, we're closer than ever to making Klarna available at every checkout. We're gearing up for a strong holiday season, and our AI-powered products will help consumers save time, money and reduce financial worry. ///

Sebastian Siemiatkowski, CEO and Co-Founder of Klarna

Financial performance

GMV ¹	Total revenue	Gross profit	Net income (loss)
↑ 16%	↑ 23%	↑ 16%	↑ 94%
Jan-Sep 2024 YoY improvement	Jan-Sep 2024 YoY improvement	Jan-Sep 2024 YoY improvement	Jan-Sep 2024 YoY improvement

Amounts in SEKm	Jan-Sep 2024	Jan-Sep 2023	YoY
Transaction and service revenue	17,166	13,709	25%
Interest income from operating activities	3,155	2,767	14%
Total revenue²	20,321	16,476	23%
Processing and servicing	(4,498)	(4,135)	9%
Consumer credit losses	(3,535)	(2,458)	44%
Funding costs	(2,578)	(1,542)	67%
Transaction costs	(10,610)	(8,135)	30%
Gross profit²	9,711	8,341	16%
Technology and product development	(2,488)	(2,134)	17%
Sales and marketing	(1,768)	(2,105)	(16)%
Customer service and operations	(1,533)	(1,785)	(14)%
General and administrative (G&A)	(2,364)	(2,293)	3%
Adjusted operating expenses²	(8,153)	(8,318)	(2)%
Adjusted operating income²	1,558	22	n.m
- Depreciation and amortization	(1,130)	(1,260)	(10)%
- Share based payments	(346)	(340)	2%
- Restructuring and other	(106)	(380)	(72)%
Operating income (loss)	(24)	(1,957)	99%
Other income (expense)	22	186	(88)%
Income (loss) before income tax³	(2)	(1,772)	100%
Income tax	(116)	(180)	(35)%
Net income (loss)	(118)	(1,952)	94%

KPIs	Jan-Sep 2024	Jan-Sep 2023	YoY
Revenue take rate ⁴	2.56%	2.38%	18 bps
Consumer credit loss rate ⁵	(0.44)%	(0.36)%	(8) bps
Gross margin	48%	51%	(3) p.p
Adjusted operating margin	8%	0%	8 p.p
Operating margin	(0)%	(12)%	12 p.p

¹ Following the divestment of Klarna Checkout (KCO), Klarna excludes non-Klarna-branded payments via KCO from historical Gross merchandise volume (GMV) growth rates, as these payments will no longer be processed through Klarna. This provides a clearer view of underlying trends. A reconciliation with total GMV can be found on page 9. All other metrics, including Revenue take rate and consumer credit loss rate, remain based on total GMV.

² Klarna uses several specific measures of financial performance that we believe are important as they reflect underlying business activity.

This includes Total revenue, Gross profit, Adjusted operating expenses, and Adjusted operating income. A reconciliation of these metrics to the most directly comparable IFRS measure for Klarna Holding AB (publ) is presented on page 7.

³ Income (loss) before income tax is defined as operating result in accordance with IFRS.

⁴ Revenue take rate is defined as Total revenue divided by total GMV.

⁵ Consumer credit loss rate is defined as Consumer credit losses divided by total GMV.

Compounding growth with structural profitability

Total revenue increased by 23% YoY in the first nine months of 2024, driven by 33% growth in the US. Our momentum is primarily driven by the growth of our commerce network and increasing consumer engagement.

By harnessing standardization and AI, Adjusted operating expenses declined by 2% in the first 9 months of 2024, widening operating leverage. This supported an Adjusted operating income improvement of SEK 1.5b and an adjusted operating margin of 8%. In Q3'24, Klarna achieved another profitable quarter, with Net income reaching SEK 216m, up 57% YoY.

90% of Klarna staff are using AI daily, boosting productivity.

[Press release](#)

AI helps Klarna cut marketing agency spend by 25% and achieve more.

