



Inter IKEA Group Tax Report FY24

Introduction

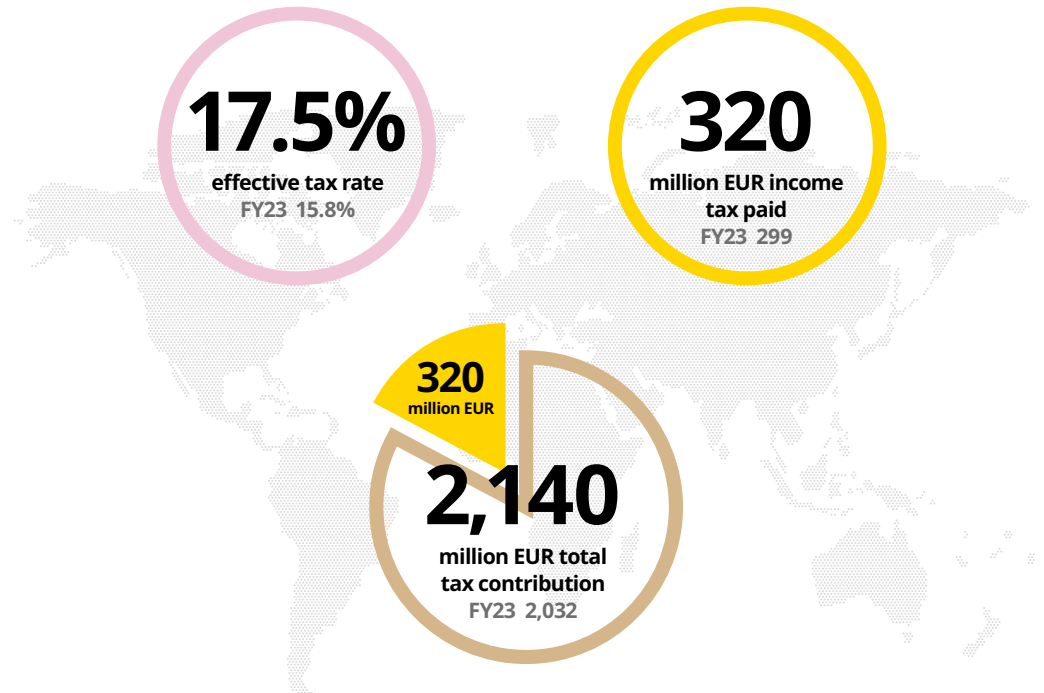
The Inter IKEA Group Tax Report provides information on the taxes paid by Inter IKEA Group companies for the financial year 2024 (FY24). FY24 is the period from 1 September 2023 to 31 August 2024.

Compared to last year, Inter IKEA Group's effective tax rate increased to 17.5% (15.8% in FY23). The income tax expense increased to EUR 466 million (EUR 307 million in FY23) and the amount of corporate income tax paid during FY24 increased to EUR 320 million (EUR 299 million in FY23). The total tax contribution of Inter IKEA Group increased to EUR 2,140 million (EUR 2,032 million in FY23). In this report we will give further insight into our effective tax rate, country-by-country report and total tax contribution.

The tax report is based on the information Inter IKEA Group provides in other publications:

- The Inter IKEA Group Financial Summary FY24.
- The Inter IKEA Group Annual Report FY24.

Inter IKEA Group also publishes a yearly IKEA Sustainability Report. However, the IKEA Sustainability Report has a different scope and covers all companies working under the IKEA brand across the IKEA franchise business.



	FY24	FY23
Jurisdictions	30	30
Co-workers (FTE) ¹	23,892	24,944
Revenue (in EUR billion)	26.5	29.1
Net result (in EUR million)	2,199	1,639
Assets (in EUR billion) ²	22.5	23.0

¹ Average full-time equivalent (FTE) during financial year

² Balance sheet position as per financial year-end

About Inter IKEA Group

Inter IKEA Holding B.V. is the holding company of the Inter IKEA Group. Inter IKEA Holding B.V. is based in the Netherlands where the group management of Inter IKEA Group is located and the group functions are established.

