Auditor’s report

To the general meeting of the shareholders of Klarna AB (Publ), corporate identity number 556737-0431.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company’s internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company’s and the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Klarna AB (publ) for the year 2016 (the financial year 2016:01:01 to 2016:12:31) and the proposed appropriations of the company’s profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are...
further described in the Auditor’s Responsibilities section. We are
independent of the parent company and the group in accordance with
professional ethics for accountants in Sweden and have otherwise
fulfilled our ethical responsibilities in accordance with these
requirements.

We believe that the audit evidence we have obtained is sufficient and
appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations
of the company’s profit or loss. At the proposal of a dividend, this
includes an assessment of whether the dividend is justifiable
considering the requirements which the company’s and the group’s type
of operations, size and risks place on the size of the parent company’s
and the group’s equity, consolidation requirements, liquidity and
position in general.

The Board of Directors is responsible for the company’s organization
and the administration of the company’s affairs. This includes among
other things continuous assessment of the company’s and the group’s
financial situation and ensuring that the company’s organization is
designed so that the accounting, management of assets and the
cOMPANY’S financial affairs otherwise are controlled in a reassuring
manner. The Managing Director shall manage the ongoing
administration according to the Board of Directors’ guidelines and
instructions and among other matters take measures that are necessary
to fulfill the company’s accounting in accordance with law and handle
the management of assets in a reassuring manner.

Auditor’s responsibility

Our objective concerning the audit of the administration, and thereby
our opinion about discharge from liability, is to obtain audit evidence to
assess with a reasonable degree of assurance whether any member of
the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can
give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act,
the Banking and Financing Business Act, the Annual Accounts Act
for Credit Institutions and Securities Companies or the Articles of
Association.

Our objective concerning the audit of the proposed appropriations
of the company’s profit or loss, and thereby our opinion about this, is to
assess with reasonable degree of assurance whether the proposal is in
accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a
guarantee that an audit conducted in accordance with generally
accepted auditing standards in Sweden will always detect actions or
omissions that can give rise to liability to the company, or that the
proposed appropriations of the company’s profit or loss are not in
accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing
standards in Sweden, we exercise professional judgment and maintain
professional scepticism throughout the audit. The examination of the
administration and the proposed appropriations of the company’s profit
or loss is based primarily on the audit of the accounts. Additional audit
procedures performed are based on our professional judgment with
starting point in risk and materiality. This means that we focus the
examination on such actions, areas and relationships that are material
for the operations and where deviations and violations would have
particular importance for the company’s situation. We examine and test
decisions undertaken, support for decisions, actions taken and other
circumstances that are relevant to our opinion concerning discharge
from liability. As a basis for our opinion on the Board of Directors’
proposed appropriations of the company’s profit or loss we examined
whether the proposal is in accordance with the Companies Act.

Stockholm 26 April 2017
Ernst & Young AB

Stefan Lundberg
Authorized Public Accountant