



Ingka Group Tax Report FY23

Hej!



Juvencio Maeztu
Deputy CEO and CFO of Ingka Group

At Ingka Group, we are purpose driven and live for the IKEA vision to create a better everyday life for the many people. We are passionate about life at home and are transforming to create a better IKEA that is affordable, accessible, and positively impacts people and the planet.

Our value creation strategy means we seek to make balanced decisions and measure performance holistically across four areas: Better homes for our customers, Better lives for the many people and our co-workers, a Better planet for all, and a Better company now and for future generations.

Financial year 2023 marked the 80th business year for IKEA –80 years of offering affordable home furnishing to our customers and being financially independent.

To secure that we make IKEA more affordable, accessible, and sustainable, 85% of our net income is re-invested in the company. The remaining 15% is paid as dividend to the sole

owner of Ingka Group, Stichting INGKA Foundation.

Stichting INGKA Foundation has a charitable purpose which is achieved by providing funding to IKEA Foundation, an independent strategic philanthropy that focuses its grant making efforts on tackling the two biggest threats to children's futures: poverty and climate change.

There is no dividend going to any private shareholder.

In this tax report, we explain our approach to tax, publish the Group's total tax contribution and country-by-country tax data. We signed the B-team Responsible Tax Principles in May 2022 and publish our tax principles on www.ingka.com.

I hope this report provides more clarity on our tax approach and how we strive to live by our values.

We welcome feedback and thank you for your interest.

Our tax approach

At Ingka Group, the largest IKEA franchisee worldwide, we live by the IKEA vision to create a better everyday life for the many people. We are committed to being a responsible taxpayer and seek to ensure that our fair share of taxes are paid in the countries where we operate. We recognise the impact that we have on the development of local economies and communities through our tax contribution.

Our vision can only be achieved by dedicated co-workers who share our key values and work together. Our Code of Conduct translated the IKEA values into everyday behaviours and addresses how we relate to each other. We have a strong governance structure supported by a set of clear, consistent policies and rules that describe what we stand for to make sure that Ingka Group remains a well-managed and successful company.

In publishing our tax report, we aim to demonstrate our commitment to transparency. Acting in a good and responsible way has brought us to where we are today, and we are constantly on a journey to improve.

In this tax report, we provide insight into the history and business of Ingka Group, explain our approach to tax, and publish the Group's tax numbers based on the EU directive on public country-by-country reporting (Directive (EU) 2021/2101) in Financial Year 2023 (from 1 September 2022 to 31 August 2023) for all countries in which we operate.