Inter IKEA Group has three core businesses: Retail Concept, Range and Supply. The core businesses work together with franchisees and suppliers to co-create the IKEA offer and franchise business. Inter IKEA Group aims to provide the best possible conditions for implementing and operating the IKEA Concept, and to create a strong platform for growth.

Retail Concept

Retail Concept is part of Inter IKEA Systems B.V., based in the Netherlands. Inter IKEA Systems B.V. is the worldwide IKEA franchisor and owner of the IKEA Concept (which includes the IKEA brand). Retail Concept is responsible for continuously developing the IKEA Concept and ensuring its successful implementation in new and existing markets.

Retail Concept also comprises certain subsidiaries of Inter IKEA Systems B.V., including IKEA Marketing & Communication AB, which develops and creates IKEA communication content.

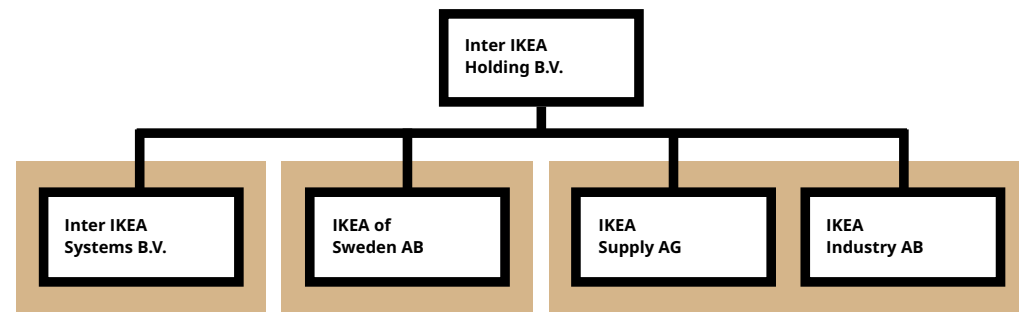
In addition to Retail Concept, Inter IKEA Systems B.V. harbours the strategic franchisor functions that enable IKEA to remain forward-looking in areas such as brand positioning, digital development, talent development and sustainability.

Range

Range includes IKEA of Sweden AB, based in Sweden, and related businesses. It is responsible for designing and developing the overall IKEA product range, including home furnishings, food and packaging solutions, under assignment of Inter IKEA Systems B.V.

Supply

Supply includes IKEA Supply AG, IKEA Industry AB, IKEA Components AB and related businesses. IKEA Supply AG, based in Switzerland, has received the assignment from Inter IKEA Systems B.V. to source and distribute IKEA products to IKEA franchisees.



Overview of Inter IKEA Group

The majority of IKEA products (ca. 90%) is sourced from external suppliers across the globe. IKEA Supply AG manages and operates the IKEA supply chain together with its wholesale subsidiaries and external business partners, such as transport service providers, warehouse providers and customs brokers.

IKEA Industry AB is a strategic IKEA manufacturer owned by Inter IKEA Group that produces IKEA home furnishing products and develops unique IKEA manufacturing capabilities in relevant parts of the supply chain. IKEA Industry produces approximately 10% of the IKEA product range, with a main focus on wood-based furniture.

IKEA Components AB develops, sources, packs and supplies components, such as screws and wooden dowels that are used to assemble IKEA furniture.

Other functions

Inter IKEA Group also includes IKEA Älmhult AB, which owns and operates the IKEA Hotell and IKEA Museum.

Ownership

Inter IKEA Group is fully owned and controlled by Inter IKEA Foundation, based in Liechtenstein.

The IKEA franchise business

IKEA is a franchise business. That means many people and many companies with different owners work under one IKEA brand – all dedicated to the IKEA vision of creating a better everyday life for the many people. The scope of this tax report is limited to the Inter IKEA Group – it does not cover the independent IKEA franchisees who operate IKEA stores (and other sales channels) around the world.

