This prospectus was approved by the Swedish Financial Supervisory Authority on 12 March 2024 and shall be valid for twelve (12) months after the date of its approval provided that this prospectus is supplemented in accordance with article 23 of the Prospectus Regulation. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Prospectus is no longer valid.

Klarna.

KLARNA HOLDING AB (publ)

Prospectus regarding the admission to trading of SEK 1,500,000,000 Floating Rate Additional Tier 1 Capital Notes

ISIN: SE0021512290

Sole Bookrunner

Nordea

Important information

In this prospectus (the "**Prospectus**"), the "**Issuer**" and "**Klarna Holding**" means Klarna Holding AB (publ), Swedish Reg. No. 556676-2356 and LEI code 984500CCFABF562J8533. The "**Group**" means the Issuer with all its subsidiaries from time to time (each a "**Group Company**"), including its subsidiary Klarna Bank AB ("**Klarna Bank**"). "**Klarna**" means Klarna Bank and/or the Group, as applicable. "**Subsidiary**" means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (*dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (*aktiebolagslagen (2005:551)*).

Words and expressions defined in the terms and conditions beginning on page 22 (the "**Terms and Conditions**") have the same meanings when used in this Prospectus, unless expressly stated otherwise follow from the context.

The Issuer has issued a total of 750 Additional Tier 1 Capital notes (the "**Notes**") in the Total Nominal Amount of SEK 1,500,000,000 on 1 February 2024 (the "**Issue Date**"). This Prospectus has been prepared for the admission to trading of the Notes on Nasdaq Stockholm. This Prospectus does not contain and does not constitute an offer or a solicitation to buy or sell Notes. This Prospectus and the Terms and Conditions are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection herewith.

This Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the "**Swedish FSA**") pursuant to the provisions of Article 20 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**").

Solely for the purposes of the product governance requirements set forth in Directive 2014/65/EU (as amended, "**MiFID II**"), the target market assessment made by the manufacturer in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; (ii) the negative target market for the Notes is clients that seek full capital protection or full repayment of the amount invested, are fully risk averse/have no risk tolerance or need a fully guaranteed income or fully predictable return profile; and (iii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the manufacturers' target market assessment. However, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Distribution Directive**") , where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

This Prospectus may not be distributed in any jurisdiction where such distribution would require any additional prospectus, registration or measures other than those required under Swedish law, or otherwise would conflict with regulations in such jurisdiction. Persons into whose possession this Prospectus may come are required to inform themselves about, and comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. The Notes have not been, and will not be, registered under the United States Securities Act of 1933 or the securities laws of any state or other jurisdiction outside Sweden.

Each potential investor in the Notes must in light of its own circumstances determine the suitability of the investment. In particular, each potential investor should conduct their own investigation and analysis of the Issuer and the data set forth in this Prospectus and investors are urged to take steps to ensure that they understand the transaction and have made an independent assessment of the appropriateness of the transaction in light of their own objectives and circumstances before entering into any transaction (including the possible risks and benefits of entering into such transaction). Investors should also consider seeking advice from their own advisers in making this assessment.

No person has been authorised to provide any information or make any statements other than those contained in this Prospectus. Should such information or statements nevertheless be furnished, it/they must not be relied upon as having been authorised or approved by the Issuer and the Issuer assumes no responsibility for such information or statements. Neither the publication of this Prospectus nor the offering, sale or delivery of any Note implies that the information in this Prospectus is correct and current as at any date other than the date of this Prospectus or that there have not been any changes in Klarna's business since the date of this Prospectus. With the exception of the Issuer's consolidated financial statements for 2021 and 2022, no information in this Prospectus has been audited or reviewed by the Issuer's auditor. Financial data in this Prospectus that has not been audited by the Issuer's auditor stem from internal accounting and reporting systems.

Forward-looking statements and market data

The Prospectus contains certain forward-looking statements that reflect the Issuer's current views or expectations with respect to future events and financial and operational performance. The words "intend", "estimate", "expect", "may", "plan", "anticipate" or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although the Issuer believes that these statements are based on reasonable assumptions and expectations, the Issuer cannot give any assurances that such statements will materialise. Because these statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out therein.

Factors that could cause Klarna's actual operations, result or performance to differ from the forward-looking statements include, but are not limited to, those described in "Risk factors". The forward-looking statements included in this Prospectus apply only to the date of the Prospectus. The Issuer undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequent forward-looking information that can be ascribed to Klarna or persons acting on the Issuer's behalf is subject to the reservations in or referred to in this section.

The Prospectus contains market data and industry forecasts, including information related to the sizes of the markets in which Klarna participates. The information has been extracted from a number of sources. Although the Issuer regards these sources as reliable, the information contained in them has not been independently verified and therefore it cannot be guaranteed that this information is accurate and complete. However, as far as the Issuer is aware and can assure by comparison with other information made public by these sources, no information has been omitted in such a way as to render the information reproduced incorrect or misleading. In addition to the above, certain data in the Prospectus is also derived from estimates made by the Issuer.

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RISK FACTORS

*An investment in the additional tier 1 notes (the "**Notes**") is associated with different risks. Prior to any investment decision, it is important to carefully analyse the risk factors considered to be material. Set out below is a description of risks that are considered to be of importance for Klarna Holding AB ("**Klarna Holding**") with all its subsidiaries from time to time (collectively, the "**Group**"), including its wholly-owned subsidiary Klarna Bank AB ("**Klarna Bank**"), and the Notes. In these risk factors, "**Klarna**" means Klarna Bank and/or the Group, as applicable. Prospective investors should make an independent evaluation, with or without help from advisors, of the risks associated with an investment in the Notes.*

The risk factors set-out below are limited to risks which are specific to Klarna and/or to the Notes and which are assessed to be material for taking an informed investment decision. Klarna's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Investor Presentation.

The risk factors are presented in categories where the most material risk factors in a category are presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.

Risks relating to Klarna Holding and the Group

Economic and market risks

Competition in the financial services industry

Klarna is a retail bank and payment solutions provider across Europe, North America, Australia and New Zealand. The business is primarily comprised of payment solutions and consumer lending products for use in both the online and physical retail environment. As a part of this business, Klarna offers retailers the ability to offer debit payments (Pay Now) and point of sale financing options (Pay Later and Term Loans) through a single API (application programming interface) product known as "*Klarna Payments*", plus a full checkout management solution and end-consumers direct payment solutions and point of sale credit online. Further, the Klarna shopping app allows consumers to purchase online at any retailer using Klarna's range of payment products. Klarna's in-store offer integrates with retailers' existing point of sale system, allowing consumers to access a payment link offering Klarna's payments products via QR code, email or text message. In addition, Klarna offers (in certain countries) the "*Klarna Card*", a physical card which allows consumers to use debit and Klarna's credit products in-store and online.

The markets in which Klarna operates are characterised by a high degree of competition and fragmentation, and the strong demand growth in these markets for the products that Klarna offers has led to increased competition. In some cases, consumers have the possibility to choose either Klarna or a competing service at the point of purchase. To attract consumers in these cases, Klarna is dependent on its ability to offer payment solutions that resonate with consumers and maintain the public image of being a trusted and attractive brand. Increased competition that leads to Klarna losing customers or market shares would adversely affect its net sales and growth.

There are a number of competitors that provide similar products in the countries where Klarna operates. These competitors are either active in the provision of checkout methods, in the supply of credit at checkout, or both. The competitors can broadly be divided into two groups: technology-driven companies and traditional finance companies.

In addition, Klarna's business is affected by the number of retailers that are willing to offer Klarna's products to their online shopping customers. Klarna's business is therefore dependent on its ability to keep its existing business relationship with retailers, and its ability to attract new ones. If Klarna fails to keep its existing important business relationship with retailers or attract new ones, it would adversely affect Klarna's operations, with decreased net sales and declined results of operations as a consequence.

The degree to which competition in the financial service industry may affect Klarna is uncertain and presents a highly significant risk to the competitive position of Klarna.

Risks relating to the current macroeconomic environment

As Klarna's product offering is dependent on general consumption, there is a risk that the demand for Klarna's products is adversely affected by factors such as changes in consumer trends, levels of consumption, demographic patterns, customer preference and financial conditions, all of which are affected by general macroeconomic conditions in the markets in which Klarna operates. Since Klarna's business is dependent on the transaction volume of consumers choosing Klarna's payment solution as their preferred payment method, a reduced consumer confidence and/or willingness to spend or a general deterioration of the macroeconomic environment in Klarna's geographical markets would decrease the demand for Klarna's products, thus adversely affecting its net sales and results of operations.

Further, high levels of unemployment in the markets in which Klarna operates would reduce its consumers' ability to repay their credit loans as well as decrease their willingness to spend money on shopping, which would also decrease the demand for Klarna's products. Any severe slowdown or sustained deterioration of macroeconomic conditions in any of the countries in which Klarna operates would adversely affect consumers' willingness and/or ability to consume and the demand for Klarna's products, which would adversely affect Klarna's business, financial condition and results of operations.

Sustained or continued rising inflation may have a negative impact on Klarna's customers, with increased personal costs and hence decreases in their willingness to spend money on shopping and hence also impacting the economic and business viability of Klarna's retail partners. This could have a negative impact on Klarna's business, financial condition and results of operations. Inflation could also impact the market interest rates, which would have a negative effect on Klarna's cost of funding.

Since the Group and Klarna are subject to risks related to the macroeconomic environment, the Group and Klarna are affected by public health epidemics or outbreaks of diseases that may negatively affect the global economy, or other events directly affecting the macroeconomic environment. For example, the situation in Ukraine has led to significant volatility on the global credit markets and the global economy. Klarna does not provide any consumer lending, nor has any registered traders or any employees in Russia, Belarus or Ukraine. In addition, disruption to the global shipping markets caused by the recent events in the Middle East may lead to higher costs or longer lead times for Klarna's merchants. However, as stated, the Group and Klarna are subject to risks related to the macroeconomic environment, and thus are affected by global conflicts that may negatively affect the global economy. The degree to which macroeconomic and political factors, such as the situation in Ukraine, may affect the Group and Klarna is uncertain and presents a significant risk to its access to financing and funding costs.

Business risks

Credit risk

Credit risk is the potential risk of financial loss arising from the failure of a counterparty to fulfil its financial obligations as they fall due (and such loss is not covered by any collateral). Klarna is subject to credit risk primarily from defaulting or fraudulent end-consumers using Klarna's payment services for shopping, but also to some extent from defaulting merchants and financial institutions with which Klarna co-operates. A defaulting merchant loss arises when a merchant is not able to meet its obligations and causes a loss to Klarna in the event of a default (e.g. from customer compensation as a result of returns, disputes or unfulfilled orders). Credit risk also includes concentration risk, i.e. the risk relating to large exposures to a group of inter-linked customers. In addition, Klarna is exposed to risks associated with deterioration in the credit quality of its customers which can be driven by, for example, socio-economic or customer-specific factors linked to economic performance. When Klarna expands into new markets, the aforementioned risks are especially high since the credit and fraud models lack historical data when entering a new market. Klarna uses a self-developed scoring model for the credit assessment of its customers and collects certain data in pursuance thereof. Due to, among other things, the different regulations in the countries where Klarna operates and the accessibility to credit checks and local differences in customer behaviour, the scoring models are adapted for every country. There is a risk that the estimates on which models for calculating future potential impairments and credit losses are based are inaccurate, which risks leading to increased credit losses and impairments. A failure of Klarna's counterparties to fulfil their financial obligations towards Klarna as they fall due would have an adverse impact on Klarna's financial position.

Further, if Klarna's financial position deteriorates, it is likely that the credit risk associated with the Notes will increase, as there would be an increased risk that Klarna cannot fulfil its obligations under such Notes. A significantly increased credit risk would most likely result in the market pricing debt instruments, such as Notes, with a higher risk premium, which would adversely affect the value of such debt instruments. Another aspect of the credit risk is that a deteriorated financial position can result in a lower credit-worthiness, which risks affecting

Klarna's ability to refinance the Notes and other existing debt, which in turn risks adversely affecting Klarna's operations, results of operations and financial position.

As of 31 December 2023, Klarna Bank and its subsidiaries' total lending credit exposure amounted to SEK 90,608 million out of which SEK 86,108 million was lending to the public and SEK 4,500 million was lending to credit institutions. In total, Klarna reported SEK 4,032 million in net credit losses, for the period January-December 2023. The degree to which credit risks may affect Klarna is uncertain and presents a highly significant risk to the credit quality of Klarna's assets.

Operational risks

Klarna's business depends on its ability to process a large number of transactions efficiently and accurately and on a high-pace development of the product offering and customer experience. Furthermore, as a predominately online company, Klarna is particularly exposed to cyber-security and cyber-crime risks. There is a risk that measures taken by Klarna to cope with cyber-security and cyber-crime risks are insufficient. Prolonged interruption or extensive failure of Klarna's information technology would impair Klarna's ability to provide services effectively, in turn causing direct financial loss and compromising its strategic initiatives. Significant technology failure or underperformance would also increase Klarna's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, a loss of any customer database would be an expensive and time-consuming endeavor to retrieve or recreate and would have a material adverse effect on Klarna's business, financial condition and results of operations.

Operating in a changing environment means that Klarna takes on risks related to its business model and strategy. Should Klarna expand into new markets, there is a risk that operational risks related to, among other things, the setup of new processes and employing new staff would increase. There is also a risk that Klarna fails to develop business intelligence systems, to monitor and manage collections, to maintain financial and operating controls, to monitor and manage its risk exposures across Klarna, to provide high-quality customer service and to develop and sell profitable products and services in the future. Any such significant failures would have a material adverse effect on Klarna's expansion and growth.

Klarna is also dependent on existing key executives and staff in order to sustain, develop and grow its business, and there is a risk that these employees will not remain with Klarna. Any loss of key personnel, such as Klarna's CEO and founder (due to, among other things, his vast knowledge of Klarna), or an inability to attract, retain and motivate employees required for the continuation and expansion of Klarna's activities, risks leading to disruptions and errors in manual and semi manual processes as well as external and internal fraud.

The degree to which such operational risks may affect Klarna is uncertain and present a highly significant risk to the operations of Klarna.

Funding and liquidity risks

Klarna is exposed to funding risks, meaning the risk of Klarna not being able to fund an increase in lending assets or meet obligations when they fall due, without incurring increased costs. The risk arises when there is a negative difference in the duration of liabilities and assets, or if there is insufficient funding to finance Klarna's expansion. If Klarna's access to funding was to be constrained for a prolonged period of time, competition for retail deposits and the general cost of funding would increase. This would increase Klarna's cost of funding and, therefore, have a material adverse effect on Klarna's net interest margin.

Funding risks can be exacerbated by enterprise-specific factors, such as over-reliance on a particular source of funding or changes in Klarna's credit-worthiness, or by market wide phenomena, such as market dislocation. Klarna's ability to access funding sources on satisfactory economic terms is subject to a variety of factors, including a number of factors outside of Klarna's control. There is a risk that the funding structure employed by Klarna is inefficient should its funding levels significantly exceed its funding needs, which risks giving rise to increased funding costs that may not be sustainable in the long term.

Short-term liquidity risk measures the risk of Klarna being negatively impacted in the short term by a lack of liquidity. Structural liquidity risk measures the risk of mismatch between assets and liabilities in terms of maturities, which risks leading to a lack of liquidity in the longer term. Klarna is also subject to liquidity requirements in its capacity as a credit institution supervised by the Swedish FSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. Any significant inability of Klarna to anticipate future liquidity and provide for unforeseen decreases or changes in funding sources would have consequences for Klarna's ability to meet its payment obligations when they fall due and thus result in Noteholders not being paid in a timely manner.

As part of its funding, Klarna accepts deposits from the general public, the majority of which are currently with a fixed maturity. As of 31 December 2023, Klarna Bank and its subsidiaries' total financial liabilities amounted to SEK 122,275 million out of which deposits from the public comprised the largest part, totalling SEK 97,096 million.

As at the date of this investor presentation, Klarna Bank has a credit rating from S&P Global Ratings Europe Limited (S&P) of BBB- and A-3 (long term and short term). S&P is established in the EU and registered under Regulation (EC) No. 1060/2009 (as amended). There is no requirement to obtain or maintain this credit rating and it may be revised, suspended or withdrawn by the rating agency at any time. Any downgrade of its credit rating may increase Klarna's borrowing costs, adversely affect the liquidity position of Klarna, limit its access to the capital markets or undermine confidence in and the competitive position of Klarna, and limiting the range of counterparties willing to enter into transactions with Klarna. Any of the events above could lead to increased funding costs, and could therefore have a material adverse effect on Klarna's business and results of operations.

The degree to which funding and liquidity risks may affect Klarna is uncertain and presents a highly significant risk to Klarna's ability to meet its payment obligations when they fall due.

Reliance on third-parties

Klarna's business relies in part on certain service and business process outsourcing and other partners. For example, Klarna has outsourced parts of its deposit taking business in Sweden and Germany to third party providers and is dependent on partnering with a third party bank to originate consumer loans for the provision of regulated credit in the U.S. and partly in the German market. For Klarna's product offering, significant suppliers include Nordea Bank Abp for provision of Bank ID and Autogiro services. Furthermore, some of Klarna's critical business systems are dependent on third party software and infrastructure, such as Klarna's business transaction platform which is supported by third party software. Klarna has also outsourced other functions such as internal audit, IT-infrastructure and certain parts of its customer service. Certain IP-rights, such as software licences and similar related systems are used by Klarna to operate and its business is dependent on the continued access to such IP-rights. There is a risk that Klarna is unable to replace these relationships on commercially reasonable terms. Seeking alternate relationships also risks being time consuming and resulting in interruptions to Klarna's business. Significant failure of Klarna's third party providers to perform their services in accordance with Klarna's standards, and any extensive deterioration in or loss of any key relationships would have a material adverse effect on Klarna's business, financial condition and results of operations.

Furthermore, Klarna is exposed to the risk that its outsourcing partners and other third parties commit fraud with respect to the services that Klarna has outsourced to them, that they fail to comply with applicable laws and regulations, such as data protection requirements, or fail to otherwise provide their agreed services to Klarna. If these third parties, to a significant extent, violate laws, other regulatory requirements or important contractual obligations to Klarna, or otherwise act inappropriately in the conduct of their business, Klarna's business and reputation would be negatively affected. In such cases, Klarna also faces the risk of penalties being imposed. Moreover, there is a risk that Klarna's methods and procedures for overseeing how outsourcing partners and other third parties operate their businesses do not detect the occurrence of any violations for a substantial period of time, which would exacerbate the effects of such violations.

The degree to which any negative consequences related to third party providers may affect Klarna is uncertain and present a significant risk to Klarna's reputation and business.

Interest rate risk

Significant changes in interest rate levels, yield curves and spreads affect Klarna's interest rate margins, due to asset and liability mismatches. Klarna is mainly exposed to changes in the spread between the interest rates payable on its funding (the liability side), and the interest rates that it charges its customers (the asset side). Klarna also holds a portfolio of High Quality Liquid Assets (HQLA) with interest rate risk on the asset side, in addition to lending to the public. The interest rate risk arises if Klarna is unable to re-price its variable rate assets and liabilities at the same time, giving rise to repricing gaps in the short or medium term. Changes in the competitive environment also risk affecting spreads on Klarna's lending and deposits. For example, in 2023, Klarna Bank and its subsidiaries' interest payments received and interest expenses paid totalled SEK 4,134 million and SEK 2,096 million, respectively. Accordingly, Klarna is to a significant extent exposed to variation in interest rates affecting its interest payments received and interest expenses paid, respectively. The degree to which interest rates may vary is uncertain and presents a significant risk to Klarna's financial position.

