

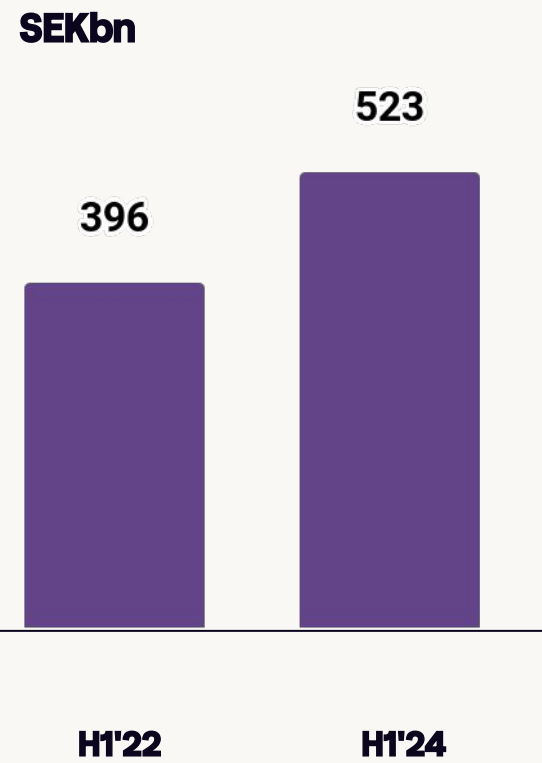
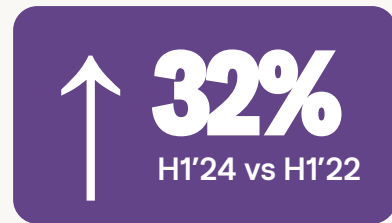
# Klarna H1'24 Update



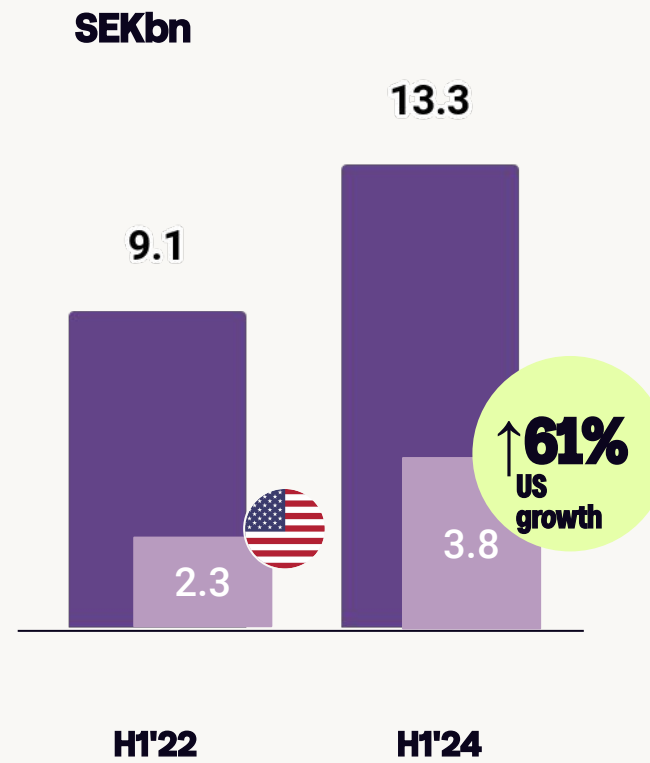
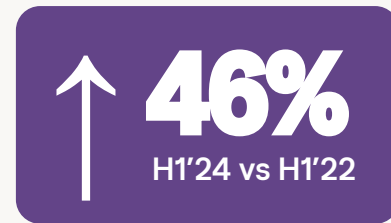
Klarna

# H1'24 performance

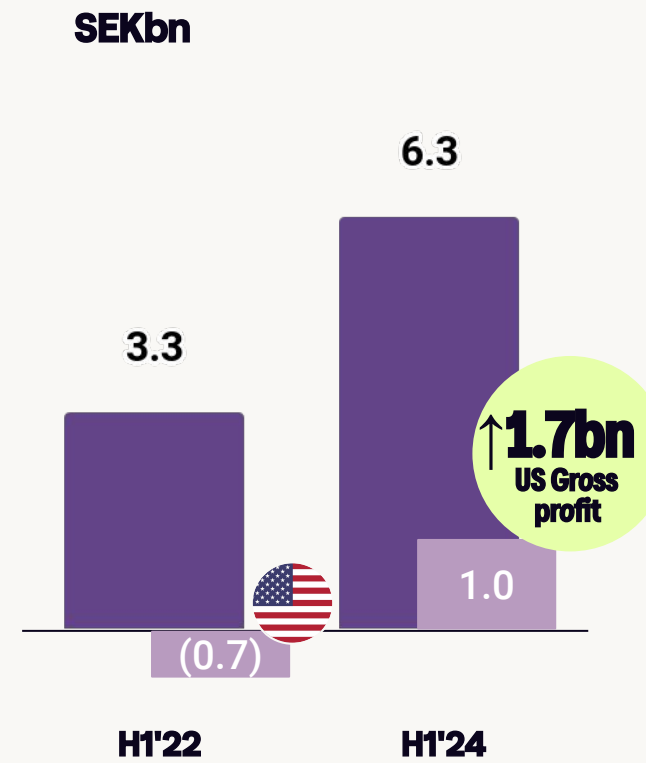
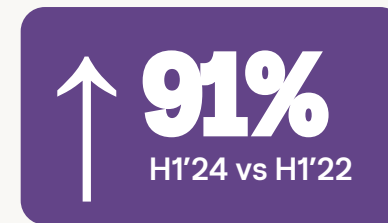
## Total GMV



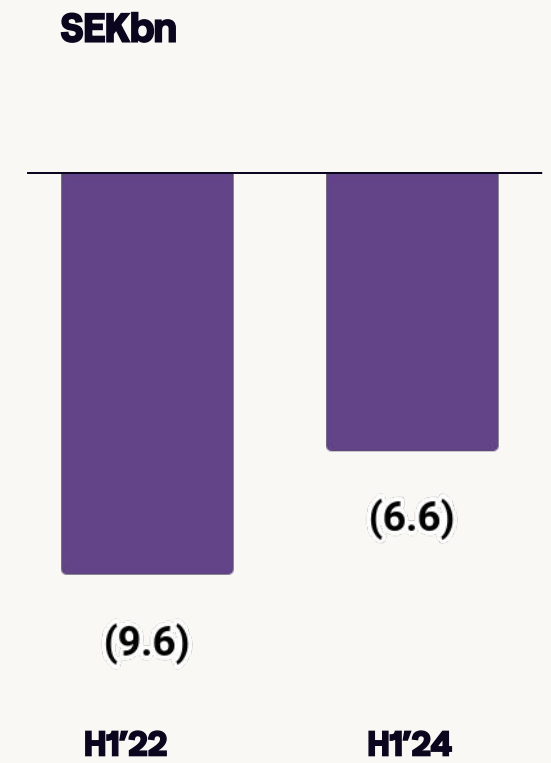
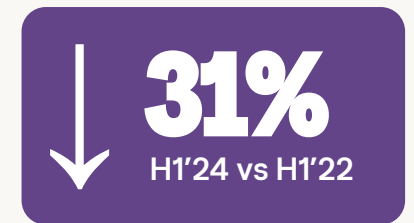
## Total revenue



## Gross profit



## Operating expenses

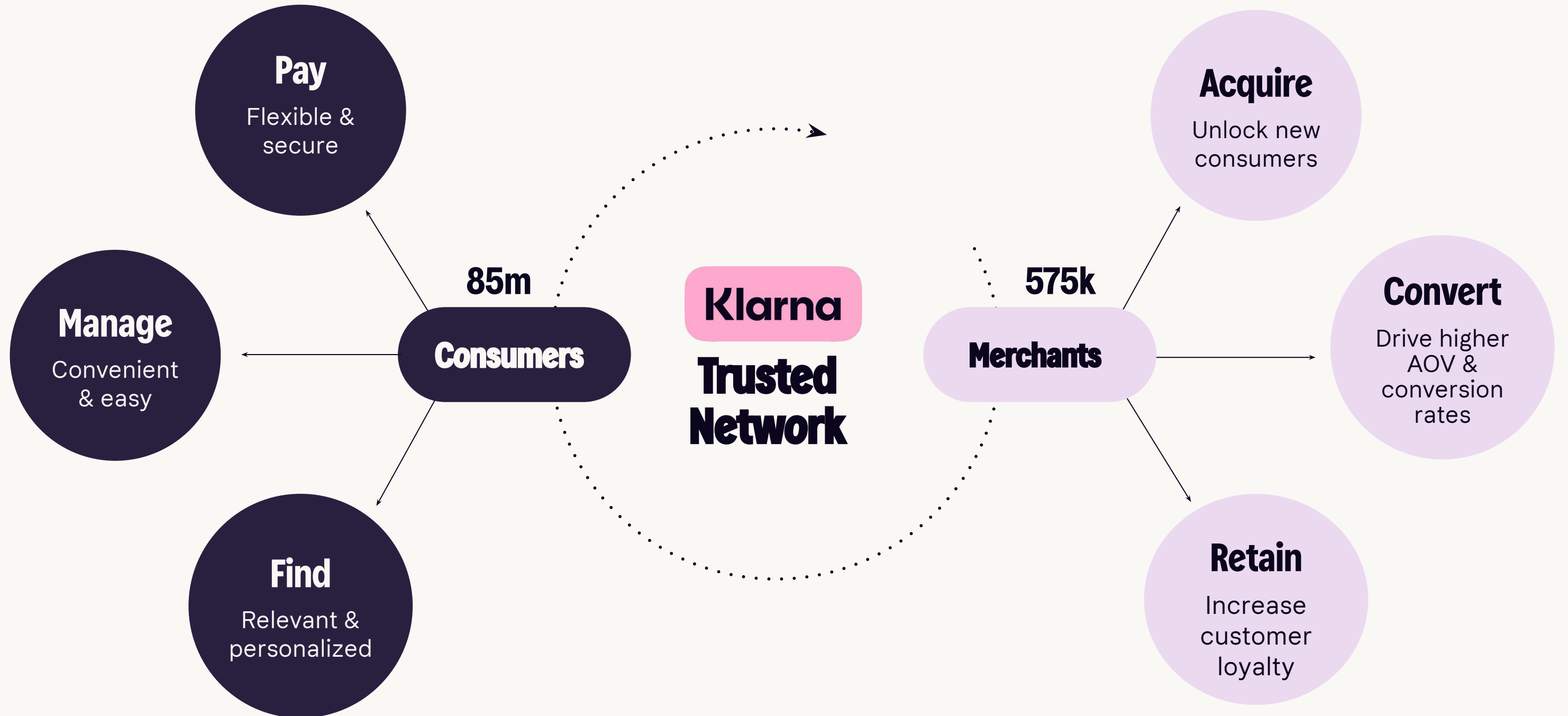


\* Adjusted operating income (loss) is defined as IFRS operating results, excl. restructuring costs, share-based payments, related payroll taxes, depreciation and amortization.

# Net income break-even in Q2'24



# A network of global scale



# Klarna's priorities to grow the network

- K Klarna at every checkout**
- K Klarna Card in every wallet**
- K Klarna's banking ecosystem**
- K AI-powered consumer services**
- K The most efficient AI-driven bank**
- K Proprietary ad network**

# Klarna's priorities to grow the network

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# Say hello to Klarna balance

Klarna balance lets consumers store funds, earn cashback, upload money, and receive refunds—all while earning interest. It can be used as a real-time debit method for payments at integrated merchants, everywhere through the app and card, and used to settle debts in the Klarna app.

Add Money

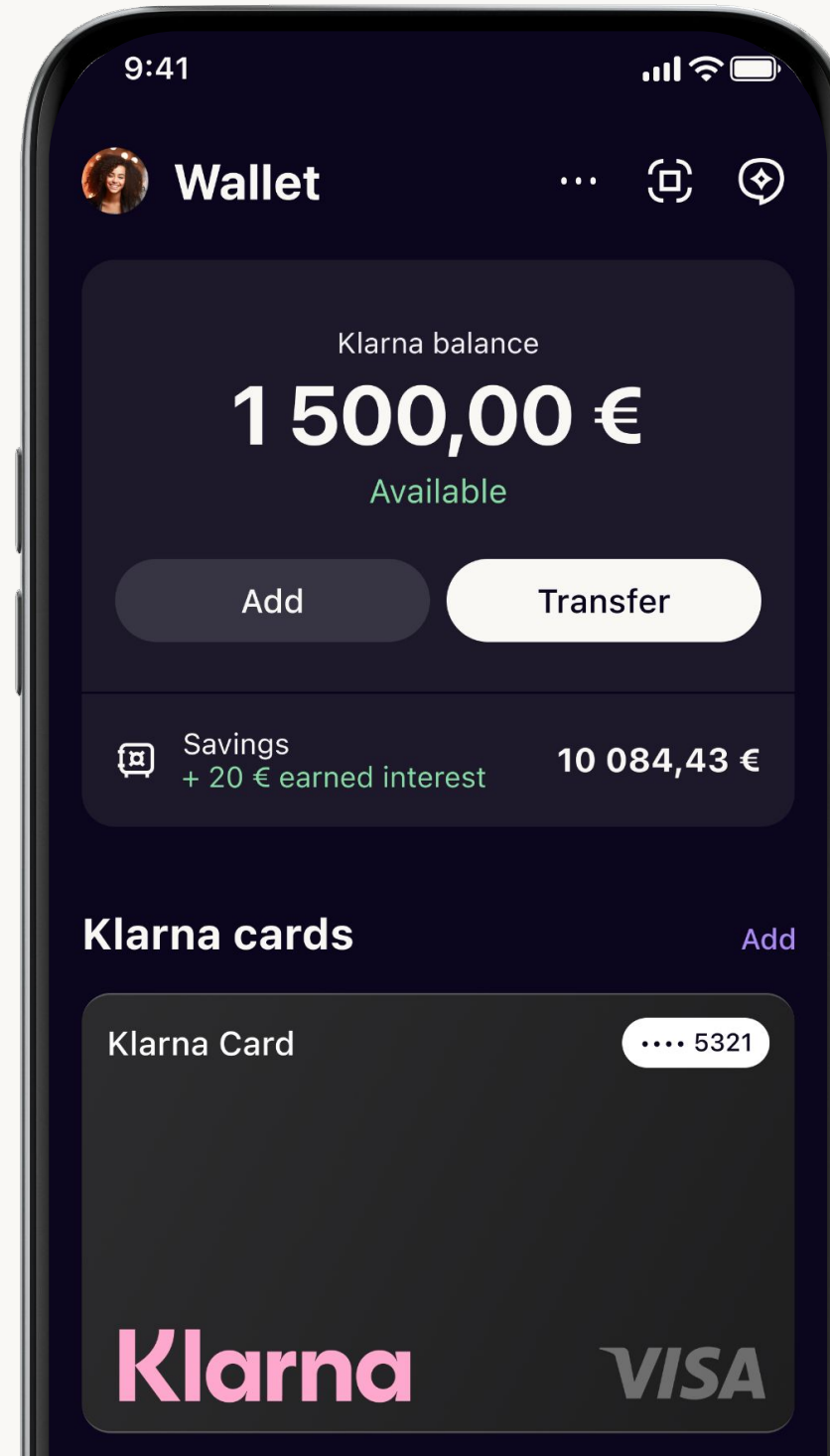
Money Transfers

Easy refunds

Pay with balance

Receive cashback

Settle invoices



An alternative to



Live in 12 markets

USA	Belgium
Sweden	Spain
Germany	Italy
Austria	Ireland
Netherlands	Portugal
Finland	France

# A simpler way to save and pay

An alternative to



## Before

### Too much complexity

Consumer depends on legacy banks and networks to settle payments.