Ingka Group at a glance

The history of IKEA

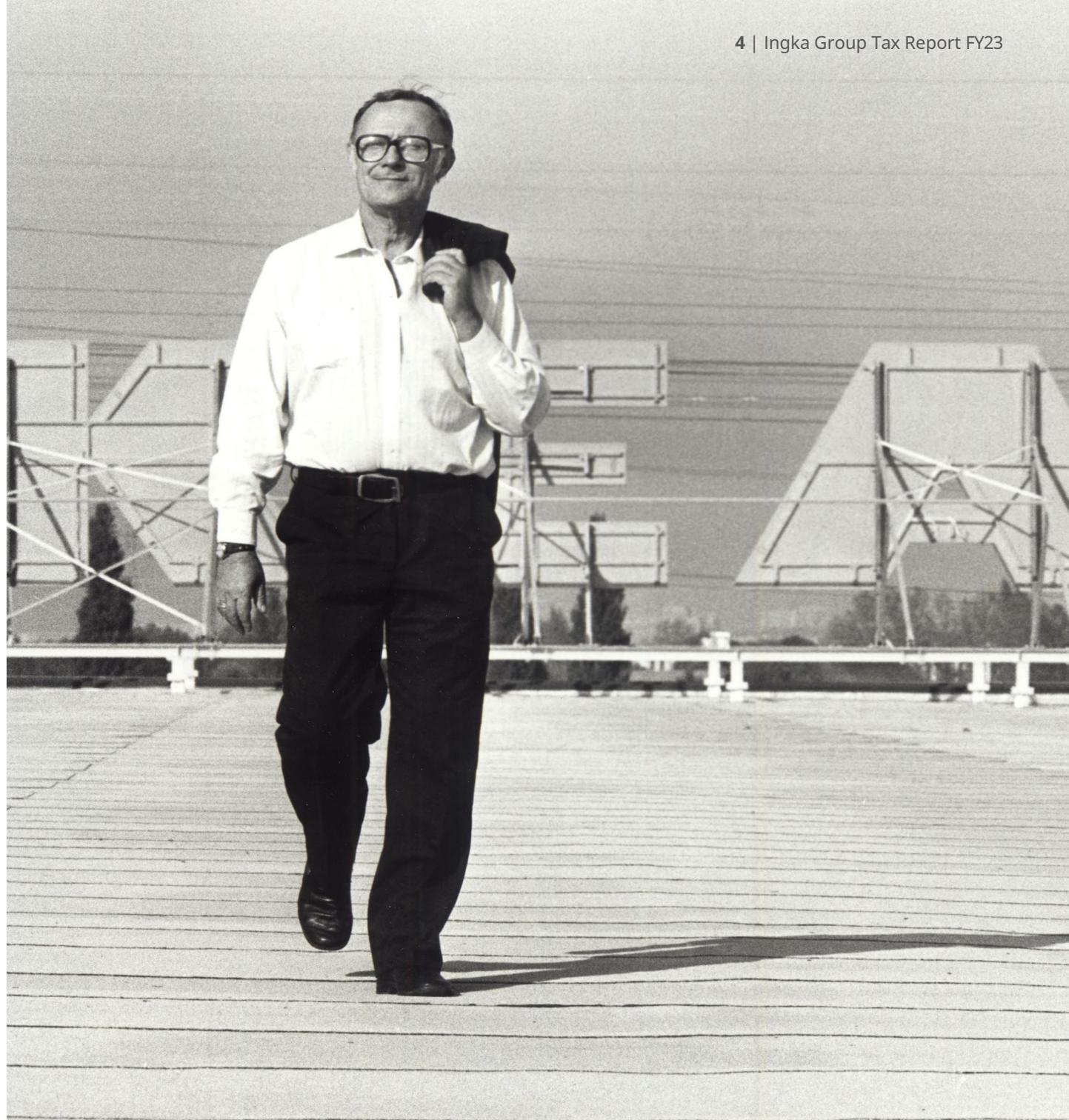
The first IKEA company was founded by Ingvar Kamprad 80 years ago in 1943. Since then, IKEA has gone from being a tiny mail-order company to one of the most well-known home furnishing brands in the world.

As IKEA expanded in the early 1980s, Ingvar Kamprad realised that the IKEA Concept had to be protected. A franchise system was then established to allow for international expansion, protect the underlying concept, and stimulate the entrepreneurial spirit.

Ingka Group – Three businesses in one

Ingka Holding B.V. is the parent company of Ingka Group and is based in Leiden, the Netherlands.

Ingka Group owns and operates IKEA sales channels under franchise agreements with Inter IKEA Systems B.V. As the largest IKEA retailer, Ingka Group has retail operations in 31 markets and represents around 90% of IKEA retail sales. Ingka Group is made up of three businesses, working closely together: IKEA Retail, Ingka Centres, and Ingka Investments. The core businesses are supported by group functions and service companies located mainly in Sweden, the Netherlands, Ireland, and India.



Ingka Group

Ingka Centres

Meeting places
together with IKEA



Ingka Centres is a global developer and operator of retail-led destinations for the many people that we call meeting places. Ingka Centres has 50 years of experience in shopping centres and per FY23 works with almost 3,000 brands across its portfolio of 44 assets in 14 markets.

IKEA Retail

Our core business, bringing IKEA to our customers
- whenever and wherever they want to meet us.



