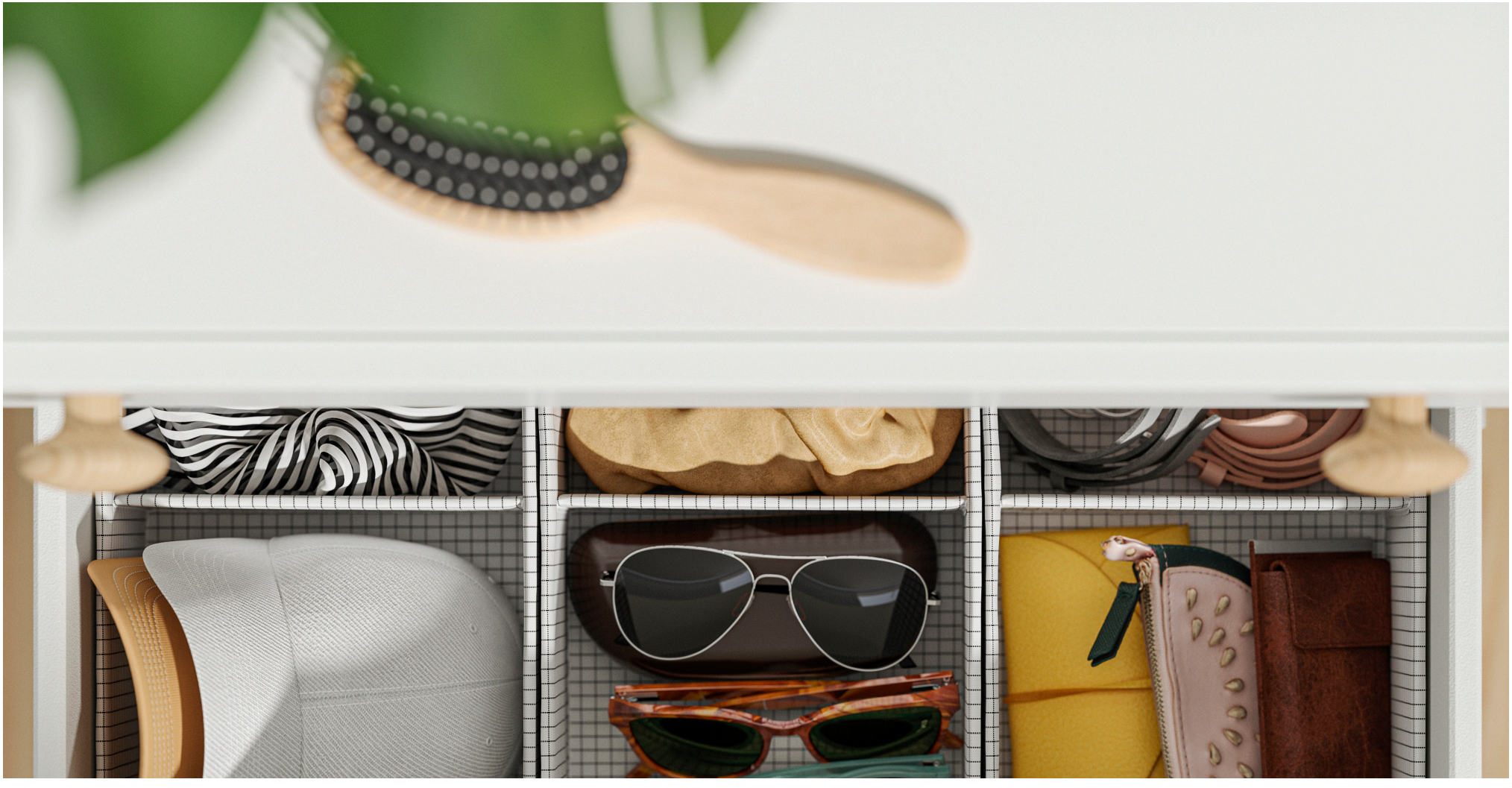


Inter IKEA Group Annual Report FY26

Inter IKEA Group

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Management Board Report

The Management Board of Inter IKEA Holding B.V. presents its Annual Report for the 12-month period ended 31 August 2026 (FY26).

General

Description of our business model and value chain

Inter IKEA Holding B.V. (the Company) is the ultimate parent company of the Inter IKEA Group (the Group). The Company is fully owned and controlled by Inter IKEA Foundation.

The IKEA business is operated through a franchise model, bringing together many people and companies with different owners under one shared IKEA Brand. Supported by our value chain partners we are dedicated to the IKEA vision of creating a better everyday life for the many people. This is realised through the IKEA business idea to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

Inter IKEA Group consists of three core businesses: Retail Concept, Range and Supply. These core businesses work together with franchisees and suppliers to co-create the IKEA offer and franchise business. Through this structure we provide the best possible conditions for implementing and operating the IKEA Concept and creating a strong platform for growth.

RETAIL CONCEPT

Retail Concept is part of Inter IKEA Systems B.V., which is the worldwide IKEA franchisor and owner of the IKEA Concept (which includes the IKEA trademarks, trade dress and other distinctive features, and the IKEA retail system). Retail Concept is responsible for continually developing the IKEA Concept and ensuring its successful implementation in existing and new markets.

Inter IKEA Systems B.V. indirectly owns the IKEA retail operations in Delft (the Netherlands), Estonia, Latvia and Lithuania. By leveraging the expertise in these local markets, we aim to strengthen our capabilities in offering affordable, accessible and sustainable home furnishing solutions and gather and share learnings directly across the value chain. This helps us to further evolve the IKEA Concept and strengthen our franchise system, thereby delivering even greater value to our consumers across the globe.

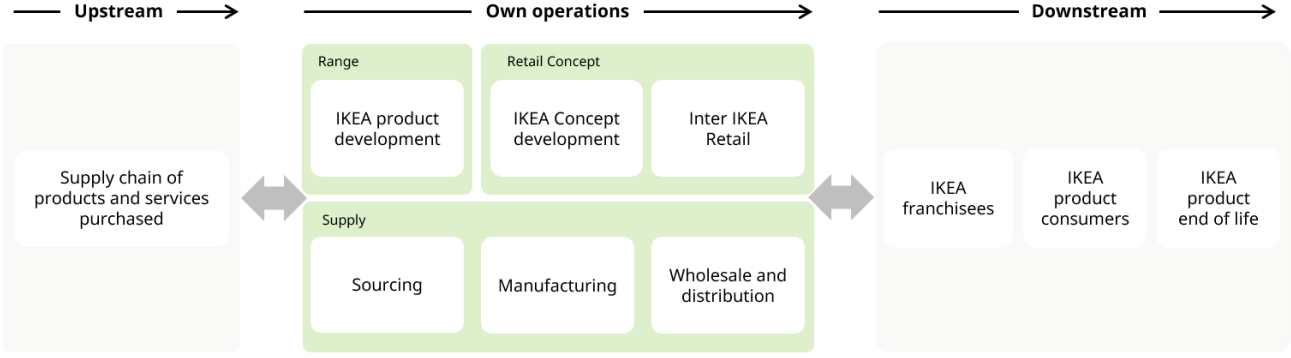
In addition, Inter IKEA Systems B.V. performs strategic franchisor functions, including activities related to brand positioning, digital development, talent development, and sustainability, to ensure the continued relevance and long-term development of the IKEA Concept.

Other subsidiaries of Inter IKEA Systems B.V. include IKEA Marketing & Communication AB, which is responsible for creating and distributing IKEA communication content.

RANGE

Range includes IKEA of Sweden AB and related businesses.

IKEA of Sweden AB, under assignment from Inter IKEA Systems B.V., is responsible for determining and developing the IKEA product range (including home furnishing, food and packaging solutions) in accordance with instructions given by Inter IKEA Systems B.V.



SUPPLY

Supply includes IKEA Supply AG, IKEA Industry AB, IKEA Components AB and related businesses.

Inter IKEA Systems B.V. assigns IKEA Supply AG to source, supply, sell and distribute IKEA products to IKEA franchisees. The majority of the total IKEA product range (approximately 90%) is sourced from external suppliers across the globe. The operational relationships with these suppliers are handled through purchasing offices, located close to where the suppliers are.

IKEA Supply AG manages and operates the supply chain together with its wholesale subsidiaries and external business partners, such as transport service providers, warehouse providers and customs brokers. Wholesale subsidiaries buy IKEA products from internal and external suppliers and sell them to IKEA franchisees.

IKEA Industry manufactures IKEA home furnishing products, including boards used in these products, develops unique capabilities and creates capacities in relevant parts of the value chain (e.g., material and manufacturing). IKEA Industry manufactures approximately 10% of the total IKEA product range. Its operations are conducted at various manufacturing sites, with a main focus on wood-based furniture.

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

In FY25 and FY26, Inter IKEA Group acquired approximately 32,000 hectares of forestland in Latvia and Lithuania, securing long-term access to responsibly sourced wood materials for regional suppliers.

Significant groups of products and services offered

In FY26, we generated total operating income of EUR 25.9 billion. The majority of this amount (approximately 93%) relates to the wholesale sales of IKEA products to IKEA franchisees and the retail sales through our own IKEA retail sales locations. The remaining amount primarily relates to franchise fees that IKEA franchisees pay to Inter IKEA Systems B.V.

Significant markets and customer groups

As at 31 August 2026, Inter IKEA Group and the IKEA groups of franchisees operate more than 780 conceptualised IKEA retail sales locations in 64 markets, predominantly in Europe. Retail sales locations include large stores, small stores, and plan and order points. In addition, some IKEA retail markets also operate several test formats.

Franchisees market and sell IKEA products through IKEA retail sales locations, within the framework of the IKEA Concept. Other than the IKEA retail sales locations in Estonia, Latvia and Lithuania, and the IKEA Delft store in the Netherlands, which are indirectly owned by Inter IKEA Systems B.V., all franchisees are independent and unrelated to Inter IKEA Group. Franchisees operate IKEA retail sales locations under franchise agreements with Inter IKEA Systems B.V. Each franchisee has the responsibility to run, manage and develop its local business.

Governance structure

The Group's governance structure is based on two main considerations, which are securing the growth and development opportunities of the IKEA Concept and guaranteeing the Group’s independence and ability to maintain a long-term perspective.

MANAGEMENT BOARD AND MANAGEMENT TEAM

The Management Board represents Inter IKEA Group and is responsible for its general business conduct. It delegates responsibility to the Finance Committee to provide frameworks to the core businesses, and responsibility to the Ethics Committee to supervise the Group's response to critical ethical dilemmas and the formal handling of (potential) critical ethical breaches. The Inter IKEA Group Management Team consists of the Management Board and key senior executives, who together discuss and address important topics and actions affecting the Group as a whole.

The Management Board includes:

- Jakub Jankowski, Chief Executive Officer (since 1 January 2026, succeeding Jon Abrahamsson Ring)
- Henrik Elm, Chief Operations Officer
- Pontus Erntell, Chief Financial Officer (since 1 September 2026, succeeding Henrik Elm).

In addition to the Management Board members, the following senior executives are included in the Management Team:

- Hannah de Jong, General Counsel
- Fredrika Inger, Core Business Range Manager
- Susanne Waidzunas, Core Business Supply Manager
- Rob Kelly, Core Business Retail Concept Manager (since 1 September 2026, succeeding Dennis Balslev)
- Jun Mi-Maltha, People & Culture Manager
- Lena Julle, Sustainability Manager
- Tina Kardum Funnemark, Communication Manager.

SUPERVISORY BOARD

The Supervisory Board exercises supervision over the Management Board and monitors the general affairs of Inter IKEA Group. Furthermore, the Supervisory Board provides the Management Board with advice.

The focus of the Supervisory Board lies with:

- the protection and development of the IKEA Concept
- the set-up of governance and financial objectives
- the Inter IKEA Group strategic landscape
- approval of certain key structural and business changes.

The Supervisory Board delegates responsibility to the Audit Committee to evaluate and approve the internal control systems and financial reporting but remains overall responsible.

The Supervisory Board also delegates responsibility to the Remuneration Committee to supervise the proposed compensation frameworks.

This board includes seven members, being Anders Dahlvig (Chairman), Aline Santos, John Olie, Mathias Kamprad, Søren Hansen, Torbjörn Lööf and Véronique Laury.

All members of this board are independent and are not employees of Inter IKEA Group.

DIVERSITY IN GOVERNANCE BODIES

In response to the Dutch legislation in respect of gender diversity in corporate boards, Inter IKEA Holding B.V. has set a target of at least 40% female representation in the Supervisory Board and Management Board by the end of 2030. The subtop is defined as the managers that are part of the Management Team, and the aim is to have equal representation (50%) of female and male for this body by the end of 2030.

As at 31 August 2026, the gender representation of these bodies was as follows:

	Number of members	Percentage male	Percentage female
Supervisory Board	7	71%	29%
Management Board	2	100%	0%
Management Team	9	33%	67%

Inter IKEA Systems B.V., a subsidiary of Inter IKEA Holding B.V., has set similar targets in accordance with this Dutch legislation. The female percentage in its Supervisory Board, Management Board and management team were respectively 33%, 40% and 73% at 31 August 2026.

Progress has been made during past years to reach these targets while recognising the required focus on the Inter IKEA Holding B.V. Management Board. A specific action plan has been prepared to build long-term leadership succession and to map a succession pipeline. In addition, regular actions ensure the gender balance at other levels.

Financial information

The financial statements included in this Annual Report cover the 12-month period from 1 September 2025 to 31 August 2026 (FY26). Comparative figures reflect the 12-month period from 1 September 2024 to 31 August 2025 (FY25).

Profit and loss account

Total operating income in FY26 amounts to EUR 25.9 billion (-1.7% compared to FY25), mainly generated through charged franchise fees and sales of goods to IKEA franchisees. Operating income development is directly linked to the retail sales of all IKEA franchisees worldwide since these sales drive the Group's wholesale activities and form the basis for the franchise fees. In FY26, wholesale prices to the IKEA franchisees were kept stable to support affordability. Sales volumes have dropped compared to the previous year, resulting in lower operating income overall.

Most of our operating expenses comprise cost of materials and consumables relating to the manufacturing and procurement of finished goods, as well as transport, storage and handling costs directly attributed to products. The uncertainties around US trade, starting in the second half of FY25, caused turmoil and volatility in the commodity markets that continued well into FY26. This situation has put severe pressure on costs, which has worsened due to the conflict in the Middle East. Rising oil prices not only affect transport costs, but also purchase prices for energy-intensive materials such as plastics and foam.

During the year, significant efforts were made to recover the tariffs that were imposed by the US administration in 2025 under the International Emergency Economic Powers Act. As these tariffs resulted in wholesale price increases in prior year, it is our view that a constructive obligation existed at the balance sheet date to reimburse the affected IKEA retailers. Accordingly, the refunds have been matched with the initial costs, included in cost of raw materials and consumables, and recognised as a provision on the balance sheet. As the refunds are offset by a corresponding reimbursement obligation, there is no material impact on profit or loss.

The remaining operating expenses include salary costs, utilities, fixed asset depreciation and amortisation, rent and other costs related to day-to-day operations. Not considering one-time costs, operating expenses have increased during FY26 due to high inflation in certain countries, reflected in salary and energy costs. In addition, significant investments were made in the Group's digital capabilities.

The average number of FTE increased from 25,971 in FY25 to 26,826 in FY26. During FY26, organisational changes were announced with the aim to reduce management layers and to create a better and more focused franchise system. The short-term financial effects of these changes, such as costs for future severance payments and onerous contracts, have been fully captured in FY26. The long-term financial effects, such as reduced FTE numbers and lower salary costs, will become visible from FY27 onwards.

Financial income comprises income from hedging activities, interest on cash deposits, and favourable currency translation effects. Financial expenses comprise interest expenses and unfavourable currency translation effects. Financial income increased versus FY25 due to gains from derivatives used to manage currency risk.

The applicable weighted average tax rate for FY26 is 21.4%, following the nominal tax rates in the Netherlands, Sweden and Switzerland where the majority of the Group's businesses are located. The effective tax rate is nearly unchanged compared to the previous year. In FY26, we published on our website the country-by-country report for FY25, providing a more in-depth view of our corporate income tax position across the jurisdictions where we operate.

In December 2017, the European Commission (EC) opened a formal investigation, with their Opening Decision published on 6 April 2018 which was complemented by their Decision published on 10 July 2020, to examine whether decisions by the tax authorities in the Netherlands with regard to the corporate income tax paid by one of our subsidiaries, Inter IKEA Systems B.V., comply with European Union rules on state aid. The Company co-operates and responds to questions which the European Commission has in relation to this investigation.

At this moment, although management considers the risk of a cash outflow unlikely, it is not possible to assess a financial impact, if any, of the outcome of this EC investigation. The aforementioned outcome is not expected to have a material adverse impact on the financial position of the Company. The Company is actively monitoring and addressing these developments and believes that its corporate income tax position is appropriately reflected in the financial statements.

Net profit for the year amounts to EUR 1.4 billion (FY25: EUR 1.5 billion). The decrease versus the previous year is primarily driven by the lower operating income in combination with increased operating expenses.

Balance sheet

The Group's balance sheet positions as at 31 August 2026 have not changed significantly when compared to 31 August 2025.

Fixed assets primarily comprise the IKEA Proprietary Rights, relating to the IKEA trademark, protection rights and other intellectual property rights, with a book value of EUR 8.3 billion.

The Group owns several fixed assets across the world, such as offices, distribution centres and IKEA retail sales locations. In addition, the Group owns multiple IKEA furniture manufacturing sites, mostly located in Europe, as well as two sites that develop, source, pack and supply components such as screws and wooden dowels. In FY26, multiple investments were made in extending or improving existing manufacturing sites. Furthermore, acquired land assets resulted in additions to tangible fixed assets.

Inventories mostly consist of IKEA products located in, or underway to distribution centres. After rising inventory levels in FY25 to secure better availability of products for our customers, inventory development stabilised during FY26. Receivables mainly relate to IKEA retailers for franchise fees and IKEA products sold and invoiced.

Group equity increased from EUR 18.8 billion to EUR 19.1 billion. Main movements during the year were the net profit addition of EUR 1.4 billion and a EUR 1.1 billion dividend distribution to our shareholder. The Group's equity ratio remains unchanged at 85% for both FY25 and FY26.

Provisions are recognised for pensions, deferred taxes, legal disputes, product-related claims and for the organisational changes announced in FY26. Non-current liabilities consist of long-term loans to third parties. Current liabilities consist of short-term loans, trade payables and tax payables.

Cash flows

Cash flow from business operations was positive during FY26. The cash generated by operating activities was mainly used for the acquisition of land assets, and investment activities for the purpose of life cycle management. In addition, dividends were paid to our shareholder.

The Group monitors its cash position by using a cash flow forecast model to ensure the cash position is always sufficient to meet the financial obligations towards employees, creditors, tax authorities and other third parties. Credit limits are in place for all Inter IKEA Group companies to manage the cash position and prevent cash overdrafts.

Risk management

Approach

To support effective governance, risk management and compliance, the Group has in place steering documents, frameworks, tools and working methods. These include:

- the Inter IKEA Group Code of Conduct and Policy House, defining group-wide principles and requirements
- detailed steering documents that translate these requirements into practical guidance and are implemented in day-to-day operations as suitable in local regulatory contexts
- codes of conduct that set out requirements applicable to franchisees and suppliers
- a common risk management methodology used to identify, assess, and manage key risks, resulting in documented risk registers and action plans
- internal control and compliance methodologies and requirements that are assessed through self-assessments, compliance reviews and internal audits
- a raise a concern platform and incident and crisis management processes, which detect and manage issues with evaluations performed to support learning and continuous improvement.

The Group's overall risk appetite is low, and very low for areas such as product quality and safety, business ethics, health, and safety and security. Detailed risk registers are in place to describe, prioritise and monitor the risks on core business and group levels. Risks are mitigated by a variety of measures as described above.

Key risks

GEOPOLITICS, SUPPLY CHAIN DISRUPTIONS & RESOURCE SCARCITY

Geopolitical tension and competition continue to drive short-term disruption and challenge long-term planning. It is clear that instability will influence the IKEA value chain over the coming years. The mapping of critical scenarios forms a basis to navigate these geopolitical challenges and the Group has established a geopolitical internal network. In addition, there are several ongoing resilience-building initiatives and/or strategic movements, including:

- supply chain principles guiding the organisation in decision making in response to these developments
- scenario planning and stress testing our capabilities to continuously improve
- targeted analysis and coordination of activities for key topics.

ORGANISATIONAL CHANGE

Organisational change inherently increases exposure to risks affecting employee engagement and wellbeing, stakeholder relations and daily operations. During FY26, organisational changes were announced and partly executed with the aim to reduce management layers and to create a better and more focused franchise system. This has dominated the agenda, putting pressure on many resources as we continue to drive business performance together.

Risks related to the change have been explicitly identified, assessed and monitored as part of the change programme, with mitigating actions assigned. During and after the change, risks and actions continue to be managed through the risk management processes.

ENVIRONMENT

No material environmental issues occurred during FY26. Especially at our manufacturing sites, much attention is given to compliance with environmental regulations through regular equipment verification and condition checks, and through active air emission monitoring and documentation. No material climate risks have been identified with an impact on the financial statements as at 31 August 2026.

For more information on risks related to the direct business impacts of climate change and availability of natural resources, see our Sustainability statement.

DIGITAL, INFORMATION SECURITY AND DATA PRIVACY

Digital ways of working continue to expand across our business. Modern technologies play an even greater role in how we develop products and engage with customers and suppliers. The use of data and emerging technologies, including AI, is also growing. At the same time, cyber threats are becoming more frequent and complex, as attack methods are evolving. Protecting our business requires continuous attention across technical, legal, and organisational areas.

We continue to strengthen our digital foundations, including building secure and reliable solutions, safeguarding data, and making the most of new digital

opportunities, so that the IKEA value chain remains secure, resilient, and trusted.

FINANCE: REPORTING AND COMPLIANCE RISKS

The Group faces financial risks, such as foreign currency exchange, commodity price increases, credit and tax risks. The Group is exposed to currency risk on franchise fees and goods flows, which is actively managed through derivatives contracts. This activity is fully centralised and managed by the Treasury function through an internal control framework. For derivatives traded with banking partners, there is a collateral management process where the net asset or liability value is exchanged in the form of cash collateral with each counterparty.

Credit risk arises from the Group's loans and receivables, as well as cash. Credit risk is considered limited as receivables for the majority relate to the 13 groups of franchisees with which long-standing relationships exist. Cash invested in money market funds is spread across AAA credit rated investment funds. Liquidity risk is managed through detailed liquidity planning to ensure the Group's cash position is sufficient to meet financial obligations towards creditors.

Increased attention on taxation of multinational companies is addressed through our group-wide tax control framework, ongoing simplification of the Group structure and a continued focus on tax matters, including transfer pricing and transparency.

Business development

The Group is committed to making IKEA products more affordable, accessible and sustainable for customers, and invests in more efficient ways of working, new ways to shop, and an inspiring, functional, sustainable and affordable IKEA product range.

Retail experience and expansion

The Group cooperates with IKEA franchisees to bring the IKEA retail experience closer to where people live, work and socialise. This means locations in large cities or metropolitan areas, and an omnichannel offering that meets consumer needs and provides a seamless and unique retail experience. The IKEA business is growing in existing markets by adding smaller retail formats that complement the traditional large stores. This allows IKEA products to become more easily available and accessible and makes shopping more convenient in urban areas. The smaller formats also provide inspiration and the opportunity to shop, plan, order or pick up online orders.

In FY26, IKEA retail operations expanded with smaller retail formats in existing markets, predominantly across Europe and North America. At the same time, as part of an evaluation and optimisation of the omnichannel offering, operations were ceased for seven stores in China.

A main highlight in FY26 was the opening of the first IKEA store in New Zealand, along with online shopping and 29 plan and order points nationwide. In addition, preparations are ongoing to enter the new markets Panama and Costa Rica in FY27, strengthening presence in the Americas region.

Range development

The Group continued to invest in product innovation and new material technologies aimed at introducing new and exciting products at lower prices without compromising on sustainability, form, function and quality. Examples are described below.

A colourful collection of speakers, lamp speakers and lighting products was launched globally in December 2025. The collection combines technology with personal expression and home furnishing, and aims to make electronics a visible and enjoyable part of the home. Highlights include the SOLSKYDD bluetooth speakers and the KULGLASS lamp speakers. In addition, smart versions of the VARMBLIXT collection were introduced, combining sculptural design with dimmable and colour-changing lighting. The new lamps allow users to adjust light colour, intensity and atmosphere through a remote control or the IKEA Home Smart app.

FY26 also brought the new IKEA PS 2026 collection, featuring 44 products built around playful functionality, including an inflatable armchair and a versatile three-position floor lamp. KONSTRUNDA is a limited edition IKEA art collection featuring 22 pieces created by seven artists and designers, with the aim of making art accessible to the many people and encouraging personal expression in the home. The collection spans furniture, glass, ceramics and textiles, with each contributor bringing a distinctive style through bold forms, colours and artistic interpretations of everyday objects.

The GREJSIMOJS collection is designed to bring more playfulness into everyday life, encouraging creativity and curiosity for people of all ages. Inspired by insights from the IKEA Play Report, the collection combines functional home furnishings with imaginative designs, including animal-inspired storage, playful lighting and interactive furniture that naturally invite exploration and fun.

The SANDLÖPARE collection includes soft toys, rugs, stools and storage solutions for children's spaces, inspired by the African savannah and designed to support awareness for wildlife conservation.

Manufacturing and distribution

The Group is constantly looking for new ways to make manufacturing and distribution more sustainable and efficient. For FY26, this included developing the IKEA Industry factory in Zbąszynek, Poland, to enable production from thin boards made from wood waste from IKEA Industry production.

IKEA Supply AG joined the Digital Container Shipping Association's partnership programme (DCSA+), dedicated to enhancing digital standards in the shipping industry for better information sharing and traceability of goods in transit. This in turn should contribute to better shopping experiences by making sure products are available to customers when and where they are needed. The partnership includes (a.o.) freight forwarders, port operators and technology providers.

ERP implementation

The IKEA value chain has grown more complex over the years with an omnichannel offering and increased variations in retail sales locations. Optimising our supply chain with access to real-time information and improved visibility of transactions and inventory, is key to securing a resilient supply chain without increasing costs. One important element hereof is to create a transactional backbone that connects physical and financial flows, with a focus on inventory management and replenishment to secure the best availability of IKEA products for customers - independent of where they shop.

A central aspect in creating a transactional backbone is to standardise, automate, and modernise processes and technology within order and financial management. The implementation of a new enterprise resource planning solution for the wholesale entities in Supply will be the main change driver for this business transformation. Due to the size and complexity of this implementation, the full scope is delivered in three stages. During FY25, the first stage was completed by replacing the current general ledger systems with a new digital core. The second stage - addressing the inbound goods flows and financial transactions - is currently ongoing and will be completed in FY27, followed by the third stage - the outbound goods flows and financial transactions.

Outlook for financial year FY27

For FY27 the Group will contribute to lower prices of IKEA products to make home furnishing solutions accessible to more people. This will result in price reductions in FY27 of many IKEA products. The intention with lowering prices is to create an uplift in sales volumes.

The Group expects to remain profitable for FY27 with continued investments in business and development activities. These activities will be financed from the Group's own funds.

Sustainability statement

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General disclosures (ESRS 2)

Basis for preparation

BASIS FOR PREPARATION OF THE SUSTAINABILITY STATEMENT (BP-1)

General

This sustainability statement has been prepared on a consolidated basis and comprises Inter IKEA Holding B.V. (the Company) and its subsidiaries, jointly referred to as Inter IKEA Group (or as we, us and our). The scope of consolidation is the same as for the consolidated financial statements.

The reporting period follows the financial year 2026 (FY26), which covers the 12-month period from 1 September 2025 to 31 August 2026. For some metrics, the comparative financial year 2025 (FY25) figures are included.

The Company is transitioning to implement the requirements of the Corporate Sustainability Reporting Directive (CSRD), i.e., (EU) 2022/2464 of 14 December 2022, per financial year 2028 (FY28). Although this sustainability statement follows the structure of the draft Simplified European Sustainability Reporting Standards (ESRS), published by the European Financial Reporting Advisory Group on 3 December 2025, this sustainability statement does not yet meet all requirements of the CSRD, the draft Simplified ESRS or the revised ESRS as adopted by the European Commission on 3 July 2026. Thus, this sustainability statement has been drafted and published on a voluntary basis.

Following the outcome of our double materiality assessment, this sustainability statement contains relevant value chain information where necessary to understand our material impacts, risks and opportunities.

In addition, this sustainability statement provides information that meets the qualitative characteristics outlined in the CSRD and the ESRS to the extent possible at this stage of our CSRD implementation.

This sustainability statement was not verified by an independent third-party assurance provider.

Other specific provisions

The general requirements of the ESRS have been applied for the preparation of our sustainability statement. Except for the below-mentioned, none of the provisions listed in ESRS 2, paragraph 6 of the draft Simplified ESRS apply.

Time horizons

The long-term time horizon was limited to 25 years in our double materiality assessment.

Adjustment to comparative information

Following a re-evaluation of our measurement methods and applied estimations, errors have been identified in the comparative information of our metric on pollution of air (E2-4):

In tonnes	**FY25 (restated)**	**FY25 (original)**	**% change**
NH_3 (Ammonia)	37	24	54%
NO_x (Nitrogen oxides)	680	464	47%

For more information, see page 52.

Governance

THE ROLE OF THE SUPERVISORY BOARD, MANAGEMENT BOARD AND MANAGEMENT TEAM (GOV-1)

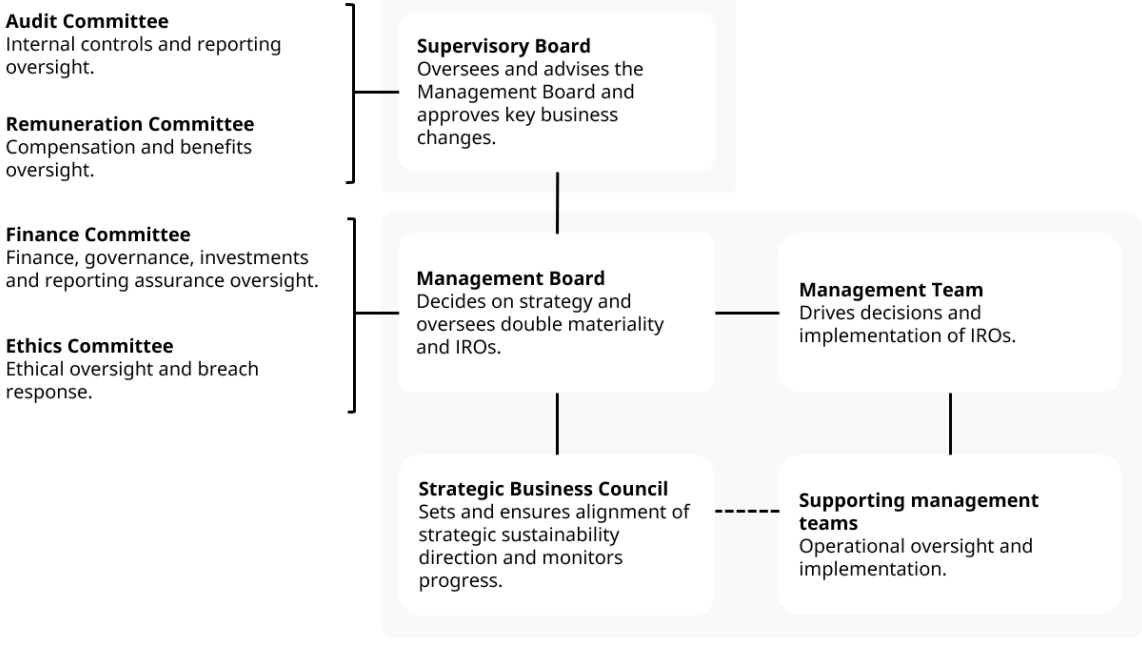
Sustainability is an integrated part of our business and is a key pillar in our overall business direction and our strategies. Sustainability-related goals are mostly covered in the IKEA Sustainability Strategy that has been valid during FY26. In addition, sustainability topics are covered in our strategies related to supply, retail, range and communication, and people. Each part of our business and franchise system contributes to sustainability topics covered in our strategies.