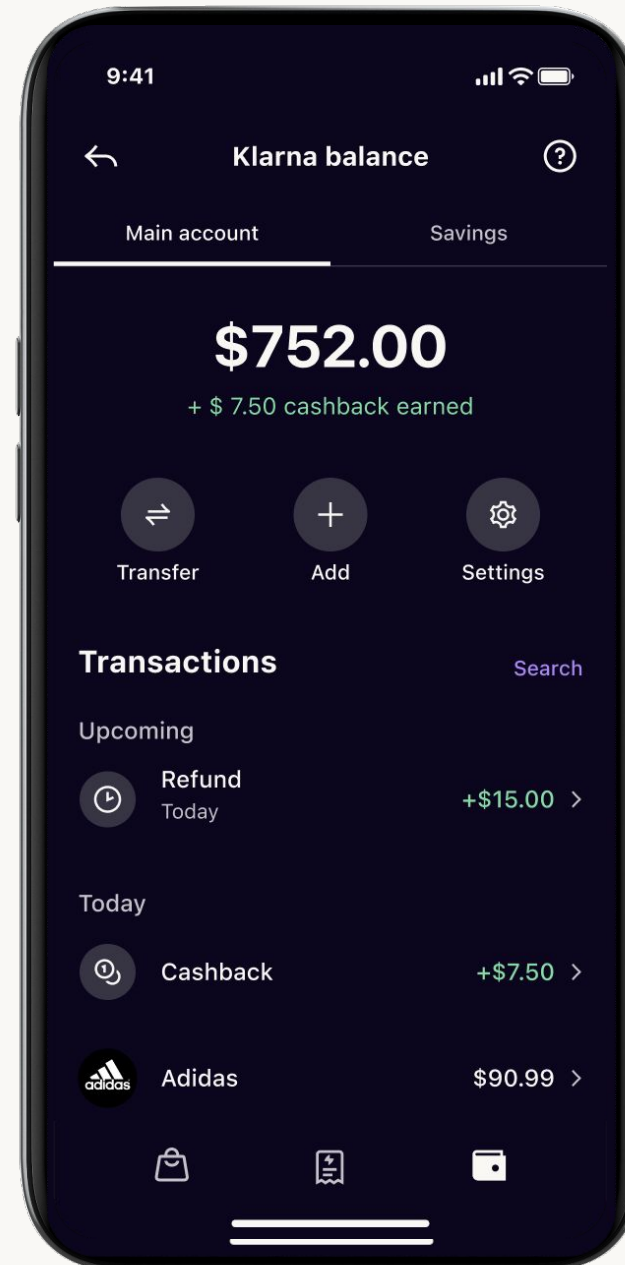
Unnecessary friction and time wasted waiting for refunds and payments to settle.

# 52%

Of consumers are less likely to shop with a retailer again if refunds take too long

# 5

Number of parties a consumer might interact with in a cash back transaction



## Klarna's solution

### Save time and money with Klarna balance

- Use Klarna balance for your daily spend
- Receive refunds in real-time, use the money straight away
- Earn cashback and receive competitive interest

# 26%

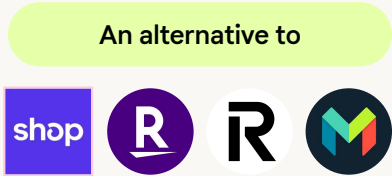
Transactions today are already pay now, leveraging Klarna for everyday transactions

# 3.6%

Current level of maximum interest on balances



# Klarna balance enables new ways to reward our consumers

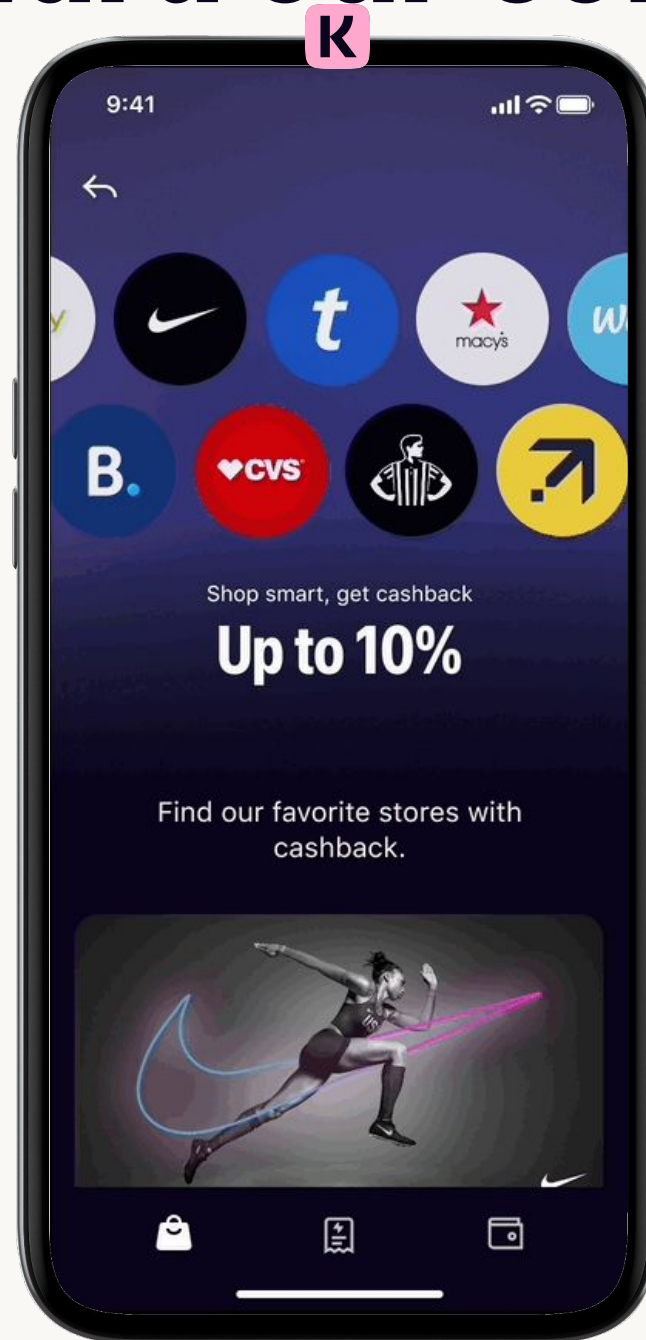
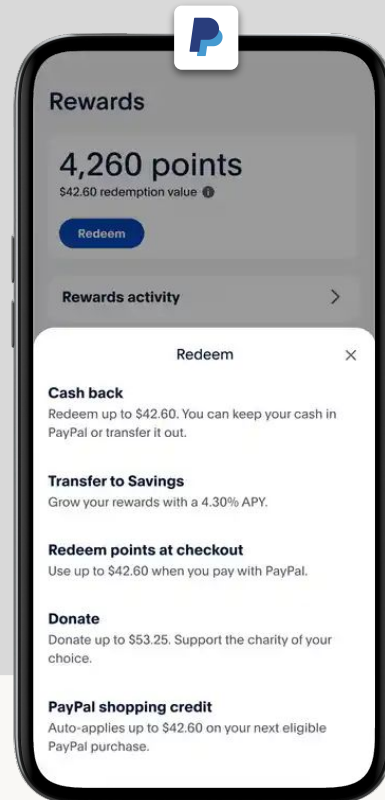


## Before

Cashback programs often involve complicated calculations and limitations, or are restricted to specific websites, which can be highly confusing for consumers.

# 50%

of loyalty program cancellations happen in the 1st year because rewards are not immediate



## Klarna's solution

Shop with Klarna and earn cashback. No puzzling point system or spending limitations, just **hard cash** on your Klarna balance, ready to use on your next purchase at any store.

# 10%

up to 10% cashback when they shop in the Klarna app

# 100%

of CPA increases are given back to consumers as cashback

# Klarna's priorities to grow the network

- K Klarna at every checkout
- K Klarna Card in every wallet
- K Klarna's banking ecosystem
- K AI-powered consumer services
- K The most efficient AI-driven bank**
- K Proprietary ad network

# Visible benefits from AI everywhere

*Klarna is at the very forefront among our partners in AI adoption and practical application.*

*Together we are unlocking the vast potential for AI to boost productivity and improve our day-to-day lives.*