Currency risk

Klarna is exposed to currency risks, which can be divided into translation and transaction risk. Transaction risk is the exchange rate risk associated with the time delay between entering into a contract and settling it. Translation risk arises with the revaluation of earnings, shareholders' equity, and receivables of foreign subsidiaries related to the consolidation of the group accounts. Klarna has operations in various currencies, notably SEK, NOK, EUR, DKK, USD and GBP. As a result, Klarna generates revenues in several different currencies. However, Klarna's reporting currency is SEK and, as a consequence, it is exposed to currency risk to the extent that its assets, liabilities, revenues and expenses are denominated in currencies other than SEK. The main currency risk is that currency fluctuations affect the amount of these items in Klarna's consolidated financial statements, even if their value has not changed in the original currency. The relevant currencies' value risks being subject to significant fluctuations in exchange rates. Lending operations in foreign currencies has continuously increased and further expansion outside Sweden will accentuate Klarna's currency risk. In 2023, a 10 *per cent*. adverse change in SEK versus all foreign currencies would entail an effect of SEK 55,6 million. The degree to which such exchange rates may vary is uncertain and presents a significant risk to Klarna's financial position.

Reputational risk

Reputational risk is the risk that an event or circumstance adversely impacts Klarna's reputation among consumers, retailers, employees, authorities and other parties resulting in reduced income. The reputational risk for Klarna is primarily related to consumer expectations regarding Klarna's products, the delivery of its services, and the ability to meet regulatory and consumer protection obligations related to these products and services. Effects on Klarna's reputation typically originate from internal factors, but could also originate from external partners, suppliers, merchants or even competitors. Reputational risk can be substantially damaging to Klarna's operations since Klarna is a well-established brand, and if such risk materialises to such an extent that consumers chose competitors over Klarna, it would materially adversely affect Klarna's net sales and growth, which in turn would adversely affect its results of operations and financial condition. The degree to which reputational risks may affect Klarna is uncertain and present a significant risk to Klarna's operations.

Legal and regulatory risks for Klarna

Taxes

Klarna's business and transactions are conducted in accordance with Klarna's interpretation of current and applicable international and local laws, tax treaties, standards, case law and requirements of the tax authorities. There is a risk that Klarna's interpretation of applicable laws, tax treaties, regulations, case law or other rules or administrative practice is disputed, or that such rules or practice will change, possibly with retroactive effect.

Klarna's tax situation for previous, current and future years may change as a result of legislative changes, decisions made by the tax authorities or as a result of changed tax treaties, regulations, case law or requirements of the tax authorities. Such changes could adversely affect Klarna's business (should taxes imposed on its products and services negatively impact the demand for such products and services), financial condition (should taxes negatively impact the value of its assets) and results of operations (should taxes increase its costs and thus decrease, among other things, its operating profits). The degree to which amendments to tax legislation may affect Klarna is uncertain and presents a risk to its tax position.

For example, it can be noted that legislation introducing a tax for credit institutions with liabilities above certain thresholds entered into force on 1 January 2022, and the tax rate for taxation years commencing in 2023 and onwards is set to 0.06 *per cent*. of total debt attributable to business carried out in Sweden and business carried out by foreign branches of Swedish credit institutions. .The tax does not currently affect Klarna, since total liabilities in the bank fall below the current threshold of SEK 166 billion. However, the scope of the tax could be subject to changes in the future.

Furthermore, in December 2022, the EU member states adopted a directive to implement the Global Anti-Base Erosion (GloBE) Rules, effective as of 1 January 2024, to ensure multinational companies pay a minimum effective tax rate of 15 *per cent*. in all jurisdictions where they operate. Given the jurisdictions in which it operates, Klarna would not expect to end up in a significant top-up tax position, but this remains to be confirmed as member states finalise their implementation rules.

EU General Data Protection Regulation

Klarna is a disruptive company focusing on speed and innovation, often using new and advanced methods of analysing personal data to provide benefit to its customers. The aspiration for innovation and speed must continuously be weighed against the need to ensure that Klarna's data processing practices comply with applicable

data protection legislation (including the general data protection regulation 2016/679/EU ("**GDPR**")), and are in line with the affected individuals' expectations on Klarna.

As a large and well-known actor in many of the markets where Klarna conducts its business, Klarna's data processing practices are likely to attract attention from supervisory authorities and the media. This may not only be the case if an authority or media representative has reason to believe that Klarna's own data processing practices are non-compliant, but also as a top-of-mind example of the banking and fintech provider sector as a whole. In March 2019, the Swedish Data Protection Authority (*Integritetsskyddsmyndigheten*) initiated an audit into Klarna's processing of personal data activities under the GDPR. On 29 March 2022, the Swedish Data Protection Authority issued an administrative fine of SEK 7.5 million against Klarna, claiming Klarna had failed to properly explain certain parts of its data processing to data subjects in the version of Klarna's privacy notice that was live between 17 March 2020 and 26 June 2020. Klarna contested the judgement in the administrative court of Stockholm. Klarna prevailed in part on 14 April 2023, resulting in the fine being reduced to SEK 6 million. Both Klarna and the Swedish Data Protection Authority have filed additional appeals. On 11 March 2024, the Court of Appeal in Stockholm announced its ruling to revert the administrative fine to SEK 7.5 million.

In May 2022, the Swedish Data Protection Authority initiated an investigation of a certain feature in Klarna's product Klarna Checkout, after complaints from customers in Sweden, Finland and Germany. The investigation is ongoing.

On 13 September 2022, the Swedish Data Protection Authority started an investigation of the processes Klarna uses to identify consumers that have contacted the company to exercise privacy rights, after complaints from customers in Germany. This investigation is ongoing.

Non-compliance with applicable data protection legislation risks leading to substantial administrative fines and other actions which would have a material adverse effect on Klarna's ability to conduct its business, such as a temporary or permanent ban on data processing or suspension of data transfers to third countries. Any administrative and monetary sanctions (including administrative fines of up to the greater of EUR 20 million or 4.0 *per cent*. of Klarna's total global annual turnover) or reputational damage due to incorrect implementation or breach of the GDPR would adversely impact Klarna's business, financial condition and results of operations. Actual, as well as perceived, non-compliance also risks having a substantial effect on consumers' and the general public's trust in Klarna. The degree to which non-compliance with the GDPR may affect Klarna is uncertain and presents a highly significant risk to Klarna's operations and reputation.

Regulatory capital and liquidity requirements

Klarna is subject to capital adequacy and liquidity regulations, which aim to put in place a comprehensive and risk-sensitive legal framework to ensure enhanced risk management among financial institutions. Regulations which have impacted Klarna and are expected to continue to impact Klarna include, among others, the Basel III framework (included the finalised reforms known as "**Basel IV**"), the EU Capital Requirements Directive 2013/36/EU ("**CRD IV**"), as amended by Directive (EU) 2019/878 ("**CRD V**") (CRD IV and CRD V jointly, "**CRD**"), and the EU Capital Requirements Regulation 11(99) (EU) No. 575/2013 ("**CRR**"), as amended by Regulation (EU) 2019/876 ("**CRR II**") and, as response to the COVID-19 pandemic, by Regulation (EU) 2020/873. CRR and CRD are supported by a set of binding technical standards developed by the European Banking Authority ("**EBA**"). The regulatory framework may continue to evolve and any resulting changes could have a material impact on Klarna's business.

Klarna is subject to liquidity requirements in its capacity as a credit institution supervised by the Swedish FSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. The Swedish FSA has issued regulations on liquidity, such as FFFS 2014:21 and FFFS 2010:7, which Klarna needs to comply with.

The capital adequacy framework includes, *inter alia*, minimum capital requirements for the components in the capital base with the highest quality, common equity tier 1 ("**CET1**") capital, additional tier 1 capital and tier 2 capital. CRR II also introduced a binding leverage ratio requirement (i.e. a capital requirement independent from the riskiness of the exposures, as a backstop to risk-weighted capital requirements) for all institutions subject to CRR. In addition to the minimum capital requirements, CRD provides for further capital buffer requirements that are required to be satisfied with CET1 capital. Certain buffers may be applicable to Klarna as determined by the Swedish FSA. The capital conservation buffer of 2.5 *per cent*. applies to all banks subject to CRD. The countercyclical buffer rate is a capital requirement which varies over time and is to be used to support credit supply in adverse market conditions. Since 22 June 2023, the countercyclical buffer is set at 2 *per cent*. A breach of the combined buffer requirements is likely to result in restrictions on certain discretionary capital distributions by

Klarna for example, dividend and coupon payments on CET1 and tier 1 capital instruments. However, as at the date of this investor presentation, Klarna is not designated a systemically important institution and is thus not subject to the buffer requirement for systemically important institutions, nor subject to the systemic risk buffer requirements. There can, however, be no assurance that Klarna will not be designated a systemically important institution or subject to systemic risk buffer requirements in the future.

Furthermore, in November 2020, the Swedish FSA introduced changes to its application of Swedish banks' and financial institutions' (including Klarna) capital requirements in order to adapt them to the CRD V and CRR II. The changes pertain primarily to changes in the application of Pillar 2 requirements ("**P2R**") as well as the Swedish SFA's position relating to the implementation of Pillar 2 guidance ("**P2G**") and the application of the capital buffers. In May 2021, the Swedish FSA published further guidelines on the application of the P2G to which banks and financial institutions are subject. Through the P2G, the Swedish FSA informs a bank which capital level it expects the bank to hold over and above the minimum requirement, the P2R and the combined buffer requirement, to cover risks and manage future financial stresses. A breach of the P2G will not result in restrictions in capital distributions. Following the regular supervisory risk evaluation process in September 2023, the Swedish FSA communicated the level of P2G above the minimum capital requirement which Klarna should hold. The P2G amount should be covered with CET1 capital.

The conditions of Klarna's business as well as external conditions are constantly changing and the full set of capital adequacy rules applicable to Swedish financial institutions continues to evolve. For the foregoing reasons, Klarna can be required to raise regulatory capital in the future. Such capital, whether in the form of debt financing, hybrid capital or additional equity, is not always available on attractive terms, or at all. If Klarna is required to make additional provisions, increase its reserves or capital, or exit or change its approach to certain operations as a result of, for example, the initiatives to strengthen the regulation of credit institutions, this would adversely affect its results of operations or financial condition or increase its costs, all of which may adversely affect Klarna's ability to raise additional capital and make payments under instruments such as the Notes.

Serious or systematic deviations by Klarna from the above regulations would most likely lead to the Swedish FSA determining that Klarna's business does not satisfy the statutory soundness requirement for credit institutions and thus result in the Swedish FSA imposing sanctions on Klarna. Further, any increase in the capital and liquidity requirements could have a negative effect on Klarna's liquidity (should its revenue streams not cover continuous payment to be made under its issued capital), funding (should it not be able to raise funding on attractive terms, or at all), financial condition (should liquidity and funding be negatively affected) and results of operations (should its costs increase). The degree to which regulatory capital and liquidity requirements risks may affect Klarna is uncertain and presents a highly significant risk to Klarna's funding and liquidity position.

Risks relating to regulatory requirements and regulatory changes

Klarna's operations are subject to legislation, regulations, codes of conduct and government policies and general recommendations in the jurisdictions in which it operates and in relation to the products it markets and sells. As a Swedish bank, Klarna is subject to supervision by the Swedish FSA. Klarna's licensed German subsidiary Sofort GmbH, as well as Klarna's German branch, are subject to supervision by the German Federal Financial Supervisory Authority (BaFin). Further, Klarna Financial Services UK Limited applied and was granted with license to operate as an Authorised Payment Institution (API) by the Financial Conduct Authority (FCA). Additionally, Klarna has branches in France, Ireland, and Norway, each under the supervision of the pertinent authorities in these jurisdictions, namely the Bank of France, the Central Bank of Ireland, and the Norwegian Financial Supervisory Authority (FSA). In the US, Klarna's subsidiary holds multiple money transmission and lending licences on state and territorial level, and is subject to supervision in each of the states and territories where it has a licence.

In addition, as for any provider of financial services to consumers, Klarna's offering is occasionally reviewed by consumer authorities. In Sweden, the Swedish Consumer Agency (*Konsumentverket*) safeguards the interests of consumers and monitors consumer interests within the EU. As a result of conducting operations on a cross-border basis in various countries, consumer agencies and councils in these countries have jurisdiction over many aspects of Klarna's business, including marketing and selling practices, advertising, general terms of business and legal debt collection operations. Klarna is also subject to EU regulations that are directly applicable and EU directives that are implemented through local legislation. Significant failures to comply with applicable laws and regulations could expose Klarna to monetary fines and other penalties, damages and/or the voiding of contracts and also affect Klarna's reputation. Ultimately, Klarna's banking license could be revoked and Klarna could hence be required to discontinue its business operations. Since Klarna expects to expand in both EEA and non-EEA markets, the distinctions in consumer protection and regulatory requirements will most likely pose new challenges for Klarna's

business. Further, there is regulatory uncertainty due to politically sensitive events such as the recent withdrawal of the UK from the EU.

Many initiatives for regulatory changes have been taken in the past and Klarna is unable to predict with certainty what regulatory changes can be imposed in the future as a result of regulatory initiatives in the EU, by the Swedish FSA or by other national authorities and agencies. Such changes risk having a material adverse effect on, among other things, Klarna's product range and activities, the sales and pricing of Klarna's products as well as Klarna's profitability and capital adequacy, and can give rise to increased costs of compliance. For example, CRD V and CRR II, which impose changes in requirements on capital and liquidity. Another example of regulatory changes affecting Klarna is the change of the Swedish Payment Services Act (*lag (2010:751) om betaltjänster*) (the "**PSA**"), that entered into force on 1 July 2020, which imposes an obligation on payment service providers to ensure that the presentation of payment methods in an online checkout is done in a specific way. Since this change is relatively new, there is no available case law on it and it is uncertain how the PSA will be interpreted at some points and how it relates to the Swedish Marketing Act (*marknadsföringslag (2008:486)*) governing undue market practices. Also, the revision of the European Consumer Credit Directive (CCD) which governs the way consumer credit is regulated in the EU has been officially published on November 19, 2023 and will include Buy Now Pay Later ("**BNPL**") products in its scope. This will affect Klarna's BNPL products by November 2026, although it has been clear through the revision that BNPL products can be granted certain exemptions with regards to creditworthiness assessments and pre-contractual information requirements. In addition, there is a risk that Klarna misinterprets or misapplies new or amended laws and regulations, especially due to the increasing quantity and complexity of legislation, which, in case of significant misinterpretations, would lead to adverse consequences for Klarna. Klarna incurs, and expects to continue to incur, significant costs and expenditures, to comply with the increasingly complex regulatory environment. The degree to which any negative consequences related to managing these legal and regulatory risks is uncertain and present a significant risk to Klarna's reputation and business.

Anti-money laundering

Counteracting money laundering and terrorist financing is a highly prioritised area within the EU and the regulatory framework is continuously updated to prevent the financial system from being used for money laundering and terrorist financing. As a bank, Klarna is subject to a regulatory framework which requires it to take measures to counteract money laundering and terrorist financing within its operations to act as a gatekeeper to the financial system. There is a risk that Klarna's procedures, internal controls and guidelines to counteract money laundering and terrorist financing are insufficient or inadequate to ensure that Klarna complies with the regulatory framework, or that they are insufficient or inadequate at addressing the money laundering/terrorist financing Klarna may be exposed to during its operations. This may result from, for example, insufficient procedures, internal controls or guidelines, or errors by employees, suppliers or counterparties, or a lack of understanding which AML/CTF risks Klarna may be exposed to, which in turn risk resulting in a failure to comply with the anti-money laundering regulatory framework.

In addition to Swedish legislation and regulations on anti-money laundering and counter terrorist financing, Klarna must also comply with any stricter local regulatory requirements where Klarna may conduct regulated activities. The current regulatory framework concerning AML and CTF is largely harmonised within the EU through Directive (EU) 2015/849 ("**AMLD4**") and subsequent iterations of AMLD4. A comprehensive EU wide AML rulebook (directly applicable to all member states) is expected to be in place and apply by the end of 2025. The ever-changing regulatory framework combined with Klarna growing its local presence throughout the EU, and other jurisdictions outside of Europe in which Klarna operates, risk elevating the risk of non-compliance with local regulatory requirements.

In April 2022, the Swedish FSA initiated a planned inspection of Klarna's AML compliance which is ongoing. Klarna and the Swedish FSA have had ongoing communication throughout such inspection, and Klarna is now awaiting further communication and/or a final report from the Swedish FSA.

Failure to comply with the requirements risks resulting in legal implications. If Klarna would become subject to material sanctions, remarks or warnings and/or fines imposed by the Swedish FSA (for example as a result of inspections such as the one described above) or local supervisory authorities, this would cause significant, and potentially irreparable, damage to the reputation of Klarna as well as consumers' and investors' confidence in the Klarna brand. Klarna's operations are contingent upon the banking license granted by the Swedish FSA, thus making such consequences a significant risk for Klarna. The degree to which non-compliance with anti-money laundering may affect Klarna is uncertain and presents a significant risk to Klarna's reputation, financial condition

and results of operations. Fines for non-compliance with AML have continued to increase over the last decade, thus, non-compliance with AML could have an adverse financial impact on Klarna.

Risks relating to changes in accounting standards

From time to time, the International Accounting Standards Board (the "**IASB**"), the EU and other regulatory bodies change the financial accounting and reporting standards that govern the preparation of Klarna's financial statements. These changes are sometimes difficult to predict and could materially impact how Klarna records and reports its results of operations and financial condition. For example, the accounting standard International Financial Reporting Standard 9 (Financial Instruments) ("**IFRS 9**") provides principles for classification of financial instruments, and provisioning for expected credit losses which are mandatory. As a bank offering payment solutions and consumer lending products, provisions for expected credit losses are important for Klarna in relation to its exposure to default and expected credit losses. However, recognition and measurement of financial instruments as regulated in IFRS 9 is a complex area with significant judgement to determine the loan loss provisions. Therefore, changes in assessments of the provisioning can have a material impact on the result and the capital ratios in the future.

The degree to which changes in accounting standards may affect Klarna is uncertain and presents a significant risk to Klarna's financial reporting, and thereby its results of operations and financial condition, and Klarna's provisions and capital ratios.

Disputes and legal proceedings

From time to time, Klarna may be subject to legal proceedings, claims and disputes in jurisdictions where Klarna operates, including in the United States. There is a risk that Klarna will become involved in disputes which materially adversely affects Klarna's business, financial condition and/or results of operations. Klarna may, for example, need to incur significant costs, including settlement payments, in response to proceedings, claims and disputes. It may also be difficult for Klarna to predict the outcome of any investigation, proceeding, litigation or arbitration brought by private parties, regulatory authorities or governments. In addition, if an unfavourable decision were to be given against Klarna, this could result in significant fines, damages and/or negative publicity risk adversely affecting Klarna's business, financial condition, reputation and results of operations.

The Bank Recovery and Resolution Directive

As a bank and a financial institution, Klarna and Klarna Holding are subject to the Bank Recovery and Resolution Directive ("**BRRD**") (which was amended by Directive (EU) 2019/879 ("**BRRD II**") on 27 June 2019). The BRRD legislative package establishes a framework for the recovery and resolution of credit institutions and, *inter alia*, requires EU credit institutions (such as Klarna) to produce and maintain recovery plans setting out the arrangements that are to be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial condition. Credit institutions are also required under the BRRD to meet a minimum requirement for own funds and eligible liabilities ("**MREL Requirement**") determined by the relevant resolution authority (in Sweden, the Swedish National Debt Office (*Riksgäldskontoret*)) in accordance with what is set out in the Swedish Resolution Act (*lag (2015:1016) om resolution*) (the "**Resolution Act**"). The MREL Requirement must be met with own funds and certain types of debt instruments.

The BRRD also contains a number of resolution tools and powers which may be applied by the resolution authority upon certain conditions for resolution being fulfilled. These tools and powers (used alone or in combination) include, *inter alia*, a general power to write-down all or a portion of the principal amount of, or interest on, certain eligible liabilities, whether subordinated or unsubordinated, of the institution in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes into other securities, which securities could also be subject to any further application of the general bail-in tool. This means that most of such failing institution's debt (including any Notes) could be subject to bail-in, except for certain classes of debt, such as certain deposits and secured liabilities. In addition to the general bail-in tool, the BRRD provides for relevant authorities to have the power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments at the point of non-viability. Ultimately, the resolution authority has the power to take control of a failing institution and, for example, transfer the institution to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder (or other) approval.