Composition and diversity

The Management Board, together with key senior executives, forms the Inter IKEA Group Management Team. The Management Team is considered to be part of the administrative, management and supervisory bodies, as defined by the ESRS.

For more information on the composition and diversity of our governance bodies, see Governance structure in the Management Board Report on pages 5-6.

Governance structure for managing sustainability impacts, risks and opportunities (IROs)



Skills and expertise to oversee sustainability topics

The members of the Supervisory Board, Management Board and Management Team bring diverse expertise relevant to our business operations, including experience in retail, supply chain management, sustainability and international business. Their backgrounds support our global presence and commitment to our sustainability agenda.

Members of these governance bodies are provided with regular briefings and updates from internal and external experts. This ensures that they have access to the latest knowledge on sustainability impacts, risks and opportunities and enables them to leverage sustainability-related insights from experts and apply these to our business model and strategies. Internal experts include our Strategic Sustainability Management Team, the Core Business Sustainability Management Teams, the Strategic Sustainability Topics team, and the sustainability teams in our core businesses Range, Supply and Retail Concept. Examples of external experts include CEOs and other representatives from our strategic partners and franchisee sustainability teams.

We strengthened our oversight of sustainability topics by establishing the Strategic Sustainability Management Team. The team includes key representatives from the business and the Sustainability function. Additional expertise is drawn in as needed through invited participants. In bi-weekly meetings, the Strategic Sustainability Management Team shares

sustainability-related knowledge, discusses potential gaps within our operations and identifies actions needed to strengthen skills and expertise in the business, as well as at our governance bodies. For example, the Strategic Sustainability Management Team discussed our sustainability agenda with the Supervisory Board during FY26.

Roles and responsibilities

Supervisory Board
See Governance structure in the Management Board Report on page 6.

Management Board and Management Team
The Management Board oversees the approach to monitoring and managing sustainability impacts, risks and opportunities (IROs). This approach includes our risk management methodology, the maintenance of our strategies and steering documents, and our double materiality assessment (DMA). The Management Team validates the DMA, which is approved by the Finance Committee and Management Board. Material IROs are managed through our strategies and steering documents, which are reviewed and approved by the Management Board.

The Management Team plays an important role in ensuring the implementation of our approach to managing material IROs and is supported by various management teams, such as the Strategic Sustainability Management Team, the Core Business Sustainability Management Teams and the People & Culture Management Team.

The management board of Inter IKEA Systems B.V., a subsidiary of Inter IKEA Holding B.V., appoints the Strategic Business Council to facilitate alignment in the wider IKEA franchise system and value chain. The council also follows up on goals and objectives connected to the related strategies and it supports business decision making in Inter IKEA Group.

For more information, see Governance structure in the Management Board Report on page 5.

Finance Committee
The Finance Committee, appointed by the Management Board, is responsible for overseeing finance, business steering, legal and governance for Inter IKEA Group. Additionally, it coordinates and approves financial (equity) investments and divestments, along with undertaking duties as delegated by the Management Board. Furthermore, the Finance Committee is responsible for steering the process of obtaining limited assurance on the sustainability statement from the first year it is required by the CSRD.

Ethics Committee
The Ethics Committee, appointed by the Management Board, has a delegated responsibility to supervise Inter IKEA Group's response to critical ethical dilemmas and the formal handling of (potential) critical ethical breaches, including those that relate to our material IROs.

Strategic Business Council
The Strategic Business Council sets the sustainability direction for the total IKEA franchise system. This council is chaired by the CEO of Inter IKEA Group and is composed of key senior executive members from Inter IKEA Group. Managing directors of selected IKEA franchisees are invitees to the council, with the aim of ensuring alignment across the IKEA franchise system. Our Strategic Sustainability Management Team prepares recommendations for the council.

Overseeing the setting of targets

The Strategic Business Council confirms the sustainability targets, which are then ratified by the management board of Inter IKEA Systems B.V., to secure alignment with the formal decision making of Inter IKEA Group.

Progress on the targets is reported by the Strategic Sustainability Management Team to the Strategic Business Council, Management Team and Management Board. The Supervisory Board is also kept informed of overall progress and key developments, supporting transparency and accountability in sustainability governance.

Taking into account material impacts, risks and opportunities to oversee our business

Our governance approach aims to ensure a continuous dialogue between the different governance bodies and that sustainability is embedded into the management of IROs, with appropriate accountability and oversight at the highest level.

Our governance bodies are informed by our Strategic Sustainability Management Team about all material IROs through our established governance framework, on an as-needed basis.

Updates can also occur across other bodies in our governance framework, for example, to the Finance Committee and the Audit Committee. Updates to the committees are provided on an as-needed basis.

Sustainability due diligence is an ongoing process, with regular assessments to address any identified issues. As we continue to develop our due diligence processes, the information provided to our governance bodies will also mature.

The results and effectiveness of policies, actions, targets and metrics with respect to material IROs are monitored and discussed twice a year through the Strategic Business Council and regularly in the Strategic Sustainability Management Team. All Inter IKEA Group policies are monitored and followed up on a regular basis, as part of our governance, risk and compliance process.

Material IROs, including the associated trade-offs of these IROs, are considered during the annual review of our strategies, when evaluating major investments and in our risk management framework.

STATEMENT ON DUE DILIGENCE (GOV-3)

The core elements of due diligence are disclosed in the sustainability statement as follows:

Core element of due diligence	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	The role of the Supervisory Board, Management Board and Management Team (GOV-1) Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)
Engaging with affected stakeholders	Interests and views of stakeholders (SBM-2) Description of the process to identify and assess material impacts, risks and opportunities (IRO-1) Engagement with own workforce and workers' representatives, existence of channels for own workforce to raise concerns or needs and approaches to remedy (S1-2) Engagement with value chain workers, existence of channels for value chain workers to raise concerns or needs and approaches to remedy (S2-2) Engagement with consumers and end-users, existence of channels for consumers and end-users to raise concerns or needs and approaches to remedy (S4-2)
Identifying and assessing negative impacts on people and the environment	Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3) Description of the process to identify and assess material impacts, risks and opportunities (IRO-1) Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement (IRO-2)
Taking actions to address negative impacts on people and the environment	Actions and resources paragraphs of the topical sections of the sustainability statement
Tracking the effectiveness of these efforts	Targets and metrics paragraphs of the topical sections of the sustainability statement

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING (GOV-4)

For an introduction to risk management, see Approach in the Management Board Report on page 9.

During FY26, we updated and extended the CSRD reporting manual in which we document the methodologies and interpretations applied for the calculation of metrics and our corresponding CSRD control framework. In addition, we added new policies on sustainability due diligence, corporate communication and AI to our Policy House, see also pages 31-33. One of the policies on sustainability due diligence is available publicly.

Internal controls related to the preparation of the sustainability statement will be designed for material data points, primarily focusing on metrics. Once established, these internal controls will be assessed annually.

We recognise the importance of formalising controls over the double materiality assessment and are taking additional steps to embed sustainability-related controls while linking material impacts and risks more explicitly to strategic priorities and long-term value creation.

Strategy

STRATEGY, BUSINESS MODEL AND VALUE CHAIN (SBM-1)

Description of our business model and value chain

See Description of our business model and value chain in the Management Board Report on pages 4-5.

Significant groups of products and services offered

See Significant groups of products and services offered in the Management Board Report on page 5.

Significant markets and customer groups

See Significant markets and customer groups in the Management Board Report on page 5.

Sustainability-related goals and strategy

Sustainability is an integral part of our strategic direction, which covers our own operations, our downstream value chain partners, i.e., the franchisees operating under the IKEA Brand, and our upstream supply chain partners. Our strategic direction is to make IKEA products more affordable, accessible and sustainable.

Sustainability-related goals applicable during FY26 were primarily set out in the IKEA Sustainability Strategy in effect during the reporting period. In addition, sustainability-related topics were incorporated into strategies relating to supply, retail, range and communication, and people. The IKEA Sustainability Strategy is currently under review, as described below.

IKEA Sustainability Strategy

During FY26, the IKEA Sustainability Strategy issued by Inter IKEA Group provided a common direction on sustainability-related matters for Inter IKEA Group and the IKEA franchisees.

In FY26, the strategy consisted of three focus areas:

- healthy and sustainable living
- climate, nature and circularity
- fair and equal.

Each focus area included objectives, key results and main actions aligned to a 2030 timeframe. The objectives addressed our material sustainability impacts, risks and opportunities across products, geographies, our own workforce, workers in the value chain and consumers.

The strategy was reviewed periodically throughout its tenure to assess its continued relevance and alignment with business priorities, regulatory developments and emerging sustainability topics.

During FY26, the strategy guided the integration of sustainability priorities into strategic and business planning across Inter IKEA Group. Its focus areas informed actions and decisions related to the material sustainability impacts, risks and opportunities.

The achievement of the FY26 strategy objectives depended on broader systemic change, collaboration across the value chain and innovative solutions. Common challenges associated with addressing these material sustainability matters include securing traceability, improving data quality, and developing globally aligned definitions and metrics. Some topics also have specific challenges. For example, transitioning towards a circular business depends on the availability of recycling infrastructure and reliable access to recycled materials. For further information, see section The interaction of our material IROs with our strategy and business model on page 24.

During FY26, we continued developing our sustainability reporting, governance and target-setting processes with reference to evolving CSRD expectations, including preparations to support future assurance requirements and ongoing assessment of relevant regulatory developments, such as the EU Directive on Empowering Consumers for the Green Transition. Alongside these regulatory developments, changes in the business environment and strategic priorities prompted a review of the Sustainability Strategy's objectives, key results and goals.

At the beginning of FY27, Inter IKEA Group initiated a review of the sustainability strategy to assess how sustainability objectives, targets and governance can be further integrated into business planning and decision-making processes. As part of this review, the strategy has been removed from the external website while its future structure and content are being assessed. The FY26 disclosures in this report describe the strategy and objectives that were applicable during FY26. While the review is ongoing, sustainability-related priorities continue to be integrated into business planning and decision-making processes across Inter IKEA Group. The outcome of the review may result in changes to sustainability objectives, targets, metrics, key results, governance arrangements and implementation approaches.

Healthy and sustainable living	Climate, nature and circularity	Fair and equal
Objectives of the IKEA Sustainability Strategy with a 2030 timeframe, applicable during FY26		
During FY26, the strategy included an objective to inspire and enable people to move towards healthy and sustainable lifestyles by making healthy and sustainable living a desirable choice through our products, services, food, marketing and communications.	**Climate**: During FY26, the strategy included an objective to reduce emissions across the value chain in line with the company's assessment of a 1.5°C pathway, increase carbon removals and storage, and contribute to climate mitigation and adaptation efforts. **Nature**: During FY26, the strategy included an objective to reduce negative pressures and impacts on nature across the value chain and contribute to the protection, improvement and enhancement of natural ecosystems within the company's sphere of influence. **Circularity**: During FY26, the strategy included an objective to support the transition towards a more circular business through the application of Circular Design Principles and by offering products and services intended to enable reuse, repair, refurbishment and recycling.	During FY26, the strategy included an objective to contribute to a fair and equal society through efforts related to human rights, decent and meaningful work, and diversity and inclusion across the value chain.

INTERESTS AND VIEWS OF STAKEHOLDERS (SBM-2)

An essential part of reaching our sustainability goals is working together with others, including our franchisees and suppliers. It is important to develop strong and meaningful relationships across various stakeholder groups, especially those whose rights, interests or livelihoods may be impacted by our business and value chain.

The Supervisory Board, Management Board and Management Team are informed of the input and views of our stakeholders through various channels in our governance structure.

Input from our stakeholder groups informs annual updates to our strategies.

For specific examples of engagement with our different stakeholder groups, see the table on the following pages.

Stakeholder group	Description of stakeholder group	Summarised description of engagement with stakeholder group	Interests and views of stakeholders
Our own workforce	Our own workforce includes all employees with an employment contract with a company within Inter IKEA Group, temporary workers provided by an employment agency and individual contractors that in a self-employed and independent capacity deliver services or deliverables to Inter IKEA Group.	We continually engage directly with our own workforce through various channels, including regular surveys, town halls, personal development talks and direct engagement through managers. We want to secure an engaging, respectful and healthy working environment and to ensure a positive and trustful experience for our own workforce.	Wellbeing, career development and inclusion are key interests raised by our workers both through direct engagement and our engagement with worker associations and other worker representatives.
Unions, social partners and worker associations	This includes global and local unions, worker associations (such as the European Works Council) and other networks.	Engagement with unions, social partners and worker associations is focused on topics of mutual concern and employment conditions based on contractual and regulatory processes. The purpose of this engagement is to promote good working conditions and constructive labour relations, while finding solutions to business challenges.	See above.
Franchisees – workers in the value chain	This includes workers of our groups of IKEA franchisees.	We have no direct engagement with downstream value chain workers. Through our franchisee code of conduct, we engage systematically with franchisees via self-assessments and feedback reviews to determine which actions the franchisee may have to take to meet requirements.	We do not engage directly with franchisee workers. As a result, we currently do not have an understanding of their interests and views.
Suppliers – workers in the value chain	This includes the workers of our direct and indirect supply chain partners.	Engagement with our suppliers occurs through our supplier partner portal, various training courses, assessments and meetings. To support implementation of our supplier code of conduct (IWAY), we conduct compliance reviews with suppliers and interviews with supplier workers. The IWAY scope includes product suppliers, product-related service providers and selected indirect procurement suppliers that meet established scoping criteria. On a three-year average, compliance reviews are conducted at approximately 20% of suppliers within this IWAY scope. We aim to build long-term relationships with our suppliers and supply partners to expand our business operations and explore new ways to do so while considering social and environmental impacts.	Our ongoing engagement with suppliers and supplier partners gives us insight into challenges related to health and safety, working hours, wages and grievance mechanisms. Through IWAY, we understand that workers in our supply chain have a strong interest in safe and healthy working conditions, fair treatment and respect for their rights.

Stakeholder group	Description of stakeholder group	Summarised description of engagement with stakeholder group	Interests and views of stakeholders
Communities	This includes communities where we, or our value chain partners, have business operations.	We engage with communities through locally relevant activities, including community involvement projects. The purpose of this engagement is to learn and share ideas while working collaboratively to reduce negative impacts on the environment and livelihoods.	We are in the process of further developing our stakeholder engagement processes to gain a better understanding of the interests and views of communities.
Consumers and end-users	This includes consumers buying IKEA products in retail sales locations or online and end-users using IKEA products.	Continual engagement with consumers and end-users occurs through various touchpoints, including retail sales locations, surveys, home visits and other feedback channels. By engaging with people around the world, we have a unique opportunity and responsibility to help make healthy and sustainable lifestyles the norm. This starts with a deep understanding of the needs of consumers and end-users.	We understand that consumers and end-users primarily value product safety, quality and reliability, as well as timely handling of product issues and defects. Insights show that affordability is important to consumers, especially in the context of higher living expenses.
Strategic partners and collaborators including NGOs	This includes collaborations with external organisations including businesses, industry bodies, universities and NGOs.	We collaborate with external organisations through global partnerships that support business resilience, risk mitigation and compliance. These partnerships provide access to global best practices, science-based insights and policy development, and enable joint projects that support implementation in and beyond the business.	Stakeholders welcome the increased focus on measurable impact. They encourage us to further strengthen visibility and use our influence and partnerships to drive systemic impact across our value chain.
Public officials and regulators	This includes policymakers and other relevant stakeholders.	We engage with public officials and regulators through relevant policy and regulatory forums. We focus on addressing the free flow of goods over borders, sufficient access to secondary materials globally, the need to harmonise product requirements and sustainability due diligence. We do so by highlighting topics such as circularity and climate action, alongside expectations for transparency, accountability and a level playing field that supports global trade and competitiveness.	Stakeholders seek practical examples from businesses that are working toward achieving sustainability goals to stress-test and validate policy and regulatory approaches.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL (SBM-3)

The interaction of our material IROs with our strategy and business model

The material impacts, risks and opportunities (IROs) identified in our double materiality assessment are closely connected to our long-term direction and to the strategies which were in place during FY26. The IKEA Sustainability Strategy that was applicable during FY26 included internal goal setting with a 2030 timeframe. As described elsewhere in this sustainability statement, the Sustainability Strategy is currently under review, and the outcome of that review may result in updates to objectives, targets and related implementation approaches. To ensure the future success of our business, we must work together across our value chain to take on the urgent challenges we face, such as climate change, nature loss, unsustainable consumption and rising inequality.

Our material sustainability topics significantly influence our business model and value chain. Related IROs are considered and integrated through our strategy-setting and decision-making processes.

Transforming the sourcing of materials

In our upstream value chain, our material environmental IROs are primarily associated with the extraction, sourcing and processing of materials. The strategies in operation during FY26 were designed to address these challenges by supporting more circular material flows, improving resource efficiency and reducing waste across the value chain.

We also seek to reduce negative environmental impacts associated with material sourcing through relevant requirements, standards and engagement activities across the value chain.

Ensuring circular design and efficiency

While the sourcing of materials is closely connected to material IROs in our upstream value chain, our focus on circular design also seeks to address challenges that relate to the use and end-of-life of our products.

A key element of our approach is supporting the transition to a more circular business. We do this by designing products that better enable reuse, repair, refurbishment and recycling. This is guided by our Circular Design Principles and our five Democratic Design dimensions: function, form, quality, sustainability and low price. Considering energy efficiency in the design of products is also key for reducing environmental impacts throughout the lifecycle. During FY26, our actions were guided by the IKEA Sustainability Strategy applicable during the reporting period, together with the range and communication-related strategy and our Circular Design Principles.

Accelerating an energy transformation

Our strategic priorities include reducing the use of fossil-based fuels across our value chain. Scaling up electrification, renewable energy and energy efficiency across manufacturing sites, transportation and IKEA retail sales locations is an important part of building business resilience, while requiring significant investment and continued technological development.

Caring for people across our value chain

Our business and value chain depend on millions of people. We recognise our role in addressing rising inequality, poverty, climate change and nature loss, which leave many in vulnerable positions. Preventing and mitigating negative social impacts and driving positive change are important elements in supporting talent attraction and retention, value chain resilience and consumer trust.

Our people strategy guides how we enable our own workforce and franchisee workers to thrive. The IKEA Sustainability Strategy applicable during FY26 included an objective to contribute to a fair and equal society by identifying and addressing human rights risks and impacts, integrating equality, diversity and inclusion, and promoting safe and healthy working conditions and work-related rights across our value chain. When it comes to impacts on consumers, we continually assess and improve product safety.

Ensuring the resilience of our strategy and business model

Our guiding principles, strategies and steering documents integrate sustainability into the core of our business and support our ability to adapt in a changing world and to identify new long-term opportunities. Supporting the transition towards a more circular business, alongside our focus on sourcing and increasing the use of renewable energy, plays an important role in strengthening the resilience of our strategy and business model.

We continually gather insights from our own operations and key external stakeholders on our material IROs, as well as on global trends and market changes, to assess and improve the resilience of our strategies and business model. Sustainability is integrated into relevant strategies. The IKEA Sustainability Strategy was subject to periodic review during FY26, and a broader review of the strategy commenced in FY27. These review processes are intended to assess whether material IROs continue to be appropriately reflected and whether objectives, key results and goals remain relevant and robust. Annual risk assessments and impact assessments provide important input in this process. Sustainability managers across our core businesses have a crucial role in ensuring that key insights are incorporated into our strategies and related action plans.

Besides our strategies, our decision making is guided by our steering documents that set business requirements for different target groups across our value chain. These include our supplier code of conduct, our Inter IKEA Group Code of Conduct and Policy House, and our franchisee code of conduct. In addition, there are mandatory requirements for IKEA retail sales locations in all markets.

Impact, risk and opportunity management

DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IRO-1)

Introduction

In the first half of FY26, we updated our double materiality assessment (DMA) with a key focus on understanding external changes and developments in the value chain and business relations that may affect the impacts, risks and opportunities identified in our FY25 DMA. The FY26 DMA considered the draft Simplified ESRS published in December 2025.

Scope

The sustainability topics listed in ESRS 1 were evaluated in our DMA. In addition, various entity-specific sustainability topics not listed in ESRS 1 were incorporated in the scope.

The DMA considered activities across our entire value chain as well as our business relationships. Regarding our own operations, Inter IKEA Holding B.V. and all its subsidiaries were included in our approach.

An overview of the process

We applied the following four-step process for our DMA:

1. validating the DMA foundation
2. mapping the value chain and identifying IROs
3. assessing IROs
4. validating and approving results.

1. Validating the DMA foundation

We evaluated the Inter IKEA Group organisational structure and validated key internal stakeholders to include in the DMA process. This included representatives across our business to ensure the collection of comprehensive and accurate input.

2. Mapping the value chain and identifying IROs

The IROs identified during the FY25 DMA were reviewed for completeness and updated where necessary, considering internal and external changes impacting our business operations, such as the IKEA retail operations in Estonia, Latvia and Lithuania and forestry acquisitions.

We used a broad range of internal information as input, including existing environmental and social data and risk assessment data. Internal functions working with due diligence were involved in the process to provide relevant learnings from existing due diligence processes.

When assessing the value chain, we focused on areas where IROs are most likely to occur. The focus was on first-tier suppliers and significant retail markets. We used existing internal information when available or assumptions based on industry knowledge. For certain topics, and informed by internal and external risk data, we prioritised geographies with a higher likelihood of negative environmental or social impacts.

3. Assessing IROs

Identified IROs have been assessed applying qualitative information, which considered geographies, markets, suppliers, dependencies and other variables, and quantitative information resulting in a 1 to 5 scoring range. The severity of actual impacts was determined based on the average score of scale, scope and – for negative impacts only – irremediable character. For potential impacts, likelihood was also considered.

The materiality of financial risks and opportunities was assessed based on the magnitude of the financial effects and likelihood of occurrence. Our existing risk assessment methodology was used as a basis and adapted for the process to determine financial materiality.

Each IRO was mapped across three time horizons, being:

- short: less than one year
- medium: 1–5 years
- long: 5–25 years.

We initiated the transition to considering prevention, mitigation and remediation actions when assessing IROs, as outlined in the draft Simplified ESRS.

4. Validating and approving results

To ensure the accuracy and quality of the results, the scoring and rationale of IROs under each topic were reviewed and calibrated by bringing in broader perspectives and comparing topics.

All sustainability topics with at least one impact with a severity of 4 or above and for potential impacts a likelihood of 3 or above were deemed material. Similarly, financial materiality was determined for risks or opportunities with a magnitude of 4 or above and a likelihood of 3 or above.

In the case of a potential negative human rights impact, the severity of the impact took precedence over its likelihood. To take this into account, we assessed the materiality of human rights impacts with a high severity score during the validation of results.

The preliminary results and thresholds for materiality were reviewed and necessary adjustments were made before the final results were validated by the Management Team and approved by the Finance Committee and Management Board.

Engagement of stakeholders

Ongoing dialogues, round tables and feedback exchanges with external stakeholders and affected communities continue as part of our business operations.

In FY26, we did not repeat dedicated external stakeholder engagement as part of the DMA update. We relied on FY25 engagement outputs, ongoing operational engagement channels and evidence from due diligence activities (e.g., supplier verification and grievance insights).

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND DISCLOSURE REQUIREMENTS INCLUDED IN THE SUSTAINABILITY STATEMENT (IRO-2)

Overview of material IROs

On the following pages, we list the IROs that were identified and assessed as material in our DMA. These are each associated with a sustainability topic and provide information on where in our value chain these occur.

Brief descriptions of the material IROs are included in the figures. More detailed information is available under the introduction paragraph of each topical section of our sustainability statement.

We identified material IROs relating to 14 subtopics within eight of the ten ESRS topics, which is unchanged compared to FY25. The topics are aligned with the focus areas in our strategies.

Material IROs related to forced or compulsory labour or child labour

Forced labour and child labour concerns in the value chain were identified as material negative impacts. We are aware that higher risks are prevalent in Asia, the Middle East, some parts of South America, North Africa and in some locations in Europe.

For further information, see Workers in the value chain (S2) on pages 77-81.

Disclosure Requirements in ESRS covered by the sustainability statement

For an overview of Disclosure Requirements in ESRS covered by the sustainability statement, see Reference table on pages 86-90.

For a list of data points that derive from other EU legislation, see List of data points that derive from other EU legislation on pages 90-92.

IRO-2 Environmental impacts, risks and opportunities

MATERIAL TOPIC	IRO	OUR VALUE CHAIN: Upstream	OUR VALUE CHAIN: Own operations	OUR VALUE CHAIN: Downstream	Time horizon: Short | Medium | Long
E1 Climate change					
Climate change mitigation	⊖	Material sourcing and product manufacturing contribute to climate change		The end-of-life of products contributes to climate change	✓ | ✓ | ✓
Transportation	⊖	Transportation of materials and products contributes to climate change		Transportation of materials and products contributes to climate change	✓ | ✓ | ✓
Energy	⊖	Material sourcing and product manufacturing require energy		Product use at home contributes to energy consumption	✓ | ✓ | ✓
E2 Pollution					
Pollution of air	⊖	Agricultural production can contribute to air pollution			✓ | ✓ | ✓
	⊖	Material sourcing and product manufacturing can contribute to air pollution			✓ | ✓ | ✓
	⊖	Transportation powered by fossil fuels can contribute to air pollution		Transportation powered by fossil fuels can contribute to air pollution	✓ | ✓ | ✓
Substances of concern (SOC) and substances very high concern (SVHC)	⊖	Exposure to SOC and SVHC during manufacturing		Exposure to SOC and SVHC during disposal	✓ | ✓ | ✓
	↘	Compliance costs, adaptation costs and loss of sales related to SOC and SVHC			✓ | ✓ | ✓
E3 Water					
Water withdrawals	⊖	Material sourcing and manufacturing can contribute to negative impacts on freshwater			✓ | ✓ | ✓
E4 Biodiversity and ecosystems					
The extent and condition of terrestrial and marine ecosystems	⊖	Raw material sourcing can negatively impact ecosystems			✓ | ✓ | ✓
	↘	Deforestation and traceability compliance costs			✓ | ✓ | ✓
Ecosystem services	⊖	Unsustainable agriculture practices contribute to negative impacts on ecosystem services			✓ | ✓ | ✓
	↘	Business disruptions due to degradation and disruption of ecosystem services			✓ | ✓ | ✓

⊖ Negative impact ⊕ Positive impact ↘ Financial risk ↗ Financial opportunity

MATERIAL TOPIC	IRO	OUR VALUE CHAIN: Upstream	Own operations	Downstream	Time horizon: Short | Medium | Long
E5 Resource use and circular economy					
Resource inflows	⊖	Sourcing of virgin, non-renewable materials can cause resource depletion			✓ | ✓ | ✓
Waste	⊖			High volume of products sold leads to waste at end of life	✓ | ✓ | ✓
	⊖			High volume of products that are packaged contributes to plastic packaging waste	✓ | ✓ | ✓

⊖ Negative impact ⊕ Positive impact ↘ Financial risk ↗ Financial opportunity

IRO-2 Social impacts, risks and opportunities

MATERIAL TOPIC	IRO	OUR VALUE CHAIN: Upstream	Own operations	Downstream	Time horizon: Short | Medium | Long
S1 Own workforce					
Diversity and equal treatment	⊕		Improved work environment and equal opportunities for all through actions focusing on equality, diversity and inclusion		✓ | ✓ | ✓
Training and skills development	⊕		Improved employability, career development opportunities and job satisfaction due to accessible training and upskilling opportunities		✓ | ✓ | ✓
Health and safety	⊖		Physical health and safety risks due to high-risk working environments		✓ | ✓ | ✓
S2 Workers in value chain					
Health and safety	⊖	Severe health impacts and loss of life from hazardous industry settings in the value chain		Severe health impacts and loss of life from hazardous industry settings in the value chain	✓ | ✓ | ✓
Other labour-related human rights	⊖	Forced labour concerns in the value chain		Forced labour concerns in the value chain	✓ | ✓ | ✓
	⊖	Child labour concerns in the value chain		Child labour concerns in the value chain	✓ | ✓ | ✓
	↘	Supplier human rights violations damage our brand and operations			✓ | ✓ | ✓
S4 Consumers and end-users					
Personal safety of consumers and end-users	⊖			Inadequate product safety can significantly harm end-users	✓ | ✓ | ✓
	↘	Shortcomings in product compliance, quality and safety could result in harm to consumers and reputational damage			✓ | ✓ | ✓

⊖ Negative impact ⊕ Positive impact ↘ Financial risk ↗ Financial opportunity

General disclosure requirements for policies, actions, metrics and targets

GENERAL DISCLOSURE REQUIREMENT FOR POLICIES (GDR-P)

Introduction

To set clear expectations across our value chain, we have mandatory business requirements for suppliers upstream, our own operations and franchisees downstream. There are different sets of business requirements, all owned and governed by Inter IKEA Group, for the different target groups. Our approach to policies is summarised as follows:

Value chain	Policies
Upstream	Supplier code of conduct (IWAY)
Own operations	Inter IKEA Group Code of Conduct
	Inter IKEA Group Policy House
Downstream	Franchisee code of conduct (IConduct)

Inter IKEA Group Policy House

The Inter IKEA Group Policy House includes, among other elements, the policies governing the management of environmental and social impacts within our operations. These policies apply to our own workforce and are made accessible to them. Review takes place at least every two years, and the European Works Council as well as local worker representatives are consulted on policy content changes.

Inter IKEA Group policy on environmental and social responsibility

The overall objective of this policy is to guide how Inter IKEA Group conducts its business, balancing economic, social and environmental considerations, and guided by principles related to sustainability, compliance, transparency and community engagement.

Inter IKEA Group policy on product compliance

The overall objective of this policy is to ensure all our products consistently meet all relevant product requirements in all markets and sales channels. A product only becomes compliant and ultimately sellable when it meets all applicable internal and external standards and regulations.

Inter IKEA Group policy on recruitment and onboarding

The overall objective of this policy is to secure how we, in order to continue to grow responsibly, want to embrace all dimensions of diversity and attract, recruit, develop and retain talent that reflects the demographics of the societies where we operate.

Inter IKEA Group policy on wellbeing and a healthy work environment

The overall objective of this policy is to secure a healthy and safe work environment for employees from a physical, organisational and social perspective.

Inter IKEA Group policy on safety and security

The overall objective of this policy is to safeguard employees by creating an environment that supports and empowers everyone to consistently make safe and secure choices.