Please visit inter.ikea.com for more information and a simplified overview of the IKEA franchise business.

Tax audits and investigations

Inter IKEA Group's tax position is regularly reviewed by the tax authorities of the jurisdictions in which we operate. And just as with other multinational companies, these tax audits often concern transfer prices that have been applied between group companies. Transfer pricing is also the main topic of the pending state aid investigation that the European Commission started against the Netherlands with regard to two rulings that were concluded with Inter IKEA Systems B.V. in 2006 and 2011. This state aid investigation is primarily a matter between the European Commission and the Dutch authorities. Inter IKEA Group has fully co-operated by responding to the questions of the European Commission and is confident about the outcome of the procedure.

Our tax principles

Taxes are a vital contribution to society. Consequently, it is important for Inter IKEA Group to conduct its business in a responsible way and to be a good corporate citizen in line with our IKEA culture and values. This includes paying taxes in accordance with laws and regulations in all the jurisdictions where we operate.

Tax principle 1 - Compliance

We are committed to complying with all tax legislation and paying taxes in accordance with the rules and regulations in the jurisdictions where we operate.

Tax principle 2 - Business rationale

We believe that tax should follow business. There is always a business reason for operating in a certain jurisdiction. We pay tax in the jurisdictions where we operate based on the value created there and the economic reality of our business.

Tax principle 3 - Transfer pricing

We apply the arm's length principle and follow international transfer pricing guidance when pricing transactions with group companies. We are consistent in our pricing across the jurisdictions where we operate and maintain documentation to support the transfer pricing policies applied.

Tax principle 4 - Relationship with tax authorities

We act with integrity towards tax authorities in all the jurisdictions where we operate. When tax law is complex or unclear, we strive for open and constructive dialogue with tax authorities to achieve clarity. This will always be done on the basis of full disclosure of relevant facts and circumstances.

Tax principle 5 - Transparency

We are transparent about our approach to tax and our tax position. We do this by giving insight into how our effective tax rate is built up, disclosing our country-by-country report for corporate income tax and providing a breakdown of our total tax contribution (as illustrated by this report).

Tax principle 6 - Governance

We have a tax policy in place based on our tax principles that has been approved by the Finance Committee of our Management Board. The Finance Committee receives regular updates on material tax matters, and we also report annually to our Audit Committee on our tax position. Inter IKEA Group has the mechanisms in place to safeguard adherence to our tax policy.

Our effective tax rate

In FY24, the Inter IKEA Group tax charge was EUR 466 million – equal to 17.5% of pre-tax income – compared to EUR 307 million (15.8%) in FY23. The effective tax rate increased by 1.7% compared to FY23. This is mainly due to one-off effects that impacted the previous year’s effective tax rate.

Our effective tax rate is primarily driven by the tax rates in the jurisdictions where the majority of our business is conducted, i.e. the Netherlands, Sweden and Switzerland, and the financial performance of the Inter IKEA Group companies in these jurisdictions.

The chart on the right reconciles Inter IKEA Group’s effective tax rate for FY24 with the Dutch corporate tax rate (25.8%).

Many countries around the world have recently implemented the OECD Pillar Two legislation for a global minimum tax. This means that as of FY25 Inter IKEA Group will be subject to the minimum tax rate of 15% for each of the jurisdictions where it operates. However, we do not expect that this will have a big impact on the effective tax rate of Inter IKEA Group.

Inter IKEA Group is already subject to a tax rate higher than 15% in most countries. In the few remaining countries, we do not expect significant amounts of additional taxes in connection with the OECD Pillar Two legislation.