Following the implementation of BRRD II into Swedish legislation, subject to transitional provisions, a minimum Pillar 1 subordination requirement applies for systemically important institutions. In December 2021, the Swedish National Debt Office published decisions on MREL- and subordination requirements applicable for systemically important institutions applicable from 1 January 2024 as well as target levels applicable for systemically important

institutions from 1 January 2022. Since October 2020, Klarna is required to comply with the full range of obligations on the content of recovery plans in accordance with the Swedish FSA's issued regulation FFFS 2016:6. In terms of resolution, Klarna is not deemed a systemically important institution by the Swedish National Debt Office and Klarna has a MREL Requirement which is lower than its prevailing capital requirements.

There can, however, be no certainty that Klarna will not be designated a systemically important institution and subject to a higher MREL Requirement in the future. In addition, it is not possible to predict exactly how the powers and tools of the National Debt Office described in the BRRD and the Resolution Act will affect Klarna. The powers and tools given to the National Debt Office are numerous and may have a material adverse effect on Klarna. Accordingly, the degree to which amendments to BRRD or application of BRRD may affect Klarna is uncertain and presents a significant risk to Klarna's funding and compliance costs.

Risks relating to the Notes

Klarna Holding's obligations under the Notes are deeply subordinated

The Notes are intended to constitute unsecured, deeply subordinated obligations of Klarna Holding and the Consolidated Situation. In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of Klarna Holding, the rights of the Noteholders to payments on or in respect of (including any damages awarded for breach of any obligations under) the Notes (which in the case of any payment of principal shall be to payment of the then Nominal Amount only) shall at all times rank:

(a) *pari passu* without any preference among themselves;

(b) *pari passu* with:

(i) any liabilities or capital instruments of Klarna Holding which constitute Additional Tier 1 Capital; and

(ii) any other liabilities or capital instruments of Klarna Holding that rank, or are expressed to rank, equally with the Notes,

in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of Klarna Holding and the right to receive repayment of capital on a liquidation or bankruptcy of Klarna Holding;

(c) senior to the claims of holders of all classes of Klarna Holding's shares in their capacity as such holders and any other liabilities or capital instruments of Klarna Holding that rank, or are expressed to rank, junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of Klarna Holding and the right to receive repayment of capital on a liquidation or bankruptcy of Klarna Holding; and

(d) junior to any present and future claims of:

(i) depositors of Klarna Holding;

(ii) any other unsubordinated creditors of Klarna Holding;

(iii) any non-preferred creditors falling within the scope of 18 §, first paragraph of the Swedish Rights of Priority Act (*förmånsrättslag (1970:979)*); and

(iv) except as expressly stated in paragraph (a) or (b) above, any subordinated creditors, including for the avoidance of doubt holders of any instruments which as at their respective issue dates constitute or constituted Tier 2 Capital.

In the event of the voluntary or involuntary liquidation or bankruptcy of Klarna Holding, there is a risk that Klarna Holding does not have enough assets remaining after payments to senior ranking creditors to pay amounts due under the Notes.

No Noteholder who is indebted to Klarna Holding shall be entitled to exercise any right of set-off or counterclaim against moneys owed by Klarna Holding in respect of Notes held by such Noteholder.

As a result of the above, there is a risk that the Noteholders will lose some or all of their investment in the Notes. Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated or which are subordinated but not so deeply, there is a significant risk that an investor in the Notes will lose all or some of its investment in the event of a voluntary or involuntary liquidation or bankruptcy of Klarna Holding. Accordingly, in a worst case scenario, the value of the Notes may be reduced to zero.

As noted in the risk factors "*The Bank Recovery and Resolution Directive*" above and "*Loss absorption at the point of non-viability of Klarna Holding*" below, there is a risk of the Notes being written-down or converted into other securities in a resolution scenario or at the point of non-viability of Klarna Holding.

Interest payments on the Notes may be cancelled by Klarna Holding

Any payment of Interest in respect of the Notes shall be payable only out of Klarna Holding's Distributable Items and (i) may be cancelled, at any time, in whole or in part, at the option of Klarna Holding in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Capital Regulations; or (ii) will be mandatorily cancelled if and to the extent so required by the Applicable Capital Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.

Any cancellation of Interest (in whole or in part thereof) shall in no way limit or restrict Klarna Holding from making any payment of interest or equivalent payment or other distribution in connection with any instrument ranking junior to the Notes, any CET1 capital of Klarna Holding or in respect of any other Additional Tier 1 Capital instruments. In addition, Klarna Holding may without restriction use funds that could have been applied to make such cancelled payments to meet its other obligations as they become due.

As a result of the above, there is a risk that the payment of Interest is cancelled, which would adversely affect the Noteholders. Following any cancellation of interest as described above, Noteholders shall have no right thereto or to receive additional interest or compensation. Furthermore, no cancellation of interest in accordance with the terms of the respective Notes shall constitute a default in payment or otherwise under the Notes or entitle Noteholders to take any action to cause Klarna Holding to be declared bankrupt or for the liquidation, winding-up or dissolution of Klarna Holding. Accordingly, in a worst case scenario, the amount of any Interest may be reduced to zero.

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes is likely to be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and also more sensitive generally to adverse changes in Klarna Holding's financial condition.

Loss absorption following a Trigger Event

If at any time the CET1 ratio of the Consolidated Situation is less than 7.00 per cent, this constitutes a Trigger Event and the Total Nominal Amount of the Notes shall be written down by an amount sufficient to restore the CET1 ratio of the Consolidated Situation to at least 7.00 per cent., provided that the Nominal Amount of each Note may not be written down below SEK 1. Additional Trigger Events may be applicable to the Notes upon a Merger if required for the Notes to satisfy the requirements for Additional Tier 1 Capital under the Applicable Capital Regulations. The write down of the Notes is likely to result in a holder of Notes losing some or all of its investment. Following any such reduction of the Total Nominal Amount, Klarna Holding may, at its discretion, reinstate in whole or in part the principal amount of the Notes, if certain conditions are met. Klarna Holding will not in any circumstances be obliged to reinstate in whole or in part the principal amount of the Notes (and any such reinstatement is likely to require unanimous approval at a shareholders' meeting of Klarna Holding).

Klarna Holding and/or the Swedish FSA may determine that a Trigger Event has occurred on more than one occasion and the reduced Nominal Amount of each Note may be written down on more than one occasion. Further, during any period when the then Nominal Amount of a Note is less than the initial Nominal Amount, interest will accrue on and the Notes will be redeemed at the reduced Nominal Amount of the Notes.

Klarna Holding's and/or the Swedish FSA's calculation of the CET1 ratio of the Consolidated Situation, and therefore its determination of whether a Trigger Event has occurred, shall be binding on the Noteholders, who shall have no right to challenge the published figures detailing the CET1 ratio of the Consolidated Situation.

Loss absorption at the point of non-viability of Klarna Holding

The holders of Notes are subject to the risk that the Notes may be required to absorb losses as a result of statutory powers conferred on resolution and competent authorities in Sweden (the Swedish National Debt Office and the

Swedish FSA). As noted above in the risk factor "*The Bank Recovery and Resolution Directive*" the powers provided to resolution and competent authorities in the BRRD include write-down/conversion powers to ensure that relevant capital instruments (such as the Notes) fully absorb losses at the point of non-viability of the issuing institution in order to allow it to continue as a going concern subject to appropriate restructuring and without entering resolution. As a result, the BRRD contemplates that resolution authorities have the power to require the permanent write-down of such capital instruments (which write-down may be in full) or the conversion of them into CET1 instruments at the point of non-viability and before any other bail-in or resolution tool can be used. Accordingly, in a worst case scenario, the capital instruments may be written down and the value of the Notes may be reduced to zero.

There is a risk that the application of any non-viability loss absorption measure results in the Noteholders losing some or all of their investment. Any such conversion to equity or write-off of all or part of an investor's principal (including accrued but unpaid interest) shall not constitute an event of default and any affected holder of Notes will have no further claims in respect of any amount so converted or written off. The exercise of any such power is inherently unpredictable and depends on a number of factors which are outside Klarna Holding's control. Any such exercise, or any suggestion that the Notes could be subject to such exercise, would, therefore, materially adversely affect the value of Notes.

Klarna Holding may redeem the Notes on the occurrence of a Capital Event or Tax Event

Klarna Holding may in certain circumstances, at its option, but in each case subject to obtaining the prior consent of the Swedish FSA, redeem the Notes upon the occurrence of a Capital Event or Tax Event at par together with accrued Interest on any Interest Payment Date.

It should also be noted that Klarna Holding may redeem the Notes as described above even if (i) the Total Nominal Amount of the Notes has been reduced by means of a write-down in accordance with the Terms and Conditions and (ii) the principal amount of the Notes has not been fully reinstated to the initial Nominal Amount of the Notes.

There is a risk that the Noteholders will not be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Notes.

The Notes have no maturity and call options are subject to the prior consent of the Swedish FSA

Klarna Holding has the option to, at its own discretion, redeem the Notes five years after they have been issued at any time within the Initial Call Period or any Interest Payment Date falling after the Initial Call Period. If Klarna Holding considers it favourable to exercise such a call option, Klarna Holding must obtain the prior consent of the Swedish FSA.

The Notes, however, have no fixed final redemption date and the Noteholders have no rights to call for the redemption of the Notes, and the Noteholders should not invest in the Notes with the expectation that such a call will be exercised by Klarna Holding. The Swedish FSA must agree to permit such a call, based upon its evaluation of the regulatory capital position of Klarna Holding and certain other factors at the relevant time. There is a risk that the Swedish FSA will not permit such a call or that Klarna Holding will not exercise such a call. The Noteholders should be aware that they may be required to bear the financial risks of an investment in the Notes for a period of time in excess of the minimum period.

Substitution or variation of the Notes

Subject to Clause 12.4 (*Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) of the Terms and Conditions and the prior written permission of the Swedish FSA, Klarna Holding may, at its option and without the permission or approval of the relevant Noteholders, elect to substitute or vary the terms of all (but not some only) outstanding Notes for, or so that they become or remain, as applicable, Qualifying Securities (as defined in the Terms and Conditions) if a Capital Event or Tax Event occurs.

There is a risk that, due to the particular circumstances of each Noteholder, any Qualifying Securities will be less favourable to each Noteholder in all respects or that a particular Noteholder would not make the same determination as Klarna Holding as to whether the terms of the relevant Qualifying Securities are not materially less favourable to Noteholders than the terms of the relevant Notes. The substitution or variation of the Notes may thus lead to changes in the Notes that have effects that are less favourable to the Noteholders. Klarna Holding bears no responsibility towards the Noteholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequence suffered by any Noteholder). The degree to which the Notes may be substituted or varied is uncertain and presents a highly significant risk to the return of the Notes.

Klarna Holding is not (and nor is any other Group Company) prohibited from issuing further debt, which may rank *pari passu* with or senior to the Notes

There is no restriction on the amount or type of debt that Klarna Holding, or another company within the Group, may issue or incur that ranks senior to, or *pari passu* with, the Notes. There is a risk that the incurrence of any such debt reduces the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation or bankruptcy of Klarna Holding, limits the ability of Klarna Holding to meet its obligations in respect of the Notes and results in Noteholders losing all or some of their investment in the Notes. The degree to which other debt that ranks senior to, or *pari passu* with, the Notes may be issued is uncertain and presents a highly significant risk to the amount recoverable by Noteholders.

Klarna Holding is not (and nor is any other Group Company) prohibited from pledging assets for other debt

There is no restriction on the amount or type of assets that Klarna Holding or any other Group Company can pledge, or otherwise use as security, for other debt. If Klarna Holding chooses to do so, there is a risk that this reduces the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation or bankruptcy of Klarna Holding and result in Noteholders losing all or some of their investment in the Notes.

The degree to which any other asset pledged may affect the Noteholders is uncertain and presents a highly significant risk to the amount recoverable by Noteholders.

European Benchmarks Regulation

In order to ensure the reliability of reference rates (such as STIBOR), legislative action at EU level has been taken. Hence, the so-called Benchmarks Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indexes used as reference values for financial instruments and financial agreements or for measuring investment fund results and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014) were added and entered into force on 1 January 2018. The Benchmark Regulation regulates the provision of reference values, reporting of data bases for reference values and use of reference values within the EU. There are future risks that the benchmark regulation affects how certain reference rates are determined and how they are developed. This in conjunction with increased administrative requirements is likely to lead to a reduced number of entities involved in the determination of reference rates, which, in such case, would lead to a certain reference interest ceasing to be published.

The Terms and Conditions provide that the interest rate benchmark STIBOR, which applies for the Notes, can be replaced as set out therein, upon the occurrence of a Base Rate Event which includes if STIBOR ceases to be calculated or administered. Such replacement shall be made in good faith and in a commercially reasonable manner and is always subject to the Applicable Capital Regulations and the prior written consent of the Swedish FSA. However, there is a risk that such replacement is not made in an effective manner and consequently, if STIBOR ceases to be calculated or administered, an investor in the Notes would be adversely affected. The degree to which amendments to and application of the European Benchmarks Regulation may affect the Noteholders is uncertain and presents a highly significant risk to the return on the Noteholder’s investment.

OVERVIEW OF THE NOTES

This section is only intended to serve as an introduction to the Notes. Any decision to invest in the Notes shall be based on an assessment of all information contained in this Prospectus as well as all documents incorporated herein by reference. The complete Terms and Conditions of the Notes are found on page 22 and onwards below.

The Notes

The Issuer has issued 750 Notes with a Nominal Amount of SEK 2,000,000 each. The Notes are denominated in Swedish kronor. The aggregate nominal amount of the Notes is SEK 1,500,000,000.

ISIN code

The Notes have been allocated the ISIN code SE0021512290.

Form of the Notes

The Notes are issued in dematerialised book-entry form and registered on a Securities Account on behalf of the relevant Noteholder. Hence, no physical notes have been issued. The Notes are registered in accordance with the Financial Instruments Accounts Act and registration requests relating to the Notes shall be directed to an Account Operator. Clearing and settlement relating to the Notes, as well as payment of Interest and redemption of principal amounts, will be performed within the CSD's account-based system and is reliant on the functioning of such system.

Status of the Notes

The Notes on issue are intended to constitute Additional Tier 1 Capital of the Consolidated Situation. The Notes will constitute direct, unsecured and subordinated debt liabilities of the Issuer, and the Notes, and all payments in respect of, or arising from (including any damages awarded for breach of any obligations under) the Notes, shall at all times rank:

(a) *pari passu* without any preference among themselves;

(b) *pari passu* with (i) any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital, and (ii) any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, equally with the Notes,

in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;

(c) senior to the claims of holders of all classes of the Issuer's shares in their capacity as such holders and any other obligations or capital instruments of the Issuer that rank, or are expressed to rank, junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and

(d) junior to any present and future claims of (i) depositors of the Issuer, (ii) any other unsubordinated creditors of the Issuer, (iii) any non-preferred creditors falling within the scope of the first paragraph of Section 18 of the Swedish Rights of Priority Act (*förmånsrättslag (1970:979)*), and (iv) except as expressly stated in paragraphs (a) or (b) above, any subordinated creditors, including, for the avoidance of doubt, holders of any instruments which as at their respective issue dates constitute or constituted Tier 2 Capital.

Issuance, repurchase and redemption

First Issue Date and tenor

The Notes were issued on 1 February 2024. The Notes are perpetual and have no fixed date for redemption. The Issuer may only redeem the Notes in the circumstances described in Clause 12 (*Redemption and repurchase of the Notes*) of the Terms and Conditions. The Notes are not redeemable at the option of the Noteholders at any time.

Purchase of Notes by the Issuer and related companies

Subject to applicable regulations and Clause 12.5 (*Permission from the Swedish FSA*) of the Terms and Conditions, a Group Company, or any other company forming part of the Consolidated Situation, may at any time on or

following the First Call Date purchase Notes on the market or in any other way and at any price. Notes held by such company may at its discretion be retained, sold or cancelled, provided that such action has been approved by the Swedish FSA (if and to the extent then required by the Applicable Capital Regulation).

Early redemption at the option of the Issuer

Subject to permission from the Swedish FSA in accordance with the Terms and Conditions, all (but not some only) outstanding Notes can be redeemed at the option of the Issuer at (i) any time, or (ii) any Interest Payment Date falling after the Initial Call Period.

The Issuer can exercise its option by giving not less than fifteen (15) Business Days' notice to the Noteholders and the Agent in accordance with the Terms and Conditions. The Notes shall be redeemed at a price per Note equal to the Nominal Amount together with accrued but unpaid Interest.

Noteholders should not invest in the Notes with the expectation that a call will be exercised by the Issuer. The Issuer might not elect to exercise such a call. Further, the Swedish FSA must agree to permit such a call, based upon its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. There is a risk that the Swedish FSA will not permit such a call. Noteholders should be aware that they may be required to bear the financial risks of an investment in the Notes indefinitely.

Early redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event

If a Capital Event of a Tax Event occurs, subject to permission from the Swedish FSA in accordance with the Terms and Conditions, all (but not some only) outstanding Notes can be (i) redeemed on any Interest Payment Date or (ii) substituted or varied without any requirement for the consent or approval of the Noteholders, so that they become or remain, as applicable, Qualifying Securities, provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Notes in accordance with the Terms and Conditions in relation to the Qualifying Securities so substituted or varied.

The Issuer can exercise its option by giving not less than fifteen (15) Business Days' notice to the Noteholders and the Agent in accordance with the Terms and Conditions. If the Notes shall be redeemed, they shall be redeemed at a price per Note equal to the Nominal Amount together with accrued but unpaid Interest.

Payments in respect of the Notes

Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Notes, shall be made to such person who is registered as a Noteholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

Interest

Each Note carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Issue Date up to (and including) the relevant Redemption Date.

The Interest Rate will be the Base Rate, i.e. STIBOR or any reference rate replacing STIBOR in accordance with Clause 18 (*Replacement of Base Rate*) of the Terms and Conditions, plus 9.50 per cent. (and any applicable Adjustment Spread) *per annum*.

Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

The Interest Payment Dates will be 1 February, 1 May, 1 August and 1 November of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be 1 May 2024 and the last Interest Payment Date shall be the relevant Redemption Date.

Interest cancellation

Any payment of Interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:

(a) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Banking Regulations; or

(b) will be mandatorily cancelled to the extent so required by the Applicable Banking Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.

The Issuer can exercise its cancellation by giving notice to the Noteholders and the Agent in accordance with the Terms and Conditions, which notice might be given after the date on which the relevant payment of Interest is scheduled to be made.

Trigger Events, loss absorption and reinstatement

A Trigger Event occurs if, at any time, the CET1 ratio of the Consolidated Situation, as calculated in accordance with the Applicable Banking Regulations, is less than 7.00 per cent., in each case as determined by Klarna and/or the Swedish FSA (or any agent appointed for such purpose by the Swedish FSA).

If at any time a Trigger Event occurs, the Issuer shall immediately notify the Swedish FSA and the Issuer shall immediately notify the Noteholders and the Agent in accordance with the Terms and Conditions and the Total Nominal Amount or the Issuer's payment obligation under the Notes shall be written down. A write-down shall be made as a reduction of the Total Nominal Amount and such write-down shall be considered to be an unconditional capital contribution (*ovillkorat kapitaltillskott*) by the Noteholders and shall be made in consultation with Klarna and the Swedish FSA and in accordance with the rules of the CSD. The amount of the reduction of the Total Nominal Amount on the Write Down Date shall equal the amount of a write-down that would restore the CET1 ratio of the Consolidated Situation to at least 7.00 per cent., at the point of such write-down, provided that the maximum reduction of the Total Nominal Amount shall be down to SEK 750 (i.e. down to a Nominal Amount per Note of SEK 1.00).