Inter IKEA Group policy on human rights

The overall objective of this policy is to secure that our operations, products, strategic and day-to-day decision making and our business relationships do not harm individuals or communities in our value chain. During FY26, the policy has been updated. The updated version takes a more topical approach and more clearly captures our standpoints on key human rights issues.

For further information on this policy, see Policies related to own workforce (S1-1) on pages 65-66 and Policies related to value chain workers (S2-1) on pages 77-78.

Inter IKEA Group policy on sustainability due diligence

The overall objective of this policy is to outline the steps of our sustainability due diligence process and what our own workforce is expected to do to identify, prevent, mitigate and account for negative impacts on people and the environment across the value chain. In developing the policy, the European Works Council as well as local worker representatives were consulted on the drafts, and feedback received was integrated to the degree possible. This policy is accompanied by a publicly available policy on sustainability due diligence which summarises our key steps.

Codes of conduct

Inter IKEA Group Code of Conduct

The objective of the Inter IKEA Group Code of Conduct is to foster a caring and ethical workplace by guiding the individual and collective behaviour of everyone at Inter IKEA Group. The Code of Conduct applies to and is available to our own workforce.

The Code of Conduct was reviewed and updated during FY25 and rolled out in FY26. While most of the Code of

Conduct remains the same, content added is focused on sustainability, AI and behaviour on social media.

Annual training on the Code of Conduct is mandatory for our employees.

Supplier code of conduct (IWAY)
IWAY includes our requirements for procuring products, services, materials and components, setting clear expectations and ways of working for environmental, social and working conditions. The IWAY scope includes product suppliers, product-related service providers, and selected indirect procurement suppliers that meet established scoping criteria. IWAY contains specific sections targeted at certain supplier types or sectors, such as land transport, forest materials and – currently under development – agriculture.

Franchisee code of conduct (IConduct)
IConduct is mandatory for all IKEA franchisees to follow in order to secure compliance with business requirements and working conditions. It is every franchisee's responsibility to comply with all applicable laws and regulations. If the requirements of IConduct exceed what is required by applicable laws and/or regulations, the requirements of IConduct shall prevail. IConduct requirements are publicly available.

Policies related to our material sustainability topics

An overview of policies related to our material sustainability topics is provided below. For further details, see the topical sections of the sustainability statement.

Policy	Material sustainability topic	Scope	Availability to stakeholders
Inter IKEA Group policy on environmental and social responsibility	E1 Climate change E2 Pollution E3 Water and marine resources E4 Biodiversity and ecosystems E5 Resource use and circular economy	Own operations	Available to our own workforce
Inter IKEA Group policy on product compliance	E2 Pollution S4 Consumers and end-users		
Inter IKEA Group policy on recruitment and onboarding	S1 Own workforce		
Inter IKEA Group policy on wellbeing and a healthy work environment	S1 Own workforce		
Inter IKEA Group policy on safety and security	S1 Own workforce		
Inter IKEA Group policy on human rights	S1 Own workforce S2 Workers in the value chain		
Inter IKEA Group policy on sustainability due diligence	E4 Biodiversity and ecosystems S2 Workers in the value chain		
Supplier code of conduct (IWAY)	E1 Climate change E2 Pollution E3 Water and marine resources E4 Biodiversity and ecosystems S2 Workers in the value chain	Upstream value chain	Available publicly
Franchisee code of conduct (IConduct)	E1 Climate change E2 Pollution S2 Workers in the value chain	Downstream value chain	

Our codes of conduct also include requirements with respect to our own workforce and consumers and end-users. However, our policies more thoroughly address our related material impacts, risks and opportunities.

GENERAL DISCLOSURE REQUIREMENT FOR ACTIONS AND RESOURCES (GDR-A)

Actions and resources in relation to material sustainability topics are described in the topical sections of the sustainability statement.

GENERAL DISCLOSURE REQUIREMENT FOR METRICS (GDR-M)

Metrics in relation to material sustainability topics are described in the topical sections of the sustainability statement. A full overview of metrics is embedded in the Reference table on pages 86-90.

GENERAL DISCLOSURE REQUIREMENT FOR TARGETS (GDR-T)

Targets in relation to material sustainability topics are described in the topical sections of the sustainability statement.

Environmental disclosures

Climate change (ESRS E1)

INTRODUCTION

As a global business with a climate footprint spanning many activities across the value chain, such as extraction and refinement of materials, manufacturing, fossil-fuel-powered transportation and product use at home, we have an impact on climate change. We address this impact through our actions, committing to reduce greenhouse gas (GHG) emissions across our value chain.

Material sustainability topics

GHG emissions contribute to climate change, which leads to extreme weather and natural hazards, loss of life and livelihood, and is intertwined with nature loss. Fossil-fuel-based energy consumption is a key contributor to GHG emissions.

The material sustainability topics are listed in the figure and explained in the following paragraphs.

The sourcing of materials and manufacturing of our home furnishing products and food offer lead to GHG emissions in our own operations and upstream value chain.

The transportation of materials and products, for example from manufacturing sites to distribution centres and retail sales locations, generates GHG emissions.

End-of-life disposal, including landfill, incineration or other methods, generates downstream GHG emissions.

The sourcing of materials and manufacturing of finished goods requires large amounts of energy.

The use of sold products, including home appliances and lighting, contributes to household energy consumption.

TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION (E1-1)

We have not yet established a formal transition plan for climate change mitigation and are working to adopt one.

Material sustainability topic	Category	IRO	Where in value chain
Climate change mitigation	Negative impact	Material sourcing and product manufacturing contribute to climate change	Upstream and own operations
	Negative impact	Transportation of materials and products contributes to climate change	Upstream and downstream
	Negative impact	The end-of-life of products contributes to climate change	Downstream
Energy	Negative impact	Material sourcing and product manufacturing require energy	Upstream and own operations
	Negative impact	Product use at home contributes to energy consumption	Downstream

Although such a plan is not yet in place, the actions we take already contribute to reducing our negative impacts on the climate. We are reviewing our approach to transition planning, drawing on the climate mitigation plans we have planned to date.

CLIMATE-RELATED RISKS AND SCENARIO ANALYSIS (E1-2)

We have started the identification and assessment of climate-related risks and opportunities using the Task Force on Climate-related Financial Disclosures (TCFD) methodology, considering both financial materiality and the resilience of our business model and strategy. A climate-related scenario analysis has been applied to support this assessment.

For the assessment of physical climate risks, the scenarios SSP1-2.6, SSP2-4.5 and SSP5-8.5 were applied. For the assessment of transition risks, the scenarios SSP1-1.9 and SSP2-4.5 were applied. These scenarios were selected to cover a range of plausible future pathways, from ambitious mitigation consistent with low-warming outcomes to higher-emissions trajectories associated with more severe physical impacts. This enables an evaluation of resilience under different climate and policy conditions. We assessed the exposure and sensitivity of our assets and business activities across three time periods: short-term (2026 to 2030), medium-term (2031 to 2040) and long-term (2041 to 2075).

We initiated our analysis with two priority areas, being our manufacturing sites in Poland and upstream cotton supply chain in China. Poland, a strategic operational market for Inter IKEA Group, was selected for a site-specific analysis. This assessment encompassed nine

of our manufacturing sites in Poland together with a broader evaluation of forests, supply chains and transport corridors across the country. In China, a region-specific analysis was undertaken focusing on two cotton supply cooperatives.

The outcome of this analysis will be disclosed in the FY27 Sustainability Statement. We intend to extend coverage to other parts of our value chain in a future assessment.

RESILIENCE IN RELATION TO CLIMATE CHANGE (E1-3)

The resilience analysis and the assessment of anticipated financial effects from material climate-related risks and opportunities have not yet commenced. These will be reported, at the latest, from the year in which reporting is mandated by the ESRS.

POLICIES RELATED TO CLIMATE CHANGE (E1-4)

Relating to climate change mitigation, we have the following policies in place:

Material sustainability topic	Policy
Climate change mitigation	Inter IKEA Group policy on environmental and social responsibility Supplier code of conduct
Energy	Supplier code of conduct

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 31-33.

We have policies in place that outline expectations across the value chain to decrease our negative impacts related to GHG emissions and energy consumption, stemming from material sourcing, product manufacturing and transportation.

We do not have a policy in place which addresses the emissions from end-of-life disposal of our products. However, we have initiated actions to prolong the life of our products and enable products and materials to be recycled, where possible. For policies related to circularity, see Policies related to resource use and circular economy (E5-1) on page 60.

We do not have a policy which addresses energy consumption connected to product use at home. However, we have initiated actions to continue to improve the energy efficiency of our product range.

Inter IKEA Group policy on environmental and social responsibility

This policy refers to portions of our Net Zero and Beyond agenda to mitigate the climate change impacts of our own operations and value chain in line with the Paris Agreement.

The policy highlights our targets with respect to:

- reducing GHG emissions through our design and sourcing decisions**,** including but not limited to the choice of material, manufacturing process, and type of transport
- increasing the use of renewable energy in own operations
- increasing the use of electric vehicles or other zero-emission solutions for transport for consumer deliveries in own operations.

For further information on our targets, see Targets related to climate change (E1-6) on page 38.

Supplier code of conduct

Our supplier code of conduct outlines requirements to mitigate climate change impacts, requiring suppliers at a minimum to identify opportunities for switching to renewable energy.

ACTIONS AND RESOURCES RELATED TO CLIMATE CHANGE (E1-5)

Actions

We take actions that address the negative impact of our business and value chain on global warming by reducing emissions, increasing carbon removals and storage and contributing to broader societal climate change mitigation efforts.

Below are our medium-term actions with a timeframe until 2030 that manage our material impacts related to GHG emissions and energy consumption, stemming from material sourcing and product manufacturing, transportation and product-use-at-home.

The achieved and expected GHG emission reduction by decarbonisation lever is not yet available. These will be reported, at the latest, from the year in which reporting is mandated by the ESRS.

Key action and outcome	Scope	FY26 examples and progress
Increase the share of materials and food ingredients with a lower climate footprint to reduce material and food-related emissions.	Upstream value chain for materials and food ingredients	We continued our work to reduce reliance on virgin materials and increase the use of recycled materials. For example, IKEA Industry is working on wood recycling projects aimed at increasing the share of recycled wood in particle board manufacturing. Improvements to drying and board manufacturing processes are also reducing energy consumption. IKEA Industry has also started construction of a new Cyclic Thin Board manufacturing site that will manufacture thin boards made entirely from wood waste.
Scale up electrification, renewable energy and energy efficiency across our upstream value chain to reduce dependency on fossil fuels.	Upstream value chain	We continued to increase electrification and energy efficiency in supplier operations through supplier engagement initiatives focused on, for example, increasing solar photovoltaic (PV) capacity, deployment of solar-thermal installations, replacements from coal and natural gas to biomass boilers, and electrified heat storage solutions.
Increase electrification, use of renewable fuels and energy efficiency within land and ocean transportation in our value chain to reduce distribution-related emissions.	Upstream and downstream transportation and distribution	We continued our transition to use more lower-emission transport modes and shift long-distance shipments towards intermodal solutions such as rail, barge and short-distance shipping. These modes will emit fewer emissions and will make better use of available transport capacity. Across the distribution operations, our electricity consumption from renewable energy solutions, such as on-site solar PV generation, increased from 89% in FY25 to 95% in FY26.
Improve energy efficiency of products to reduce energy consumption related to product use at home.	Downstream value chain	We improved the energy efficiency of certain home appliances through product development. This includes the launch of the LAGAN dishwasher in Europe. The product meets EU Energy Class A requirements and reduces electricity consumption. The standard eco programme of the new model consumes 43% less electricity per cycle than the previous model.

Resources
During FY26, we allocated resources to climate change mitigation concentrated in transitioning to lower-emission materials and improving material and energy efficiency on product manufacturing.

A significant share of resources supports the transition to materials associated with lower lifecycle GHG emissions compared with conventional alternatives across key materials such as textiles, plastics, metals and wood. This includes supporting efforts to increase the use of recycled, renewable and bio-based inputs, as well as the development of alternatives to fossil-based materials.

TARGETS RELATED TO CLIMATE CHANGE (E1-6)

We are currently transitioning from our previous GHG emission reduction targets to a new set of targets covering scope 1, scope 2 and material scope 3 emissions. Previously, we maintained near-term and long-term targets validated by the Science Based Targets initiative (SBTi), set against an FY16 baseline. As part of strengthening our emissions accounting and reporting, we have updated our methodologies. The historical data available for FY16 was developed using methodologies applied at that time. Following enhancements to our emissions methodologies and accounting, the FY16 data does not provide the level of granularity, traceability and completeness required to apply the updated methodologies consistently. FY16 will therefore no longer serve as the baseline for our future climate targets.

We are currently setting a new emissions baseline and new climate targets to align with CSRD requirements. These are planned to be ready for internal approval in FY27 and subsequently submitted to SBTi for validation. Until then, we remain focused on addressing climate change across our value chain.

ENERGY CONSUMPTION AND MIX (E1-7)

Methodologies and assumptions

Energy origins
Energy consumption and production originate from manufacturing sites, warehouses, retail sales locations, offices and other sites over which Inter IKEA Group has financial control.

Energy production comes from on-site solar photovoltaic (PV) electricity generation.

Calculation methods
Energy consumption and production are based on supplier invoices or direct measurements through energy meter readings.

On sites where no or insufficient renewable electricity is produced, energy attribute certificates are purchased to report renewable electricity consumption.

Key estimations
The following key estimations are applied.

- As actual data is not available in time for reporting, data from the last four-month period of FY25 is used as a proxy for the last four-month period of FY26 for most sites.
- For sites with no periodical data available, either calendar year or previous financial year data is used as a proxy.

Energy consumption and production in own operations

In MWh, unless otherwise stated	**FY26**	**FY25**	**% change**
Fossil sources	132,034	118,781	11%
Crude oil and petroleum	31,436	30,281	4%
Natural gas	90,706	77,717	17%
Purchased or acquired heat, steam or cooling from fossil sources	9,892	10,783	-8%
Renewable sources	1,462,214	1,562,412	-6%
Purchased electricity from renewable sources	651,788	682,557	-5%
Self-generated renewable electricity from solar PV	60,191	38,483	56%
Electricity generated from biomass	26,569	19,782	34%
Heating generated from biomass	715,329	814,697	-12%
Purchased biodiesel and heat and steam from renewable sources	8,337	6,893	21%
Total energy consumption in own operations	1,594,248	1,681,193	-5%
Share of renewable sources	92%	93%	
Share of renewable electricity sources	100%	100%	
Renewable energy production	72,131	49,524	46%
Total energy production in own operations	72,131	49,524	46%

The 46% increase in renewable energy production is primarily attributable to an expansion of solar PV capacity at IKEA Industry, with the number of manufacturing sites equipped with solar PV increasing from three in FY25 to fourteen in FY26.

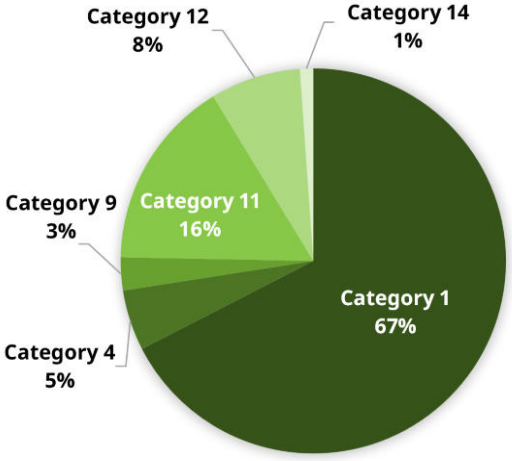
GROSS SCOPES 1, 2, 3 GHG EMISSIONS (E1-8)

Our scope 1, scope 2 and scope 3 GHG emissions are summarised in the table below:

In tonnes CO_2eq, unless otherwise stated	**FY26**	**FY25**	**% change**
Scope 1 GHG emissions	37,906	35,636	6%
Scope 2 GHG emissions (location-based)	206,294	221,715	-7%
Scope 2 GHG emissions (market-based)	1,523	1,799	-15%
Total scope 1 and 2 GHG emissions (market-based)	39,429	37,435	5%
Scope 3:			
Category 1 – Purchased goods and services	14,987,361	16,366,710	-8%
Materials	13,568,493	14,743,080	-8%
Food ingredients	632,950	645,518	-2%
Manufacturing	752,567	946,476	-20%
Other	33,351	31,636	5%
Category 4 – Upstream transportation and distribution	1,130,060	1,118,253	1%
Category 9 – Downstream transportation and distribution	614,421	650,932	-6%
Category 11 – Use of sold products	3,556,122	3,905,746	-9%
Category 12 – End-of-life treatment of sold products	1,683,244	1,907,994	-12%
Category 14 – Franchises	249,129	268,665	-7%
Total scope 3 GHG emissions (significant categories)	22,220,337	24,218,300	-8%

We assessed all scope 3 categories and identified the categories presented above as significant based on screening calculations. Categories assessed as not significant are not included.

In FY26, the relative share of each significant scope 3 category is as follows:



Scope 1 and 2 GHG emissions

Methodologies and assumptions

Emissions origins
Emissions originate from manufacturing sites, warehouses, retail sales locations, offices and other sites over which Inter IKEA Group has financial control.

Scope 1 emissions come from fuel combustion in stationary sources, on-site transportation and refrigerant leakage. Biogenic CO_2 emissions from the combustion of biomass and biofuels are reported separately from scope 1 emissions.

Scope 2 emissions come from the consumption of purchased non-renewable electricity and district heating.

Calculation methods
The energy consumption, as disclosed in Energy consumption and mix (E1-7) on page 38, and refrigerant leakage are converted into CO_2eq through:

- emission factors from sources such as the Department for Energy Security and Net Zero (DESNZ), the GHG Protocol Cross-Sector Tool v2.0 and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories for scope 1 emissions
- emission factors confirmed by electricity suppliers and from sources such as the Association of Issuing Bodies (AIB), the DESNZ and the International Energy Agency (IEA) for scope 2 emissions.

For sites where no or insufficient renewable energy is produced, energy attribute certificates are purchased to report renewable electricity consumption for market-based scope 2 emissions.

Key estimations
The following key estimations are applied.

- As actual data is not available in time for reporting, data from the last four-month period of FY25 is used as a proxy for the last four-month period of FY26 for most sites.
- For sites with no periodical data available, either calendar year or previous financial year data is used as a proxy.

Our scope 1 and scope 2 GHG emissions per site type are summarised in the below table:

In tonnes CO_2eq, unless otherwise stated	**FY26**	**FY25**	**% change**
Manufacturing sites	35,321	33,463	6%
Warehouses	2,780	2,633	6%
Retail sales locations	1,178	1,186	-1%
Offices and other sites	150	153	-2%
Total scope 1 and 2 GHG emissions (market-based)	39,429	37,435	5%
Direct biogenic scope 1 CO_2 emissions	260,994	291,765	-11%

The increase in scope 1 emissions was primarily driven by a lower use of biomass for heating of our manufacturing sites, resulting in an increase in natural gas use.

Scope 3, category 1 – Purchased goods and services (materials)

Methodologies and assumptions

Emissions origins
This subset of scope 3, category 1 includes the following upstream cradle-to-gate emissions.

- Materials used in home furnishing products purchased by Inter IKEA Group or manufactured by IKEA Industry, including transportation of materials and packaging. For upstream transportation of home furnishing products, see page 44.
- Manufacturing and processing emissions beyond first-tier suppliers. For manufacturing emissions of first-tier suppliers, see page 43.

Calculation methods and key estimations
As further detailed below, four calculation methods are in place to convert the weight of materials into CO_2eq using emission factors from ecoinvent v3.12 for both FY25 and FY26.

The following key estimations are applied in all calculation methods.

- As actual data is not available in time for reporting, data from the last four-month period of FY25 is used as a proxy for the last four-month period of FY26, normalised based on the weight of purchases.
- Materials are assigned to the most representative available emission factors within ecoinvent v3.12 based on qualitative assessment of material characteristics.

- Except for wood and paper confirmed by suppliers, yield losses are either incorporated in the emission factors or estimated based on the weight of waste as reported by first-tier suppliers.

(i) Wood and paper confirmed by suppliers
For wood and paper in home furnishing products, emissions are calculated based on suppliers confirming the composition and weight of resource inflows in their manufacturing processes. Resource inflows cover the yield losses of our suppliers. Within the materials subcategory, emissions were 25% in FY26 (FY25: 25%).

The following additional key estimates are applied.

- Suppliers' confirmations of resource inflows for FY25 are used as a proxy for FY26.
- Emissions from board manufacturing by IKEA Industry are reported as scope 1 and 2 emissions. Consequently, the related processing activities were excluded from emission factors applied in this subcategory.

(ii) Other materials based on design
For many home furnishing products, the composition and weight of other materials in products is based on the product design specified by IKEA Range. Within the materials subcategory, emissions were 43% in FY26 (FY25: 45%).

(iii) Other materials based on product's main material
For home furnishing products without a design specification, e.g., home appliances, the composition and weight of other materials in products is based on the key estimation that the main material is representative of the overall material composition of the product. The main material is determined qualitatively if no quantitative information is available. Within the materials subcategory, emissions were 24% in FY26 (FY25: 22%).

(iv) Packaging confirmed by suppliers
For packaging used for home furnishing products, emissions are calculated based on suppliers confirming the default composition and weight of packaging materials per product. Within the materials subcategory, emissions were 8% in FY26 (FY25: 8%).

The materials subset of scope 3, category 1 GHG emissions is summarised in the table below:

In tonnes CO_2eq, unless otherwise stated	**FY26**	**FY25**	**% change**
Metals	4,033,484	4,554,492	-11%
Textiles and comfort	3,499,703	3,662,384	-4%
Wood	3,291,250	3,480,095	-5%
Plastics	1,135,868	1,310,283	-13%
Paper-based materials	1,099,346	1,192,285	-8%
Other	508,842	543,541	-6%
Total category 1 – Purchased goods and services (materials)	13,568,493	14,743,080	-8%
% of total scope 3	61%	61%	

The 8% decrease in emissions is largely associated with lower purchasing volumes across all material categories.

Scope 3, category 1 – Purchased goods and services (food ingredients)

Methodologies and assumptions

Emissions origins
This subset of scope 3, category 1 includes upstream cradle-to-gate emissions from food ingredients in food products purchased by Inter IKEA Group, including transportation of food ingredients and packaging. For upstream transportation of food products, see page 44. For manufacturing emissions of food products by first-tier suppliers, see page 43.

Calculation methods
The composition and weight of food ingredients is based on food purchase transactions and – where available – on food recipes specified by IKEA Range. The weight of food ingredients is converted into CO_2eq applying emission factors from Agri-footprint (AFP) v7.0, ecoinvent v3.12 and World Food LCA Database (WFLDB) v3.13 for both FY25 and FY26.

Key estimations
The following key estimations are applied.

- If the recipe of a food product is not available, the ingredient with the highest expected emission factor is determined and it is assumed that the product is made with only this ingredient.
- Food ingredients are assigned to the most representative available emission factors in a qualitative manner.

The food ingredients subset of scope 3, category 1 GHG emissions is summarised in the table below:

In tonnes CO_2eq, unless otherwise stated	**FY26**	**FY25**	**% change**
Beef	224,507	236,579	-5%
Pork, poultry and other meat	119,080	111,157	7%
Dairy	63,501	53,811	18%
Other	225,862	243,971	-7%
Total category 1 – Purchased goods and services (food ingredients)	632,950	645,518	-2%
% of total scope 3	3%	3%	

The 2% decrease in emissions is primarily driven by changes in purchasing volumes.

Scope 3, category 1 – Purchased goods and services (manufacturing)

Methodologies and assumptions

Emissions origins
This subset of scope 3, category 1 includes the emissions originating from the manufacturing of home furnishing and food products by first-tier suppliers.

Calculation methods
Emissions are calculated based on suppliers reporting the energy consumption, refrigerant leakage and waste in their manufacturing processes of products purchased by Inter IKEA Group. This activity data is converted into CO_2eq using amongst others emission factors from the Association of Issuing Bodies (AIB), the Department for Energy Security and Net Zero (DESNZ), ecoinvent v3.12 and the International Energy Agency (IEA).

Key estimations
The following key estimations are applied.

- Most suppliers confirm their energy consumption, refrigerant leakage and waste on a calendar year basis, which is used as a proxy for Inter IKEA Group's financial year and normalised based on the weight of purchases.
- If a supplier does not confirm its energy consumption and/or waste, average data of suppliers in the same product group is applied.
- It is assumed that a first-tier supplier does not outsource the manufacturing process to its upstream value chain.

The manufacturing subset of scope 3, category 1 GHG emissions is summarised in the table below:

In tonnes CO_2eq, unless otherwise stated	**FY26**	**FY25**	**% change**
Textile products	323,326	430,831	-25%
Electronics and home accessories	232,615	277,283	-16%
Wood-based products	36,926	55,922	-34%
Other products	159,700	182,440	-12%
Total category 1 – Purchased goods and services (manufacturing)	752,567	946,476	-20%
% of total scope 3	3%	4%	

The 20% decrease in emissions is primarily driven by lower purchasing volumes, less use of natural gas and coal by textile product suppliers and increased use of renewable electricity by electronics, home accessories and wood-based product suppliers.

Scope 3, category 1 – Purchased goods and services (other)

Methodologies and assumptions

Emissions origins
This subset of scope 3, category 1 originates from emissions relating to all other purchased goods and services, which are not covered by the materials, food ingredients and manufacturing subcategories of scope 3, category 1. Examples are the purchase of digital and other professional services.

Calculation method
A spend-based method is used to calculate these emissions. Spend is categorised and converted into CO_2eq by mapping each spend category to the most relevant emission factor from EXIOBASE v3.9.6.

Key estimations
The following key estimation is applied.

- As actual data is not available in time for reporting, data from the last four-month period of FY25 is used as a proxy for the last four-month period of FY26.

The subset "other" of scope 3, category 1 GHG emissions is summarised in the table below:

In tonnes CO_2eq, unless otherwise stated	**FY26**	**FY25**	**% change**
Category 1 – Purchased goods and services (other)	33,351	31,636	5%
% of total scope 3	0%	0%	

The 5% increase in emissions is primarily associated with higher marketing-related expenditure during FY26.

Scope 3, category 4 – Upstream transportation and distribution

Methodologies and assumptions

Emissions origins
Emissions originate from:

- transport of materials from supplier to Inter IKEA Group manufacturing site
- transport of IKEA products and components from supplier to Inter IKEA Group site or site of franchisee
- transport of IKEA products and components from Inter IKEA Group site to site of franchisee
- distribution activities in warehouses rented by Inter IKEA Group, except those rented from Ingka Group which are reported in scope 3, category 14.

Calculation methods
Transport emissions are calculated using:

- shipment data, such as transport type, weight and volume
- location data, such as transport leg and distance
- carrier-specific data, such as fuel type, fuel consumption and load factors.

This activity data is used to calculate tonnes-kilometre, which is converted into CO_2eq through conversion and emission factors from Global Logistics Emissions Council (GLEC) v3.0 and the Clean Cargo Framework.

For the calculation methods of distribution activities, see Scope 1 and 2 GHG emissions on page 41.

Key estimations
The following key estimations are applied.

- As actual data is not available in time for reporting, data from the last four-month period of FY25 is used as a proxy for the last four-month period of FY26, normalised based on purchasing volumes.
- Use of standard shipping distances for ocean transport from sea-distances.org.
- Assumptions provided by GLEC and Clean Cargo Framework, such as a 15% surcharge on ocean shipping distances and using calendar year-based ocean carrier data as a reasonable proxy for Inter IKEA Group's financial year.
- All ocean transport between Asia and Europe takes place via the Cape of Good Hope following geopolitical disruptions.
- All truck transport follows the shortest feasible distance as a proxy for actual routes.

Our scope 3, category 4 GHG emissions are summarised in the table below:

In tonnes CO_2eq, unless otherwise stated	**FY26**	**FY25**	**% change**
Transportation of purchased goods	1,126,615	1,114,196	1%
Ship	633,429	638,560	-1%
Truck	452,983	432,260	5%
Other transport modes	40,203	43,376	-7%
Distribution of purchased goods	3,445	4,057	-15%
Total category 4 – Upstream transportation and distribution	1,130,060	1,118,253	1%
% of total scope 3	5%	5%	

The 5% increase in truck transportation emissions was mainly driven by higher tonnes-kilometre in Italy, Poland and Lithuania.

Scope 3, category 9 – Downstream transportation and distribution

Methodologies and assumptions

Emissions origins
Emissions originate from:

- transportation between warehouses and retail sales locations operated by franchisees
- home delivery transportation from franchisee or Inter IKEA Group sites to consumers.

Calculation methods
The following calculation method is applied.

- Transportation emissions are – where available – reported by franchisees. Emission factors from Global Logistics Emissions Council (GLEC) v3.0 are used to convert average fuel consumption, distances travelled and transport volumes into CO_2eq.

Key estimations
The following key estimations are applied.

- As actual data is not available in time for reporting, travel data from the last four-month period of FY25 is used as a proxy for the last four-month period of FY26, normalised based on IKEA retail sales volumes.
- Where transportation data is not available, emissions are estimated based on home delivery quantities.

Our scope 3, category 9 GHG emissions are summarised in the table below:

In tonnes CO_2eq, unless otherwise stated	**FY26**	**FY25**	**% change**
Category 9 – Downstream transportation and distribution	614,421	650,932	-6%
% of total scope 3	3%	3%	

Scope 3, category 11 – Use of sold products

Methodologies and assumptions

Emissions origins
This category includes the total expected lifetime emissions of products sold by Inter IKEA Group that directly consume energy or emit emissions during use. This includes products such as lighting, home appliances, smart home products, other electronic products, rechargeable batteries and candles.

Calculation methods
Emissions are calculated using sales transactions and product attributes, such as power information and energy labels.

Emission factors from the Department for Energy Security and Net Zero (DESNZ) and the International Energy Agency (IEA) are used to convert energy consumption into CO_2eq. To convert kilograms of wax in candles into CO_2eq, ecoinvent v3.12 is used.

Key estimations
The following key estimations are applied.

- As actual data is not available in time for reporting, data from the last four-month period of FY25 is used as a proxy for the last four-month period of FY26, normalised based on sales quantities.
- Products with missing product attributes are estimated using data of a comparable product or product group.
- For lighting, smart home and other electronic products, average lifespan, daily use and standby power are estimated.
- For home appliances, estimations can amongst others relate to average lifespan, efficiency, gas type, number and duration of cycles, and standby power.
- For rechargeable batteries, efficiency and number of recharges are estimated.

Our scope 3, category 11 GHG emissions are summarised in the table below:

In tonnes CO_2eq, unless otherwise stated	**FY26**	**FY25**	**% change**
Lighting	1,952,652	2,217,768	-12%
Home appliances	1,274,889	1,333,355	-4%
Home smart and other electronic products	270,660	285,366	-5%
Candles	57,921	69,257	-16%
Total category 11 – Use of sold products	3,556,122	3,905,746	-9%
% of total scope 3	16%	16%	

The 9% decrease in emissions is primarily driven by lower sales quantities of lighting products in Asia Pacific and the Middle East, where electricity grids generally have higher carbon intensity. This results in higher use-phase emissions.