Result before tax (as reported for FY24)	2,655	
Tax expense if the nominal tax rate in the Netherlands (25.8%) had been applicable	688	25.8%
Tax effect of:		
Other applicable tax rates abroad	-246	-9.2%
Exempt income	-2	-0.1%
Non-deductible expenses	7	0.3%
(De)recognition of tax losses	2	0.1%
Adjustment for prior periods	16	0.6%
Changes in tax rates	1	0.0%
Non-reclaimable withholding tax	14	0.5%
Other	-14	-0.5%
Tax expense (as reported for FY24)	466	17.5%

All amounts are in million EUR



Our country-by-country report

Our country-by-country report on the next page provides further transparency into our corporate income tax position in FY24 across the jurisdictions where we operate. This report follows the template laid down in the EU Directive for public country-by-country reporting (Directive (EU) 2021/2101) which will become mandatory for Inter IKEA Group as of the next financial year (FY25).

We have also included a column for assets in the country-by-country report to provide additional insight into our business activities in the individual jurisdictions.

The business activities of Inter IKEA Group's core businesses are led from the Netherlands (Retail Concept), Sweden (Range) and Switzerland (Supply). This is reflected in the country-by-country report which shows that the largest share of revenues, assets, profits and corporate tax payments are concentrated in the Netherlands, Sweden and Switzerland.

These financial figures are further explained in the pages following the country-by-country report.

	Retail Concept*	Range	Supply				Revenues	Profit	Tax Paid	Tax Accrued	Employees	Assets	Accumulated Earnings		
			Production	Components	Purchasing & Logistics	Wholesale									
Netherlands	•						2,254,163	788,829	128,158	158,703	1,071	11,416,472	2,404,959		
Sweden	•	•	•	•	•		1,754,498	260,632	59,222	55,866	5,140	1,016,015	168,276		
Switzerland					•	•	25,377,251	1,511,355	108,962	158,762	464	6,273,013	4,712,320		
Australia						•	7,079	35	9	-	-	2,076	884		
Brazil					•		2,845	530	315	345	15	349	605		
Canada						•	36,964	391	98	104	-	9,147	2,030		
Chile							-	608	-	-	-	11	1,062		
China	•	•	•	•	•	•	2,561,680	72,182	17,338	17,488	2,064	1,045,330	118,243		
Czech Republic					•		15,302	1,372	434	309	144	2,985	778		
Germany					•		35,042	3,401	843	1,059	237	12,756	9,031		
Hong Kong							1	-	14	-	49	-	1	852	293
Hungary			•				68,010	-	1,086	837	1,016	590	40,305	-	26,028
India					•		9,834	1,213	382	374	97	6,147	4,353		
Italy					•		22,767	1,695	1,500	634	174	6,047	1,237		
Japan						•	11,261	102	-	-	1	2,460	511		
Lithuania			•		•		175,303	12,140	1,167	998	678	141,875	67,374		
Malaysia						•	360,743	6,375	-	167	58	63	243,900	23,273	
Mexico					•		5,413	212	102	178	26	791	389		
Poland		•	•		•		1,304,055	30,706	-	9,443	8,450	8,775	832,600	-	167,796
Portugal			•				206,248	4,125	1,157	120	1,753	119,528	16,286		
Romania					•		8,319	744	215	109	89	2,771	1,633		
Russia							13	-	440	-	33	-	3	-	-
Serbia							-	-	27	-	-	-	407	382	
Slovakia			•	•			900,649	-	40,174	8,772	3,143	2,088	536,691	-	244,371
Taiwan						•	23,994	-	514	-	7	-	6,597	15	
Thailand							1	-	148	-	62	-	33	-	60
Türkiye					•	•	15,132	941	312	283	70	1,395	4,895		
United Arab Emirates						•	533,593	3,259	-	-	33	186,358	13,853		
United States of America					•	•	120,170	5,216	245	573	197	24,844	8,762		
Vietnam					•		12,878	1,796	514	510	120	981	2,734		
Total							35,823,208	2,665,452	320,827	409,087	23,892	21,932,735	7,125,924		

* Also includes strategic franchisor functions.

The figures in this table are reported under Dutch Generally Accepted Accounting Principles. These same principles are also applied when preparing the financial reporting included in the Inter IKEA Holding B.V. Annual Report and the figures reconcile with figures reported through the Annual Report.