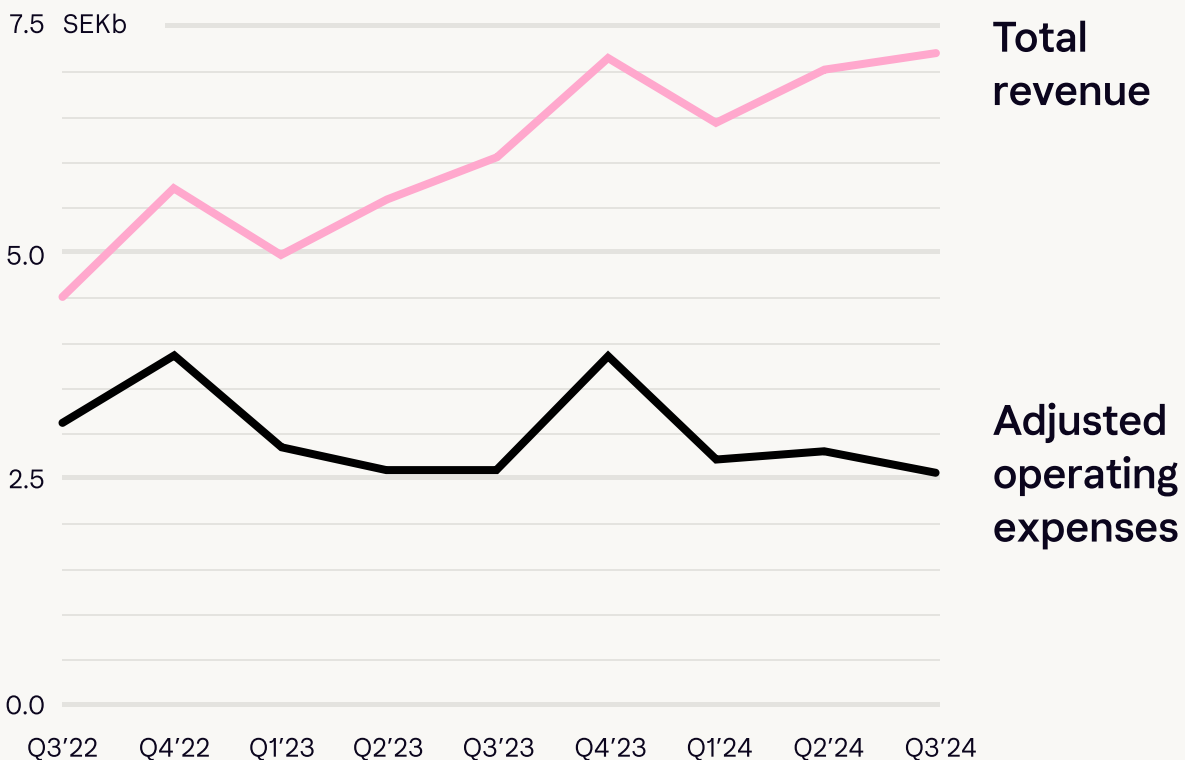
[Press release](#)

Klarna AI assistant handles 2 in 3 customer service chats.

[Press release](#)

Klarna adds more features to its AI assistant, powered by OpenAI.

[Press release](#)



Strategic partnerships set the foundations for future growth

Klarna is advancing toward its goal of being available at every checkout globally. Our strategic partnerships are opening doors for hundreds of thousands of new merchants and millions of consumers to access flexible payments through the Klarna network.

Default with Worldpay

Processing \$2.3 trillion in global commerce for over a million merchants, Worldpay is set to make Klarna a default payment option alongside traditional card payments for thousands of merchants online.

[Press release](#)

Teaming up with Apple Pay

Consumers in the U.S., UK, and soon Canada can check out with Apple Pay online and in-app using Klarna's fair, flexible, and interest-free payment options, making it easier for them to shop with their favorite merchants.

[Press release](#)

Xero Partnership

Our global partnership enables small businesses like plumbers, construction workers, and gardeners to offer flexible payments to their customers while ensuring they receive payment upfront.