Scope 3, category 12 – End-of-life treatment of sold products

Methodologies and assumptions

Emissions origins
Emissions originate from waste disposal and treatment at the end of product life of all products sold by Inter IKEA Group.

Calculation methods
Emissions are calculated using sales transactions and the weight of materials in products. Country-based waste treatment methods from the OECD are used, which do not specify material-specific waste treatments. Emission factors of ecoinvent v3.12 are used to convert weight into CO_2eq.

Key estimations
The following key estimations are applied.

- As actual data is not available in time for reporting, data from the last four-month period of FY25 is used as a proxy for the last four-month period of FY26, normalised based on sales quantities.
- Products are assumed not to be dismantled into individual materials at end of life. Consequently, the entire product weight is attributed to its primary material.
- The waste treatment data of the OECD does not differentiate waste treatments based on material type. Consequently, all materials follow the same waste treatment methods at a country level.

Our scope 3, category 12 GHG emissions are summarised in the table below:

In tonnes CO_2eq, unless otherwise stated	**FY26**	**FY25**	**% change**
Landfill	1,179,999	1,351,519	-13%
Incineration with energy recovery	399,151	441,216	-10%
Incineration without energy recovery	96,375	107,750	-11%
Composting	7,719	7,509	3%
Total category 12 – End-of-life treatment of sold products	1,683,244	1,907,994	-12%
% of total scope 3	8%	8%	

The 12% decrease in emissions is primarily driven by lower sales volumes in Asia Pacific and the Middle East, where the end-of-life treatment methods generally have higher associated emissions than in other regions.

Scope 3, category 14 – Franchises

Methodologies and assumptions

Emissions origins
This category includes the scope 1 and scope 2 emissions from retail sales locations and warehouses under operational control by our franchisees.
This includes emissions from fuel combustion in stationary sources, on-site transportation, refrigerant leakage, purchased non-renewable electricity and district heating.

Franchisee sites not directly related to the distribution and sale of IKEA products are excluded.

Franchisees use owned vehicles for transportation between franchisee sites and for home deliveries to consumers. The related emissions are reported as part of scope 3, category 9, see page 45.

Calculation methods
The following calculation methods are applied.

- Our largest franchisee, Ingka Group, reports its scope 1 and market-based scope 2 emissions to us.
- All other franchisees report their energy consumption, refrigerant leakage and internal transportation. We calculate emissions using the same methods as described in the section Scope 1 and 2 GHG emissions on page 41.

Key estimations
The following key estimation is applied.

- As actual data is not available in time for reporting, data from the last four-month period of FY25 is used as a proxy for the last four-month period of FY26.
- For sites with no periodical data available, previous financial year data is used as a proxy.
- If no activity data is available for a franchisee site, average emission data of sites of similar size and in the same region is applied.

Our scope 3, category 14 GHG emissions are summarised in the table below:

In tonnes CO_2eq, unless otherwise stated	**FY26**	**FY25**	**% change**
Category 14 – Franchises	249,129	268,665	-7%
% of total scope 3	1%	1%	

Electricity consumption remained the largest contributor to this category. The 7% reduction in emissions was primarily driven by a higher share of purchased renewable electricity and increased on-site solar PV electricity generation.

GHG REMOVALS (E1-9)

Methodologies and assumptions

GHG removals origins
GHG removals originate from the net growth in biomass above and below ground at the Latvian forestland acquired in FY25. GHG removals from forestlands acquired in FY26 and from projects contributed to in the value chain are excluded as no data is available yet to calculate GHG removals.

Calculation methods
The guidelines from ISO 13391 Wood and wood-based products – Greenhouse gas dynamics are applied in the calculation of GHG removals, through the following principles.

- A forest management unit is defined at a country level, unless forestry projects within a country have different characteristics.
- The stock-based approach is used, which estimates the difference in carbon stocks at the beginning and end of the reporting period.
- The difference in carbon stocks comes from carbon accumulation in the forest through biomass growth and losses of carbon through natural processes and harvesting.

Net growth volumes are converted into CO_2eq removals using factors from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

Key estimations
The following key estimations are applied.

- Net growth volumes are based on a model provided by the Latvian State Forests.
- It is assumed that the net growth volume of deadwood, litter and soil organic matter is nil.

Our GHG removals are summarised in the table below:

In tonnes CO_2eq	**FY26**
Latvian forestland acquired in FY25 (own operations)	65,894

As at 31 August 2026, this Latvian forestland included 6,731 hectares of forest area.

Pollution (ESRS E2)

INTRODUCTION

We recognise that preventing and minimising pollution arising from our operations is essential to protecting human health, ecosystems and the resilience of our business and value chain. This includes mitigating harmful impacts through material sourcing, improved product design and supplier engagement, while continually monitoring regulatory developments and scientific progress to ensure alignment with leading practices and standards.

Material sustainability topics

Air pollution is one of the most significant public health challenges globally, affecting millions of people every year. Clean air is essential for humans and nature alike.

The material sustainability topics are listed in the figure and explained in the following paragraphs.

The agricultural production of food ingredients and materials can contribute to air pollution in our upstream value chain mainly from the use of fertilisers.

Air pollution from our upstream value chain can arise during the extraction, manufacturing and transportation of materials. Fossil fuel combustion and chemical use from these activities release sulphur oxides, nitrogen oxides, carbon monoxide, particulate matter and volatile organic compounds. In our own operations, the manufacturing of wood-based board materials uses cleaning agents, solvents, lacquers and adhesives that can contribute to air pollution.

In our value chain, air pollution occurs during the transportation of products by vehicles using fossil fuels.

SOC and SVHC are substances that can pose a risk to human health and the environment if not managed in a correct way. Chemical substances are essential to the processing and manufacturing of many materials we use in our products. Due to this, there is a risk of exposure to SOC and, for certain product areas, SVHC in manufacturing facilities in our upstream value chain.

In our downstream value chain, pollution can occur during the disposal of products containing harmful substances. The possible mismanagement of the disposal of our products can lead to SOC being released into the environment, and the same risk occurs for SVHC regarding possible mismanaged disposal of our electronic products.

The financial consequences of regulatory non-compliance with requirements around SOC and SVHC, and related loss of sales, are considered a material risk for us.

Material sustainability topic	Category	IRO	Where in value chain
Pollution of air	Negative impact	Agricultural production can contribute to air pollution	Upstream
	Negative impact	Material sourcing and product manufacturing can contribute to air pollution.	Upstream and own operations
	Negative impact	Transportation powered by fossil fuels can contribute to air pollution	Upstream and downstream
Substances of concern (SOC) and substances of very high concern (SVHC)	Negative impact	Exposure to SOC and SVHC during manufacturing	Upstream
	Negative impact	Exposure to SOC and SVHC during disposal	Downstream
	Financial risk	Compliance costs, adaptation costs and loss of sales related to SOC and SVHC	Upstream, own operations and downstream

POLICIES RELATED TO POLLUTION (E2-1)

Relating to pollution, we have the following policies in place:

Material sustainability topic	Policy
Pollution of air	Inter IKEA Group policy on environmental and social responsibility Supplier code of conduct Franchisee code of conduct
Substances of concern and substances of very high concern	Inter IKEA Group policy on product compliance Supplier code of conduct

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 31-33.

We have policies in place to mitigate our negative impact on air pollution from transportation in our upstream value chain, from manufacturing in our own operations and upstream and from the exposure of SOC and SVHC to the environment during manufacturing upstream and disposal downstream. In addition, we have policies in place to mitigate financial risks related to the use of SOC or SVHC in our products and manufacturing.

For manufacturing sites in our own operations, internal governance and operational processes are in place to achieve standards that are equivalent to, or exceed, those under our supplier code of conduct. We have site-specific manuals with more in-depth requirements. Our manuals take a risk-based approach considering the type of operations as well as the regulatory context of each site. Where required, applicable EU regulatory frameworks are also taken into account.

Currently, we do not have business requirements in our policies or codes of conduct addressing the impact on air pollution from livestock in our upstream value chain.

Inter IKEA Group policy on environmental and social responsibility

While the policy does not specifically address air pollution from manufacturing in our own operations, it does outline general requirements for all Inter IKEA Group sites to develop routines, plans and requirements that support our overarching environmental goals. For example, we have requirements for accelerating the movement towards renewable fuels and renewable energy, contributing to a decrease in carbon monoxide, nitrogen oxides, sulphur oxides and particulate matter.

Supplier code of conduct

Our supplier code of conduct (IWAY) has requirements ensuring there is no severe air pollution from supplier operations, all potential sources of air pollution are identified including processes in which volatile organic compounds are used, and environmental improvement plans are updated when and where necessary.

To reduce air pollution caused by vehicles powered by fossil fuels, specific requirements are set for land transport providers.

We do not currently include specific requirements regarding the use of fertilisers and their impact on air pollution. However, additional requirements for our agricultural suppliers are under development.

Where the use of SOC and SVHC is essential to the processing and manufacturing of the materials we use in our products, we have requirements and perform audits on chemical management to ensure that chemicals are purchased, stored, transported, handled and used in a way that protects the health and safety of workers and the environment.

Franchisee code of conduct

While the franchisee code of conduct does not specifically address air pollution, it has general requirements for all franchisees to develop routines for measuring and monitoring GHG emissions, and to reduce their transport-related GHG emissions and air pollution year-on-year in absolute terms.

Inter IKEA Group policy on product compliance

This policy addresses the development of product requirements for our supply chain, including requirements around SOC and SVHC. These include a ban on SVHC and certain SOC classified as carcinogenic, mutagenic or toxic for reproduction, with a few exceptions primarily applying to electrical and electronic products and appliances. These bans are implemented and validated across the value chain through compliance verification mechanisms, including internal and third-party verifications and testing.

ACTIONS AND RESOURCES RELATED TO POLLUTION (E2-2)

Actions

Actions to reduce air pollution and address climate change are closely linked, with increases in both often coming from the same sources, such as burning fossil fuels. By working in an integrated way, we can contribute to cleaner air while also mitigating climate change. For actions related to pollution of air, see Actions and resources related to climate change on pages 37-38.

Below are our medium-term actions with a timeframe until 2030. These actions manage our material impacts and risks related to exposure to substances of concern (SOC) and substances of very high concern (SVHC) during manufacturing and disposal that can pose a risk to human health and the environment.

Resources

To implement the key actions, we have allocated financial resources to development and innovation projects and participated in relevant external programmes.

We committed to an annual financial investment in the ZDHC chemical management program, specifically the "Brands Roadmap to Zero" initiative, with the purpose to strengthen our chemical management practices.

Additional resources were allocated to development and innovation projects to substitute PTFE non-stick coatings in bakeware and cookware product range.

Key action and outcome	Scope	FY26 examples and progress
Substances of concern (SOC) and substances of very high concern (SVHC)		
Improve transparency and traceability of chemicals and enable the substitution and minimisation of SVHC, prioritised SOC, and per- and polyfluoroalkyl substances (PFAS). This will enable reduction of exposure to these substances during manufacturing and disposal, as well as the compliance-related risk.	Upstream and downstream value chain	Continued efforts in our supply chain to minimise and substitute SVHC and SOC classified as Carcinogenic, Mutagenic and Reprotoxic (CMR) category 1A and 1B, as a result of our general ban on these substances in our product requirements. Concluded the phase-out of polytetrafluoroethylene (PTFE) non-stick coatings from our cookware and bakeware range. This has led to an elimination of PFAS in these products and related manufacturing processes.
Implement advanced chemical management practices to minimise the use and release of SVHC and prioritised SOC. This will enable reduction of exposure to these substances during manufacturing and disposal, as well as the compliance-related risk.	Upstream and downstream value chain	Continued to strengthen our chemical management practices by joining the industry-leading chemical management programme Zero Discharge of Hazardous Chemicals (ZDHC), to support the reduction and phase-out of hazardous chemicals from manufacturing and to support improved wastewater management and discharge practices. As a first step, the programme has been rolled out to 26 of our first-tier textile suppliers.

TARGETS RELATED TO POLLUTION (E2-3)

We currently address air pollution primarily through measures implemented to reduce GHG emissions across our value chain. Our approach is to identify and implement solutions that contribute to both climate change mitigation and reductions in air pollutant emissions, recognising the interconnected nature of these environmental impacts. Accordingly, we currently do not maintain separate air pollution reduction targets.

We currently do not have specific targets relating to substances of concern (SOC) or substances of very high concern (SVHC). Through verification of compliance with our product manufacturing requirements and supplier code of conduct, we monitor adherence to requirements designed to restrict and manage the use of relevant substances in our value chain. These processes provide information on implementation of our policies and actions and support our assessment of associated environmental and product-related risks.

POLLUTION OF AIR (E2-4)

Methodologies and assumptions

Air pollutants origins
Four of our particle board and HDF board manufacturing sites reported emissions of one or more air pollutants above the reporting thresholds set out in Annex II of Regulation (EU) 2024/1244 (Industrial Emissions Portal Regulation).

Calculation methods
The calculation methods applied for each pollutant are determined by data availability and monitoring requirements at the relevant site.

- Automatic continuous measurements, with devices being calibrated based on local requirements (e.g., European Norm QAL3 EN 14181). Such measurements are used to determine the annual mass of the relevant air pollutants emitted.
- Lab-tested air filters by third-party specialists, whereby European Norms for sampling and analysis of the respective pollutants are applied. Results from lab testing covering the most recent 12-month period are used to estimate annual emissions, applying extrapolation based on operating hours where appropriate.
- If no measurements or lab tests are available, emission factors provided by local authorities are used to convert fuel consumption into emitted pollutants.

Key estimations
The following key estimation is applied.

- As actual data is not available in time for reporting, data from the latest calendar year is used as a proxy for Inter IKEA Group's financial year.

Pollutants emitted to air in own operations

In tonnes	FY26	FY25*	% change
NH_3 (Ammonia)	23	37	-38%
NMVOC (Non-methane volatile organic compounds)	1,910	2,164	-12%
NO_x (Nitrogen oxides)	631	680	-7%
Total pollutants emitted to air in own operations	2,564	2,881	-11%

* FY25 figures have been restated, see Basis for preparation of the sustainability statement (BP-1) on page 15.

The decrease in reported pollutants was influenced by year-on-year variations in measurement results at sites where pollutants are monitored through periodic laboratory testing. Due to the frequency of such testing, reported emissions fluctuate between reporting periods.

SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN (E2-5)

As a manufacturer, we concluded that the metric related to articles with SVHC provides material information to our material negative impacts and risk. We are currently evaluating the methodologies, data availability and internal controls required to support reporting of this metric. As a result, we are not reporting for FY26. We are continuing this work with the objective of enabling future reporting in accordance with ESRS requirements.

Water (ESRS E3)

INTRODUCTION

Access to water is a growing global issue that directly affects our business resilience and value chain. As a significant contributor to water use in our upstream value chain and own operations, we recognise our ability to contribute to a more sustainable stewardship of this vital resource. We are taking steps to improve water security through reducing freshwater use, improving water quality and reducing negative pressures and impacts on freshwater ecosystems, while supporting suppliers to collaborate with communities and other stakeholders to engage in water stewardship.

Material sustainability topics

The following material sustainability topic is identified:

Material sustainability topic	Category	IRO	Where in value chain
Water withdrawals	Negative impact	Material sourcing and manufacturing can contribute to negative impacts on freshwater	Upstream and own operations

In our upstream value chain, freshwater withdrawal can contribute to water scarcity and environmental degradation in regions where water resources are already stressed. Negative impacts of freshwater withdrawals also relate to manufacturing sites in own operations, particularly those located in high water-stressed basins.

POLICIES RELATED TO WATER (E3-1)

Relating to water and marine resources, we have the following policies in place:

Material sustainability topic	Policy
Water withdrawals	Inter IKEA Group policy on environmental and social responsibility Supplier code of conduct

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 31-33.

We have policies in place which outline our current actions across the value chain to decrease our negative impact related to unsustainable freshwater withdrawal in manufacturing across our own operations and to better understand our upstream value chain's withdrawal of freshwater for manufacturing.

Inter IKEA Group policy on environmental and social responsibility

This policy summarises the expectations laid out in our water agenda for managing water-related impacts, risks and opportunities in Inter IKEA Group. We have requirements on our manufacturing sites to review water withdrawal and consumption annually to identify potential improvements, such as improving water efficiency in manufacturing through water recycling and reuse. Our sites are expected to have competence for identifying and assessing local water risks, including but not limited to water stress, and must act to mitigate these risks.

Supplier code of conduct

Our supplier code of conduct (IWAY) requires suppliers to track incoming water types and their use in operations. Compliance is monitored through an annual supplier data collection, providing regular evaluation of water use at supplier and sector level.

ACTIONS AND RESOURCES RELATED TO WATER (E3-2)

Actions

We take a risk-based approach in reducing freshwater withdrawal and improving water management across our value chain. Our actions focus on impacts in our upstream value chain, particularly through the sourcing of agricultural raw materials.

Below are our medium-term actions with a timeframe until 2030 that manage our material impacts related to unsustainable freshwater withdrawal. These actions support the objectives of the Inter IKEA Group policy on environmental and social responsibility as well as the supplier code of conduct related to water management.

Resources

To implement the key actions related to water, we have allocated financial resources to external projects. This includes the in-depth analysis of the water footprint from ten chosen agricultural raw materials as mentioned in the actions table.

We also invested in a project to improve water management, stakeholder engagement and collective actions applying water stewardship methodologies through pilot assessments at water-intensive suppliers.

We support basin collective action initiatives through water stewardship projects in India and China, with the aim of improving local water management practices and reducing water-related impacts.

Key action and outcome	Scope	FY26 examples and progress
Develop a science-based methodology in collaboration with World Wide Fund for Nature, to identify and address water-related risks in priority commodity–geography combinations. The methodology will impact sourcing strategies intended to reduce water withdrawals in water-stressed areas.	Upstream value chain	Conducted a detailed analysis of 10 agricultural raw materials to calculate freshwater footprints for sourcing at the national level to guide us on how to prioritise and set the strategy on reducing fresh water withdrawals. The initial scope covers three commodities, including cotton, which has been identified as particularly relevant to water withdrawals. Following completion of the methodology, the resulting sourcing actions will be defined and implemented in the prioritised geographies.
Implement water-efficiency, water recycling and water reuse solutions together with suppliers in water-intensive parts of the upstream value chain to reduce freshwater withdrawals.	Upstream value chain	Several textile suppliers' sites have implemented Zero Liquid Discharge manufacturing and recycling set-ups using reverse osmosis, which are intended to reduce freshwater withdrawals through increased water recycling and reuse, representing a large portion of our water footprint. With some of our suppliers of steel-based products we are testing a new surface pre-treatment solution aimed at reducing water withdrawals in manufacturing.

TARGETS RELATED TO WATER (E3-3)

In FY25, we disclosed a target on water withdrawal for first-tier suppliers. We are re-evaluating the consistency and auditability of the underlying methodology for this target. A revised target is intended to be established following completion of this review.

WATER METRICS (E3-4)

Methodologies and assumptions

Water withdrawal origins
The reporting on water withdrawals is limited to the manufacturing sites of IKEA Industry, as a material impact was identified only at these sites. Water withdrawals originate from the use of tap water and groundwater. Groundwater comes mostly from groundwater wells used at six sites, and to a small extent, from drainage water collected and used at one site.

Calculation methods
Water withdrawals are based on supplier invoices or direct measurements through water meter readings.

Key estimations
The following key estimations are applied.

- As actual data is not available in time for reporting, data from the latest calendar year is used as a proxy for Inter IKEA Group's financial year.
- The calibration and replacement frequency of water meters follows applicable local regulatory requirements. Where water meters are not subject to periodic calibration or replacement requirements, we considered the readings reliable for reporting purposes.

Water withdrawals in own operations

In m^3	**FY26**
Tap water	642,636
Ground water	798,494
Total water withdrawal in own operations	1,441,130

Biodiversity and ecosystems (ESRS E4)

INTRODUCTION

Our business operations rely on natural resources from sectors such as forestry, agriculture, aquaculture and inorganics to deliver our home furnishing and food offer. The use of these natural resources and associated land-use changes are potential drivers of biodiversity loss.

We are focused on actions to address negative pressures and impacts on biodiversity and ecosystems across our business and value chain.

Material sustainability topics

The material sustainability topics are listed in the figure and explained in the following paragraphs.

Raw material sourcing, its extraction, harvesting and management, can lead to deforestation as well as ecosystem fragmentation and degradation. Raw materials are needed throughout our supply chain and in our own operations.

Unsustainable agriculture practices can also negatively impact ecosystem services, such as soil fertility, water retention and water quality. We work with forestry and agricultural production as our key focus areas for addressing our negative impacts on ecosystems and the services they provide.

The negative impacts on ecosystem services are closely connected to identified material financial risks. If ecosystem services are disrupted, the supply of raw materials, food ingredients, water and air quality regulation that is relied upon by our business and value chain will be impacted, leading to resource scarcity, increased competition and higher sourcing and procurement costs.

Increasingly, regulators around the world seek to ensure that primary deforestation-linked commodities do not contribute to deforestation and forest degradation. Compliance is critical to our business and value chain. However, it is likely to lead to increased operational and compliance-related supply chain costs.

Material sustainability topic	Category	IRO	Where in value chain
The extent and condition of terrestrial and marine ecosystems	Negative impact	Raw material sourcing can negatively impact ecosystems	Upstream
	Financial risk	Deforestation and traceability compliance costs	Upstream and own operations
Ecosystem services	Negative impact	Unsustainable agriculture practices contribute to negative impacts on ecosystem services	Upstream
	Financial risk	Business disruptions due to degradation and disruption of essential ecosystem services	Upstream, own operations and downstream

POLICIES RELATED TO BIODIVERSITY AND ECOSYSTEMS (E4-2)

Relating to biodiversity and ecosystems, we have the following policies in place:

Material sustainability topic	Policy
The extent and condition of terrestrial and marine ecosystems	Inter IKEA Group policy on environmental and social responsibility Supplier code of conduct Inter IKEA Group policy on sustainability due diligence
Ecosystem services	*Currently not addressed*

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 31-33.

We are working on addressing our contribution to biodiversity loss while safeguarding our business operations. Our policies address direct impact drivers such as climate change and pollution contributing to biodiversity loss, influencing both the condition of wood species and the overall health and extent of ecosystems. Additionally, these policies promote the traceability of products, components and raw materials derived from forestry, aiming for transparency regarding their actual or potential impacts on biodiversity and ecosystems throughout the value chain. By promoting production and sourcing from ecosystems that are managed to preserve biodiversity, these policies also support responsible land-use practices, agriculture and efforts to combat

deforestation. Our policies also address biodiversity and ecosystem protection.

Inter IKEA Group policy on environmental and social responsibility

This policy summarises the biodiversity agenda, which includes three focus areas:

- reducing our contribution to biodiversity loss
- building resilient ecosystems essential to both nature and our business
- supporting societal action by engaging with relevant partners to scale awareness and action on biodiversity.

Additionally, the policy covers deforestation, which includes expectations connected to land use and raw materials, including compliance with the European Union Deforestation-free Regulation.

Inter IKEA Group policy on sustainability due diligence

In addition to our supplier code of conduct and its requirements on traceability for wood, our policy on sustainability due diligence highlights the importance of traceability of our products, materials and services.

Traceability is an important foundation for responsible business practices and meeting compliance requirements. Traceability helps us to understand our risks across our supply chain and allows us to have better visibility to cease, prevent and mitigate negative impacts we may have on the extent and condition of ecosystems and the services they provide.

Supplier code of conduct

Our suppliers are required to prevent severe environmental pollution and report any instances immediately to us. Business activities must avoid high conservation value areas unless these areas are certified according to a system that meets our requirements. Before utilising forest materials, suppliers should identify high-risk sources and provide evidence of risk mitigation in line with our specifications. Additionally, sourcing practices exclude virgin and pre-consumer recycled forest materials from Intact Forest Landscapes (IFLs) or other geographically identified High Conservation Value Forests (HCVFs), unless FSC-certified. Materials are also excluded if they originate from natural forests being converted to plantations or non-forest use, or from forests and plantations with officially recognised commercial genetically modified tree, bamboo or rattan species.

We have started to pilot the implementation of specific agricultural requirements at a farm level to mitigate negative impacts on ecosystems that might be caused by unsustainable agricultural practices. Apart from this work, we continue to develop agricultural requirements for other parts of our value chain to further help address negative impacts on the extent and condition of ecosystems and the services they provide.

In addition to the supplier code of conduct, we require our suppliers to – where justified – comply with various commodity-specific certification schemes such as Forest Stewardship Council (FSC) or Better Cotton Initiative (BCI).

ACTIONS AND RESOURCES RELATED TO BIODIVERSITY AND ECOSYSTEMS (E4-3)

Actions

We take actions to address negative pressures and impacts on nature across our value chain. As an example, we partnered with the World Wide Fund for Nature (WWF) across our forest and agriculture activities. This programme supports forest management, conservation and restoration in Brazil, Bulgaria, China, Colombia, Indonesia, Romania, Slovakia, Thailand, Ukraine and Vietnam. In India and Pakistan, we are working with farmers to advance regenerative agriculture with the aim of improving soil health, biodiversity and water management while strengthening climate resilience and livelihoods.

The table below includes our medium-term actions with a timeframe until 2030 that manage our impacts and risks linked to raw material sourcing, deforestation, traceability, agricultural practices and the disruption of key ecosystem services.

Key action and outcome	Scope	FY26 examples and progress
Improve traceability of raw materials through our upstream value chain to set priorities in addressing our negative impacts on ecosystems.	Upstream value chain	We piloted a process for supplier engagement to improve traceability deeper in our supply chain and mitigate negative impacts. This project is connected to the implementation of specific agricultural requirements. We contributed to the further development of the World Forest ID (WFID) reference database and advanced machine learning models to expand its scope, with the ambition of enabling the verification of wood origin claims in complex, multi-country supply chains. These efforts strengthen supply chain transparency worldwide. The project enlarged the reference database to include more samples of pine and birch.
Strengthen and implement methods for managing forest and agricultural commodities in ways that mitigate negative impacts on ecosystems and ecosystem services.	Upstream value chain	During FY26, we presented the first modelling results from the climate- and biodiversity-smart forestry project initiated in FY25. We are assessing how the outputs can be incorporated into forest management decision-making. Interim results from our coffee pilot project in Brazil, started in FY25, showed promising outcomes for the indicators evaluated to date. Farms applying a broader set of regenerative practices achieved higher yields alongside improvements in soil health. These learnings will help inform our long-term sourcing strategies and support a more resilient coffee supply chain.
Identify, define and advance nature-based solutions for mitigating environmental challenges to reduce the risk of biobased material shortages.	Upstream value chain	Continued our Removing and Storing Carbon programme supporting a resilient wood and fibre supply across key sourcing regions such as Brazil, China, Pakistan and Vietnam. These initiatives combine forest restoration, improved forest management and conservation-based approaches, which strengthen habitat quality, ecological connectivity and carbon sequestration. New projects started in Southeast China and developed and tested new methods for restoring logged areas.
Further assess dependencies and our material impacts and risks to establish baselines and targets for biodiversity across our value chain, based on global methodologies.	Upstream value chain, own operations	We started assessments of our own operations, using the TNFD LEAP framework, to analyse dependencies, impacts and risks, establish initial baselines, and support future target-setting. An assessment of selected parts of our upstream value chain is planned for FY27.

Resources
To implement the key actions related to biodiversity and ecosystems, we have allocated financial resources to external partners, such as our partnership with WWF.

We have invested in WFID datasets and machine-learning models, as mentioned in the actions table.

We continued with our investment programme to develop and implement methods for removing carbon through projects connected to reforestation, restoration of degraded forests and better land management practices, as mentioned in the actions table.

TARGETS RELATED TO BIODIVERSITY AND ECOSYSTEMS (E4-4)

Currently, we do not have biodiversity and ecosystems-specific targets in place. However, we are continuing our work to further assess dependencies and our material impacts and risks to identify relevant indicators and metrics, establish baselines and set targets for biodiversity across our upstream value chain, based on global methodologies.

Compliance with our supplier code of conduct requirements, internal requirements and certification schemes such as Forest Stewardship Council (FSC), Better Cotton Initiative (BCI) and the Roundtable on Sustainable Palm Oil is verified through internal audits, third-party audits and certification-based assessments.

ENTITY-SPECIFIC METRICS ON BIODIVERSITY AND ECOSYSTEMS

Percentage of wood and paper either FSC certified or recycled
While an entity-specific metric on the percentage of certified and/or recycled wood was disclosed in FY25, it is not reported in FY26 due to data limitations arising from changes to underlying reporting systems. To ensure the quality, consistency and auditability of reported information, we are not disclosing this metric until an appropriate reporting methodology and supporting controls are established. Work is ongoing to enhance reporting processes and support future disclosure.

Resource use and circular economy (ESRS E5)

INTRODUCTION

Transitioning towards a circular business is a fundamental, system-wide shift that affects every aspect of our business. This includes the products and services we develop and offer, the materials we source, and how we enable our consumers and end-users to prolong the life of our products and materials. This means designing our products according to our Circular Design Principles, striving to move away from the use of virgin non-renewable materials, developing products and services that enable consumers' and end-users' participation in the circular economy, and reducing waste in our downstream value chain.

Material sustainability topics

The material sustainability topics are listed in the figure and explained in the following paragraphs.

Approximately 25% of the weight of materials used for our products is currently virgin, non-renewable. The extraction of these materials can cause damage to the environment and depletion of resources that cannot be regenerated.

Waste associated with product disposal negatively impacts the environment. While accurate data on waste generation in our downstream value chain is limited, it is likely that a significant share of our sold furniture ends up in landfills or is incinerated, based on the U.S. Environmental Protection Agency and European Federation of Furniture Manufacturers furniture waste statistics.

Packaging is used across our value chain, with a part of this packaging consisting of plastic. Although we have limited data on downstream waste, we expect that plastic packaging waste will often end up in landfills or as litter when mismanaged.

POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY (E5-1)

Relating to resource use and circular economy, we have the following policies in place:

Material sustainability topic	Policy
Resource inflows	Inter IKEA Group policy on environmental and social responsibility
Waste	

Material sustainability topic	Category	IRO	Where in value chain
Resource inflows	Negative impact	Sourcing of virgin, non-renewable materials can cause resource depletion	Upstream
Waste	Negative impact	High volume of products sold leads to waste at end of life	Downstream
	Negative impact	High volume of products that are packaged contributes to plastic packaging waste	Downstream

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 31-33.

We have policies in place which anchor our actions across the value chain to decrease the negative impact of sourcing virgin, non-renewable materials and the waste generated from the high volume of our products sold.

We do not have a policy addressing packaging design and waste. However, we initiated actions to reduce plastic waste through our strategic packaging direction. For further information, see Actions and resources related to resource use and circular economy (E5-2) on page 61.

Inter IKEA Group policy on environmental and social responsibility

This policy ensures that IKEA products are designed and developed in accordance with our Circular Design Principles, increasing the use of recycled and renewable materials and enabling products and materials to be kept in circulation through processes such as reusing, repairing, refurbishing and recycling.

This policy states that business functions involved in purchasing and product development must ensure that the IKEA Material Plans are implemented and that products adhere to the IKEA Circular Design Principles.

ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY (E5-2)

Actions

We take actions to transition towards a circular business by prolonging the lifespan of IKEA products and materials through applying Circular Design Principles and offering products and services that make it possible to reuse, repair, refurbish and recycle.