Brad Lightcap  
COO



**+2,500**

Suppliers reduced or cancelled due to AI & standardisation

**100%**

of engineers use AI-copilot to create and review code

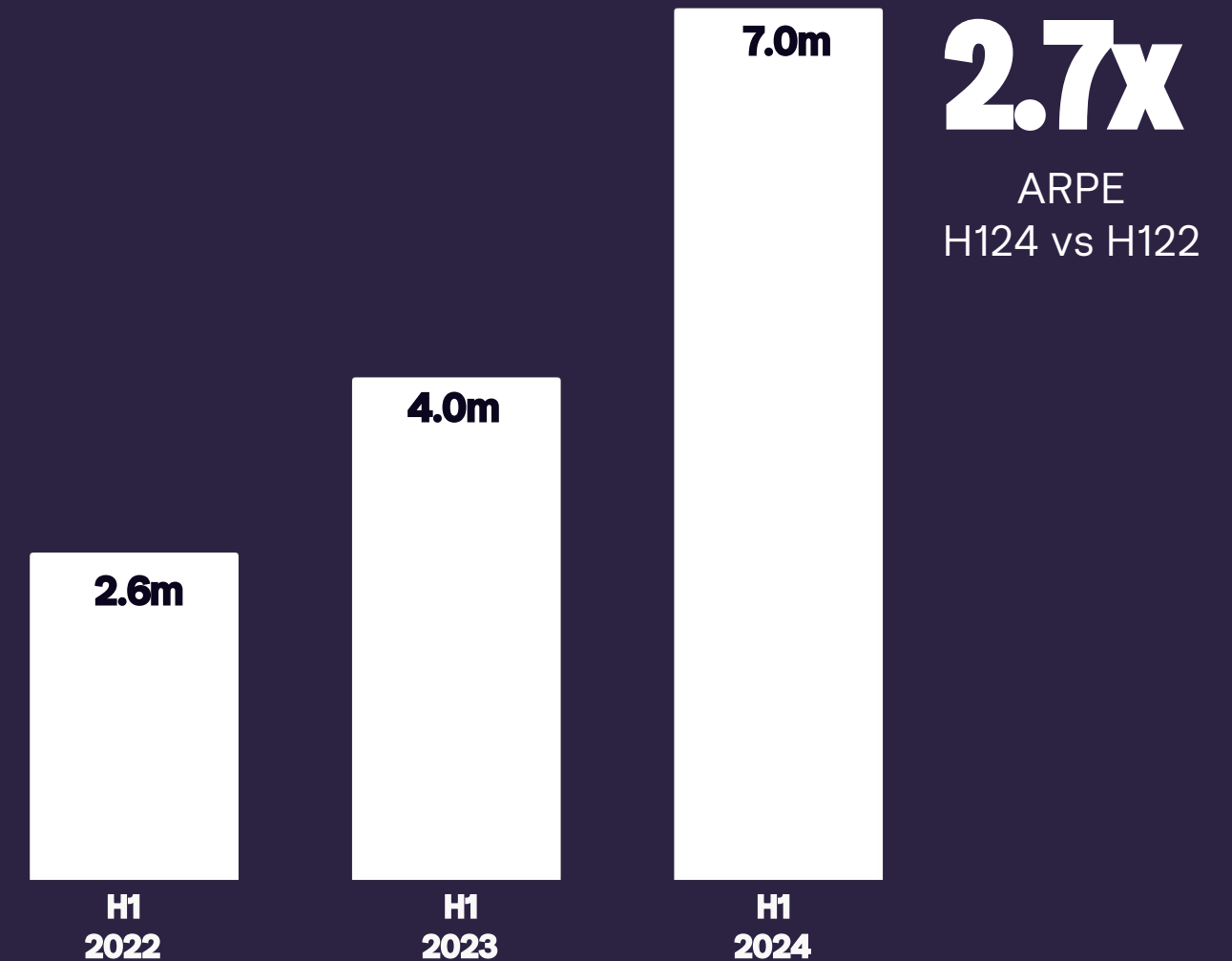
**\$10m**

Savings from AI-powered Marketing

**90%**

GenAI adoption rates among employees

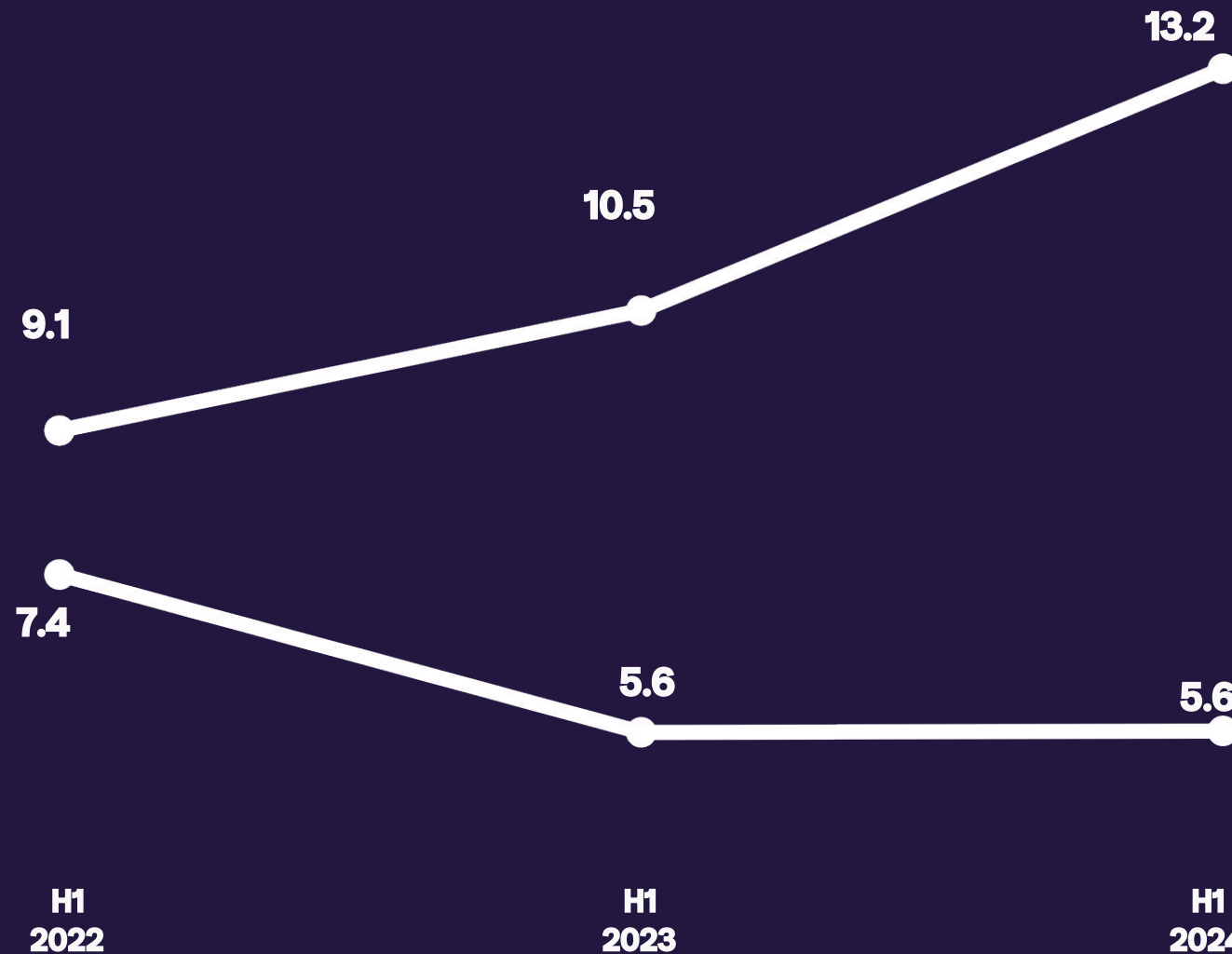
## Average Revenue per employee (SEK)\*



\* Trailing twelve month Total revenue divided by period end employees

# Accelerated growth at a reduced cost

Significant increases in operating leverage



**46%**

Revenue  
H124 vs H122

**-24%**

Adj. operating expenses  
H124 vs H122

# Financial review



# Compounding growth with increasing scale

P&L Item	H1'24 YoY
GMV	16%
Total revenue	27%
Transaction costs	31%
Gross profit	22%
Adj. Operating expenses	0%
Adj. Operating income	SEK 1.1bn Improvement

Amounts in SEKm	H1'24	H1'23	YoY
<b>Gross merchandise volume</b>	<b>523,086</b>	<b>449,288</b>	<b>16%</b>
Transaction and service revenue	11,245	8,665	30%
Interest income from operating activities	2,024	1,819	11%
<b>Total revenue</b>	<b>13,270</b>	<b>10,484</b>	<b>27%</b>
Processing and servicing	(2,956)	(2,713)	9%
Consumer credit losses	(2,329)	(1,677)	39%
Funding costs	(1,672)	(926)	81%
<b>Transaction costs</b>	<b>(6,957)</b>	<b>(5,316)</b>	<b>31%</b>
<b>Gross profit</b>	<b>6,313</b>	<b>5,168</b>	<b>22%</b>
<b>Gross margin</b>	<b>48%</b>	<b>49%</b>	<b>(1) p.p</b>
Technology and product development	(1,680)	(1,437)	17%
Sales and marketing	(1,258)	(1,419)	(11)%
Customer service and operations	(1,101)	(1,224)	(10)%
General and administrative (G&A)	(1,600)	(1,544)	4%
<b>Adjusted operating expenses</b>	<b>(5,640)</b>	<b>(5,624)</b>	<b>0%</b>
<b>Adjusted operating income (loss) <sup>1</sup></b>	<b>673</b>	<b>(456)</b>	<b>n.m</b>
- Depreciation and amortization	(778)	(850)	(9)%
- Share based payments	(148)	(238)	(38)%
- Restructuring and other	(33)	(341)	(90)%
<b>Operating income (loss)</b>	<b>(285)</b>	<b>(1,885)</b>	<b>(85)%</b>

Impact of Klarna balance on P&L



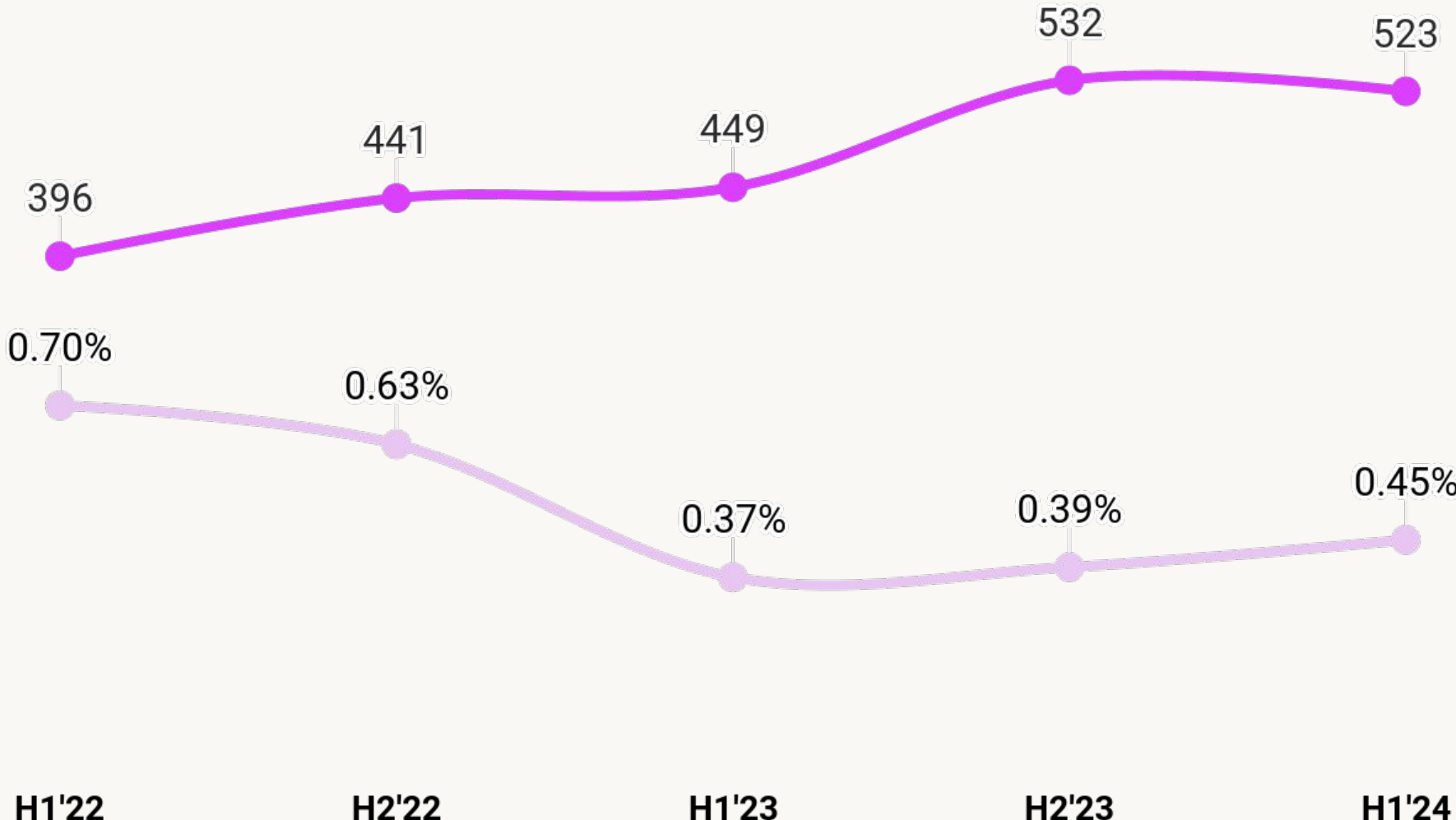
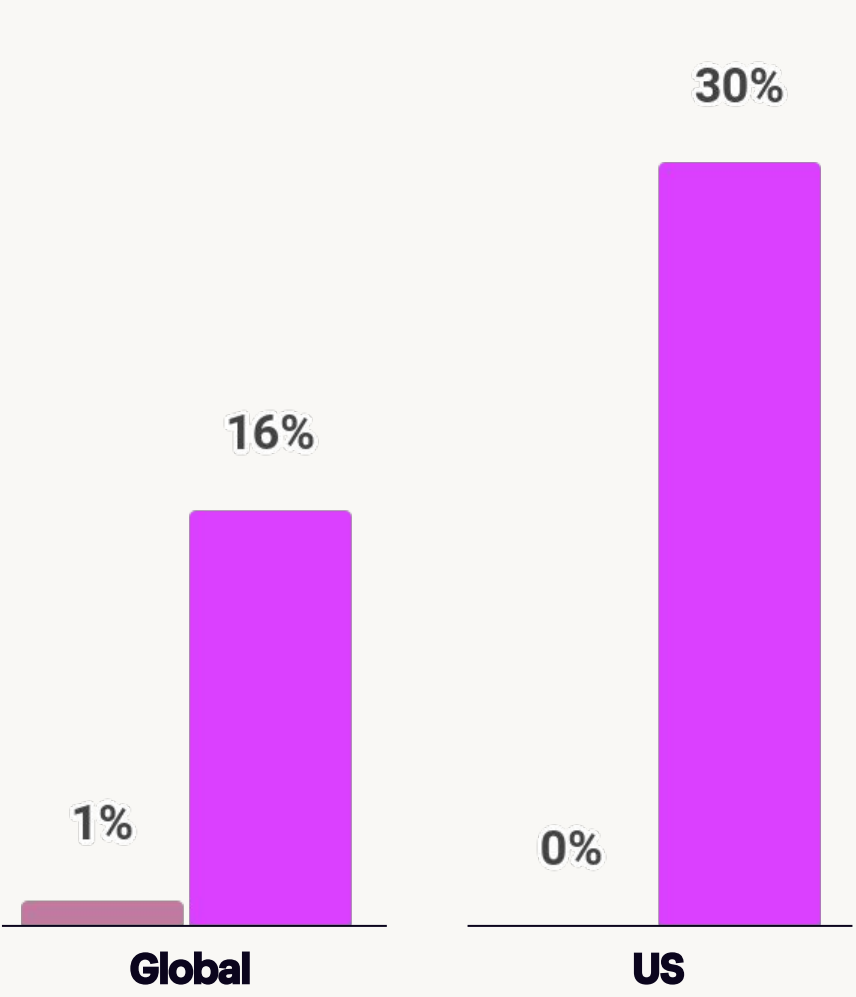
<sup>1</sup> Adjusted operating income (loss) is defined as the operating result in accordance with IFRS, excluding (a) restructuring costs, (b) share-based payments and related payroll taxes, (c) depreciation and amortization, and (d) other income (expense).

# Klarna growth outpaces e-commerce, with stable credit loss rates

P&L Item
GMV
Total revenue
Transaction cost
Gross profit
Adj. Operating expenses
Adj. Operating income

■ Ecommerce H1'24 YoY growth\*  
 ■ Klarna GMV H1'24 YoY growth

● Total GMV (SEKbn)  
 ● Consumer credit loss rate (%)

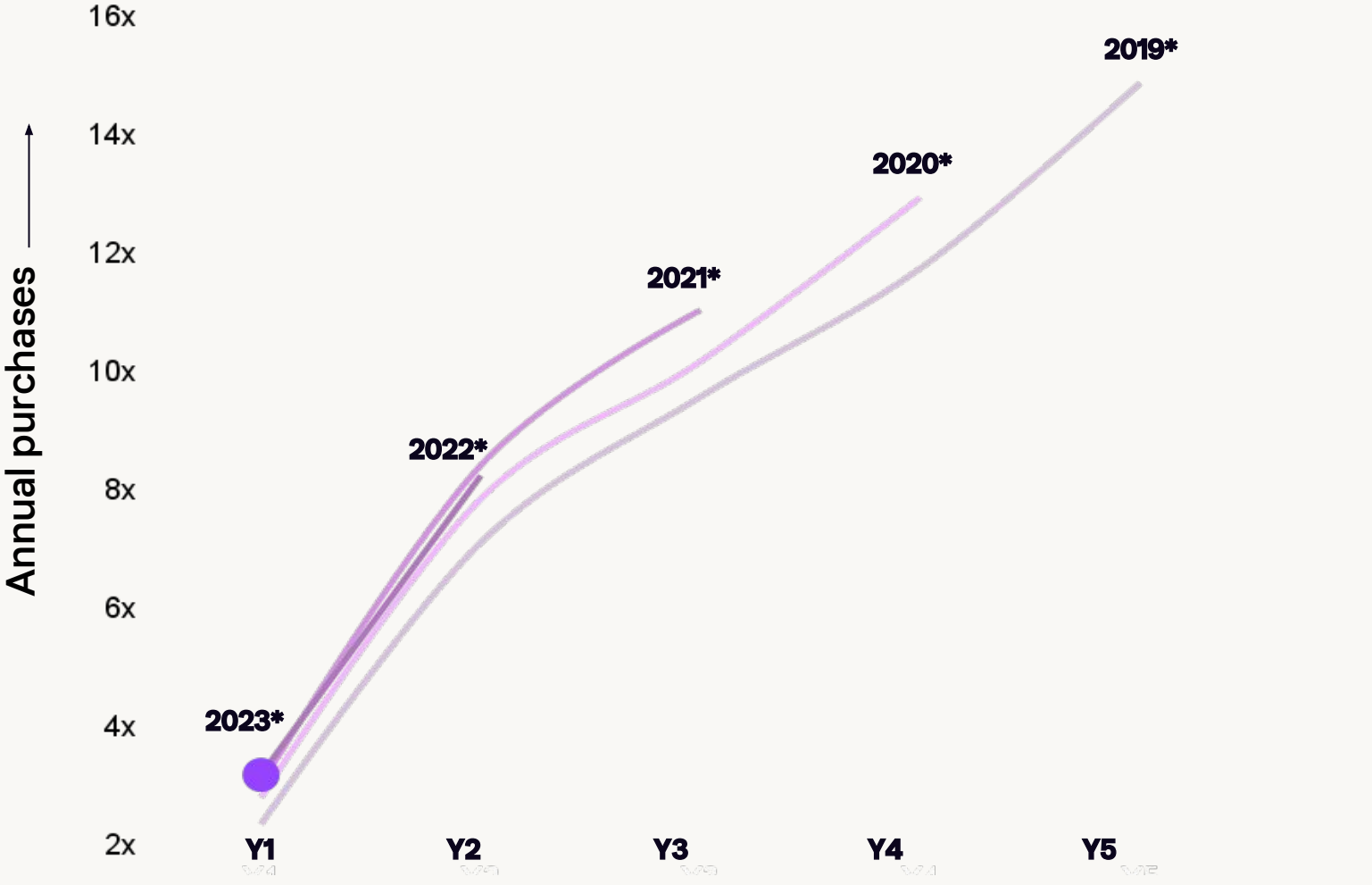


\* Source: [Salesforce Shopping Index](#)

