



Our financial year FY21

Solid growth and accelerated investments as life at home is more important than ever

In FY21¹ Ingka Group delivered an overall strong performance with growing revenues. Thanks to the entrepreneurship of our co-workers and transformation of our business, we met the needs and dreams of our customers and kept IKEA open with digital capabilities, despite store closures due to Covid-19 restrictions. We are proud to have served millions of customers in a time when life at home has never been more important, and to have led in the pandemic in a professional and caring way with people and business at heart.

In parallel, we continued to invest in our ongoing transformation to establish an affordable, accessible and sustainable omnichannel IKEA that delivers the profitability we need for future resilience.

Empowered by our healthy financial position, we were flexible, agile and quick to act on opportunities. It is part of our culture and values to ensure we are financially strong and resilient. Our profit gives us resources to continue investments so that we can grow and live up to our vision to create a better everyday life for the many.

Being on the way: a transformation journey

We believe in being on the way. We ask ourselves if what we do today can be done better tomorrow. In FY19, we started our three year strategic direction, called 10 Jobs in three years, setting out to create a better IKEA and to build an omnichannel IKEA fit for the future. In FY21, we successfully completed the third year. Together with our co-workers, we have unleashed the entrepreneurial spirit, created a new world of IKEA, moved further into big cities, made meetings with customers more affordable, accessible and inspirational and raised our voice on things that matter to the many people.

Ingka Group financial performance

Total Ingka Group revenue for FY21 amounted to EUR 39.8 billion and increased by 6.5% compared to FY20². Operating income amounted to EUR 1.9 billion, an increase of 31% compared to the previous year. Income before tax amounted to EUR 2.2 billion (EUR 1.6 billion in FY20). Ingka Group pays taxes in all countries where it operates. The taxes we pay are an important part of our wider economic and social contribution to society. The effective tax rate of 29.3% (FY20:

¹ 1 September 2020 to 31 August 2021.

² The included financial information is derived from the consolidated financial statements of Ingka Holding B.V. (Ingka Group). This information is prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. An unqualified auditor's report dated 24 November 2021 was issued on these financial statements. Ingka Holding's Annual Report for financial year 2021 is available through the Dutch Chamber of Commerce.

24.1%) corresponds to an amount of EUR 0.7 billion corporate income taxes (FY20: EUR 0.4 billion).

The net profit of FY21 was EUR 1.6 billion (FY20: EUR 1.2 billion). We invest a large part of our net profit back into our business. This allows us to keep our prices low, accelerate growth, secure employment, transform our business and reach our sustainability and societal goals. The remaining part of the net profit that is not reinvested in the business is paid as dividends to the INGKA Foundation. INGKA Foundation ultimately uses the dividends to support the IKEA Foundation in its charitable purpose. As its owner, Stichting Ingka Foundation can reinvest funds into Ingka Group.

Our financial approach is based on 75 years of earning money before we spend it, which allows us to be financially independent and purpose-driven in our decisions. We think in generations, not quarters, and invest in the long-term good of our customers, our business, people, society and our planet. We continued to invest in our business transformation in our stores, distribution and customer fulfilment networks, the digital customer experience and shopping centres, and continued our sustainability investments in renewable energy and forestry, amounting to a capital expenditure of EUR 3.2 billion (FY20: 1.9 billion)*.

Total assets amounted to EUR 55.1 billion (EUR 52.2 billion in FY20). We further strengthened our equity position to EUR 45.2 billion at year-end (EUR 43.2 billion in FY20). The total cash flow for FY21 was EUR 1.2 billion positive (EUR 2.3 billion negative in FY20). Cash flow from operating activities was EUR 4.2 billion (EUR 2.9 billion in FY20).

IKEA Retail

IKEA Retail continued development of the IKEA omnichannel business model, securing better accessibility to the IKEA offer. During FY21, we have truly created a new omnichannel world of IKEA. IKEA retail sales reached EUR 37.4 billion for the financial year 2021, an increase of 6.3% compared to last year (EUR 35.2 billion in FY20).