Following a write-down of the Total Nominal Amount, the Issuer may, at its absolute discretion, reinstate the Notes, subject to compliance with any maximum distribution limits set out the Applicable Banking Regulations. Reinstatement shall be made by way of issuing new notes that qualify as Additional Tier 1 Capital of the Issuer to the relevant Noteholders. Any such new note issuance shall specify the relevant details of the manner in which such new note issuance shall take effect and where the Noteholders can obtain copies of the new terms and conditions of the new notes. Such new notes shall be issued without any cost or charge to the Noteholders and shall be made in accordance with the rules of the CSD. For the avoidance of doubt, at no time may the reinstated Total Nominal Amount exceed the original Total Nominal Amount of the Notes (if issued in full), being SEK 1,500,000,000.

European Benchmarks Regulation

The Interest payable under the Notes is calculated by reference to the benchmark STIBOR, as defined in the Terms and Conditions. This benchmark is provided by the Swedish Financial Benchmark Facility ("**SFBF**"). As at the date of this Prospectus, the SFBF is included on the register of administrators and benchmarks maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 (as amended, the EU Benchmarks Regulation).

Admission to trading of the Notes

The Issuer shall use reasonable efforts to ensure that the Notes are admitted to trading on Nasdaq Stockholm within sixty (60) days from the Issue Date, and that it remains admitted to trading or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market.

The Issuer shall, following the admission to trading, use reasonable efforts to maintain the admission to trading as long as any Notes are outstanding, however not longer than up to and including the last day of which the admission to trading can reasonably, pursuant to the applicable regulations of the Regulated Market and the CSD Regulations, subsist.

For the avoidance of doubt, neither a Noteholder nor the Agent has the right to accelerate the Notes or otherwise request a prepayment or redemption of the Notes if a failure to admit the Notes to trading or maintain admission to trading of the Notes in accordance with the above occurs.

It is estimated that the Issuer's costs in conjunction with the admission to trading will be no higher than SEK 150,000.

Decisions by Noteholders

A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.

Only a person who is, or who has been provided with a power of attorney in accordance with the Terms and Conditions from a person who is, registered as a Noteholder:

(a) on the Record Date specified in the notice pursuant to Clause 16.2.2 of the Terms and Conditions, in respect of a Noteholders' Meeting, or

(b) on the Record Date specified in the communication pursuant to Clause 16.3.2 of the Terms and Conditions, in respect of a Written Procedure,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the Adjusted Nominal Amount. Such Record Date specified pursuant to paragraph (a) or (b) above must fall no earlier than one (1) Business Day after the effective date of the communication.

A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause the Issuer or the other Noteholders.

Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to each person registered as a Noteholder on the date referred to above in item (a) or (b), as the case may be, and shall also be published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

No right for the Noteholders or the Agent to accelerate the Notes

The Notes are intended to constitute Additional Tier 1 Capital of the Issuer. As such, the respective Terms and Conditions do not include any obligations or undertakings on the Issuer the breach of which would entitle the Noteholders or the Agent to accelerate the Notes or otherwise request a prepayment or redemption of the Notes.

Bankruptcy and liquidation

If, and, notwithstanding anything to the contrary in the Terms and Conditions, only if, the Issuer is declared bankrupt or put into liquidation, a Noteholder may prove or claim in such bankruptcy or liquidation for payment of the Nominal Amount of Notes held by such Noteholder, together with Interest accrued to (but excluding) the date of commencement of the relevant bankruptcy or liquidation proceedings to the extent the Interest has not been cancelled by the Issuer.

No other remedy against the Issuer than as set out in the immediately preceding paragraph shall be available to the Noteholders in respect of the Notes, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Notes.

Time-bar

The right to receive repayment of the principal of the Notes shall be time-barred and become void ten (10) years from the Redemption Date. Subject to Clause 10 (*Interest and interest cancellation*) of the Terms and Conditions, right to receive payment of interest (excluding any capitalised interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been time-barred and has become void.

Governing law

The Terms and Conditions of the Notes and any non-contractual obligations arising out of or in connection therewith shall be governed by and construed in accordance with the laws of Sweden. The Issuer submits to the non-exclusive jurisdiction of the District Court of Stockholm (*Stockholms tingsrätt*).

The CSD

Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden, is initially acting as Central Securities Depositary (CSD) and registrar in respect of the Notes.

The Issuer and the Agent shall at all times be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the Notes. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent. For the purpose of carrying out any administrative procedure that arises out of the Finance Documents, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Notes.

The Agent

Intertrust (Sweden) AB, Swedish Reg. No. 556625-5476, is initially acting as Agent on behalf of the Noteholders in accordance with the Terms and Conditions. The Agency Agreement is available to the Noteholders at the office of the Agent during normal business hours.

The Issuing Agent

Nordea Bank Abp, filial i Sverige, Swedish Reg. No. 516411-1683, has initially been appointed as Issuing Agent in accordance with the Terms and Conditions of the Notes.

Rating

The Notes have not been assigned a credit rating by any credit rating agency.

Use of proceeds

The Issuer shall use the proceeds from the issue of the Notes for general corporate purposes of the Group.

TERMS AND CONDITIONS FOR

KLARNA HOLDING AB (PUBL)

SEK 1,500,000,000
FLOATING RATE ADDITIONAL TIER 1 CAPITAL NOTES

ISIN: SE0021512290

Issue date: 1 February 2024

SELLING RESTRICTIONS

No action is being taken that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.

PRIVACY NOTICE

The Issuer, the Issuing Agent and the Agent may collect and process personal data relating to the Noteholders, the Noteholders' representatives or agents, and other persons nominated to act on behalf of the Noteholders pursuant to the Finance Documents (name, contact details and, when relevant, holding of Notes). The personal data relating to the Noteholders is primarily collected from the registry kept by the CSD. The personal data relating to other persons is primarily collected directly from such persons.

The personal data collected will be processed by the Issuer, the Issuing Agent and the Agent for the following purposes:

(a) to exercise their respective rights and fulfil their respective obligations under the Finance Documents:

(b) to manage the administration of the Notes and payments under the Notes;

(c) to enable the Noteholders' to exercise their rights under the Finance Documents, and

(d) to comply with their obligations under applicable laws and regulations.

The processing of personal data by the Issuer, the Issuing Agent and the Agent in relation to items (a)-(c) is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under the Finance Documents. In relation to item (d), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer or Agent. Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing. Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.

Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have right to get access to their personal data and may request the same in writing at the address of the Issuer, the Issuing Agent and the Agent, respectively. In addition, data subjects have the right to (i) request that personal data is rectified or erased, (ii) object to specific processing, (iii) request that the processing be restricted, and (iv) receive personal data provided by themselves in machine-readable format. Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.

The Issuer's, the Issuing Agent's and the Agent's addresses, and the contact details for their respective Data Protection Officers (if applicable), are found on their websites www.klarna.com, www.nordea.com and www.intertrustgroup.com.

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1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

In these terms and conditions (the "**Terms and Conditions**"):

"**Account Operator**" means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Noteholder has opened a Securities Account in respect of its Notes.

"**Accounting Principles**" means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time/as in force on the Issue Date) as applied by the Issuer in preparing its annual consolidated financial statements.

"**Additional Tier 1 Capital**" means, at any time, the sum, expressed in Swedish Kronor, of all amounts that constitute additional tier 1 capital (*primärkapitaltillskott*) as defined in the Applicable Capital Regulations at the relevant time.

"**Adjusted Total Nominal Amount**" means the Total Nominal Amount less the aggregate Nominal Amount of all Notes owned by a Group Company or an Affiliate, irrespective of whether such person is directly registered as owner of such Notes.

"**Affiliate**" means:

(a) an entity controlling or under common control with the Issuer, other than a Group Company; and

(b) any other person or entity owning any Notes (irrespective of whether such person is directly registered as owner of such Notes) that has undertaken towards a Group Company or an entity referred to in paragraph (a) above to vote for such Notes in accordance with the instructions given by a Group Company or an entity referred to in paragraph (a) above.

For the purposes of this definition, "**control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

"**Agency Agreement**" means the agency agreement entered into before the Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the Issue Date between the Issuer and an agent.

"**Agent**" means Intertrust (Sweden) AB, Swedish Reg. No. 556625-5476, or such other party replacing it, as Agent, in accordance with these Terms and Conditions.

"**Applicable Capital Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy applicable to the Issuer, Klarna Bank or the Consolidated Situation, as the case may be, including, without limitation to the generality of the foregoing, CRD IV, any delegated act adopted by the European Commission thereunder and any other laws, regulations, requirements, guidelines and policies relating to capital adequacy as then applied in Sweden by the Swedish FSA and/or any successor (whether or not such requirements, guidelines, regulatory technical standards or policies have the force of law and whether or not they are applied generally or specifically to the Issuer, Klarna Bank or the Consolidated Situation).

"**Base Rate**" means three (3) month STIBOR or any reference rate replacing STIBOR in accordance with Clause 18 (*Replacement of Base Rate*).

"**Base Rate Administrator**" means Swedish Financial Benchmark Facility AB (SFBF) or any person replacing it as administrator of the Base Rate.

"**Business Day**" means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year's Eve (*nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

"**Business Day Convention**" means the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

"**Capital Event**" means, at any time on or after the Issue Date, a change (which has occurred or which the Swedish FSA considers to be sufficiently certain) in the regulatory classification of the Notes that results, or would be likely to result, in the exclusion, wholly or partially, of the Notes from the Additional Tier 1 Capital of the Consolidated Situation or the reclassification, wholly or partially, of the Notes as a lower quality form of regulatory capital (other than by reason of a partial exclusion of the Notes as a result of a write-down following a Trigger Event), provided that Klarna Bank demonstrates to the satisfaction of the Swedish FSA that such change was not reasonably foreseeable at the Issue Date (and provided that such exclusion or reclassification is not a result of any applicable limitation on the amount of such Additional Tier 1 Capital contained in the Applicable Capital Regulations).

"**CET1 Capital**" means, at any time, the sum, expressed in Swedish Kronor, of all amounts that constitute common equity tier 1 capital of the Consolidated Situation as calculated by Klarna Bank in accordance with the Applicable Capital Regulations at the relevant time.

"**CET1 Ratio**" means, at any time the ratio (expressed as a percentage) of the aggregate amount of the CET1 Capital at such time *divided* by the Risk Exposure Amount at such time, as calculated by Klarna Bank in accordance with the CRD IV requirements and any applicable transitional arrangements under the Applicable Capital Regulations at the relevant time.

"**Consolidated Situation**" means the Issuer, Klarna Bank and any other entity which is part of the Swedish prudential consolidated situation (as such term is used in the Applicable Capital Regulations) of which the Issuer is a part, from time to time.

"**CRD IV**" means the legislative package consisting of the CRD IV Directive, the CRR and any CRD IV Implementing Measures.

"**CRD IV Directive**" means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time.

"**CRD IV Implementing Measures**" means any regulatory capital rules, regulations or other requirements implementing (or promulgated in the context of) the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts or regulations (including technical standards) adopted by the European Commission, national laws and regulations, adopted by the Swedish FSA and guidelines issued by the Swedish FSA, the European Banking Authority or any other relevant authority, which are applicable to the Klarna Bank, the Consolidated Situation or the Group, as applicable, in each case as the same may be amended or replaced from time to time.

"**CRR**" means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time.

"**CSD**" means the Issuer's central securities depository and registrar in respect of the Notes, Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden, or any other party replacing it, as CSD, in accordance with these Terms and Conditions.

"**CSD Regulations**" means the CSD's rules and regulations applicable to the Issuer, the Agent and the Notes from time to time.

"**Debt Register**" means the debt register (*skuldbok*) kept by the CSD in respect of the Notes in which a Noteholder is registered.

"**Distributable Items**" shall have the meaning given to such term in CRD IV interpreted and applied in accordance with the Applicable Capital Regulations.

"**Finance Documents**" means these Terms and Conditions, and any other document designated by the Issuer and the Agent as a Finance Document.

"**Financial Instruments Accounts Act**" means the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

"**First Call Date**" means the Interest Payment Date falling on or immediately after the fifth (5) anniversary of the Issue Date (being 1 February 2029).

"**Force Majeure Event**" has the meaning set forth in Clause 25.1.

"**Group**" means the Issuer and its Subsidiaries from time to time (each a "**Group Company**").

"**Initial Call Period**" means the period commencing on (and including) the First Call Date and ending on (and including) the Interest Payment Date falling on or immediately after three (3) months of the First Call Date.

"**Insolvent**" means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7–9 of the Swedish Bankruptcy Act (*konkurslag (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with all or substantially all of its creditors (other than the Noteholders and creditors of secured debt) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*lag (2022:964) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

"**Interest**" means the interest on the Notes calculated in accordance with Clause 10.1 (*Interest*).

"**Interest Payment Date**" means 1 February, 1 May, 1 August and 1 November of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be 1 May 2024 and the last Interest Payment Date shall be the relevant Redemption Date.

"**Interest Period**" means:

(a) in respect of the first Interest Period, the period from (but excluding) the Issue Date to (and including) the first Interest Payment Date; and

(b) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

"**Interest Rate**" means the Base Rate plus 9.50 per cent. *per annum* as adjusted by any application of Clause 18 (*Replacement of Base Rate*).

"**Issue Date**" means 1 February 2024.

"**Issuer**" means Klarna Holding AB (publ), a public limited liability company (*aktiebolag*) incorporated under the laws of Sweden with Swedish Reg. No. 556676-2356 and LEI code 984500CCFABF562J8533.

"**Issuing Agent**" means initially Nordea Bank Abp, filial i Sverige, or such other party replacing it, as Issuing Agent, in accordance with these Terms and Conditions and the CSD Regulations.

"**Klarna Bank**" means Klarna Bank AB (publ), a public limited liability banking company (*bankaktiebolag*) incorporated under the laws of Sweden with Swedish Reg. No. 556737-0431.

"**Loss Absorbing Instruments**" means capital instruments or other obligations of any company within the Consolidated Situation (other than the Notes), which include a principal loss absorption mechanism that is capable of generating CET1 Capital and that is activated by a trigger event set by reference to the CET1 Ratio.

"**Merger**" has the meaning set forth in Clause 1.2.5.

"**Nominal Amount**" has the meaning set forth in Clause 2.3.

"**Note**" means a debt instrument (*skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which is governed by and issued under these Terms and Conditions.

"**Noteholder**" means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Note.

"**Noteholders' Meeting**" means a meeting among the Noteholders held in accordance with Clause 16.1 (*Request for a decision*), Clause 16.2 (*Convening of Noteholders' Meeting*) and Clause 16.4 (*Majority, quorum and other provisions*).

"**Qualifying Securities**" means securities issued directly by the Issuer following a substitution or variation of the Notes in accordance with Clause 12.4(b) that have terms not materially less favourable to investors, certified by the Issuer acting reasonably (having consulted with an independent investment bank or independent financial adviser of international standing), than the terms of the Notes (immediately prior to the relevant substitution or variation), provided that they:

(a) shall include a ranking at least equal to that of the Notes;

(b) shall have at least the same Interest Rate and the same Interest Payment Dates as those applying to the Notes;

(c) shall have the same redemption rights as the Notes;

(d) shall preserve any existing rights under the Notes to any accrued interest which has not been paid but which has not been cancelled in respect of the period from (and including) the Interest Payment Date last preceding the date of the relevant substitution or variation of the Notes;

(e) if the Notes were admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, are to be admitted to trading on a Regulated Market (noting that no investor in the relevant Qualifying Securities (or its representative) has the right to accelerate the relevant Qualifying Securities or otherwise request a prepayment or redemption of the relevant Qualifying Securities upon a failure to admit the relevant Qualifying Securities to trading);

(f) are assigned (or maintain) the same or higher credit ratings as were assigned to the Notes (if any) immediately prior to the relevant substitution or variation of the Notes; and

(g) shall comply with the then current requirements for Additional Tier 1 Capital contained in the Applicable Capital Regulations.

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

"**Record Date**" means the fifth (5) Business Day prior to:

(a) an Interest Payment Date;

(b) a Redemption Date;

(c) a date on which a payment to the Noteholders is to be made under Clause 15 (*Distribution of proceeds*);

(d) a date of a Noteholders' Meeting; or

(e) another relevant date,

or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

"**Redemption Date**" means the date (if any) on which the relevant Notes are to be redeemed or repurchased in accordance with Clause 12 (*Redemption and repurchase of the Notes*).

"**Regulated Market**" means Nasdaq Stockholm or any other regulated market (as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU).

"**Reinstatement Date**" shall have the meaning as set forth in Clause 11.2.3.

"**Risk Exposure Amount**" means, at any time, the aggregate amount of the risk weighted assets or equivalent of the Consolidated Situation calculated in accordance with the Applicable Capital Regulations at such time.

"**Securities Account**" means the account for dematerialised securities (*avstämningsregister*) maintained by the CSD pursuant to the Financial Instruments Accounts Act in which:

(a) an owner of such security is directly registered; or

(b) an owner's holding of securities is registered in the name of a nominee.

"**Security**" means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

"**STIBOR**" means:

(a) the Stockholm interbank offered rate (STIBOR) administered by the Base Rate Administrator for Swedish Kronor and for a period comparable to the relevant Interest Period, as displayed on page STIBOR= of the Refinitiv screen (or through such other system or on such other page as replaces the said system or page) as of or around 11.00 a.m. on the Quotation Day;

(b) if no rate as described in paragraph (a) above is available for the relevant Interest Period, the rate determined by the Issuing Agent by linear interpolation between the two closest rates for STIBOR fixing, as displayed on page STIBOR= of the Refinitiv screen (or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day for Swedish Kronor;

(c) if no rate as described in paragraph (a) or (b) above is available for the relevant Interest Period, the arithmetic mean of the Stockholm interbank offered rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent for deposits of SEK 100,000,000 for the relevant period; or

(d) if no rate as described in paragraph (a) or (b) above is available for the relevant Interest Period and no quotation is available pursuant to paragraph (c) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

"**Subsidiary**" means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (*dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (*aktiebolagslag (2005:551)*).

"**Successor Base Rate**" means the rate that an Independent Adviser or the Issuer determines is a successor to or the replacement of the applicable Base Rate and which is formally recommended by a Relevant Nominating Body.

"**Swedish FSA**" means the Swedish Financial Supervisory Authority (*Finansinspektionen*) or such other governmental authority in Sweden (or, if Klarna Bank becomes subject to primary bank supervision in a jurisdiction other than Sweden, the relevant governmental supervisory authority in such other jurisdiction) having primary bank supervisory authority with respect to Klarna Bank.

"**Swedish Kronor**" and "**SEK**" means the lawful currency of Sweden.

"**Tax Event**" means, as a result of any change in, or amendment to, the laws or regulations of Sweden, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, such that the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities with respect to the Notes, provided that Klarna Bank satisfies the Swedish FSA that such change in tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date.

"**Tier 2 Capital**" means tier 2 capital (*supplementärkapital*) as defined in Chapter 4 of Title I of Part Two of the CRR and/or any other Applicable Capital Regulations at such time.

"**Total Nominal Amount**" means the total aggregate Nominal Amount of the Notes outstanding at the relevant time.

"**Trigger Event**" means if, at any time, the CET1 Ratio of the Consolidated Situation, as calculated in accordance with the Applicable Capital Regulations, is less than 7.00 per cent., in each case as determined by Klarna Bank and/or the Swedish FSA (or any agent appointed for such purpose by the Swedish FSA).

"**Write Down Amount**" has the meaning as set forth in Clause 11.1.5.

"**Write Down Date**" has the meaning as set forth in Clause 11.1.2.

"**Written Down Additional Tier 1 Instrument**" means an instrument (other than the Notes) qualifying as Additional Tier 1 Capital of the Consolidated Situation that, immediately prior to any reinstatement of the Notes, has a nominal amount which is less than its initial nominal amount due to a write down and that has terms permitting a principal write up to occur on a basis similar to that set out in Clause 11.2 (*Reinstatement of the Notes*) in the circumstances existing on the relevant Reinstatement Date.