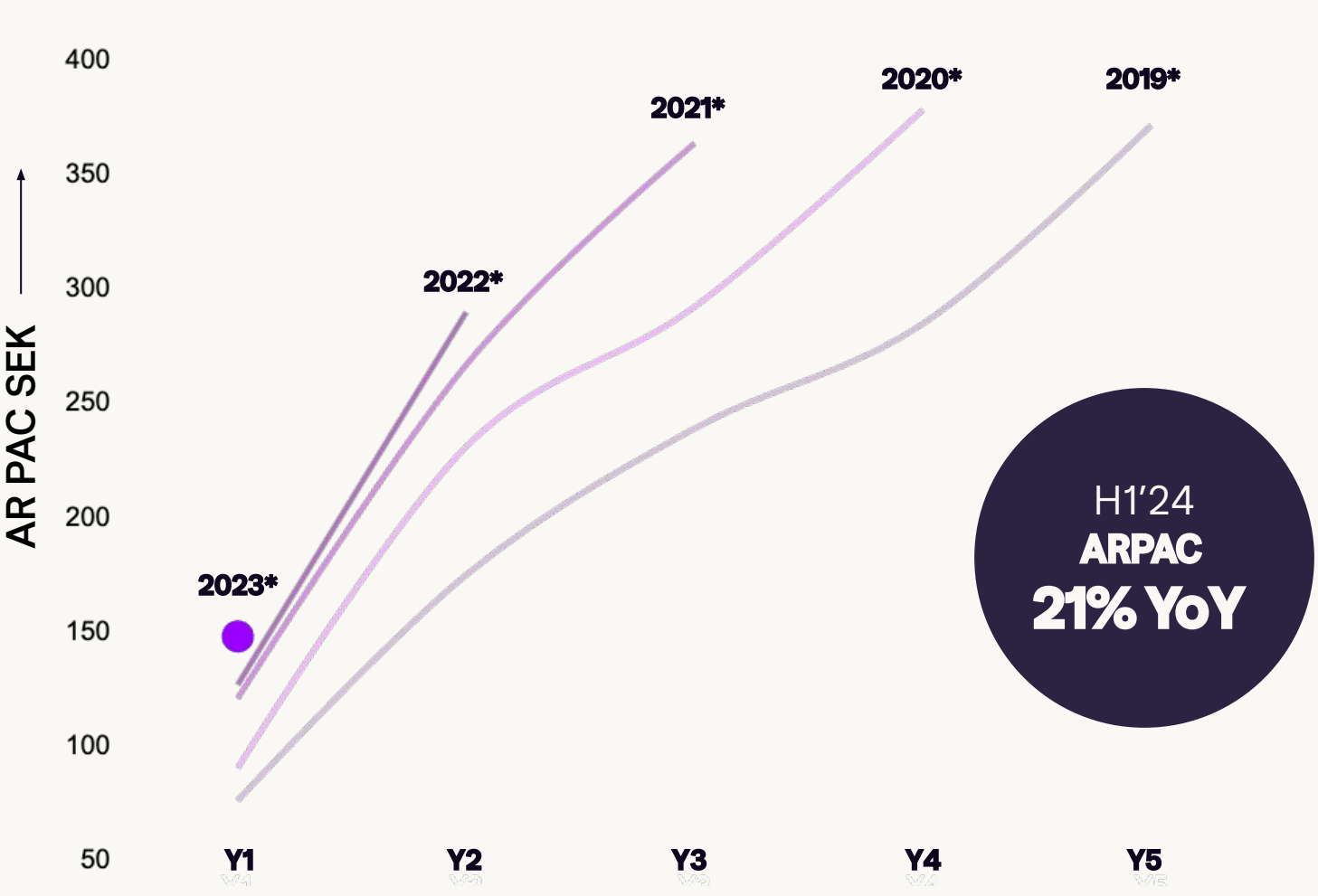
# Average revenue per active user (ARPA) driven by frequency

P&L Item
GMV
<b>Total revenue</b>
Transaction cost
Gross profit
Adj. Operating expenses
Adj. Operating income

**New cohort purchase frequency accelerating faster than older cohorts**



**ARPA accelerating faster in new cohorts**

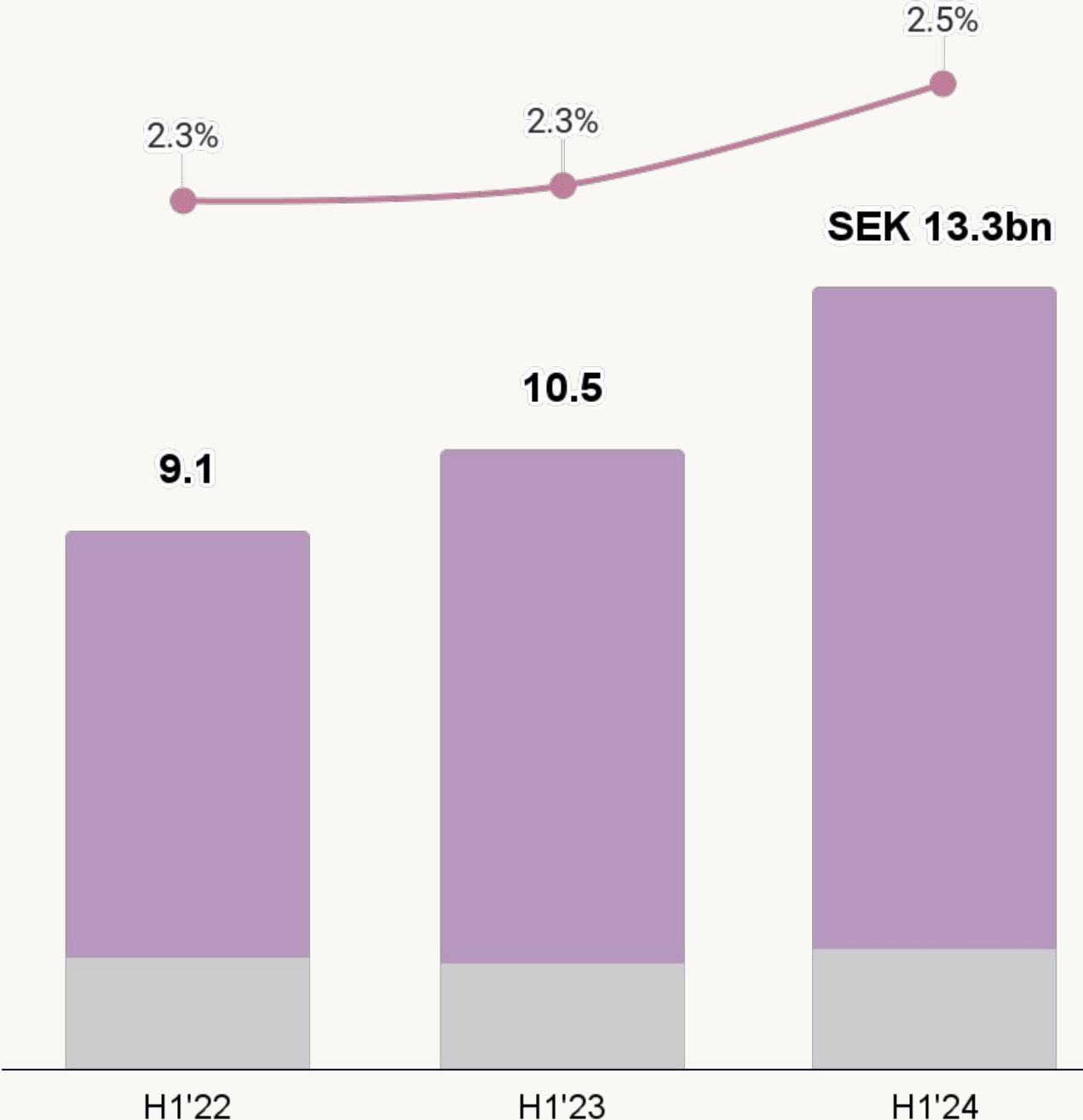


\* Consumer cohorts are based on date of first purchase



# Growth driven by transactional revenue

P&L Item
GMV
Total revenue
Transaction cost
Gross profit
Adj. Operating expenses
Adj. Operating income

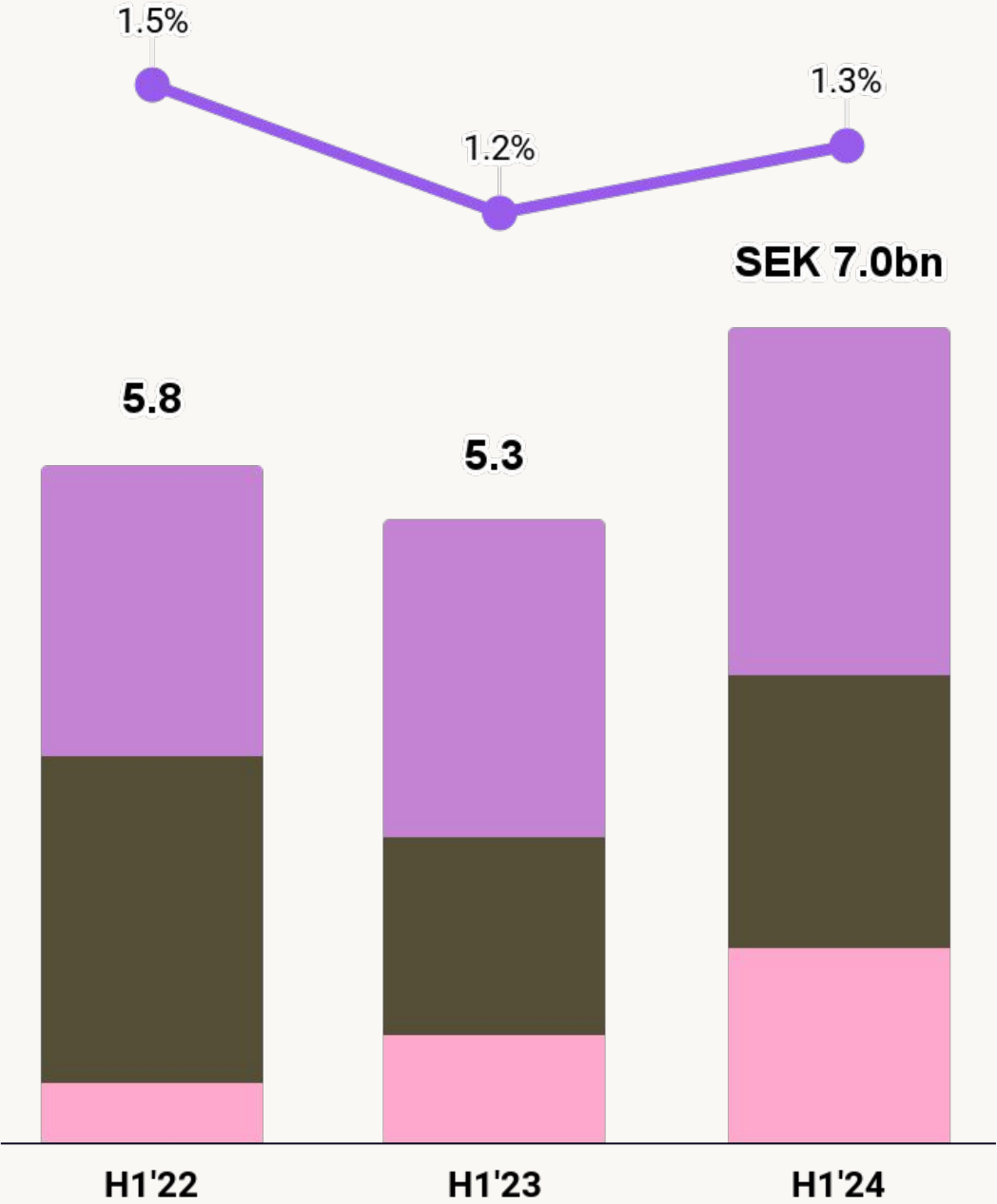


	H1'24 YoY	vs. 16% Volume growth
<b>Total revenue</b>	<b>27%</b>	
<b>Transaction &amp; service revenue</b>	<b>30%</b>	
<b>Interest income</b>	<b>11%</b>	

—●— Total revenue take rate

# Scale-driven efficiencies reduce transaction costs

P&L Item
GMV
Total revenue
<b>Transaction cost</b>
Gross profit
Adj. Operating expenses
Adj. Operating income