FY21 highlights:

- During the year, due to Covid-19 related closures, we experienced a small decrease in store visitation and a large increase in online visitation. The improved buying journey on IKEA.com resulted in an increase of the online sales share from 18% in FY20 to 30% of total retail sales in FY21.
- The new IKEA app has been successfully launched in all Ingka Group markets, offering a simple and enjoyable way to find, choose and buy products fast. The app reached 33.5 million users and an average rating of 4.6/5 stars. The number of downloads of the app more than doubled and the number of visits using the app almost tripled, compared to FY20.
- We continued with physical expansion and opened 10 new IKEA stores (including city stores), 4 new IKEA shops and 12 new planning studios. We also opened one Customer

Distribution Centre. Notable openings include new and innovative small-format stores in urban centres, mini-malls in China (called the 'Home Experience of Tomorrow') and a sustainable city store in Vienna with a GREENPASS design certification.

- We worked on adopting the IKEA fulfilment model to omnichannel needs with stores acting as fulfilment centres. New capabilities were added like the automated warehouse in Zagreb, which increases store capacity to fulfil e-commerce orders.
- We started to offer a new and exciting energy service that is good for the planet and people's wallets. Sweden is the first IKEA market to start offering electricity through wind and solar through the new electricity subscription.

Ingka Centres

Ingka Centres, Ingka Group's arm of shopping centres, moved forward in developing the meeting places concept where the many people can meet, find what they need and connect with their communities and the world. Ingka Centres reached almost 16% rise in sales for tenants and saw footfall reach 372 mln (369 million in FY20). Almost 1,000 new stores, which includes renowned international brands such as Bershka, Decathlon, H&M, Uniqlo, Sephora, Starbucks and Zara, and local shops opened across the portfolio and raised the attractiveness of Ingka Centres' meeting places to its visitors.

FY21 highlights:

- First acquisition in the USA. The 6X6 building in San Francisco, a downtown retail destination, was acquired and will be anchored by IKEA and complemented with mixed-use offerings that are uniquely suited for San Franciscans and their lifestyles.
- Entry to the Canadian market. The Aura Retail Podium in downtown Toronto was acquired, where a new, smaller format store will open in FY22.
- Entry to the Indian market. A land plot in Noida was acquired to become an 'IKEA anchored' meeting place destination in India.
- Meeting places in China. With the opening of two meeting places in FY21, Livat Fuzhou and Livat Changsha, China has now five meeting places operational. Livat Changsha is the first mixed-use, retail and work-live destination in China.

Ingka Investments

Ingka Investments, Ingka Group's investment arm, strengthens long-term growth, secures our financial position and supports sustainability goals by making responsible investments in people and businesses.

Ingka Investments' activities are organised in six portfolios: Business Development Investments, Prioritised Cities Real Estate Investments, Venture & Growth Capital, Renewable

* cash outflow by investing in fixed assets

Energy Investments, Forestland Investments and Financial Markets Investments.

FY21 highlights:

- Investments into financial services. Ingka Investments acquired a 49% stake in Ikano Bank as part of the IKEA transformation journey. The objective is to provide financial services for a more affordable, convenient life at home for the many.
- Finding fast-moving, cutting-edge companies to back. We acquired minority shareholdings in Fluid Truck (app-based rental solution), DST (electric vehicle rental), what3words (global addressing system) and Jifiti (fintech company).
- Investment in a recycling company. By investing in RetourMatras, which opened their fourth mattress-recycling facility in the Netherlands, we contribute to the IKEA circular agenda.
- Large-scale support for renewable energy in Russia. Ingka Investments acquired a 49% stake in eight photovoltaic parks in Russia. The parks will produce enough electricity for all 17 IKEA stores in Russia plus part of the MEGA shopping centres around the country.
- Increasing responsible forest management. In FY21, we bought additional forestland in Estonia and USA, with the aim of protecting biodiversity.
- Continued investments in renewable energy. To support the transition towards a renewable energy future, we committed ourselves during FY21 to an additional EUR 4 billion investment up to 2030, on top of EUR 2.5 billion in the past decade.