IKEA Retail is the core business that operates 373 IKEA stores, 26 city stores including shops, and 138 other formats in 31 countries. IKEA Retail operates under franchise agreements with Inter IKEA Systems B.V., the worldwide IKEA franchisor.

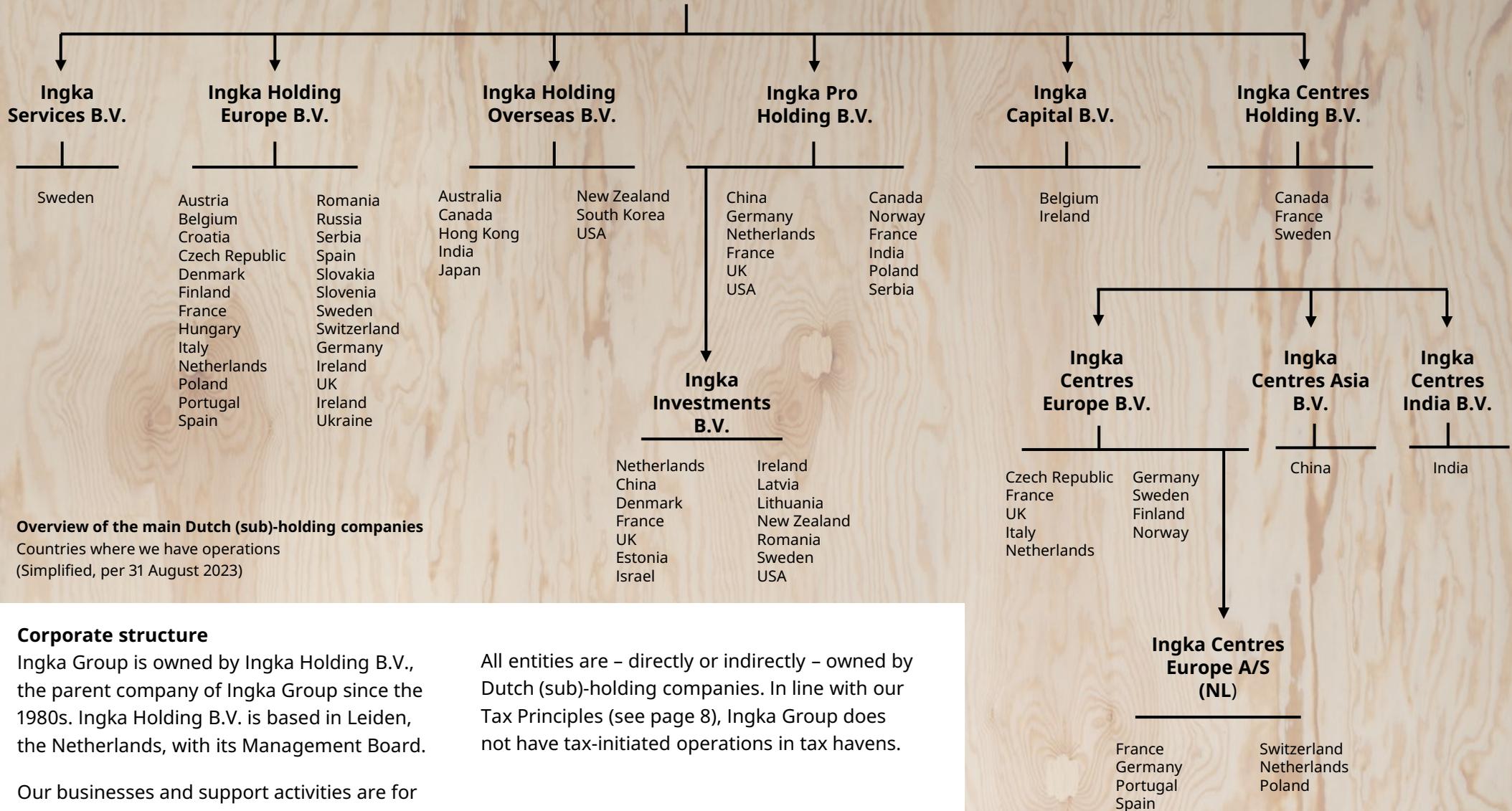
Ingka Investments

Purposeful investments
for long-term growth



Ingka Investments was created by and for IKEA Retail. We carefully balance our investment activities to secure the financial resilience and longevity of Ingka Group, support the development of our IKEA Retail business, and contribute to the Ingka Group sustainability strategy.