"**Written Procedure**" means the written or electronic procedure for decision making among the Noteholders in accordance with Clause 16.1 (*Request for a decision*), Clause 16.3 (*Instigation of Written Procedure*) and Clause 16.4 (*Majority, quorum and other provisions*).

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

(a) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;

(b) a "**regulation**" includes any law, regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;

(c) a provision of regulation is a reference to that provision as amended or re-enacted; and

(d) a time of day is a reference to Stockholm time.

1.2.2 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken on a specific Business Day, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (*Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.

1.2.3 No delay or omission of the Agent or of any Noteholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

1.2.4 The selling and distribution restrictions and the privacy notice and any other information contained in this document before the table of contents section do not form part of these Terms and Conditions and may be updated without the consent of the Noteholders and the Agent (save for the privacy statement insofar it relates to the Agent).

1.2.5 Nothing in these Terms and Conditions shall restrict, prohibit or hinder (whether actual, deemed or implicit) a merger between the Issuer and Klarna Bank, with Klarna Bank as the surviving entity (a "**Merger**"). The Issuer reserves the right to consummate a Merger at any time without seeking the approval of the Noteholders and/or the Agent. Following a Merger, all references to the Issuer in the Finance Documents and the Agency Agreement shall be construed as references to Klarna Bank.

2. THE NOTES

2.1 The Notes are denominated in Swedish Kronor and each Note is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Notes and to comply with these Terms and Conditions, subject to and in accordance with these Terms and Conditions.

2.2 By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.

2.3 The initial nominal amount of each Note is SEK 2,000,000 (the "**Nominal Amount**"). The Total Nominal Amount of the Notes is SEK 1,500,000,000. The Nominal Amount, and the Total Nominal Amount, may, be subject to a write-down, and subsequent reinstatement, in each case on a *pro rata* basis, in accordance with Clause 11 (*Loss absorption and reinstatement*), and "Nominal Amount" shall be construed accordingly.

2.4 Each Note is issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount.

2.5 The ISIN for the Notes is SE0021512290.

2.6 The Issuer reserves the right to issue further notes, including, subordinated notes, and other obligations in the future, which may rank senior to or *pari passu* with the Notes.

2.7 The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local regulation to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.

2.8 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Notes in any jurisdiction, where action for that purpose is required. Each Noteholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes.

3. STATUS OF THE NOTES

3.1 The Notes on issue are intended to constitute Additional Tier 1 Capital of the Consolidated Situation. The Notes will constitute direct, unsecured and subordinated debt liabilities of the Issuer, and the Notes, and all payments in respect of, or arising from (including any damages awarded for breach of any obligations under) the Notes, shall at all times rank:

(a) *pari passu* without any preference among themselves;

(b) *pari passu* with

(i) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital; and

(ii) any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, equally with the Notes,

in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;

(c) senior to the claims of holders of all classes of the Issuer's shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and

(d) junior to any present and future claims of:

(i) depositors of the Issuer;

(ii) any other unsubordinated creditors of the Issuer;

(iii) any non-preferred creditors falling within the scope of 18 §, first paragraph of the Swedish Rights of Priority Act (*förmånsrättslag (1970:979*)); and

(iv) except as expressly stated in paragraph (a) or (b) above, any subordinated creditors, including for the avoidance of doubt holders of any instruments which as at their respective issue dates constitute or constituted Tier 2 Capital.

3.2 A Noteholder or the Agent may only declare the Notes (and any accrued interest) due and payable in the event of the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer as set out in Clause 14 (*Bankruptcy or liquidation*).

3.3 No Noteholder who is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of Notes held by such Noteholder. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Noteholder shall, subject to applicable regulations, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its liquidation or bankruptcy, the liquidator or, as appropriate, other insolvency practitioner appointed to the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount as escrow funds (*redovisningsmedel*) on a separate account on behalf of the Issuer (or the liquidator or, as appropriate, other insolvency practitioner appointed to the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

4. USE OF PROCEEDS

The Issuer shall use the proceeds from the issue of the Notes for general corporate purposes of the Group.

5. CONDITIONS FOR DISBURSEMENT

5.1 Prior to the issuance of the Notes, the Issuer shall provide the following to the Agent:

(a) the Finance Documents and the Agency Agreement duly executed by the parties thereto;

(b) an extract of the resolution from the board of directors of the Issuer approving the issue of the Notes, the terms of the Finance Documents and the Agency Agreement, and resolving to enter into such documents and any other documents (if any) necessary in connection therewith is in place;

(c) the articles of association and an up-to date certificate of registration of the Issuer;

(d) evidence that the person(s) who has/have signed the Finance Documents, the Agency Agreement and any other documents in connection therewith on behalf of parties thereto is/are duly authorised to do so; and

(e) such other documents and information as is agreed between the Agent and the Issuer.

5.2 The Agent may assume that the documentation delivered to it pursuant to Clause 5.1 is accurate, correct and complete unless it has actual knowledge that this is not the case, and the Agent does not have to verify the contents of any such documentation.

5.3 The Agent shall confirm to the Issuing Agent when the conditions in Clause 5.1 have been satisfied.

5.4 Following receipt by the Issuing Agent of the confirmation in accordance with Clause 5.2, the Issuing Agent shall settle the issuance of the Notes and pay the proceeds from the issuance of the Notes to the Issuer on the Issue Date.

6. NOTES IN BOOK-ENTRY FORM

6.1 The Notes will be registered for the Noteholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Notes will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Notes shall be directed to an Account Operator. The Debt Register shall constitute conclusive evidence of the persons who are Noteholders and their holdings of Notes.

6.2 Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalk (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.

6.3 The Issuer and the Agent shall at all times be entitled to obtain information from the Debt Register. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent. For the purpose of carrying out any administrative procedure that arises out of the Finance Documents, the Issuing Agent shall be entitled to obtain information from the Debt Register.

6.4 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the Debt Register. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.

6.5 The Issuer and the Agent may use the information referred to in Clause 6.3 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and the Agency Agreement and shall not disclose such information to any Noteholder or third party unless necessary for such purposes.

7. RIGHT TO ACT ON BEHALF OF A NOTEHOLDER

7.1 If any person other than a Noteholder (including the owner of a Note, if such person is not the Noteholder) wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other authorisation from the Noteholder or a successive, coherent chain of powers of attorney or authorisations starting with the Noteholder and authorising such person.

7.2 A Noteholder may issue one or several powers of attorney or other authorisations to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder and may further delegate its right to represent the Noteholder by way of a further power of attorney (unless the power of attorney from such Noteholder states otherwise).

7.3 The Agent shall only have to examine the face of a power of attorney or other authorisation that has been provided to it pursuant to Clause 7.2 and may assume that such document has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face or the Agent has actual knowledge to the contrary.

7.4 These Terms and Conditions shall not affect the relationship between a Noteholder who is the nominee (*förvaltare*) with respect to a Note and the owner of such Note, and it is the responsibility of such nominee to observe and comply with any restrictions that may apply to it in this capacity.

8. ADMISSION TO TRADING

8.1 Subject to Clause 8.3, the Issuer shall use reasonable efforts to ensure that the Notes are admitted to trading on Nasdaq Stockholm within thirty (30) days from the Issue Date or, if such admission to trading is not possible to obtain, admitted to trading on another Regulated Market.

8.2 Subject to Clause 8.3, the Issuer shall, following the admission to trading, use reasonable efforts to maintain the admission to trading as long as any Notes are outstanding, however not longer than up to and including the last day of which the admission to trading can reasonably, pursuant to the applicable regulations of the Regulated Market and the CSD Regulations, subsist.

8.3 For the avoidance of doubt, neither a Noteholder nor the Agent has the right to accelerate the Notes or otherwise request a prepayment or redemption of the Notes if a failure to admit the Notes to trading or maintain admission to trading of the Notes in accordance with Clause 8.1 or 8.2 above occurs.

9. PAYMENTS IN RESPECT OF THE NOTES

9.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Notes, shall be made to such person who is registered as a Noteholder on the Record Date prior to an Interest Payment Date or other relevant payment date, or to such other person who is registered with the CSD on such Record Date as being entitled to receive the relevant payment, repayment or repurchase amount.

9.2 Provided that a Noteholder has registered an income account (*avkastningskonto*) for the relevant Securities Account on the applicable Record Date, the CSD shall procure that principal, interest and other payments under the Notes are deposited to such income account on the relevant payment date. If an income account has not been registered on the Record Date for the payment, no payment will be effected by the CSD to such Noteholder. The outstanding amount will instead be held by the Issuer until the person that was registered as a Noteholder on the relevant Record Date has made a valid request for such amount. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed.

9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. For the avoidance of doubt, such postponement shall in no event constitute an event of default.

9.4 If payment or repayment is made in accordance with this Clause 9 (*Payments in respect of the Notes*), the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.

9.5 The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax (including but not limited to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto), public levy or the similar.

10. INTEREST AND INTEREST CANCELLATION

10.1 Interest

10.1.1 Subject to Clause 10.2 and Clause 11, each Note carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Issue Date up to (and including) the relevant Redemption Date.

10.1.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period.

10.1.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

10.2 Interest cancellation

10.2.1 Any payment of Interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:

(a) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Capital Regulations; or

(b) will be mandatorily cancelled if and to the extent so required by the Applicable Capital Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.

10.2.2 The Issuer shall give notice to the Noteholders in accordance with Clause 24 (*Notices*) of any such cancellation of a payment of Interest, which notice might be given after the date on which the relevant payment of Interest is scheduled to be made. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay Interest as described above and shall not constitute an event of default for any purpose.

10.2.3 Following any cancellation of Interest as described above, the right of the Noteholders to receive accrued Interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such Interest or to pay interest thereon, whether or not payments of Interest in respect of subsequent Interest Periods are made, and such unpaid Interest will not be deemed to have "accrued" or been earned for any purpose.

10.2.4 Failure to pay such interest (or the cancelled part thereof) in accordance with this Clause 10 shall not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle the Noteholders to take any action to cause the Issuer to be declared bankrupt or for the liquidation, winding-up or dissolution of the Issuer.

10.3 Calculation of Interest in case of write-down or reinstatement

10.3.1 Subject to Clause 10.2 (*Interest cancellation*), in the event that a write-down of the Notes occurs pursuant to Clause 11.1 (*Loss absorption upon a Trigger Event*) during an Interest Period, Interest will continue to accrue on the Nominal Amount (as adjusted as of the relevant Write Down Date).

10.3.2 Subject to Clause 10.2 (*Interest cancellation*), in the event that a reinstatement of the Notes occurs pursuant to Clause 11.2 (*Reinstatement of the Notes*), Interest shall begin to accrue on the reinstated Nominal Amount with effect from (and including) the relevant Reinstatement Date.

10.3.3 In connection with a write-down or write-up pursuant to Clause 11 (*Loss absorption and reinstatement*), the Issuer shall inform the CSD of the adjusted basis for calculation that shall be applied on the next Interest Payment Date, in order for the Noteholders to receive an amount of Interest equivalent to the Interest Rate on the Nominal Amount so written down or written up (as applicable).

10.4 No penalty interest

Under no circumstances shall any penalty interest (*dröjsmålsränta*) be payable by the Issuer in respect of the Notes.

11. LOSS ABSORPTION AND REINSTATEMENT

11.1 Loss absorption upon a Trigger Event

11.1.1 If at any time a Trigger Event occurs, the Issuer shall immediately notify the Swedish FSA and the Issuer shall immediately notify the Noteholders and the Agent in accordance with Clause 24 (*Notices*) and the Total Nominal Amount and the Issuer's payment obligation under the Notes shall be written down in accordance with this Clause 11.1 (*Loss absorption upon a Trigger Event*).

11.1.2 A write-down shall take place without delay on a date selected by the Issuer (the "**Write Down Date**") but no later than one month following the occurrence of the relevant Trigger Event. The Swedish FSA may require that the period of one month referred to above is reduced in cases where it assesses that sufficient certainty on the required amount of the write-down is established or in cases where it assesses that an immediate write-down is needed. For the purposes of determining whether a Trigger Event has occurred, the CET1 Ratio of the Consolidated Situation may be calculated at any time based on information (whether or not published) available to management of Klarna Bank, including information internally reported within the Issuer pursuant to its procedures for monitoring the CET1 Ratio of the Consolidated Situation. The Issuer shall procure that Klarna Bank calculates and publishes the CET1 Ratio of the Consolidated Situation on at least a semi-annual basis. The determination as to whether a Trigger Event has occurred shall be made by the Issuer, the Swedish FSA or any agent appointed for such purpose by the Swedish FSA and any such determination shall be binding on the Issuer and the Noteholders.

11.1.3 A write-down shall be made as a reduction of the Total Nominal Amount and such write-down shall be considered to be an unconditional capital contribution (*ovillkorat kapitaltillskott*) by the Noteholders and shall be made in consultation with the Swedish FSA and in accordance with the CSD Regulations.

11.1.4 The aggregate reduction of the Total Nominal Amount of the Notes outstanding on the Write Down Date will, subject as provided below, be equal to the lower of:

(a) the amount necessary to generate sufficient CET1 Capital that would restore the CET1 Ratio of the Consolidated Situation to at least 7.00 per cent. at the point of such reduction, after taking into account (subject as provided below) the *pro rata* write-down and/or conversion of the prevailing nominal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required

to restore the CET1 Ratio of the Consolidated Situation contemplated above to the lower of (i) such Loss Absorbing Instrument's trigger level and (ii) the trigger level in respect of the Trigger Event under the Notes has occurred and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Capital Regulations; and

(b) the amount that would result in the Nominal Amount of a Note being reduced to SEK 1.00.

11.1.5 The aggregate reduction determined in accordance with Clause 11.1.4 shall be applied to all of the Notes *pro rata* on the basis of their Nominal Amount immediately prior to the write-down and references herein to "**Write Down Amount**" shall mean, in respect of each Note, the amount by which the Nominal Amount of such Note is to be written down accordingly. A Trigger Event may occur on more than one occasion (and each Note may be written down on more than one occasion).

11.1.6 To the extent the write down and/or conversion of any Loss Absorbing Instruments for the purpose of Clause 11.1.4 is not possible for any reason, this shall not in any way prevent any write-down of the Notes. Instead, in such circumstances, the Notes will be written down and the Write Down Amount determined as provided above but without including for the purpose of Clause 11.1.4 any CET1 Capital in respect of the write down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be written down and/or converted.

11.1.7 The Issuer shall set out its determination of the Write Down Amount per Note in the relevant notice referred to in Clause 11.1.8 below together with the Nominal Amount following the relevant write-down. However, if the Write Down Amount has not been determined when such notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify the Write Down Amount to the Noteholders and the Agent in accordance with Clause 24 (*Notices*) and procure that the Swedish FSA is notified. The Issuer's determination of the relevant Write Down Amount shall be irrevocable and binding on all parties.

11.1.8 If the Notes are to be written down, the Issuer shall notify the Noteholders and the Agent in accordance with Clause 24 (*Notices*). Notwithstanding the foregoing, failure to give such notice shall not prejudice, affect the effectiveness of, or otherwise invalidate, any write-down of the Notes.

11.1.9 Any reduction of the Nominal Amount of a Note pursuant to this Clause 11.1 (*Loss absorption upon a Trigger Event*) shall not constitute an event of default by the Issuer for any purpose, and the Noteholders shall have no right to claim for amounts written down, whether in liquidation or bankruptcy of the Issuer or otherwise, save to the extent (if any) such amounts are reinstated in accordance with Clause 11.2 (*Reinstatement of the Notes*).

11.2 Reinstatement of the Notes

11.2.1 Following a write-down of the Total Nominal Amount in accordance with Clause 11.1 (*Loss absorption upon a Trigger Event*), the Issuer may, at its absolute discretion but subject to obtaining relevant approval from its shareholder (if required) reinstate any portion of the principal of the Notes, subject to compliance with any maximum distribution limits set out in the Applicable Capital Regulations and any other applicable regulations.

11.2.2 Unless write up of the principal of the Notes is permitted and possible in accordance with the CSD Regulations, reinstatement shall be made by way of issuing new notes that qualify as Additional Tier 1 Capital of the Consolidated Situation to the relevant Noteholders. Any such new note issuance shall specify the relevant details of the manner in which such new note issuance shall take effect and where the Noteholders can obtain copies of the new terms and conditions of the new notes. Such new notes shall be issued without any cost or charge to the Noteholders and shall be made in accordance with the CSD Regulations.

11.2.3 A reinstatement in accordance with this Clause 11.2 (*Reinstatement of the Notes*) shall be made taking into account any preceding or imminent reinstatement of corresponding or similar loss absorbing instruments (if any) issued by the Issuer or any other member of the Consolidated Situation, including but not limited to Additional Tier 1 Capital instruments (other than the Notes).

11.2.4 For the avoidance of doubt, at no time may the reinstated Total Nominal Amount exceed the original Total Nominal Amount of the Notes (if issued in full), as at the Issue Date, being SEK 1,500,000,000.

11.2.5 For the avoidance of doubt, any reinstatement of any proportion of the principal of the Notes (either by way of write up of the principal of the Notes or by way of issuing new notes that qualify as Additional Tier 1 Capital of the Consolidated Situation) shall be made on a *pro rata* basis and without any preference among the Notes and on a *pro rata* basis with the reinstatement of all Written Down Additional Tier 1 Instruments (if any). Any failure by the Issuer to reinstate the Notes on a *pro rata* basis with the write up of all Written Down Additional Tier 1 Instruments (if any) however will not affect the effectiveness, or otherwise invalidate, any reinstatement of the Notes and/or reinstatement of the Written Down Additional Tier 1 Instruments or give Noteholders any rights as a result of such failure.

11.2.6 If the Issuer decides to reinstate any proportion of the principal of the Notes, the Issuer shall notify the Noteholders and the Agent in accordance with Clause 24 (*Notices*) prior to such reinstatements becoming effective and specifying the date on which the reinstatements will become effective (the "**Reinstatement Date**"). Such notice shall specify the Record Date and any technical or administrative actions that a Noteholder needs to undertake to receive its portion of the reinstatement. A reinstatement of the Notes shall take place on a Business Day as selected by the Issuer, however, falling no earlier than twenty (20) Business Days following the effective date of the reinstatement notice.

12. REDEMPTION AND REPURCHASE OF THE NOTES

12.1 No scheduled redemption

12.1.1 The Notes are perpetual and have no fixed date for redemption. The Issuer may only redeem the Notes in the circumstances described in this Clause 12 (*Redemption and repurchase of the Notes*).

12.1.2 The Notes are not redeemable at the option of the Noteholders at any time and the Noteholders shall have no right to accelerate the Notes or other remedies or sanctions against the Issuer for any breach of these Terms and Conditions by the Issuer, other than as set out in Clause 14 (*Bankruptcy or liquidation*).

12.2 Redemption at the option of the Issuer

Subject to Clause 12.5 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 12.7 (*Notice of redemption, substitution or variation*), the Issuer may redeem all (but not some only) outstanding Notes at:

(a) any Business Day falling within the Initial Call Period; or

(b) any Interest Payment Date falling after the Initial Call Period.

12.3 Purchase of Notes by the Issuer and related companies

Subject to applicable regulations and to Clause 12.5 (*Permission from the Swedish FSA*), the Issuer or any other Group Company, or other company forming part of the Consolidated Situation, may at any time on or following the First Call Date and at any price purchase Notes on the market or in any other way and at any price. Notes held by such company may at its discretion be retained, sold or cancelled, provided that such action has been approved by the Swedish FSA (if and to the extent then required by the Applicable Capital Regulation).

12.4 Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event

If a Capital Event or Tax Event occurs, the Issuer may, at its option, but subject to Clause 12.5 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 12.7 (*Notice of redemption, substitution or variation*):

(a) redeem all (but not some only) outstanding Notes on any Interest Payment Date; or

(b) substitute or vary the terms of all (but not some only) of the outstanding Notes without any requirement for the consent or approval of the Noteholders, so that they become or remain, as applicable, Qualifying Securities, provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Notes in accordance with this Clause 12.4 (*Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) in relation to the Qualifying Securities so substituted or varied.