[Press release](#)

In-store with Adyen

Adyen now supports Klarna across hundreds of thousands of devices offline, from countertop models to mobile terminals, bringing Klarna's interest-free payments to physical stores.

[Press release](#)

Collaboration with Google Pay

Klarna's flexible, interest-free payment options are set to be available for consumers using Google Pay in the U.S. in early 2025. Making it even more convenient for shoppers to purchase from their most loved merchants.

[Press release](#)

UATP Partnership

Klarna has partnered with the travel payment service provider UATP, connecting us to a vast network of airlines and travel agencies, expanding our presence in the \$1 trillion air travel market.

[Press release](#)

Merchants across every vertical choose Klarna to unlock growth

We're excited to strengthen our relationship with iconic brands like Apple, where we're now an official Apple reseller in the US. We've also launched partnerships with Lenovo and Zoom, offering flexible payments across more than 15 markets. Following a successful partnership in Europe, Puma has launched Klarna in the U.S. and Canada.

These partnerships reflect how more global brands are choosing Klarna to drive growth by increasing AOV, conversion rates, and sales. More brands are choosing Klarna as their global payments partner, with the ability to activate multiple markets simultaneously.

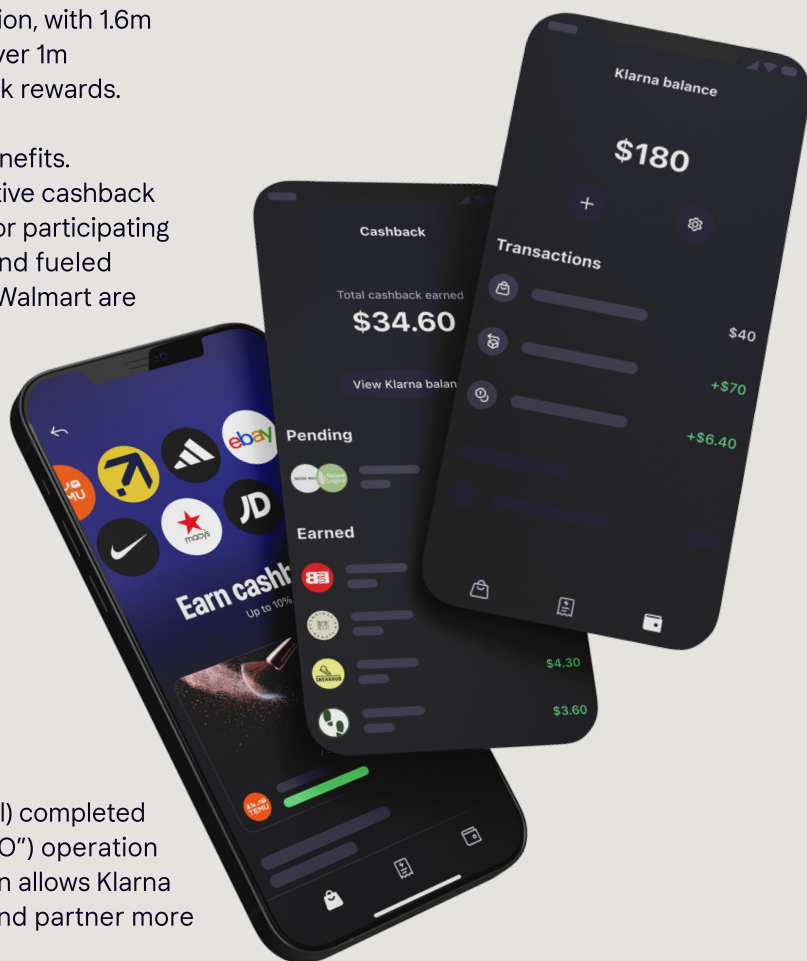
These new partnerships will enable us to continue compounding growth and serve as a significant stepping stone toward capturing a larger share of the \$450b revenue opportunity in the serviceable addressable market for payments, extending our reach across both online and offline channels.

¹ Third-party independent consultant research commerce research for Klarna, May 2024, leveraging data from Euromonitor and Worldpay Global Payments Report. As of 2023, excluding China.