Ingka Holding B.V.



Overview of the main Dutch (sub)-holding companies

Countries where we have operations
(Simplified, per 31 August 2023)

Corporate structure

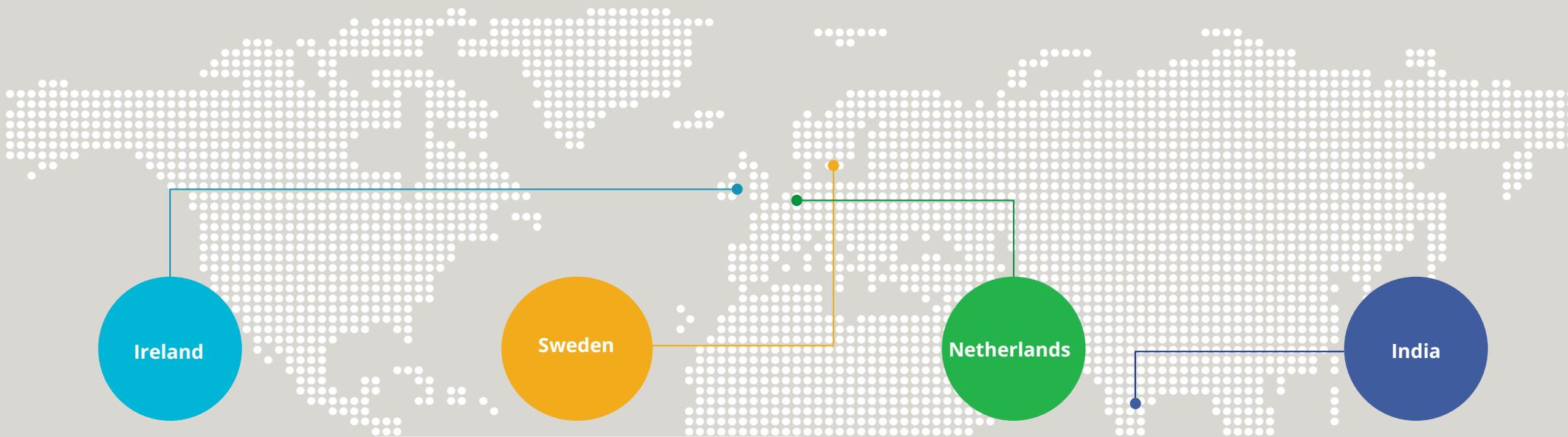
Ingka Group is owned by Ingka Holding B.V., the parent company of Ingka Group since the 1980s. Ingka Holding B.V. is based in Leiden, the Netherlands, with its Management Board.

Our businesses and support activities are for the largest part carried out through legal entities in the countries where we operate.

All entities are – directly or indirectly – owned by Dutch (sub)-holding companies. In line with our Tax Principles (see page 8), Ingka Group does not have tax-initiated operations in tax havens.

Highlighting specific locations

Countries with a strong presence of group functions and service companies supporting our core businesses



Ireland

Our Irish retail operations include one store in Dublin, multiple planning and order points, as well as ecommerce, employing over 700 co-workers. Our core Treasury activities, including in-house banking, are carried out from our offices in Dublin, employing 20 co-workers. In addition, Ingka Investments, one of our three businesses, manages its Financial Markets Investment portfolio from Dublin. Ingka Investments Ireland has 12 co-workers. During FY23, Ingka Investments acquired a Logistics Park in Dublin that will serve as a Customer Distribution Centre.