## H1'24 YoY

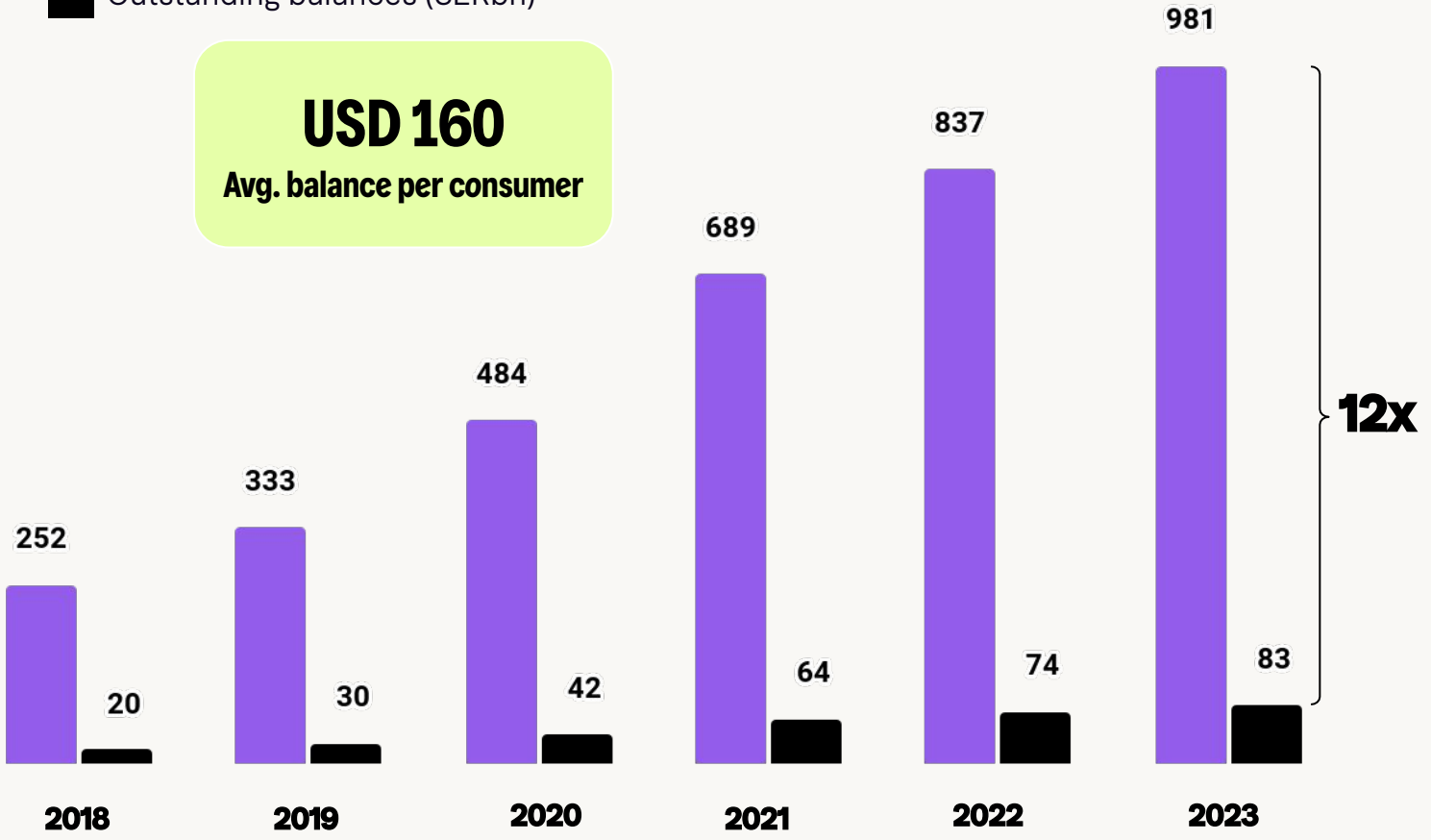
<b>Transaction costs</b>	<b>31%</b>
<b>Processing and servicing</b>	<b>9%</b>
<b>Consumer credit losses</b>	<b>39%</b>
<b>Funding costs</b>	<b>81%</b>

# Klarna leverages its short-duration balance sheet to quickly react to market changes

P&L Item
GMV
Total revenue
Transaction cost
Gross profit
Adj. Operating expenses
Adj. Operating income

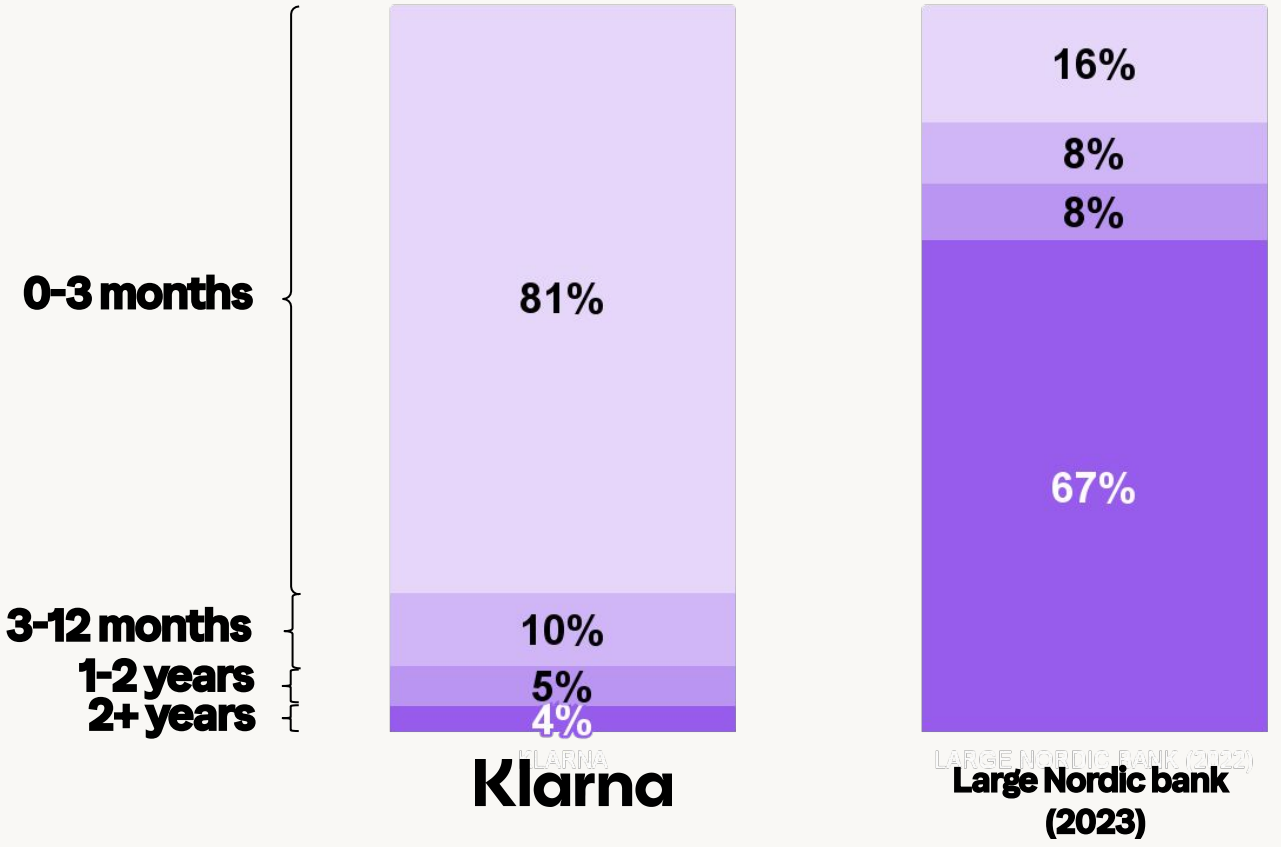
**~40 days average duration of portfolio**

■ Gross merchandise volume (SEKbn)  
■ Outstanding balances (SEKbn)



**Age distribution of credit receivables from origination**

■ Duration ~40 days  
■ +2 years

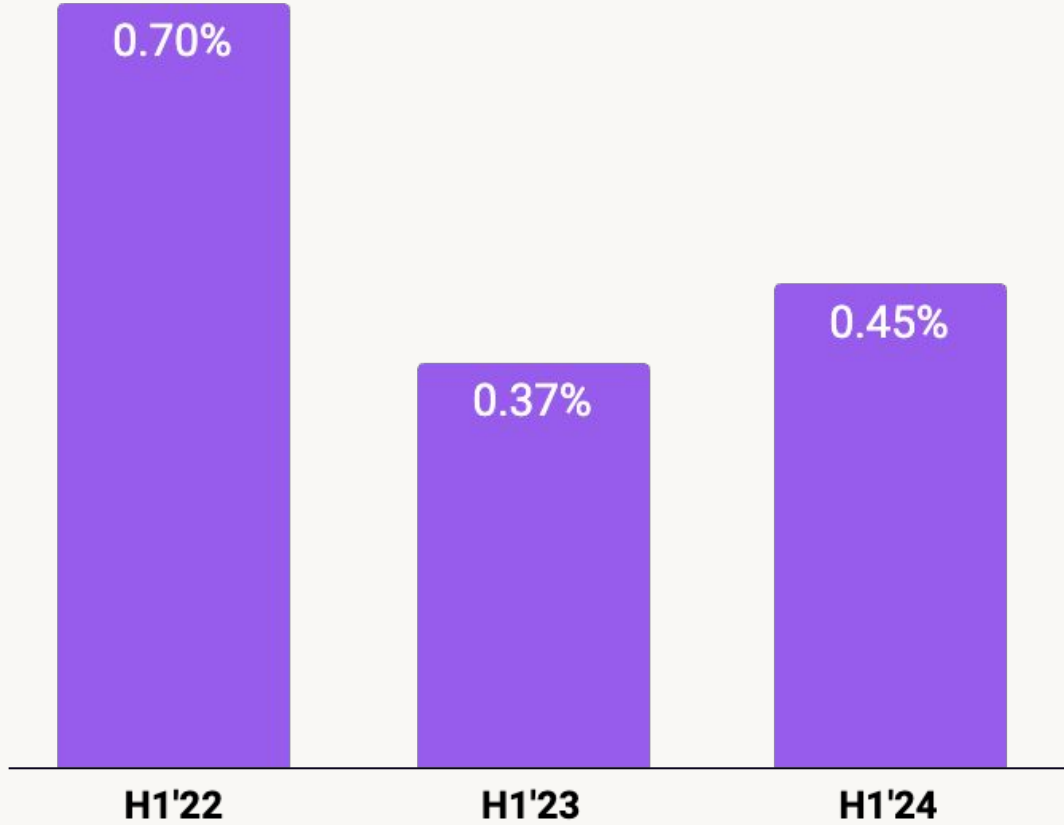


# Consumer credit losses remain stable while US share of volume increases

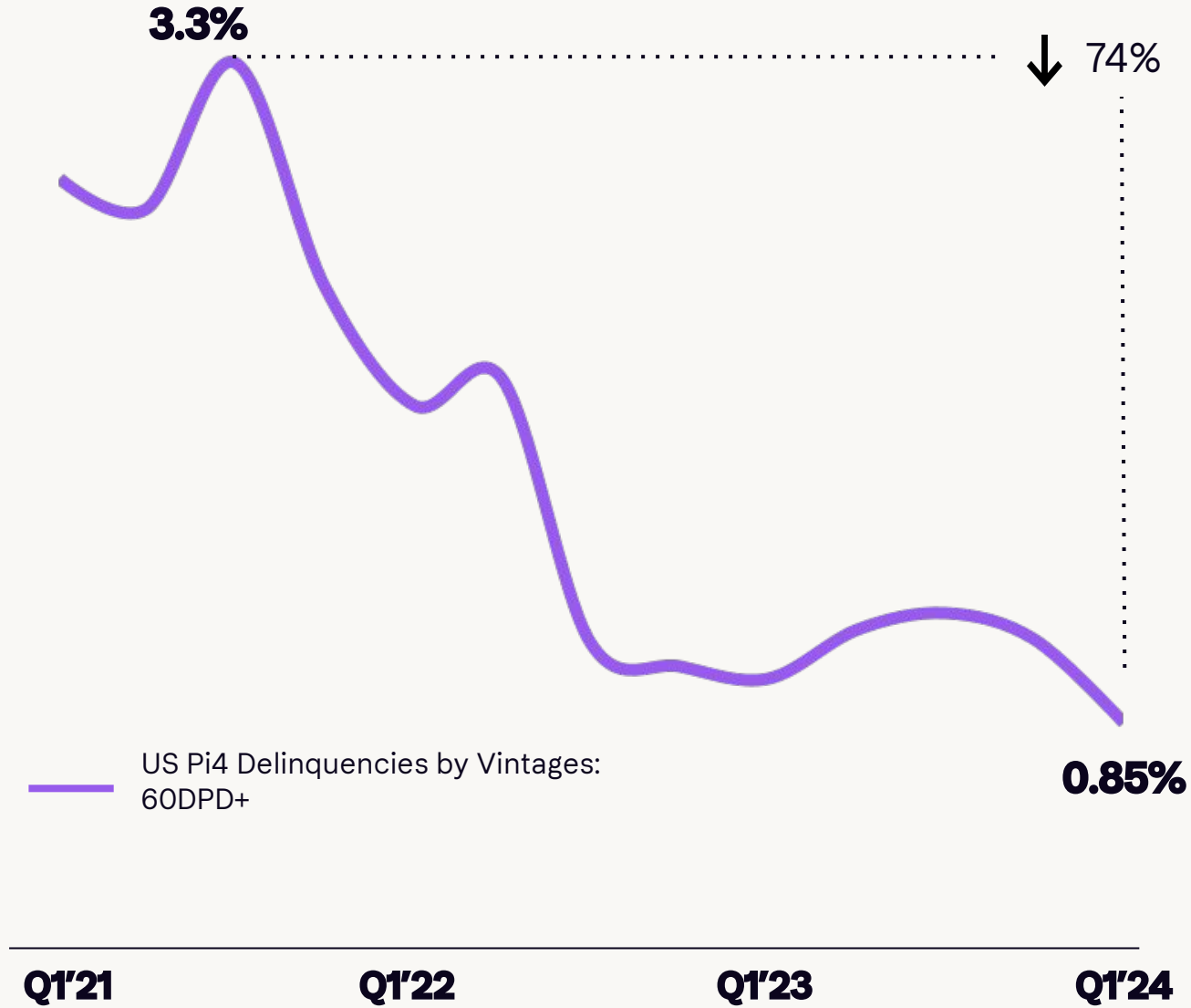
P&L Item
GMV
Total revenue
Transaction cost
Gross profit
Adj. Operating expenses
Adj. Operating income

US growth driving slight mix shift in losses

Consumer credit losses (% of GMV)



While US credit losses reduce as a % of volumes

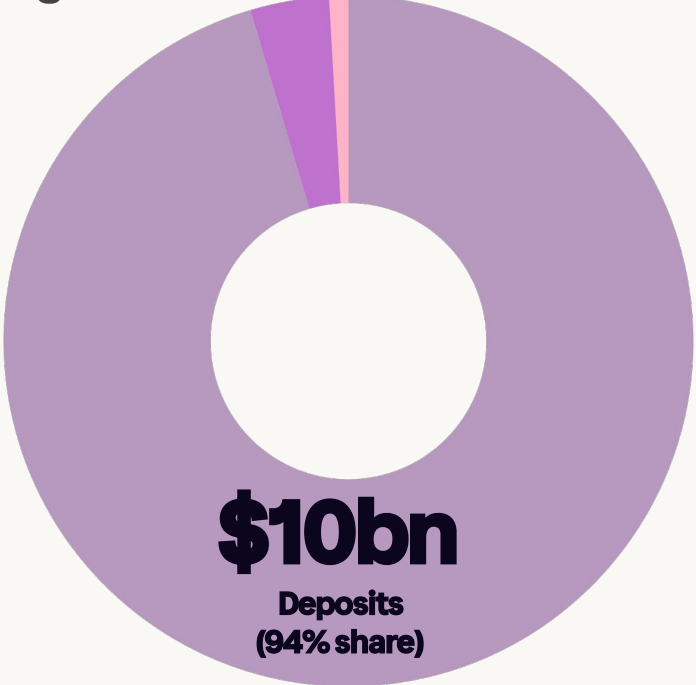


# Cost-effective stable funding through cycles

P&L Item
GMV
Total revenue
Transaction cost
Gross profit
Adj. Operating expenses
Adj. Operating income