Rapid adoption of next gen digital banking products

Since launching Klarna balance and cashback in 12 markets just three months ago, we've seen strong adoption, with 1.6m consumers actively using Klarna balance and over 1m consumers collectively earning \$5m in cashback rewards.

Our merchant partners are also realizing the benefits. Currently, over 1,000 merchants are running active cashback offers, achieving sales increases of up to 30% for participating brands. This has contributed \$200m in GMV and fueled growth in Klarna's affiliate revenue. Brands like Walmart are among those leveraging cashback to enhance customer engagement and boost sales.



Significant events after this period

- On 01 October 2024, Klarna Holding AB (publ) 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.
- On 17 October 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. This change does not affect the boards of Klarna Group plc or Klarna Bank AB, where external directors remain in place.

Presentation of the income statement

As a Swedish banking group, Klarna Holding AB (publ) (Klarna) presents our financial statements¹ in line with Swedish Financial Supervisory Authority regulations (FFFS 2008:25)² and the Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL, 1995:1559), which prescribes a specific format for income statement presentation for credit institutions and securities companies.

In our financial summary, Klarna presents an income statement view designed to enhance understanding of Klarna's underlying business performance. Unlike traditional banks, the majority of our revenue is derived from Transaction and service revenue linked to the volume of transactions and advertising services we facilitate, rather than from interest on balances. Therefore, Klarna uses several specific financial performance measures that we believe are important, as they reflect underlying business activity.

This includes Total revenue, Gross profit, Adjusted operating expenses and Adjusted operating income.

The information in the reconciliation presented below is for Klarna Holding AB (publ).

Reconciliation of Total revenue to Total net operating income

Amounts in SEKm	Jan-Sep 2024	Jan-Sep 2023
Total revenue	20,321	16,476
Commission expenses	(920)	(701)
Net result from financial transactions	(259)	(157)
Interest expenses	(3,222)	(1,826)
Interest income from liquidity assets	1,163	765
Total net operating income	17,083	14,557

Total revenue is defined as Total net operating income in accordance with IFRS, excluding Commission expense³, Interest expense³, Net result from financial transactions³, and Interest income from liquidity. Interest income from liquidity assets, which are not directly tied to core operations, arises from loans to credit institutions and other interest income.

Reconciliation of Total net operating income to Gross profit

Amounts in SEKm	Jan-Sep 2024	Jan-Sep 2023
Total net operating income	17,083	14,557
Including		
Processing and servicing	(4,498)	(4,135)
Consumer credit losses	(3,535)	(2,458)
Excluding		
Interest expenses*	(25)	(35)
Commission expenses*	(685)	(533)
Net result from financial transactions*	48	191
Gross profit	9,711	8,341

* of which are not directly related to revenue-generating activities including operating expenses and 'Other income (loss)'.³

Gross profit is calculated from Total net operating income³ by including Processing and servicing costs under General administrative expenses³ and Consumer credit losses under Credit losses, net³. Interest expenses³, Commission expenses³, Net result from financial transactions³ from financial transactions not directly related to revenue generating activities are excluded from this calculation.

¹ Found on page 10 of this report.

² In addition to International Financial Reporting Standards (IFRS).

³ In accordance with IFRS and as included on Klarna Holding AB (publ)'s income statement.

Reconciliation of Gross profit to Operating result¹

Amounts in SEKm	Jan-Sep 2024	Jan-Sep 2023
Gross profit	9,711	8,341
Adjusted operating expenses	(8,153)	(8,318)
Depreciation and amortization*	(1,130)	(1,260)
Share based payments	(346)	(340)
Restructuring and other	(106)	(380)
Other income (expense)	22	186
Operating result	(2)	(1,772)

* Certain costs associated with Depreciation, amortization, and impairment of intangible and tangible assets in the income statement are categorized under Restructuring costs in the table above, reflecting their associated nature.

Operating result¹ is reconciled to Gross profit after deducting Operating expenses and Other income (expense).