Sweden

IKEA Retail operations started in Sweden, where we have 20 stores, Plan and Order Points and ecommerce, employing approximately 10,000 co-workers. A central warehouse unit secures the replenishment to the stores and customer orders. We have 7 shopping centres with a total leasable area of over 425,000m². Our offices in Malmö, Helsingborg and Älmhult have the largest presence of Ingka Group functions, with over 3,000 co-workers in Digital, Global Business Operations, Finance, Business Risk & Compliance, Legal & Governance, Communications, Sustainability, and People & Culture. In addition, more than 300 co-workers support the retail operations through the functions Market Support, Customer Fulfilment, Retail Business Navigation, Communication, and Customer Relation Management.

Netherlands

Ingka Group is owned by Ingka Holding B.V., the parent company of Ingka Group. Ingka Holding B.V. is based in Leiden, the Netherlands, with its Management Board. Our Dutch IKEA Retail operations include 12 stores and ecommerce, employing approximately 5,600 co-workers. A central warehouse unit secures the replenishment of IKEA products to the stores and fulfilment of customer orders. In our offices in Leiden and Amsterdam, key group functions (e.g. Digital, Finance, Business Risk & Compliance, Legal & Governance, Sustainability, and People & Culture) and businesses (Ingka Centres and Ingka Investments) are present with more than 800 co-workers who steer and support the businesses.

India

We started our retail journey in India in 2018 with the opening of our first store in Hyderabad. Since then, we have opened 3 more stores in Mumbai, 1 store in Bangalore, 1 Distribution Centre in Pune and 1 Remote Customer Meeting Point in Hyderabad, employing around 2,800 co-workers. Our office in Bangalore is a hub for Global Business Operations, Group Digital and Group Functions' Centres of Expertise. We expect to open our first shopping centre with an IKEA store in India in 2025.

About our owner

Ingka Group is owned by Stichting INGKA Foundation (hereinafter: INGKA Foundation), a Dutch Foundation, based in Leiden, The Netherlands.

INGKA Foundation does not have any owners. It also does not have any beneficial owners but holds its assets only on its own behalf. This means that nobody is entitled to the assets of INGKA Foundation.

INGKA Foundation is committed to secure the long-term ownership and independence of Ingka Group.

INGKA Foundation has a charitable purpose, which is achieved by providing funding to the IKEA Foundation.

IKEA Foundation is an independent philanthropic grant-making organisation committed to tackling the two biggest threats to the future of children and families: poverty and climate change.

More information can be found on:
<https://www.ingkafoundation.org>
<https://ikeafoundation.org>



Tax principles

Accountability and governance

Tax is a core part of our corporate responsibility and governance and fully integrated in our governance structure.

Compliance

We are fully committed to comply with relevant tax laws and regulations in all the jurisdictions in which we operate and where the value is created.

Transfer pricing

We conduct intragroup transactions at arm's length and are fully committed to comply with obligations under transfer pricing rules in the jurisdictions where we operate, and under global transfer pricing principles.

Respecting letter and spirit of the law

We recognise the importance of respecting both the letter and the spirit of the law and will always act accordingly.

Business structure

We will only use business structures and carry out transactions with a commercial or economic purpose. Whilst tax is considered in significant business decisions, we do not carry out operations where saving tax is the main benefit we expect.

Tax havens

We do not have tax-initiated operations in tax havens.

Incentives

Where tax incentives are offered by government authorities, we ensure that, in case of use of such incentives, this is done in a transparent way and consistent with statutory and regulatory frameworks.

Relationship with tax authorities

We continuously develop and maintain cooperative long-term relationships with tax authorities, based on mutual respect, trust, transparency, and, where possible, dialogues upfront.

Transparency

We are fully committed to be transparent about our approach to tax and the taxes we pay.

Tax is part of our framework for creating long-term value to society through Better homes, Better lives, Better planet, and a Better company.