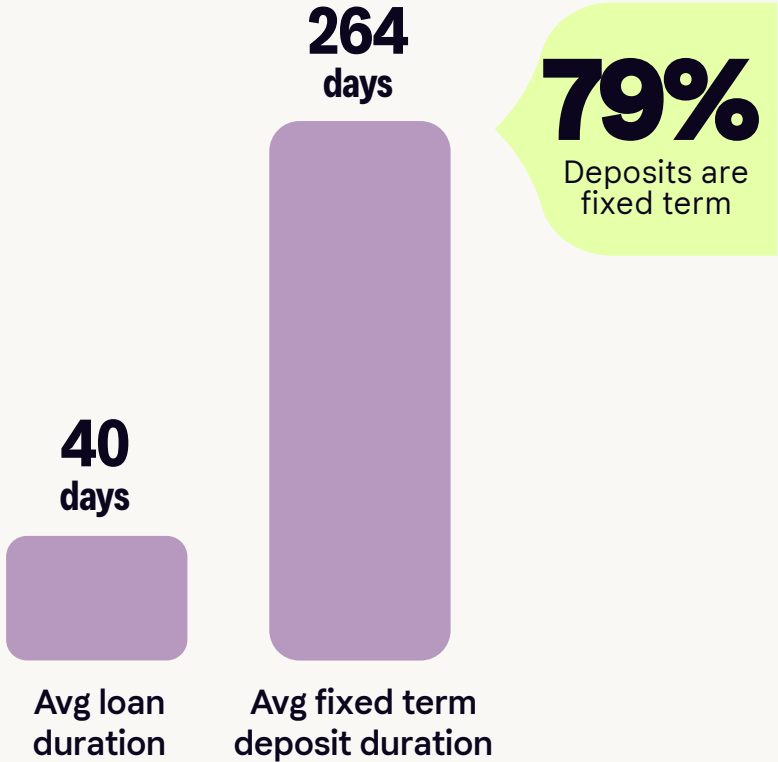
## Trusted consumer savings platform since 2013

Funding mix



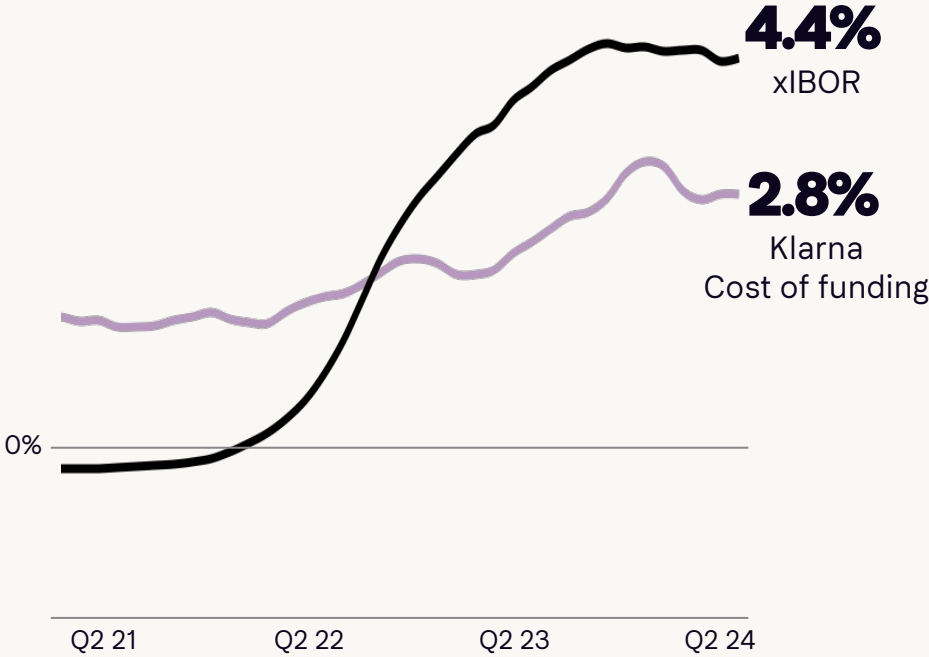
**Investment grade S&P rating**  
BBB-/A-3

## Duration gap drives stability



**\$10bn deposits held in 2023**  
Inflationary buffer as take rates are a % of purchase price

## Low and stable cost of funding

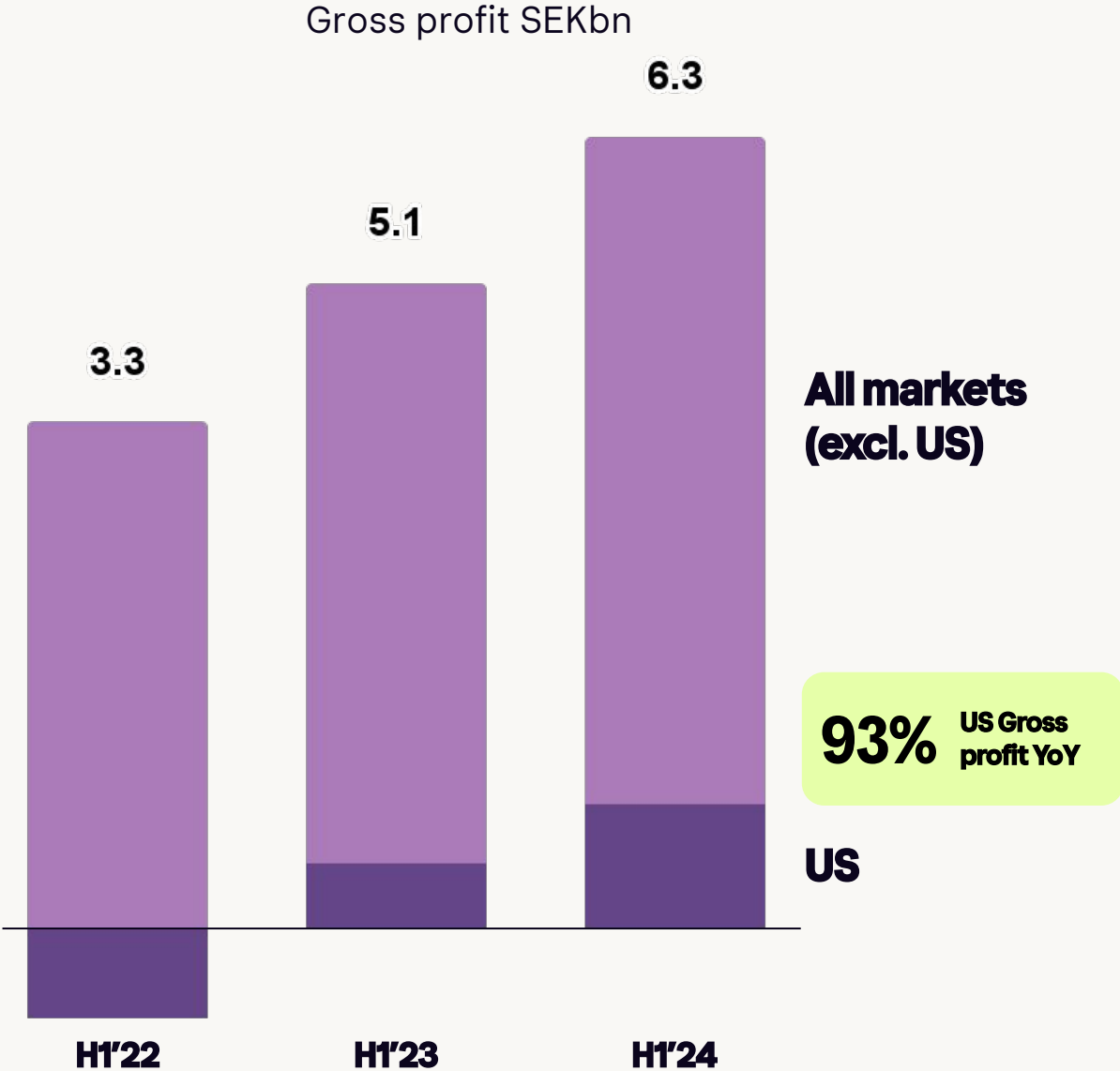


**Access to \$10tn European retail deposit market**  
through our bank license

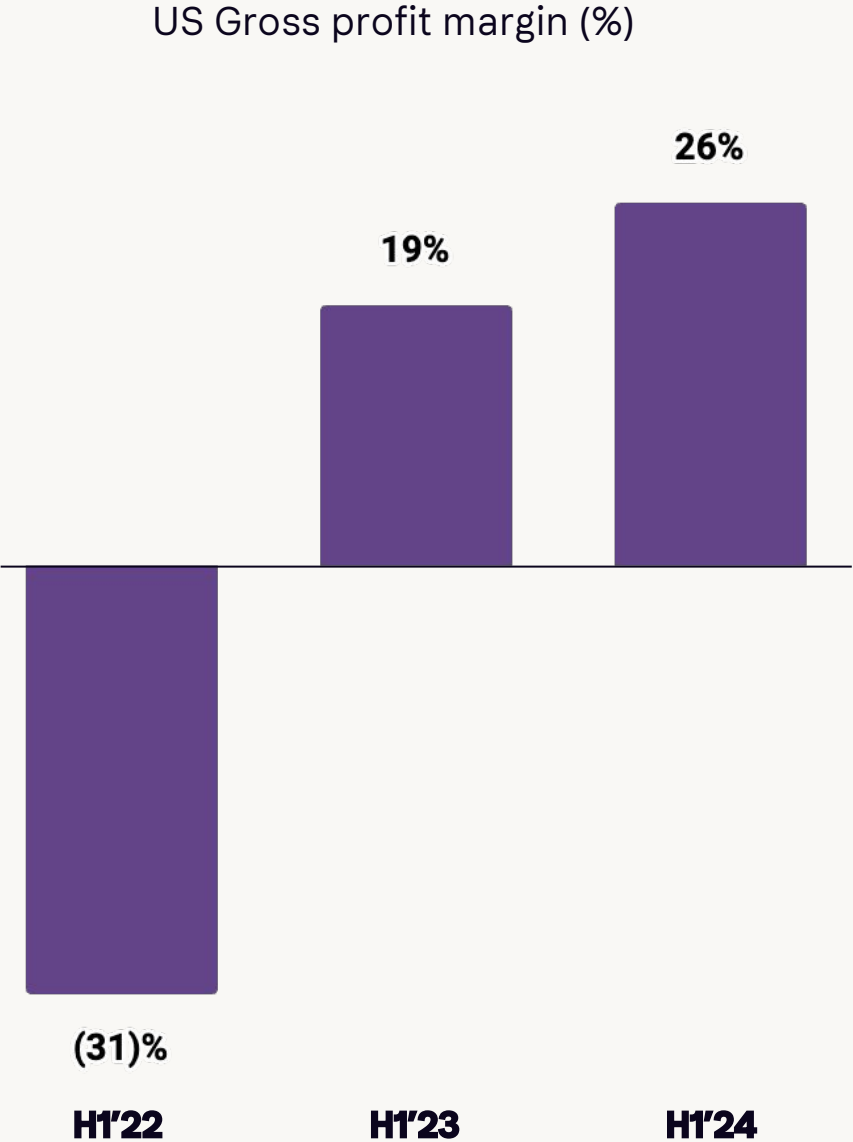
# Gross profit continues to expand

P&L Item
GMV
Total revenue
Transaction cost
<b>Gross profit</b>
Adj. Operating expenses
Adj. Operating Income

## Compounding gross profit where the US is starting to contribute significantly

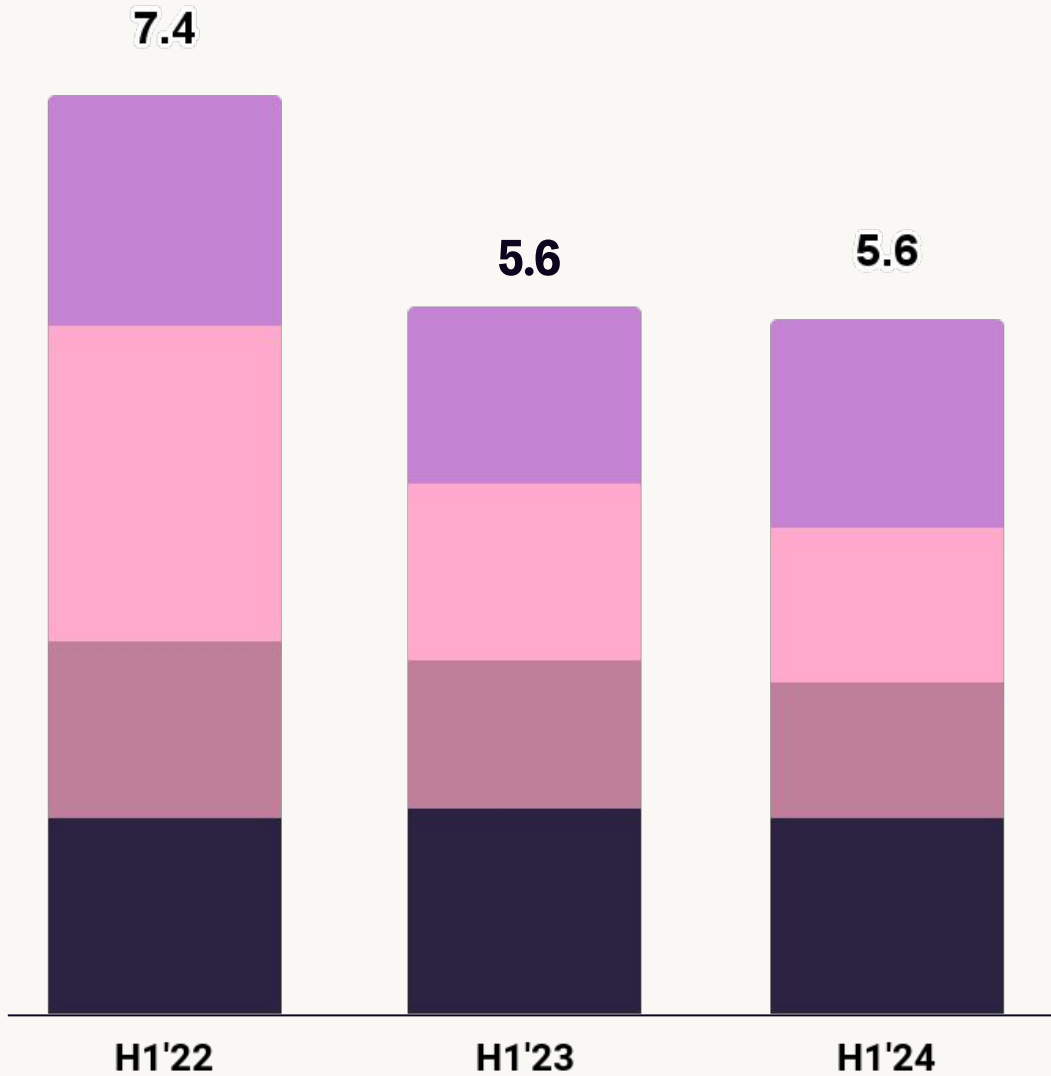


## US Gross profit margin increase as the market scale



# Adoption of AI supports operating expenses savings

P&L Item
GMV
Total revenue
Transaction cost
Gross profit
<b>Adj. Operating expenses</b>
Adj. Operating income