Reconciliation of Operating result¹ to Adjusted operating income

Amounts in SEKm	Jan-Sep 2024	Jan-Sep 2023
Operating result	(2)	(1,772)
Depreciation and amortization*	1,130	1,260
Share based payments	346	340
Restructuring and other	106	380
Other income (expense)	(22)	(186)
Adjusted Operating income	1,558	22

* Certain costs associated with Depreciation, amortization, and impairment of intangible and tangible assets in the income statement are categorized under Restructuring costs in the table above, reflecting their associated nature.

Adjusted operating income excludes items that are not directly related to the company's core operating performance, making it a key metric for understanding our core profitability.

The performance measure "Adjusted operating income" was previously named "Adjusted operating result" Additionally, in H123, Other income (expense) was included in both Operating income (loss) and Adjusted operating income. Going forward, we are excluding Other income (expense) from these measures, as it represents income and expenses outside Klarna's operating activities.

¹ In accordance with IFRS and as included on Klarna Holding AB (publ)'s income statement.

Reconciliation of Operating expenses to Adjusted operating expenses¹

Jan-Sep 2024	Operating expenses	Restructuring and other	Share based payments	Depreciation and amortization	Adjusted operating expenses
Technology and product development	(2,653)	1	164		(2,488)
Sales and marketing	(1,860)	0	92		(1,768)
Customer service and operations	(1,556)	0	22		(1,533)
General and administrative (G&A)	(2,496)	64	68		(2,364)
Depreciation, amortization and impairments	(1,170)	40		1,130	0
Total	(9,735)	106	346	1,130	(8,153)

Jan-Sep 2023	Operating expenses	Restructuring and other	Share based payments	Depreciation and amortization	Adjusted operating expenses
Technology and product development	(2,248)	1	113		(2,134)
Sales and marketing	(2,211)	18	88		(2,105)
Customer service and operations	(1,803)	2	16		(1,785)
General and administrative (G&A)	(2,459)	42	124		(2,293)
Depreciation, amortization and impairments	(1,577)	318		1,260	0
Total	(10,298)	380	340	1,260	(8,318)

Operating expenses consist of Total operating expenses before credit losses², Credit losses (net)², Interest expenses², Commission expenses², and Net result from financial transactions², minus costs directly associated with revenue-generating activities, including Processing and servicing costs, Consumer credit losses, and Funding costs, as well as 'Other income (expense).'

Adjusted operating expenses are calculated by excluding Restructuring and other, Share based payments, and Depreciation and amortization from Operating expenses.

Reconciliation of Gross merchandise volume (GMV) to GMV excl. KCO unbranded³

Amounts in SEKm	Jan-Sep 2024	Jan-Sep 2023	YoY
Gross merchandise volume (excl. KCO unbranded)	761,036	657,480	16%
KCO unbranded GMV	34,256	34,610	1%
Gross merchandise volume	795,292	692,090	15%

Following the sale of KCO, Klarna will report historical GMV comparisons excluding non-Klarna branded payments made through KCO. As these transactions are no longer part of our operations, this adjustment provides a more accurate reflection of our underlying GMV trends.

¹ Rounding effects may be present in this table.

² In accordance with IFRS and as included on Klarna Holding AB (publ)'s income statement.

³ Following the divestment of Klarna Checkout (KCO), Klarna presents GMV excluding non-Klarna-branded payments via KCO, as these payments will no longer be processed through Klarna. This change provides a clearer view of underlying trends.