Below are our medium-term actions to manage our impacts related to the sourcing of virgin, non-renewable materials and the high volume of products sold, leading to waste at end of life. All actions have a timeframe until 2030, except for replacing single-use plastic packaging materials, which has a timeframe until 2028.

Key action and outcome	Scope of impact	FY26 examples and progress
Accelerate innovation and development activities for recycled and renewable materials, supporting the transition away from virgin, non-renewable materials.	Upstream value chain	We have increased the recycled share of cotton to 50% in several products and work is ongoing to make this possible at scale. Examples of these products include the GURLI cushion cover and the SOLFIBBLA duvet cover set. This accelerated innovation by translating material development efforts into commercial products and scalability, increasing the adoption of recycled cotton across the range.
Develop new products and improve existing ones according to our Circular Design Principles, to ensure our products can be reused, repaired, refurbished and recycled.	Downstream value chain	Continued the development of a new Circular Roadmap Tool to support product development teams and ensure our products progress towards fulfilling applicable circular design criteria.
Replace single-use plastic packaging material in our consumer packaging.	Downstream value chain	Continued our stepwise approach transitioning from plastic to paper-based fitting bags. We have transformed the way we protect our home appliances by replacing expanded polystyrene (EPS) plastic with a new, paper-based packaging solution. Through close collaboration with supply partners and clear packaging requirements, we successfully implemented a solution that enables the safe transportation of heavy, bulky and sensitive products without EPS.

Resources
To implement the key actions related to resource use and circular economy, financial resources have been allocated to product development projects, cross-sector initiatives, and innovation projects undertaken in collaboration with external parties.

To support a transition from virgin to recycled polypropylene (PP), we have allocated financial resources to a development project, covering material development, manufacturing trials and testing.

We have also allocated resources to investigate options to accelerate the use of secondary raw materials.

We also partnered with the Ellen MacArthur Foundation to promote the build-out of recycling infrastructure and sorting technologies to improve access to secondary raw materials and advance a circular economy.

A further investment has been allocated to a project centred on furniture recycling with fibreboard sorting technology. The project will be a part of the ongoing Recycling of Fibreboard programme to deliver on the goals in Material Plan Wood.

TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY (E5-3)

In FY25, we disclosed targets relating to resource inflows and waste. Following further review, we identified limitations in the underlying methodologies and data assumptions supporting these targets. We are therefore re-evaluating the methodologies to support robust and auditable future disclosures. Revised targets are intended to be established following completion of this review.

RESOURCE INFLOWS (E5-4)

We are currently evaluating the methodologies, data availability and supporting controls required to enable reporting of resource inflow metrics. As a result, resource inflow metrics are not reported for FY26. Work is ongoing to support future reporting in accordance with ESRS requirements.

RESOURCE OUTFLOWS – WASTE (E5-5)

We are currently evaluating the methodologies, data availability and internal controls required to support reporting of waste metrics. As a result, we are not reporting waste metrics for FY26. We are continuing this work with the objective of enabling future reporting in accordance with ESRS requirements.

EU Taxonomy

We have not yet finalised our impact assessment of the latest EU Taxonomy regulation, i.e., (EU) 2026/73 of 4 July 2025. Therefore, EU Taxonomy disclosures are omitted for FY26. We are continuing this work with the objective of enabling future reporting in accordance with CSRD reporting requirements.

Social disclosures

Own workforce (ESRS S1)

INTRODUCTION

The success of our business relies on our talented team. Our own workforce includes all employees with an employment contract with a company within Inter IKEA Group, temporary workers provided by an employment agency and individual contractors, who in a self-employed and independent capacity, deliver services or deliverables to Inter IKEA Group. Our own workforce includes those working primarily in our manufacturing sites, retail sales locations, warehouses and offices. We are dedicated to respecting human rights within our own workforce, in accordance with the UN Guiding Principles on Business and Human Rights, and striving to offer decent and meaningful work.

Material sustainability topics

The material sustainability topics are listed in the figure and explained in the following paragraphs.

We strive to create an inclusive and safe workplace, supporting our own workforce's ongoing learning and development. Our continued efforts to enhance equality, diversity and inclusion positively impact our own workforce's wellbeing. Equal opportunities, inclusive practices, and accessible facilities are crucial factors in ensuring job satisfaction. Accessible training and upskilling opportunities offered to our employees further boost work motivation and wellbeing by enhancing employment security and employability.

With a large share of our own workforce working in owned manufacturing sites, retail sales locations and warehouses, we acknowledge the potential negative impacts of these high-risk environments. The nature of the work, which involves machinery, chemicals, on-site traffic and challenging physical conditions, necessitates rigorous and stringent standards, protocols and safety measures being actively monitored. Despite these precautions, injuries and fatalities can occur if safety measures are not properly implemented or not adhered to.

Material sustainability topic	Category	IRO	Where in value chain
Diversity and equal treatment	Positive impact	Improved work environment and equal opportunities for all through actions focusing on equality, diversity and inclusion	Own operations
Training and skills development	Positive impact	Improved employability, career development opportunities and job satisfaction due to accessible training and upskilling opportunities	Own operations
Health and safety	Negative impact	Physical health and safety risks due to high-risk working environments	Own operations

POLICIES RELATED TO OWN WORKFORCE (S1-1)

Relating to own workforce, we have the following policies in place:

Material sustainability topic	Policy
Diversity and equal treatment	Inter IKEA Group policy on recruitment and onboarding Inter IKEA Group policy on wellbeing and a healthy work environment Inter IKEA Group policy on human rights
Health and safety	Inter IKEA Group policy on safety and security Inter IKEA Group policy on human rights
Training and skills development	Inter IKEA Group policy on human rights

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 31-33.

We have various policies addressing the material impacts related to our own workforce. They are all developed to consider the interests of our own workforce, and they cover key areas such as equality, diversity, inclusion, non-discrimination, prohibition of violence and harassment, and health and safety.

The Inter IKEA Group Code of Conduct also includes requirements with respect to our own workforce. However, our other policies more thoroughly address our related material impacts.

During policy developments, reviews and updates, input is sought from local unions and our European Works Council, ensuring that the voices and interests of our employees are considered.

Policies on human rights

We are committed to respecting human rights, and we have a zero-tolerance policy against violations of fundamental human rights, as stipulated in our Inter IKEA Group policy on human rights and the Inter IKEA Group Code of Conduct. Our commitments articulated in those policies include, but are not limited to:

- freedom of association
- equality, diversity and inclusion
- a healthy and safe working environment
- the right to lifelong learning, including upskilling and reskilling and zero tolerance towards discrimination
- the prevention of child labour
- the prevention of forced, bonded, prison or involuntary labour, including human trafficking.

Our Inter IKEA Group policy on human rights, recruitment and onboarding, wellbeing and a healthy work environment, as well as safety and security, are aligned with internationally recognised standards, including the International Bill of Human Rights, UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. By adhering to recommendations from various international instruments, we maintain a proactive stance in upholding human rights within our own operations, regardless of where we operate. Through a detailed human rights review of our workforce-related policies and practices, we identified how to continually integrate human rights and international standards into our own operations. We oversee compliance with these international standards by employing individuals tasked with overseeing human rights and labour standards.

Our policy on human rights emphasises our commitment to human rights due diligence, and our policy on sustainability due diligence details the approach to identifying, mitigating and preventing risks, while also addressing grievance and remediation processes. Through our raise a concern platform, we have a process in place allowing our own workforce to escalate negative human rights impacts.

Diversity and equal treatment

Our commitment to diversity and equal treatment, as well as our standpoints and approaches, are integrated into several of our internal policies, especially the Inter IKEA Group policy on human rights, on recruitment and onboarding and on wellbeing and a healthy work environment.

The Inter IKEA Group policy on human rights includes an explicit commitment to securing processes, practices and communication that are free from bias and stereotyping and creating a culture of belonging.

Inter IKEA Group policy on recruitment and onboarding

This policy addresses how we seek to embrace all dimensions of diversity and attract, recruit, develop and retain talent that reflects the demographics of the societies where we operate as we continue to grow. We have zero tolerance towards discrimination. We commit to hiring and treating our own workforce in a fair manner that does not discriminate with regard to racial and

ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, or any other dimension of a person's identity.

This policy is dedicated to actively including individuals from groups at particular risk of vulnerability. We achieve this through diverse channels and partnerships with agencies that share our values. We ensure our hiring teams and shortlists are diverse and accommodate candidates with disabilities. By collaborating with local partners, we support marginalised groups, such as refugees, and create opportunities for young workers and interns.

Inter IKEA Group policy on wellbeing and a healthy work environment
Through this policy, we aim to create a work atmosphere where everyone feels valued and can be themselves. We commit to securing the wellbeing of our own workforce and providing a healthy and safe work environment from a physical, organisational and social perspective. This policy also establishes our zero-tolerance stance on harassment within Inter IKEA Group.

Health and safety

Inter IKEA Group policy on safety and security
Through this policy, we ensure to safeguard our own workforce by creating an environment that supports and empowers everyone to consistently make safe and secure choices. This policy focuses on preventing workplace accidents and promoting a safe work atmosphere. It outlines our strategy for managing health and safety across all own operations, identifying ways to eliminate or reduce the risk of occupational injuries for our global workforce. This initiative is complemented by the Inter IKEA Group policy on wellbeing and a healthy work environment.

The policy ensures a consistently safe environment for our own workforce, requiring effective and continual safety and security programs to enhance awareness and understanding. Our commitment to risk prevention is essential for achieving a secure workplace and therefore, the prevention of safety and security incidents will always guide our workplace. We perform comprehensive risk assessments, routines, reviews and incident reporting, and provide precautions, equipment and training to minimise safety and security risks. The policy also specifies measures to be implemented.

ENGAGEMENT WITH OWN WORKFORCE AND WORKERS' REPRESENTATIVES, EXISTENCE OF CHANNELS FOR OWN WORKFORCE TO RAISE CONCERNS OR NEEDS AND APPROACHES TO REMEDY (S1-2)

Engagement with own workforce and workers' representatives

Engaging with our own workforce is a crucial aspect of our people-related strategy. This engagement allows us to monitor their sentiment, identify and address issues as they arise, and gather insights on opportunities to enhance their satisfaction and wellbeing. Our global People & Culture manager is ultimately responsible for ensuring consistency and alignment of our global engagement process with our values.

We engage with our own workforce through various channels, as indicated in the figure on the next page.

Channel	Engagement
Annual employee MyView Baseline Survey and occasional topic surveys	These surveys collect feedback on a variety of topics, such as leadership, safety and security, workplace harassment, as well as equality, diversity and inclusion. In addition, we conduct qualitative research to gather insights, input and lived experiences related to disability inclusion, gender equality and multicultural inclusion. The results are shared within our business and with People & Culture management for review and analysis, enabling them to draw conclusions and insights to act upon.
Resource Groups & Networks	We engage with and learn from at-risk groups within our workforce through our Co-Worker Resource Groups. These include the Disability Inclusion Network & Allies, the Engineering Women Open Network, the Women in Tech, the Equality, Diversity and Inclusion Community, our franchisee Equality, Diversity and Inclusion Network and the upcoming LGBTQ+ Inclusion Network.
European Works Council (EWC)	Twice a year we host a multi-day plenary meeting with EWC delegates to inform about upcoming business developments and people topics of transnational nature. In addition to these conferences, we discuss these developments and topics monthly, with the Inter IKEA Group EWC Select Committee, an elected body that represents the EWC. Our cooperation with the EWC is guided by the EU EWC Directive.
Local unions	We involve local employee representatives in discussions about specific topics. We engage directly when needed, such as when new or revised policies might affect our employees.
Regular development talks (Me-talks) throughout the year	These talks foster open communication, allowing for personalised feedback, and enabling our employees to express their aspirations and concerns.
Workplace assessments	Engaging in workplace assessments enables us to involve our own workforce in evaluating and improving their work environment. By seeking input and addressing concerns, these assessments demonstrate our commitment to the wellbeing of our own workforce and foster a participative culture where everyone contributes to a safe and positive workplace.
Functional meetings	These meetings focus on sharing information with our own workforce and listening to their input.
Raise a concern	Our raise a concern platform empowers our own workforce to voice their issues or grievances confidentially, ensuring that we address their concerns promptly and maintain an open and transparent work environment.
Exit interviews	Exit interviews are included in our offboarding process for employees who leave Inter IKEA Group. We aim to offer these interviews to every departing employee, though participation is optional. This allows us to gather valuable feedback from departing employees, helping us understand their experiences and identify areas for improvement to enhance workplace satisfaction and engagement.
Site visits	Management visits various sites, providing our own workforce the opportunity to engage directly and participate in dialogue.

Channels for own workforce to raise concerns or needs

We believe that raising concerns, regardless of size, is crucial for maintaining safe and successful workplaces. It enables problem-solving, support for our own workforce and learning from mistakes. We have a well-established raise a concern platform, available in 30 languages, accessible internally and externally. Our raise a concern platform constitutes our formal grievance mechanism for our own workplace-related concerns. This platform outlines who can report, what topics are covered, how to report and what happens afterwards, focusing on breaches of the Inter IKEA Group Code of Conduct or applicable laws or regulations.

Our own workforce has the following ways to raise concerns.

- Speak up in person: We encourage open dialogue, allowing concerns to be raised directly with those involved, managers, or colleagues in Legal & Governance, People & Culture, or Ethics & Integrity teams. Local ethics representatives are available in the European Economic Area countries.
- Use the raise a concern platform: For situations where speaking in person is difficult, the platform offers online forms or direct phone lines for reporting concerns anonymously or with a name.

Concerns are processed responsibly and respectfully. Ethics concerns arising from interactions with managers or internal audits are shared with the Ethics & Integrity team for handling.

The raise a concern platform and the Inter IKEA Group Code of Conduct communicate the steps followed once a concern is raised, including triaging the issue, followed by an inquiry to determine if the concern has merit and requires further investigation. Concerns are assessed based on potential impacts – people, financial, legal and brand – across three levels, being low, medium or high. Ethics & Integrity representatives review concerns, while selected managers decide on remedies. The process is confidential, involving people only on a need-to-know basis. For high-risk cases, the Ethics Committee oversees and recommends actions. Investigations focus on identifying root causes and implementing controls or process improvements to prevent recurrence. We gain significant insights from these investigations, and we monitor and document this knowledge to enhance the effectiveness of our methods.

Dedicated Ethics & Integrity representatives are responsible for the raise a concern platform, which includes a dashboard for monitoring cases across 12 indicators, revealing trends and specifics. The Ethics & Integrity team reports twice a year to our Ethics Committee, which oversees the high-risk cases, and reports are shared with the Audit Committee and external auditor. Every two to three years, the procedure and methods are reassessed and updated.

In FY26, the Inter IKEA Group Code of Conduct is rolled out following a multiyear communication programme including mandatory training for employees.

The raise a concern platform explicitly prohibits retaliation, reiterating this in confirmation messages on the platform and encouraging reporters to contact the Ethics & Integrity team if they experience any retaliation.

Approaches to remedy

Health and safety are crucial for everyone in our own workforce, but are especially vital for the more than 10,000 employees and non-employees in higher-risk roles on our manufacturing sites, where machinery, chemicals, site traffic and demanding physical conditions pose significant challenges. To manage these risks, we have implemented rigorous standards and preventive measures. We undertake a root cause analysis for all incidents of note. The findings of the root cause analysis are used to ensure that any negative effects of an incident or accident are not repeated and the root cause is removed. Furthermore, we share lessons across our business to reduce the likelihood of an incident or accident happening elsewhere. In case of any accident that occurs, we follow national legislation in handling, resolving and rehabilitating.

ACTIONS AND RESOURCES RELATED TO OWN WORKFORCE (S1-3)

Actions

Our key actions support our overall strategic objective to contribute to diversity and inclusion, employee development, and health and safety. Below are our actions to manage our material impacts and risks.

Key action and outcome	Scope	Timeframe	FY26 examples and progress
Diversity and equal treatment			
Employee engagement on equality, diversity and inclusion (EDI) to increase awareness, confidence, belonging and inclusion, and support a culture of respect and openness based on dialogue.	Employees	FY31	Created more engaging EDI campaign materials fit for global and local contexts to mark international days such as International Women's Day, International Day Against Homophobia, Biphobia and Transphobia, as well as International Day of Persons with Disabilities. Continued our "let's talk inclusion" series, engaging all employees. Organised 23 EDI workshops and nine workshops on addressing conflicts, with different teams and management teams across Inter IKEA Group. Established new employee engagement groups, including a network for women in tech, a disability inclusion network and allies, and an IKEA pride network.
Development of an Inter IKEA Group common approach to accessibility and workplace adjustments to enable a consistent and barrier-free employee experience across all workplaces.	Employees	FY31	Developed and launched an Inter IKEA Group accessibility standard and procured a workplace accessibility assessment tool. This established the foundation for implementing improvements and supporting a more consistent employee experience across workplaces.
Integration of EDI across relevant processes to ensure inclusive recruitment activities and leadership, through increased awareness, skills and capabilities.	Employees	FY31	Organised inclusive hiring workshops for recruiters and other roles relevant to recruitment. Conducted qualitative research for disability inclusion, cultural diversity and gender equality that was shared with managers and the People & Culture teams for awareness and inspiration. Integrated EDI into Inter IKEA Group Code of Conduct and the IKEA Leadership Fundamentals to support inclusive leadership. Reviewed and updated the talent and development process to integrate EDI input and developed guidelines for managers and People & Culture on reducing bias when carrying out employee performance and talent reviews.

Key action and outcome	Scope	Timeframe	FY26 examples and progress
Training and skills development			
Improved ways of working with learning data securing a more robust learning offer and a more accurate overview of learning activities per employee. This helps employees benefit from a more relevant learning offer.	Employees	FY28	Established new ways of working to improve metadata accuracy and strengthen learning data governance. This included removing learning objects from "My learning" that did not meet the criteria for formal learning objects and correcting learning objects with inaccurate training durations. These improvements ensured that training hours were aligned with learning descriptions, resulting in more reliable learning data and reporting. Developed technical capabilities and ways of working for self-registration of externally provided training.
Continued to develop and align ways of working with performance evaluation to enable equitable career development opportunities across genders and manager/non-manager roles, supporting fair and transparent career growth opportunities for all employees.	Employees	FY31	Updated our performance evaluation guidelines by redefining the eligibility criteria, ultimately resulting in more employees being in scope to have an annual performance evaluation. Developed and rolled-out communication materials engaging with key stakeholders, like local social partners, to ensure acceptance of new common ways of working with performance evaluation.
Health and safety			
Operationalised the health and safety standards developed in FY25 to increase awareness and strengthen workplace safety management across operations.	Employees	FY27	Conducted awareness sessions for Safety & Security teams and developed e-learning on safety and security for all employees to be rolled out in early FY27. Developed a Safety & Security risk assessment tool and guidelines.
Strengthened safety culture and procedures across manufacturing sites to reduce severe accidents and encourage a safer working environment in high-risk operations.	IKEA Industry manufacturing sites	FY27	Conducted assessments of all high-risk machines used at our manufacturing sites, followed by the development of local action plans for risk mitigation. As an example, we implemented procedures to ensure safe entry into high-risk machines. Held full-day workshops with local management teams focusing on safety culture development at manufacturing sites.

Resources

We allocated specialised teams to drive our key actions.

The actions on diversity and equal treatment were led by dedicated equality, diversity and inclusion leaders who engaged with different parts of Inter IKEA Group.

The actions on training and skills development focused on building foundational technical capabilities and ways of working and were led centrally.

The actions on health and safety focused both on rolling out common standards and on safety performance in manufacturing sites. These initiatives were led by the Safety & Security experts and engaged local management, specialists and employees across manufacturing sites.

TARGETS RELATED TO OWN WORKFORCE (S1-4)

Relating to our own workforce, we have set the following targets:

Material sustainability topic	Target
Diversity and equal treatment	By 2030, female representation in Supervisory Board and Management Board is at least 40%.
	By 2030, have equal representation of male and female in Management Team.

We aim to foster an equal, diverse and inclusive workplace and monitor representation across our workforce and leadership bodies. Specifically, in response to Dutch legislation in respect of gender diversity in corporate boards, we have set a target of at least 40% female representation in the Management Board and the Supervisory Board by the end of 2030. In addition, we have set a target on members of our Management Team. The target is to have equal representation of male and female for this body by the end of 2030. Those targets are not part of any policy objective.

For further information, see Diversity metrics (S1-8) on page 73.

CHARACTERISTICS OF OUR EMPLOYEES (S1-5)

Methodologies and assumptions

Figures are reported in headcount as at 31 August. Headcount data is based on our global People & Culture management platform and the local People & Culture management platforms for the retail operations of IKEA Baltics. The split by country and region is based on the primary working location of the employee.

Headcount by gender is based on the gender information recorded by employees in the platforms mentioned above, subject to local legal requirements. For reporting purposes, gender categories are aligned with the structure of these platforms. Employees recorded in gender categories other than male or female are reported within the "other" category. Employees who did not select a gender or did not wish to disclose their gender are reported as "not reported".

The numerator of the employee turnover calculation includes all employees who left Inter IKEA Group during the year, voluntarily or non-voluntarily. The denominator of the employee turnover calculation is based on the average of the headcount at the start and end of the financial year.

Headcount by gender

As at 31 August	**FY26**	**FY25**
Male	14,752	15,166
Female	12,185	12,575
Other	–	–
Not reported	12	21
Total headcount	26,949	27,762

Headcount by country and region

As at 31 August	**FY26**	**FY25**
Poland	8,378	9,215
Sweden	6,100	5,951
Slovakia	2,301	2,240
Portugal	1,733	1,841
The Netherlands	1,492	1,537
Lithuania	1,409	1,393
Hungary	707	667
Latvia	509	480
Estonia	504	483
Switzerland	483	478
Germany	268	273
Italy	166	166
Czech Republic	146	150
Romania	74	84
Türkiye	73	76
Europe	24,343	25,034
China	1,975	2,081
Rest of Asia	394	402
Asia	2,369	2,483
Americas	237	245
Total headcount	26,949	27,762

The decline in headcount primarily originates from our manufacturing sites in Poland, largely driven by reduced manufacturing demand in FY26.

Headcount by contract type

As at 31 August	Male	Female	Not reported	Total FY26	Male	Female	Not reported	Total FY25
Permanent employees	14,059	11,552	12	25,623	14,019	11,469	17	25,505
Temporary employees	693	633	–	1,326	1,147	1,106	4	2,257
Total headcount	14,752	12,185	12	26,949	15,166	12,575	21	27,762
Of which:								
Non-guaranteed employees	3	–	1	4	5	1	7	13
Full-time employees	14,074	11,135	11	25,220	14,494	11,539	11	26,044
Part-time employees	675	1,050	–	1,725	667	1,035	3	1,705

Most employees work at manufacturing sites, where seasonal and volatile demand is managed partly through temporary contracts. In FY26, reduced manufacturing demand was accompanied by a reduction in temporary contracts, which helped limit the impact on permanent employees.

Employee turnover

	FY26	FY25
% of total employee turnover	13.3%	11.0%

The increase in employee turnover is mainly linked to the reduction in headcount at the manufacturing sites in Poland.

CHARACTERISTICS OF NON-EMPLOYEES IN OUR OWN WORKFORCE (S1-6)

Methodologies and assumptions

Non-employees are reported in headcount as at 31 August.

Non-employees include the following.

- Agency workers temporarily supplied by an external provider and working under the direction and supervision of Inter IKEA Group. The external provider is the legal employer.
- Individual contractors acting in a self-employed capacity and engaged directly or via an intermediary. The contractor is not subject to direction or supervision of Inter IKEA Group.

Headcount data is primarily based on invoices and time registration records.

Number of non-employees – manufacturing sites and retail sales locations

As at 31 August	FY26
Manufacturing sites	380
Retail sales locations	57
Total headcount	437

Currently, the scope of this metric is limited to our manufacturing sites and retail sales locations. We are not able to report on non-employees across our other core business for which we are evaluating the methodologies, data availability and internal controls required to support reporting. We are continuing this work with the objective of enabling future reporting in accordance with ESRS requirements.

DIVERSITY METRICS (S1-8)

Methodologies and assumptions
Figures are reported in headcount as at 31 August. For further information on the composition of the Supervisory Board, Management Board and Management Team, see Governance structure in the Management Board Report on pages 5-6.

The gender ratio for managers and other employees is based on our global People & Culture management platform and the local People & Culture management platforms of the retail operations of IKEA Baltics. Managers are defined as employees having one or more direct reports.

Gender distribution of management

As at 31 August	FY26	% of total	FY25	% of total
Female	2	29%	2	29%
Male	5	71%	5	71%
Supervisory Board*	7		7	
Female	–	–	–	–
Male	2	100%	2	100%
Management Board	2		2	
Female	6	67%	6	67%
Male	3	33%	3	33%
Management Team	9		9	

* Supervisory Board members are not employees of Inter IKEA Group.

Gender ratio, % female

As at 31 August	FY26	FY25
Total headcount	45.2%	45.3%
Of which:		
Managers	39.8%	39.0%
Other employees	45.9%	46.0%

IKEA Industry, due to its type of operations, has a different workforce composition, which influences the overall manager gender ratio. When excluding IKEA Industry, the percentage of female managers is 48.8% (FY25: 47.8%). IKEA Range and IKEA Retail Concept especially contributed to the increase in the share of female managers.

PERSONS WITH DISABILITIES (S1-11)

We are currently evaluating the methodologies, data availability and internal controls required to support reporting of this metric. As a result, we are not reporting for FY26. We are continuing this work with the objective of enabling future reporting in accordance with ESRS requirements.

TRAINING AND SKILLS DEVELOPMENT METRICS (S1-12)

Methodologies and assumptions

Performance and career development reviews
Employees participate in our annual performance and career development review cycle. The numerator of the metric equals the employees for whom their annual review cycle was completed within the financial year. This may include employees who left Inter IKEA Group prior to 31 August. The denominator is equal to the total headcount as at 31 August as disclosed in Characteristics of our employees (S1-5) on page 64.

Training hours
Training hours from our global training offer are registered in our learning management platform "My learning". This offer includes selected compliance, mandatory and optional skills development training via self-paced digital modules and instructor-led sessions.

Actual time spent is not registered. Therefore, the time required to complete each training is estimated.

The denominator is equal to the total headcount as at 31 August as disclosed in Characteristics of our employees (S1-5) on page 64.

Performance and career development reviews

	FY26	FY25
% of employees that participated in performance and career development reviews	91.9%	86.4%

The participation rate in the performance evaluation is not 100%, mainly because of employees who joined Inter IKEA Group after the performance development review process.

The participation rate increased due to expanded eligibility for temporary employees and increased focus on performance management by People & Culture and site managers. In addition, the rate was impacted by employees who completed the review process but left before 31 August 2026.

Training hours

	FY26
Average number of training hours per employee - global training offer in My learning	2.4

Currently, the scope of this metric is limited to our global training offer in "My learning". The reported figure therefore does not represent all training undertaken by employees across Inter IKEA Group. We are not able to report on training hours from other internal or external trainings, for which we are evaluating the methodologies, data availability and internal controls required to support reporting. We are continuing this work with the objective of enabling future reporting in accordance with ESRS requirements.

A substantial proportion of the reported training hours related to leadership training and mandatory training on the Inter IKEA Group Code of Conduct.

HEALTH AND SAFETY METRICS (S1-13)

The reporting of health and safety metrics is limited to our manufacturing sites, retail sales locations and the sites of IKEA Components, as only at these sites a material impact was identified.

Currently, we are not able to report on the data points below.

- Number of fatalities, number of accidents and days lost to accidents at sites of IKEA Components.
- Number of work-related accidents among non-employees.
- Cases of work-related ill health, including fatalities.
- Number of days lost to recordable work-related accidents and ill health.

We are evaluating the methodologies, data availability and internal controls required to support reporting for these data points. We are continuing this work with the objective of enabling future reporting in accordance with ESRS requirements.

Methodologies and assumptions

The policies that address health, safety and security are jointly seen as our health and safety management system. Our own workforce is covered by these policies. For further information, see Policies related to own workforce (S1-1) on pages 65-66.

Health and safety incidents are registered in our safety and security platforms. All employees can register an incident in these platforms. Non-employees and other workers do not have access to the platforms, but can register an incident through an employee. Local safety and security teams review registered incidents and classify these as accidents in case of death, injury, loss of consciousness or medical treatment beyond first aid. Travel of employees is work related, except for commuting arranged by employees.

An accident is counted from the first moment of absence and counted multiple times if more than one person was affected.

The rate of work-related employee accidents equals the number of accidents divided by total hours worked by employees multiplied by 1,000,000, indicative for the number of accidents per 500 FTEs. The total hours worked is based on contractual or scheduled hours, whereby the average number of paid leave is estimated.

Covered by health and safety management system

	FY26	FY25
% of own workforce covered by our health and safety management system	100%	100%

Fatalities – manufacturing sites and retail sales locations

	FY26	FY25
Manufacturing sites	–	1
Retail sales locations	–	N/A
Number of fatalities from work-related injuries	–	N/A
Of which:		
Own workforce	–	–
Other workers working on sites	–	1

FY25 figures are not available for retail sales locations.

Work-related accidents – manufacturing sites and retail sales locations

	FY26	FY25
Manufacturing sites	128	132
Retail sales locations	45	N/A
Number of work-related employee accidents	173	N/A
Manufacturing sites	4.5	4.3
Retail sales locations	9.9	N/A
Rate of work-related employee accidents	5.2	N/A

FY25 figures are not available for retail sales locations.

The higher rate of work-related employee accidents at retail sales locations is mainly attributed to the different types of operations and is therefore not directly comparable to accident rates at manufacturing sites.

REMUNERATION METRICS (S1-15)

Methodologies and assumptions

The unadjusted gender pay gap is the difference between the average pay levels of female and male employees, expressed as a percentage of the average pay level of male employees. Employees who did not report their gender are excluded.

The adjusted gender pay gap corrects for the effects of country of employment and job grade by using a weighted-average calculation. In this calculation, the pay gap and number of employees in each country-job grade combination are considered.

The annual total remuneration ratio is calculated as the remuneration of the highest-paid individual divided by the median remuneration of all employees, excluding the highest-paid individual.

The remuneration metrics are based on the employees and their pay levels as at 31 August.

Currently, the calculation of the remuneration metrics is limited to the following elements:

- base wages and salaries
- where applicable, additional wages and salaries such as holiday payments and 13th month pay
- where applicable, guaranteed allowances such as meal allowances and housing allowances
- where applicable, bonuses and other short-term incentives.

Gender pay gap

	FY26	FY25
Unadjusted pay gap between female and male employees	-2.1%	-1.2%
Adjusted pay gap between female and male employees	2.6%	2.4%

The unadjusted gender pay gap shows that female employees earn 2.1% more than male employees based on a pay comparison without considering countries of employment, job grade levels or workforce composition.

As we have diverse business operations across many countries, the unadjusted gender pay gap does not fully reflect the difference in pay between female and male employees. Particularly, the predominance of male employees in manufacturing roles in IKEA Industry – earning less than the average pay – has a significant influence on the unadjusted gender pay gap.

