

Ingka Group Tax Report FY22



INGKA™

Hej!

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 recognize the impact that we have on the development of local economies and communities through our tax contribution.

With the publication of our tax report, we aim to demonstrate our commitment to transparency and compliance.

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 2022 (from 1 September 2021 to 31 August 2022) 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 in 1943. Since then, IKEA has gone from being a tiny mail-order company to becoming one of the most well-known home furnishing brands in the world. As IKEA was expanding in the early 1980s, Ingvar Kamprad realized that the IKEA Concept had to be protected. It was decided to set up a franchise system for IKEA. This would allow for international expansion, protect the underlying concept, and stimulate the entrepreneurial spirit.

One brand, many companies

IKEA is a franchise business. That means that many people and companies with different owners work under one IKEA brand, dedicated to one IKEA vision: to create a better everyday life for the many people. The Inter IKEA Group as the franchisor is responsible for continuously developing the IKEA Concept and ensuring its implementation in new and existing markets. Franchisees like Ingka Group provide valuable

input based on consumer and market insights. Each year, the companies in the IKEA value chain work together to launch more than 2000 new products, develop new ways to make shopping more convenient, and help more than 800 million people to live healthier, more sustainable lives.

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. With IKEA retail operations in 31 markets, Ingka Group is the largest IKEA retailer 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, Netherlands, Ireland and India.



IKEA Retail

IKEA Retail is the core business that operates 371 IKEA stores, 8 city stores and 103 IKEA shops and IKEA planning studios in 31 countries. IKEA Retail operates under franchise agreements with Inter IKEA Systems B.V., the worldwide IKEA franchisor.