12.5 Permission from the Swedish FSA

The Issuer, or any other company forming part of the Consolidated Situation, may not redeem, purchase, substitute or vary as contemplated by this Clause 12 (*Redemption and repurchase of the Notes*), any Notes without obtaining the prior written permission of the Swedish FSA and in accordance with the Applicable Capital Regulations (including any pre-conditions set out therein at the relevant time). Any refusal by the Swedish FSA to give its permission shall not constitute an event of default for any purpose.

12.6 Redemption amount

The Notes shall be redeemed at a price per Note equal to the Nominal Amount together with accrued but unpaid Interest.

12.7 Notice of redemption, substitution or variation

12.7.1 Any redemption, substitution or variation in accordance with Clauses 12.2 (*Redemption at the option of the Issuer*) and 12.4 (*Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) shall be made by the Issuer having given:

(a) not less than fifteen (15) Business Days' notice to the Noteholders; and

(b) not less than five (5) Business Days' notice (or such lesser period as may be agreed between the Issuer and the Agent) before the giving of the notice referred to in paragraph (a) above to the Agent.

in each case notice shall be given in accordance with Clause 24 (*Notices*). Any such notice is irrevocable and, upon expiry of the notice period, the Issuer is bound to redeem the Notes.

12.7.2 Notwithstanding Clause 12.7.1, if a Trigger Event occurs following a notice being given in accordance with Clause 12.7.1 but prior to the relevant redemption of the Notes, such notice shall be of no force and effect and Clause 11.1 (*Loss absorption upon a Trigger Event*) shall apply, and, for the avoidance of doubt, no redemption shall occur.

13. INFORMATION TO NOTEHOLDERS

13.1 Information from the Issuer

Subject to Clause 14.1, the Issuer shall make the following information available to the Noteholders and the Agent by way of publication on the website of the Issuer:

(a) as soon as the same become available, but in any event within five (5) months after the end of each financial year, audited consolidated financial statements of the Group for that financial year prepared in accordance with the Accounting Principles;

(b) as soon as the same become available, but in any event within two (2) months after the end of each interim half of its financial year, consolidated financial statements or the year-end report (*bokslutskommuniké*) (as applicable) of the Group for such period prepared in accordance with the Accounting Principles; and

(c) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, a report on regulatory capital for the Consolidated Situation (if applicable).

13.2 Information from the Agent

Subject to the restrictions of any agreement regarding the non-disclosure of information received from the Issuer, the Agent is entitled to disclose to the Noteholders any event or circumstance directly or indirectly relating to the Issuer or the Notes. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Noteholders delay disclosure or refrain from disclosing certain information.

13.3 Information among the Noteholders

Upon a reasonable request by a Noteholder, the Agent shall promptly distribute to the Noteholders any information from such Noteholder which relates to the Notes. The Agent may require that the requesting Noteholder or the Issuer reimburses any costs or expenses incurred, or to be incurred, by

the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed.

13.4 Availability of Finance Documents

The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Agent.

14. BANKRUPTCY OR LIQUIDATION

14.1 The Noteholders have no right to accelerate the Notes or otherwise request prepayment or redemption of the principal amount of the Notes. If, and, notwithstanding anything to the contrary in these Terms and Conditions, only if, the Issuer is declared bankrupt or put into liquidation, a Noteholder may prove or claim in such bankruptcy or liquidation for payment of the Nominal Amount of Notes held by such Noteholder, together with Interest accrued to (but excluding) the date of commencement of the relevant bankruptcy or liquidation proceedings to the extent the Interest has not been cancelled by the Issuer.

14.2 If an event where the Issuer is declared bankrupt or put into liquidation as set out in Clause 14.1 above occurs, the Agent is, following the instructions of the Noteholders, authorised to:

(a) by notice to the Issuer, declare all, but not only some, of the outstanding Notes due for payment together with any other amounts payable under the Finance Documents (except any Interest cancelled in accordance with Clause 10.2 (*Interest cancellation*)), immediately or at such later date as the Agent determines; and

(b) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.

14.3 In the event of an acceleration of the Notes upon the Issuer being declared bankrupt or put into liquidation, the Issuer shall redeem all Notes at an amount equal to 100 per cent. of the Nominal Amount together with accrued and unpaid interest. However, no payment will be made to the Noteholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Noteholders as described in Clause 3 (*Status of the Notes*) have been repaid by the Issuer, as ascertained by the judicial liquidator (*likvidator*) or bankruptcy administrator (*konkursförvaltare*).

14.4 In the event of bankruptcy, liquidation or resolution of the Issuer, no Noteholder shall be entitled to exercise any right of set-off, netting or counterclaim against monies owned by the Issuer in respect of the Notes held by such Noteholder.

15. DISTRIBUTION OF PROCEEDS

15.1 In the event of the liquidation or bankruptcy of the Issuer, all payments relating to the Notes and the Finance Documents shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

(a) *first*, in or towards payment *pro rata* of:

(i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders);

(ii) other costs and expenses relating to the protection or the Noteholders' rights as may have been incurred by the Agent;

(iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 19.2.8; and

(iv) any costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16.4.13;

(b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Notes not cancelled in accordance with Clause 10.2 (*Interest cancellation*) (Interest due on an

earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);

(c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Notes; and

(d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

15.2 Funds that the Agent receives (directly or indirectly) following an application of Clause 15.1 in connection with the enforcement or acceleration of the Notes constitute escrow funds (*redovisningsmedel*) and must be held on a separate bank account on behalf of the Noteholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 15 (*Distribution of proceeds*) as soon as reasonably practicable.

15.3 If the Issuer or the Agent shall make any payment under this Clause 15 (*Distribution of proceeds*), the Issuer or the Agent, as applicable, shall notify the Noteholders of any such payment at least fifteen (15) Business Days before the payment is made in accordance with Clause 24 (*Notices*). The notice from the Issuer shall specify the Record Date, the payment date and the amount to be paid.

16. DECISIONS BY NOTEHOLDERS

16.1 Request for a decision

16.1.1 A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.

16.1.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Total Nominal Amount (such request shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Noteholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.

16.1.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if:

(a) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Agent that an approval will not be given; or

(b) the suggested decision is not in accordance with applicable regulations.

16.1.4 The Agent shall not be responsible for the content of a notice for a Noteholders' Meeting or a communication regarding a Written Procedure unless and to the extent it contains information provided by the Agent.

16.1.5 Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 16.1.3 being applicable, the person requesting the decision by Noteholders may request the Issuer to convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. Should the Issuer in such situation not convene a Noteholders' Meeting, the person requesting the decision by Noteholders may convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer or the Issuing Agent shall then upon request provide the convening Noteholder with such information available in the Debt Register as may be necessary in order to convene and hold the Noteholders' Meeting or instigate and carry out the Written Procedure, as the case may be. The Issuer or Noteholder(s), as applicable, shall supply to the Agent a copy of the dispatched notice or communication.

16.1.6 Should the Issuer want to replace the Agent, it may (a) convene a Noteholders' Meeting in accordance with Clause 16.2 (*Convening of Noteholders' Meeting*) or (b) instigate a Written Procedure by sending communication in accordance with Clause 16.3 (*Instigation of Written Procedure*), in either case with a copy to the Agent. After a request from the Noteholders pursuant

to Clause 19.4.3, the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 16.2. The Issuer shall inform the Agent before a notice for a Noteholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with the a notice or the communication.

16.1.7 Should the Issuer or any Noteholder(s) convene a Noteholders' Meeting or instigate a Written Procedure pursuant to Clause 16.1.5 or 16.1.6, then the Agent shall no later than five (5) Business Days' prior to dispatch of such notice or communication be provided with a draft thereof. The Agent may further append information from it together with the notice or communication, provided that the Agent supplies such information to the Issuer or the Noteholder(s), as the case may be, no later than one (1) Business Day prior to the dispatch of such notice or communication.

16.2 Convening of Noteholders' Meeting

16.2.1 The Agent shall convene a Noteholders' Meeting as soon as practicable and in any event no later than five (5) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a notice thereof to each person who is registered as a Noteholder on the Record Date prior to the date on which the notice is sent.

16.2.2 The notice pursuant to Clause 16.2.1 shall include:

(a) time for the meeting;

(b) place for the meeting;

(c) a specification of the Record Date on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;

(d) a form of power of attorney;

(e) the agenda for the meeting;

(f) any applicable conditions and conditions precedent;

(g) the reasons for, and contents of, each proposal;

(h) if the proposal concerns an amendment to any Finance Document, the details of such proposed amendment;

(i) if a notification by the Noteholders is required in order to attend the Noteholders' Meeting, information regarding such requirement; and

(j) information on where additional information (if any) will be published.

16.2.3 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days after the effective date of the notice.

16.2.4 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

16.3 Instigation of Written Procedure

16.3.1 The Agent shall instigate a Written Procedure as soon as practicable and in any event no later than five (5) Business Days after receipt of valid a request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Noteholder on the Record Date prior to the date on which the communication is sent.

16.3.2 A communication pursuant to Clause 16.3.1 shall include:

(a) a specification of the Record Date on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;

(b) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney;

(c) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least ten (10) Business Days and not longer than thirty (30) Business Days from the effective date of the communication pursuant to Clause 16.3.1);

(d) any applicable conditions and conditions precedent;

(e) the reasons for, and contents of, each proposal;

(f) if a proposal concerns an amendment to any Finance Document, the details of such proposed amendment;

(g) if the voting is to be made electronically, the instructions for such voting; and

(h) information on where additional information (if any) will be published.

16.3.3 If so elected by the person requesting the Written Procedure and provided that it is also disclosed in the communication pursuant to Clause 16.3.1, when consents from Noteholders representing the requisite majority of the total Adjusted Total Nominal Amount pursuant to Clauses 16.4.2 and 16.4.3 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16.4.2 or 16.4.3, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

16.3.4 The Agent may, during the Written Procedure, provide information to the Issuer by way of updates whether or not quorum requirements have been met and about the eligible votes received by the Agent, including the portion consenting or not consenting to the proposal(s) or refraining from voting (as applicable).

16.4 Majority, quorum and other provisions

16.4.1 Only a Noteholder, or a person who has been provided with a power of attorney or other authorisation pursuant to Clause 7 (*Right to act on behalf of a Noteholder*) from a Noteholder:

(a) on the Record Date specified in the notice pursuant to Clause 16.2.2, in respect of a Noteholders' Meeting, or

(b) on the Record Date specified in the communication pursuant to Clause 16.3.2, in respect of a Written Procedure,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the Adjusted Total Nominal Amount. Each whole Note entitles to one vote and any fraction of a Note voted for by a person shall be disregarded. Such Record Date specified pursuant to paragraph (a) or (b) above must fall no earlier than one (1) Business Day after the effective date of the communication.

16.4.2 The following matters shall require the consent of Noteholders representing at least sixty-six and two thirds (66⅔) per cent. of the Adjusted Total Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant Clause 16.3.2:

(a) a change to the terms of Clauses 2.1, 3.1, 14.1 or 15.1;

(b) a change to an Interest Rate (other than as a result of an application of Clause 18 (*Replacement of Base Rate*)) or the Nominal Amount;

(c) a mandatory exchange of the Notes for other securities (which for the avoidance of doubt shall always be subject to Clause 12.5 (*Permission from the Swedish FSA*) above);

(d) a change to the terms dealing with the requirements for Noteholders' consent set out in this Clause 16.4 (*Majority, quorum and other provisions*); and

(e) a redemption of the Notes, other than as permitted by these Terms and Conditions (which for the avoidance of doubt shall always be subject to Clause 12.5 (*Permission from the Swedish FSA*) above).

16.4.3 Any matter not covered by Clause 16.4.2 shall require the consent of Noteholders representing more than 50 per cent. of the Adjusted Total Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3.2. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 17.1(a), 17.1(d) or 17.1(e)).

16.4.4 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Total Nominal Amount in case of a matter pursuant to Clause 16.4.2, and otherwise twenty (20) per cent. of the Adjusted Total Nominal Amount:

(a) if at a Noteholders' Meeting, attend the meeting in person or by other means prescribed by the Agent pursuant to Clause 16.2.4 (or appear through duly authorised representatives); or

(b) if in respect of a Written Procedure, reply to the request.

16.4.5 If a quorum exists for some but not all of the matters to be dealt with at a Noteholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.

16.4.6 If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 16.2.1) or initiate a second Written Procedure (in accordance with Clause 16.3.1), as the case may be, provided that the person(s) who initiated the procedure for Noteholders' consent has confirmed that the relevant proposal is not withdrawn. For the purposes of a second Noteholders' Meeting or second Written Procedure pursuant to this Clause 16.4.6, the date of request of the second Noteholders' Meeting pursuant to Clause 16.2.1 or second Written Procedure pursuant to Clause 16.3.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 16.4.4 shall not apply to such second Noteholders' Meeting or Written Procedure.

16.4.7 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.

16.4.8 If any matter decided in accordance with this Clause 16 would require consent from the Swedish FSA, such consent to be sought by the Issuer.

16.4.9 The Noteholders may not resolve to make amendments to these Terms and Conditions if the Issuer, after consultation with the Swedish FSA, considers that a change in the Terms and Conditions would be likely to result in the exclusion of the Notes from the Additional Tier 1 Capital of the Consolidated Situation (an "**Additional Tier 1 Capital Exclusion Event**"). A resolution by the Noteholders to amend these Terms and Conditions is not valid if the Issuer, after consultation with the Swedish FSA, considers that such an amendment would be likely to result in an Additional Tier 1 Capital Exclusion Event

16.4.10 A Noteholder holding more than one Note need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.

16.4.11 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of owner of Notes (irrespective of whether such person is a Noteholder) for or as inducement to vote under these Terms and Conditions, unless such consideration is offered to all Noteholders that vote in respect of the proposal at the relevant Noteholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.

16.4.12 A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure or how they voted. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause the Issuer or the other Noteholders.

16.4.13 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.

16.4.14 If a decision is to be taken by the Noteholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Notes owned by Group Companies or (to the knowledge of the Issuer) Affiliates as per the Record Date for voting, irrespective of whether such person is a Noteholder. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible for determining whether a Note is owned by a Group Company or an Affiliate.

16.4.15 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

17. AMENDMENTS AND WAIVERS

17.1 The Issuer and the Agent (acting on behalf of the Noteholders) may, subject to the prior written permission of the Swedish FSA (to the extent required pursuant to Applicable Capital Regulations), agree to amend the Finance Documents or waive any provision in a Finance Document, provided that the Agent is satisfied that such amendment or waiver:

(a) is not detrimental to the interest of the Noteholders as a group;

(b) is made solely for the purpose of rectifying obvious errors and mistakes;

(c) is required by the Swedish FSA for the Notes to satisfy the requirements for Additional Tier 1 Capital under the Applicable Capital Regulations as applied by the Swedish FSA from time to time;

(d) is required by any applicable regulation, a court ruling or a decision by a relevant authority, including but not limited to, to facilitate any measure by the relevant regulator pursuant to the Swedish Resolution Act (*lagen (2015:1016) om resolution*);

(e) is made pursuant to Clause 18 (*Replacement of Base Rate*);

(f) is made in connection with the consummation of a Merger;

(g) is necessary for the purpose of having the Notes admitted to trading on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable) provided that such amendment or waiver does not materially adversely affect the rights of the Noteholders; or

(h) has been duly approved by the Noteholders in accordance with Clause 16 (*Decisions by Noteholders*).

17.2 The Issuer may substitute or vary the terms of all (but not some only) of the outstanding Notes without any requirement for the consent or approval of the Noteholders, so that they become or remain, as applicable, Qualifying Securities, provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Notes in accordance with Clause 12.4 (*Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) in relation to the Qualifying Securities so substituted or varied.

17.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 17.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 13.4 (*Availability of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.

17.4 An amendment to the Finance Documents shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Agent, as the case may be.

18. REPLACEMENT OF BASE RATE

18.1 General

18.1.1 Any determination or election to be made by an Independent Adviser, the Issuer or the Noteholders in accordance with the provisions of this Clause 18 shall at all times be made by such Independent Adviser, the Issuer or the Noteholders (as applicable) acting in good faith, in a commercially reasonable manner and by reference to relevant market data.

18.1.2 If a Base Rate Event has occurred, this Clause 18 shall take precedence over the fallbacks set out in paragraph (b) to (d) (inclusive) of the definition of STIBOR.

18.1.3 Notwithstanding any provision in this Clause 18, no Successor Base Rate or Adjustment Spread (as applicable) will be adopted, and no other amendments to the Terms and Conditions will be made pursuant to this Clause 18, if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to lead to a disqualification of the Notes from the Additional Tier 1 Capital of the Consolidated Situation.

18.2 Definitions

In this Clause 18:

"**Adjustment Spread**" means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, or a combination thereof to be applied to a Successor Base Rate and that is:

(a) formally recommended by any Relevant Nominating Body in relation to the replacement of the Base Rate; or

(b) if paragraph (a) above is not applicable, the adjustment spread that the Independent Adviser determines is reasonable to use in order to eliminate, to the extent possible, any transfer of economic value from one party to another as a result of a replacement of the Base Rate and is customarily applied in comparable debt capital market transactions.

"**Base Rate Amendments**" has the meaning set forth in Clause 18.3.4.

"**Base Rate Event**" means one or several of the following circumstances:

(a) the Base Rate (for the relevant Interest Period) has ceased to exist or ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate (for the relevant Interest Period) ceasing to be calculated or administered;

(b) a public statement or publication of information by (i) the supervisor of the Base Rate Administrator or (ii) the Base Rate Administrator that the Base Rate Administrator ceases to provide the applicable Base Rate (for the relevant Interest Period) permanently or indefinitely and, at the time of the statement or publication, no successor administrator has been appointed or is expected to be appointed to continue to provide the Base Rate;

(c) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator that the Base Rate (for the relevant Interest Period) is no longer representative of the underlying market which the Base Rate is intended to represent and the representativeness of the Base Rate will not be restored in the opinion of the supervisor of the Base Rate Administrator;

(d) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator with the consequence that it is unlawful for the Issuer or the Issuing Agent to calculate any payments due to be made to any Noteholder using the applicable Base Rate (for the relevant Interest Period) or it has otherwise become prohibited to use the applicable Base Rate (for the relevant Interest Period);

(e) a public statement or publication of information in each case by the bankruptcy trustee of the Base Rate Administrator or by the trustee under the bank recovery and resolution framework (*krishanteringsregelverket*) containing the information referred to in paragraph (b) above; or

(f) a Base Rate Event Announcement has been made and the announced Base Rate Event as set out in paragraphs (b) to (e) above will occur within six (6) months.

"**Base Rate Event Announcement**" means a public statement or published information as set out in paragraph (b) to (e) of the definition of Base Rate Event that any event or circumstance specified therein will occur.

"**Independent Adviser**" means an independent financial institution or adviser of repute in the debt capital markets where the Base Rate is commonly used.

"**Relevant Nominating Body**" means, subject to applicable law, firstly any relevant supervisory authority, secondly any applicable central bank, or any working group or committee of any of them, or thirdly the Financial Stability Council (*Finansiella stabilitetsrådet*) or any part thereof.

"**Successor Base Rate**" means:

(a) a screen or benchmark rate, including the methodology for calculating term structure and calculation methods in respect of debt instruments with similar interest rate terms as the Notes, which is formally recommended as a successor to or replacement of the Base Rate by a Relevant Nominating Body; or

(b) if there is no such rate as described in paragraph (a) above, such other rate as the Independent Adviser determines is most comparable to the Base Rate.

For the avoidance of doubt, in the event that a Successor Base Rate ceases to exist, this definition shall apply *mutatis mutandis* to such new Successor Base Rate.