On our way to 100% happy customers

Our journey to create a better IKEA forges ahead in a world that faces unprecedented challenges. Covid-19 will continue to impact our business and the communities we are a part of. The global supply and transport crisis will require a resilient, flexible response.

Efforts across the value chain will continue to mitigate the challenges with product availability, inflation, prices of raw materials and transport that are expected to continue into FY22.

Solving the climate crisis has become critical, calling for sustainable business models and radical collaboration to reach the Paris Agreement and limit the global temperature rise to 1.5°C. Climate change will challenge humanity and alter business conditions.

We are committed leaders in dealing with climate change together with businesses and governments. We will continue to integrate sustainability fully into our business model and maintain our holistic approach on performance that steers our business for growth, a better planet, better lives and better homes for customers. We will take the next steps in our decade of People and Planet actions towards the IKEA ambition to become climate positive, circular and enable 1 billion people to live within the boundaries of the planet by the end of 2030.

The new, three-year strategic direction called the Next 10 Jobs in three years is focusing on the next transformation steps, creating a better IKEA. We will provide a more relevant offer and better service at affordable prices through excellent omnichannel operations, a robust digital backbone and a healthy, sustainable business performance, and we will continue to invest in the same way as we have done in previous years.

We have active portfolio management of our assets to secure the right investments in both the maintenance and development of existing assets, together with some selected divestments. We will continue to expand in our prioritised markets and city centre locations and to realise our transformational investments, securing that our purpose and financial ambition go together.

All in all, we will navigate forecasted, stormy waters with flexibility, speed and increasing simplicity. We will make optimal use of the potential we have in our existing business while ensuring a resilient company for future generations. We will thrive by building on our strengths: our products, customers, fantastic people, dedication to life at home and most of all – our culture and values, while creating the future. We have a positive view and will play our part in circularity for a better life for the many people. Life at home has never been so important, and our vision to create a better life for the many people has never been so relevant.

Most things remain to be done. Glorious future!

About the Ingka Group

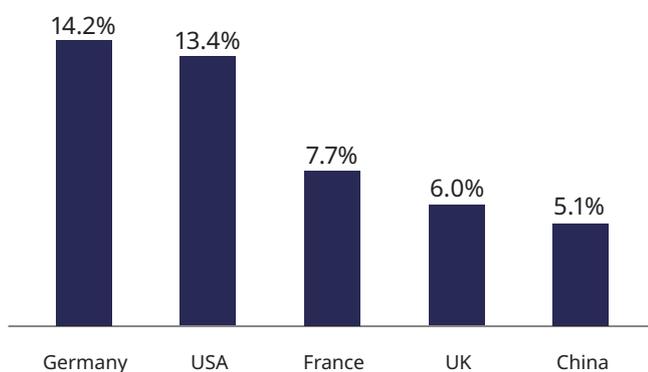
Ingka Group (Ingka Holding B.V. and its controlled entities) is one of 12 different groups of companies that own and operate IKEA retail under franchise agreements with Inter IKEA Systems B.V. Ingka Group has three business areas: IKEA Retail, Ingka Investments and Ingka Centres. Ingka Group is a strategic partner in the IKEA franchise system, operating 392 IKEA stores including city stores, and 73 IKEA shops and IKEA planning studios in 32 countries. These IKEA stores had 657 million visits during FY21, 4.6 billion visits to IKEA.com and 368 million visits in the IKEA app. Ingka Centres operates 47 shopping centres (meeting places) in 16 countries under different trademarks – always anchored by an IKEA store. Ingka Investments makes investments and acquisitions that secure Ingka Group's long-term financial strength and support our growth, business transformation and sustainability and societal commitments. Ingka Group operates business under the IKEA vision - to create a better everyday life for the many people by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible can afford it.