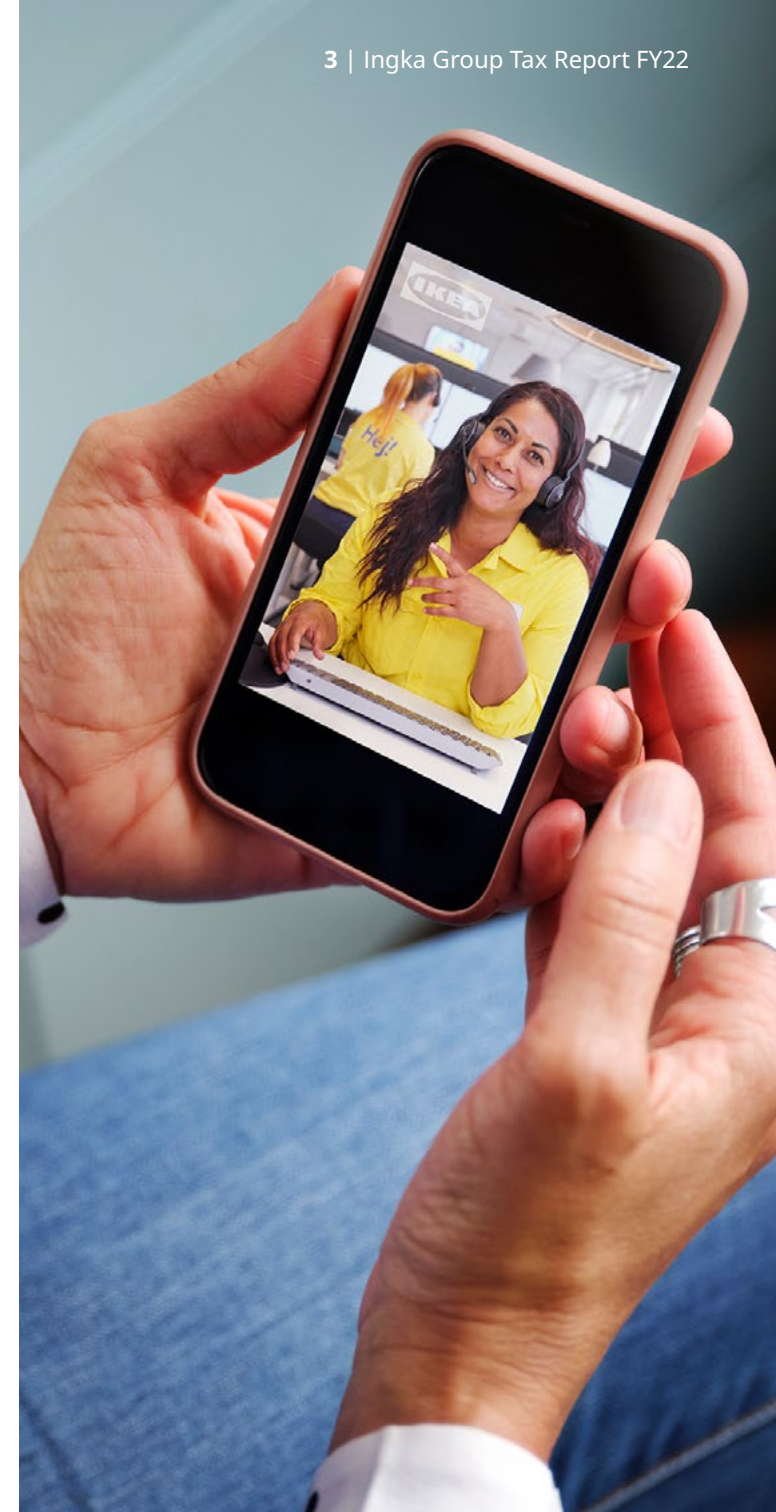
Ingka Centres

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 today works with almost 3000 brands across its portfolio of 44 assets in 14 markets.

Ingka Investments

Ingka Investments makes purposeful investments that secure Ingka Group’s long-term financial strength and support our growth, business transformation, sustainability and societal commitments.

More details about Ingka Group can be found on <https://www.ingka.com>.





Ingka Group's presence in the Netherlands

Ingka Holding B.V., the parent company of Ingka Group, is based in Leiden, the Netherlands with its Management Board. In our offices in Leiden and Amsterdam key group functions (e.g. digital, finance, business risk & compliance, legal & governance, sustainability, people & culture) and businesses (Ingka Centres and Ingka Investments) are present with more than 500 co-workers, who steer and support the businesses. In total Ingka Group has over 6400 co-workers in the Netherlands. The majority of these co-workers, around 5900, work in our Dutch IKEA retail operations, which includes 12 stores and ecommerce.

About Ingka Group's shareholder

Part of the net income of Ingka Group is paid as dividend to Stichting INGKA Foundation (hereinafter: INGKA Foundation), a Dutch Foundation and owner of the Ingka Group. 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. As its owner, INGKA Foundation can reinvest funds into Ingka Group.

INGKA Foundation has a charitable purpose to create a better everyday life for the many people in need. INGKA Foundation achieves its charitable purpose by providing funding to the IKEA Foundation, an independent philanthropic grant-making organisation committed to helping children and families living in poverty afford a better everyday life while protecting the planet.

Ingka Group's tax principles

The foundation of our integrity and business ethics

We are a purpose-led company driven by the IKEA vision to create a better everyday life for the many people. Acting in a good and responsible way has brought us to where we are today.

Our vision can only be achieved by dedicated co-workers who share our key values and work together. Our Code of conduct translates IKEA values into everyday behaviors and addresses how we relate to each other.

We have a strong governance structure supported by a set of clear and consistent policies and rules that describe what we stand for as a company to make sure that Ingka Group remains a well managed and successful company.



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

As part of being a responsible taxpayer, we are a signatory to the B Team Responsible Tax Principles. 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/>.

Ingka Group's approach to tax is anchored in the following **Tax Principles**.

- Tax is a core part of our corporate responsibility and governance and fully integrated in our governance structure.
- 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.
- We conduct intragroup transactions on an arm's length basis and are fully committed to comply with obligations under transfer pricing rules in the jurisdictions where we operate, and under global transfer pricing principles.
- We recognize the importance of respecting both the letter and the spirit of the law and will always act accordingly.
- 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.
- We do not have tax-initiated operations in tax havens.
- 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.
- We continuously develop and maintain cooperative long-term relationships with tax authorities, based on mutual respect, trust, transparency and, where possible, dialogues upfront.
- We are fully committed to be transparent about our approach to tax and the taxes we pay.

Ingka Group's corporate taxes in FY22

Our Effective Tax Rate in FY22

The Effective Tax Rate is the average tax rate 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 FY22 Effective Tax Rate is calculated by dividing the corporate tax expense of EUR 546 million by the total profit before tax of EUR 833 million, resulting in an Effective Tax Rate of 65.6%.

Our Effective Tax Rate is a blend of the different statutory tax rates applied to our various businesses and the different tax laws in all the countries in which we do business.

This year's Effective Tax Rate is substantially higher than previous years (FY21: 29.3%) mainly due to losses in financial market investments, in line with the decline in the world's financial markets. There were also effects of scaling down operations in Russia. Excluding these factors, the normalized

Effective Tax Rate remains in the 25-30% band. For comparison, the average corporate income tax rate levied among OECD countries was 23.1% in 2022.

Total tax contribution

In FY22, our total tax bill, including other taxes such as property and environmental taxes, amounted to approximately EUR 1 billion (FY21: 1.1 billion).