All amounts are in thousand EUR
(except employees)

Revenues

The *Revenues* column shows the total revenues for all Inter IKEA Group companies. This differs from the revenues reported in our annual report as it also includes the intercompany revenues from transactions with other Inter IKEA Group companies.

The main sources of revenues for each of the three core businesses are as follows:

- Retail Concept mainly generates revenues from making parts of the IKEA Concept available (e.g. to IKEA franchisees for a franchise fee of 3% on net sales) and operating the IKEA Delft store, the Netherlands. These revenues are reported by Inter IKEA Systems B.V. in the Netherlands.
- Range generates revenues from developing the IKEA range and IKEA products. These revenues are mainly reported by IKEA of Sweden AB in Sweden.
- Supply generates revenues from the sale of IKEA products and components. These revenues are mainly reported by IKEA Supply AG in Switzerland.

Profits

The *Profit* column shows the sum of the result before income tax and is mainly concentrated in the jurisdictions where the leadership and central functions of the core businesses are located, which are the Netherlands, Sweden and Switzerland.

Tax accrued and Tax paid

The columns *Tax accrued* and *Tax paid* include the total amount of corporate income tax (plus withholding taxes) accrued and paid in FY24:

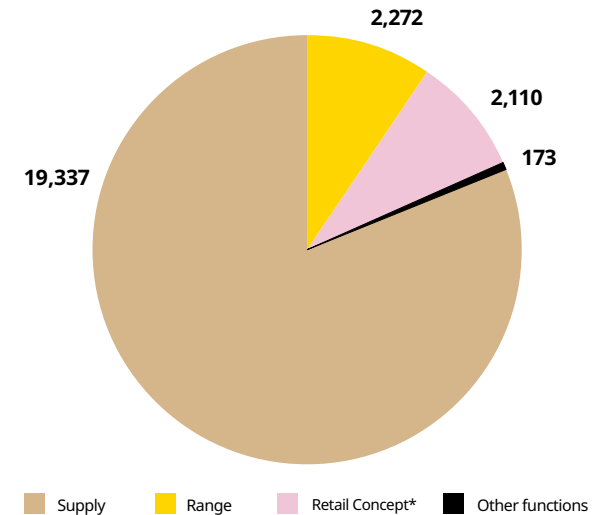
- *Tax accrued* reflects the current corporate income tax expense recorded for the taxable profit of FY24. This amount is different from the total tax expense reported in our annual report as it does not include deferred taxes or corrections for prior years.
- *Tax paid* relates to corporate income tax payments made during FY24. This amount matches the tax paid in the cash flow statement of our annual report.

Differences between *Tax accrued* and *Tax paid* arise as the actual payment of corporate income tax regularly takes place before or after the financial year in which the tax expense was incurred.

Employees

The *Employees* column shows the full-time equivalent (FTE) number of employees as an average for the financial year.

For FY24, the number of employees was divided across each core business as follows:



* Also includes strategic franchisor functions.

FY24 full-time equivalent co-workers per core business

Assets

The *Assets* column contains the book value of our assets at the end of FY24. This includes intangible, tangible and current assets, but excludes financial assets such as cash and cash equivalents. The assets with the highest book value are:

- **IKEA brand**
All intellectual property rights related to the IKEA brand are owned by Inter IKEA Systems B.V. in the Netherlands. Most activities of Inter IKEA Systems B.V. are centred around the protection and further development of the IKEA brand and the IKEA Concept.
- **Inventories**
The main assets of the wholesale companies are the inventories of IKEA products. The vast majority of the inventories is directly owned by IKEA Supply AG based in Switzerland.

Accumulated earnings

The *Accumulated earnings* column includes the sum of the accumulated earnings of all Inter IKEA Group entities resident in the relevant jurisdiction.