18.3 Determination of Base Rate, Adjustment Spread and Base Rate Amendments

18.3.1 Without prejudice to Clause 18.3.2, upon a Base Rate Event Announcement, the Issuer may, if it is possible to determine a Successor Base Rate at such point of time, at any time before the occurrence of the relevant Base Rate Event at the Issuer's expense appoint an Independent Adviser to initiate the procedure to determine a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining, calculating and finally deciding the applicable Base Rate. For the avoidance of doubt, the Issuer will not be obliged to take any such actions until obliged to do so pursuant to Clause 18.3.2.

18.3.2 If a Base Rate Event has occurred, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Issuer's expense, appoint an Independent Adviser to initiate the procedure to determine, as soon as commercially reasonable, a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining, calculating, and finally deciding the applicable Base Rate.

18.3.3 If the Issuer fails to appoint an Independent Adviser in accordance with Clause 18.3.2, the Noteholders shall, if so decided at a Noteholders' Meeting or by way of Written Procedure, be entitled to appoint an Independent Adviser (at the Issuer's expense) for the purposes set forth in Clause 18.3.2. If an event of default has occurred and is continuing, or if the Issuer fails to carry out any other actions set forth in Clause 18.3 to 18.6, the Agent (acting on the instructions of the Noteholders) may to the extent necessary effectuate any Base Rate Amendments without the Issuer's cooperation.

18.3.4 The Independent Adviser shall also initiate the procedure to determine any technical, administrative or operational changes required to ensure the proper operation of a Successor Base Rate or to reflect the adoption of such Successor Base Rate in a manner substantially consistent with market practice ("**Base Rate Amendments**").

18.3.5 Provided that a Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments have been finally decided no later than prior to the relevant Quotation Day in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period, always subject to any technical limitations of the CSD and any calculations methods applicable to such Successor Base Rate.

18.4 Interim measures

18.4.1 If a Base Rate Event set out in any of the paragraphs (a) to (e) of the Base Rate Event definition has occurred but no Successor Base Rate and Adjustment Spread have been finally decided prior to the relevant Quotation Day in relation to the next succeeding Interest Period or if such Successor Base Rate and Adjustment Spread have been finally decided but due to technical limitations of the CSD,

cannot be applied in relation to the relevant Quotation Day, the Interest Rate applicable to the next succeeding Interest Period shall be:

(a) if the previous Base Rate is available, determined pursuant to the terms that would apply to the determination of the Base Rate as if no Base Rate Event had occurred; or

(b) if the previous Base Rate is no longer available or cannot be used in accordance with applicable law or regulation, equal to the Interest Rate determined for the immediately preceding Interest Period.

18.4.2 For the avoidance of doubt, Clause 18.4.1 shall apply only to the relevant next succeeding Interest Period and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, this Clause 18. This will however not limit the application of Clause 18.4.1 for any subsequent Interest Periods, should all relevant actions provided in this Clause 18 have been taken, but without success.

18.5 Notices etc.

Prior to the Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments become effective the Issuer shall promptly, following the final decision by the Independent Adviser of any Successor Base Rate, Adjustment Spread and any Base Rate Amendments, give notice thereof to the Agent, the Issuing Agent and the Noteholders in accordance with Clause 24 (*Notices*) and the CSD. The notice shall also include information about the effective date of the amendments. If the Notes are admitted to trading on a stock exchange, the Issuer shall also give notice of the amendments to the relevant stock exchange.

18.6 Variation upon replacement of Base Rate

18.6.1 No later than giving the Agent notice pursuant to Clause 18.5, the Issuer shall deliver to the Agent a certificate signed by the Independent Adviser and the CEO, CFO or any other duly authorised signatory of the Issuer (subject to Clause 18.3.3) confirming the relevant Successor Base Rate, the Adjustment Spread and any Base Rate Amendments, in each case as determined and decided in accordance with the provisions of this Clause 18. The Successor Base Rate the Adjustment Spread and any Base Rate Amendments (as applicable) specified in such certificate will, in the absence of manifest error or bad faith in any decision, be binding on the Issuer, the Agent, the Issuing Agent and the Noteholders.

18.6.2 Subject to receipt by the Agent of the certificate referred to in Clause 18.6.1, the Issuer and the Agent shall, at the request and expense of the Issuer, without the requirement for any consent or approval of the Noteholders, without undue delay effect such amendments to the Finance Documents as may be required by the Issuer in order to give effect to this Clause 18.

18.6.3 The Agent and the Issuing Agent shall always be entitled to consult with external experts prior to amendments are effected pursuant to this Clause 18. Neither the Agent nor the Issuing Agent shall be obliged to concur if in the reasonable opinion of the Agent or the Issuing Agent (as applicable), doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Agent or the Issuing Agent in the Finance Documents.

18.7 Limitation of liability for the Independent Adviser

Any Independent Adviser appointed pursuant to Clause 18.3 shall not be liable whatsoever for damage or loss caused by any determination, action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Independent Adviser shall never be responsible for indirect or consequential loss.

19. THE AGENT

19.1 Appointment of the Agent

19.1.1 By subscribing for Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Notes and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Notes held by such

Noteholder, including the winding-up, dissolution, liquidation, company reorganisation or bankruptcy (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Notes, each subsequent Noteholder confirms such appointment and authorisation for the Agent to act on its behalf.

19.1.2 Each Noteholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Noteholder which does not comply with such request.

19.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.

19.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.

19.1.5 The Agent may act as agent or trustee for several issues of securities or other loans issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

19.2 Duties of the Agent

19.2.1 The Agent shall represent the Noteholders in accordance with the Finance Documents. However, the Agent is not responsible for the execution or enforceability of the Finance Documents.

19.2.2 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent is never acting as an advisor to the Noteholders or the Issuer. Any advice or opinion from the Agent does not bind the Noteholders or the Issuer. The Agent shall act in the best interest of the Noteholders as a group and carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.

19.2.3 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.

19.2.4 The Agent shall treat all Noteholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Noteholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.

19.2.5 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.

19.2.6 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Noteholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

19.2.7 The Agent shall give a notice to the Noteholders:

(a) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement; or

(b) if it refrains from acting for any reason described in Clause 19.2.6.

19.2.8 The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged by it:

(a) upon the occurrence of bankruptcy or liquidation of the Issuer in accordance with Clause 14.1;

(b) for the purpose of investigating or considering:

(i) an event or circumstance which the Agent reasonably believes is or may lead to a breach of the Terms and Conditions or may lead to a bankruptcy or liquidation of the Issuer; or

(ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Noteholders under the Finance Documents;

(c) in connection with any Noteholders' Meeting or Written Procedure; or

(d) in connection with any amendment (whether contemplated by the Finance Documents or not) or waiver under the Finance Documents.

19.2.9 Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 15 (*Distribution of proceeds*).

19.2.10 The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.

19.2.11 Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor (i) whether any event set out in Clause 14.1 has occurred, (ii) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents, or (iii) whether any other event specified in any Finance Document has occurred or is expected to occur, and should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

19.3 Liability for the Agent

19.3.1 The Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.

19.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts provided to the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.

19.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Noteholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

19.3.4 The Agent shall have no liability to the Noteholders for damage caused by the Agent acting in accordance with instructions of the Noteholders given in accordance with the Finance Documents.

19.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Finance Documents.

19.4 Replacement of the Agent

19.4.1 Subject to Clause 19.4.6, the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a Noteholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.

19.4.2 Subject to Clause 19.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

19.4.3 A Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Total Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Noteholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders that the Agent be dismissed and a new Agent appointed.

19.4.4 If the Noteholders have not appointed a successor Agent within ninety (90) days after:

(a) the earlier of the notice of resignation was given or the resignation otherwise took place; or

(b) the Agent was dismissed through a decision by the Noteholders,

the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

19.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

19.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.

19.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.

19.4.8 In the event that there is a change of the Agent in accordance with this Clause 19.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

20. THE ISSUING AGENT

20.1 The Issuer shall when necessary appoint an Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Notes. The Issuing Agent shall be a commercial bank or securities institution approved by the CSD.

20.2 The Issuer shall ensure that the Issuing Agent enters into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Issuing Agent, as may be necessary in order for the Issuing Agent to carry out its duties relating to the Notes.

20.3 The Issuing Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Issuing Agent shall never be responsible for indirect or consequential loss.

21. THE CSD

21.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Notes.

21.2 The CSD may be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD is dismissed and provided also that the replacement does not have a negative effect on any Noteholder or any admission to trading of the Notes. The replacing CSD must be authorised to professionally conduct clearing

operations pursuant to the Central Securities Depository Regulation (Regulation EU) No. 909/2014 and be authorised as a central securities depository in accordance with the Financial Instruments Accounts Act.

22. NO DIRECT ACTIONS BY NOTEHOLDERS

22.1 A Noteholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation or bankruptcy (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the obligations and liabilities of the Issuer under the Finance Documents. Such steps may only be taken by the Agent.

22.2 Clause 22.1 shall not apply if the Agent has been instructed by the Noteholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Noteholder to provide documents in accordance with Clause 19.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 19.2.6, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 19.2.7 before a Noteholder may take any action referred to in Clause 22.1.

22.3 The provisions of Clause 22.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due by the Issuer to some but not all Noteholders.

22.4 The provisions of this Clause 22 (*No direct actions by the Noteholders*) are subject to the over-riding limitations set out in Clause 3 (*Status of the Notes*).

23. TIME-BAR

23.1 The right to receive repayment of the principal of the Notes shall be time-barred and become void ten (10) years from the Redemption Date. Subject to Clause 10 (*Interest and interest cancellation*), the right to receive payment of interest (excluding any capitalised interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been time-barred and has become void.

23.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Notes, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

24. NOTICES

24.1 Any notice or other communication to be made under or in connection with the Finance Documents:

(a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch, or, if sent by email by the Issuer, to the email address notified by the Agent to the Issuer from time to time;

(b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch, or, if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and

(c) if to the Noteholders, shall be given at their addresses registered with the CSD on a date selected by the sending person which falls no more than five (5) Business Days prior to the date on which the notice or communication is sent, and by either courier delivery (if practically possible) or letter for all Noteholders. A notice to the Noteholders shall also be published on the website of the Issuer and the Agent.

24.2 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter, or, if between the Issuer and the Agent, by email, and will only be effective:

(a) in case of courier or personal delivery, when it has been left at the address specified in Clause 24.1;

(b) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 24.1; or

(c) in case of email, when received in readable form by the email recipient.

24.3 Any notice which shall be provided to the Noteholders in physical form pursuant to these Terms and Conditions may, at the discretion of the Agent, be limited to:

(a) a cover letter, which shall include:

(i) all information needed in order for Noteholders to exercise their rights under the Finance Documents;

(ii) details of where Noteholders can retrieve additional information;

(iii) contact details to the Agent; and

(iv) an instruction to contact the Agent should any Noteholder wish to receive the additional information by regular mail; and

(b) copies of any document needed in order for Noteholder to exercise their rights under the Finance Documents.

24.4 Any notice or other communication pursuant to the Finance Documents shall be in English.

24.5 Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.

25. FORCE MAJEURE

25.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade, natural disaster, insurrection, civil commotion, terrorism or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.

25.2 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

25.3 The provisions in this Clause 25 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

26. GOVERNING LAW AND JURISDICTION

26.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.

26.2 The Issuer submits to the non-exclusive jurisdiction of the District Court of Stockholm (*Stockholms tingsrätt*).

We hereby certify that the above Terms and Conditions are binding upon ourselves.

Date: 26 January 2024

KLARNA HOLDING AB (PUBL)
as Issuer

_____ _____
Name: Name:

We hereby undertake to act in accordance with the above Terms and Conditions to the extent they refer to us.

Date: 26 January 2024

INTERTRUST (SWEDEN) AB
as Agent

_____ _____
Name: Name:

DESCRIPTION OF THE ISSUER

General information on the Issuer and the Group

The Issuer

The Issuer's legal and commercial name is Klarna Holding AB with Swedish Reg. No. is 556676-2356 and Legal Entity Identifier Code 984500CCFABF562J8533. The registered office of the Issuer is located at Sveavägen 46, SE-111 34 Stockholm, Sweden. The Issuer was incorporated in Sweden on 31 January 2005 and registered with the Swedish Companies Registration Office (*Bolagsverket*) on 11 February 2005. The Issuer is a public limited liability company (*aktiebolag*). The Issuer's website is www.klarna.com. The information on the website is not part of this Prospectus and has not been scrutinised or approved by the Swedish FSA unless that information is incorporated by reference into this Prospectus.

Pursuant to clause 3 of the articles of association of the Issuer, the Issuer's operations is to own and manage assets and promote the Group Companies' business by offering financing, administrative services, include guarantees for the Group's behalf, issue guarantees and other associated activities. The Issuer shall itself or through subsidiaries also engage in management of invoicing and sales ledger, providing collection services, provide credit reports and activities compatible therewith.

The Issuer has been assigned the credit ratings as set out below from S&P Global Ratings Europe Limited (S&P). S&P is established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended):

Long term	BB+	Stable outlook
Short term	B	

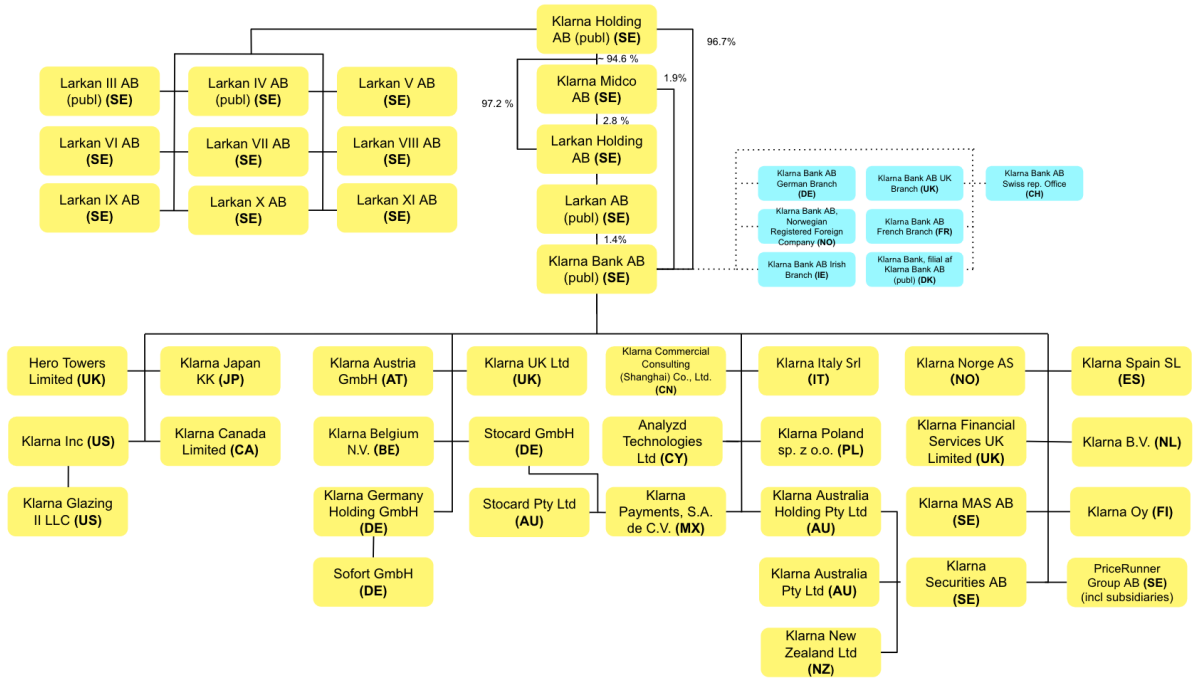
The table below displays S&P's rating scale.[1]

AAA	BBB+	B-
AA+	BBB-	CCC+
AA	BB+	CCC
AA-	BB	CCC-
A+	BB-	CC
A	B+	C
A-	B	D

Legal structure of the Group

The Issuer is part of a corporate group for which the Issuer is the ultimate parent. The primary purpose of the Issuer is to directly or indirectly own the shares in Klarna Bank. The Group operates through Klarna Bank and its direct or indirect subsidiaries. The Group structure as of the date of this Prospectus is illustrated in the organisational chart below. Klarna Bank AB UK Branch and Klarna Bank AB Germany Branch are branches of Klarna Bank. The Issuer is reliant on other entities within the Group to provide credit and payment services in certain jurisdictions. The Issuer is thus, also, dependent upon receipt of sufficient income arising from the operations of the Group across all relevant jurisdictions. The ability of the Group companies to make payments may be restricted by, among other things, the availability of funds, corporate restrictions and local laws.

[1] For more information on rating, visit www.standardandpoors.com.



All shareholdings and voting rights are 100 % if not indicated otherwise. ~5.5 % in Klarna Midco AB are held by various shareholders. Less than 0.1 % in Larkan AB are held by various shareholders. Less than 0.1 % in Klarna Payments, S.A. d C.V. is held by Klarna Participations AB.

Main activities

The Issuer is part of a global payments provider group, active across Europe and North America, including Klarna Bank which is a fully licensed bank. The Group's operations are primarily carried out through Klarna Bank, and its business primarily comprises the providing of payment solutions and consumer lending products designed for both online and in-store use. The Group's revenues are generated from both merchants and consumers.

As of August 2023, the Group was active in 23 markets and has more than 5,000 employees.

Business operations

Klarna has developed a complementary product offering aimed at reducing friction for consumers purchasing online, which in turn adds value for merchants by increasing purchase conversion, average order value, level of sales and overall consumer experience. The merchant offering consists of four main products; Klarna Checkout ("**KCO**"), Klarna Payments ("**KP**"), Klarna In-store and Klarna In-app.

KCO manages the entire checkout process for a merchant. It is a checkout solution aimed at facilitating payments by the most popular methods in each market, including Klarna's own invoice and account products, as well as third party payment methods, such as debit and credit cards, and direct banking. Klarna contracts with the respective merchant for the provision of KCO. Under this agreement, Klarna agrees to provide payment methods requested by consumers. Merchants pay Klarna for the provision of KCO, as well as the assumption of fraud and credit risk where Klarna's credit products are used.

KP offers the merchant a selection of Klarna's payment options through an integrated checkout widget. It is not a complete checkout solution for the merchant as the KCO, however the presentation of Klarna's services are owned, controlled and optimised by Klarna.

Klarna In-store covers a variety of integration methods designed for physical stores, bringing the same ease of use and payment flexibility for both consumers and merchants in the brick and mortar environment.

Klarna In-app mobile SDK allows merchants to natively integrate Klarna's products into their mobile applications. This means that merchants can now add services like Klarna Payments to their app and let customers pay with our payment methods with improved ease and speed.

Besides the above, Klarna also offers merchants various tools (e.g. Merchant Insights), marketing services (e.g. advertising) and support as well as in-store payment solutions (Klarna In-store).

At the beginning of 2018, Klarna launched, and signed the first customer to, Klarna open banking. This service provides third-party providers with an access to account (XS2A) application programming interface (API) to access over 15,000 banks in 24 markets (in line with the requirements under the Payment Services (PSD2) Directive (EU) 2015/2366). Klarna's open banking solution offers a combination of both account information services (AIS) providing consolidated information on payment accounts, and payment initiation services (PIS) enabling an account to account direct bank transfers as licensed under PSD2.

Consumer products

Klarna's consumer products can be sub-divided into the following:

Pay in x (days)

Klarna's invoice (or card backed) product (called "**Pay in x**") offers the consumer a short, fixed period of time to settle their invoice/debt. Following product changes in 2021, the period is now 30 days across all markets.

Consumers are credit assessed by Klarna using both internal and external data. A positive credit decision allows the respective consumer to shop at a merchant connected to Klarna while simultaneously receiving a 30 days' credit term to pay for their goods or services. Klarna mainly, but not always, conducts factoring by acquiring the purchase price claim from the merchant as well as the terms agreed between the merchant and the consumer. Such services enable merchants to safely offer post-purchase payments in an online environment. Merchants, paid irrespective of whether the consumer pays or not, pay Klarna for assuming the fraud and credit risk, whilst consumers pay Klarna late fees and interest in the event of delayed payment.