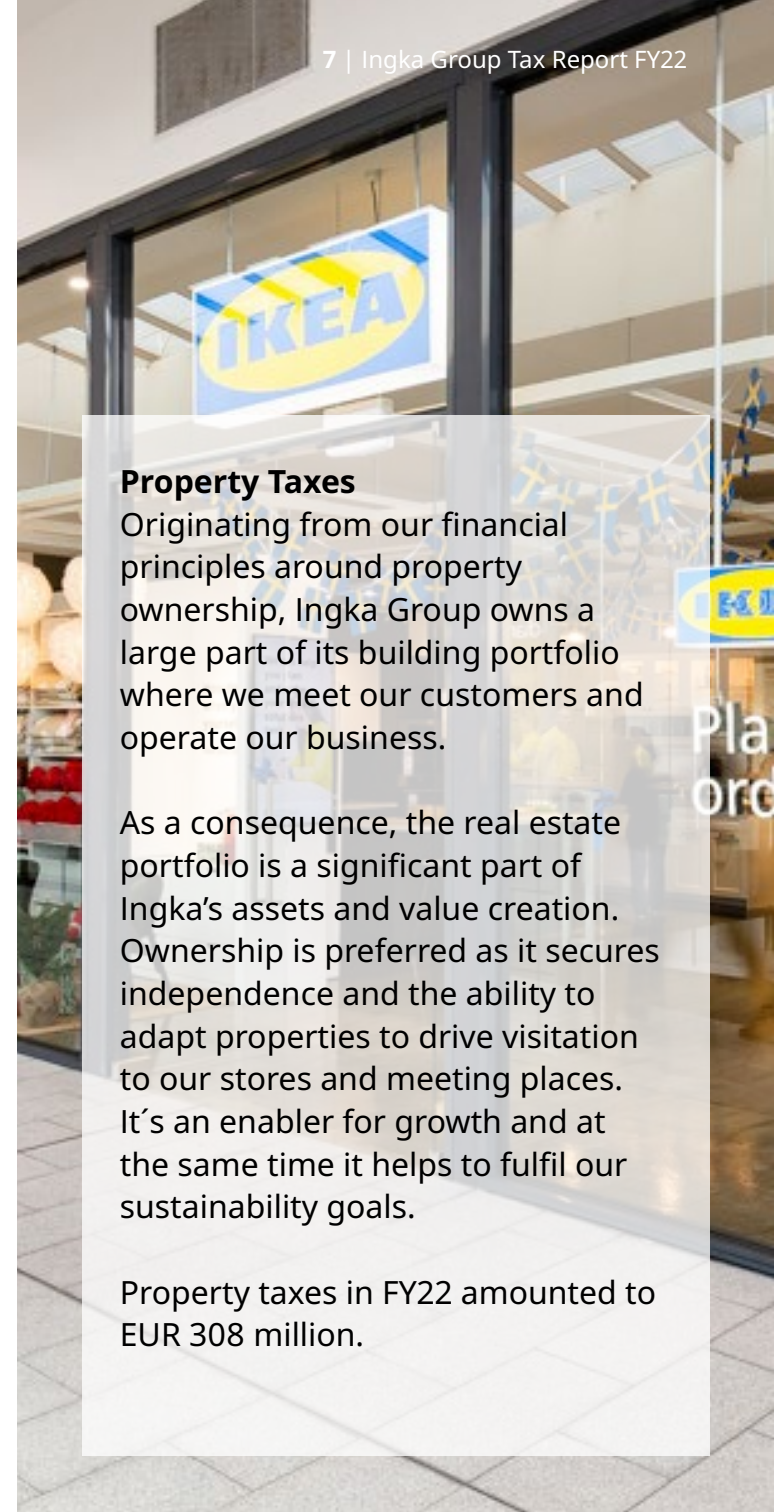
In addition to these taxes, we collected substantial amounts of VAT, employment and other indirect taxes.

Property Taxes

Originating from our financial principles around property ownership, Ingka Group owns a large part of its building portfolio where we meet our customers and operate our business.

As a consequence, the real estate portfolio is a significant part of Ingka's assets and value creation. Ownership is preferred as it secures independence and the ability to adapt properties to drive visitation to our stores and meeting places. It's an enabler for growth and at the same time it helps to fulfil our sustainability goals.

Property taxes in FY22 amounted to EUR 308 million.



Public Country-by-Country tax reporting

We recognize the importance of providing public insight in corporate tax positions and the role a greater transparency plays in building trust. Therefore, we are publishing our country-by-country tax data for FY22 ahead of the EU Directive on public country-by-country reporting (EU 2021/2101) expected to come into effect in 2024 in the Netherlands.

Since 2016, in compliance with Dutch country-by-country legislation and in line with OECD guidelines, Ingka Group has submitted comprehensive financial data with Dutch tax authorities for each country in which we have a taxable presence. However, this information has only been available to the Dutch and other tax authorities in jurisdictions in which Ingka Group has a presence.