Income Statement

Amounts in SEKm	Jan - Sep 2024	Jan - Sep 2023	Jan - Dec 2023
Interest income	4,318	3,532	4,845
Interest expenses	(3,222)	(1,826)	(2,860)
Net interest income	1,096	1,706	1,985
Commission income	15,568	12,385	17,826
Commission expenses	(920)	(701)	(1,003)
Net result from financial transactions	(259)	(157)	(150)
Other operating income	1,598	1,324	1,971
Total net operating income	17,083	14,557	20,629
General administrative expenses	(12,260)	(12,208)	(17,409)
Depreciation, amortization and impairment of intangible and tangible assets	(1,170)	(1,577)	(2,392)
Total operating expenses before credit losses	(13,430)	(13,785)	(19,801)
Operating result before credit losses, net	3,653	772	828
Credit losses, net	(3,655)	(2,544)	(4,032)
Operating result	(2)	(1,772)	(3,204)
Income tax	(116)	(180)	665
Net result for the period	(118)	(1,952)	(2,539)

Unlike the balance sheet, which shows a snapshot of assets and liabilities at the end of each period, the Credit losses, net 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 total GMV was 0.46% (Jan - Sep 2023: 0.37%).

Balance Sheet

Amounts in SEKm	30 Sep 2024	31 Dec 2023	30 Sep 2023
Assets			
Cash and balances with central banks	30,791	22,028	19,761
Treasury bills chargeable at central banks, etc.	12,502	7,267	12,433
Loans to credit institutions	4,776	4,502	3,322
Loans to the public	90,443	86,108	76,575
Bonds and other interest-bearing securities	320	506	861
Other shares and participations	268	345	317
Intangible assets	11,399	12,050	12,793
Tangible assets	1,071	1,228	1,533
Deferred tax assets	369	282	369
Other assets	2,688	2,775	2,140
Prepaid expenses and accrued income	1,104	845	974
Assets classified as held for sale	342	-	-
Total assets	156,073	137,936	131,078
Liabilities			
Liabilities to credit institutions	1,412	1,636	1,098
Deposits from the public	110,369	97,096	88,247
Debt securities issued	2,023	651	649
Deferred tax liabilities	7	5	853
Other liabilities	12,481	11,972	12,949
Accrued expenses and prepaid income	3,430	3,618	3,138
Provisions	63	128	80
Subordinated liabilities	1,788	751	751
Liabilities associated with assets classified as held for sale	653	-	-
Total liabilities	132,226	115,857	107,765
Equity			
Share capital	3	3	3
Other capital contributed	42,113	42,092	42,039
Reserves	831	578	1,144
Additional Tier 1 instruments	1,776	276	532
Retained earnings	(20,928)	(20,918)	(20,453)
Total equity attributable to parent	23,795	22,031	23,265
Non-controlling interests	52	48	48
Total equity	23,847	22,079	23,313
Total liabilities and equity	156,073	137,936	131,078

Loans to the public represents only the amount of outstanding loans receivable, as at each period end, and is net of allowance for future credit losses. This balance is only partially comparable to Credit losses, net 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.

Cash Flow Statement, condensed

Amounts in SEKm	Jan - Sep 2024	Jan - Sep 2023	Jan - Dec 2023
Cash flow from operating activities ¹	10,890	8,633	8,550
Cash flow from investing activities	(151)	(711)	(873)
Cash flow from financing activities	3,654	(435)	(673)
Cash flow for the period	14,393	7,487	7,004
Cash and cash equivalents at the beginning of the period	24,170	17,759	17,759
Cash flow for the period	14,393	7,487	7,004
Exchange rate diff. in cash and cash equivalents	246	264	(593)
Cash and cash equivalents at the end of the period	38,809	25,510	24,170
Cash and cash equivalents include the following items			
Cash held with central banks	30,379	19,558	21,784
Loans to credit institutions classified as cash and cash equivalents	3,130	1,953	2,386
Treasury bills classified as cash and cash equivalents	5,300	3,999	-
Cash and cash equivalents	38,809	25,510	24,170
Additional liquidity portfolio	7,522	9,295	7,774
Total cash and liquidity	46,331	34,805	31,944

¹ Cash flow from operating activities includes interest payments received and interest expenses paid.

As a bank, cash flows from operating activities primarily represent the net flows of money coming in and going out from the bank's consumer lending and retail deposit activities. It's not a reflection of the bank's net operating result for the period. In addition to the SEK 38.8bn in cash and cash equivalents held at period end, Klarna also maintains an additional liquidity portfolio of SEK 7.5bn.