Instalments

Klarna's interest free instalment product offers the consumer a short term (60 days or six weeks) instalment plan with no interest. Payments are automatically withdrawn from the consumer's registered debit or credit card on applicable due dates. Consumers are credit assessed by Klarna using both internal and external data.

Financing

Klarna's account product (called "Financing") offers the consumer the ability to settle their payment in either fixed instalments or flexible, discretionary amounts (subject to a minimum proportion of the outstanding amount each month).

Klarna extends credit to the respective customer in accordance with a personalised credit agreement. This enables consumers to finance purchases over a period of time, a key benefit when acquiring goods and services. The credit may either be interest bearing or interest fee. Similarly to the invoice product, merchants pay Klarna for assuming the fraud and credit risk, whilst consumers pay Klarna for financing (for example administration fees and interest) and deferred payments.

Pay Now

Pay Now is Klarna's payment method for instantly settling the purchase by drawing funds directly from the consumer's bank account. The consumer authorises the payment either via BankID or internet banking token, depending on the payment method and market.

Klarna card

Klarna launched the Klarna Card for consumers in Sweden (2018), Germany (2019), UK and most recently the US (2022).

Klarna app

The Klarna app is a shopping service for consumers. The app provides consumers with features including personalized and curated content and tools to help them take control of their personal finances. In 23 markets, the Klarna app allows consumers to pay with Klarna's payment methods at any online merchant no matter if the merchant is integrated with Klarna or not. This is done through issuing a virtual card which is used in the merchant's checkout.

Non Klarna

Klarna also processes so-called Non Klarna purchases, e.g., external direct banking where the consumer authorises the settlement using their internet banking token or card purchases through the major card schemes such as Visa, MasterCard and American Express. Klarna's risk exposure on card transactions is limited to technical issues, and

certain cases of fraud and contested purchases (chargebacks) where neither the merchant nor the card network assumes responsibility.

Deposits

The deposits product allows customers to invest their money into savings accounts with Klarna for a flexible or fixed term length. During that term length the customer can earn a flexible or fixed interest rate on their savings account.

Business volumes

Yearly originated product volumes and number of transactions for the years 2015 – 2023 are summarised in the table below (rounded figures)[2]:

Year	Originated Pay in x days and Financing volumes (SEK bn)	Total transaction volumes (SEK bn)	Number of transactions (M)
2015	39	88	112
2016	55	126	168
2017	87	180	231
2018	129	252	285
2019	183	333	361
2020	288	484	534
2021	452	689	732
2022	596	837	825
2023	746	981	914

Liquidity and Funding

The Group has a stable and diverse funding platform with a conservative maturity structure where the liabilities, on average, have longer duration than the assets. As of the date of this Prospectus, the Group's funding is split between equity, Additional Tier 1 and Tier 2 instruments, senior unsecured bonds, bilateral loans, a bank facility, as well as commercial paper and retail deposits in both Sweden, Germany, the Netherlands, France and Spain with varying maturities.

Relevant legislation

The Issuer is a public limited liability company and as such regulated by the Swedish Companies Act (*aktiebolagslagen (2005:551)*) and its articles of association. The Issuer's subsidiary Klarna Bank is, as a banking company, subject to the supervision of the Swedish FSA and regulated by, *inter alia*, the Swedish Deposit Insurance Act (*lag (1995:1571) om insättningsgaranti*) and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (*lag (1995:1559) om årsredovisning i kreditinstitut och värdepappersbolag*) as well as Regulations and General Guidelines issued by the Swedish FSA and Guidelines issued by the European Banking Authority.

Klarna Bank is further subject to the provisions set forth in the CRR and related delegated acts, and in the Swedish Supervision of Credit and Investment Firms Act (*lag (2014:968) om särskild tillsyn över kreditinstitut och värdepappersbolag*) and the Swedish Act on Capital Buffers (*lag (2014:966) om kapitalbuffertar*) which implements CRD IV. The capital adequacy requirements are measured both on the level of Klarna Bank and on the consolidated group (including the Issuer) as described in the chart above. Further obligations apply to Klarna Bank under the BRRD and the Swedish Resolution Act (*lag (2015:1016) om resolution*).

In addition to laws and official regulations, Klarna has a number of internal governing documents that govern the day-to-day management of the Group. These are on policy level adopted by the board of directors, on instruction level by the CEO or relevant head of the responsible area, and by the subsidiaries' boards of directors when required for implementation purposes, and include, *inter alia*, a finance policy; credit policy; risk policy; conflicts of interest policy: privacy, data protection and data retention policy; anti-money laundering and counter terrorist

[2] Information extracted from internal unaudited management accounts.

financing policy; sanctions policy; internal capital and liquidity adequacy assessment process policy; outsourcing policy; and anti-corruption instruction.

Shares and shareholders

Under its current articles of association, the Issuer's share capital shall be no less than SEK 2,000,000 and no more than SEK 8,000,000, divided into no less than 20,000,000 shares and no more than 80,000,000 shares. The Issuer has only one class of shares. As of 31 December 2023, the Issuer's registered share capital was SEK 3,033,490.9, represented by 30,334,909 shares. Each share has a quota value of SEK 0.1.

The eight largest shareholders in the Issuer as of 31 January 2024 are reported in the table below.

#	Shareholder	% of shares and votes
1	Funds advised by Sequoia Capital	20.37
2	Heartland	10.00
3	Victor Jacobsson (directly and indirectly)	8.96
4	Sebastian Siemiatkowski (directly and indirectly)	6.86
5	Commonwealth Bank of Australia	5.31
6	Silver Lake	4.68
7	Softbank	4.23
8	Permira	3.90
	Total	64.31

As per the ownership structure above, the Issuer is not owned or controlled, directly or indirectly, by any party independently or by any of the parties acting in concert. The shareholders' influence is exercised, to the extent of their voting rights held, through active participation in the decision-making process, in the forum of the general meeting of the Issuer's shareholders.

As far as the Issuer is aware, there are no shareholders' agreements or other agreements which could result in a change of control of the Issuer.

THE BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS

Board of directors

The Board of Directors of the Issuer consists of eight ordinary members. The table below sets out the name and position of each board member as of the date of this Prospectus.

Name	Position
Michael Moritz	Chairman
Sebastian Siemiatkowski	Member, President & CEO
Sarah Smith	Member
Lise Kaae	Member
Mikael Walther	Member
Omid Kordestani	Member
Roger W. Ferguson Jr.	Member
Matthew Miller	Member

Michael Moritz
Born in 1954. Non-Executive Chairman of the Board.
Principal education: M.A. in History, University of Oxford, 1976.
Other on-going principal assignments: Senior advisor and board member at Sequoia Heritage, board member of Klarna Holding AB, Crankstart foundation, Instacart, Outside interactive, Inc., TrialSpark, Inc. and ACT, Inc. (Watershed).

Sebastian Siemiatkowski
Born in 1981. President & Chief Executive Officer.
Principal education: Master of Science, M.Sc. (Economics and Business) Stockholm School of Economics, 2007.
Other on-going principal assignments: Board member and CEO in Klarna Holding AB, chairman or board member of various Group Companies.

Sarah Smith
Born in 1959. Non-Executive Director.
Principal education: City of London University (formerly Polytechnic), Dip.Acc., 1978. Chartered Accountant, Fellow, (Institute of England and Wales), 1983.
Other on-going principal assignments: Serves on the boards of Via Transportation, 98point6, PCAP, and AON. She is also a member of the Board of Trustees of the Financial Accounting Foundation.

Lise Kaae
Born in 1969. Non-Executive Director.
Principal education: Bachelor in International Business Administration and IT, 1990. MSc in Business Economics and Auditing (Cand.merc.aud), Aarhus School of Business, 1992. State authorized public accountant, 1997.
Other on-going principal assignments: Various board positions in consolidated companies under Heartland A/S.

Mikael Walther
Born in 1981. Non-Executive Director.
Principal education: M.Sc. in Economics and Business, Stockholm School of Economics, 2005. MSc. in Engineering Physics, KTH Royal School of Technology, 2004.
Other on-going principal assignments: Board member and CEO of Rosfelt Enterprises AB, Chairman of the Board of Ture Invest Partners, board member of Klarna Holding AB and Rebtel.

Omid Kordestani
Born in 1963. Non-Executive Director.
*Principal education***:** Master of Business Administration (MBA), Organizational Leadership, Stanford University, 1991. Bachelor of Science (BS) and Electrical and Electronics Engineering, San Jose State University, 1984.
Other on-going principal assignments: Chairman of Pearson plc, board member of Klarna Holding AB.

Roger W. Ferguson Jr.
Born in 1951. Non-Executive Director.
Principal education: Doctor of Philosophy (PhD) in Economics, Harvard University, 1981. Doctor of Law (J.D.), Harvard University, 1979. Bachelor of Arts (B.A.) in Economics, Harvard University, 1973. Frank Knox Fellow, Cambridge University, 1973.
Other on-going principal assignments: Serves on the boards of Alphabet, Inc.; Corning, Inc; General Mills, Inc.; and International Flavors & Fragrances, Inc and is executive chairman at Andalusian Credit Partners. Mr. Ferguson is also active as an advisor and board member with various private fintech companies. Serves on the boards of The Conference Board, the Institute for Advanced Study, Memorial Sloan Kettering Cancer Center, and Columbia University's Teachers College.

Matthew Miller
Born in 1980. Non-Executive Director.
Principal education: Brigham Young University, Marriott School of Business, Bachelor of Science, 2002 - 2008
Other on-going principal assignments: Partner, Sequoia Capital, board member of Klarna Holding AB, Confluent, Inc., dbt Labs Inc., Grafana (Raintank, Inc.), Graphcore, Tecton, Inc., Tessian Limited and Yokoy Group AG.

Group Management Team

The Senior Management of the Issuer's Group consists of a team of eleven persons. The table below sets forth the name and current position of each member of the Group Management.

Name	**Position**
Sebastian Siemiatkowski	President & CEO
David Fock	Chief Product and Design Officer
Yaron Shaer	Chief Technical and Information Security Officer
Niclas Neglén	Chief Financial Officer
David Sandström	Chief Marketing Officer
David Sykes	Chief Commercial Officer
Camilla Giesecke	Chief Operating and Expansion Officer

Joachim Reuss	Chief Risk Officer
Joaquin Calderon	Chief Compliance Officer
Arvind Varadhan	Chief Credit Risk Officer

Sebastian Siemiatkowski
Born 1981. President & CEO. At Klarna since January 2005.
Principal education: Master of Science, M.Sc. (Economics and Business) Stockholm School of Economics, Master.

David Fock
Born 1977. Chief Product and Design Officer. At Klarna since August 2010.
*Principal education***:** Stockholms hotell och restaurangskola.

Yaron Shaer
Born 1976. Chief Technology and Information Security Officer. At Klarna since June 2014.
Principal education: Bachelor of Technology and Management. Tel-Aviv Academic College of Engineering.

Niclas Neglén
Born 1977. Chief Financial Officer. At Klarna since March 2021.
Principal education: M.Sc. Stockholm School of Economics.

David Sandström
Born 1983. Chief Marketing Officer. At Klarna since June 2017.
Principal education: Master in Business & Administration, Communication, Handelshögskolan Institute.

David Sykes
Born 1984. Chief Commercial Officer. At Klarna since October 2019.
Principal education: Bachelor of Laws, Bachelor of Arts (Hons), International Relations and Public International Law, Australian National University.

Camilla Giesecke
Born 1980. Chief Operating and Expansion Officer. At Klarna since February 2017.
Principal education: M.Sc. Stockholm School of Economics.

Joachim Reuss
Born 1979. Chief Risk Officer. At Klarna since August 2021.
Principal education: M.Sc. Industrial Engineering & Management, Linköping University.

Joaquin Calderon
Born 1977. Chief Compliance Officer. At Klarna since September 2022.
Principal education: Master of Business Administration, INSEAD, France. Bachelor of Laws, Universidad Complutense de Madrid, Spain.

Arvind Varadhan
Born 1980. Chief Credit Risk Officer. At Klarna since August 2022.
Principal education: M.Eng. in Civil Engineering, University of Florida, US; Bachelors of Technology in Civil Engineering, Indian Institute of Technology Delhi, India.

Additional information on the board and the management team

Business address

The office address of the Board of Directors and the Group Management Team is the registered office of the Issuer; Sveavägen 46, SE-111 34 Stockholm, Sweden.

Conflicts of interest

To the best of the Issuer's knowledge, no conflicts of interest exist between the private interests and other duties of the board members or the management team and their duties towards the Issuer.

Auditors

At the 2021, 2022 and 2023 annual general meetings, Ernst & Young Sweden AB was re-elected as auditor. In 2021, 2022 and 2023 (for the period until the end of the Annual General Meeting 2024), Ernst & Young Sweden AB appointed Jesper Nilsson as auditor-in-charge of the Issuer. Jesper Nilsson is an authorised public accountant and member of FAR, the professional institute for accountants in Sweden.

The registered address of EY Sweden AB is Hamngatan 26, SE-111 47 Stockholm, Sweden.

Business address

The office address of the Board of Directors and the Senior Management is the registered office of the Issuer; Sveavägen 46, SE-111 34 Stockholm, Sweden.

Conflicts of interest

As far as the Board of Directors is aware, there exist no conflicts of interest between the duties of the Board members or the members of the Senior Management in respect of the Issuer and their private interests and/or other duties.

LEGAL AND SUPPLEMENTARY INFORMATION

Information about the Prospectus

This Prospectus has been approved by the Swedish FSA as competent authority under the Regulation (EU) 2017/1129 (Prospectus Regulation). The Swedish FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation (EU) 2017/1129. The Swedish FSA's approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The validity of this Prospectus will expire twelve months after the date of the approval of the Prospectus. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid.

Authorisations and responsibility statement

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Notes and the performance of its obligations relating thereto. The issuance of the Notes was authorised by a resolution of the Board of the Issuer on 28 April 2023.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. The board of directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

Material agreements

The Issuer has not concluded any material agreement outside of its ordinary course of business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of Notes being issued.

Governmental, legal and arbitration proceedings

Other than as described below, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous 12 months from the date of this Prospectus which may have or have in such period had a significant adverse effect on the financial position or profitability of the Issuer or the Group taken as a whole. Members of the Group are, however, parties to lawsuits and other disputes from time to time in the course of their normal operations.

On 29 March 2022, the Swedish Data Protection Authority (*Integritetsskyddsmyndigheten*) issued an administrative fine of SEK 7.5 million against Klarna, claiming that Klarna had failed to properly explain certain elements of its data processing to its data subjects in the privacy notice applicable between 17 March 2020 and 26 June 2020. Upon appeal of the decision, the Administrative Court of Stockholm passed its judgment on 14 April 2023 (reducing the administrative fine to SEK 6 million). Both Klarna and the Swedish Data Protection Authority have filed additional appeals. On 11 March 2024, the Court of Appeal in Stockholm announced its ruling to revert the administrative fine to SEK 7.5 million.

The Swedish Data Protection Authority has started an investigation regarding a certain feature in Klarna's product Klarna Checkout, after complaints from customers in Sweden, Finland and Germany. This investigation started in May 2022 and is ongoing.

The Swedish Data Protection Authority has started an investigation of the processes Klarna uses to identify consumers that have contacted Klarna to exercise privacy rights, after complaints from consumers in Germany. This investigation started in September 2022 and is ongoing.

In April 2022, the Swedish SFA declared its intention to initiate a review of Klarna's AML compliance, which is still ongoing. Klarna and the Swedish SFA have had ongoing communication throughout the inspection, and Klarna is now awaiting further communication and/or a final report from the Swedish SFA. Depending on the final outcome based on potential findings of this inspection, the Swedish SFA has the right, pursuant to what is

stipulated in Chapter 15 of the banking and financing act (2004:297), to impose sanctions, remarks or warnings and/or fines.

Certain material interests

Nordea Bank Abp is the sole lead manager and bookrunner in conjunction with the issuance of the Notes. Nordea Bank Abp (and thereto closely related companies) has provided, and may in the future provide, certain investment banking and/or commercial banking and other services to the Issuer and the Group for which it has received, or will receive, remuneration. Accordingly, conflicts of interest may exist or may arise as a result of Nordea Bank Abp having previously engaged, or in the future is engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties.

Trend information

There has been no material adverse change in the prospects of the Issuer since 31 December 2023, being the date of the end of the last financial period for which audited financial information of the Issuer has been published to the date of the Prospectus. Save as set out in Note 45 "*Significant events after the end of the reporting period*" on page 67 of the Issuer's annual report for January-December 2023, there has been no significant change in the financial performance of the Group since 31 December 2023, being the date of the end of the last financial period for which financial information of the Issuer has been published to the date of this Prospectus.

Significant changes since 31 December 2023

There have been no significant changes in the financial or trading position of the Group since 31 December 2023, being the end of the last financial period for which audited financial information has been published to the date of this Prospectus.

Recent events relevant to the Issuer's solvency

There have been no recent events particular to the Issuer and which are to a material extent relevant to an evaluation of the Issuer's solvency.

Incorporation by reference

The following information has been incorporated into this Prospectus by reference and should be read as part of the Prospectus:

Annual Report for 2021[3]	Consolidated financial information (p. 24), consolidated balance sheet (p. 25), consolidated statement of changes in equity (p. 26), cash flow statement (p. 27), notes (p. 29-95) and audit report (p. 110-111).
Annual Report for 2022[4]	Consolidated financial information (p. 37), consolidated balance sheet (p. 38), consolidated statement of changes in equity (p. 39), cash flow statement (p. 40), notes (p. 42-99) and audit report (p. 111-112).
Annual Report for 2023[5]	Consolidated financial information (p. 73), consolidated balance sheet (p. 74), consolidated statement of changes in equity (p. 74), cash flow statement (p. 75), notes (p. 77-105) and audit report (last three pages of the report).

Information in the above documents which is not incorporated by reference is either deemed by the Issuer not to be relevant for investors in Notes or is covered elsewhere in the Prospectus.

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[3] https://www.klarna.com/assets/sites/15/2022/03/28054315/Klarna-Holding-AB-Annual-Report-2021-EN.pdf

[4] https://www.klarna.com/assets/sites/5/2023/02/27204217/2022-Klarna-Holding-AB_Annual-Report_EN.pdf

[5] https://assets.ctfassets.net/4pxjo1vaz7xk/4YoZpojIbRX6XbEdYPVUxg/6cddf386d1d29beca3c09f3d96c28104/Klarna_Holding_Annual_Report_2023.pdf

The Group's annual reports have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments) and the Supplementary Accounting Rules for Groups (RFR 1) of the Swedish Financial Reporting Board have been applied.

The annual reports have been audited by the Issuer's current auditor Ernst & Young Sweden AB. With the exception of the annual reports, no information in this Prospectus has been audited or reviewed by the Issuer's current or previous auditor.

Documents on display

During the term of this Prospectus, the following documents are available at the Issuer's website:

- the Issuer's articles of association and the Issuer's certificate of registration; and
- the Terms and Conditions of the Notes.

ADDRESSES

The Issuer

Klarna Holding AB (publ)

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www.klarna.com

Bookrunner

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www.nordea.com

Issuing Agent

Nordea Bank Abp, filial i Sverige

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Telephone: +46 8 407 98 50
www.nordea.com

Agent

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Sveavägen 9, SE-111 57 Stockholm
Telephone: 08-402 72 00
www.intertrustgroup.com

Legal Adviser to the Issuer

Mannheimer Swartling Advokatbyrå

Norrlandsgatan 21, SE-111 87 Stockholm, Sweden
Telephone: +46 8 595 060 00
www.mannheimerswartling.se

Auditor to the Issuer

Ernst & Young Sweden AB

Jakobsbergsgatan 24, SE-111 44 Stockholm, Sweden
Telephone: +46 8 520 590 00
www.ey.com/se/sv/home

Central Securities Depositary

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