We set pay according to country of employment and job grade. Therefore, including these factors in our pay gap analysis is essential to gain accurate insights. By accounting for differences in workforce composition, country of employment and job grade, the adjusted gender pay gap provides additional insight into pay differences between female and male employees. After adjusting for country of employment and job grade, female employees earned on average 2.6% less than male employees. The increase in the adjusted pay gap is mainly caused by the implementation of job grades in Retail Baltics in FY26.

Annual total remuneration ratio

	FY26	FY25
Annual total remuneration ratio highest-paid individual to median	57	72

The decrease in the ratio was primarily driven by changes relating to the highest-paid individual during the year, together with an increase in median employee remuneration.

INCIDENTS OF DISCRIMINATION AND OTHER HUMAN RIGHTS INCIDENTS (S1-16)

Methodologies and assumptions
The reported numbers of discrimination incidents and other human rights incidents relating to our material impacts are those raised through our raise a concern platform and that were (partly) substantiated after investigation. Concerns that are directly raised to Ethics & Integrity, People & Culture, Legal, or Risk & Compliance representatives are reported in the platform as well. This also includes concerns raised to the National Contact Points for OECD Multinational Enterprises.

A fine or penalty is a payment to a third party, not being the individual(s) affected by the incident. Compensation for damage is a payment to the individual(s) affected by the incident and directly related to the incident. A settlement payment for the termination of an employee contract is not considered to be compensation for damages.

Incidents of discrimination and other human rights incidents

	FY26	FY25
Number of substantiated incidents of discrimination, including harassment	4	10
Number of substantiated other human rights incidents relating to our material impacts*	1	1
Amount of fines, penalties and compensation for damages as a result of substantiated incidents (in EUR)	–	–

* The number of substantiated other human rights incidents is restated for FY25, following a change in ESRS requirements.

Workers in the value chain (ESRS S2)

INTRODUCTION

We expect our upstream and downstream value chain partners to respect human rights and children's rights, in line with the UN Guiding Principles on Business and Human Rights. We require them to provide decent and meaningful work across our value chain, and expect them to create equal, diverse and inclusive work environments and opportunities. We continually take action to strengthen the resilience of our value chain workers, with a focus on the most vulnerable and marginalised workers, and work to mitigate negative impacts.

Material sustainability topics

The material sustainability topics are listed in the figure and explained in the following paragraphs.

Negative health and safety impacts in industrial settings occur in both our upstream and downstream value chain, in connection with known high-risk environments such as manufacturing, transportation and warehousing. Unsafe working conditions can lead to negative effects on people, including health issues and, in the worst case, permanent disability or loss of life. We have identified incidents relating to hazardous chemicals, road accidents and forklift incidents as examples of severe negative impacts on workers in our value chain.

As we gain more visibility across our value chain, we recognise that forced and child labour are likely to occur in certain high-risk geographies that our suppliers and franchisees operate in. No matter where we operate, we do not accept any form of child, forced or bonded labour anywhere in our value chain.

Human rights violations in our upstream value chain can cause material financial risks due to reputational damage and operational disruptions. Non-compliance with legislation can also result in legal, financial and reputational consequences for us.

Material sustainability topic	Category	IRO	Where in value chain
Health and safety	Negative impact	Severe health impacts and loss of life from hazardous industry settings in the value chain	Upstream and downstream
Other labour-related human rights	Negative impact	Forced labour concerns in the value chain	Upstream and downstream
	Negative impact	Child labour concerns in the value chain	Upstream and downstream
	Financial risk	Supplier human rights violations damage our brand and operations	Upstream

POLICIES RELATED TO VALUE CHAIN WORKERS (S2-1)

Without distinguishing between any groups of workers in the value chain, we have the following policies in place:

Material sustainability topic	Policy
Health and safety	Inter IKEA Group policy on human rights
Other labour-related human rights	Inter IKEA Group policy on sustainability due diligence
	Supplier code of conduct
	Franchisee code of conduct

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 31-33. These policies cover all workers in the value chain without distinguishing between any groups.

We are committed to respecting and promoting human rights across our value chain. We are integrating the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the Children's Rights and Business Principles into our policies and ways of working.

Inter IKEA Group policy on human rights

This policy provides our standpoints related to our commitment to respect human rights. During FY26, we have updated the policy on human rights with clear

positioning on zero tolerance of child labour and forced labour, including human trafficking, and the right to safety and security at work.

Our commitments include:

- respecting international human rights standards wherever we operate
- focusing our attention on human rights issues of particular importance for our value chain
- effectively conducting human rights due diligence based on open and trustful dialogue with worker representatives and affected rights-holders
- ensuring effective access to grievance mechanisms and remedy to address negative impacts on human rights
- communicating externally on our human rights efforts.

Together with our suppliers and franchisees, we take responsibility for respecting human rights. Therefore, we continually work to integrate relevant human rights standards into the codes of conduct we have for our suppliers and franchisees.

Inter IKEA Group policy on sustainability due diligence

Workers in the value chain may be impacted by the decisions we make and the business relationships we maintain. This policy helps us to identify, prevent, mitigate and account for actual and potential negative impacts of hazardous industry environments, as well as forced and bonded labour including human trafficking, and child labour concerns across our value chain.

Supplier code of conduct

Our supplier code of conduct (IWAY) mandates that children are protected, fundamental labour and human rights are respected, and workers' health and safety are protected. With the ongoing development of the new Homework section of IWAY, the scope of application of these requirements is extended to persons who perform work from their homes.

Franchisee code of conduct

Our franchisee code of conduct mandates that franchisees do not use, employ or support child labour, or forced, bonded, prison or involuntary labour. Franchisees are required to have effective routines in place to prevent and mitigate the risk of child labour and to ensure responsible recruitment of migrant workers. It also mandates that all franchisee buildings are designed and constructed in such a way that they provide a safe and healthy environment for value chain workers, consumers or anyone present at a franchisee building, and that routines are in place to maintain these environments.

ENGAGEMENT WITH VALUE CHAIN WORKERS, EXISTENCE OF CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS OR NEEDS AND APPROACHES TO REMEDY (S2-2)

Engagement with value chain workers

Our supplier code of conduct and our franchisee code of conduct support our engagement with workers throughout our value chain. The Management Board has the responsibility to ensure that the outcomes of engagement with value chain workers are taken into account when validating our approaches and processes.

Supplier code of conduct (IWAY)

Our process for engaging with our upstream value chain workers is primarily through IWAY verification activities, which most often occur at first-tier suppliers. A risk-based approach is taken to prioritise suppliers for verification. The goal of these verification activities is to confirm IWAY requirements are met, using a sampling method. The highest focus is put on requirements such as forced and bonded labour, child labour, minimum legal wage, reliable reporting tool for working hours, severe occupational health and safety hazards, and severe environmental pollution. It is also verified whether suppliers have a structured dialogue with workers and communicate IWAY further in our supply chain. IWAY verification activities, announced or unannounced, are performed by our sustainability specialists and independent third-party auditors. On average, over a three-year period, IWAY verifications are conducted at approximately 20% of suppliers within the IWAY scope.

Interviews with workers are an integral part of each verification activity. Workers are interviewed on a confidential basis about their working and social conditions. Workers are also encouraged to share any concerns they might have in relation to their work at the supplier.

If non-conformity with any IWAY requirement is identified, suppliers are required to do a root cause analysis and implement corrective actions within a maximum period of 90 days.

The results of verification activities are analysed to provide insights for future verification and implementation activities, and learning opportunities for suppliers and their workers.

Apart from verification activities, suppliers are assisted to increase their capability to identify any issues on their premises and further in the supply chain. Examples include responsible recruitment of migrant workers and providing guidance on verifying IWAY compliance at on-site subcontractors (e.g., cleaning services, catering providers and maintenance). In some regions, suppliers'

networks are established, allowing them to discuss various topics and issues such as how to increase workers' engagement or how to improve health and safety conditions.

Franchisee code of conduct (IConduct)
There is no direct engagement with downstream value chain workers. However, IConduct describes how we engage with franchisees through self-assessments and subsequent reviews. The results of these reviews determine actions to be taken by the franchisee to live up to the IConduct requirements. The engagement activities occur in a systematic and regular way with the designated responsible person within the franchisee's People & Culture team.

There is also regular and systematic engagement with the International Organisation of Migration on the topic of responsible recruitment of migrant workers, with specific focus on geographies with higher risk. No engagement occurs with legitimate representatives of franchisee workers.

Franchisees are required to inform their workers of their rights to join, or not to join, or form an association of their choice, to seek representation and bargain collectively without fear of reprisal, interference, intimidation or harassment.

Channels for value chain workers to raise concerns or needs

In both our supplier and franchisee codes of conduct, we require suppliers and franchisees to have effective grievance mechanisms in place which are known to their workers and enable them to raise concerns without retaliation. The concerns must be recorded and acted upon by suppliers and the franchisees and must protect the anonymity of workers.

In addition, we offer a raise a concern platform on our public website to report concerns about alleged breaches of IWAY in our value chain.

With selected suppliers in Vietnam, the United States and the Netherlands, we are piloting how to effectively communicate about workers' rights and where they can reach out if they wish to report a concern. This includes both the suppliers' own grievance mechanisms and our raise a concern platform.

We assess the design and effectiveness of grievance mechanisms at our suppliers through verifications and regular dialogue. The effectiveness of our raise a concern platform is periodically assessed on elements like accessibility, predictability, equitability, transparency and as a source of continuous learning. Twice a year, reports are made on data, trends and developments in order to monitor progress and for learning purposes.

IConduct requires franchisees to ensure that any complaint raised is resolved in an orderly manner by regularly following up and addressing any gaps or inefficiencies in its grievance platform. The franchisees should also ensure that the complaints raised are a source of continuous learning for themselves. Root causes should be identified and systemic or procedural changes implemented to avoid similar complaints in the future. Franchisees annually report on these requirements to us.

Approaches to remedy

Every supplier and franchisee is required to have their own grievance mechanism. We also have our raise a concern platform, enabling value chain workers to raise their concerns. We assist our value chain partners in addressing and resolving those concerns. The individual or body that raised the concern is informed about the progress and status of the case during the remediation.

ACTIONS AND RESOURCES RELATED TO VALUE CHAIN WORKERS (S2-3)

Actions

Our key actions contribute to a fair and equal society through respecting and promoting human rights, improving decent and meaningful work, and striving towards diversity and inclusion in our value chain. Below are our medium-term actions with a timeframe until 2030 that manage our material impacts and risks.

Assessing the effectiveness of actions for workers in the value chain in relation to our material impacts and risks is carried out through verification activities of IWAY and IConduct, see Engagement with value chain workers, existence of channels for value chain workers to raise concerns or needs and approaches to remedy (S2-2) on page 78.

In our upstream value chain, one severe health and safety hazard was identified and remediated. Another instance of forced labour occurred during the reporting period, with ongoing remediation actions. As for our franchisees´ own workforce, no fatalities, forced or child labour cases were reported to us.

Key action and outcome	Scope	FY26 examples and progress
Strengthen due diligence across the value chain to identify, assess, and address human rights risks, enabling a more robust and coherent sustainability due diligence process.	Upstream and downstream value chain	Following a pilot conducted in three countries, our human rights assessment methodology was refined to incorporate key learnings on effective preparation and implementation. The updated methodology has since been applied in two additional assessments, helping us deepen our understanding of human rights issues. Self-assessments and subsequent feedback reviews were rolled out based on updated franchisee code of conduct (IConduct) requirements with increased attention to child safeguarding, children's rights and responsible recruitment of migrant workers. The new Inter IKEA Group policy on sustainability due diligence was developed and the Inter IKEA Group policy on human rights was updated see page 77.
Further develop grievance mechanisms across the value chain, with particular focus on severe health impacts, forced labour, and child labour, to ensure concerns can be raised and addressed more effectively through accessible and robust reporting channels.	Upstream and downstream value chain	We conducted pilots in the upstream value chain to raise awareness of available grievance mechanisms. The insights and engagement generated through these pilots contributed to strengthening our procedures for receiving and responding to issues. A dedicated raise a concern platform for the IKEA supply chain was newly opened and serves as an avenue to reach out to us about potential misconduct in relation to our supplier code of conduct (IWAY) anywhere in our supply chain. The platform is available online and concerns can be submitted in 45 languages. A working method on how to handle the concerns and on remediation is clarified within the process.
Support and secure safe and healthy working conditions and labour rights for people in our value chain.	Upstream and downstream value chain	Training packages prepared together with an external strategic partner with a focus on responsible recruitment of migrant workers in high-risk geographies were delivered to selected franchisees and suppliers. Continued capability building to enhance the ability of suppliers and franchisees to effectively implement the code of conduct.
Offer safe and meaningful opportunities for young workers to prevent child labour in our value chain.	Upstream and downstream value chain	Continued projects in Southeast Asia to strengthen child rights protection by creating better access to learning and decent work opportunities for local young workers.

Resources
In order to accomplish the work on the projects and tasks towards reaching our medium-term actions to manage our material impacts and risks, employees from multiple teams have been involved, such as Ethics & Integrity, People & Culture, Risk & Compliance, Raw Materials and Sustainability. Furthermore, external consultants have been involved in some of the work.

TARGETS RELATED VALUE CHAIN WORKERS (S2-4)

Currently, we do not have targets in place related to workers in the value chain. We continue to assess dependencies and our negative impacts and risk to establish baselines and set targets.

ENTITY-SPECIFIC METRICS ON VALUE CHAIN WORKERS

We have not yet identified an entity-specific metric that provides material information on our impacts and risks relating to workers in the value chain.

Consumers and end-users (ESRS S4)

INTRODUCTION

We make sure that our products are safe and durable. For all our products, we consider the consumers and end-user's safety throughout the entire process, from the design to the daily use of the product.

Material sustainability topics

The following material sustainability topic is identified:

Material sustainability topic	Category	IRO	Where in value chain
Personal safety of consumers and end-users	Negative impact	Inadequate product safety can significantly harm end-users	Downstream
	Financial risk	Shortcomings in product compliance, quality and safety could result in harm to consumers and reputational damage	Upstream, own operations and downstream

As our products are widely used around the world, we acknowledge the risk of harm to consumers and end-users occurring. While we always prioritise product safety and have implemented numerous measures to ensure our design processes address all safety aspects, unforeseen incidents may still occur.

In the event of a failure to provide quality products or accurate and sufficient labelling and product information, harm to consumers can have significant financial consequences for us. Shortcomings in home furnishing and food product compliance, quality and safety could result in harm to consumers and reputational damage to the IKEA Brand, which may lead to the loss of sales, litigation costs and fines.

POLICIES RELATED TO CONSUMERS AND END-USERS (S4-1)

Relating to consumers and end-users, we have the following policy in place:

Material sustainability topic	Policy
Personal safety of consumers and end-users	Inter IKEA Group policy on product compliance

General

For an introduction to our policies, see General disclosure requirement for policies (GDR-P) on pages 31-33.

Our supplier and franchisee codes of conduct also include requirements with respect to personal safety of consumers and end-users. However, the Inter IKEA Group policy on product compliance more thoroughly addresses our related material impact and risk.

Inter IKEA Group policy on product compliance

The Inter IKEA Group policy on product compliance defines our approach to ensuring product quality, safety, regulatory compliance and sustainability across our product range. Its key objective is to ensure that all products and product-related digital services are safe, compliant and responsibly communicated throughout their lifecycle. It covers all operations, geographies and lifecycle stages within our value chain and all consumers and end-users.

The policy addresses actual and potential risks such as consumer harm, regulatory breaches and reputational damage. It also identifies opportunities for improved product trust and quality assurance.

Implementation is monitored through internal controls, product approval processes, risk assessments, deviations and incidents tracking, and continuous improvement practices.

While the policy is not presented as an externally certified management system, it reflects quality-management principles consistent with ISO 9001 and supports compliance with applicable product safety and information requirements.

The policy integrates stakeholder interests primarily through consumer feedback, incident data and regulatory engagement. While direct stakeholder involvement in policy formulation is limited, insights from consumer and end-user safety concerns and legal compliance are key inputs in defining and updating the policy.

The policy mandates consumer and end-user safety to be the highest priority. Product safety is integrated from the earliest development stages, including consideration of foreseeable risks. Product information

and communication must be complete, correct and compliant at all times.

The policy requires deviations to be detected, corrected and subsequently prevented as early as possible in the product lifecycle. We notify relevant authorities in line with legal and internal obligations.

ENGAGEMENT WITH CONSUMERS AND END-USERS, EXISTENCE OF CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS OR NEEDS AND APPROACHES TO REMEDY (S4-2)

Engagement with consumers and end-users

Engagement with consumers and end-users occurs primarily through credible proxies and other channels, primarily our franchisees and our own retail sales locations, which interface directly with consumers and capture feedback through structured and informal channels. This includes IKEA Family programmes, return data, consumer and end-user service logs, and local market research.

Where product issues arise – such as safety concerns or misleading information – these are escalated through our deviation management process, which is designed to ensure timely response and mitigation. In such cases, consumer feedback informs relevant risk assessments and corrective actions.

Consumers and end-user feedback and incident data inform our risk assessments, prioritisation of product investigations, corrective actions and updates to product information and communication.

We address key vulnerabilities, including those related to marginalised consumers, such as children, people with disabilities or low-income groups, through internal design standards and test protocols and through selected accessibility design and communication practices.

Channels for consumers and end-users to raise concerns or needs

Consumers and end-users raise concerns through our retail channels, including our own retail sales locations. Franchisees are contractually obliged to forward complaints relevant to product compliance to us without delay. Product complaints are handled by our Deviation Management team, which includes an on-duty team available 24/7 for urgent cases.

We ensure that clear routines are in place for cooperation and data sharing on consumer feedback as collected by franchisees. These are embedded in governance documents and steering mechanisms between us and the franchisees. We support franchisees by providing expertise, escalation protocols and guidance to ensure consistency and speed in handling deviations.

All reported deviations are tracked in a central platform with logging, prioritisation and resolution documentation. We monitor patterns across markets and product types to identify systemic risks. While end-user trust in these mechanisms is not yet measured formally, the consistency of escalation and the high responsiveness of the deviation management process help ensure concerns are addressed promptly. Effectiveness is further reinforced through internal audits and continuous improvement processes.

As complaints are mediated via retail channels, there is no explicit consumer-side non-retaliation policy governed by us. However, we expect all franchisees to uphold high standards of ethical conduct and fair treatment, following the franchisee code of conduct.

Our deviation management process and associated retail complaint handling channels together constitute our grievance mechanism for consumer and end-user safety and compliance concerns.

Approaches to remedy

We provide remedy for consumer and end-user impacts through our deviation management process. This process is activated whenever concerns or complaints are escalated from the retail level, covering a wide range of issues, including product safety, quality and regulatory compliance. The process is designed to ensure timely and proportionate action based on the severity and urgency of each case. Remedies may include corrective actions, product recalls, redesigns or communications to consumers. Effectiveness is monitored through issue resolution timelines, recurrence tracking and cross-functional review.

ACTIONS AND RESOURCES RELATED TO CONSUMERS AND END-USERS (S4-3)

We have not set specific actions to address our negative impact and risk. However, we have a robust product recall process in place that aims to remove an unsafe or unsuitable product from the market. The main goal of this process is to promptly warn and inform consumers and employees about an unsafe or unsuitable product and the associated risk, and to ask them to stop using the product to secure public health and safety. In addition, we monitor incident recurrence rates, resolution times, consumer and end-user complaint themes and regulatory compliance findings. In serious cases, cross-functional reviews are triggered within the deviation handling process.

While our ambition is that our products meet internal and external expectations to have no product deviations, we recognise that product deviation incidents may still occur in a business serving many consumers and end-users. Some product deviations require the product recall process to be activated. In such cases, the product recall process is a critical method to address and mitigate identified risks.

No human rights incidents relate to our material topics have been reported in FY25 and FY26. Isolated product deviations have occurred and were addressed through established corrective processes.

TARGETS RELATED TO CONSUMERS AND END-USERS (S4-4)

We monitor and analyse product recalls as part of our quality and product compliance management. Rather than setting numerical recall reduction targets, our focus is on preventing product safety issues and ensuring that any recalls are executed in a timely, appropriate and effective manner.

ENTITY-SPECIFIC METRIC ON CONSUMERS AND END-USERS

Methodologies and assumptions
A product recall is counted when a public action is launched on affected markets for products that are either purchased or manufactured by Inter IKEA Group. A single recall could consist of multiple products and could occur in multiple markets.

Number of product recalls

	FY26	FY25
Number of product recalls	10	7
Number of markets affected by these product recalls	22	60

In FY26, IKEA products were sold in 64 markets (FY25: 63 markets).

Governance disclosures

Through our double materiality assessment, we concluded that business conduct did not meet our materiality thresholds as a sustainability topic. Business conduct includes corporate culture, anti-corruption and bribery, protection of whistle-blowers, animal welfare, political influence and management of relationships with suppliers. We also did not identify any other governance-related sustainability topics as material. Relevant governance processes and controls remain in place in these areas.

Reference tables

ESRS reference table

Section	ESRS Standard	Disclosure Requirement		Reference to sustainability statement	List of incorporations by reference
General disclosures (ESRS 2)	General disclosures (ESRS 2)	BP-1	Basis for preparation of the sustainability statement	Page 15	–
		GOV-1	The role of the Supervisory Board, Management Board and Management Team	Page 16	Governance structure on page 5
		GOV-3	Statement on due diligence	Page 18	–
		GOV-4	Risk management and internal controls over sustainability reporting	Page 19	Approach on page 9
		SBM-1	Strategy, business model and value chain	Page 20	Description of our business model and value chain on page 4
					Significant groups of products and services offered on page 5
					Significant markets and customer groups on page 5
		SBM-2	Interests and views of stakeholders	Page 21	–
		SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Page 24	–
		IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Page 26	–
		IRO-2	Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement	Page 27	–
		GDR-P	General disclosure requirement for policies	Page 31	–
		GDR-A	General disclosure requirement for actions and resources	Page 34	–
		GDR-M	General disclosure requirement for metrics	Page 34	–
		GDR-T	General disclosure requirement for targets	Page 34	–

Section	ESRS Standard	Disclosure Requirement		Reference to sustainability statement	List of incorporations by reference
Environmental disclosures	Climate change (ESRS E1)		Introduction	Page 35	–
		E1-1	Transition plan for climate change mitigation	Page 35	–
		E1-2	Climate-related risks and scenario analysis	Page 35	–
		E1-3	Resilience in relation to climate change	Page 36	–
		E1-4	Policies related to climate change	Page 36	–
		E1-5	Actions and resources related to climate change	Page 37	–
		E1-6	Targets related to climate change	Page 38	–
		E1-7	Energy consumption and mix	Page 38	–
		E1-8	Gross scopes 1, 2, 3 GHG emissions	Page 40	–
		E1-9	GHG removals	Page 48	–
	Pollution (ESRS E2)		Introduction	Page 49	–
		E2-1	Policies related to pollution	Page 50	–
		E2-2	Actions and resources related to pollution	Page 51	–
		E2-3	Targets related to pollution	Page 52	–
		E2-4	Pollution of air	Page 52	–
		E2-5	Substances of concern and substances of very high concern	Page 52	–
	Water (ESRS E3)		Introduction	Page 53	–
		E3-1	Policies related to water	Page 53	–
		E3-2	Actions and resources related to water	Page 54	–
		E3-3	Targets related to water	Page 55	–
		E3-4	Water metrics	Page 55	–
	Biodiversity and ecosystems (ESRS E4)		Introduction	Page 56	–
		E4-2	Policies related to biodiversity and ecosystems	Page 56	–
		E4-3	Actions and resources related to biodiversity and ecosystems	Page 58	–
		E4-4	Targets related to biodiversity and ecosystems	Page 59	–
			Entity-specific metrics on biodiversity and ecosystems	Page 59	–

Section	ESRS Standard	Disclosure Requirement		Reference to sustainability statement	List of incorporations by reference
Environmental disclosures	Resource use and circular economy (ESRS E5)		Introduction	Page 60	–
		E5-1	Policies related to resource use and circular economy	Page 60	–
		E5-2	Actions and resources related to resource use and circular economy	Page 61	–
		E5-3	Targets related to resource use and circular economy	Page 62	–
		E5-4	Resource inflows	Page 62	–
		E5-5	Resource outflows – waste	Page 62	–
	EU Taxonomy			Page 63	–
Social disclosures	Own workforce (ESRS S1)		Introduction	Page 64	–
		S1-1	Policies related to own workforce	Page 65	–
		S1-2	Engagement with own workforce and workers' representatives, existence of channels for own workforce to raise concerns or needs and approaches to remedy	Page 66	–
		S1-3	Actions and resources related to own workforce	Page 69	–
		S1-4	Targets related to own workforce	Page 71	–
		S1-5	Characteristics of our employees	Page 71	–
		S1-6	Characteristics of non-employees in our own workforce	Page 72	–
		S1-8	Diversity metrics	Page 73	–
		S1-11	Persons with disabilities	Page 73	–
		S1-12	Training and skills development metrics	Page 73	–
		S1-13	Health and safety metrics	Page 74	–
		S1-15	Remuneration metrics	Page 75	–
		S1-16	Incident of discrimination and other human right incidents	Page 76	–

Section	ESRS Standard	Disclosure Requirement		Reference to sustainability statement	List of incorporations by reference
Social disclosures	Workers in the value chain (ESRS S2)		Introduction	Page 77	–
		S2-1	Policies related to value chain workers	Page 77	–
		S2-2	Engagement with value chain workers, existence of channels for value chain workers to raise concerns or needs and approaches to remedy	Page 78	–
		S2-3	Actions and resources related to value chain workers	Page 80	–
		S2-4	Targets related to value chain workers	Page 81	–
			Entity-specific metrics on value chain workers	Page 81	–
	Consumers and end-users (ESRS S4)		Introduction	Page 82	–
		S4-1	Policies related to consumers and end-users	Page 82	–
		S4-2	Engagement with consumers and end-users, existence of channels for consumers and end-users to raise concerns or needs and approaches to remedy	Page 83	–
		S4-3	Actions and resources related to consumers and end-users	Page 84	–
		S4-4	Targets related to consumers and end-users	Page 84	–
			Entity-specific metric on consumers and end-users	Page 84	–
Governance disclosures				Page 85	–

List of data points that derive from other EU legislation

Section	Exposure Draft Amended ESRS Standard	Data point that derives from other EU legislation		Reference to sustainability statement
General disclosures (ESRS 2)	General disclosures (ESRS 2)	GOV-1	Percentage of board members who are independent	Page 5
		GOV-1	Board's gender diversity	Page 6
		GOV-3	Statement on due diligence	Page 18
		SBM-1	Involvement in activities related to fossil fuel activities	Not material to us.
		SBM-1	Involvement in activities related to chemical production	Not material to us
		SBM-1	Involvement in activities related to controversial weapons	Not material to us.
		SBM-1	Involvement in activities related to cultivation and production of tobacco	Not material to us.
		IRO-2	Risk of incidents of forced labour	Page 27
		IRO-2	Risk of incidents of child labour	Page 27
		GDR-P	Human rights policy commitments	Page 31
Environmental disclosures	Climate change (ESRS E1)	E1-1	Transition plan for climate change mitigation	Page 35
		E1-6	GHG emission reduction targets	Page 38
		E1-7	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Page 38
		E1-7	Energy consumption and mix	Page 38
		E1-8	Gross Scope 1, 2, 3 GHG emissions	Page 40
		E1-9	GHG removals and carbon credits	Page 48
		E1-11	Exposure of the benchmark portfolio to climate-related physical risks	We are not able to report this data point.
		E1-11	Location of significant assets at material physical risk	We are not able to report this data point.
		E1-11	Breakdown of the carrying value of its real estate assets by energy-efficiency classes	We are not able to report this data point.
		E1-11	Degree of exposure of the portfolio to climate-related opportunities	We are not able to report this data point.
	Pollution (ESRS E2)	E2-4	Amount of material pollutants emitted to air, water and soil	Page 52
	Water (ESRS E3)	E3-1	Water-related policies	Page 53
		E3-1	Policy covering areas at water risk, including areas of high-water stress	Page 53
		E3-4	Total water recycled and reused	Not material to us.

Section	Exposure Draft Amended ESRS Standard	Data point that derives from other EU legislation		Reference to sustainability statement
Environmental disclosures	Biodiversity and ecosystems (ESRS E4)	E4-2	Policy covering sites in or near biodiversity-sensitive areas	Page 56
		E4-2	Sustainable land/agriculture practices or policies	Page 56
		E4-2	Sustainable oceans/seas practices or policies	Not material to us.
		E4-2	Policies to address deforestation	Page 56
		E4-5	Activities negatively affecting biodiversity-sensitive areas	Not material to us.
		E4-5	Land degradation, desertification, soil sealing	Not material to us.
		E4-5	Natural species and protected areas	Not material to us.
	Resource use and circular economy (ESRS E5)	E5-5	Hazardous waste and radioactive waste	Not material to us.
Social disclosures	Own workforce (ESRS S1)	S1-1	Processes and measures for preventing trafficking in human beings	Page 65
		S1-1	Occupational risk prevention policy or management system	Page 65
		S1-2	Grievance mechanism, including employee-related matters	Page 66
		S1-13	Rate of work-related accidents	Page 74
		S1-13	Number of days lost to injuries, accidents, illness	We are not able to report this data point.
		S1-15	Unadjusted gender pay gap	Page 75
		S1-15	Annual total remuneration ratio	Page 75
		S1-16	Incidents of discrimination	Page 76
		S1-16	Human rights incidents	Page 76
	Workers in the value chain (ESRS S2)	S2-1	Processes and measures for preventing trafficking in human beings	Page 77
		S2-1	Code of conduct	Page 77
		S2-2	Grievance mechanism	Page 78
		S2-3	Human rights incidents	We are not able to report this data point.
	Affected communities (ESRS S3)	S3-2	Grievance mechanism	Not material to us.
		S3-3	Human rights incidents	Not material to us.
	Consumers and end-users (ESRS S4)	S4-2	Grievance mechanism	Page 83
		S4-3	Human rights incidents	Page 84

Section	Exposure Draft Amended ESRS Standard	Data point that derives from other EU legislation		Reference to sustainability statement
Governance disclosures	Business conduct (ESRS G1)	G1-1	Policies consistent with the United Nations Convention against Corruption	Not material to us.
		G1-1	Protection of whistle-blowers	Not material to us.
		G1-4	Convictions and Fines for violation of anti-corruption and anti-bribery laws	Not material to us.
		G1-4	Actions to address breaches of Standards of anti-corruption and anti-bribery	Not material to us.