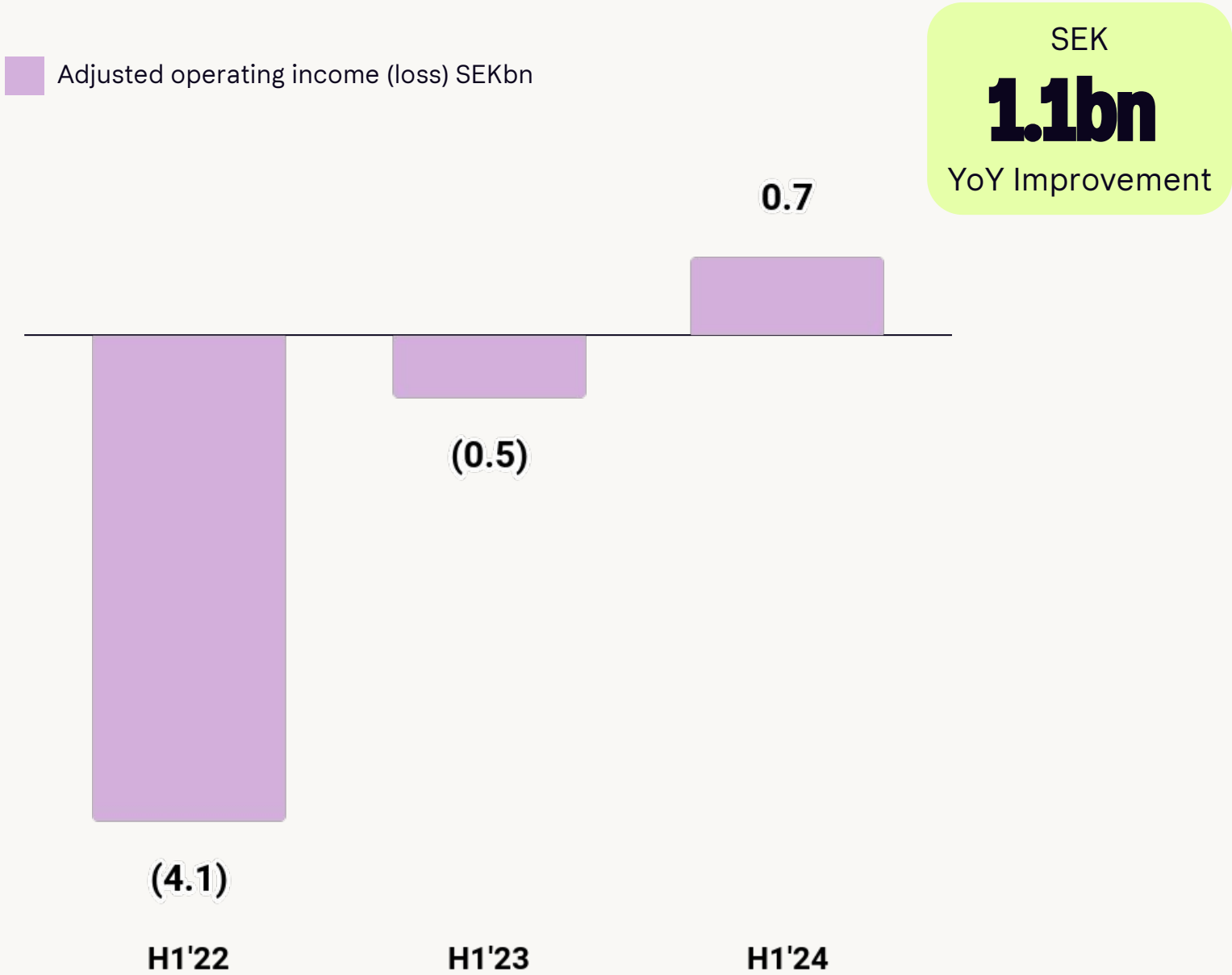


P&L Item	H1'24 YoY
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<b>Adj. Operating expenses</b>	<b>0%</b>	<b>vs. 16%</b> <small>Volume growth</small>
<b>Technology &amp; product development</b>	<b>17%</b>	
<b>Sales and marketing</b>	<b>(11)%</b>	
<b>Customer service &amp; operations</b>	<b>(10)%</b>	
<b>G&amp;A</b>	<b>4%</b>	

# Strengthening all aspects of our business model, leading to improving profitability

P&L Item
GMV
Total revenue
Transaction cost
Gross profit
Adj. Operating expenses
Adj. Operating income



P&L Item	H1'24 YoY
GMV	16%
Total revenue	27%
Transaction costs	31%
Gross profit	22%
Adj. Operating expenses	0%
<b>Adj. Operating income</b>	<b>SEK 673m</b>



# **Klarna's winning fundamentals**

- K Compounding network effects**
- K Trusted brand, global distribution**
- K Industry leading AI implementation**
- K Massive scale efficiencies**
- K Strong, profitable business**

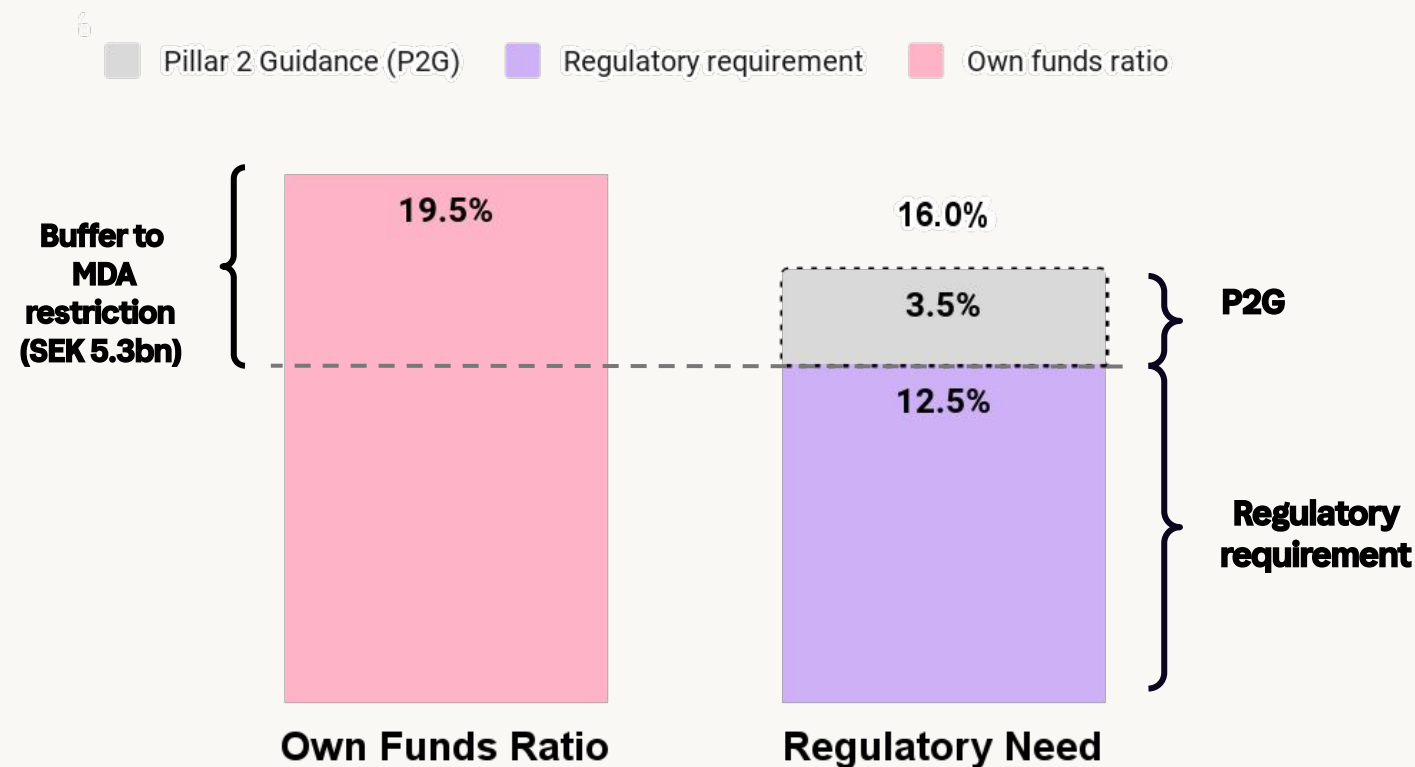
# Capital, Liquidity & Funding



# Klarna continues to maintain a strong capital position well above regulatory guidance

## Klarna Group Own funds ratio (Jun 2024)

Own funds ratio **+3.5pp** above regulatory need



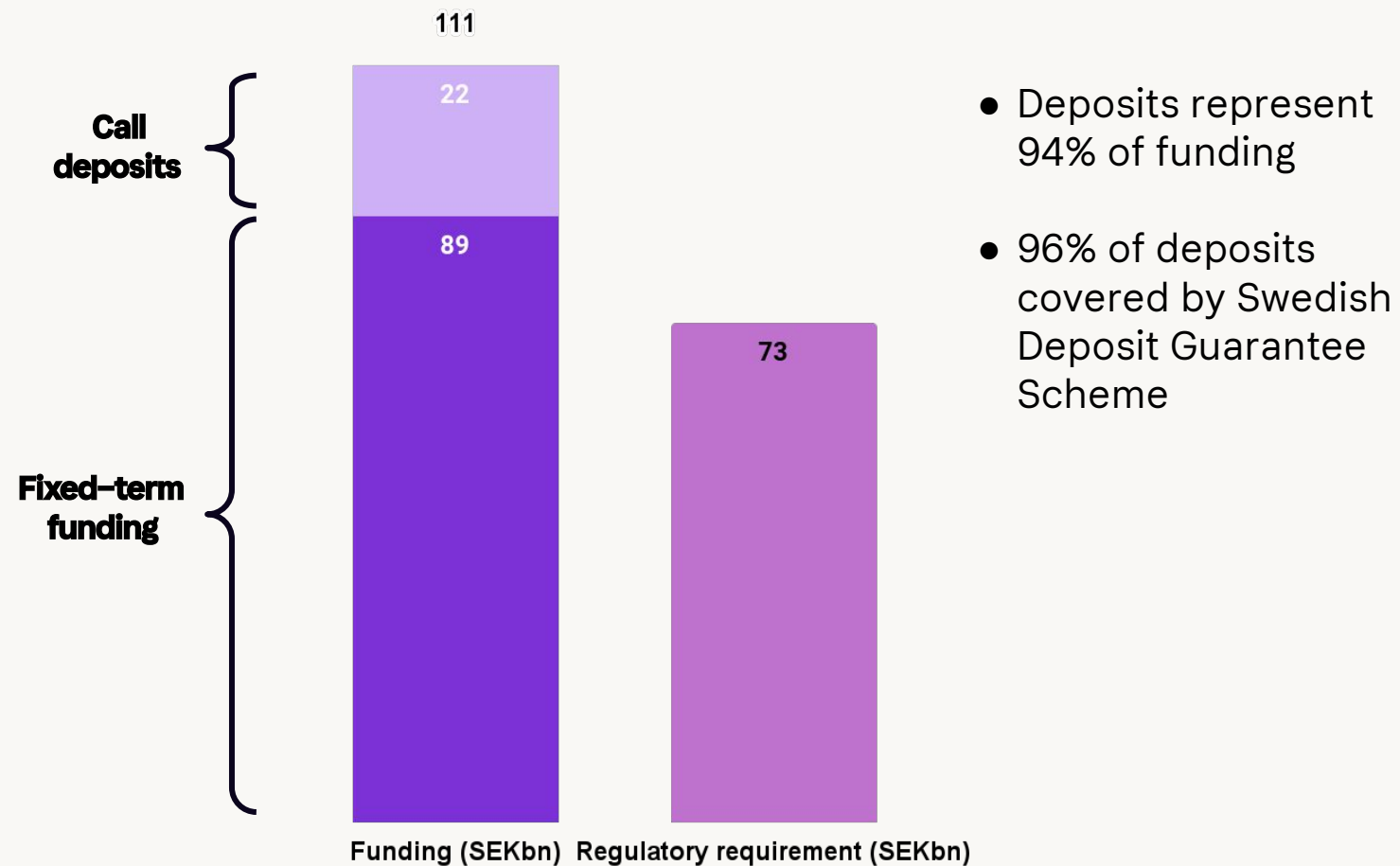
June 30, 2024	SEKm	Capital ratios
<b>CET1 Capital</b>	<b>11,220</b>	<b>14.9%</b>
AT1 Capital instruments	1,636	
<b>Tier 1 Capital*</b>	<b>12,856</b>	<b>17.1%</b>
Tier 2 Capital instruments	1,839	
<b>Own Funds*</b>	<b>14,696</b>	<b>19.5%</b>
<b>REA</b>	<b>75,371</b>	

\*Figures shown after prudential adjustments.