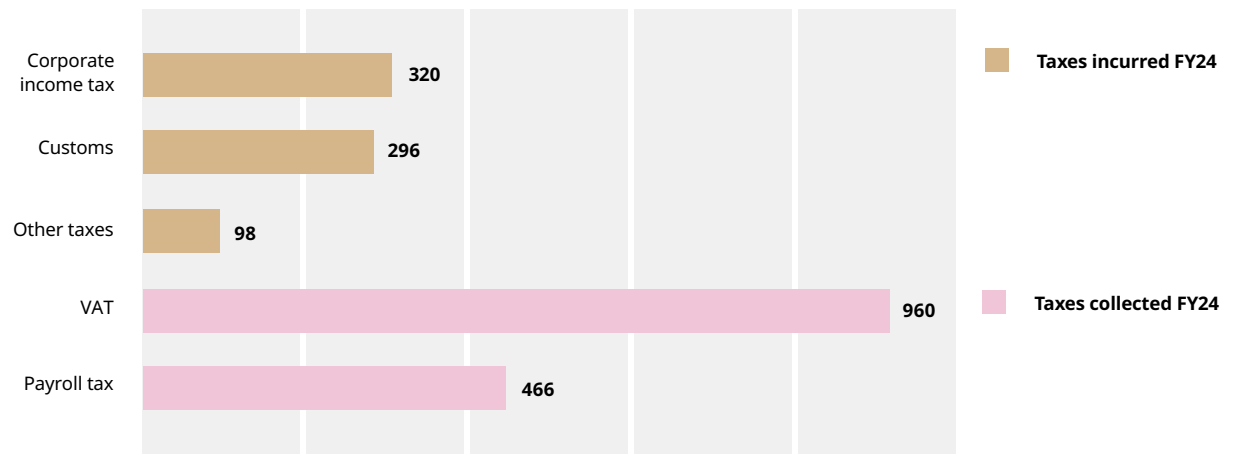
Our total tax contribution

The focus in the previous pages of this tax report has been on corporate income tax, but there are several other types of taxes that Inter IKEA Group is subject to. All these taxes combined led to a total tax contribution from Inter IKEA Group in FY24 of EUR 2,140 million (EUR 2,032 million in FY23).

The chart on the right shows a break-down of Inter IKEA Group's total tax contribution per type of tax. In this chart a distinction is made between *Taxes incurred* and *Taxes collected*.

Taxes incurred are taxes we are obliged to pay on our own behalf to a government or a third party that cannot be recovered. These taxes have an impact on our profit and are a direct contribution to government tax revenues. This includes corporate income tax, customs duties and other taxes such as environmental taxes and property taxes.

Taxes collected are taxes we are obliged to withhold and remit to a government on behalf of another person or another company. These taxes are not incurred by Inter IKEA Group, but we are required to collect them. These taxes are indirectly generated by our business activities and are part of our indirect contribution to government tax revenues, such as value added tax (VAT) and payroll tax.



FY24 total tax contribution by type of tax in million EUR

For further information, please visit inter.IKEA.com



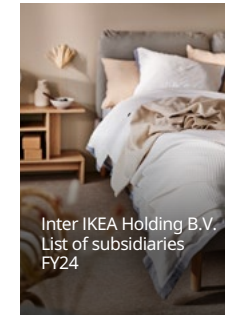
Inter IKEA Group Financial Summary FY24



Inter IKEA Group Tax Report FY24



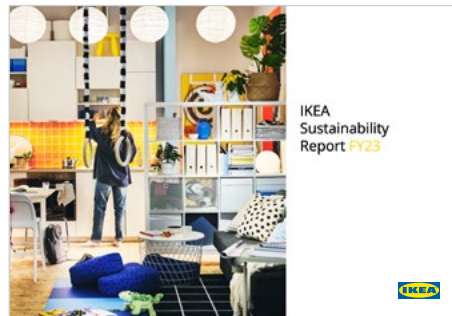
Inter IKEA Group Annual Report FY24



Inter IKEA Group List of Subsidiaries FY24



IKEA Year in Review FY24



IKEA Sustainability Report
Will be released in January 2025

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Inter IKEA Group