MANAGEMENT BOARD

Jakub Jankowski (Chairman)

Henrik Elm

Pontus Erntell

Delft, 5 November 2026

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Consolidated balance sheet as at 31 August 2026

(before profit appropriation, in millions of EUR)

	Note	FY26	FY25
Intangible fixed assets	4	8,562	8,899
Tangible fixed assets	5	2,111	1,952
Financial fixed assets	6	282	285
Total fixed assets		**10,955**	**11,136**
Current assets			
Inventories	7	4,487	4,832
Trade and other receivables	8	3,064	3,212
Cash	9	3,972	2,937
		11,523	**10,981**
TOTAL ASSETS		**22,478**	**22,117**
Group equity	10	**19,121**	**18,815**
Provisions	11	**456**	**142**
Non-current liabilities	13	**69**	**72**
Current liabilities	14	**2,832**	**3,088**
TOTAL EQUITY AND LIABILITIES		**22,478**	**22,117**

Consolidated profit and loss account 2026

(in millions of EUR)

	Note	FY26	FY25
Net turnover		25,844	26,183
Change in inventory of finished goods		(13)	107
Other operating income		33	16
Total operating income	17	**25,864**	**26,306**
Cost of raw materials and consumables		20,657	21,328
Cost of outsourced work and other external costs		225	239
Salaries and wages	18	1,318	1,099
Social charges		288	259
Pension expenses		107	116
Depreciation and amortisation	4,5	562	510
Impairments of fixed assets	4,5,6	18	(2)
Other operating expenses	18	1,230	1,032
Total operating expenses		**24,405**	**24,581**
Operating result		**1,459**	**1,725**
Financial income		346	273
Financial expense		23	46
Financial income and expense	19	**323**	**227**
Result before tax		**1,782**	**1,952**
Income tax	20	382	415
Share of results from participating interests		1	41
Net result		**1,399**	**1,496**

Consolidated cash flow statement 2026

(in millions of EUR)

	Note	FY26	FY25
Operating result		**1,459**	**1,725**
Adjusted for:			
- Depreciation / amortisation	4,5	562	510
- Impairments	4,5	18	(2)
- Other value adjustments	4,5	(20)	15
- Changes in provisions	11	314	48
- Changes in working capital		580	(788)
Cash flow from business operations		*2,913*	*1,508*
Interest received		90	110
Interest paid		(7)	(9)
Income tax paid		(360)	(362)
Cash flow from operating activities		**2,636**	**1,247**
Investments in:			
- Intangible fixed assets	4	(85)	(295)
- Tangible fixed assets	5	(395)	(382)
- Acquisition of companies	6	(18)	(27)
Disposals of:			
- Tangible fixed assets	5	12	11
Issuance of loans receivable	6	(50)	(41)
Repayment of loans receivable	6	32	77
Cash flow from investing activities		**(504)**	**(657)**

(in millions of EUR)

	Note	FY26	FY25
Repayment of long term financing	13	(3)	(12)
Short term financing	14	(2)	2
Dividend paid	10	(1,100)	(1,800)
Cash flows from financing activities		**(1,105)**	**(1,810)**
Net cash flow		**1,027**	**(1,220)**
Exchange rate and translation differences on cash		8	(7)
Changes in cash and cash equivalents		**1,035**	**(1,227)**
Cash and cash equivalents at beginning		2,937	4,164
Cash and cash equivalents at end		3,972	2,937
Net movement in cash		**1,035**	**(1,227)**

Consolidated statement of comprehensive income FY26

(in millions of EUR)

	FY26	FY25
Net result	1,399	1,496
Change in unrealised derivatives	(26)	(68)
Remeasurement IAS19	(7)	(5)
Exchange rate differences	34	(22)
Other	6	2
Total comprehensive income	**1,406**	**1,403**

Notes to the consolidated financial statements

1. Corporate information

Inter IKEA Holding B.V. (the Company), incorporated on 30 September 1992, is a private limited liability company under Dutch law and is registered as a financial holding under number 27163852 in the trade register. Its corporate seat is in Delft, the Netherlands and its registered address is Olof Palmestraat 1, Delft, the Netherlands. Inter IKEA Holding B.V. is the ultimate parent of a group of companies that together form the Inter IKEA Group (the Group).

The Company has 126 ordinary shares with a nominal value of EUR 1,000 each. All shares are held by Inter IKEA Foundation as the 100% shareholder and ultimate owner. Shares entitle Inter IKEA Foundation to voting rights in the General Meeting as well as full rights to the distributable profits and reserves.

On 18 December 2025, the Company's articles of association were amended. As part of this amendment, the former 1 class A share and 125 class B shares were converted into 126 ordinary shares, and the separate dividend reserves and share premium reserves attaching to the former share classes were combined into a single general dividend reserve and a single general share premium reserve, respectively. The amendment did not affect the total issued share capital (EUR 126,000) or total shareholder's equity.

These financial statements cover the 12-month period ended 31 August 2026 (FY26). Comparative figures reflect the 12-month period ended 31 August 2025 (FY25).

2. Basis of preparation

The consolidated financial statements and the company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. The accounting policies applied for measurement of assets and liabilities and the determination of results are based on the historical cost convention, unless otherwise stated.

Application of Section 402, Book 2 of the Dutch Civil Code
The Company's financial information is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the company financial statements exclusively state the share of the result of participating interests after tax and the other results after tax.

Going concern
The financial statements have been prepared on the basis of the going concern assumption.

3. Significant accounting policies

General
Assets and liabilities are measured at historical cost, unless otherwise stated in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost or value of the asset can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets. A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic substance with respect to the asset or liability.

An asset or liability is derecognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability being transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction. If assets are recognised of which the Company does not have the legal ownership, this fact will be disclosed.

Functional and presentation currency

The financial statements are presented in euros (EUR), which is also the Company's functional currency. All financial information in euros has been rounded to the nearest million, unless stated otherwise.

Use of estimates

The preparation of the financial statements requires management to form opinions and to make estimates and assumptions that have an impact on the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. Estimates and the underlying assumptions are constantly assessed. Revisions to estimates are recognised prospectively.

The following accounting policies are, in the opinion of management, the most critical for the purpose of presenting the financial position and require estimates and assumptions:

- the useful life of intangible fixed assets and tangible fixed assets
- accounting estimates made as part of acquisition accounting for business combinations
- obsolescence of stock
- provisions for litigation, claims and constructive obligation
- uncertain tax positions
- valuation of trade receivables.

Refer to the accounting policies of the respective balance sheet items for details on the assumptions made.

Consolidation scope

The consolidated financial statements include the financial information of the Company and its subsidiaries. Subsidiaries are participating interests in which the Company (and/or one or more of its subsidiaries) can exercise more than half of the voting rights in the general meeting, or can appoint or dismiss more than half of the managing directors or supervisory directors.

Newly acquired participating interests are consolidated as from the date that decisive influence (control) can be exercised. Participating interests disposed of remain included in the consolidation until the date of loss of this influence.

For an overview of all subsidiaries included in the Group, reference is made to the listing of subsidiaries that has been filed by the Company at the Chamber of Commerce.

Business combinations

A business combination is a transaction whereby the Group obtains control over the assets and liabilities and the activities of the acquired party. Business combinations are accounted for using the "purchase accounting" method on the date that control is transferred to the Group (the acquisition date). The transaction price is the cash consideration or equivalent agreed as part of the acquisition, or the fair value of the consideration transferred at the acquisition date. Transaction costs that are directly attributable to the business combination are allocated to the transaction price. In case of deferred payment of the consideration, the transaction price is the discounted value of the consideration.

The Group recognises the identifiable assets and liabilities of the acquired party at the acquisition date. These assets and liabilities are recognised individually at their fair values, provided that it is probable that future economic benefits will flow to the Group (assets) or settlement will result in an outflow of resources embodying economic benefits (liabilities), and the cost or fair value thereof can be measured with reliability.

Goodwill represents the difference between the costs of a business combination and fair value at the date of the acquired equity value of the company. Goodwill is capitalised and amortised over its expected useful life.

Consolidation principles

The consolidated financial statements are prepared by using uniform accounting policies for measurement and determination of the result of the Group.

In the consolidated financial statements, intragroup shareholdings, liabilities, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the Group and no impairment loss is applicable.

Translation of foreign currencies

At initial recognition, transactions denominated in a foreign currency are translated into the Company's functional currency at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into the functional currency at the spot exchange rate applicable on that date. Exchange differences resulting from the settlement of monetary items or resulting from the translation of monetary items denominated in foreign currency are recognised in profit and loss in the period in which the exchange difference occurs. Exempt from this are exchange differences on monetary items that are part of a net investment in a foreign operation.

Non-monetary assets and liabilities denominated in foreign currency that are measured based on historical cost are translated into the functional currency at the exchange rates as at the date of the transactions.

The assets and liabilities that are part of the net investment in a foreign operation are translated into the functional currency at the exchange rate prevailing on the reporting date. The income and expenses of a foreign operation are translated into euros at the average exchange rate for the year. Currency translation differences are recognised in the translation reserve within equity. When a foreign operation is fully or partially sold, the respective amount is transferred from translation reserve to the profit and loss account. When (partially) control is lost, the reserve is utilised.

Financial instruments

Financial instruments include trade and other receivables, cash, money market funds, loans and other financing commitments, trade payables, other amounts payable and derivative financial instruments.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate. Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract and accounted for as a stand-alone derivative if its economic characteristics and risks are not closely related to those of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognised in the profit and loss account. Financial instruments embedded in contracts that are not separated from the host contract are recognised in accordance with the host contract. Derivatives separated from the host contract are, in accordance with the measurement policy for derivatives for which no cost price hedge accounting is applied, measured at cost or lower fair value.

A purchase or sale of non-derivative financial assets according to standard market conventions is, by class of financial assets and financial liabilities, systematically recognised or derecognised in the balance sheet on the settlement date (date of transfer).

Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account at the initial recognition. After initial recognition, financial instruments are valued in the manner described below.

Loans granted and other receivables

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account. Purchases and sales of financial assets that belong to the category loans granted and other receivables are accounted for at the transaction date.

Trade and other receivables

Receivables are measured after their initial recognition at amortised cost (except for derivatives) less allowance for uncollectible amounts.

Non-current and current liabilities and other financial commitments

Non-current and current liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the profit and loss account.

Redemption payments regarding non-current liabilities that are due next year are presented under current liabilities.

Derivatives and hedge accounting

Derivatives are measured at fair value with recognition of all changes in value in the profit and loss account, except where hedge accounting is used to hedge the variability of future cash flows that affect the profit and loss account (cash flow hedge accounting).

Cash flow hedge

If cash flow hedge accounting is used, the effective portion of the fair value changes of the derivatives is initially recognised in other comprehensive income. As soon as the expected future transactions lead to the recognition of gains or losses in the profit and loss account, the respective amounts are transferred from the hedging reserve of other comprehensive income to the profit and loss account. The net result of these gains and losses is recognised in the profit and loss account.

If a derivative no longer meets the conditions for hedge accounting, expires or is sold, or if the Company has decided to no longer apply hedge accounting, the hedging relationship is terminated. The deferred gains or losses recognised at the time of the termination of the hedging relationship remain in equity until the expected future transaction takes place. If the transaction is no longer expected to take place, the deferred gain or loss on the hedge recognised in equity is transferred to the profit and loss account.

Conditions for hedge accounting

The Company uses hedge accounting documentation, documenting the specific hedge relationships in the dedicated treasury management system and regularly assesses the effectiveness of the hedging relationships by establishing whether the hedge is effective or that there is no over-hedging.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items as well as its risk management objective and strategy for undertaking hedge transactions together with methods selected to assess hedge effectiveness. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in future cash flows (the hedged items). The effectiveness test is performed by comparing the critical attributes of the hedging instrument with the hedged item, namely currency pair, maturity date and notional amount. If there is an over-hedge, the related value based on the lower of cost or fair value is recognised directly in the profit and loss account.

Impairment of financial assets

Financial assets (e.g. long-term loans receivable) are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with a negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortised cost. All individually significant assets are assessed individually for impairment.

An impairment loss in respect of a financial asset stated at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate.

Impairment losses are recognised in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original amortised cost).

Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability, and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

Intangible fixed assets

Intangible fixed assets are only recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably.

Intangible fixed assets are measured at acquisition or development cost, less accumulated amortisation and impairment losses.

Expenditures made after the initial recognition of an acquired or constructed intangible fixed asset are included in the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be measured reliably. If expenditures do not meet these conditions, they are recognised as an expense in the profit and loss account.

The accounting principles for the recognition of an impairment are included under the section 'Impairment of fixed assets'.

Goodwill

Goodwill represents the difference between the costs of a business combination and the fair value at the date of the acquired equity value of the company. Goodwill is capitalised and amortised over its expected useful life.

Proprietary Rights

The Proprietary Rights include the IKEA trademark, protection rights, intellectual property rights and the rights to the IKEA catalogue.

The IKEA Brand and IKEA Concept have shown strong income and cash flow performance over the last decades. We have the intent and ability to support the IKEA Brand with marketplace spending for the foreseeable future. Applicable Dutch accounting principles require us to amortise these Proprietary Rights based on expected economic life. Determining an expected economic life of the Proprietary Rights requires management assessment and is based on a number of factors, including expected usage of the IKEA Brand and IKEA Concept, development of our market share, expectations on market development, consumer awareness and anticipated future expansion. Based on these factors, the expected economic life is set at 45 years.

At the end of each financial year, the recoverable amount of the Proprietary Rights is assessed for impairment, even if there is no indication of impairment.

Software

Internally developed software is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method and starts when the software is ready for use. Internally developed software is capitalised if the following conditions are met: the intention exists to complete the asset, and after completion to use or sell it (including the availability of adequate technical, financial and other resources to achieve this), it is probable that the asset will generate future economic benefits, and the costs during the development phase can be determined reliably. The useful life differs per software platform. A legal reserve is formed for the capitalised development costs that have not yet been amortised.

Externally purchased software is recognised at acquisition cost, including any directly attributable costs necessary to bring the software into use.

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably.

Land and buildings, machinery and equipment, construction in progress and other fixed operating assets are stated at cost less accumulated depreciation and impairment losses. The cost comprises the price of acquisition or manufacturing, plus other costs that are necessary to bring the assets to their location and in condition for their intended use. Investment grants are deducted from the cost of the assets to which the grants relate. Expenditure is only capitalised when it extends the useful life of the asset. Costs of major rebuilding, repairs or maintenance are capitalised at cost, when incurred and if the recognition criteria are met, using the component approach. All other repair and maintenance costs are charged directly to the profit and loss account.

The Company applies the component approach for tangible fixed assets if important individual components of a tangible fixed asset can be distinguished from each other. Taking into account differences in useful life or expected pattern of use, these components are depreciated separately.

Depreciation is recognised in the profit and loss account on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets, taking into account any estimated residual value of the individual assets. Depreciation starts as soon as the asset is available for its intended use and ends at decommissioning or divestment. No depreciation is recognised on land.

Long-term loans receivable
The accounting policies for Long-term loans receivable are included under the heading Financial instruments.

Deferred tax assets
The accounting policies for deferred tax assets are explained under the heading Corporate income tax.

Impairment of fixed assets
Tangible and intangible fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit (CGU) to which the asset belongs.

When the carrying amount of an asset or CGU exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. If there is an impairment loss for a CGU, the loss is first allocated to goodwill allocated to the CGU. Any residual loss is allocated to the other assets of the unit pro rata to their book values.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has decreased. If any such indication exists, then the recoverable amount of the asset or CGU is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or CGU) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or CGU).

Contrary to what is stated before, at each reporting date the recoverable amount is assessed for the following assets (irrespective of whether there is any indicator of an impairment):

- intangible assets that have not been put into use yet
- intangible assets that are amortised over a useful life of more than 20 years (counting from the moment of initial operation/use).

Disposal of fixed assets
Fixed assets available for sale are measured at the lower of their carrying amount and net realisable value.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost includes the expenses for acquisition or manufacturing, plus other expenditure to bring the inventories to their present location and condition. Net realisable value is based on the most reliable estimate of the sales proceeds the inventories will generate less costs still to make. Valuation of purchased goods is calculated based on the first in – first out (FIFO) method, which assumes that the goods purchased first are the first goods to be sold.

Other receivables
The accounting policies applied for the valuation of other receivables are disclosed under the heading Financial instruments.

Cash
Cash is measured at nominal value. If cash is not readily available, this is taken into account in the measurement. Cash covers all highly liquid instruments with original maturities of three months or less and includes cash in hand, deposits that can be withdrawn at any time from the bank without a penalty and bank overdrafts. If applicable, bank overdrafts are shown under Current liabilities in the balance sheet.

Cash denominated in foreign currencies is translated at the balance sheet date in the functional currency at the exchange rate valid at that date. Reference is made to the accounting policies for foreign currencies.

Cash is stated in the balance sheet at fair value.

Shareholder's equity
Financial instruments that are designated as equity instruments by virtue of the economic substance are presented under shareholder's equity. Payments to holders of these instruments are deducted from the shareholder's equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic substance are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

Share premium
Amounts contributed by the shareholder of the Company in excess of the nominal share capital are accounted for as share premium. This also includes additional capital contributions by the existing shareholder without the issue of shares or issue of rights to acquire shares of the Company.

Translation reserve
Exchange gains and losses arising from the translation of the functional currency of foreign operations to the reporting currency of the parent are accounted for in this legal reserve. In the case of the sale of a foreign operation, the associated accumulated exchange differences are transferred from the translation reserve to the profit and loss account.

Legal reserve
Other legal reserves consist of a legal reserve for capitalised development costs and a legal reserve for non-distributable profits.

Provisions
A provision is recognised if the following applies:
1. the Company has a legal or constructive obligation arising from a past event, and
2. the amount of the liability can be estimated reliably, and
3. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

If all or part of the payments that are necessary to settle a provision are likely to be fully or partially compensated by a third party upon settlement of the provision, then the compensation amount is presented separately as an asset.

If the time value of money is material and the period over which the cash outflows are discounted is more than one year, provisions are measured at the present value of the best estimate of the cash outflows that are expected to be required to settle the liabilities and losses. The provisions are measured at nominal value if the time value of money is not material or if the period over which the cash outflows are discounted is no longer than one year.

Onerous contracts
The provision for onerous contracts represents the negative difference between the expected benefits from services to be received by the Company after the balance sheet date under a contract and costs to meet the contractual obligations.

The cost of meeting the obligations of a contract includes the costs directly related to the contract. These costs consist of both:
1. the incremental costs of meeting the obligations of a contract, for example, direct labour and material costs, and
2. an allocation of other costs that are directly related to fulfilling the obligations of a contract, for example, an allocation of depreciation costs of an item of property, plant and equipment used, among other things, in the performance of the contract.

Provision for deferred tax liabilities
The accounting policies for deferred tax liabilities are explained under the heading Corporate income tax.

Pensions and other post-employment benefits
The Company operates a number of pension plans, which have been established in accordance with the regulations and practices of the individual countries. The plans include both defined contribution plans and defined benefit plans. Accounting standard RJ 271 Employee Benefits offers the possibility to apply IFRS EU standards relating to the accounting treatment of pensions (IAS 19 Employee Benefits) in financial statements that have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. This makes the IFRS standard for pension obligations a factual part of the Dutch guidelines (RJ 271.101). The Company applies IAS 19 to all post-employment benefits.

Defined contribution plans
Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The net obligations in respect of defined benefit plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('asset ceiling'). To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Provision for claims, disputes and lawsuits

A provision for claims, disputes and lawsuits is established when it is expected that the Company will be sentenced in legal proceedings. The provision represents the best estimate of the amount for which the claim can be settled, including the costs of litigation.

Non-current liabilities

The valuation of non-current liabilities is explained under the heading Financial instruments.

Revenue recognition

The Company usually recognises revenue at the level of separate contracts. If it is necessary to reflect economic substance, revenue is recognised at the level of a group of contracts, for example where the Company has entered into several separate contracts, which have been negotiated as a total, separating the individual contracts in terms of pricing and profit margin that are closely related and are performed simultaneously or immediately after each other.

Amounts that the Company receives for its own account (as principal) are recognised as revenue. Revenues only include the gross increases in economic potential that the Company has received or has receivable for its own account.

The Company recognises revenue for the amount to which the Company expects to be entitled in exchange for transferring promised goods, which is the transaction price. This amount excludes amounts received on behalf of third parties.

Revenue is recognised per separate performance obligation. A performance obligation is a commitment in a contract to supply:

- a distinct good or service or a combination of goods or services which are collectively distinguishable from other commitments in the contract, or
- a range of distinct services that are largely the same.

A promised good or promised service can be distinguished if the following criteria are met:

- the buyer can use the benefits of the goods or services independently, whether or not jointly with resources that the buyer has or can obtain, and
- the commitment to provide the goods or services is distinct from the other commitments contained in the contract.

If a contract contains two or more commitments to provide goods or services which are separately distinguishable, the commitments are combined into a combination of goods or services that are collectively distinct from other commitments in the agreement.

In the event of multiple performance obligations in a contract, the total transaction price is allocated to the performance obligations in proportion to the value of the performance

obligations. The value is based on the stand-alone selling price per performance obligation. If the stand-alone selling price is not known, the Company uses estimates.

Sale of goods
Revenue from the sale of goods is accounted for in net turnover at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue from the sale of goods is recognised in the profit and loss account when the significant risks and rewards of ownership have been transferred to the buyer, the amount of the revenue can be determined reliably, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing involvement with the goods.

Franchise fees
Franchise fees are received for the use of the IKEA trademarks, patents and software. Revenue is recognised when the amount of the consideration receivable can be determined reliably, and recovery is probable.

Change in inventory of finished goods
Changes in inventories of finished products are related to the manufacturing activities of Supply.

Revenue and expenses are allocated to the period to which they relate.

Expenses
Expenses, including interest, are determined with due observance of the aforementioned accounting policies and allocated to the year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognised if known before the financial statements are prepared and provided all other conditions for the recognition of a provision are met.

Employee benefits
Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Company.

For benefits with accumulating rights and bonuses, the projected costs are taken into account during the employment. An expected payment resulting from profit-sharing and bonus payments is recognised if the obligation for that payment has arisen on or before the balance sheet date and a reliable estimate of the liabilities can be made.

If a benefit is paid in case of non-accumulating rights (e.g., continued payment in case of sickness or disability), the projected costs are recognised in the period in which such benefit is payable. For existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised.

The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

The liability for benefits during employment is measured at the present value of the expenditure expected to be required to settle the obligation.

Leasing
The Company may enter into finance and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee is classified as a finance lease. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

At inception of an arrangement, the Company assesses whether the lease classifies as a finance or operating lease.

If the Company acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognised to the profit and loss account on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

Financial income and expenses

Financial income is recognised in the profit and loss account on an accrual basis, using the effective interest rate method. Financial expenses and similar expenses are recognised in the period to which they belong. Hedge results are recorded in financial income and expense on a net basis. Furthermore, interest income includes income from interest-bearing marketable securities (i.e., money market funds). Money market fund investments consist of equity investments which are redeemable within one working day upon demand. Money market investments are carried at fair value of the unit of the respective fund and are recognised in the profit and loss as financial income or expense.

Corporate income tax

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. If the carrying amounts of assets and liabilities for financial reporting differ from their values for tax purposes (tax base), this results in temporary differences. For taxable temporary differences, a provision for deferred tax liabilities is recognised.

For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognised, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For taxable temporary differences relating to group companies, foreign branches, associates and joint ventures, a deferred tax liability is recognised, unless it is probable that the temporary difference will not reverse in the foreseeable future. The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

The Group is in scope of the Organisation for Economic Co-operation and Development (OECD) Pillar Two legislation. Any tax imposed on the Group's profits as a result of the implementation of the OECD Pillar Two model rules is considered as an income tax and recognised accordingly. Recharges of such taxes are recognised in the same way and are borne by Inter IKEA Holding B.V. as parent entity of the Group in accordance with RJ272.803(d). The Group applies the mandatory exemption of RJ272.102a and does not recognise deferred tax assets and liabilities with respect to the OECD Pillar Two legislation.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without a significant risk of changes in value. Cash flows in foreign currency are translated into euros using the weighted average exchange rate for the reporting period. Currency translation differences with regard to cash and cash equivalents are presented separately in the cash flow statement.

Receipts and payments of interest and income taxes are presented within the cash flows from operating activities. Payments of dividends are presented within the cash flows from financing activities.

Cash flows from derivative financial instruments that are accounted for as fair value hedges or cash flow hedges are classified in the same category as the cash flows from the hedged balance sheet items and are part of changes in working capital. Cash flows from derivative financial instruments whereby hedge accounting is no longer applied are classified in accordance with the nature of the instrument, from the date at which hedge accounting is ended.

Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

- The fair value of listed financial instruments is determined on the basis of the exit price.
- The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

- The fair value of derivatives involving the exchange of collateral is determined without the credit or liquidity surcharges since this risk is mitigated by the collateral exchange.

Related parties and related party transactions

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholder, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless of whether anything has been charged.

Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared are recognised in the financial statements. Events that provide no further information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects are disclosed in the financial statements.

4. Intangible fixed assets

Movements in intangible fixed assets were as follows:

	IP rights	Software	Goodwill	Other	Total
Balance as at 1 September 2025:					
Purchase price	11,800	310	198	104	12,412
Accumulated amortisation and impairment	(3,255)	(221)	(15)	(22)	(3,513)
Carrying amount	**8,545**	**89**	**183**	**82**	**8,899**
Changes in carrying amount:					
Amortisation	(273)	(30)	(20)	(16)	(339)
Other	-	1	2	(1)	2
Balance	**8,272**	**60**	**165**	**65**	**8,562**
Balance as at 31 August 2026:					
Purchase price	11,800	310	199	194	12,503
Accumulated amortisation and impairment	(3,528)	(250)	(34)	(129)	(3,941)
Carrying amount closing	**8,272**	**60**	**165**	**65**	**8,562**
Estimated useful life (years)	45	3-5	10	Various	

In 2011, Inter IKEA Systems B.V. acquired the beneficial interest in the IKEA Proprietary Rights (IP Rights) for a total consideration of EUR 11,800 million. These IP Rights include the IKEA trademark, protection rights, and other intellectual property rights.

Software costs relate to various internally developed and externally purchased software to gain economic benefits.

5. Tangible fixed assets

Movements in tangible fixed assets were as follows:

	Land and buildings	Mach. and equip.	Constr. in progress	Other	Total
Balance as at 1 September 2025:					
Purchase price	1,858	1,607	218	161	3,844
Accumulated depreciation and impairment	(702)	(1,060)	(8)	(122)	(1,892)
Carrying amount	**1,156**	**547**	**210**	**39**	**1,952**
Changes in carrying amount:					
Investments	131	20	236	8	395
Disposals	(10)	(1)	(1)	-	(12)
Transfers	41	129	(182)	12	-
Depreciation	(81)	(126)	-	(16)	(223)
Impairment	(5)	(13)	-	-	(18)
Other	20	(3)	(2)	2	17
Balance	**1,252**	**553**	**261**	**45**	**2,111**
Balance as at 31 August 2026:					
Purchase price	2,040	1,752	269	183	4,244
Accumulated depreciation and impairment	(788)	(1,199)	(8)	(138)	(2,133)
Carrying amount	**1,252**	**553**	**261**	**45**	**2,111**
Estimated useful life (years)	0-50	3-20	N/A	Various	

Tangible fixed assets carried at cost do not include capitalised interest charges.

Construction in progress is mainly related to the manufacturing sites.

6. Financial fixed assets

Movements in financial fixed assets were as follows:

	Deferred tax assets	LT loans receivable	Other	Total
Balance as at 1 September 2025:	**167**	**84**	**34**	**285**
Changes in carrying amount:				
Investments	-	-	18	18
Additions	17	-	-	17
New loans	-	50	-	50
Used	(5)	-	-	(5)
Released	(2)	-	-	(2)
Repayments	-	(32)	-	(32)
From long-term to current portion	-	(5)	-	(5)
Write-off	-	(35)	-	(35)
Other	(1)	(6)	(2)	(9)
Balance	**9**	**(28)**	**16**	**(3)**
Balance as at 31 August 2026:	**176**	**56**	**50**	**282**

The deferred tax assets relate to deductible temporary differences. It is expected EUR 21 million (FY25: EUR 22 million) will be offset within one year.

The long-term loans receivable mainly encompasses supplier financing with a gross amount of EUR 107 million (FY25: EUR 95 million), offset by a provision of EUR 78 million (FY25: EUR 43 million). The current part of the long-term loans receivable has been presented under Receivables, which is the gross outstanding amount.

Other financial fixed assets relate to investments in associates.

7. Inventories

Movements in inventories were as follows:

	FY26	FY25
Raw materials	283	298
Work in progress	70	71
Finished goods	396	409
Trade goods	3,738	4,054
Total	**4,487**	**4,832**

A limited part of the trade goods is valued at the net realisable value, as we measure inventories at the lower of cost and net realisable value. All other inventories are valued at cost.

The movement in the provision for obsolescence for inventories is as follows:

	FY26	FY25
Balance as at 1 September 2025:	197	235
Addition, charged to the profit and loss account	200	174
Write-offs charged against the provision	(42)	(62)
Release, credited to the profit and loss account	(183)	(150)
Balance as at 31 August 2026:	**172**	**197**

8. Trade and other receivables

	FY26	FY25
Trade receivables	2,618	2,749
Current portion of long-term loans receivable	45	40
Income tax receivable	42	44
Indirect tax receivable	61	96
Derivatives assets	16	22
Prepaid expenses and accrued income	173	213
Other receivables	109	48
Total	**3,064**	**3,212**

The trade and other receivables all have an estimated maturity shorter than one year.

The carrying values of the recognised receivables approximate their respective fair values, given the short maturities of the positions and the fact that allowances for doubtful debts have been recognised, if necessary.

	FY26	FY25
Amortised cost of outstanding receivables	2,688	2,749
Less: allowance for doubtful debts	(70)	-
Trade Receivables	**2,618**	**2,749**

9. Cash

Cash includes an amount of EUR 18 million (FY25: EUR 26 million) relating to guarantees that are not immediately accessible.

Money market investments consist of EUR 3,552 million (FY25: EUR 2,620 million), which are redeemable within one working day upon demand.

Short-term deposits (less than three months' maturity) consist of EUR 192 million (FY25: EUR 93 million), which are redeemable within one working day upon demand.

10. Group equity

For details on shareholder's equity, refer to note 5 in the Company financial statements.

11. Provisions

Movements in provisions can be specified as follows:

	Deferred tax liability	Pension	Restructuring	Other	Total
Balance as at 1 September 2025:	**62**	**25**	**1**	**54**	**142**
Changes:					
- Provisions made during the year	28	2	130	229	**389**
- Provisions used during the year	(3)	(1)	(33)	(23)	**(60)**
- Provisions released during the year	(2)	(3)	-	(5)	**(10)**
- Discontinued consolidations	-	-	-	-	**-**
- IAS19 remeasurement	-	(3)	-	-	**(3)**
Other changes (calculated)	2	-	-	-	**2**
- Other	(2)	-	(2)	-	**(4)**
Balance as at 31 August 2026:	**85**	**20**	**96**	**255**	**456**

The Company has recognised a provision for deferred taxes for differences between valuation principles for financial reporting purposes and for tax purposes. It is expected EUR 1 million (FY25: EUR 9 million) will be offset within one year.

For details on the provision for pension commitments in the Netherlands and Switzerland, refer to note 12. The remaining amount is divided over several countries.

The provision for Other mainly relates to the constructive obligation mentioned in the management board report on page 7.

12. Pension and other post-employment benefits

	FY26	FY25
Defined benefit obligation - funded plans	244	228
Defined benefit obligation - unfunded plans	83	80
Fair value on plan assets	(416)	(357)
Effect of asset ceiling	90	53
Net defined benefit liability (asset)	**1**	**4**

The Group has a number of defined benefit pension plans in the Netherlands and Switzerland. There are minimum funding requirements applicable to these pension plans as set out by local legislation.