# Ultra conservative approach to funding and liquidity

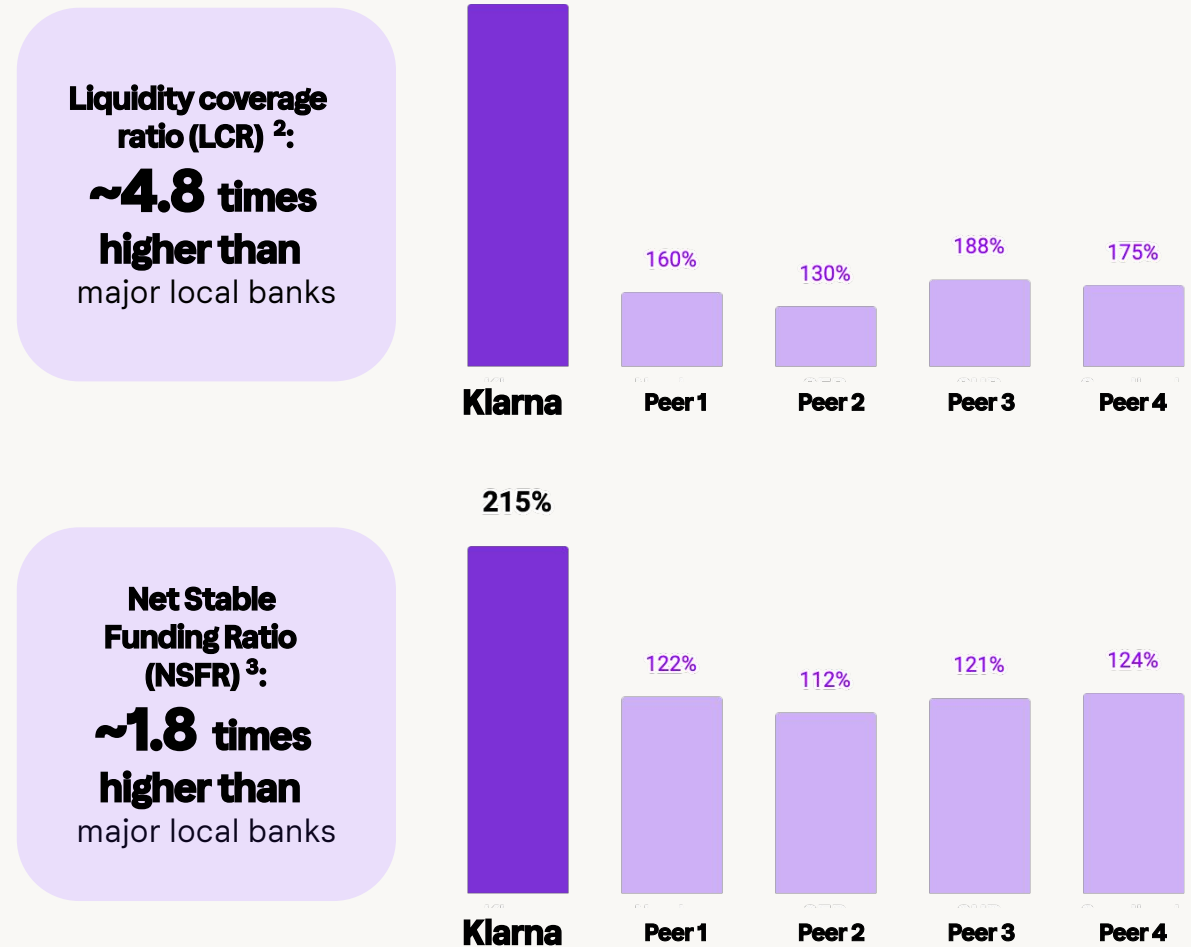
## High share of fixed term funding <sup>1</sup> (Jun 2024)

Stable funding base protects against funding market disruptions



## Strong liquidity metrics (Jun 2024)

Well above regulatory limits and major local banks



<sup>1</sup> Fixed term funding consists of fixed term deposits, senior unsecured and subordinated bonds, commercial papers, bilateral loans

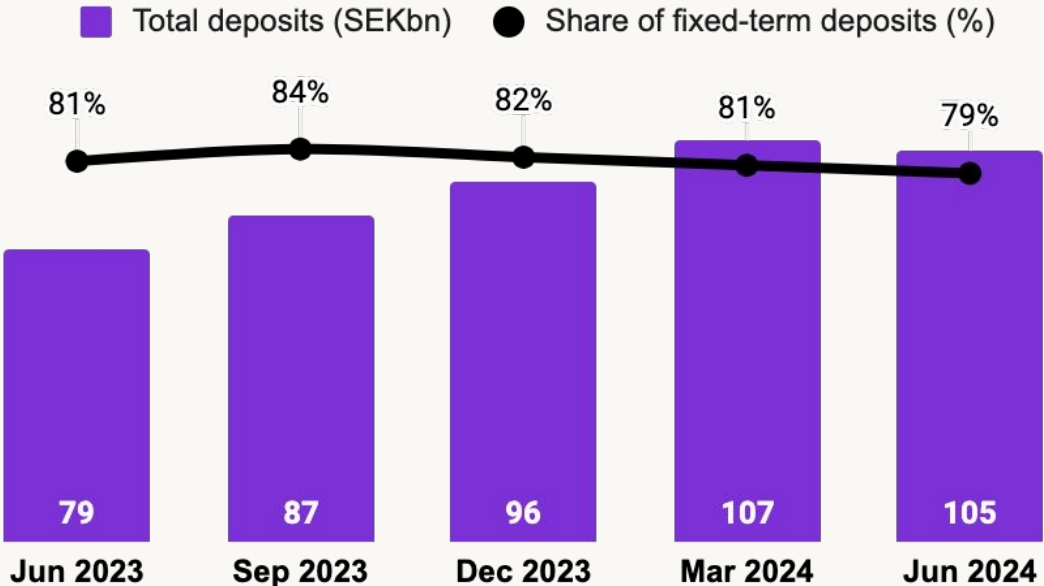
<sup>2</sup> LCR = High Quality Liquid Assets (HQLA) / Projected Net Cash Outflows during a 30 days stressed period

<sup>3</sup> NSFR = Total Available Stable Funding / Total Required Stable Funding

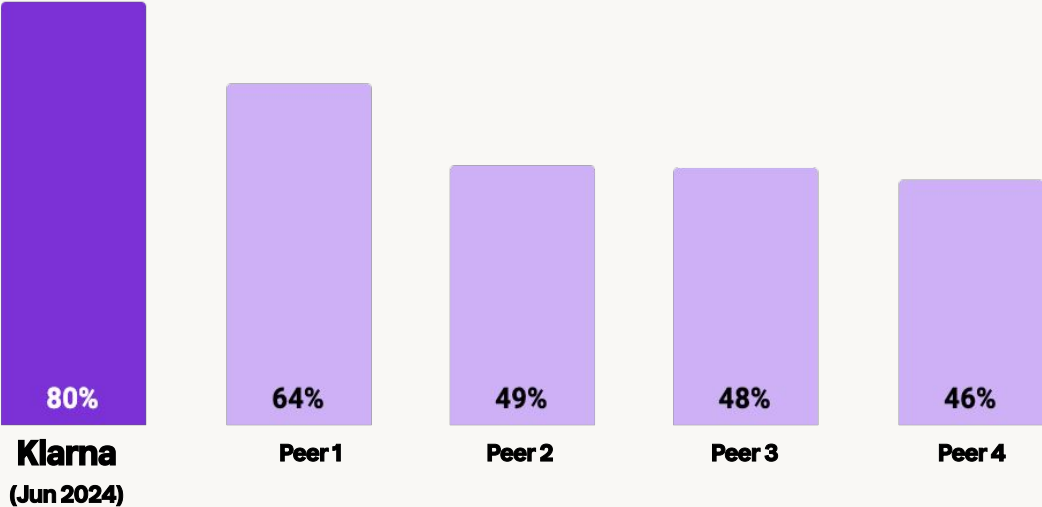
Regulatory requirement = Funding required to uphold regulatory liquidity limits, mainly the LCR

# Deposits remain primary funding source with a large share of fixed-term funding

Deposit balances



Share of fixed-term funding\*



**65%** Deposit balances sourced via Klarna in-house products vs. 35% sourced via deposit platforms at Q224

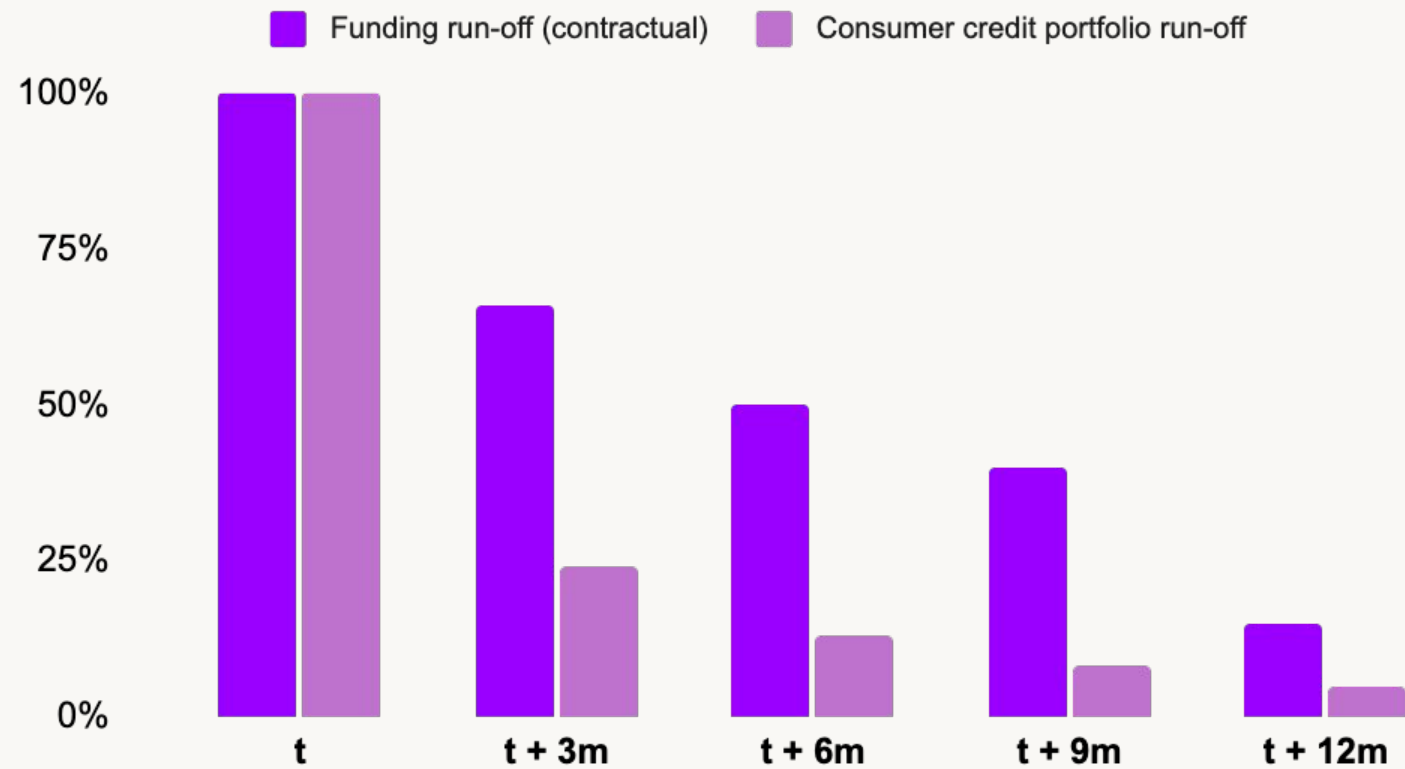
**264 days** Average remaining duration of fixed-term deposits at Q224

\* Includes deposits and debt securities, excluding capital instruments. Peer data sourced from 2023 annual reports.

# Minimal liquidity risk

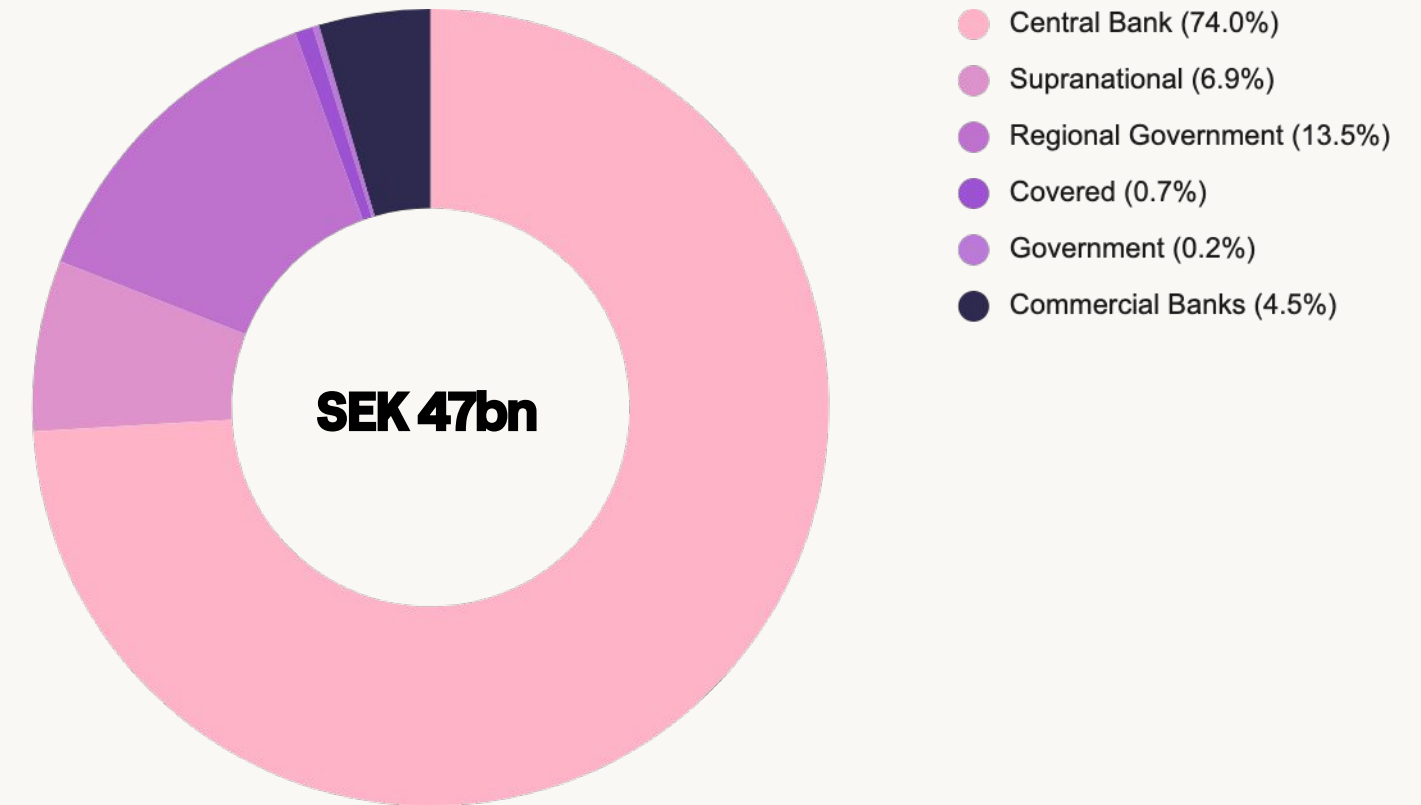
## Balance sheet run-off (Jun 2024)

Asset-light business model that entails short term lending funded by longer term liabilities.



## Liquidity reserve (Jun 2024)

Conservative risk management with liquidity reserve comprising 30% of total assets. 74% of liquidity reserve is cash at central banks.



**Thank  
you**