Consolidated income statement 1 September – 31 August (in millions of Euros)

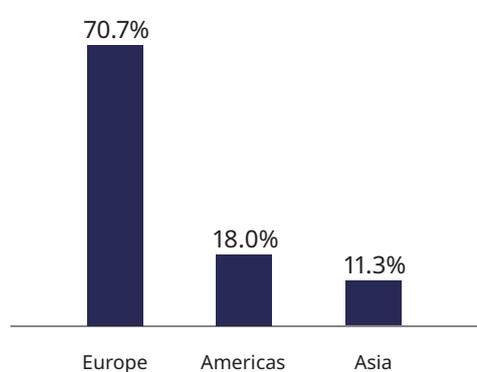
	2021	2020
Revenue	39,784	37,368
Cost of sales and services	-26,909	-25,643
Gross profit	12,875	11,725
Operating expenses	-11,243	-10,454
Other income	242	160
Operating income	1,874	1,431
Total financial income and expense	363	141
Income before minority interests and taxes	2,237	1,572
Tax	-655	-378
Income before minority interests	1,582	1,194
Minority interests	-3	-5
Net income	1,579	1,189

This information is prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. An unqualified auditor's report dated 24 November 2021 was issued on these financial statements. Ingka Holding's Annual Report for financial year 2021 is available through the Dutch Chamber of Commerce. Ingka Group total revenue includes sales of goods, service income, rental and construction contracts income and renewable energy and forestland income.

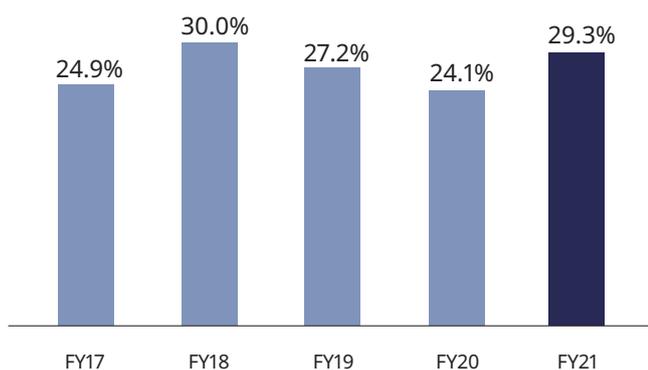
FY21 – Top retail selling countries



FY21 – Retail sales per region



Effective corporate tax rate (ETR) FY17-FY21



Corporate income tax amounted to EUR 0.7 billion globally, which equals an effective corporate tax rate of 29.3% (24.1% in FY20). Our total tax bill including other taxes and duties amounted to approximately EUR 1.1 billion.

Consolidated Balance sheet August 31 Assets (in millions of Euros)

	2021	2020
Intangible fixed assets	2,511	2,217
Tangible fixed assets	24,633	23,853*
Financial fixed assets	2,186	1,428
Total fixed assets	29,330	27,498
Inventories	1,966	1,979*
Receivables	1,676	2,361*
Securities	21,215	19,063
Cash and short-term deposits	907	1,347
Total current assets	25,764	24,750
Total assets	55,094	52,248

* These comparative numbers are reclassified for comparability purposes. The included abbreviated financial information is derived from the consolidated financial statements of Ingka Holding B.V.

FY21 Total assets – EUR 55,094 million



Consolidated Balance sheet August 31 Equity & liabilities (in millions of Euros)

	2021	2020
Group Equity	45,233	43,166
Provisions	1,851	1,932*
Non-current liabilities	587	511
Total non-current liabilities	2,438	2,443
Short term loans	195	118
Other current liabilities	7,228	6,521
Total current liabilities	7,423	6,639
Total equity and liabilities	55,094	52,248

* These comparative numbers are reclassified for comparability purposes. The included abbreviated financial information is derived from the consolidated financial statements of Ingka Holding B.V.

FY21 Total equity and liabilities – EUR 55,094 million