For most salaried employees in Sweden, the ITP 2 plan's defined-benefit pension commitments are secured through insurance with Alecta. According to IAS 19, the ITP 2 plan is a defined benefit plan that covers multiple employers. For the financial year ending 31 August 2026, the Company has not had access to information in order to be able to report its proportional share of the plan's obligations, plan assets and costs, which meant that the plan could not be reported as a defined benefit plan. The ITP 2 pension plan is therefore reported as a defined contribution plan. Premiums for the defined-benefit pension commitments are calculated individually and are dependent on, among other things, salary, previously earned pension and expected remaining period of service.

The collective consolidation level is the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial methods and assumptions. The collective consolidation level should normally be allowed to vary between 125% and 175%. Premium increases or reductions could be applied to achieve the desired consolidation level. At the end of June 2026, Alecta's surplus in the form of the collective consolidation level amounted to 168% (FY25: 161%).

Movement in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	FY26	FY25	FY26	FY25	FY26	FY25
Balance at 1 September	**307**	**306**	**(357)**	**(329)**	**4**	**5**
Included in profit and loss						
Current service cost	16	17	-	-	16	17
Past service cost	(1)	-	-	-	(1)	-
Interest cost / (income)	9	8	(12)	(10)	-	-
	24	**25**	**(12)**	**(10)**	**15**	**17**
Included in OCI						
Remeasurements of defined benefit pensions plans:						
- Actuarial loss (gain) arising from:						
- demographic assumptions	(1)	(1)	-	-	(1)	(1)
- financial assumptions	(16)	(35)	-	-	(16)	(35)
- experience adjustment	6	8	-	-	6	8
- Return on plan assets excluding interest income	-	-	(17)	9	(17)	9
Effect of movements in exchange rates	(1)	1	1	(1)	-	-
Effect of asset ceiling	-	-	-	-	35	24
	(12)	**(27)**	**(16)**	**8**	**7**	**5**
Other						
Contributions paid by the employer		-	(25)	(23)	(25)	(23)
Participation contribution	11	10	(11)	(10)	-	-
Other	(3)	(7)	5	7	-	-
	8	**3**	**(31)**	**(26)**	**(25)**	**(23)**
Balance at 31 August	**327**	**307**	**(416)**	**(357)**	**1**	**4**

Plan assets

The major categories of plan assets of the fair value of the total plan assets are, as follows:

	FY26	FY25
Cash and cash equivalents	18	6
Equity instruments	201	139
Debt instruments	129	143
Real estate	50	58
Other	18	11
Total	**416**	**357**

The plan assets do not include investments in shares, issued debt or property owned by the Company. Total plan assets with quoted market prices amount to EUR 407 million (FY25: EUR 351 million).

Defined benefit obligation

Actuarial assumptions

The principal weighted-average assumptions used in determining the defined benefit obligations are shown below:

	FY26	FY25
Discount rate	3.5%	3.0%
Future salary increase rate	2.2%	2.2%

The pre-retirement mortality assumption has been calculated per country, based on generally accepted mortality tables, such as BVG2020 Generational for Switzerland.

The average duration of the defined benefit plan obligation at 31 August 2026 is 19 years (FY25: 20 years). The Company expects to contribute EUR 25 million to its defined benefit pension plans in FY27.

Sensitivity analysis

Sensitivity analyses (increase and decrease by 0.5%) have been performed on both the discount rate and the salary increase rate, calculating the present value of the defined benefit obligation as at 31 August 2026.

	Discount rate		Salary increases	
	+50 bp	-50 bp	+50 bp	-50 bp
Present value defined benefit obligation	303	354	329	325

13. Non-current liabilities

Non-current liabilities include an amount of EUR 69 million (FY25: EUR 72 million) relating to other debts.

The movement in non-current liabilities can be specified as follows:

	FY26	FY25
Principal amount	105	105
Repaid until 31 August	(24)	(14)
Outstanding principal amount as at 1 September	*81*	*91*
Repayments	(9)	(7)
Difference in foreign currency translation	4	(3)
Outstanding principal amount as at 31 August	*76*	*81*
Current as at 31 August	(7)	(9)
Non-current as at 31 August	**69**	**72**

14. Current liabilities

	FY26	FY25
Current portion of long term debt	7	9
Short-term borrowings	150	134
Payable related parties	8	8
Accounts payable trade	1,729	1,860
Income taxes payable	97	144
Indirect tax payable	146	155
Payable staff	195	191
Derivatives liabilities	9	19
Accrued liabilities and deferred income	399	485
Other liabilities	92	83
Total	**2,832**	**3,088**

Short-term borrowings at different financial institutions bear market interest rates according to local conditions for currencies involved.

All current liabilities have an estimated maturity shorter than one year.

15. Financial instruments

General

During the normal course of business, the Company uses various financial instruments that expose it to currency, interest, cash flow, fair value, market, credit and liquidity risks. To control these risks, the Company has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Company.

Credit risk

Credit risk arises principally from the Company's loans and receivables presented under financial fixed assets, trade and other receivables and cash. The maximum amount of credit risk that the Company incurs is EUR 7,318 million (FY25: EUR 6,434 million), consisting of EUR 282 million (FY25: EUR 285 million) financial fixed assets, EUR 3,064 million (FY25: EUR 3,212 million) trade and other receivables and EUR 3,972 million (FY25: EUR 2,937 million) cash. The credit risk is concentrated to trade receivables for EUR 2,618 million (FY25: EUR 2,749 million) which mainly consists of 13 groups of franchisees, with the exception of IKEA Baltics that are a part of the Group. Long-standing relationships exist with these counterparties. Furthermore, the Company has investments in money market funds of EUR 3,552 million (FY25: EUR 2,620 million) spread across 8 AAA credit rated investment funds.

Credit risk mitigating aspects

For derivatives traded with banking partners, there is a collateral management process where the net asset or liability value is exchanged in the form of cash collateral with each counterparty. At year-end FY26, EUR 61 million was received as collateral against the positive value of derivative contracts, and EUR 61 million was delivered as collateral against the negative value of derivative contracts.

Interest rate risk and cash-flow risk

The Company runs an interest rate risk on interest-bearing assets and liabilities. For assets and liabilities with variable interest rate agreements, the Company runs a risk of future cash flows relating to the interest element. For fixed interest rate loans, the Company runs a fair value risk. Returns on investments in money market funds are subject to interest rate risk since most funds invest in highly liquid short-dated instruments.

Currency risk

The Company is exposed to currency risk on:

- Franchise fees: the franchise fees are partly earned outside of the Eurozone, where the euro is the Company's reporting currency. The Company is therefore exposed to the volatility of the foreign exchange market. The currency risk on these positions is limited, considering the amounts involved and regular settlements combined.
- Goods flows: the Company is exposed to foreign exchange rate risks arising from purchases and sales of goods, freight and indirect materials and services transactions. The currencies in which these transactions are primarily denominated are: CNY, PLN, GBP and USD. Exchange rate risk is actively managed through derivative contracts.

At year-end FY26, the total net fair value of the derivatives used to manage exchange risk is EUR 7 million positive (FY25: EUR 66 million negative).

Hedge accounting is applied with the impact of effective hedging taken to other comprehensive income of EUR 77 million loss (FY25: EUR 47 million loss). The results of derivatives which did not meet the hedging criteria are directly reported under result from hedges in the profit and loss account and amount to EUR 34 million gain (FY25: EUR 31 million loss).

The Group's central Treasury function is responsible for managing the Group's financial and currency risks. Based on the forecasted business plan, the Treasury function determines the risk management strategy. As a consequence, the Company has opted to recognise the realised hedge results (gains and losses) in financial income and expenses.

The Company applies derivatives, including currency options and forward exchange contracts, to control its risks. A minimum of 95% of the forecasted foreign exchange exposure should be hedged within 2 months of setting fixed rates.

In FY26, the result from hedging recognised in the profit and loss account amounted to a gain of EUR 256 million (FY25: gain of EUR 163 million).

Liquidity Risk

The Company monitors its cash position by using liquidity planning. Management ensures that the cash position and facilities are sufficient to meet the Company's financial obligations towards creditors.

Fair value

The fair value of most of the financial instruments stated on the balance sheet, including receivables, cash and current liabilities, is approximately equal to their carrying amount.

16. Commitments and contingent liabilities

The commitments can be detailed as follows:

Purchase commitments

The Group has entered into purchase agreements with external suppliers for a total value of EUR 3,942 million at 31 August 2026 (FY25: EUR 3,222 million). These agreements have different remaining periods, ranging up to nine years.

IT Services commitments

The Group has entered into IT services agreements. These agreements include both "Agreed Services", such as maintenance, operations and infrastructure and "Consultancy Services". The commitment for the coming year for these agreements amounts to approximately EUR 172 million (FY25: EUR 60 million).

Distribution Services Commitments

The Group has entered into agreements covering the services for distribution. These agreements have different remaining periods, ranging from one to seven years. The commitment for the coming years for the distribution services amounts to approximately EUR 2,053 million (FY25: EUR 2,130 million).

Operating leases – Group as lessee

The Company and its subsidiaries have entered into several other lease and rental agreements for various periods. Future minimum rental payable under non-cancellable operating leases as at 31 August 2026 is as follows:

	FY26	FY25
< 1 year	12	10
1-5 years	22	18
Total	**34**	**28**

Lease payments recognised as expenses in FY26 amount to EUR 32 million (FY25: EUR 29 million).

The contingent liabilities can be detailed as follows:

Guarantees

Issued guarantees towards external parties amounted to EUR 389 million as at 31 August 2026 (FY25: EUR 398 million), mainly relating to VAT receivable positions with the Italian tax authority.

Litigation

The Company is or may become involved in legal proceedings, as well as in investigations (see also note 11) and disputes with respect to (e.g.) tax, product liability and safety incidents. When no estimate can be made of the financial consequences, if any, or if the

risk of a future cash outflow is less than probable, no provisions have been recognised in the balance sheet. Management believes, based on legal advice, that no pending litigation to which the Company is a party will have a material adverse effect on the financial position or the results from operations.

Uncertain tax positions
We refer to note 20 of the financial statements.

17. Operating income

The breakdown of operating income by revenue categories is as follows:

	FY26	FY25
Sales of goods	24,316	24,860
Franchise fees	1,323	1,320
Other revenue	225	126
Total	**25,864**	**26,306**

The geographical distribution of operating income is as follows:

	FY26	FY25
The Netherlands	1,292	1,177
European Union	14,240	14,452
Rest of the world	10,332	10,677
	25,864	**26,306**

18. Operating expenses

Salaries and wages
During FY26, the average number of staff employed by the Group, converted into full-time equivalents, amounted to 26,826 (FY25: 25,971) of which 25,658 (FY25: 24,809) were employed outside the Netherlands.

The staffing level can be divided into the following staff categories:

	FY26	FY25
Retail Concept *	3,504	3,185
Range	2,507	2,404
Supply	20,566	20,175
Other functions	249	207
	26,826	**25,971**

* also includes strategic franchisor functions

Other operating expenses
The main categories within the other operating expenses are IT (EUR 554 million), general administrative expenses (EUR 260 million), rent, maintenance and utilities (EUR 163 million) and marketing and communication (EUR 110 million).

19. Financial income and expense

The financial income and expense can be specified as follows:

	FY26	FY25
Interest income	90	110
Result from hedges	256	163
Total	**346**	**273**
Interest expense	7	9
Other financial expense	16	37
Total	**23**	**46**

20. Income taxes

The applicable weighted average tax rate is 21.4% (FY25: 21.3%), following the nominal tax rates in the Netherlands, Sweden and Switzerland where the majority of the Group's

businesses are located. The effective tax rate increased by 0.1% compared to the previous year.

The tax expense recognised in the profit and loss account for FY26 amounts to EUR 382 million (FY25: EUR 415 million).

The reconciliation between the applicable and the effective tax rate is as follows:

	FY26	FY25
Result before tax	1,782	1,952
Income tax using the applicable tax rate in the Netherlands	460	504
Tax effect of:		
- Other applicable tax rates abroad	(109)	(116)
- Exempt income	(3)	(2)
- Non-deductible expenses	4	4
(De)recognition of tax losses	(2)	(1)
Adjustment for prior periods	2	-
Changes in tax rates	-	(1)
Non-reclaimable withholding tax	10	10
Pillar 2	8	11
Other	12	6
Tax expenses	**382**	**415**

The Group has unrecognised tax loss carry forwards available related to losses incurred in several countries for approximately EUR 6 million (FY25: EUR 15 million). No deferred tax asset has been recognised for these tax loss carry forwards due to uncertainty with respect to availability of taxable profits in the future within the limitations imposed in enacted tax legislation.

OECD Pillar Two model rules

The OECD Pillar Two legislation has been enacted or substantially enacted in several countries where the Group operates. The legislation is effective for the Group starting from 1 September 2024. The Group is in scope of the legislation and has concluded that Inter IKEA Foundation (i.e., the Group's 100% shareholder and ultimate owner) is the Ultimate Parent Entity for Pillar Two purposes. Inter IKEA Foundation and Inter IKEA Holding B.V. have concluded an agreement under which any Pillar Two taxes that are due by Inter IKEA Foundation in relation to Inter IKEA Group companies can be recharged to Inter IKEA Holding B.V.

For FY26, the Group can apply the transitional safe harbour measures of Pillar Two in most countries (e.g., because the Group is already subject to tax at an effective rate above 15% in many countries). Accordingly, no Pillar Two income taxes are expected for these countries in FY26.

Uncertain tax positions

Corporate income tax is actively addressed by international institutions and local governments, and the taxation of large multinational companies receives continued media attention. The Company is also subject to tax audits in various geographies and is working proactively with local tax authorities.

In December 2017, the European Commission (EC) opened a formal investigation, with its Opening Decision published on 6 April 2018 which was complemented by their Decision published on 10 July 2020, to examine whether decisions by the tax authorities in the Netherlands with regard to the corporate income tax paid by one of our subsidiaries, Inter IKEA Systems B.V., comply with European Union rules on state aid. The Company co-operates and responds to questions which the European Commission has in relation to this investigation. At this moment, although management considers the risk of a cash outflow unlikely, it is not possible to assess a financial impact, if any, of the outcome of this EC investigation. The aforementioned outcome is not expected to have a material adverse impact on the financial position of the Company.

The Company is actively monitoring and addressing these developments and believes that its corporate income tax position is appropriately reflected in the financial statements.

21. Transactions with related parties

Since the Company exercises influence over their business and financial policies, all companies belonging to the Group are treated as related parties.

Related party transactions not on an arm's length basis have not occurred.

Transactions between the Company and its shareholder during the year have all occurred at arm's length.

The remuneration of the managing directors and supervisory directors is included in note 7 of the Company financial statements.

22. Auditor's fees

The following fees were charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a(1) and (2) of the Netherlands Civil Code.

EUR x 1,000	KPMG Accountants N.V. FY26	Other KPMG Network FY26	Total KPMG FY26
Audit of financial statements	2,431	2,280	4,711
Other audit engagements	-	-	-
Tax-related advisory	-	330	330
Other non-audit services	341	-	341
	2,772	**2,610**	**5,382**

	KPMG Accountants N.V. FY25	Other KPMG Network FY25	Total KPMG FY25
Audit of financial statements	2,107	2,213	4,320
Other audit engagements	763	-	763
Tax-related advisory	54	229	283
Other non-audit services	294	220	514
	3,218	**2,662**	**5,880**

The fees mentioned in the table for the audit of the FY26 financial statements relate to the total fees for the audit of the FY26 financial statements, irrespective of whether the activities have been performed during FY26.

23. Subsequent events

No material subsequent events have occurred.

Company balance sheet as at 31 August 2026

(before profit appropriation, in millions of EUR)

	Note	FY26	FY25
Fixed assets			
Financial fixed assets	3	16,316	17,286
Total fixed assets		**16,316**	**17,286**
Current assets			
Receivables	4	2,813	1,605
Total current assets		**2,813**	**1,605**
TOTAL ASSETS		**19,129**	**18,891**
Shareholder's equity			
Additional paid in capital		15,865	15,865
Other legal reserves		59	68
Other reserves		1,798	1,386
Result for the year		1,399	1,496
Total shareholder's equity	5	**19,121**	**18,815**
Current liabilities		**8**	**76**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**19,129**	**18,891**

Company profit and loss account FY26

(in millions of EUR)

	FY26	FY25
Share in net result from part. interests	1,366	1,478
Other results, net of income taxes	33	18
Net result	**1,399**	**1,496**

Notes to the company financial statements

1. General

The separate financial statements are part of the FY26 statutory financial statements of the Company. The financial information of the Company is included in the Company's consolidated financial statements.

If no further explanation is provided of items in the separate balance sheet and the separate profit and loss account, please refer to the notes to the consolidated balance sheet and profit and loss account.

2. Accounting policies

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated financial statements, with the exception of the following principles:

Participating interests in group companies

Participating interests, where significant influence can be exercised over the business and financial policy, are valued according to the equity method on the basis of net asset value. If measurement at net asset value is not possible because the information required for this cannot be obtained, the participating interest is measured according to the visible equity.

The net asset value is calculated on the basis of the Company's accounting policies. If the Company transfers an asset or a liability to a participating interest that is measured according to the equity method, the gain or loss resulting from this transfer is recognised to the extent of the relative interests of third parties in the participating interest (proportionate determination of result). Any loss that results from the transfer of current assets or an impairment of fixed assets is fully recognised. Results on transactions involving transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests are eliminated to the extent that these cannot be regarded as having been realised.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any long-term receivables on the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if it has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Shareholder's equity

As at year-end, the financial instruments that have the legal form of equity, are presented in the equity of the separate financial statements. Refer to the accounting policies of the consolidated financial statements for accounting policies applied.

Share of result of participating interests

The share in the result of participating interests concerns the Company's share in the results of the participating interests.

If the Company transfers an asset or a liability to a participating interest that is measured according to the equity method, the gain or loss resulting from this transfer is recognised to the extent of the relative interests of third parties in the participating interest (proportionate determination of result). Any loss that results from the transfer of current assets or an impairment of fixed assets is fully recognised. Results on transactions involving transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests are eliminated to the extent that these cannot be regarded as having been realised.

The results of participating interests acquired or sold during the financial year are stated in the consolidated result from the date of acquisition or until the date of sale, respectively.

Corporate income tax

The Company is the head of the fiscal unity. The Company recognises the portion of corporate income tax that it would owe as an independent taxpayer, taking into account the allocation of the advantages of the fiscal unity. Settlement within the fiscal unity between the Company and its subsidiaries takes place through current account positions.

3. Financial fixed assets

The movement in financial fixed assets is as follows:

	Investm. In part. Interests
Balance as at 31 August 2025:	17,286
Investments	5
Share in result of participating interests	1,366
Dividends received	(2,378)
Exchange rate differences	34
Remeasurement IAS 19	(7)
Change in unrealised result derivatives	(26)
Other	36
Balance as at 31 August 2026:	**16,316**

In accordance with Article 403, Book 2 of the Dutch Civil Code, the Company has guaranteed the liabilities of Inter IKEA Systems B.V., Inter IKEA Assets B.V., Inter IKEA Developments Holding B.V., Inter IKEA Development B.V., Inter IKEA Treasury B.V., IKEA Social Entrepreneurship B.V. and Inter IKEA Retail Holding B.V. The company financial statements of these subsidiaries are therefore not filed at the Trade Register of the Chamber of Commerce.

For an overview of capital interests, reference is made to the listing of subsidiaries that has been filed by the Company at the Chamber of Commerce.

4. Receivables

	FY26	FY25
Income tax receivable	2	-
Receivable on participating interests	147	170
Intercompany receivable	2,649	1,392
Other receivables	15	43
Total	**2,813**	**1,605**

The receivables all have an estimated maturity shorter than one year.

5. Shareholder's equity

	Share premium	Legal reserve	Transl. reserve	Other reserve	Unappr. profit	Total
Balance as at 31 August 2024	**15,865**	**57**	**(18)**	**1,109**	**2,199**	**19,212**
Changes in financial year 2025:						
Appropriation of result	-	-	-	2,199	(2,199)	-
Net result	-	-	-	-	1,496	1,496
Dividend paid	-	-	-	(1,800)	-	(1,800)
Transfer to / from legal reserve	-	11	-	(11)	-	-
Change in unrealised result derivatives	-	-	-	(68)	-	(68)
Remeasurements of defined benefit pensions plans	-	-	-	(5)	-	(5)
Exchange rate differences	-	-	(22)	-	-	(22)
Other	-	-	-	2	-	2
Balance as at 31 August 2025	**15,865**	**68**	**(40)**	**1,426**	**1,496**	**18,815**
Changes in financial year 2026:						
Appropriation of result	-	-	-	1,496	(1,496)	-
Net result	-	-	-	-	1,399	1,399
Dividend paid	-	-	-	(1,100)	-	(1,100)
Transfer to / from legal reserve	-	(9)	-	9	-	-
Change in unrealised result derivatives	-	-	-	(26)	-	(26)
Remeasurements of defined benefit pensions plans	-	-	-	(7)	-	(7)
Exchange rate differences	-	-	34	-	-	34
Other	-	-	-	6	-	6
Balance as at 31 August 2026	**15,865**	**59**	**(6)**	**1,804**	**1,399**	**19,121**

Issued capital

The Company's issued and paid-up share capital amounts to EUR 126,000 and is comprised of 126 ordinary shares, each with a nominal value of EUR 1,000. Following the amendment of the articles of association on 18 December 2025, the former class A and class B shares were converted into one class of ordinary shares; the Company's share capital no longer comprises separate share classes.

Share premium

The share premium concerns the income from the issuing of shares in so far as this exceeds the nominal value of the shares (above par income). This also includes additional capital contributions by the existing shareholder without the issue of shares or issue of rights to acquire shares of the Company.

As part of the amendment of the articles of association on 18 December 2025, the separate share premium reserves attaching to the former class A and class B shares were combined into a single general share premium reserve.

Legal reserve

Other legal reserves mainly consist of a legal reserve for non-distributable profits in accordance with local legislation.

Translation reserve

Exchange gains and losses arising from the translation of the functional currency of foreign operations to the reporting currency of the parent are accounted for in this legal reserve. In the case of the sale of a participating interest, the associated accumulated exchange differences are transferred to the profit and loss account. The translation legal reserve of EUR -6 million (FY25: EUR -40 million) relates to investments in participating interests in various countries.

Other reserves

The General Meeting will be asked to adopt the financial statements for FY26 on 5 November 2026, and the General Meeting will be asked to adopt the appropriation of profit after tax as proposed by the Board of Management.

A final dividend for FY25 (EUR 600 million) and an interim dividend for FY26 (EUR 500 million) were paid to Inter IKEA Foundation during the year. These amounts have been deducted from the other reserves in shareholder's equity.

Unappropriated profit

The General Meeting of Shareholders will be asked to approve the following appropriation of the FY26 net result: to pay out a final dividend of EUR 800 million.

Together with the interim dividend of EUR 500 million paid during FY26, the total dividend distribution in respect of FY26 amounts to EUR 1,300 million. The remaining amount of EUR 99 million will be added to the other reserves.

The Company can only make payments to the shareholder and other parties entitled to the distributable profit in so far as (1) the Company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and (2) the shareholder's equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test). If not, the Company's management shall not approve the distribution.

6. Off-balance sheet assets and liabilities

Fiscal Unity
The Company forms a fiscal unity for corporate income tax purposes together with Inter IKEA Systems B.V., Inter IKEA Assets B.V., Inter IKEA Developments Holding B.V., Inter IKEA Development B.V., Inter IKEA Treasury B.V., IKEA Social Entrepreneurship B.V. and Inter IKEA Retail Holding B.V.

Guarantees
Reference is made to Note 3 of the financial fixed assets with respect to guarantees provided to various subsidiaries according to Article 403, Book 2 of the Dutch Civil Code.

7. Other disclosures

Employees
During the 2026 financial year, the average number of staff employed by the Company, converted into full-time equivalents, amounted to 2 (FY25: 2), of which 0 (FY25: 0) were employed outside the Netherlands.

Remuneration management and supervisory board
The emoluments, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in the financial year to the Company, its subsidiaries and consolidated other companies amounted to EUR 3.4 million (FY25: EUR 3.6 million) for management board members, and EUR 0.6 million (FY25: EUR 0.6 million) for supervisory board members.

8. Subsequent events

No material subsequent events have occurred.

MANAGEMENT BOARD

Jakub Jankowski (Chairman)

Henrik Elm

Pontus Erntell

Delft, 5 November 2026

SUPERVISORY BOARD

Anders Dahlvig (Chairman)

Søren Hansen

Mathias Kamprad

Véronique Laury

Torbjörn Lööf

John Olie

Aline Santos

Other information

Articles of association relating to the allocation of the result

In accordance with article 11 of the Company's articles of association, the General Meeting allocates the profit as determined by the adoption of the annual accounts. Profits or reserves may only be distributed to the extent that the Company's shareholder's equity exceeds the reserves that must be maintained under the law or the articles of association (balance sheet test). A resolution to distribute is subject to the approval of the Management Board, which may only withhold its approval if it knows or should reasonably foresee that the Company will be unable to continue paying its due and payable debts after the distribution (distribution test). If, upon allocation of the profit, no resolution to distribute the profit or to add it to the reserves is adopted, the profit is added to the reserves.

Following the amendment of the articles of association on 18 December 2025, the Company has a single class of ordinary shares. The former Dividend Reserve A and Dividend Reserve B, and the related 5% allocation attached to the Class A shares, have lapsed; the associated amounts have been transferred to a single general dividend reserve maintained for the ordinary shares.

Independent auditor's report

To: the General Meeting and the Supervisory Board of Inter IKEA Holding B.V.

Report on the audit of the accompanying financial statements

OUR OPINION

We have audited the financial statements for the year ended as at 31 August 2026 of Inter IKEA Holding B.V. (hereafter also referred to as the Company), based in Delft.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Inter IKEA Holding B.V. as at 31 August 2026 and of its result for the year ended on 31 August 2026 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
1. the consolidated and company balance sheet as at 31 August 2026
2. the consolidated and company profit and loss account for the year ended on 31 August 2026
3. the consolidated cash flow statement for the year ended on 31 August 2026
4. the consolidated statement of comprehensive income for the year ended on 31 August 2026
5. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Inter IKEA Holding B.V. in accordance with the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

AUDIT RESPONSE TO THE RISK OF FRAUD AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

In the paragraph Risk management in the Management Board Report, the Management Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company, its business environment and its risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company’s code of conduct, whistleblowing procedures, compliance documents and its procedures to investigate indications of possible fraud and non-compliance.

Furthermore, we performed relevant inquiries with the Management Board, Audit Committee and other relevant functions, such as Internal Audit, the General Counsel and Risk & Compliance. In addition, we included correspondence with relevant supervisory authorities and regulators in our evaluation. We have also incorporated elements of unpredictability in our audit, such as the inspection of supporting evidence related to management’s estimates and selected audit procedures in relation to the procurement process.

As a result of our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case

of non-compliance: anti-bribery and corruption, trade sanctions and export controls, and product risk and safety compliance. Our procedures did not result in the identification of a reportable risk of material misstatement in respect of non-compliance with laws and regulations.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:
We addressed the inherent risk of management override of controls. This risk relates to presumed bias by management in making significant estimates and judgements as well as recording high risk (manual) journal entries that may represent a risk of material misstatement of the financial statements due to fraud.

Responses:
We have performed, amongst others, the following procedures.

- Evaluated the design and implementation of internal controls that mitigate fraud risks, such as internal control measures related to non-routine journal entries and significant accounting estimates.
- Performed data analytics on high-risk journal entries. If instances of unexpected journal entries or other risks through our data analytics were identified, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- Evaluated key estimates and judgements for bias by management, including retrospective review of prior year's estimates, for example valuation of intangible fixed assets and inventories.

Revenue recognition (a presumed risk)

Risk:
We addressed the inherent risk of fraud in revenue recognition. This risk inherently includes the fraud risk that management deliberately overstates or understates revenue, throughout the period, as management may feel pressure to achieve planned results.

Responses:
We have performed, amongst others, the following procedures.

- Determined and evaluated the design and implementation of the process levels controls (including anti-fraud controls) as implemented by management with respect to revenue recognition.
- Performed test of details over non-routine revenue transactions by determining the fulfilment of performance obligations based on agreements and underlying supporting documentation.
- Performed journal entry testing, specifically taking into account high-risk criteria in relation to revenues and top side journal entries posted to revenue.

We communicated our risk assessment, audit response and results to the Management Board and Audit Committee.

Our audit procedures did not reveal indications of fraud and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

AUDIT RESPONSE TO GOING CONCERN

The Management Board has performed its going concern assessment and has not identified any going concern risks. To evaluate the Management Board's assessment, we have performed, inter alia, the following procedures.

- Considered whether the Management Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit.
- Inquired the Management Board on the key assumptions and principles underlying the Management Board's assessment of going concern risks.
- Evaluated the Company's financial position as at year-end and compared it to previous years in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on the Management Board's going concern assessment.

AUDIT RESPONSE TO CLIMATE-RELATED RISKS

The Company has set out its ambitions relating to climate change in the chapter Strategy of the sustainability statement in the Inter IKEA Group Annual Report. The Company has set out three focus areas.

- Healthy and sustainable living.
- Climate, nature and circularity.
- Fair and equal.

These focus areas are underpinned by specific objectives as outlined by the Company in the beforementioned chapter.

Management prepared the financial statements, including considering whether the implications from climate-related risks and objectives have been appropriately accounted for and disclosed, in accordance with the applicable financial reporting framework. The climate-related risks are managed by the Company as part of its regular risk management process and as such are taken into account in the preparation of the financial statements.

As part of our audit, we conducted a risk assessment of the climate-related risks and Company's objectives in relation to climate change, on the financial statements and our audit approach.

Based on the procedures performed we considered whether there is a risk of material misstatement specific to climate change. We did not identify a risk of material misstatement of the financial statements specific to climate change and thus no further audit response was considered necessary.

Furthermore, we have read the Other information, including the information over material sustainability matters regarding material impacts, risks and opportunities relating to climate change, as included in the annual report and considered whether such information contains material inconsistencies with the financial statements or our knowledge obtained through the audit, in particular as described above and our knowledge obtained otherwise.

Compliance with Regulatory Technical Standard of SBR, including XBRL tagging, not audited

The statutory audit includes verifying that the prepared financial statements comply with the legal requirements under Title 9 of Book 2 of the Dutch Civil Code. Our audit opinion has been issued on the prepared financial statements and will be attached to the digitally filed annual report. This means that compliance with all requirements of the Regulatory Technical Standard within the SBR domain for the Trade Register (including the applied eXtensible Business Reporting Language (XBRL) tags) was not part of the statutory audit.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements
- contains all the information regarding the Management Board Report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the Report from the Management Board, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

PUBLIC DISCLOSURE REPORT ON INCOME TAX INFORMATION (COUNTRY-BY-COUNTRY REPORTING)

Based on the 'Implementatiebesluit Richtlijn openbaarmaking winstbelasting' (Decree transposing the Directive on disclosure of income tax information), the Company was required to publicly disclose a report on income tax information for the preceding financial year (FY25) in accordance with article 11 of aforementioned decree. We have determined that this report has been published through filing with the Chamber of Commerce and on the website of the Company within 12 months after financial year-end.

Description of the responsibilities for the financial statements

RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board determines to be necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others.

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Concluding on the appropriateness of the Management Board’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. 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 the Company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 5 November 2026

KPMG Accountants N.V.

J.G. Kamphuis RA