With the following table, we want to share our country-by-country data, which discloses data on our total revenues, profits before tax, corporate income taxes paid, current corporate income 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 “Number of Employees” (which is based on headcount in this report 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 FY22

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

































Country/region	Total revenues ¹	Profit before tax ²	Corporate income tax paid ³	Current corporate income tax expense ⁴	Accumulated earnings ⁵	Average number of employees ⁶	Core business lines ⁷		
							Retail	Investments	Centres
Australia	1 150 163	65 827	28 744	20 952	(6 687)	4 006	🏬		
Austria	903 497	46 142	13 203	10 835	257 637	3 565	🏬		
Belgium	1 120 931	72 112	17 066	17 256	94 839	4 575	🏬		
Canada	2 141 382	88 269	(14 053)	23 626	905 809	7 457	🏬	🏠	
China									
China (excl. Hong Kong SAR)	2 448 262	(248 866)	29 271	8 635	(388 863)	10 121	🏬	🏠	👥
Hong Kong SAR, China ⁸	25 916	84 052	28 222	13 869	46 021	4			
Croatia	118 261	2 106	2 046	755	(8 195)	608	🏬		👥
Czech Republic	513 772	58 429	10 406	14 426	134 061	2 405	🏬		👥
Denmark	671 408	58 860	13 860	471	679 656	2 987	🏬		
Estonia	5 487	1 419	0	0	25 428	7		🏠	
Finland	453 893	44 490	6 756	8 907	180 498	1 951	🏬	🏠	👥
France	3 569 116	175 537	(9 776)	42 420	882 930	11 680	🏬	🏠	👥
Germany	6 601 077	548 285	208 940	167 920	711 784	20 978	🏬	🏠	*
Hungary	352 025	18 947	918	1 669	26 511	1 766	🏬		
India	185 849	(115 891)	423	(328)	(555 816)	2 354	🏬		👥
Ireland	1 550 904	(904 900)	20 136	(120 873)	384 512	809	🏬	🏠	
Italy	2 132 296	120 032	29 217	34 773	611 169	7 618	🏬		👥
Japan	774 644	42 528	15 285	8 225	24 076	3 874	🏬		
Latvia	14 605	5 995	4	5	54 654	32		🏠	

^{1, 2, 3, 4, 5, 6} Please refer to page 12 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).

⁸ ‘SAR’ stands for Special Administrative Region. Regional treasury office in the process of dissolution. * Operational activities ceased during the financial year.

Ingka Group FY22

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

Country/region	Total revenues ¹	Profit before tax ²	Corporate income tax paid ³	Current corporate income tax expense ⁴	Accumulated earnings ⁵	Average number of employees ⁶	Core business lines ⁷		
							Retail	Investments	Centres
Lithuania	13 712	2 565	0	327	31 102	11			
Netherlands	1 700 527	(89 342)	(19 972)	17 571	48 561 869	6 443			
New Zealand	(29)	(3 471)	0	(757)	(5 578)	0			
Norway	895 329	49 741	13 869	12 315	757 994	3 045			
Poland	1 416 963	93 036	31 392	34 798	146 138	6 568			
Portugal	609 942	59 232	10 681	16 224	155 334	2 399			
Romania	321 240	51 718	2 371	2 132	132 685	1 348			
Russia	2 837 014	(63 526)	47 077	46 143	(116 094)	12 014	*		
Serbia	94 989	2 840	0	628	(66 174)	509			
Slovakia	152 968	8 557	1 872	(1 671)	110 111	585			
Slovenia	67 652	(875)	0	622	(22 667)	289			
South Korea	480 929	12 819	(49)	3 023	(11 902)	2 072			
Spain	1 940 855	121 102	49 156	17 976	710 475	9 313			
Sweden	3 813 998	111 349	14 446	8 065	583 628	12 869			
Switzerland	1 364 920	355 247	43 470	41 424	1 438 545	3 187			*
Ukraine	18 002	(10 135)	0	84	(38 534)	275			
United Kingdom	2 915 632	132 864	36 327	35 856	510 312	11 888			
USA	6 671 238	(285 674)	(59 516)	6 272	336 418	17 580			
TOTAL	50 049 369	711 417	571 792	494 573	57 273 687	177 192			

^{1, 2, 3, 4, 5, 6} Please refer to page 12 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).

* Operational activities ceased during the financial year.

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 income tax

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

Several factors have had an impact on the FY22 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 FY22. These amounts can relate to FY22 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 FY22. 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 Employees

This column represents the average number of employees in the respective countries in FY22 based on headcount.





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