As part of being a responsible taxpayer, we are a signatory to the B Team Responsible Tax Principles since 2022. With this endorsement, we commit to full implementation of the Responsible Tax Principles and to working alongside other leading companies as well as stakeholders—including civil society groups and international institutions—to advance best practice tax reporting.

More information regarding the B Team and its mission can be found on <https://bteam.org/>.

Key figures FY23



Ingka Group's corporate and total taxes in FY23

Our effective tax rate in FY23

The effective tax rate is the average tax rate, across all countries where we operate, at which profits are taxed. This rate is therefore different from the statutory tax rate, which is the legal percentage established by law in a particular country.

Ingka Group's FY23 effective tax rate is calculated by dividing the corporate tax expense of EUR 696 million by the total profit before tax of EUR 2.2 billion, resulting in an effective tax rate of 31.6% (FY22: 65.6%).

This year's effective tax rate is impacted by the agreement to sell the Russian portfolio of shopping centres.

The normalised effective tax rate remained in the 25-30% band. For comparison, the average corporate income tax rate levied among OECD countries was 23.6% in 2023.

Total taxes in FY23

In FY23, our total tax bill, including other taxes such as property and environmental taxes, amounted to approximately EUR 1.2 billion (FY22: 1.0 billion).

In addition to these taxes, we collected substantial amounts of VAT, employment, and other indirect taxes.

The reconciliation between the effective tax rate and the applicable tax rate in the Netherlands, which is applicable to the consolidated financial statements, is as follows (in %):

Applicable tax rate in the Netherlands	25.8
Different tax rates outside the Netherlands	(7.4)
Non-deductible expenses	3.2
Tax-exempt income	(1.1)
Utilisation of previously unrecognised tax losses	0.0
Unrecoverable losses	6.1
Adjustment income tax previous years	1.6
Withholding taxes	0.0
Other	3.4
Effective tax rate	31.6



Public country-by-country tax reporting

We recognise the importance of providing public insight in corporate tax positions and the role greater transparency plays in building trust. Therefore, for the second year, we are publishing our country-by-country tax data ahead of the EU Directive on public country-by-country reporting (EU 2021/2101).

The following table contains our country-by-country data, which discloses data on our total revenues, profits before tax, income taxes paid, current corporate tax expense, and other relevant financial information on an aggregated non-consolidated basis per country. We also specify our business presence in each country.

The table is presented based on the template referred to in the EU Directive with the exception of the “Average number of co-workers”, which this report bases on headcount instead of full-time equivalents.

The data shown in the table on the next pages is derived from internal management information systems and reported based on Dutch Generally Accepted Accounting Principles.



Ingka Group FY23

(All amounts are in thousands ('000) EUR)

Country/region	Total revenues ¹	Profit/ loss before tax ²	Corporate income tax paid ³	Current corporate income tax expense ⁴	Accumulated earnings ⁵	Average number of co-workers ⁶	Core business lines ⁷		
							Retail	Investments	Centres
Australia	1,147,977	38,129	16,375	18,043	18,749	4,002			
Austria	1,011,124	63,443	24,981	11,918	309,235	3,430			
Belgium	1,289,630	114,267	35,436	30,822	131,735	4,458			
Canada	2,324,906	105,130	28,123	15,531	817,258	7,037			
China									
China (excl. Hong Kong SAR)	2,222,588	- 209,223	24,887	28,930	- 562,344	9,353			
Hongkong SAR, China*	2,113	1,561	6,788	301	43,968	1			
Croatia	155,974	3,962	747	1,941	- 8,939	656			
Czech Republic	553,445	48,424	11,897	15,364	114,653	2,289			
Denmark	706,802	57,978	13,795	15,510	121,818	2,913			
Estonia	7,331	2,260	-	-	27,688	8			
Finland	465,666	37,608	9,367	6,278	160,268	1,914			
France	4,165,903	222,427	89,710	73,012	817,491	11,627			
Germany	7,471,397	704,082	182,108	208,970	827,819	20,295			
Hungary	384,815	26,946	1,219	5,250	33,172	1,764			
India	224,080	- 148,064	213	-	- 639,317	2,935			
Ireland	2,487,061	642,647	- 28,494	30,159	- 381,447	761			
Israel	1,770	- 213	-	- 41	2,936	19			
Italy	2,380,972	150,016	42,930	38,087	356,839	7,905			
Japan	656,768	5,803	5,317	4,770	25,039	3,795			
Latvia	16,963	6,279	5	6	60,927	32			

^{1, 2, 3, 4, 5, 6} Please refer to page 15 for the definitions of these columns. ⁷ This overview depicts our presence based on the operational activities of our core businesses per country (excluding minority investments).

* 'SAR' stands for Special Administrative Region. Regional treasury office in the process of dissolution.

Ingka Group FY23

(All amounts are in thousands ('000) EUR)

Country/region	Total revenues ¹	Profit/ loss before tax ²	Corporate income tax paid ³	Current corporate income tax expense ⁴	Accumulated earnings ⁵	Average number of co-workers ⁶	Core business lines ⁷		
							Retail	Investments	Centres
Lithuania	15,952	3,550	4	-	30,721	10			
Netherlands	2,163,051	- 22,331	17,794	42,129	51,126,041	6,425			
New Zealand	3,536	- 3,955	-	- 44	- 5,909	1			
Norway	854,638	59,128	9,660	12,724	631,823	2,937			
Poland	1,592,507	126,064	36,218	26,721	243,597	6,305			
Portugal	676,381	65,577	19,821	19,660	163,888	2,621			
Romania	334,851	34,632	2,926	3,071	163,364	1,370			
Russia	690,043	- 12,001	1,421	- 7,631	- 80,695	2,418			
Serbia	125,131	905	-	-	- 65,167	538			
Slovakia	168,477	13,056	4,042	4,054	112,130	574			
Slovenia	77,351	- 818	15	12	- 27,895	332			
South Korea	447,119	- 2,166	3,628	536	- 13,358	1,838			
Spain	2,099,302	148,446	37,522	34,932	773,086	9,441			
Sweden	3,827,304	113,300	6,728	18,512	601,666	12,911			
Switzerland	1,370,390	232,282	24,745	30,488	1,093,697	3,169			
Ukraine	1,070	- 12,378	- 142	-	- 48,061	353			
United Kingdom	3,180,593	111,573	58,640	34,815	603,787	11,610			
USA	7,307,527	- 240,702	1,566	2,177	238,891	17,306			
TOTAL	52,612,509	2,487,624	689,992	727,007	57,819,155	165,353			

^{1,2,3,4,5,6} Please refer to page 15 for the definitions of these columns. ⁷ This overview depicts our presence based on the operational activities of our core businesses per country (excluding minority investments).

Glossary

1 Total revenues

The column 'total revenues' consists of Ingka Group's external as well as intercompany revenues and income, which are reported on an aggregated, non-consolidated basis, whether cross-border or within a country, or between related or unrelated parties.

2 Profit/(loss) before tax

The column 'profit/(loss) before tax' represents the aggregated profits or losses in the respective countries that Ingka Group operates in.

Several factors have had an impact on the FY23 profitability, such as rising inflation, increasing cost of energy and raw materials. The pandemic had less impact than previous year, but still affected store closures in some countries, supply disruptions and stock availability.

3, 4 Corporate income tax paid and current corporate income tax expense

The column 'corporate income tax paid' represents the amount of corporate taxes actually paid in FY23. These amounts can relate to FY23 but also to prior or future years.

The column 'current corporate income tax expense' reflects the current corporate income tax expense recorded for the taxable profit of FY23. This amount is different from the total tax expense reported in our annual report as it does not include withholding taxes, deferred taxes, tax provisions, nor prior year effects.

5 Accumulated earnings

The column 'accumulated earnings' represents the sum of retained earnings and legal reserves.

6 Average number of co-workers

This column represents the average number of co-workers in the respective countries in FY23 based on headcount.



